SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	10-Feb-17	17-Feb-17	WTD % Change Local	WTD % Change USD	31-Dec-16	YTD % Change Local	YTD % Change USD
Botswana	DCI	9043.10	9018.50	-0.27%	1.11%	9700.71	-7.03%	-4.58%
Egypt	CASE 30	13114.86	12651.97	-3.53%	5.91%	12344.00	2.49%	14.44%
Ghana	GSE Comp Index	1805.09	1809.47	0.24%	0.16%	1689.09	7.13%	3.31%
Ivory Coast	BRVM Composite	282.16	281.76	-0.14%	-0.87%	292.17	-3.56%	-2.81%
Kenya	NSE 20	2951.62	2948.75	-0.10%	-0.14%	3186.21	-7.45%	-7.60%
Malawi	Malawi All Share	13579.58	13589.36	0.07%	0.40%	13320.51	2.02%	1.34%
Mauritius	SEMDEX	1894.01	1926.39	1.71%	1.54%	1,808.37	6.53%	7.79%
	SEM 10	361.92	369.71	2.15%	1.99%	345.04	7.15%	8.42%
Namibia	Overall Index	1108.11	1109.02	0.08%	3.63%	1068.59	3.78%	9.32%
Nigeria	Nigeria All Share	25340.02	25154.91	-0.73%	0.18%	26,874.62	-6.40%	-8.88%
Swaziland	All Share	383.38	383.38	0.00%	3.55%	380.34	0.80%	6.17%
Tanzania	TSI	3380.83	3380.25	-0.02%	0.15%	3677.82	-8.09%	-10.52%
Zambia	LUSE All Share	4101.33	4098.76	-0.06%	0.84%	4158.51	-1.44%	-0.10%
Zimbabwe	Industrial Index	139.38	139.97	0.42%	0.42%	145.60	-3.87%	-3.87%
	Mining Index	60.73	60.73	0.00%	0.00%	58.51	3.79%	3.79%

CURRENCIES

Cur-rency	10-Feb-17 Close	17-Feb-17 Close	WTD % Change	YTD % Change
BWP	10.40	10.26	-1.37	2.64
EGP	17.85	16.26	-8.91	11.65
GHS	4.39	4.39	0.09	-3.56
CFA	612.37	616.90	0.74	0.78
KES	101.71	101.75	0.04	-0.16
MWK	718.13	715.80	-0.32	-0.67
MUR	34.14	34.19	0.16	1.19
NAD	13.42	12.96	-3.42	5.33
NGN	314.16	311.30	-0.91	-2.65
SZL	13.42	12.96	-3.42	5.33
TZS	2,182.97	2,179.31	-0.17	-2.64
ZMW	9.76	9.68	-0.90	1.35

SECURITIES AFRICA

Botswana

Corporate News

The head of Standard Chartered Botswana has resigned, the British bank said on Wednesday, without giving reasons. Moatlhodi Kefentse Lekaukau, who joined the Standard Chartered Botswana in 2012 as chief executive, will step down with effect from March 31, the bank said. "Mr. Lekaukau has successfully guided the company through the difficult business environment of recent years, maintaining a strong balance sheet and ensuring a balance between investment and returns to shareholders," the bank said. Standard Chartered Botswana, the country's third largest bank by loan book, reported an 85 percent drop in 2015 profit to 47 million pula ($4.52 million) due to higher interest expenses coupled with a 100 million pula impairment charge, which the bank said was largely for one corporate client. *(Reuters)*

Economic News

Botswana put its national airline up for tender on Monday, as part of its latest drive to privatise loss-making state companies. Air Botswana would be the second such sale after the government sold 49 percent of its telecoms firm in a stock market floatation last year. The transport department said in a notice inviting expressions of interest that it is open to proposals on various forms of privatisation including joint ventures, ownership, franchising and concessions. As well as four domestic routes, Air Botswana provides cargo and air passenger services to Cape Town and Johannesburg from Gaborone, Francistown and the tourism hubs of Maun and Kasane. Financial losses, blamed on a large workforce and an aging fleet, have prompted a five-year turnaround plan that includes cutting costs and cancelling unprofitable routes. The airline, which recently discontinued routes to Harare and Lusaka from Gaborone, halved its operating losses to 83 million Pula ($8 million) in the 2016 fiscal year. Previous offers from Comair, South Africa's Airlink and Air Mauritius have fallen through. Botswana, whose main source of wealth is diamonds, has more than 30 state-owned enterprises, most of them loss making, in industries ranging from tourism and power to housing and finance. *(Reuters)*

Botswana's consumer inflation inched up to 3.1 percent year-on-year in January from 3.0 percent in December, data from the statistics office showed on Wednesday. Prices rose 0.4 percent month-on-month compared to 0.1 percent previously. (*Reuters)*

Egypt

Corporate News

Italian oil and gas company Eni said on Tuesday that Zohr oil field, which the company discovered in 2015, will enter production before end of year, Eni's chief executive said at an oil conference in Cairo on Tuesday. Zohr is the biggest gas field ever found in the Mediterranean with an estimated 850 billion cubic metres of gas in place. The approval process for developing the field was completed in February. *(Reuters)*

Egypt's Juhayna Food Industries will cut investment in 2017 due to consumers' low purchasing power and raise prices by 5-10 percent this year, the company's chief executive said. Juhayna, Egypt's largest dairy and juices producer, expects first-quarter profit to fall but results should begin to improve in the second quarter, CEO Seif El Din Thabet told Reuters. "We have invested around 450 million Egyptian pounds in 2016 from a total of 500 million pounds of expected investments," Thabet said. "This year we will decrease investment and it will be much less than last year because of the recession and low consumer purchasing power." Established in 1983, Juhayna makes juice, milk and yoghurt products for export across Africa and the Middle East. It also sells a limited range in European and U.S. markets. Record inflation triggered by a currency float on Nov. 3 and IMF-endorsed austerity measures has further dented the purchasing power of ordinary Egyptians already suffering the effects of years of economic and political turmoil. Core inflation hit its highest in more than a decade in January at 30.86 percent. "Our production capacity sufficient for our needs until 2018, accordingly there is no urgent need for expansion. We want to focus on improving our cash flow," he said. Inflation is forecast to rise again this year as further austerity measures are expected. The company has gradually increased prices by 35 percent in 2016 and is expecting to further increase its product prices. *(Reuters)*

Economic News

Egyptian chocolate spread maker Swifax has doubled its sales and is struggling to keep up with demand since the pound currency dived in November, forcing shoppers traditionally "obsessed with everything foreign" to ditch pricy imports and buy local. "People started changing their habits," Swifax's commercial director Mohamed El Gammal told Reuters. "We could sell even more ... but we have a problem with our capacity." The pound's flotation and an ensuing increase in tariffs on more than 300 products shipped from abroad have hit importers hard, but have been a boon for domestic manufacturers such as Swifax. Once shunned in favour of prestigious foreign brands perceived to offer higher quality, Egyptian-made products are much more affordable for customers who are increasingly price conscious as inflation has shot above 28 percent. The bonanza began when Egypt abandoned its peg of 8.8 pounds to the dollar on Nov. 3. Since then, the currency has roughly halved in value to around 17.75. Sitting in his office next to a glass cabinet crammed with varieties of the sandwich-filler popular with sweet-toothed Egyptians, Gammal said sales have jumped from 2 million pounds ($112,700) a few months before the flotation to 4 million, as rival imported brands become unaffordable to many. A 350-gram jar of Swifax's high-end spread, Moltobella, costs 36 pounds while its budget brand costs around 17 pounds. Its main imported competitor sells for about 70 pounds a jar. Floating the pound helped Egypt to secure a $12 billion IMF loan in return for a reform programme that includes tax increases and electricity subsidy cuts, driving up inflation in a country where millions live a pay cheque from hunger.

Egypt also raised customs tariffs on many luxury goods to over 50 percent, plugged customs loopholes, and tightened quality controls in an effort to rein in a trade deficit the central bank blames for depressing the currency. Importers criticised the increases, saying local producers don't have the capacity to fill the gap left by declining sales of foreign goods. According to Emad Maher, manager of hypermarket chain Samy Salama, switching to local products has increased by 90 percent, mainly because of the price difference. "In some products, you can compare the local and imported and not find much difference (in quality). But Egyptians are obsessed with everything foreign," he said. At Covertina, another chocolate-maker, business is also booming. Chief Executive Mostafa Sayed Salam said production had risen 19 percent in 2016 from the previous year. "After the flotation of the currency, it became hard for importers to sell the chocolate at the old prices," he

said. "My market share has increased from 50 percent to 65-70 percent." Multinationals are taking notice. Nestle, the packaged food giant, said in January it had signed a deal to acquire Caravan Marketing Company, an Egyptian instant coffee maker that had increased its domestic market share due to competitive pricing. With Egypt long dependent on imports, the trend suggests the government's efforts to narrow a big trade deficit and boost domestic industries are starting to work. Even before the float, imports had been falling due to shortages of foreign currency. Egypt had struggled to attract dollars and revive the economy after the 2011 overthrow of president Hosni Mubarak, with subsequent political turmoil driving away tourists and foreign investors. Official trade figures for 2016 have yet to be released but a government official told Reuters earlier this month that the deficit had narrowed by 17.4 percent compared with 2015. Imports fell to $62.93 billion from $70.28 billion, said the official, but higher exports also helped to shrink the gap. These rose to $20.26 billion in 2016 from $18.67 billion. As the unofficial figures suggest, the weaker pound is also helping Egyptian exporters. Hesham Zahra, chairman of Yasmine cosmetic company, said production had risen 25-35 percent since the flotation boosted sales both at home and abroad. "Today our prices have become competitive in foreign markets, and we can compete with some countries in exports," he said, adding that Yasmine lotion retails for a quarter of the price of some imported brands. Trade and Industry Minister Tarek Kabil told Reuters in October that Egypt had produced $4 billion worth of import substitutes since the start of 2016 and aimed to expand domestic industry by 8 percent in three years. Food industries were leading the way, he said, but local products were also compensating for a retreat in imported building materials, chemicals, leather and furniture. "This is a golden opportunity for Egyptian producers," said Abu Bakr Emam, head of research at financial firm Prime Holding. "Local producers used to be unable to compete but now is the right time to go in to compete against imported goods due to the price advantage after the dollar rises."

Still, the pound's dive is a double-edged sword for local manufacturers who largely depend on imported raw materials. At Swifax, Gammal said the cost of cocoa butter and hazelnut had more than doubled since the flotation. A tonne of hazelnut used to cost 90,000 pounds but now it costs 230,000. This forced the company to dip into funds that had been earmarked for expansion. This will now take longer despite the more pressing need to raise capacity. "In the end we increased production without the expansion by tripling the shifts at our factories which adds a lot of strain on the machines," he said. With Egypt aiming to raise economic growth under the IMF programme to 5.5 percent by the 2018-19 fiscal year from 4.3 percent in 2015-16, the government can ill-afford large numbers of firms to delay investment like Swifax. But as prices rise, ever more families are looking to save money. "People right now don't care about the quality, it's all about the price," said once shopper in Cairo who called himself Abu Abdulla. "I walk around the supermarket and just look at the prices," he said as he pushed a trolley piled with seven family-size boxes of Egyptian-made biscuits. Tapping into the trend, a Facebook group called "Made Proudly in Egypt" lists tried and tested local products, from foods to detergents and even pots and pans. One of the more than half a million members of the group, writing under the name of Om Khaled, said the bargains sell fast. "I used to get (imported) nappies and baby food for my son and now I get local alternatives but unfortunately the cheap Egyptian products are not always available. I have to look hard for them," she said. *(Reuters)*

Egypt is looking to increase its domestic wheat production to 10 million tonnes from 8 million currently within the next three years, the agriculture minister said in a statement on Saturday. As part of a strategy toward attaining self-sufficiency in the crop, Egypt will increase the total area planted and boost its crop yields while decreasing its own consumption, the statement said. *(Reuters)*

Egypt's annualised urban consumer price inflation jumped to 28.1 percent in January from 23.3 percent in December, the official CAPMAS statistics agency said on Saturday, its highest level since central bank records began in 2005. Prices have soared since Egypt abandoned its currency peg to the U.S. dollar on Nov. 3, the pound has roughly halved and urban consumer price inflation has doubled from 13.6 percent in October. *(Reuters)*

Egypt's state buyer, the General Authority for Supply Commodities (GASC) said on Sunday it was seeking at least 30,000 tonnes of soyoil in a tender. The deadline for bids is Wednesday and the oil is for arrival until March 30, GASC said. Offers should be submitted on a cost and freight basis. *(Reuters)*

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Egypt is making good progress in its $12 billion loan programme with the International Monetary Fund and its currency may be stabilising after plunging to record lows, IMF Managing Director Christine Lagarde said on Monday. In November, Cairo agreed the three-year loan deal with IMF, which involved tough economic reforms, such as cutting its budget deficit and floating the Egyptian pound. The currency plunged as low as around 19.50 to the U.S. dollar in subsequent weeks. Financial markets are closely watching how the government keeps to the terms of the deal, which will determine whether it receives loan installments on schedule. "We are seeing good progress, good ownership taken of the reforms by the authorities, a good focus on the Egyptian people and those who are most exposed in order to secure their positions," Lagarde said in an interview on a visit to Dubai. "So we have confidence that the authorities are really doing the best they can under the circumstances." The IMF expects to complete its first review of the programme around June this year, Lagarde said. The pound has rebounded in recent days as foreign investor confidence has strengthened and backlogs of U.S. dollar orders to finance imports have diminished. It was quoted among banks at around 17.0 on Monday. "It has gone through a cycle of depreciation. In the last few days we have seen the value of the pound go up a little bit, and I think that might be a clear indication that the transition phase is coming to a close," Lagarde said. "And we are seeing now the pound re-appreciate and stabilise at probably the rate at which the black market was dealing with the currency" before the float. Lagarde also praised governments of the six-nation Gulf Cooperation Council for efforts to stabilise their finances after low oil prices slashed their income. She highlighted the GCC's plan to introduce a value-added tax next year."There is a definite will on the part of the leadership in this part of the world to diversify sources of growth, to diversify sources of public finance, and to make sure that the fiscal situation is under control ..." she said. "Oil might go up a little bit more, it might go down a little more, but at least that VAT is certainly going to be a stable source of revenue." *(Reuters)*

Egypt's core inflation has soared to its highest level in more than a decade, hitting 30.86 percent in January as the effects of a currency float and IMF-endorsed austerity measures ripple through an economy undergoing painful reforms. Prices have risen sharply since Egypt abandoned its currency peg to the U.S. dollar on Nov. 3. The pound has roughly halved in value and urban consumer price inflation, released on Saturday, reached 28.1 percent in January year-on-year from 13.6 percent in October. January's 30.86 percent core inflation reading, which strips out volatile items such as food and fuel, compares with 25.86 in December. It was the highest since at least January 2005, the oldest available on the central bank's website. While the jump could put pressure on the central bank to hike rates when it meets on Thursday, a Reuters poll after the urban inflation figures were released showed nine out of 13 economists forecasting the bank will hold overnight deposit rates at 14.75 percent and overnight lending rates at 15.75 percent. The central bank jacked up interest rates by 300 basis points in November. The currency float, which helped Egypt clinch a $12 billion three-year loan from the International Monetary Fund, is part of a larger government economic reform programme that includes fuel price hikes and subsidy cuts.

Inflation is forecast to rise again this year as further austerity measures are expected. Jason Tuvey, Middle East economist at London-based Capital Economics said inflation was expected "to peak by mid this year" but by "not much more", and then it "will start to fold back". Capital Economics expects the central bank to raise rates on Thursday. "We now expect a 100-basis point hike in the overnight deposit rate," its note said. The planned austerity measures carry enormous political risks for general-turned president Abdel Fattah al-Sisi, who promised to restore stability and prosperity when he seized power in mid-2013. Social justice was one of the key demands made by protesters during the 2011 revolt that ended Hosni Mubarak's 30-year rule. In 2013 Egyptians again filled the streets to protest against Mohammed Mursi, the Muslim Brotherhood official who was democratically elected after the uprising but presided over a year of power cuts, petrol shortages and economic turmoil. "The prices are so high I can't afford to feed my children," said Nadia Ahmed, a mother of six at a Cairo market. Sharply higher food and beverage prices drove much of January's urban consumer inflation, with those items rising by 37.2 percent, the CAPMAS statistics agency data showed. *(Reuters)*

A reshuffle of Egypt's cabinet will involve at least eight ministers, including those responsible for investment and agriculture, parliamentary sources said on Monday. The final names for the new posts have not yet been disclosed. A vote in parliament to confirm the new cabinet is expected on Tuesday. *(Reuters)*

Egypt will change its dollar exchange rate for customs to 16 pounds from 18.5 pounds on Thursday, after the Egyptian currency strengthened significantly in recent days. Egypt's central bank floated its pound in November as part of a reform programme that helped

secure a $12 billion IMF loan programme. But facing complaints from importers concerned that currency volatility would result in losses, the finance ministry in mid-January fixed the exchange rate for customs for a month, based on the prevailing rate. It set the initial rate at 18.5 pounds to the dollar, in line with the interbank rate at the time. The finance ministry said in a statement on Wednesday the new rate of 16 pounds to the dollar would remain in effect until the end of February, after the pound strengthened to 16.5 on Wednesday, and be revised again. *(Reuters)*

Egypt's central bank left its key interest rates unchanged on Thursday at a meeting of its Monetary Policy Committee (MPC), holding fire as the pound currency strengthened to its lowest rate versus the dollar since it was floated in November. The bank kept its overnight deposit rate at 14.75 percent and its overnight lending rate at 15.75 percent, it said in a statement, the third consecutive meeting where it kept rates on hold. The decision comes after Egypt's core inflation rate soared in January to 30.86 percent, its highest in more than a decade, as the effects of the currency float and IMF-endorsed austerity measures rippled through the economy. The central bank quit pegging the Egyptian pound to the dollar in November in an effort to attract foreign capital. The pound consequently weakened from 8.8 pounds to the dollar to roughly 20 pounds in December. The pound has strengthened significantly in recent days however, trading at around 16 pounds to the dollar on Thursday. That rate is effectively its strongest since October, when the pound was trading on a black market for dollars at a similar price but largely unavailable at banks at the official pegged rate. In a statement following the rate decision, the central bank cited higher inflation rates "strongly impacted by the economic reform measures" but said it expects these rates to decline.

"Consistent with the inflation outlook, the targeted disinflation path, and given the balance of risks, the MPC judges that the key CBE (Central Bank of Egypt) rates are currently appropriate," the statement said. Raising central bank rates would have done little to temper the country's high inflation, which is largely the result of a weaker currency, head of research at Naeem Brokerage Allen Sandeep said. "You would only raise rates to control inflation if it was the result of excess currency leading to excess demand, which is not the case here," he said. "The central bank is being more mindful of credit growth, which has slowed down since November." The November currency float was part of government reforms aimed at clinching a three-year $12 billion loan agreement with the International Monetary Fund that included slashing subsidies. The central bank jacked up interest rates by 300 points after the float in an effort to drain pounds from the market and stabilise the currency, but it has left them on hold ever since. Nine out of 13 economists polled by Reuters had forecast that it would again keep them unchanged this month. Average yields on Egyptian six-month and one-year Treasury bills, meanwhile, rose at an auction on Thursday, ending a recent rally of declining yields supported by a rush of foreign investors buying Egyptian debt. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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Ghana

Corporate News

The Board and Management of CAL Bank have assured that an acquisition of 27.7 percent stake in the bank by Arise Investment will further grow the company to entrench its position as one of the leading banks in Ghana. Arise Investment, which is based in the Netherlands acquired the 27.7 percent shares of DPI — a private equity firm that had worked with the bank for four years. Speaking to Citi Business News, the Head of Investor Relations at CAL Bank Miss Dzifa Amegashie was optimistic the bank will continue to post growth in profit, asset, and returns on equity. "The most important thing is that the new investor is fully approved by the board of CAL Bank and the new investor fully fits in with our plans for growing a leading bank in Ghana. We believe our growth in profit, assets and returns on equity will continue like we saw under the former investor," she said. An earlier publication stated that the acquisition of the 27.7 percent stake in CAL Bank by Arise will boost the banking sector in the country. It explained that Arise, a collaborative partnership between international companies, Norfund, FMO and Rabobank aims at building a strong and stable institutions that serve retail, Small and Medium Enterprises (SMEs), the rural sector, and clients who have not previously had access to financial services. *(Ghana Web)*

Oil and gas firm Tullow and its JV Partners have adopted a three-phase approach to convert the Floating Production Storage and Offloading (FPSO) Kwame Nkrumah to a permanently spread-moored vessel, with offtake through a new deep-water offloading buoy. Announcing this in its full-year results for the year ended December 31, 2016, Tullow said the first phase of the work, involved the installation of a stern anchoring system, which is expected to be completed this month, after which the tugs maintaining the FPSO on heading control will no longer be required. The next phase of the project, the Group said, would involve modifications to the turret systems for long-term spread-moored operations. "In addition, the assessment of the optimum long-term heading continues, in order to determine if a rotation of the FPSO is required," the London-based oil firm said. Tullow said detailed planning for these works would continue with the JV Partners and the government, with final decisions and approvals being sought in the first half of 2017. According to Tullow, work is expected to be carried out in the second half of 2017, with an anticipated facility shutdown of up to 12 weeks, although work would continue to optimise and reduce the shutdown period. The final phase of the project, the Group said, would involve the installation of a deepwater offloading buoy which is planned to be installed in the first half of 2018. "This will remove the need for the dynamically positioned shuttle tanker and storage tanker and the associated operating costs. This phase of work also requires approval of both the government and the Jubilee JV Partners," it said.

Tullow said the capital costs associated with the remediation works, the lost revenue resulting from the shutdown period, and the increased operating costs are expected to be covered by the Joint Venture Hull and Machinery insurance policy and Tullow's corporate Business Interruption insurance policy. In February 2016, an issue with the turret bearing of the Jubilee FPSO Kwame Nkrumah was identified resulting in the need to implement new operating and offtake procedures, utilising tugs, a dynamically positioned shuttle tanker and a storage tanker. Meanwhile, the oil and gas firm said full year 2016 production from the Jubilee field averaged 73,700 bopd (net: 26,200 bopd). Additionally, under Tullow's corporate Business Interruption insurance the Group received insurance payments which equate to 4,600 bopd of net equivalent production. Tullow expects 2017 production from the Jubilee field to average 68,500 bopd (net: 24,300 bopd), assuming 12 weeks of shutdown associated with the next phase of remediation works. The Group's corporate Business Interruption insurance policy is expected to reimburse Tullow for the equivalent of 12,000 bopd of annualised net production for this shutdown period, increasing Tullow's effective net production to around 36,300 bopd in 2017. In December 2015, Tullow submitted the Greater Jubilee Full Field Development Plan to the Government of Ghana. This project, to extend field production and increase commercial reserves, was redesigned given the current oil price environment to reduce the overall capital requirement and allow flexibility on the timing of capital investment. "Tullow has sought to address comments made by the Government of Ghana on the plan submitted in December 2015 and in light of the current Turret Remediation Project, approval of the plan by the Government of Ghana is now expected in mid-2017," it said. *(Ghana Web)*

Oil giant Tullow has announced it will not be paying its shareholders dividends. According to Tullow, it took the decision following current financial constraints it is facing. Tullow which is listed on three stock exchanges including the Ghana Stock Exchange, in its 2016 financial report recorded a drop in its profits as compared to the previous year 2015. Tullow's profits declined by eight percent between 2015 and 2016. The figure dropped from 591 million dollars to 546 million dollars between the one year period. Consequently, the oil giant recorded a loss after tax of about 600 million dollars at the end of 2016. Though Tullow admits that its operations in Ghana provided a positive cash flow, it has cut down its 2017 projection from Ghana's Jubilee oil fields from 73,700 barrels of oil per day to 68, 500 barrels of oil per day. The review has largely been influenced by the works to be carried out on the faulty turret bearing on the FPSO Kwame Nkrumah which will lead to a twelve week shut down of the vessel, in the second half of 2017. Tullow's board in its 2016 financial report recommended that no dividend is paid to shareholders and rather the money is invested back into the company. It stated that " At a time when Tullow is focusing on capital allocation, financial flexibility and cost reductions, the Board believes that Tullow and its shareholders are better served by retaining funds in the business". Tullow's share price as at 10 : 48 GMT on Tuesday 14th February, 2017 on the Ghana Stock Exchange, was at 24cedis 83 pesewas. *(Ghana Web)*

Economic News

Expansion projects in the mining sector pushed the country's gold production to 2,931,131 million ounces in the first nine months of last year, official data from the Minerals Commission has shown. Quite significantly, active gold miners operating in the country, including Gold Fields, Newmont, Asanko Gold Mines, and Golden Star Resources have all shown signs of increasing production through the injection of new capital. On that same positive trend, output from Manganese recorded 1,313,082 million metric tonnes while diamond and bauxite recorded 101,022 carats and 961,017 metric tonnes respectively during the period under review. Chief Executive Officer of the commission, Dr. Toni Aubynn, told the B&FT in an interview that going by the figures, he anticipates a rise in gold production this year. He said: "We expect 2017 to be a positive year. We expect that production will go up. I will not be able to tell you exactly how much but we expect production to go up slightly above 2016 figures. We have very positive expectations for this year and my expectations steams from the fact that there are huge investments by gold production companies. The future, in a few years, looks good for gold production; we are also upbeat about the price. We are not expecting the price to go down as much as it did three years ago. We believe that potentially is good."

Dr. Aubynn said: "When it comes to gold prices, I am very careful because you need to have the insight to look deep into the crystal ball before you can make the prediction. However, the World Bank is looking at a positive gold price this year". The Minerals Commission boss was hopeful that uncertainties in the international market, including the United States and the United Kingdom, in relation to President Donald Trump and Brexit, collectively paint a good outlook for gold prices on the world market in the future. "Investors in developed countries such as America and Britain tend to push their funds into gold deposits anytime uncertainties are rife on major stock markets. In recent times, a similar instance happened during Brexit when investors moved their funds into gold deposits, causing demand to go up, hence prices also increasing." He added: "New American president's policies against foreign businesses are enough to create uncertainties that may increase gold prices. America has a new president who is completely a non-establishment person. He doesn't come from the political establishment so people are not sure which direction and policies he will [follow], which is good. It is good because you can't always be predicted but for gold it is even better because gold thrives well in situations of uncertainty not in the same country but in other countries." Dr. Aubynn explained that investors are very analytical and risk averse hence will always respond to speculation to secure their investment, adding that gold has been a safe investment for investors anytime situations on the stock market get volatile. "Investors will always get edgy which may be good for gold since price of the commodity will go up once demand increases. When there are uncertainties in America, gold benefits; when there are uncertainties in Europe, gold benefits; and when there is Brexit and people are unsure, gold benefits. So, we hope to take advantage of that. The issue of Brexit is not settled so that creates some uncertainty," he said. *(Ghana Web)*

Most of the regularly traded financial stocks are recovering from two consecutive years of battering occasioned by a harsh macroeconomic environment which wiped billions off their worth. The stock market is, thus, set for revival, as analysts anticipate the

return of investors who leaned towards government securities over the past two to three years. Already, the Ghana Stock Exchange's Financial Stock Index, which tracks only financial stocks, including banks and insurance companies, has recorded a 9.03percent rise, as against 6.35percent by the GSE-Composite Index, which tracks all traded equities. Between January 3 and 31, 2017, prices of Ecobank Transnational Incorporated (ETI), Ecobank, Societe Generale, Standard Chartered, GCB Bank, and SIC, have appreciated by 40, 6.15, 14.5, 7.4, 10.6 and 25percent. These stocks lost considerable value in 2016 with ETI, Ecobank, Societe Generale, Standard Chartered recording losses of -62.96, -8.7, -22.5, and -25.28percent respectively. Last year, GCB Bank, SIC, Cal Bank, UT Bank and HFC Bank also lost, -6.07, -14.29, -25, -70 and -16.67percent respectively. HFC is the only bank that has seen negative growth of 5.3percent in January, 2017, But UT, Agricultural Development Bank (ADB), Access, Enterprise Group and Cal bank have not seen any price movements so far, this year. Apart from the growing prices, the most traded stock in terms of volume is UT Bank, with Guinness Ghana Breweries Limited placing second, and followed closely by ETI. The volume of financial shares traded in January, 2017, has also gone up by 46.1percent to 15million, from 10.3million in January, 2016, whilst the total volume of shares traded in January, 2017 was 19.6million. The consistent price fall, last year, has, however, taken a toll on stocks, the total value of which stood at GH¢2.9million this January, whilst January, 2016, recorded a value of GH¢18.4million.

However, with renewed optimism from investors, falling inflation, and downward trends in the rates on Treasury Bills and bonds, the market is responding and prices of, especially financial stocks, are picking up gradually. Derrick Mensah, Senior Investment Analyst at African Alliance Securities explains that once demand is coming up in the market the value will catch up eventually, although he is worried that "there are a lot of uncertainties in Ghana at the moment." He equally expressed worry over reports of alleged hidden debts which the new government says are increasing the budget deficit to double digits, and the yet to be resolved energy sector debt, which is also reaching in excess of US$2billion. "We thought we were on the right track with the IMF but then the next thing we know there are alleged numbers we have been hiding and all these things keep investors away," he told the B&FT. "Whilst we expect a strong recovery in 2017, things of this sort could derail that recovery." January, 2017, has indeed set the tone for a rise in optimism on the stock market, with total volume of traded equities seeing a rise of 63.1percent compared to January, 2016. *(Ghana Web)*

Ghana's overall fiscal deficit, on a cash basis, in 2016 deteriorated to an estimated 9 percent of GDP, instead of declining to 5¼ percent of GDP as envisaged under the IMF-supported program. The large deviation was mainly due to poor oil and non-oil revenue performance and large expenditure overruns the IMF has said adding that as a result, the government debt-to GDP ratio increased further to close to 74 percent of GDP at end-2016. This and more was contained in the Funds report after a team led by Joël Toujas-Bernaté visited Accra from February 6-10. They were in Ghana to take stock of the 2016 economic developments and the outlook for 2017, engage in a dialogue about the new government's economic plans, and discuss prospects for program engagement with the IMF. Mr. Toujas-Bernaté released the following statement at the end of the visit: "Ghana's economy continues to face challenges. While the estimated economic growth of 3.6% in 2016 exceeded our target of 3.3%, the decline in inflation has been slower than expected. The current account deficit narrowed to 6 ½ percent of GDP, contributing to a small buildup of foreign exchange reserves. "The new government has expressed its intent to continue with the current program with the IMF. Officials outlined bold policies to restore fiscal discipline and debt sustainability and also to support growth and private sector development. The large fiscal slippages observed last year will, indeed, require strong efforts of fiscal consolidation to support debt sustainability.

The new government's intentions to reduce tax exemptions, improve tax compliance and review the widespread earmarking of revenues should help in this regard. "Significant public spending commitments that bypassed public finance management (PFM) systems were reported. We welcome the new government's intention to conduct a full audit of outstanding obligations, its commitment to transparency and its readiness to take strong remedial actions to ensure the integrity of the PFM systems going forward. The large financial imbalances of state-owned enterprises in the energy sector also need to be addressed with urgency to avoid the buildup of contingent liabilities for the new government. We welcome the new government's commitments to encourage its departments and agencies to implement growth-enhancing reforms in a fiscally sustainable manner. "Bank of Ghana's (BOG) monetary policy has been instrumental in mitigating inflationary pressures in 2016. Adequately tight monetary policy will again be important for containing possible further pressures in 2017. We welcome

BOG's continued roll-out of the Roadmap for the banking sector and look forward to the actions that can strengthen banks' balance sheets and contribute to a gradual reduction of the level of nonperforming loans. "We look forward to working closely with the new government in their efforts to design the required policies for restoring macroeconomic stability, high and sustainable growth and job creation," he said. The mission met with H.E. Vice President Dr. Mahamudu Bawumia; Senior Minister Hon. Yaw Osafo-Maafo; Finance Minister Hon. Kenneth Ofori-Atta; Minister of Food and Agriculture Hon. Dr. Owusu Afriyie Akoto; Bank of Ghana Governor Dr. Abdul-Nashiru Issahaku; other senior officials; and Ghana's development partners. *(Ghana Web)*

Ghana's Cocobod is in talks with international banks for a syndicated loan to cover cocoa purchases in the 2017/18 season, the regulator's new head said on Monday, adding that it would likely seek less than the current season's $1.8 billion. "The figure depends on the crop forecast, the cedi exchange rate and the world market price of cocoa. But I don't think we'd need $1.8 billion this year. The price of cocoa is now falling, so we'd look at all that," Joseph Boahen Aidoo told Reuters. *(Reuters)*

The inflation rate for January 2017 is 13.3 per cent, a drop from the 15.4 percent recorded in December 2016, Government Statistician Baah Wadieh has announced. Food inflation dropped to 7 percent while the nonfood inflation also dropped to 16.6 percent. Among the regional differentials, the Upper West Region recorded the highest combined inflation rate of 14.0 percent with the Volta Region recording the lowest regional inflation of 11.6 percent. Mr. Wadieh also explained that the inflation rate for January 2017 is the lowest since December 2013. *(Ghana Web)*

The International Monetary Fund (IMF) may consider extending its three-year aid deal with Ghana if the new government requests an extension, the Washington-based lender said on Wednesday. The West African country is more than halfway through a $918 million programme signed in April 2015 to restore fiscal balance to an economy dogged by deficits, high public debt and inflation. The government of Nana Akufo-Addo, which took office in January promising to pursue fiscal discipline, is considering seeking an extension of the deal beyond April 2018 to December of that year, a senior official told Reuters on Tuesday. "The extension of the programme may be considered, if the authorities request it and if it is required to achieve the country's economic objectives," IMF Ghana chief Natalia Koliadin told Reuters. The Fund said last week that Ghana urgently needs to narrow its budget deficit, estimated to have hit 9 percent of GDP as of the end of 2016 compared with a target of 5.25 percent. The currency of the major commodities exporter on Wednesday fell to a record low of 4.4600 to the dollar, down 5.5 percent since January, according to Reuters data. Finance Minister Kenneth Ofori Atta, who will present the government's first budget to parliament in early March, said the budget will aim to restore financial discipline and expand the tax base. In one positive sign, the statistics office said on Wednesday that annual consumer price inflation fell to 13.3 percent in January from 15.4 percent the previous month. *(Reuters)*

Ghana is arranging for additional reserves to intervene sooner than planned in order to prop the local cedi currency which has weakened to new lows this week, two central bank sources said on Thursday. The cedi has been under pressure since early February after the new government announced it had uncovered contract arrears of $1.6 billion and a budget deficit close to double digits, compared to the 2016 target of 5.25 percent of gross domestic product. The comments ruffled risk-averse investors, leading to a surge in offshore dollar demand amid a seasonal liquidity crunch as local businesses settle their first quarter import bills. "It's a worry but the central bank is working to hold it in collaboration with the fiscal authorities," one source said. "We are arranging for additional reserves to boost our interventions...going forward, the plan is to front-load our (interbank) presence," another source said, declining to provide details on the additional funding source. Officials have attributed the cedi's persistent decline to a seasonal high dollar demand by bulk oil distributors and other heavy importers to settle maturing bills. The government of new President Nana Akufo-Addo is set to present its first budget to parliament in early March and market watchers say uncertainty about Ghana's next economic policy direction has led to some investors to sell off stocks and bonds. "Offshore investors are still in the market with demand and their volumes are huge," an Accra-based currency analyst said. The cedi steadied at a record low of 4.4600 to the dollar on Thursday, compared to 4.4100 a week ago, and down 5.5 percent this year. The West African country is more than halfway through a three-year aid deal with the International Monetary Fund to restore fiscal balance to its economy dogged by high deficits, widening public debt and inflation. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Kenya

Corporate News

Ratings agency A.M. Best has revised Kenya Re's outlook to negative from stable citing requirement for more capital and dependence on investment earnings. However, the New Jersey-based credit rating firm affirmed Kenya Re's financial strength at B+ which means the reinsurer can meet ongoing obligations. It was also accorded a long-term issuer credit rating of "BBB-", a mark of ability to pay debts. "The revised outlooks for Kenya Re's ratings reflect a downward trend in risk-adjusted capitalisation over recent years, a need to accelerate the development of the enterprise risk management framework and culture, pressures on investment income, and emerging challenges around funding the company's expansion in its regional markets, should those areas continue to deliver high growth," A.M. Best said in its latest coverage note. "Kenya Re's operating results during the first nine months of 2016 were ahead of those achieved during the same period of 2015, although A.M. Best notes that quarterly results can be volatile." Kenya Re managing director Jadiah Mwarania said he concurs with the issues raised by the credit agency. "At our rate of growth, we require more capital. We already have an asset-liability matching policy," Mr Mwarania said in an interview with the Business Daily. The State-backed reinsurer posted half-year net profit of Sh1.56 billion as at June 2016, a growth of 4.1 per cent compared to the previous year. Investment income grew by a fifth to hit Sh1.72 billion in the period under review, growing faster than underwriting income. "Reinsurers mostly make money from investments because we must invest the premiums," said Mr Mwarania. A.M. Best said it expects Kenya Re to continue making good profits over the medium term, supported by mandatory cessions in Kenya's market, whilst investment returns, which have been exceptionally high in recent years, may come under downward pressure. Kenya Re's local concessions, which guarantees the firm 20 per cent of Kenya's re-insurance premiums, was renewed last year for a further five-year period. It expects more profit from concessions arising from covering the multibillion marine insurance. From January 1 this year, or goods imported into Kenya must be underwritten locally. *(Business Daily)*

The stock of Sanlam Kenya continued to rally on the Nairobi Securities Exchange (NSE) yesterday to close at a 10-week high of Sh29 on the back of the insurer retracting its profit warning. The share price has gained 61.1 per cent from a low of Sh18 on January 30, with the insurer having announced on December 30 that its 2016 full year earnings would fall by at least 25 per cent. Sanlam on Thursday last week withdrew the earnings alert, saying its profit position had improved significantly after a change in accounting practice. The firm now expects a markedly different profit for the review period compared to the maximum of Sh20.5 million it was initially projecting. Its mainstay life insurance business adopted the gross premium valuation (GPV) methodology, which analysts say requires less provisions for liabilities compared to the previous net premium valuation (NPV). "As part of the year-end close process, the valuation of long term insurance liabilities and impairment reviews of the banking exposures have been performed in line with specific guidelines subsequently received from the regulatory authorities, resulting in a reduction in the level of actuarial reserving and impairment changes that were expected at the time of issuing the profit warning," Sanlam said in a statement. NPV is simpler to calculate and is only concerned with measuring premiums against benefits or liabilities over the life of the policies. GPV, which is more complex, factors in expenses. *(Business Daily)*

Kenyans will not be hit by electricity rationing or significant price rises, with diesel generation making up for a fall from drought-hit hydroelectric dams, the head of sole distributor Kenya Power said on Thursday. State-run Kenya Meteorological Department said earlier this week that the East African nation is expected to receive poor rainfall in the main March to May rainy season, exacerbating an already acute drought. While the severity of power interruptions has subsided over the years, many firms in Kenya still run stand-by generators to cater for disruptions, adding to their costs, which they say is an obstacle to investment. Kenya's energy ministry said in January the country would have to generate more electricity using diesel due to a shortfall in hydroelectric power, and forecast a rise in prices between then and March. "Even with the hydrological conditions that we are experiencing at the moment, we do not foresee any possibility of carrying out power rationing," Ken Tarus, Kenya Power's acting chief executive officer, told a news conference. Kenya's generation capacity is about 2,341 megawatts, mostly from hydroelectric and geothermal sources. Tarus said it is not Kenya Power's decision whether tariffs would rise further due to the extra use of diesel generators, but said the effect is expected to be minimal. In January, the energy ministry said using diesel generators would likely lead to a fuel surcharge of a maximum of 3.52 Kenyan shillings ($0.0340) per kilowatt hour, an increase from

2.85 shillings, but added that prices were likely to fall in March when the rains came. A domestic user consuming up to 50 kilowatt hours now pays 2.50 shillings per unit, while those who use between 51 and 1,500 kilowatt hours pay 11.62 shillings per unit. Those using 50 kilowatt hours and below are not subject to the extra fuel charge. *(Reuters)*

Economic News

Kenya has raised its tax revenue forecast for the financial year ending in June 2017 by 8.7 percent as efforts to boost collection start to pay off, officials said. Economists said the forecast for this fiscal year was slightly too optimistic, saying there was evidence economic growth, estimated at 5.9 percent in 2016, was losing momentum. The government said on Thursday it expected ordinary tax revenue of 1.5 trillion shillings ($14.5 billion), up from its initial projection of 1.38 trillion shillings last June. Kamau Thugge, principal secretary at the Treasury, told Reuters the upward revision followed better-than-expected collection in the seven months to January. He said growth in revenues had slowed in the last two fiscal years, but collection problems were now being overcome. "This trend in the actual collection through January 2017 is being reversed. Indeed we project that in 2016/17, ordinary revenue is poised to grow at an impressive 18.4 percent," Thugge said. He said the government's forecast of a 13 percent jump in revenue collection in the financial year starting in July, to 1.704 trillion shillings, was cautious and in line with average annual revenue growth for the last six years of 14.4 percent. The Kenya Revenue Authority, the government's tax agency, has been carrying out reforms to ensure tax compliance and seal loopholes used by tax evaders, officials said. Kenyans go to the polls on August 8, when President Uhuru Kenyatta is expected to run for a second and final five-year term against his main rival, Raila Odinga. The International Monetary Fund expects this to weigh on economic growth, as investors take a wait-and-see attitude. A wave of ethnic violence followed a disputed presidential election in December 2007. Odinga disputed the outcome of the last vote, in 2013, but the result was upheld by the country's Supreme Court. The IMF expects economic growth to slow this year. The central bank has a 2017 growth forecast of 5.7 percent. Razia Khan, head of research for Africa at Standard Chartered in London, said the higher revenue forecast was unexpected. "We are surprised by the increase in revenue collection for the current fiscal year, given our expectation (of) some slowing of economic momentum," she said. *(Standard Media)*

The Treasury is expected to table national budget estimates this week, amid concern over the soaring public debt, which has more than tripled in the past three years. Budgets watchers will be waiting to see how the government will finance its spending, given that last year's Sh2.3 trillion projections, tabled by Cabinet Secretary Henry Rotich, were largely funded through concessionary loans from China and the international market. The estimates, usually tabled in May, will be shared with MPs early to ensure the assessment is completed before the House goes for a recess in June. The change was made to provide room for campaigns ahead of the August 8 elections. National Assembly Clerk Michael Sialai Rotich said the estimates are expected on Tuesday but added that no indication had been given. Nevertheless, they will certainly be tabled this week once the Cabinet approves. In 2015 the public debt stood at Sh1.3 trillion and it is currently well over Sh3 trillion. There have been claims that the government is planning to float another international bond amid an appetite for high-capital infrastructure projects that will further balloon the debt. When Mr Rotich submitted the Budget Policy Statement to Parliament in December last year, parliamentary budget experts warned that if MPs adopt the business-as-usual approach and approve the policy statement as it is, public debt will continue to rise and issues routinely raised by auditors will not be tackled. In an analysis submitted to the Senate's Finance Committee, the Parliamentary Budget Office (PBO) pointed out missing information and said the next spending plan will not be policy-driven.

Planning and economic experts, who advise legislators as they scrutinise the budget, said the policy statement appears to have been submitted merely to fulfil the requirements of the law. Regarding the soaring debt, the experts advised MPs to adjust the deficit to a manageable level and enable the country to align its spending with the realities of the time. "The office has noted through review of past budget processes that at least 10 per cent of all resources are wasted through wrong procurement, exaggerated prices among other vices," the PBO said. It said that based on this, it should be possible to reduce the budgets for each arm of government and each sector without causing harm. MPs have also attracted criticism for slashing allocations to counties in the shareable revenue with the government from

Sh334.9 billion to Sh291 billion, defying warnings that the amount did not account for inflation, which stands at 6.5 per cent. The Treasury had pointed out that the total ordinary revenue is Sh1.549 trillion while the shareable income is Sh1.538 trillion. But even this is not credible as the national government has never been able to meet the target for the shareable revenue. In the Budget Policy statement, the Treasury had said that the amount of money to be shared by the 47 counties will increase by 6.7 per cent, which the PBO said does not consider the current inflation rate. "With the current inflation at about 6.5 per cent, the increment for the counties will only cover the changes in prices and thus no benefit of the increased sharable revenue will be enjoyed by the county governments," the PBO added. Unlike in previous Budget Policy Statements, the Treasury also failed to disclose its specific targets to be met in the 2017/18 financial year.

"For example, there are no details on measures that will be taken to strengthen revenue collection, eliminate unproductive expenditures, stabilize the Kenyan currency…which means the 2017/18 budget will not be policy-driven," it added. While Treasury had said that the plan to increase housing units for the police would be expanded to the Kenya Defence Forces and the Prisons Department by 2016, it did not inform MPs of progress on this target. There was also nothing on the planned establishment of a fund to finance the development of an integrated security system. The Treasury was also mum about the development of guidelines for the installation of surveillance cameras in all urban buildings in collaboration with county governments. On the infrastructure front, the Treasury listed the government's plan to have 1,138 kilometres of low-volume roads, 1,768 kilometres of new roads, 41 footbridges and the rehabilitation of 224 kilometres of other roads. But it is yet to report on plans regarding the Mass Rapid Transport for the Nairobi Metropolitan region as well as the establishment of an independent body to audit and certify the construction and maintenance of roads. The construction of the second phase of the standard gauge railway (Nairobi to Naivasha) has started, the PBO noted, but there is no word on the establishment of the industrial parks there that the railway is supposed to serve. It also failed to update MPs on any progress on the 100,000-acre Galana-Kulalu irrigation project. The Treasury has said in the Budget Policy Statement (BPS) that it plans to continue the upgrade of stadiums at Kamariny, Chuka, Karatu-Ndarugu, Marsabit and Wote butt there is no word on the five sports venues promised in the Jubilee manifesto and the BPS for the current financial year. MPs, through their various committees, have been able to scrutinise the budget policy statements and made adjustments. It now remains to be seen whether the Treasury will have adhered to the changes when the 2017/18 budget is presented in the National Assembly.*(Daily Nation)*

Kenya, the world's biggest black tea exporter, plans to double annual shipments to Russia to 44 million kilograms within three years, according to its Agriculture and Food Authority. Russia bought more than 152 million kilograms of tea last year. Kenya provided 18 million kilograms of that, almost a fifth lower than 2015 sales. About 1 million kilograms of the exports was orthodox tea. "We are putting in place strategies for all our main markets," said Samuel Ogola, the interim head of Kenya's tea directorate. "Russia has been one of our major export markets and one of the world's largest importer of tea, but the values have been going down in the past few years." Orthodox, which is popular in Russia, Iran and Western Europe, is a specialty product made from black tea that's processed by traditional methods of withering, rolling and oxidization, while regular black tea is manufactured through machines that crush, tear and curl the leaves. Kenya produced a record 473 million kilograms in 2016. The higher output has forced it to find ways of increasing its share of the global market, Ogola said in an interview in the Kenyan capital, Nairobi. "We are in the process of creating strategies to grow our markets in Iran, Sudan, China and Japan." Only Sri Lanka and India surpass Kenyan tea exports to Russia, according to Natalya Zhivaya, a public relations officer at CROS, a Russian consulting company hired by Kenyan tea authorities to formulate a three-year market plan. "Kenya produces good quality and has all the characteristics that the Russian market wants," Zhivaya said in an interview in Nairobi. *(Bloomberg)*

Remittances sent home by Kenyans living and working abroad increased to $142.6 million last October, up 3.9 percent year on year, the central bank said on Friday. Along with farm exports and tourism, the funds are a key source of hard currency and are tracked by traders Remittances made up 2.5 percent of GDP in the year to October, the central bank said.*(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

Malawi's consumer inflation slowed to 18.2 percent year-on-year in January from 20 percent in December, official data from the National Statistical Office showed on Wednesday. *(Reuters)*

Mauritius

Corporate News

Mauritius-based Sun Ltd , formerly Sun Resorts, said on Tuesday its pretax loss fell 86 percent in the first half ending Dec. 31, helped by the completion of renovation programmes. The hospitality firm, which also operates in the Maldives, posted a pretax loss of 54.25 million rupees ($1.53 million) in the first six months of its financial year, down from a loss of 380.11 million over the same period a year earlier. Revenue per available room (RevPAR) rose by 21.3 percent compared with a year ago, the resort group said in a statement. Revenue rose to 2.907 billion rupees from 2.342 billion rupees. Loss per share fell to 0.39 rupees from 2.79 rupees a year earlier. "Forward-bookings currently held for Mauritius show encouraging occupancy coupled with continuing room-rate growth for the coming quarter," the company said. *(Reuters)*

Mauritius sugar producer Alteo's pretax profit rose 116 percent to 1.36 billion rupees ($38.42 million) in the six months to December 31 helped by higher sales and favourable prices, the firm said on Tuesday. Alteo is the largest sugar miller on the Indian Ocean island. It also has interests in property development and hotels. In a statement, the firm said "enhanced production capacities in Tanzania and Kenya and higher sucrose levels in Tanzania and Mauritius" led to increased sales. Alteo said group revenue rose to 5.57 billion rupees from 3.98 billion a year earlier. Earnings per share rose to 1.41 rupees from 0.47 rupees. The company said its Kenyan and Tanzanian operations should continue to show improving results in the third quarter as they will further benefit from above average cane yields and improving sucrose levels in Tanzania and relatively high prices in East African markets. *(Reuters)*

New Mauritius Hotels (NMH) posted a 0.7 percent increase in first-quarter pretax profit helped by an increase in tourist arrivals, it said on Thursday. Among the Indian Ocean island nation's most-traded stocks, NMH said pre-tax profit rose to 650 million rupees ($18.34 million) for the quarter to December 31. It said average occupancy rate in its hotels increased to 78 from 73 percent a year ago, with improvement in Mauritius and Morocco. Revenue fell to 3.04 billion rupees from 3.26 billion due to lower villas sales in Marrakech. "Forward bookings for the second quarter of the financial year are lagging slightly behind with the peak Easter period expected in April as compared to March last year," NHM said. The tourism sector is a key driver of the Indian Ocean island's $10 billion economy. Earnings per share remained unchanged at 1.07 rupees. *(Reuters)*

Economic News

No Economics News this week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

Access Bank Plc is to divest from Stanbic IBTC Pension Managers Limited (SIPML) in compliance with the Central Bank of Nigeria (CBN)'s regulation on the Scope of Banks Activities and Ancillary Matters. Access Bank holds 17.56 per cent equity in SIPML. However, in a notification to the Nigerian Stock Exchange (NSE), made available yesterday, Access Bank said it had received all regulatory approvals to sell the bank's equity shareholding in SIPML to the company's majority shareholder, Stanbic IBTC Holdings Plc. The filing, signed by the Company Secretary of Access Bank, Mr. Sunday Ekwochi reads: "Following the CBN's directive to Access Bank to divest from SIPML in compliance with the CBN's regulation on the Scope of Banks Activities and Ancillary Matters, No. 3 2010, the board of directors of the bank is pleased to announce that it has received all regulatory approvals for the sale of the banks' 17.65 per cent equity shareholding in SIPML to the company's majority shareholder, Stanbic IBTC Holdings Plc." "Further to the provisions of Rules 17 of the NSE Rules Book 2015, and Rule 187 of Rules and Regulations of SEC 2013, which regulate the disclosure of material non-public information to the NSE, we hereby notify the NSE of this transaction in view of the possible material effect it may have on the value of Access Bank's securities listed on the NSE." SIPML was set up with a mission to enable Nigerians retire well after their working lives. "We want to help people plan for their retirement to ensure that the retirement phase is as rewarding and productive to them as possible," the company said. SIPML has been organising nationwide campaign to raise awareness about retirement planning. According to the company, the campaign, which was launched four years ago, is part of initiatives aimed at encouraging retirement planning amongst Nigerian workers and employers. About 600 participants attended the 2016 forum in Lagos where they gained very valuable tips from seasoned experts and regulators on the imperative of putting in place effective plans to ensure a smooth transition to retirement. Meanwhile, trading resumed at the stock market on a negative note as the NSE All-Share Index fell by 0.38 per cent to close at 25,244.29. The depreciation recorded in the share prices of Access Bank, Nigerian Breweries, Oando, ETI and Stanbic IBTC were mainly responsible for the loss recorded in the NSE ASI. *(This Day)*

Dangote Group, controlled by Africa's richest man Aliko Dangote, plans to launch a rice mill with a farm scheme in Nigeria to tap growing demand for paddy in Africa's biggest economy, the company said on Monday. Rice demand in Nigeria hit 6.3 million metric tonnes (MT) in 2015, with 2.3 million metric tonnes produced at home, leaving the country reliant on imports, according to the agriculture ministry. Dangote Group subsidiary Dangote Rice Ltd will launch a pilot project starting with 500 hectares of farmland by Gonroyo Dam, Nigeria's second-largest dam, located in the northern state of Sokoto. The multi-million-dollar project will be expanded to cover a land area of 25,000 hectares across three sites in northern Nigeria by the end of the year, the firm said. "By year-end 2017, Dangote Rice plans to produce 225,000 MT of parboiled, milled white rice. This will allow us to satisfy 4 percent of the total market demand within one year," the company said in a statement. "Our model can then be successfully scaled to produce 1,000,000 MT of milled rice in order to satisfy 16 percent of the domestic market demand for rice over the next five years." Dangote Group has grown aggressively, venturing into cement, food manufacturing, oil, gas and real estate. Last month, the group launched a $100 million truck assembly plant to tap a projected rise in demand for transport as the government boosts agriculture and farmers need to move goods across the vast country. Dangote Rice said it would partner with smallholders and contract farmers to grow paddy rice for milling. It will offer inputs to farmers while the smallholders provide land and labour. At harvest, Dangote will recoup input costs and buy the paddy rice from farmers for processing at market price. The 25,000-hectare land will be cultivated by nearly 50,000 farmers, organised into groups. Dangote will engage with the groups to sign contracts with each farmer. *(Reuters)*

Global rating agency, Fitch Ratings, has downgraded the rating of four Nigerian banks from "stable" to "negative" The banks are First Bank of Nigeria Limited, Guaranty Trust Bank Plc, Zenith Bank Plc and Diamond Bank Plc. The lender also said it had affirmed the Long-Term Issuer Default Ratings of 10 financial institutions in Nigeria. In a statement issued from its London office on Wednesday, the rating agency said, "Fitch Ratings has revised the outlook on four Nigerian banks to negative from stable and affirmed the Long-Term Issuer Default Ratings of 10 banks and financial institutions. "The Issuer Default Ratings Outlooks on Zenith and GTB (both at B+) have been revised to Negative following a recent similar action on Nigeria's (B+) Outlook."

""The other two banks, whose Outlooks have been revised to Negative, are Diamond and FBN/FBNH and the revision reflects their weaker financial profiles. We have downgraded the Long-and Short-Term National Ratings of FBN/FBNH and Diamond to 'BB+(nga)' and 'B(nga)' respectively to reflect heightened vulnerability of capital due to downside asset quality risks." According to Fitch, the affected institutions whose IDR's were affirmed are: United Bank for Africa Plc Access Bank Plc, Fidelity Bank Plc, Union Bank Plc, First City Monument Bank Limited, Wema Bank Plc. The National Ratings of Stanbic IBTC Bank Plc, as well as its bank holding company, Stanbic IBTC Holdings Plc are also affirmed. Fitch said the IDRs of all the banks except Stanbic IBTC were driven by Fitch's assessment of their standalone creditworthiness as captured in their Viability Ratings. The IDRs are all in the 'B' range, indicating highly speculative fundamental credit quality, and factor in the banks' weakened credit profiles due to challenging macro-economic conditions and market volatility. The statement read, "The operating environment continues to be affected by the oil price shock, slow GDP growth, continuing pressure on the naira, scarcity of hard currency in the FX interbank market and policy uncertainty. "The VRs continue to be pressured by tight foreign currency liquidity, asset quality deterioration and limited capital buffers. The sector remains largely profitable, but operating profits in 2016 were inflated by foreign currency revaluation gains (due to the sharp depreciation of the naira in June 2016). *(Punch)*

First Bank of Nigeria Limited has begun a three-day retreat for its staff members. The lender's three-year strategic plan was unveiled at the retreat, which started on Tuesday at the bank's training school in Ibadan, the Oyo State capital. At the retreat, which was attended by representatives of the bank from various units across the country, the management of the bank said the aim of the new strategic plan was to attract more customers through its vastly improved service delivery. The Unit President, First Bank, Mr. Olarotimi Gbaniro, in his welcome address, said it was important to reposition the bank ahead of the next challenge, calling on participants to renew their drive for the bank to succeed in a competitive environment. He said, "The essence of this retreat is to get the direction of the bank and widen the customer base in order to increase the bank's income generation. "To achieve this, we must improve on our disposition to our customers with the aim to attract more and retain our existing customers. The three year plan is basically the initiative of the management to achieve the bank's dream of maintaining its leadership position in the industry." He added, "It is important that we create an awareness platform that will educate our staff of the new plan. That is why we invited zonal representatives of the bank, vice-presidents in every zones of Nigeria and their secretaries to the retreat." Gbaniro noted that only a healthy bank could offer good services to its customers and improve the welfare of its staff members, hence, the necessity to always stay ahead of others in the industry by avoiding all forms of recklessness capable of dragging the bank backward. "This implies that at our level, recklessness should be avoided at every stage of our operations. The management calls on the entire members of staff to work together in partnership with it and raise customer service delivery to the top level in our quest to satisfy them," Gbaniro added. *(Punch)*

United Capital Plc yesterday announced an impressive performance for the year ended December 31, 2016, recording a jump of 133 per cent in profit after tax (PAT). Amidst the challenging economic environment and bearish capital markets, United Capital Plc, which is an investment banking firm, recorded a PAT of N6 billion in 2016, up by 133 per cent from N2.57 billion in 2015. In all, the company recorded gross earnings of N9 billion in 2016, showing an increase of 50 per cent from N6 billion posted in 2015. Investment income rose from N3 billion to N4 billion, while fee and commission income grew from N1.612 billion to N1.979 billion. Despite high inflation in 2016, the management of the company was able to reduce its total expenses by 19 per cent from N3.238 billion to N2.634 billion. Consequently, profit before tax (PBT) grew by 95 per cent from N3.264 billion to N6.366 billion, while PAT soared from N2.57 billion to N6 billion. Based on the performance, the directors have recorded a dividend of N3 billion, which translate to 50 kobo per share, up by 42 per cent from 35 kobo paid in 2015. The Group Chief Executive Officer of United Capital Plc, Mrs. Oluwatoyin Sanni had said the company would continue to continue to pursue its clear and consistent strategy, which has delivered a strong performance for shareholders. Sanni said: "We remain positive about our future opportunities within the Nigerian and African market, not-withstanding the challenging macro-economic environment.

As we commence 2016, we remain committed to achieving our goal of building Africa's leading investment and financial services group and to work hard to accomplish our strategic objective set out in 2015 & 2016. Our priorities include: driving effectiveness and efficiency initiatives to improve productivity whilst optimising costs, further improving our brand awareness, corporate image and brand value to

achieve market-wide recognition and appreciation of our corporate identity." A subsidiary of the company, United Capital Asset Management, recently launched two mutual funds- United Capital Nigerian Eurobond Fund and the United Capital Wealth for Women Fund aimed at meeting the diversified investment portfolio needs of indigenous and global clients. Both funds opened for subscription on January 25, and will close on March 3, 2017. The United Capital Nigerian Eurobond Fund is an open-ended mutual fund that will be invested in Dollar denominated Eurobonds, floated by the Federal Government of Nigeria, Nigerian top tier banks and other corporate issuers whose securities are registered with the Securities and Exchange Commission (SEC). *(This Day)*

Economic News

Nigeria has recovered some $151 million and eight billion naira ($26.32 million) in stolen state funds in less than two months as part of an anti-graft drive, the government said on Sunday. The West African nation launched late in December a whistleblower scheme entitling those who help find stolen assets to up to five percent of the recovered sums, part of a drive by President Muhammadu Buhari to root out endemic corruption. Sunday's announcement was the first since the middle of last year to give an official figure for recovered assets. "The looted funds ... were recovered from just three sources through whistleblowers who gave actionable information to the office of the Minister of Justice and Attorney-General of the Federation," the Information Ministry said in a statement. "The biggest amount of $136,676,600.51 was recovered from an account in a commercial bank, where the money was kept under an apparently fake account name," it added. The other recovered funds were in dollars or naira. On Friday, Nigeria's anti-corruption watchdog said it had seized $9.8 million in cash from the former head of the state oil company NNPC, a recovery also made possible under the whistleblower programme.
Graft, particularly in the oil sector on which Nigeria relies, has taken large sums from the country's coffers. Buhari rode to victory in 2015 on an anti-corruption platform after widespread anger at the plundering of the state under his predecessor Goodluck Jonathan. But some have criticized the current administration's efforts as ineffective and called it a witch hunt against Jonathan's supporters. *(Reuters)*

Nigeria's economy is projected to have contracted 1.54 percent in 2016, according to a budget ministry document, with Africa's most populous country mired in its first recession in a quarter of a century. Nigeria is heavily dependent on crude oil exports to fuel its economy, but low global prices and militant attacks on the southeastern Delta oil hub have hammered those exports and slashed government revenues. "The Nigerian economy, in response to both external and internal economic pressures, inevitably contracted and is currently in recession with a projected growth of -1.54 percent for 2016," the document released to Reuters by the ministry on Saturday said. The budget ministry draft, called "Key issues in the Economic Recovery and Growth Plan", said the recession was also caused by growth dependent on consumption rather than investment and "huge leaks in government resources through corruption and inefficient spending".
The International Monetary Fund has predicted that Nigeria's economy would shrink 1.8 percent in 2016. Final official figures are due to be released by Nigeria on Feb. 28. President Muhammadu Buhari's government came to power on a pledge to diversify the economy, fight corruption and tackle the Islamist Boko Haram insurgency in the northeast. But Buhari's critics say the administration has made little headway, with the economy in recession, corruption still endemic and Boko Haram continuing to carry out attacks. Nigeria's central bank, backed by Buhari, has also kept the naira rate to the dollar at 40 percent above the unofficial - or parallel - market rate, which has dried up dollar supplies on official channels.

The government is now formulating an "Economic Recovery and Growth Plan" for 2017 to 2020. "First-class infrastructure and an economic environment that supports the private sector and enables it to expand, take risk and employ people are essential to achieve Nigeria's aspirations for a dynamic, competitive economy," the budget ministry's document on the plan said. Nigeria also plans to increase oil production to 2.5 million barrels per day by 2020, the document said. In January the vice president said production was 1.7-1.8 million barrels per day. The government also wants to improve domestic refineries so that petroleum product imports can be cut by 60 percent by 2018, said the document. To lift growth, the plan will focus on building up Nigeria's agriculture, energy and small and medium-sized businesses, the document said, adding that the country aims to have 10 gigawatts of power capacity by 2020. Of particular concern is job creation, said the document, as unemployment steadily rises. The unemployment rate in the third quarter of 2016, the latest for which there

is publicly available data, was 13.9 percent. At the end of 2015, the rate was 6.4 percent. *(Reuters)*

Nigeria plans to generate as much as $16.4 billion through asset sales in the next four years to reduce the burden on the public budget, a Budget Ministry document showed. The sales will help to tackle inefficiencies and stem "corruption in public enterprises," according to the document obtained by Bloomberg, which outlines the West African nation's plans for economic recovery from 2017 to 2020. President Muhammadu Buhari will introduce the proposal on an unspecified date this month. It didn't name the assets it may sell. Nigeria estimates its economy contracted 1.5 percent in 2016, partly because of a decline in the price and output of oil, the country's biggest export and revenue generator. Buhari proposed a 20 percent increase in this year's budget to stimulate the economy and help gross domestic product expand by an average of 4.7 percent annually over four years and reach 7 percent in 2020. "They could look at reducing government stakes in oil joint ventures from around 55 percent to 40 percent or 45 percent -- that alone can generate over $10 billion," Pabina Yinkere, the Lagos-based head of research at Vetiva Capital Management Ltd., said by phone. "Non-oil assets like concession airports are a more difficult sale because they would involve a lot of transactions." The government targets oil production of 2.5 million barrels a day by 2020 to boost export earnings, it said in the document. Output declined to an almost three-decade low of 1.4 million barrels a day in August after militants in the Niger River delta region bombed pipelines to demand more benefits from the resource. *(Bloomberg)*

The Financial Derivatives Company Limited (FDC) has estimated a relatively flat movement in the January headline inflation rate to 18.6 per cent, from 18.55 per cent recorded in December. The National Bureau of Statistics is expected to release January inflation figures tomorrow, according to its data release calendar. Prices have generally either declined or remained flat recently. The food basket especially has been relatively more inelastic than other commodities, according to the FDC. The research and investment firm noted seasonality effects, supply shocks and exchange rate pass through effects through export smuggling are factors to influence the direction of inflation. "Christmas festive spending contributed to a surge in demand at the end of 2016, albeit marginal in magnitude when compared to previous years. As January approached the seasonal slur in economic activities and lower purchasing power (due to payment of tuition and post Christmas blues) kicked in. Hence, a paltry increase of 0.05 per cent in the year-on-year rate in January," it stated. Power supply, distribution and logistics costs were a major challenge for manufacturers in January. Diesel prices skyrocketed to an average of N270/ltr from N140/ltr in the same period the previous year. Power supply from the grid dropped sharply to 2500 MW in January leading to higher distribution and logistics costs.

The Producer Purchasing index (PPI), the major ingredient of core inflation is likely to remain high According to the FDC, exchange rate pass through was considered to have a one-way directional effect on prices. This meant that a weaker naira makes imports expensive. The new phenomenon was that a weak naira makes domestic goods cheaper and increases the incentives for export smuggling. "The impact of rising prices is felt in the value naira-based earnings and investments. Individuals are unable to afford the same quantity or brands of items to which they purchased at the same income level. "The fact that there is no corresponding real wage inflation to counteract the effects of rising price inflation has birthed strong consumer resistance in the market. This trend began to manifest itself last year as the pace of inflation began to slowly ease. "However, albeit this revision of expectations, consumers are still unhappy about their present economic realities and have taken to the streets in protests against government policy and economic hardship," it added. *(This Day)*

Oil majors Royal Dutch Shell and ENI have asked a Nigerian court to lift a temporary forfeiture of a long-disputed oilfield, a copy of the court documents filed by the two firms showed on Tuesday. Last month, a Nigerian court ordered the temporary forfeiture of assets and the transfer of operations of the OPL 245 field owned by Shell and Eni, among others, to the federal government. The Nigerian court case is the latest of several inquiries, including by Dutch and Italian authorities, into the 2011 purchase of the OPL 245 block which could hold up to 9.23 billion barrels of oil, according to industry figures. In a court filing Shell said Nigeria's Economic and Financial Crimes Commission had conducted "a gross abuse of process and an abuse of power" to get a court order asking for the forfeiture, the document obtained by Reuters said. The commission "misrepresented material facts in obtaining the ex-parte order" and it was "in the interest of justice that the ex-parte order be discharged," the document said.
The inquiry is investigating whether the $1.3 billion purchase of OPL 245 involved "acts of conspiracy, bribery, official corruption and money

laundering," according to court papers seen last month. The Nigerian court will hear the case on Feb 27, judicial sources said. The oil field's licence was initially awarded in 1998 by former Nigerian oil minister Dan Etete to Malabu Oil and Gas, a company in which he held shares. It was then sold for $1.3 billion in 2011 to Eni and Shell. According to documents from a British court, Malabu received $1.09 billion from the sale, while the rest went to the Nigerian government. Earlier this month, Italy's Eni backed CEO Claudio Descalzi after judicial sources said prosecutors had asked for him to be sent to trial over alleged corruption in Nigeria. Italian prosecutors in December wrapped up a probe into the head of Eni, its former CEO, the company itself and Shell over alleged corruption surrounding the licence's acquisition, sources told Reuters at the time. *(Reuters)*

Nigeria said it lost out on as much as $100 billion in revenue last year as attacks by militants in the oil-rich Niger Delta cut crude output to a record low. Production fell by 1 million barrels a day to 1.2 million a day at the peak of the attacks, Emmanuel Kachikwu, minister of state for petroleum, said Tuesday in a video-clip on his Facebook page. Last year, Nigeria suffered its first full-year recession since 1991 as a resurgence of armed conflict in the delta, combined with lower oil prices, blighted the economy. While recent peace efforts have curbed the frequency of attacks on oil infrastructure, the West African nation has struggled to boost output as one of its largest export terminals remains closed. "We continue to engage," Kachikwu said, referring to peace talks between the government and local leaders from the delta. "It is a difficult undertaking to try to embark on trying to resolve it once and for all, but we're very bullish about this." *(Bloomberg)*

Annual inflation in Nigeria rose in January to 18.72 percent, the National Bureau of Statistics said on Wednesday, its 12th straight monthly increase. The rise from 18.55 percent in December, its highest in more than 11 years, was driven by surges in food, transport and electricity. A separate food index also rose, to 17.82 percent from 17.39 percent in December, the statistics office said. Galloping inflation comes as Africa's largest economy grapples with its first recession in 25 years, largely caused by the fall in global oil prices since 2014. Crude oil sales account for 70 percent of government revenue. In December, President Muhammadu Buhari presented a record 7.298 trillion-naira ($23.97 billion) budget for 2017 aimed at stimulating growth and pulling the economy out of recession. Economists have questioned whether those goals can be reached. The soaring cost of living in Nigeria, where the United Nations estimates that 70 percent of the population live on a dollar a day, has prompted widespread anger at Buhari's handling of the economy. *(Reuters)*

Nigeria has not decided yet how much it wants to borrow from the World Bank, its budget minister said on Wednesday, to help pay for record spending of $24 billion this year. Diplomats and officials told Reuters last week the oil producer plans to present the required economic reform proposals to the World Bank this month to borrow at least $1 billion. "The figure will depend on the (2017) budget approved by the National Assembly," Udoma Udo Udoma, minister for budget and national planning, told reporters when asked about the application. "We are waiting for the passage of the budget by the National Assembly so that we will know the budget gap or the actual deficit before we can go to the World Bank for loan." Nigeria, which relies on oil revenue for most of its income, is struggling to drag itself out of its first recession for 25 years. It needs to plug a gap in its record 7.3 trillion naira 2017 budget aimed at stimulating the economy. It had planned to apply for a World Bank loan last year but the process ground to a halt because it failed to submit its economic recovery plans by the end of December as initially promised, sources told Reuters last month. The African Development Bank (AfDB) has been holding back the second, $400 million, tranche of a $1 billion loan because it is also awaiting a reform plan from the government. Nigeria will present its economic proposals to the AfDB at the same time as the World Bank, government officials said last week. *(Reuters)*

Nigeria's central bank has disbursed $2.83 billion to critical sectors of the economy in December and January, it said in a statement on Thursday, in an attempt to kickstart a struggling economy and alleviate a drought of foreign currency. Nigeria's economy is wallowing in its first recession in a quarter of a century, hamstrung in part by low exports of the crude oil on which the government depends for revenues and bringing in foreign currency. That lack of dollars in particular has left businesses struggling to import overseas products they need. The situation has been exacerbated by a government-imposed exchange rate that critics say artificially keeps the naira around 40 percent stronger than it should be. The Central Bank of Nigeria (CBN) said it favoured the manufacturing, raw material and agriculture sectors when disbursing the dollars in December and January, hoping to create employment and spur wealth creation. The raw materials sector received $609 million in December and $228 million in January. Manufacturing got $53 million in December and $71 million in January, the CBN

statement said. The central bank is determined to continue to ease the foreign exchange pressure on critical sectors, the statement cited Isaac Okorafor, acting director of the communications department, as saying. Nigeria's dollar reserves have risen 8.39 percent since the beginning of the year, mirroring a rise in global oil prices, but remain far from a peak of $64 billion in August 2008. Nigeria's naira hit a new low on the black market on Wednesday. That spurred the head of the bureau de change association to urge members to help stabilise the currency, the continued weakness of which has become a "major concern" for the central bank. *(Reuters)*

Nigeria has raised 160 billion naira ($525 million) in local currency bonds at its second debt auction this year at yields lower than the inflation rate in Africa's biggest economy, the Debt Management Office said on Thursday. The debt office had initially want to raise 110 billion at the auction but increased the offer due to demand. Total demand stood at 337.03 billion naira at Wednesday's auction, higher than 235.05 billion naira at its previous sale. Annual inflation in Nigeria climbed to high of 18.72 percent in January, its 12th straight monthly rise. The trend was worsened by dollar shortages, which have crippled the import-dependent economy and triggered its first recession in 25 years. The government is also facing funding challenges brought on by the low price of oil. It expects the budget deficit to widen to 2.36 trillion naira this year as it tries to spend its way of out of the recession. More than half of the deficit will be funded through local borrowings, the government has said. The debt office said it raised 70 billion naira of the paper maturing in 2036 at 16.77 percent, lower than 16.99 percent same instrument fetched at the previous auction and paid 16.61 percent for the 30 billion naira raised in the paper maturing in 2026 compared to 16.99 percent at the previous auction. It issued 60 billion naira in the note maturing in 2021 at 16.55 percent against 16.89 percent at the previous auction. Nigerian government issues local currency bonds every month to raise funds to support its spending plan, which also goes to help the banking system manage liquidity. *(Reuters)*

Tanzania

Corporate News

EQUITY Bank has officially commissioned its newest branch in Zanzibar as it seeks to deepen its forays in the entire East African region. The branch in Zanzibar, bringing to 14 total branches, is part of the Bank's planned regional expansion, aligning to the government's renewed focus on micro business and small scale business. The Minister for Land, Residences, Water and Energy in Zanzibar, Ms Salama Aboud Tahib, said at the launching ceremony in Zanzibar on Monday that the Equity Bank efforts to serve Tanzanians at affordable rate are commendable. "I encourage you to spread the bank's wings to Pemba with immense opportunities coupled with huge number of customers in need of bank services," she said. Equity Bank Director, Prof Ahmed Mohamed said that the move is part of Equity Group's pursuit if its vision to champion the socio-economic prosperity of the people of Africa. "As Equity Bank Tanzania, we are committed to deepen financial inclusion and broaden access by expanding our footprint through branches, Agency banking, ATMs and merchant banking", he said. On his part, the Managing Director of Equity Bank Tanzania, Joseph Iha, said the Bank believes that this move will also significantly contribute towards the achievements of Zanzibar's economic blueprint Vision 2020. He said Equity Bank business model is designed to make banking affordable, convenient and accessible. He said Equity Bank Tanzania is one of the banks in the country that offers financial literacy training aimed at empowering its customers, mainly women and youth, with financial management skills, a move that has led to the growth of its Fanikisha loan products. "These products are designed to support women and youth to do business and participate in the development of Tanzania. Currently, the bank has 14 branches in operation, spread in Dar es Salam (Quality Centre, Kariakoo, Golden Jubilee, Supreme, Mwenge, Temeke and Mbagala), Arusha, Mwanza, Dodoma, Moshi, Mbeya and, Zanzibar, Diaspora Branch and growing," he said. *(Daily News)*

Economic News

STRONG demand characterised treasury bills auction last week supported by high liquidity in the market to close the business oversubscribed. The Bank of Tanzania (BoT) auction summary shows that the instrument attracted bids worth 400.28bn/- in the auction held last week compared to 138.7bn/- offered to the market although at the end 255.04bn/- became the successful amount. The NMB e-market report states that the Treasury bill auction oversubscribed on Wednesday by 261bn/-. As a result, plenty of liquidity in the market with overnight rates around 7per cent. Yield rates declined slightly across all tenures, but did not affect high investors' appetite on the short term government note. Major investors in the one year treasury bills are commercial banks, pension funds, insurance companies and some micro- finance institutions. The two tenures 364 and 182 days contributed 98 per cent of the total bids during the trading session. The 364 and 182 days offer attracted bids worth 240.66bn/- and 154.63bn/-respectively against 85.5bn/-and 50.5bn/- offered to the market for bidding. The 91 and 35 days offer attracted bids worth 2.58bn/- and 2.41bn/- respectively compared to 2bn/- and 700m/- offered to the market. Yield rates for the 364 and 182 days offer were 15.75 per cent and 14.41 per cent from 15.77 per cent and 14.49 per cent of the previous session held two weeks ago. The yield rates for the 91 and 35 days tenure were 7.10 per cent and 6.50 per cent in the 12 months Treasury note. The highest and lowest bid/100 for the 364 and 182 days offers were 86.80/ 85.40 and 93.39/ 92.62 respectively while for the 91 and 35 days tenor had 98.26/ 98.25 and 99.38/ 99.30. The minimum successful price/100 for the 364, 182 and 91 days offer were 86.24, 93.26, 98.26 and 99.38 respectively. The weighed average price for successful bid for the 364 tenure was 86.43, the 182 days offer was 93.30, 91 days offer was 98.26 and 99.38 for the 35 days offer. *(Daily News)*

Tanzania, east Africa's second-biggest economy, posted a 0.9 percent annual increase in the number of mobile phone subscribers in 2016 to 40.17 million, its telecoms industry regulator said on Tuesday. Mobile phone use has surged in Tanzania and other African countries over the past decade, helped by the launch of cheaper smartphones. The number of Internet users rose to 19.86 million last year from 17.26 million in 2015, the state-run Tanzania Communications Regulatory Authority (TCRA) said in a report. Mobile money users grew to 18.08 million last year from 17.63 million previously. Telecommunications is one of the fastest-growing sectors in the country, which has a

population of around 50 million. Mobile phone operators in Tanzania include Vodacom Tanzania, a unit of South Africa's Vodacom, Tigo Tanzania, which is part of Sweden's Millicom, Bharti Airtel Tanzania, and Halotel, owned by Vietnam-based telecoms operator Viettel. The country's three biggest mobile network operators - Vodacom, Tigo and Airtel - are planning for initial public offerings (IPOs) on the Dar es Salaam Stock Exchange (DSE) this year to comply with a mandatory listing law. The government hopes the move will bring more transparency and offer the public a share in the industry's profits. But analysts say rushing through public offerings could lead to unsold shares with only Tanzanians allowed to buy them. *(Reuters)*

TANZANITE Gemstones valued at more than 9.3bn/- changed hands during the second Mineral Auction in Arusha Region over the weekend. The Director of Diamond and Gemstones Valuation Unit of Tanzania Mineral Sorting Company (TANSORT), Mr Richard Karugendo, said this year's auction beat last year event by over 2bn/- worth of sales because during the 2016 auction minerals worth 7bn/- were sold.
A total of 68 mineral firms participated in the 2017 auction, 39 being Tanzanian companies while the rest came from other nations including Kenya, India, Sri-Lanka, China, Switzerland and Germany. The Manyara Regional Commissioner (RC), Mr Joel Bendera, said the success of the second mineral auction reinforced the importance of ongoing initiatives to build mineral export processing zone at Mirerani Hills in Simanjiro District where the rare blue gemstones are mined. "Simanjiro produces the most valuable minerals but as it happens, the District suffers the most problems, including lack of tarmac road, diseases like HIV-Aids infections, performs badly in education with many of its residents reeling in poverty," said the RC. He added, "We have already secured a vast plot onto which the Tanzanite EPZ will be established and that all polishing, processing and branding will be done before the gemstones gets exported." Mr Bendera was on view that the EPZ at the foot of Mirerani Hills will solve the problem of mineral smuggling which has been the major concern as far as Tanzanite Gemstones are concerned.
"There will be no longer complaints of our precious gems to be labelled as coming from India or Kenya," he said. The TANSORT official, Mr Archad Karugedo, said the government earned dividends worth 466.4m/- which is a climb from the 380m/- revenues earned last year. *(Daily News)*

THE Dar es Salaam Stock Exchange (DSE) turnover weakened by 85 per cent to 406.46m/- compared to 2.54bn/- of the previous week with four local trading equities dominating the market share. According to Zan Securities Limited weekly wrap-ups, Tanzania Breweries Limited (TBL) topped the list at 64 per cent, followed by the CRDB Bank at 13 per cent, Swissport at 4 per cent and Dar es Salaam Stock Exchange (DSE) at 3 per cent. The DSE price per share appreciated in value by 3.92 per cent, closing the week at 1,060/- per share, earning top gainer position for the week under review. On the other hand, TBL price per share depreciated in value by 10.53 per cent, closing at 10,200/- per share, as the top loser. Total market capitalization increased by 1.63 per cent to 18.97tri/- while domestic market capitalization rose by 0.02 per cent, closing the week at 7.10tri/- . Comparatively, key benchmark indices were in the green territory with the Tanzania Share Index (TSI) capping at 3,380.83 points, 0.02 per cent higher than preceding week. The All Share Index (DSEI) closed at 2,181.22points, up by 1.63 per cent compared to previous period. Similarly, the three sector indices were in the green and red territory with the Industrial and Allied Index and Commercial Services Sector remaining constant at 4,194.29 points and 3,137.02 points, respectively. Banks, Finance and Investment Index went up by 0.06 per cent, to close at 2,643.68 points compared to the preceding period. Investors should use this time to build positions; because there is positive expectation especially from Industrial and Allied and Banks, Finance and Investment mainly from local listed companies. *(Daily News)*

For investors considering financing Tanzania's proposed 27.6 trillion-shilling ($12.3 billion) borrowing program, the government's handling of its power utility's debt problems may give pause for thought. Last month, President John Magufuli fired the Tanzania Electric Supply Co.'s chief executive officer and vetoed its decision to raise electricity prices, ignoring International Monetary Fund advice that higher tariffs may help improve the company's financial position. The state is also facing international arbitration over its failure to pay more than $35 million owed for power supplied to Tanesco from a gas-fired plant built by Washington-based Symbion Power. "The current state of Tanesco is a cautionary tale about how state-owned enterprises in Tanzania are managed, particularly with respect to debt," said Ahmed Salim, a vice president at Teneo Strategy, a Dubai-based research group. "In order for Tanzania to secure a good credit rating, institutions like Tanesco have to have the opportunity to reform, even if it means raising tariffs." Symbion didn't immediately respond to requests for comment. The nation with East Africa's largest deposits of natural gas after Mozambique plans to spend at least 107 trillion shillings ($47.9

billion) over the next five years on projects including a liquefied natural gas plant, rail links, and an industrial zone around a planned port at Bagamoyo. The government is obtaining a credit rating and its borrowing plans include an $800 million Eurobond and syndicated loans, the Finance Ministry said in December.

Tanesco's travails could increase the premium at which Tanzania enters the Eurobond market, and weigh on any credit ratings, said Lisa Brown, an analyst at Rand Merchant Bank, a unit of Johannesburg-based FirstRand Ltd. The utility's debt is estimated at more than $300 million, according to Teneo. In 2013, Tanesco raised $250 million in five- and seven-year loans. Last year, it asked the World Bank for a $200 million emergency loan that's still pending. "The longer the company remains financially unstable, the more of a burden they are to the government as they often have to guarantee the loans," Brown said. "Because of Tanesco's financial troubles, and the debt risks it poses, the company exposes the government, especially when these loans are taken in foreign currency." Energy and Minerals Minister Sospeter Muhongo said the state will transform Tanesco by reorganizing it into a smaller, more efficient company, rather than by raising power costs for a country trying to industrialize. The nation's abundant natural resources and a growing economy are guarantees that it can repay debt, he said. "Hiking tariffs will bring about high production costs and consequently very high food and other industrial prices," Muhongo said by phone. "We are not in a desperate situation when it comes to our debt." The country is ramping up borrowing for projects. In January, Magufuli asked Turkish counterpart Recep Tayyip Erdogan to help fund a $7.5 billion rail line to neighboring states. Days later, Turkish construction company Yapi Merkezi Insaat VE Sanayi As and Portuguese building firm Mota-Engil SGPS SA won the contract for the first of a five-phase project, a 300-kilometer (127-mile) track for $1.2 billion. Tanzania and the World Bank also discussed loans of as much as $1.3 billion last month.

About 43 percent of what Tanzania plans to borrow for its development program will come from foreign investors, according to a Finance Ministry proposal in June last year. The long-term and concessional nature of Tanzania's debt makes servicing well within the country's power, according to Brown. The gamble is whether it can meet obligations on time. The risk of distress will be relatively low if Tanzania reduces debt by increasing domestic revenue and cutting back expenditure, the IMF said in a debt sustainability report in June. More than half of Tanzania's current $19 billion debt is external, with the total accounting for about 34 percent of gross domestic product. Over the past six years, its debt-to-GDP ratio has grown by 7 percentage points. The government still has plenty of borrowing headroom with a public-debt ceiling of 56 percent of GDP, Finance Minister Philip Mpango told lawmakers in the capital, Dodoma, on Jan. 31."Tanzania still has the ability to continue to borrow domestically and abroad to finance its development activities and also has the ability to repay maturing loans using internal and external income," he said. *(Bloomberg)*

Zambia

Corporate News

No Corporate News This Week

Economic News

Zambia and Zimbabwe will give French engineering firm Razel-Bec the task of making safe the Kariba Dam, whose wall is swelling, raising the risk of cracks in the structure designed to hold back up to 180 billion cubic meters of water. A collapse of the dam could pose a risk to 3.5 million people in Zambia and Zimbabwe as well as Malawi and Mozambique further downstream, according to a 2015 report by global risk managers AON. "It is a real risk that the dam could fall without that effort being put in place," Dam Maintenance Engineer Farai Furasa told Reuters, referring to the planned renovation. "Some forces are pushing towards the dam wall and digging into it and the water could slip underneath the dam and cause it to collapse." The Zambezi River Authority, which manages the dam on behalf of the two countries, plans to reshape the plunge pool at the dam's base and repair the spill-way, which controls the release of water, within five years. The dam was built in the 1950s. Kozanai Gurukumba, its safety manager, told journalists on Monday the expansion should be completed by the end of 2020, while work on the spill-way to contain the swelling in the dam wall is expected to be done by 2022. "It has taken a while in terms of procurement process but the contract is now official," he said. "We expect the contractor Razel-Bec of France to take possession of the site by mid next month," Gurukumba said. He said the $294 million cost of the work would be funded through a combination of grants and loans. The hydroelectric dam has installed capacity of 1,626 megawatts of electricity shared between Zambia and Zimbabwe, but severe drought in the region has reduced power generation, hurting the economies of both countries. *(Reuters)*

THE Tourism Council of Zambia (TCZ) has cited underfunding as part of the challenges hindering the growth of tourism in Zambia. TCZ representative Grant Cumings said there is need to engage the private sectorwhen developing the national tourism marketing plan to ensure the resources are spent effectively. Mr Cumings said this at a sensitisation workshop for various stakeholders dubbed, 'fostering increased private sector consultation for better regulations in the business environment,' aimed at strengthening private sector participation in fiscal matters. Recently, Minister of Tourism Charles Banda said a master plan is being developed that will enhance infrastructure development at tourists' sites in a bid to increase tourist numbers. In an interview recently, the minister said that due to poor infrastructure, some tourist' sites in the country have been abandoned. He also said the introduction of a tourism levy would see the ministry receiving funding that could be channelled towards improving roads, tourist sites and services. Meanwhile, Mr Cumings has advised Government to emulate countries such as South Africa whose tourism budget is US$150 million, Kenya's US$50 million, Botswana's US$8 million and Zimbabwe's US$13 million, while Zambia's is less than US$1 million. "Under-funded, poorly strategised national marketing has resulted in few tourists knowing about Zambia and those that do mistakenly think Zambia is a rural destination only for the adventure traveller. "Although 80 percent of tourists cite video or film as crucial to their choice of a destination, Zambia discourages making videos in its wildlife areas by charging high filming fees and formal permission requirement which is difficult and time-consuming," Mr Cumings said. "Being featured on programmes such as Animal Planet and National Geographic is free advertising for the country but Zambia is still asleep in this regard while other countries are getting all the attention through maximising use of this opportunity." He said despite Zambia being one of the safest countries to visit, with sufficient wildlife resources and friendly people, it is evident that the country is not achieving its full tourism potential. *(Daily Mail)*

Zimbabwe

Corporate News

Econet Wireless Zimbabwe's mobile money platform, EcoCash has reduced its monthly foreign withdrawal limit on MasterCards by 20% to $400, as the country's foreign currency position worsens. In a notice last week, EcoCash said, "EcoCash MasterCard limit revised to $400 per month. New limits as follows ATM cash out $200, POS (point-of-sale) machines and virtual payments $200." Initially the limit was $500, having been reduced from $1 100 in December. MasterCard and Visa cards transactions are funded from nostro accounts, which have been depleting due to low exports and an increase in imports. This has seen companies struggling to make foreign payments for raw materials. The reduction in the MasterCard limit comes barely a week after Standard Chartered Bank Zimbabwe cancelled automatic use of its Visa debit cards outside the country due to the "increasingly scarce foreign currency resources". The bank said the decision was arrived at to ensure the best use of the increasingly scarce foreign currency, which is disbursed in line with the priority list issued by the Reserve Bank of Zimbabwe (RBZ), when available. It said the use of the Visa card would now be granted through application for "special consideration prior to travel". Clients, who want to use the cards outside Zimbabwe, will now be required to apply for the special consideration at least 72 hours before departure. Clients would be expected to provide a travel itinerary and expected expenses to be incurred while travelling outside the country at any branch or via email with their applications. Consideration will be dependent on the priority list guidelines on external payments by the RBZ, it said. FBC also suspended the use of its MasterCard outside the country, but directed clients to use a prepaid one. *(News Day)*

Econet, recorded a 28% increase in revenue to $146 million for the third quarter ended 30 September 2017. According to a report by Potraz, the revenue growth was recorded despite mobile operator de-registering at least 1.5 million non-compliant subscribers. According to the report, Econet's market share increased to 75.2% based on revenue. The telecoms company also registered a 3.2% increase in voice traffic during the period under review. This resulted in voice market share increasing by 5.2% to reach 73.1% from 67.9% recorded the previous quarter. *(Daily News)*

SeedCo opened a second plant in Kenya's Trans Nzoia county last week. The group believes the new plant in Trans Nzoia, generally considered the bread basket of Kenya, will consolidate its market share. "We are targeting a 20% market share in this county within the next three to five years from the current 10%. Kenya Seed Company is the dominant player in this particular region although in the area where we have been operating from, we have 40% of the market," chief executive Morgan Nzwere said on the sidelines of the official opening of the plant last Friday. The group had budgeted $4 million for the plant development. Nzwere said the first phase had cost $2.5 mln while the balance of $1.5 mln will be used up in April. In total, the group will spend $10 mln on the plant, which will also house a research station. *(Herald)*

Platinum production at Unki Mine near Shurugwi increased 12 percent to 75,000 ounces in 2016 largely due to higher tonnage mined. Unki, a unit of the world's platinum top producer Anglo America Platinum is one of the three large platinum producers in the country with a mineral resource of 10.5 4E million ounces and Ore Reserve of 4.7 4E million ounces. According to the group's results for the year ended 31 December 2016, Unki head grade increased from 3.22 gramms per tonne to 3.46g/t in 2016. Angloplat chief executive Chris Griffith, said group production for the year at 2.38 million ounces, was above target. 'The business has made significant strides in the last twelve months, despite the continued weak price environment for platinum group metals. Ongoing operational improvements, progress with divestments and a further reduction in net debt are ensuring that we build a resilient business and position the company for the future," he said. *(The Source)*

Spirits and wines maker, African Distillers recorded a 10 percent increase in after tax profit to $1.8 million in the half year ended December 31, 2016 from $1.6 million last year largely due to improved sales and cost reduction. Chairman Pearson Gowero said all product categories registered growth with ciders well ahead of other segments at 40 percent over the prior year. Spirits, in particular

Viceroy brandy, showed strong recovery compared to previous periods. "Increased market place acceptance of our wine brands spurred growth in this category, registered volume growth of 29 percent," he said in a statement accompanying company results. Revenue in the six months to December amounted to nearly $14 million, a 10 percent increase from $12. 7 million in 2015 driven by a volume increase of 25 percent to 4.8 million litres. "This is a result of continued pressure to reduce prices to counter competition and increase affordability," he said. Gowero said the general decline in disposable income resulted in preference for lower priced products but revenue contribution from the Ready to Drink category continued to grow. Operating income for the period increased 17 percent to $2.5 million, attributable to increased revenues and reduced operating costs which declined by $344,000. Cash generated from trading operations amounted to $2,9 million with $539,000 re-invested in working capital. Earnings per share improved by 10,1 percent to 1.52 cents and the company declared a dividend of 0,2 cents per share. Looking ahead, Gowero said the company will focus on exploiting revenue growth opportunities as well as cost control measures to improve profitability despite a difficult economic outlook. *(The Source)*

Economic News

The Zimbabwe Revenue Authority (Zimra) is training its personnel to be able to analyse financial accounts of multi-national corporations as Treasury moves to stem capital outflows. This comes, as it emerged that the economy was losing millions on the payment of management fees, brands and royalties. Finance minister Patrick Chinamasa yesterday said the training of Zimra staffers would give them capacity to be able to interrogate multinationals' financial accounts. "We are going to train our Zimra staff on how to analyse accounts and books of multi-nationals. We are trying to zero in on where the capital outflow is from the continent," he said. "… we need to look at what they charge in management fees. Is it the same everywhere, what is the formula used to charge on brands? Our interest is whether we are treated fairly." Chinamasa said Treasury came across a scenario where management fees were 10% of gross revenue, although he would not name and shame the company involved. "I have said to multinationals we are just looking for a fair playing field, let's have dialogue and my office is open," he said. Chinamasa said some of the "so-called investments by foreign companies were coming in as loans". He said a Zimbabwean company was opened, which would borrow offshore, thereby, burdening the country. Multi-nationals stand accused of fleecing African countries through under-invoicing and transfer pricing. According to a 2016 report by the United Nations Conference on Trade and Development, an estimated $854 billion was spirited out of the continent through illicit financial flows in the period 1970 and 2008. *(News Day)*

The Reserve Bank of Zimbabwe has come up with a facility prioritising foreign currency allocation to companies benefiting from the import restrictions to increase production. Companies with potential to export, but are facing financial challenges to produce are also benefiting from the facility, Industry and Commerce Minister Mike Bimha said. The facility is aimed at enhancing exports and comes at a time when the country is facing serious forex shortage, which has resulted in some firms failing to import raw materials. "We have supported them through temporary imports restrictions and in the long run, they should be competitive when we open up the markets," said Minister Bimha *(Herald)*

Demand for rice has increased by 300 percent from 50,000 tonnes per year in 2007 to 200,000 tonnes per year in 2016 as Zimbabweans shift to alternative cereals to bridge the shortfall for grains and the high cost of maize, Grain Millers Association of Zimbabwe chairperson, Tafadzwa Musarara told Parliamentarians on Tuesday. The southern African nation has suffered from intermittent droughts in recent years, forcing the country to rely on grain imports. An El Nino-induced drought in the 2015/2016 season has left at least 4,1 million people needing food aid, and the country importing 1,4 million tonnes of maize. "Rice is slowly becoming a staple food in the country as consumer behavior is changing….in 2007 rice demand was 50,000 per year but in 2016 it was 200,000 per year," Musarara told members of the parliamentary portfolio committee on lands, agriculture mechanisation and irrigation. Changing tastes and consumer options have seen increased preference for rice as a substitute for maize. At the turn of the century, Zimbabwe's consumption of the staple maize grain was close to 2 million tonnes annually. "Maize meal production currently stands at 38,000 (monthly) metric tonnes with imports of maize meal

supplying another 20,000 (per month). Cheap GMO maize meal imports dominate the southern part of the country and they are killing small scale indigenous millers and slowing the full resuscitation of Blue Ribbon represented here which was recently acquired by a foreign investor," Musarara said. He said the GMAZ expects to take up approximately 800,000 metric tonnes of maize produced under the government's command agriculture programme. The government is yet to provide its crop forecast for the 2016/17 season, but has indicated that the hectarage under maize has increased by 61 percent, to 1.2 million hectares, over the previous season. "In order to enhance its sustainability, the GMA has committed to off-take 800,000 metric tons of maize that will be grown this year. This arrangement will also serve as import substitution, saving the country more than $250 million." Blue Ribbon also committed to buy about 100,000 tonnes of maize from the scheme. However, Musarara called for the repeal of Statutory Instrument 20 (SI20), which imposes a 15 percent value added tax on commodities such as maize meal, potatoes and rice, saying it was making life difficult for producers and consumers. Last week, Finance Minister Patrick Chinamasa told Parliament that government was shelving the tax, but is yet to legally revoke the statutory instrument. *(Source)*

Workers at struggling State-owned companies, Hwange Colliery Company and National Railways of Zimbabwe were being treated like 'slaves,' National Assembly legislators said on Tuesday, accusing government officials of running the firms aground through corruption and looting. The MPs, who were debating a motion on the Second Report of the Portfolio Committee on Public Service on the working conditions prevailing at the two parastatals along with Dete Refactories, said additionally, many workers could not afford basic necessities such as healthcare as the firms failed to remit their contributions for medical aid. St. Mary's MP, Unganai Tarusenga (MDC-T) told Parliament that during the committee's visit to Hwange Colliery, workers revealed they were denied tea breaks and were made to work without protective clothing. "Workers are treated as slaves, which is against our Labour Relations Act, which stipulates that workers must have adequate protective clothing," Tarusenga said. NRZ, which incurred losses of over $200 million between 2009 and 2013, has failed to run profitably for years due to undercapitalisation and ageing rolling stock. It is saddled with a $144 million debt while its 5,700 workers last year went on a prolonged strike after going 15 months without pay. The workers are owed $87 million. At its peak, NRZ employed about 20,000 workers and moved 18 million tonnes of freight annually. NRZ now moves less than 100,000 tonnes per week, the effects of industry collapse and poor rail infrastructure. Hwange Colliery is in a similarly desperate state with its current financials to June 30 last year showing current liabilities of $311 million, of which $256 million was under trade and other payables, against current assets of $61 million. It reported a full-year net loss of $115 million for 2015.

The state of the two parastatals mirror that of most of the country's 91 state-owned enterprises which have been poorly run, contributing to further deterioration of the southern African nation's economy. "Government must put in place policies that protect workers that are retrenched or pensioners so that they get reasonable amounts because they are suffering getting little amounts," Bindura South MP Remigious Matangira (Zanu-PF) said. "It is a sorry state. Most former NRZ workers…. live on meagre pensions of $40. We have to revisit the pensionable payment to make it reasonable because we cannot give peanuts as pensions," he said. Molly Mkandla (Zanu-PF Proportional Representation) criticised ministers for ignoring the plight of workers and failing to take action over the abuse. "The problem is that we have ministers that just sit in their offices in Harare. When reports of abuse of workers are made we expect ministers to go on the ground and investigate," Mkandla said. Chegutu West MP Dexter Nduna (Zanu-PF) suggested a change in the manner in which boards of state enterprises and parastatals are chosen. Nduna said Parliament must now play a role in choosing board members of parastatals to ensure qualified people run the entities in a professional manner. *(Source)*

Zimbabwe's bid to grow exports is under threat from a strong dollar which makes exports uncompetitive. The threat comes after International Monetary Fund (IMF) boss, Christine Lagarde warned that the continued rise in American interest rates would challenge global trade. Lagarde made the comments in response to questions of the viability of the United States president Donald Trump's policies at the ongoing World Government Summit 2017. The summit started on Sunday and ends today. She said the increase would lead to "tightening that is going to be difficult on the global economy". "United States President Trump taking office is likely good for the economy in the short term though rising American interest rates and a strengthening dollar will challenge global trade," she said. Rising interest rates leads to a strengthening of the dollar as the process involves American depository institutions such as banks and credit unions lending

reserve balances to other depository institutions overnight, on an uncollateralised basis. The strengthening of the dollar makes other currencies weaker, a bad omen for Zimbabwe, which does most of its trade with South Africa. Confederation of Zimbabwe Industries deputy president, Sifelani Jabangwe said a strengthened dollar means prices in regional countries come down on the back of weakened currencies, whereas in Zimbabwe they do not due to the usage of the dollar. "We need to have internal devaluation though the method is a challenge because we definitely need to lower our costs. Maybe we peg our own internal value of the US onto another currency, maybe the South African rand and make that our trading currency. Using the US dollar is tricky because we converted at the wrong rate in 2009, which is why our costs are high," he said. A strengthened dollar negatively affects commodities on the back of the currencies in which those commodities are from ending up weaker to the dollar. As such, Zimbabwe, being a commodity-based market and using the United States dollar as a trade currency, would make the country's exports more uncompetitive in region.

It also comes at a time when there is a renewed push to grow the export sector and generate more foreign currency for the economy. The central bank has come up with a 5% export incentive under the $200 million facility guaranteed by the African Export-Import Bank to grow the country's exports. In addition, the bank has come up with a priority list in the allocation of foreign currency, in a bid to cut on unnecessary imports and grow local industries. The Reserve Bank of Zimbabwe reported a decline in commodity prices a week before the United States Federal Reserve bank hiked interest rate prices in December 2016 by 0,25 basis points to a range of between 0,5% and 0,75%. The decline was as a result of the looming interest rate hike, further compounded when it went up. However, companies managed to avoid the full shocks, as they were better prepared for the hike. Economist, Kipson Gundani said the implication for Zimbabwe was it would make the dollar more expensive. "Looking at a country like Zimbabwe, which trades in the United States dollar, it will further deteriorate our competitiveness. Already we are crying that the dollar is too tough vis-à-vis our other trading currencies and with this development it will make the dollar tougher or stronger than trading currencies," he said. "This gives rise to that debate people have always had that is it not high time we re-base our economy to South African rand as a trading currency." *(News Day)*

Zimbabwe's central bank said it is "illogical" and undermining efforts to stem a cash shortage that the country is spending more on satellite television subscriptions than on imports of the raw materials needed to produce cooking oil. Zimbabwe is facing its worst economic crisis since 2008 as a liquidity squeeze has left companies unable to pay foreign suppliers and workers in cash. The economy probably shrank 0.3 percent last year and is set to contract 2.5 percent his year, according to the International Monetary Fund. Financial institutions used $207 million for the payment of satellite television subscriptions during the last six months of 2016 through accounts held in offshore currencies, the largest allotment of foreign exchange after fuel in the period, the Reserve Bank of Zimbabwe said in its monetary policy statement on Wednesday. "Use of hard-earned foreign currency in this manner is not sustainable," the central bank said. Banks should "exercise discipline and rationality in the distribution of foreign exchange among the competing needs of the economy." To counter this, banks will have to start settling domestic transactions made through credit card payments locally before the end of March, the central bank said. It didn't say how credit card companies would settle foreign payments locally, while calls to the bank weren't immediately answered. Total foreign currency receipts fell 14 percent to $5.4 billion in 2016, while export proceeds shrank 13 percent to $2.96 billion, the bank said. Remittances from Zimbabweans living abroad slumped 18 percent to $1.57 billion. *(Bloomberg)*

Zimbabwean banks only have enough cash in offshore accounts to finance about two weeks' worth of the country's imports, according to a statement from the central bank on Wednesday. Local banks holding $120 million in cash and around double that in offshore accounts, the central bank said, as the country struggles with a persistent shortage of cash. Zimbabwe introduced a "bond note" currency last year that is backed by a $200 million loan from Africa Export and Import Bank. The notes are holding their value, but businesses say they still face serious delays in paying for imports because banks have no dollars to make the payments. Zimbabwe needs an average $430 million a month to pay for imports, according to central bank figures for 2016. With only $250 million in offshore accounts, local banks can only finance imports for about two weeks. The Reserve Bank of Zimbabwe (RBZ) said it would from the end of this month start a local VISA settlement platform, which should help to preserve foreign exchange by saving its users the charges associated with international settlements. Local settlement for Mastercard is expected at the end of next month. "This development is critical in saving the much-needed foreign currency and bringing about enhanced efficiencies for local transactions," the RBZ said.

The RBZ said it had issued $94 million in bond notes, which had so far held their value against the U.S. dollar. Zimbabwe expects tobacco and gold exports to rise, increasing earnings and helping to reduce the shortages of cash that have gripped the country since last year, the RBZ said. The RBZ has directed banks to cap interest rates at 12 percent starting April, in a bid to offer cheaper credit to businesses and expand production.*(Reuters)*

Zimbabwe's consumer prices declined by 0.65 percent year on year in January from a 0.93 percent decline in December, data from the national statistics agency showed on Wednesday. On a month-to-month basis, prices rose by 0.23 percent after increasing 0.18 percent previously, Zimstats said. *(Reuters)*

The Grain Millers Association of Zimbabwe, which represents the country's major milling companies, said it wants the government to impose a 40 percent of tariffs on imports of corn and corn meal because its struggling to compete with cheaper South African corn grown from genetically modified seeds. The imports are harming Zimbabwe's attempts to improve food security by boosting local production, Tafadzwa Musarara, the chairman of the association said in an e-mailed response to questions on Thursday. "The local milling industry has been on the end of the stick with regards to South African imports as South African millers literally dumped cheap GMO maize meal into our economy and its time Zimbabwe realign its economy by localizing production of its staple foods," he said. Zimbabwe also imports corn from Zambia. Zimbabwe, once a corn exporter to its neighbors, has been importing the grain since a failed land reform program that began around 2000 during which mainly white commercial farmers were stripped of their land. That land was then redistributed to black subsistence farmers. Zimbabwe has spent $7 billion on corn and corn product imports since 2002, Musarara said. The association has committed to buying 800,000 metric tons of locally grown corn and 100,000 tons of locally grown wheat this season, the association said in a separate submission to parliament. The country has wheat stocks of 115,000 tons, which it is struggling to use because of wheat flour imports, it said. *(Bloomberg)*

Banking sector profitability was up by nearly half to $181,06 million in the year ended December 31 on lower loan provisions and realignment of cost structures, the Reserve Bank of Zimbabwe (RBZ) has said. In 2015, aggregate net profit was $127,47m. In his monetary policy statement, Reserve Bank of Zimbabwe governor, John Mangudya said the increase in net profit translated to improved average return on assets and return on equity, which rose to 2,26% and 12,64% from 2,07% and 11,03% respectively. "All operating banking institutions recorded profits during the period ended December 31, 2016," he said. "The increase in profitability was largely driven by lower loan loss provisions in line with improving asset quality, lower interest expenses, as well as continued realignment of cost structures at most institutions." Interest income was the major driver constituting 58,40% of total income of $1,05 billion for the period ended December 31, 2016. Mangudya said salaries and employment benefits dominated total costs for banking institutions, as they accounted for 42,53% of total banking sector costs. "Banking institutions continue to implement various measures to enhance their earnings capacity through embracing technology in banking, which is more cost efficient than traditional approaches to banking, as well as adoption of agency banking models, while instituting cost containment measures," he said.

Total banking sector deposits increased by 6,10% to $6,51bn as at December 31 from $6,14bn as at September 30. Banking sector deposits were, however, dominated by demand and time deposits, which accounted for 54,63% and 26,85% of total deposits, respectively, as at December 31. The average prudential liquidity ratio for the banking sector was 61,91% as at December 31, above the stipulated minimum regulatory requirement of 30%. All operating banks were compliant with the prudential liquidity ratio as at December 31. Notwithstanding the high average prudential liquidity ratios recorded across the sector, the banking industry continued to experience underlying United States dollar cash shortages on the back of high demand for cash. However, the central bank has been promoting the use of plastic money, resulting in its significant use and decline in the demand for physical cash. RBZ will continue with efforts to implement measures aimed at addressing the liquidity challenges that have been experienced by the banking sector during 2016. *(New Day)*

INDUSTRY and Commerce minister Mike Bimha yesterday told Parliament that five companies from China, India and within Africa had expressed an interest in investing in Zimbabwe's steel manufacturing industry. Addressing members of the Parliamentary Portfolio

Committee on Industry and Commerce, where he had been called to speak on the resuscitation of Ziscosteel, Bimha said Indian firm, Essar Africa Holdings was no longer interested in the comatose steel manufacturer. "We did everything and tried to engage Essar, but they remained quiet, and the prices of steel and iron also went down and they then said the project will no longer be viable," he said. "As a result, we then decided we call it quits with Essar and look for other investors, and we sent a team to do due diligence on five companies from China, India and within Africa that are interested in investing in steel business in Zimbabwe." MPs then expressed worry over vandalisation of equipment at Ziscosteel and its subsidiary, Lancashire Steel. Committee chairperson, Edmond Mhere said during their visit to the companies in Kwekwe and Redcliff, they discovered there were some people involved in illicit sale of scrap metal inside the firms' premises.

"During our visit to Lancashire Steel, we found that 23,18 tonnes of scrap metal were sold for only $1 980 and it means there is a problem because that is as good as selling maize," he said. "When we asked the manager in charge, he denied that there was illicit selling of steel, but the committee suspected that there was vandalism of equipment, which ended up being sold as scrap." Bimha said the possibility of plunder and vandalism of equipment was high, given that workers at the two companies have gone unpaid for several months and were no longer committed to securing the assets. Highfield East legislator, Eric Murai (MDC-T) said when the committee toured Ziscosteel, they found worn out equipment with rust, which he described as "rotten". The government has engaged a private property evaluator, Dawn Properties, to compile a comprehensive report on the state of assets at Lancashire Steel plant. Bimha said they were also considering resuscitating Lancashire Steel and Zimchem because their equipment does not need as much capital, as that needed to resuscitate Ziscosteel. He said Zimchem will be useful for the supply of road construction materials for the Beitbridge-Harare-Chirundu Highway. *(News Day)*

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