SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

TRADING

This Week's Leading Headlines Across the African Capital Markets

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

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	11-Aug-17	18-Aug-17	WTD % Change Local	WTD % Change USD	31-Dec-16	YTD % Change Local	YTD % Change USD
Botswana	DCI	8984,87	8970,33	-0,16%	0,48%	9700,71	-7,53%	-3,70%
Egypt	CASE 30	13462,38	13119,44	-2,55%	-2,43%	12344,00	6,28%	8,81%
Ghana	GSE Comp Index	2271,31	2284,92	0,60%	0,55%	1689,09	35,28%	30,16%
Ivory Coast	BRVM Composite	251,20	246,63	-1,82%	-1,85%	292,17	-15,59%	-6,05%
Kenya	NSE 20	3976,98	3992,76	0,40%	0,79%	3186,21	25,31%	25,07%
Malawi	Malawi All Share	18101,06	18602,91	2,77%	2,86%	13320,51	39,66%	38,37%
Mauritius	SEMDEX	2185,99	2185,98	0,00%	-1,19%	1 808,37	20,88%	30,11%
	SEM 10	424,07	422,01	-0,49%	-1,67%	345,04	22,31%	31,65%
Namibia	Overall Index	1113,77	1120,94	0,64%	2,27%	1068,59	4,90%	8,50%
Nigeria	Nigeria All Share	38198,60	36920,56	-3,35%	-2,05%	26 874,62	37,38%	15,96%
Swaziland	All Share	395,59	395,59	0,00%	1,61%	380,34	4,01%	7,58%
Tanzania	TSI	3659,74	3728,92	1,89%	1,99%	3677,82	1,39%	-2,69%
Zambia	LUSE All Share	4748,53	4786,34	0,80%	0,04%	4158,51	15,10%	26,39%
Zimbabwe	Industrial Index	210,61	213,15	1,21%	1,21%	145,60	46,39%	46,39%
	Mining Index	74,04	74,04	0,00%	0,00%	58,51	26,54%	26,54%

CURRENCIES

Cur-rency	11-Aug-17 Close	18-Aug-17 Close	WTD % Change	YTD % Change
BWP	10,18	10,11	-0,64	4,15
EGP	17,76	17,74	-0,12	2,38
GHS	4,40	4,40	0,05	-3,78
CFA	558,45	558,62	0,03	11,30
KES	102,19	101,79	-0,39	-0,20
MWK	718,28	717,67	-0,09	-0,92
MUR	31,76	32,14	1,21	7,64
NAD	13,41	13,19	-1,59	3,44
NGN	363,86	359,03	-1,33	-15,59
SZL	13,41	13,19	-1,59	3,44
TZS	2 212,93	2 210,75	-0,10	-4,03
ZMW	8,86	8,93	0,76	9,81

SECURITIES AFRICA

WEEKLY AFRICAN FOOTPRINT

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Botswana

Corporate News

Gem Diamonds Ltd reported a 14 drop in half-year revenue, hurt by lower production and a decline in average diamond prices, and said it received an acquisition offer for its mine in Botswana. The company, which mines diamonds from the Letseng mine in Lesotho, said on Thursday its revenue fell to $93 million for the six months to June 30, from $109 million a year earlier. The average price per carat fell to $1,779 for the period, from $1,899 in the same period last year, while carats recovered fell 12 percent to 50,478, Gem Diamonds said. Weaker demand from China and the United States has hurt diamond prices, while India's surprise move to abolish high-value bank notes in November also dented demand for diamonds in the Asian country. Gem Diamonds said cost-cutting measures are underway and that it identified savings of $15 million to be implemented from October. The company, which placed its Ghaghoo mine in Botswana under maintenance in February, added the board was considering the mine's purchase offer. *(Reuters)*

Economic News

Botswana's unemployment rate declined to 17.6 percent in 2016 from 19.9 percent in 2011, official data showed on Tuesday. Unemployment in the southern African nation hit a record high of 26.2 percent in 2008 but has gradually declined. The small but relatively wealthy country, whose chief exports are diamonds and beef, saw annualised economic growth of more than 5 percent on average in the first half of the decade, before contracting sharply in 2015 as commodity prices fell globally and a regional drought hit hard. Statistician General Anna Majelantle told a news conference that of a total 1.268 million people aged 18 years and older, an estimated 838,002 were economically active, with 147,101 of those unemployed. The figures showed that 39.4 percent of those unemployed held only a junior school certificate, while those with a high school diploma made up 22.4 percent of the unemployed. *(Reuters)*

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Egypt

Corporate News

Egypt's Beltone Financial will launch a $1 billion investment fund in fixed income instruments in September, its chief executive officer told Reuters on Monday. The investment bank aims to raise $150-200 million in the first phase of the investment fund, Bassem Azzab said. Beltone aims to acquire brokerages in Egypt and frontier markets, Azzab said. He expects the company to manage the initial public offering of a pharmaceutical company worth over 1 billion Egyptian pounds ($56.37 million) on the Egyptian stock market before the end of 2017. *(Reuters)*

Economic News

Egypt announced executive regulations on Sunday for a new industrial licensing law it says will slash bureaucracy and decrease the waiting time for new projects, reforms it hopes will draw badly needed investment. Egypt's economy has struggled since a 2011 uprising drove tourists and investors away. It hopes a three-year $12 billion International Monetary Fund programme it signed last November tied to economic reforms will lure capital back and boost growth. Egypt requires new businesses to register with its General Authority For Investment and obtain various licences before operating, depending on the sector. Investors have long complained of lengthy waiting times for obtaining approvals, with the World Bank ranking Egypt number 122 of 190 countries on its 2017 Doing Business index, partly because of difficulties obtaining permits and licences. The new regulations will reduce the waiting period for obtaining industrial licences to establish new facilities from 600 days to seven-30 days, Trade and Industry Minister Tarek Kabil told a news conference on Sunday. The executive regulations provide specific policy details for the more general industrial licensing law, which was passed earlier this year but requires the regulations to become active. "This law will cause a revolution in industrial investment rates in Egypt during the upcoming period, and it's what will help put Egypt in the forefront of countries that attract industrial investment, regionally and internationally," a ministry statement said. Through the new law, the waiting period for 80 percent of industries will be reduced to one week or less, while the remaining 20 percent will require about one month due to their higher risks to health, environment, safety or security, the statement said .Egypt is hoping investor-friendly legislation along with reforms that have included loosening capital controls and floating its currency, a move that roughly halved its value since November, will boost foreign investment. Regulations for an investment law offering investors a bundle of incentives such as tax breaks and rebates are expected to be approved by Egypt's cabinet as early as this week. *(Reuters)*

Egypt's General Authority for Petroleum (EGPC) announced on Sunday it would hold a tender for oil exploration in the country's Eastern Desert. The areas open for exploration include Wadi Dara, with a total area of 50 square kilometres, and block G in West Gharib, with an area of 20 square km. Bids must be submitted by Dec. 28, according to an advertisement EGPC posted in local newspapers. Egypt has been pushing for new oil and gas discoveries and speeding up production at existing fields, aiming to cut down on imports and return to exporting natural gas in coming years. *(Reuters)*

Egypt is planning to import 80 cargoes of liquefied natural gas during the 2017-18 financial year that began in July, Petroleum Minister Tarek El Molla told Reuters on Sunday, down from the 118 cargoes imported last year. Egypt has been trying to speed up the development of recent gas discoveries with a view to halting imports by 2019. "We were planning to import 154 cargoes of LNG in 2016-17 but we only imported 118 cargoes because of the increase in local gas production," Molla said. Egypt expects to increase its LNG production by 1 billion cubic feet per day by the end of the current financial year to reach 6.2 billion cubic feet per day. Gas production will get a big boost from Italian national oil company Eni's Zohr field, discovered in 2015 with an estimated 30 trillion cubic feet of gas in place. That field is expected to come into production at the end of 2017 and will save Egypt billions of dollars in hard currency that would otherwise be spent on imports. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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Average yields on Egypt's five- and 10-year treasury bonds fell at an auction on Monday, central bank data showed. The average yield on the five-year bonds fell to 17.001 percent from 17.800 percent at the last similar auction on July 31. The yield on the ten-year bonds fell to 17.130 percent from 17.798 percent. Appetite for Egypt's domestic debt has increased since November when the central bank floated the pound currency as part of a $12 billion International Monetary Fund programme aimed at boosting the economy. The central bank has raised interest rates by 700 basis points since the float. *(Reuters)*

Egypt's unemployment rate dipped below 12 percent in the second quarter, the first time it has been that low since the political uprising of 2011. Nearly 80 percent of those unemployed were young, however. Official statistics agency CAPMAS said on Tuesday the rate dipped to 11.98 percent from 12 percent the previous quarter. This was slightly higher than expected by government. Finance Minister Amr El Garhy told Reuters in May he expected the rate to reach 11.7-11.8 percent by the end of the fiscal year that ended June. The unemployment rate in the second quarter of last year stood at 12.5 percent, down from 12.84 the same quarter a year earlier. The country's labour force grew by 33,000 people in the second quarter from the first quarter, reaching 29.2 million people, the agency said. That is less than a third of Egypt's more than 93 million people. The total number of unemployed during the quarter stood at 3.4 million people, the CAPMAS report said. Egypt's economic growth has deteriorated since the 2011 uprising that toppled long-time autocrat Hosni Mubarak drove tourists and foreign investors away, drying up foreign reserves.

President Abdel Fattah al-Sisi has pledged to reduce joblessness to 10 percent over the next few years, a target that will require higher levels of economic growth. Egypt signed a $12 billion International Monetary Fund programme last year aimed at reviving the economy. It has since then floated the pound currency and imposed some harsh economic reforms, including subsidy cuts and tax hikes, as part of the three-year IMF deal. Egyptians have seen their savings slashed by high and inflation rates skyrocket since November. Key inflation rates soared to multi-decade highs last week on the back of energy subsidy cuts agreed with the IMF. Young people remain disproportionately impacted by the jobs shortage, with Monday's data showing 79.6 percent of those unemployed aged between 15 and 29. But some saw that as a longer-term positive. "It's a positive trend that unemployment is going down, especially because most of the unemployed are youth, and this means that we're not too far from reaching a single-digit rate," said Reham ElDesoki, an economist at Arqaam Capital. *(Reuters)*

Egypt's first bitcoin exchange will go live later this month, the founders of Bitcoin Egypt said, linking the Middle East's most populous country with a crypto currency that has surged in value in recent months. Many governments around the world are still mulling how to regulate and classify bitcoin, a volatile digital currency that has captured the interest of speculative investors worldwide as its value has soared, roughly quadrupling since the start of 2017 and trading at around $4,400 on Thursday. Egypt, most of whose 93 million people have no bank accounts but where electronic payments have grown in recent years, lacks regulations for digital currency. This means local retailers cannot accept it as payment but users on an exchange may be left to trade freely, potentially cashing in on its ascent. "We're still waiting on the Egyptian government to set some kind of regulations...Without any laws, bitcoin is not legal money in Egypt," said Bitcoin Egypt founder Rami Khalil. He said the exchange has picked up about 300 pre-registrations from users ahead of its launch. The Egyptian Financial Supervisory Authority, the country's financial markets regulator, did not respond to requests for comment. Khalil and co-founder Omar Abdelrasoul see their platform connecting a community of several thousand bitcoin enthusiasts who will for the first time be able to trade in Egyptian pounds, which have roughly halved in value since November after flotation under an International Monetary Fund loan programme.

"Cryptoassets are happening whether (the Egyptian government) joins in or not. And by not joining they're missing out on a very big market. Currently bitcoin is about a $70 billion market," said Khalil. Crypto currencies allow anonymous peer-to-peer transactions between individual users, without the need for banks or central banks. Bitcoin's lack of central authority makes it attractive to those wanting to get around capital controls. This has helped it proliferate in China, the world's most active bitcoin market, but has led some governments to crack down on its use to prevent money laundering. Those same dynamics could propel bitcoin in Egypt, where a shortage of hard currency after the 2011 uprising sharply restricted bank transfers. Though liquidity at banks has improved and capital controls have been lifted in recent months, businesses still resort to a black market for dollars to obtain currency not available in the formal banking system. "We're trying to get people used to the idea of bitcoin, to ready the market so that in a couple of years we will reach a greater number of users. But for now we are trying to let people know what cryptocurrency is," said Abdelrasoul. *(Reuters)*

Egypt's central bank kept its key interest rates unchanged on Thursday at a meeting of its monetary policy committee, it said in a statement, after it had raised them by a total of 400 basis points in the previous two meetings. The bank has raised key interest rates by a total of 700 basis points, or 7 percentage points, since it floated the pound in November as part of a $12 billion International Monetary Fund loan programme aimed at boosting the economy. It kept the overnight deposit rate at 18.75 percent and the overnight lending rate at 19.75 percent on Thursday, in line with the expectations of all 11 economists polled by Reuters this week. "It is apparent from the latest economic indicators, which show a rise in economic growth and strong secondary effects of supply shocks resulting from implementing economic reforms, that tightening monetary policy was necessary to achieve targeted inflation rates in the medium term," the bank said. Inflation has been climbing up since the float in November. Key inflation rates soared to multi-decade highs last week on the back of energy subsidy cuts agreed with the IMF. The government in June hiked fuel prices by up to 50 percent and electricity prices by up to 42 percent in an attempt to narrow its gaping budget deficit. Annual urban inflation for July hit a high of 33.0 percent from 29.8 percent in June, the highest since June 1986, and the second highest since Reuters data began in 1958.

Core inflation, which strips out volatile items such as food, rose to 35.26 percent year-on-year in July from 31.95 percent in June, the highest level since at least 2005, the oldest available central bank records. With growth in GDP reaching 4.9 percent in the last quarter, unemployment falling and consumption slowing, the central bank is predicting inflation will fall. "The latest economic developments since the previous meeting were in line with the central bank's predictions. Therefore, the monetary policy committee sees that interest rates are currently in line with targeted inflation of 13 percent (+/- 3 percent) in the fourth quarter of 2018 and single digits after that," it said. Egypt's economic growth has deteriorated since a 2011 uprising drove tourists and foreign investors away, draining foreign reserves and putting pressure on President Abdel Fattah al-Sisi who has to maintain support amid the tough economic reforms. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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Ghana

Corporate News

Ghana's central bank approved a deal that will see Ghana Commercial Bank Ltd. take over the deposits and selected assets of UT Bank Ltd. and Capital Bank Ltd. after the two lenders failed to meet capital requirements. PricewaterhouseCoopers LLP will sell the rest of the assets to settle liabilities, Raymond Amanfu, head of banking supervision at Bank of Ghana, said by phone on Monday. UT Bank and Capital Bank's licenses were revoked "due to severe impairment of their capital," the central bank said in an emailed statement. "Their continuous operations would've jeopardized not only their depositors' funds, but also pose a threat to the financial system," Bank of Ghana Governor Ernest Addison told reporters Monday in the capital, Accra. The central bank, which wants to increase the minimum capital requirement for lenders, delayed the move to allow banks enough time to increase their capital adequacy ratios to 10 percent. The central bank in March gave nine lenders, including UT Bank and Capital Bank, an ultimatum that they either had to meet the minimum requirements, or show how they would get there, by September.

Some of GCB's staff are currently at the branches of the two failed banks to take stock of transactions and balances, Amanfu said. GCB will open the branches to customers later on Monday, he said. Customer deposits are safe, according to the central bank. The Ghana Stock Exchange suspended UT Bank's shares indefinitely, the Accra-based bourse said in a separate emailed statement. GCB, which is one of Ghana's biggest lenders with a market value of 1.4 billion cedis ($308 million), was selected among three other contenders on the basis of the purchase price, cost of funding, branches to be retained, staff to be employed and the impact on the acquiring bank's capital adequacy ratio, according to the central bank's statement. The central bank will investigate how Capital Bank and UT Bank's capital adequacy were allowed to fall to current levels, Addison said. Bank of Ghana is reviewing the capital requirements of the country's bank and is expected to revise it upwards from the current 120 million cedis. *(Bloomberg)*

Economic News

Ghana's gold output is likely to drop sharply in 2017 because of curbs on the small-scale mining that lifted production last year but was causing damage to the environment, a government official said on Saturday. Total gold output from Africa's second largest producer was 4.1 million ounces in 2016, the highest level in nearly 40 years, up from 2.8 million ounces in 2015. The government of President Nana Akufo-Addo, who took office in January, has temporarily banned artisanal mining, or panning for gold, in a renewed effort to clamp down on those who do it illegally. "We anticipate at least a 50 percent drop in production from the small miners," Barbara Oteng-Gyasi, deputy minister of land and mines told Reuters. "We are trying to control illegal mining which is not good for the environment," Oteng-Gyasi said on the sidelines of the International Gold Convention in Panaji, capital of India's western state of Goa. Artisanal mining is common in parts of Africa and accidents are frequent. The small miners account for nearly a third of the total gold production and restrictions on their activities could help bigger players to raise production, Oteng-Gyasi said. Canada's Asanko Gold, US-based Newmont Gold and Anglogold Ashanti's have mining operations in Ghana. Ghana's total gold revenues for 2016 including exports from small-scale mining amounted to $5.15 billion up from $3.32 billion in 2015. The country's diamond output is also likely to fall substantially in 2017 as diamonds are mainly extracted by small-scale mines, she said. Ghana's diamond production slipped to 143,005 carats in 2016 from 185,376 carats a year before, according to the Ghana Chamber of Mines.*(Reuters)*

The Bank of Ghana (BoG) in the coming weeks will announce new capital requirements for the banking sector. Dr Ernest Addison, the Governor of the Bank said it was necessary to engage with the banks before the announcement. Dr Addison was speaking at the business luncheon after the 36th annual general meeting of the Ghana Association of Bankers in Accra. He called on the banks to prepare adequately because there would be a substantial increase. Mr. Ken Ofori-Atta, the Minister of Finance said the pronouncement was a re-examination of the industry. He urged the Association to create a working group between the Ministry and the BOG to examine the industry and provide answers to some of the pressing challenges. "Let us put our heads together to transform the sector, "he added. He said the increase was crucial to help make Ghana an international financial services hub in the sub-region. Mr. Alhassan Andani, the President of the Ghana Association of Bankers said government had agreed to exclude the State Owned Enterprises from the Treasury Single Account (TSA) The TSA is a unified structure of government bank accounts, which enables consolidation and optimum utilisation of government cash resources. It is set to linked bank accounts through, which the government recognises all its receipts and payments and obtains a consolidated view of its cash resources at the end of the day. He said government had been in talks with the Association looking at the impact of the implementation of the TSA for the industry. "We are grateful looking at the kind of engagement we had, "he added. He said the TSA would only be impacted by the accounts that were affected by tax revenue allocated to various pool, whether earmarked funds. He said the level of co-operation between government and the Association in the implementation process was great. He said the Association also made a number of suggestions to government which would turn the TSA into a pool of accounts sitting at the Central Bank. Members would speed up the payments for goods and services supplied to government by the private sector. "By and large, TSA will not really impact the industry," he added. *(Ghana Web)*

Ghana's central bank has revoked the licenses of two banks and transferred their deposits and selected assets to state-owned GCB Bank in order to protect financial stability. Depositors at UT Bank and Capital Bank needed to be protected due to the "severe impairment" of their capital, the central bank said on Monday following the moves. "UT Bank and Capital Bank were heavily deficient in capital and liquidity and their continuous operation could have jeopardised not only their depositor's funds, but also posed a threat to the stability of the financial system," Bank of Ghana governor Ernest Addison told reporters in Accra. The regulator will punish directors and managers if they are found to have contributed to the impairment of the two banks, Addison said. The supervisor of banks at the central bank Raymond Amanfu told Reuters the two banks were grappling with non-performing loans of 60-70 percent, adding that "their liabilities exceeded their assets, putting them in a position not to be able to meet their obligations". The liquidation formed part of actions agreed with the International Monetary Fund ahead of the next review of Ghana's three-year aid programme, at the end of August. Amanfu said deposits at the two banks were safe and depositors will now become customers of GCB Bank but will continue banking at UT Bank and Capital Bank branches. GCB Bank is the second largest bank by assets out of 33 banks operating in Ghana, including UT and Capital. The Ghana Stock Exchange said it had delisted UT Bank . *(Reuters)*

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TRADING

Kenya

Corporate News

Stanbic Holdings has written off bad debt amounting to Sh1.8 billion, a move that saw it earnings in the half year ended June drop 12.1 per cent. The parent of Stanbic Bank reported a net profit of Sh1.7 billion in the review period compared to Sh1.9 billion a year earlier. The performance was largely the result of credit impairment charges which more than doubled to Sh1.8 billion from Sh834 million. Its net earnings would have been lower were it not for a lower effective tax rate which saw it pay the taxman Sh470.6 million in the review period compared to Sh1.2 billion the year before. Stanbic declared an interim dividend of Sh1.25 per share, cutting it from Sh1.77 per share paid in the prior year. The new dividend will be paid on September 29 to shareholders on record as of September 11. The company's net interest income dropped 8.2 per cent to Sh5 billion despite the loan book expanding eight per cent to Sh133.5 billion, indicating the impact of narrower margins brought by interest rate controls. Stanbic increased its purchase of securities including government debt 21.1 per cent to Sh68.5 billion. *(Business Daily)*

Barclays Bank of Kenya said on Tuesday its pretax profit fell 12 percent to 5.15 billion shillings ($49.69 million) in the first half of the year, pulled down by a drop in interest income. The bank is part of Barclays Africa, where the majority owner Barclays Plc is reducing its stake. Net interest income fell to 10.54 billion shillings this year from 11.1 billion shillings in the year-ago period, while operating expenses fell 6 percent to 9.79 billion shillings. Its earnings per share fell to 0.65 shillings from 0.75 shillings, the bank said. *(Reuters)*

South African insurer Old Mutual has signalled it intends to expand its Kenya operations as it positions itself to take a bigger chunk of the local insurance market. The Johannesburg Stock Exchange-listed financial services firm, which two years ago acquired a 60.7 per cent in UAP insurance, said it would seek to expand its real estate and health insurance segments. "Old Mutual Emerging Markets is to focus on building a high-quality property and casualty book in Kenya," Peter Moyo, newly appointed chief executive of Old Mutual Emerging Markets' said in a statement. "We will also look to drive cost-efficiencies by taking advantage of its scale across the markets in which we operate." In Kenya, UAP has the third largest property and casualty market share, the second largest health insurance business, a substantial property investment portfolio and a fast growing life insurance business. Old Mutual bought the 60.7 per cent of UAP in two separate deals in January, initially buying 23.3 per cent from billionaire investor Chris Kirubi and NSE-listed firm Centum before taking up another 37.33 per cent stake from three private equity firms. South African insurance giants have lately been flexing their financial muscle through locally owned units in Kenya. The subsidiaries of South African underwriters UAP Old Mutual Group and Sanlam Kenya have, for instance, in the recent past indicated they will actively seek a piece of the Sh30 billion marine cargo insurance market by issuing cover to traders backed by parent firms. *(Business Daily)*

Co-op Bank recorded a 10.4 per cent net profit drop in the half year ended June as interest rate caps shaved off its income from loans. The lender's net earnings in the period stood at Sh6.6 billion compared to Sh7.4 billion the year before, with interest income falling by a similar margin to Sh19.2 billion. The lower interest income came despite the loan book expanding 14.1 per cent to Sh252.6 billion, underlining the impact of the narrowed spreads brought by interest rate controls. A report prepared by Standard Investment Bank (SIB) in the wake of the rate cap projected Co-op Bank's weighted average lending rate to drop from 15.46 per cent in 2015 to 13.4 per cent this year. Its average deposit rate was forecast to rise marginally to 5.37 per cent from 5.1 per cent over the same period, cutting its interest margin to 8.03 per cent from 10.36 per cent. SIB also reckoned that the bank would need to increase lending by more than 50 per cent to match the interest income it would have earned if interest rates were not regulated. Chief executive Gideon Muriuki said the lender is diversifying its revenues including through a joint venture it has formed with South Africa's Super Group to offer leasing in the local and regional market. *(Daily Nation)*

WEEKLY AFRICAN FOOTPRINT

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Economic News

Winning a second disputed election may have been the easy part for Kenyan President Uhuru Kenyatta. Now he needs to tackle daunting economic challenges ranging from slackening growth and runaway government spending to an unemployment rate that tops 40 percent. Kenyatta resoundingly won an Aug. 8 rematch of a 2013 contest against former Prime Minister Raila Odinga, who alleged he was cheated of victory. Opposition protests largely fizzled out over the weekend after a security crackdown and Odinga's five-party coalition is still deciding whether they will challenge the results in court. East Africa's largest economy boomed during most of Kenyatta's first term, expanding an average of 5.7 percent a year as it benefited from new road and rail links and lower fuel costs. Now a drought and slowing bank lending are taking their toll on growth and tax revenue, making it harder for the government to service the loans it took out to finance the new infrastructure and simultaneously meet a pledge to uplift the half of the population of 47 million who survive on less than $2 a day. "The immediate priority for the government will be to do more to support growth in the near-term, while still setting out a meaningful fiscal consolidation path," said Razia Khan, chief Africa economist at Standard Chartered Plc, in London. "The debt is sustainable, so long as there is growth. Weaker trend growth can very easily push the public debt to less sustainable levels." The government forecasts gross domestic growth at 5.5 percent this year, down from 5.7 percent in 2016. The expansion rate eased to a three-year low of 4.7 percent in the first quarter.

The ratio of public debt has burgeoned to about 54 percent of GDP, from less than 40 percent eight years ago, while the budget deficit exceeds 10 percent of GDP. Kenya's economic expansion may come under further pressure because large parts of the economy ground to a halt during the election, which was marred by violence. The opposition said more than 100 people were killed by the security forces, while the Kenya National Commission on Human Rights put the death toll at 24. The police denied both claims. The financial markets have shrugged off the prospect of ongoing turmoil, with the yield on Kenya's $2 billion Eurobond due 2024 falling 25 basis points to 6.34 percent since the day before the vote and the shilling remaining stable against the dollar. The country is the world's largest shipper of black tea and a regional hub for companies including Google Inc. and General Electric Co. The rapid increase in Kenya's levels of indebtedness is "really worrying" and will weigh on Kenyan assets, especially if growth slows more than anticipated, said John Ashbourne, Africa economist at Capital Economics Ltd. in London. "I don't think that demand will dry up, or that investors would totally lose interest, but I do think the developing debt story will play a role in making people a bit less optimistic," he said. While Odinga had pledged to cut the fiscal deficit to less than 3 percent of gross domestic product, austerity didn't feature in Kenyatta's election manifesto -- he undertook to invest more in infrastructure, expand access to free health care and education and create 1.3 million more jobs a year.

The new government "will be faced with the dilemma of fulfilling election promises at a time when the fiscal deficit absolutely has to be reined in," Lisa Brown, a risk analyst at Johannesburg-based Rand Merchant Bank said by email. "With many debt repayments due over the next two years, there will be increasing scrutiny on Kenya in the bond and currency markets."Khan said there are several options open to the government to shore up the economy, including reviewing a cap on commercial interest rates that was imposed in 2016 and has choked off lending. The ceiling was set at 400 basis points above the central bank's rate to lower borrowing costs, against the advice of the central bank and the Treasury. Mark Bohlund, Africa economist with Bloomberg Intelligence in London, said Kenyatta has the scope to backpedal on his spending plans given that he intends stepping down in 2022. "Fiscal consolidation is very much more in line with the priorities of a second-term president than one seeking re-election," he said. "While Kenya is less fiscally constrained than peers such as Ghana and Zambia, the wide budget deficit still leaves it vulnerable to any economic downturn." *(Bloomberg)*

The Capital Markets Authority (CMA) is reviewing the tax framework for venture capital firms 10 years after operating rules were implemented. The tax regime under the Registered Venture Capital Companies Regulations (2007), the CMA says, has done little to attract foreign firms into Kenya. "One of the challenges we had when we came up with venture capital regulations is that they were not taken up because we have a lot of venture capital companies saying for tax reasons they are unlikely to establish in Kenya. They will establish in Mauritius or Luxembourg which are very low tax jurisdictions," CMA chief executive Paul Muthaura said in an interview. The present regulations, which stakeholders says are a drag on new investments, were meant to enhance transparency in the operations of venture capitalists sinking cash in start-ups in the country. The rules, Mr. Muthaura said, focus on "where the funds are coming from, who is managing those funds and under what regulatory regime they are established". The rules require international venture funds to appoint a local manager and pay value added tax. These requirements are said to make Kenya uncompetitive in luring global giants to set up shop in the country. "In designing this (tax) framework — and that's why there's some delay — we're finding the right balance between local oversight and foreign establishments that will allow sufficient transparency which is what we are pursuing without creating new barriers to the flows of private equity into the economy," Mr. Muthaura said. "There are a number of public consultations on designing the framework." Private equity firms last year raised an estimated Sh25.95 billion ($250 million) for Kenyan firms, a 30.55 per cent drop from a record Sh37.40 billion ($360 million) in 2015, according to a joint survey by East Africa Venture Capital Association and consultancy KPMG. "Looking forward, Kenya remains an attractive destination for private equity investments. On this strength, the authority is pursuing discussions with private equity firms with a view of encouraging them to realise their investments through exits on the Nairobi Securities Exchange," the regulator says in the Capital Markets Soundness report for the second quarter. "This has dual benefits as the public is granted an opportunity to participate in the growth of Kenya's financial markets through saving and investing in promising listed companies." *(Business Daily)*

Treasury bill subscriptions remained low last week as investors approached the market with caution following the General Election, CBK reports show. Investors offered the government a total of Sh18.59 billion out of the targeted Sh24 billion, compared to the previous week's offer of Sh28.2 billion. The lower subscriptions were also indicative of a tighter money market as the Central Bank of Kenya (CBK) mopped up some liquidity in order to fend off exchange rate volatility around the election period. CBK data shows that the 182-day paper was once gain the most preferred by investors, who put in bids worth Sh9.5 billion out of a target of Sh10 billion. The Sh10 billion one-year paper attracted bids worth Sh7.9 billion, while the three month offer attracted just Sh1.7 billion having targeted Sh4 billion. Unlike previous weeks when the CBK has been rejecting a large amount of mostly expensive bids in order to keep rates in check, the acceptance rate last week was nearly 100 per cent at Sh18.52 billion. The yields, however, saw little movement in spite of the higher acceptance level, with the 91-day paper steady at 8.19 per cent and the 182-day at 10.32 per cent, while the 364-dayT-bill added 0.02 percentage points to 10.9 per cent. Financial markets generally recorded limited activity last week, with turnover also falling in the secondary bonds and the equities markets. Stockbrokers' banking halls remained largely empty after reopening on Wednesday, with trading mostly done by foreign investors. Activity is expected to pick up this week depending on the settlement of the presidential election. *(Business Daily)*

Kenya's main stock index rose 2.51 percent on Monday to a 14-month high, building on gains last week as investors welcomed the re-election of President Uhuru Kenyatta. The NSE-20 index has risen nearly 7 percent since the election last Tuesday. Kenyatta was declared winner by a clear margin on Friday but his main challenger, Raila Odinga, has not yet conceded. At least 24 people have been killed in pockets of protests against the outcome of the vote, mainly in two Nairobi slums. But businesses re-opened on Monday, shrugging off a boycott call by Odinga. A dispute after an election in 2007, which Odinga also lost, sparked widescale protests and violence that killed 1,200 people and hammered the economy. Aly Khan Satchu, an independent trader and analyst in Nairobi, said the market worried that Odinga, who identifies himself as a social democrat, would have changed the economy's course. "The markets were concerned around a leftist 'Magufuli'-like tilt which would have eroded Kenya's hard won free market credentials. So part of this rally is a relief rally," he told Reuters, referring to President John Magufuli of neighbouring Tanzania. Kenyatta, the 55-year-old son of the country's founding president, engaged regularly with the business community in his first term to try to boost economic growth and job creation. His family also owns a range of businesses. The Kenyan shilling firmed on Monday to touch an intra-day high of 103.65 per dollar, from 104 before the election, while Kenyan dollar bonds have also rallied after the election. Monday's gains by the blue chip index were led by electricity distributor Kenya Power, which was up 9 percent and lender KCB Group, which was up 8 percent. Ken Minjire, the head of securities at Genghis Capital, said investors had been encouraged by endorsements of the election by various foreign observer groups. The main local observer group also said the official result was in line with their tally. "The international investors are more or less confident," he said. Kenyan shares had slightly lagged this year's gains in other African bourses like Nigeria as investors waited to see how the election would go, market participants said. "This means there is a tonne of liquidity that is set to enter the market and underpin valuations," Satchu said. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

The interbank money transfer platform Pesa Link launched last February transacted Sh8 billion in the five months to August 4. The platform is offered by Integrated Payment Services Ltd (IPSL), a fully-owned subsidiary of Kenya Bankers Association (KBA), and can handle person-to-person transfers from as low as Sh10 to a high of Sh999,999. According to Jennifer Theuri, CEO of IPSL, the platform's subscriber base has continued to grow with the number of banks adopting it rising to 28, with other unnamed banks lining up to join. "The PesaLink platform has continued to enjoy operational success. More banks have received regulatory approval from the Central Bank of Kenya," she said in interview. "In the five months since the switch went live in February, the channel pushed transactions valued at Sh8 billion slightly above our half year Sh7 billion target." PesaLink was expected to rival telcos' mobile money service currently dominated by Safaricom's M-Pesa. KBA manages the switch and facilitates direct transfers without going through intermediaries such as M-Pesa, Airtel Money and Orange Money. While the initial phase of the project involved person-to-person money transfers, the second phase will include businesses and establish partnerships with government agencies, mobile virtual network operators (MVNO) and other players in the mobile money transfer subsector. According to Ms Theuri, IPSL will be on-boarding licensed microfinance institutions (MFIs) in the coming weeks. The platform has also been deployed for the mobile-based bond M-Akiba.

"We have made significant headway on the development of a person-to-business (P2B) and a social payment platform. As recently evidenced by our involvement in M-Akiba, we have tested the P2B solution commonly known as pay bill numbers," she said. The participating banks include ABC Bank, Bank of Africa, Barclays Bank, CBA, Consolidated Bank, Cooperative Bank, Credit Bank Ltd, DTB, Equity Bank, Family Bank, First Community Bank, Guardian Bank, Gulf African Bank, GT bank, I&M, Jamii Bora Bank, KCB Bank, KWFT Bank, Middle East Bank, National bank, NIC Bank, Paramount Bank, Prime Bank, StanChart, Sidian Bank, Spire Bank, Stanbic Bank and Victoria Bank. Pesa Link has no charges on transactions of up to Sh500, while transaction fees on values above Sh500 are a flat rate Sh11 per transaction. Banks conceived Pesa Link in 2012 when they realised they were losing about Sh2.3 billion to telcos through mobile money transfer services. Payments from Sh1 million and above are effected through the electronic real-time bank transfer system. Mobile operator Safaricom's person-to-person money transfers on the M-Pesa platform were worth Sh389.09 billion during the three-month to September 2016, according to data from the Communications Authority of Kenya. Equity Bank's Equitel mobile transactions were at Sh80.78 billion, and Airtel Money at Sh4.57 billion. *(Daily Nation)*

Kenya pulled back from the brink of a violent electoral dispute after the main opposition buckled to international pressure and agreed to contest the outcome in court. The country has been on a knife-edge since President Uhuru Kenyatta was declared the winner of an Aug. 8 vote that his main rival, Raila Odinga, said was stolen. There have been clashes between security forces and opposition supporters in slums in Nairobi, the capital, and in western Kenya since the results were announced, stoking fears of a repeat of more widespread turmoil that followed a disputed 2007 vote when 1,100 people died. "Raila now has a unique opportunity to demonstrate at the Supreme Court that the election wasn't credible, free and fair," Dismas Mokua, an analyst at Nairobi-based risk-advisory firm Trintari, said by phone. "He has been able to reduce tension and anxiety, but at the same time created suspense about who has won this election. It's a welcome move." Senior members of Odinga's five-party National Super Alliance had previously said they would take their fight to overturn the election results to the streets because they didn't trust the impartiality of the courts. Odinga backtracked after coming under pressure from the U.S., European Union and African Union to seek legal recourse. A petition will be filed in court on Thursday, David Ndii, a technical adviser to the alliance, said on his Twitter account. "We have now decided to move to the Supreme Court and lay before the world the making of a computer-generated president," Odinga told a packed press conference in the gardens of a house in the south of Nairobi.

"This is just the beginning. We will not accept and move on. We will uphold our right to assemble and protest."The yield on Kenya's 2024 Eurobond extended its decline after Odinga's announcement, falling 3 basis points to 6.18 percent, the lowest level since June 2015. The shilling was little changed against the dollar. "This is a positive for Kenya's young democracy," Ronak Gopaldas, an analyst at Rand Merchant Bank in Johannesburg, said by phone. "The decision has been largely expected by the markets. What is needed now is a quick resolution so Kenya can deal with its urgent priorities." The opposition alleged that an algorithm was introduced into the Independent Electoral & Boundaries Commission's computer systems to ensure Kenyatta and his Jubilee Party maintained their lead throughout the count; that tallies from some polling stations exceeded the number of registered voters; and that results had been fabricated and altered. It also accused the commission of failing to provide forms from polling stations and regional counting centers to enable the verification of results, as required by law. All forms have been secured, are being scanned and will be supplied to the opposition, according to Andrew Limo, a spokesman for the electoral commission. "It's their right to go to court," he said by phone. "We didn't declare a computer-generated president. It's not true."The opposition says more than 100 people died in the latest post-election violence, mostly at the hands of the security forces. The Kenya National Commission on Human Rights put the death toll at 24, while the Kenya Red Cross said it confirmed 17 fatalities. The police say there have been 10 deaths in Nairobi and they are still collating fatalities from other areas. Odinga, 72, has failed in three previous bids to win the presidency in Kenya, the world's largest exporter of black tea, and a regional hub for companies including Google Inc. and Coca-Cola Co., and in all instances alleged foul play. His attempt to overturn the result of the 2013 vote in court was in vain. "How the case is handled by the courts will be very important," said Emma Gordon, an analyst at Bath, England-based risk adviser Verisk Maplecroft. "There have been successful reforms reasserting the judiciary's independence. The courts are much more impressive now than in 2013. There is more trust in the courts among opposition supporters." *(Bloomberg)*

Banks are lending each other at the highest rate in nearly two years, making it costly for small lenders struggling for liquidity to raise funds for plugging shortfalls. The emergency borrowing rate hit a 21-month high of 10.8 per cent last week, pushed up by a tight money market which has seen larger lenders keep a tighter grip on their cash. The rate eased back on Monday to 8.9 per cent, but is expected to remain high, with Central Bank wary of setting off exchange volatility by allowing excess shilling liquidity to build up. "In the interbank markets, tight liquidity persisted during the week, keeping the interbank rate in double-digit territory for the first time in almost two years," said Britam Asset Managers in its latest weekly money market report. "Liquidity conditions are expected to remain generally tight during the coming week with disciplined government borrowing supporting stable yields." The rise in the interbank rate effectively means that the options for cheap money for cash-strapped banks have reduced, given that the other alternatives such as the CBK discount window carry more punitive rates. The discount window refers to the facilities that CBK, acting as lender of last resort, uses to provide liquidity to banks, and is currently priced at 16 per cent. The lenders can also access funds through the reverse repo market, whose minimum interest rate is pegged at the Central Bank Rate, currently at 10.5 per cent. Industry insiders say large banks, which hold a large percentage of the liquidity, have in recent months been wary of lending smaller counterparts. This aversion started when three small lenders collapsed in quick succession two years ago. It means that when the smaller lenders are able to access cash through the interbank market, they are forced to pay a premium. CBK's latest data shows that there were banks paying as high as 12.5 per cent on the interbank market in the past one week. *(Business Daily)*

Coffee prices rose just over four per cent as the auction resumed on Tuesday after a two-week suspension, on account of high demand. A market report from Nairobi Coffee Exchange (NCE) indicates a 50-kilogramme bag on average fetched Sh21,630 from Sh20,703 in the previous sale. The auction was suspended this month just a week after reopening from a one-month break due to a shortage of the commodity to trade. NCE chief executive Daniel Mbithi says there has been high demand from traders who run out of stocks during the closure. "We have not been operational for a number of weeks and there has been high demand during the sale yesterday (Tuesday) with traders wanting more coffee to stock," he said. The new crop from eastern Kenya has helped to push up the price of the crop. The NCE says the good prices are expected to continue in the coming months. *(Business Daily)*

Local marine cargo insurance premium has grown 64 per cent in the first half of the year according to the Association of Kenya Insurers (AKI), a performance the lobby says is still below par. The industry association said premiums collected by members hit Sh1.14 billion compared to Sh694.9 million in a similar period last year. "Though positive, the premiums are yet to meet the industry estimation, which was projected to be at least Sh5 billion by half year, based on the country's import figures," said AKI in a statement. Out of the 35 insurance companies that wrote the risk in the six months, only two recorded premiums of Sh100 million and above. The highest premium was Sh135.99 million which AKI said highlighted the underwriting muscle some of the companies possess. It said this was important in winning the confidence of importers. In January, Kenya started to implement a law compelling importers to buy marine cargo insurance policy from local firms. The law prohibits procurement of marine insurance cover from foreign firms "except in exceptional circumstances." The lobby Wednesday said it was engaging stakeholders to eliminate all headwinds they are facing from the use of online portals by importers to get the cover. "Engagement between KRA, (Kenya Revenue Authority), IRA, (Insurance Regulatory Authority) KenTrade and AKI are ongoing to ensure that the automation of marine cargo insurance is completed as soon as possible to make the purchase of marine cargo insurance by importers easy and convenient," said AKI. Insurance companies in the general business have been aggressively positioning themselves to take advantage of the marine cargo insurance windfall that is expected to boost their premiums by up to Sh17 billion. Marine insurance covers movement of cargo from one location to another against risks like damage, pilferage, theft or non-delivery. It is currently the preserve of deep-pocketed foreign underwriters. Statistics show Kenya imports goods worth Sh1.57 trillion annually, with 90 per cent of this previously insured by offshore providers. The imports are expected to hit between Sh2 trillion and Sh2.2 trillion by 2020, yielding potential marine cargo insurance spend of over Sh30 billion annually in premiums. Britam is the largest marine underwriter in Kenya. *(Business Daily)*

The price of fresh food in Nairobi's main markets has come down after transportation normalised following the conclusion of elections. Commodities whose cost had risen in the past two weeks include tomatoes, onions, cabbages, carrots and Irish potatoes. "Supply of fresh food is back to normal. This is a great relief for us. We were almost going to lose our source of livelihood but we are now happy that things have stabilised after the elections," Patrick Mutheu, who runs a grocery in Eastlands said on Wednesday. At his food store, he was selling a tomato for Sh5, down from Sh10. Similarly, the trader is selling two onions at Sh10 unlike before when one was going for the same price. Prices of Irish potatoes and cabbages have also dropped significantly. A kilo of potatoes, which was selling at Sh100 is now selling at between Sh50 and Sh60. A kilo of carrot, previously going at Sh30, is retailing at Sh20. "There has been plenty of food in the market since Monday. Transporters who kept off the road are back and I cannot continue selling at the same price," said Mr Mutheu. A visit at Muthurwa Market in Nairobi, Wednesday where most traders buy their fresh produce, showed activity has normalised too. There were several traders with handcarts, pickup trucks and lorries arriving with supplies from Meru, Muran'ga, Kinangop and Molo. The situation was not different at other leading retail markets in Nairobi such as Githurai, where traders, who operate in Nairobi suburbs, were shopping. *(Business Daily)*

Kenya's shilling was stable on Friday and it was expected to strengthen further due to banks cutting dollar positions after political tensions over a disputed presidential vote results eased. At 0852 GMT, commercial banks quoted the shilling at 103.25/45 to the dollar, the same as Thursday's close. On Wednesday, opposition leader Raila Odinga said he would challenge last week's re-election of President Uhuru Kenyatta in court, reducing fears that more protests by his supporters may have led to widespread violence. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

Malawi's consumer inflation slowed to 10.2 percent year-on-year in July from 11.3 percent in June, official data from the National Statistical Office showed on Tuesday. *(Reuters)*

Mauritius

Corporate News

No Corporate News this week

Economic News

Mauritius needs to tighten monetary policy and modernise its framework to respond to shocks and tackle inflationary pressures, the International Monetary Fund said. In a statement late on Monday, the IMF said its directors had noted on their yearly consultative mission to Mauritius that "inflation has picked up on the back of supply shocks, but there are signs of further building inflationary pressures". "The mission recommends tackling inflationary pressures by tightening monetary policy, while modernizing the monetary policy framework to strengthen policy response to shocks," it said. The Indian Ocean island's Key Repo Rate (KRR) has been held steady at 4 percent over the last year. The IMF mission said it expected headline inflation to remain above 5 percent during the second half of 2017 onwards, mostly on account of second-round effects. Mauritius's inflation fell to 5.3 percent year on year in July from 6.4 percent a month earlier, data from its statistics office showed. The fund also projected real GDP growth in 2017 at 3.9 percent on the back of improved performance in the construction sector. The forecast is in line with the government's projections. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

Skye bank Plc has expanded its digital financial offerings to customers by launching SkyeXperience, a unique banking solution. The bank's Group Managing Director/Chief Executive Officer, Mr. Adetokunbo Abiru, said the overriding objective of launching the solution was to simplify service delivery and personalise the customer experience. "As a pledge of commitment to a new service charter with our customers, we have decided to render to them this digital banking solution, which we call 'SkyeXperience' denoting such positive values as experience, excellence, excitement and experiential," Abiru told the bank's customers, stakeholders and the regulator during the unveiling of the solution in Lagos. According to a statement by the bank, the unique features of the SkyeXperience digital solution are its overriding benefit of providing for the customer, an omni-channel experience and seamless navigation on multiple platforms. He added, "The solution is also self-service, enabling the customer to do several transactions on the go – and to manage time better." "For our worthy individual customers, who need to pay school fees from their home or office; and to our SME customers and retail entrepreneurs who need to make instant payments to suppliers and vendors in distant cities, this solution is for you," Abiru added. Earlier in his welcome address, the Chairman of Skye Bank, Mr. Mohammed Ahmad, said the launch of SkyeXperience was the bank's own modest contribution towards the economic development of Nigeria, especially in the area of financial technology and digital revolution. "By the unveiling of this new service platform, called SkyeXPerience, we are offering you a smarter way to bank, and a more convenient way to live," Ahmad said. Specifically, the Skye Bank chairman lauded the federal government policy on digital revolution which seeks to achieve 30 per cent broadband penetration by 2018, believing that the SkyeXperience will encourage more Nigerians to embrace the use of technological solutions to attain a more convenient and quality living, irrespective of their social status. *(Punch)*

Nigeria's Zenith Bank has made a provision on 30 percent of its loan to 9mobile, the country's fourth largest telecoms group formerly known as Etisalat Nigeria, the bank's chief executive said on Monday. "We have taken about 30 percent ... as a provision which we believe is very prudent as the company is undergoing restructuring ... to prepare for a new investor," Peter Amangbo told a conference call. Nigerian regulators stepped in last month to save Etisalat Nigeria from collapse and prevent lenders placing the country's fourth biggest telecoms group into receivership, prompting a board, management and name change. *(Reuters)*

The shareholders of Conoil Plc have approved the company's N2.1bn dividend payout for the last financial year. The investors, at the its 47th Annual General Meeting held in Uyo, Akwa Ibom, praised Conoil's business strategy, as well as the management and board of the company for the impressive performance it recorded in 2016. They also commended the prudent and efficient execution of projects and plans, strong commitment to the culture of financial discipline, while also ensuring maximum value for shareholders. In a statement, the petroleum products marketer expressed its gratitude to all those who made it possible to achieve the excellent results; including shareholders for their confidence, customers for their unalloyed patronage, and staff for their dedication and hard work. It assured its stakeholders of bigger and better business prepositions with an eye on the future to continue to deliver excellent results. "The company's overall strategy will continue to positively impact its current size, and our investments in the required areas will continue to ensure effective and efficient delivery of our avowed goals," the statement read in part. The President, Renaissance Shareholders' Association, Ambassador Olufemi Timothy, said that shareholders were elated that despite the downturn in the economy, with the attendant sharp increase in operating costs, Conoil still recorded impressive growth in all key areas.

"Conoil's performance for the year ended December 31, 2016 was very encouraging. Against the backdrop of a volatile and tough operating environment, the company still recorded strong margins which in turn impacted shareholders positively," Timothy added. A Grand Patron of the Nigerian Shareholders' Solidarity Association, Chief Timothy Adesiyan, in his reaction, stated that, "The management and board of the company have not only performed excellently well but have also fulfilled their promise of maintaining consistent returns to shareholders." In his own comment, the Chairman, Alheri Shareholders' Association, Kaduna, Alhaji Kazeem Olayiwola, praised the resilience of Conoil in the face of a tough operating environment. He said, "Conoil has continually set standards in fuel retailing with world-class facilities and the right marketing initiatives that endear it to customers and place it far ahead of competition. I am therefore delighted that this has translated to good dividends to shareholders at a time like this, we sure do have a bright future." The nation's foremost indigenous petroleum marketer declared a profit before tax of N4.28bn from N3.4bn in 2015, representing an increase of 24 per cent. The result also shows growth across all key financial indices. Its profit after tax increased from N2.30bn in 2015 to N2.84bn, representing a 23 per cent rise. Its revenue increased from N82.9bn to N85.02bn. The company's earnings per share increased by 23 per cent from 333 kobo in 2015 to 409 kobo in 2016. Accordingly, the shareholders of the major oil marketer, in line with its history of progressive dividend policy, ratified a total dividend payout of N2.15bn. *(Punch)*

The Securities and Exchange Commission has resumed talks with MTN Nigeria over the telco's planned listing on the floor of the Nigerian Stock Exchange. The Director-General, SEC, Mr. Mounir Gwarzo, told journalists in Lagos on Wednesday that the conversation had taken a new turn as the telecoms company was looking at listing on the Exchange electronically. "Our conversation with MTN on its listing is back. But this time, they want to do it through electronic means," Gwarzo said at the commission's post-capital market committee meeting briefing. According to the SEC boss, the fresh deliberation has been on for the past two months to ensure a successful listing process. The SEC DG said the Nigerian Stock Exchange had provided needed ideas to MTN on ways to go about the issue in the interest of retail investors. According to him, the application processes will be digitalised in a way that there will be minimal utilisation of paper. In June this year, MTN said it would list its shares on the NSE in 2017.*(Punch)*

Wema Bank Plc has reinforced its presence in northern Nigeria as it opened a new branch in Maraba, Nasarawa State. Maraba is growing rapidly as an economic hub, feeding off the Federal Capital Territory (FCT) as a result of the continuous growth and expansion of administrative and economic activities of Abuja into neighbouring towns. The new branch is positioned to serve this burgeoning market. The new branch offers a comprehensive range of banking services including deposits and loans, trade services, and payment, as well as cash management solutions. The branch also promises to offer customers the latest in banking technology through alternative channels offered by Wema Bank. Wema Bank has provided alternative channels to ensure those who are too busy to walk into the new branch can still bank with Wema using their electronic devices. "The digitally savvy can use our fully digital bank ALAT, while others can use our USSD banking code *945# for several transactions from bills payment to money transfer," the Head Brand and Marketing Communications at Wema Bank, Funmilayo Falola, was quoted to have said in a statement. "ALAT is available for download on Google Play Store and Apple Store, while *945# works on all kinds of mobile phones," Falola adds. The new branch located at Kabai junction, along Abuja-Nasarawa Expressway, Maraba is now open to customers. *(This Day)*

Transactions on Nigeria's stock market rose 7.13 percent to 220.27 billion naira ($699.3 million) in June from a month earlier, lifted by increased flows from foreign investors, stock exchange data showed on Thursday. The value of foreign transactions on the local bourse rose by 6.66 percent to 101.53 billion naira in the period, according to the data. Nigerian assets, largely shunned by foreign investors over the past three years, are back on their radar thanks to a drop in valuations and improved liquidity. The equity market has benefited from the introduction more than four months ago of a new window for investors to trade the naira at market-determined exchange rates. The report showed that foreign investors' transactions on the local bourse rose 59.81 percent to 430.23 billion naira in the first half of this year, compared with 269.22 billion naira a year earlier. Last week, the market had rallied for an eighth consecutive week and peaked at a 33-month high before profit-takers took advantage of the gains to sell their holdings. The market's main index has gained about 34 percent year -to-date but profit-taking has dominated trading since the start of the week. "What we have seen is locals riding on the back of foreign investors in the market," Kemi Akinde, analyst at Meristem Securities, told Reuters last week.*(Reuters)*

Nigerian Aviation Handling Company (nahcoaviance) Plc has posted improved results for the half year ended June 30, 2017, raising investors' hopes for higher dividend at the end of the year. The company posted a revenue of N3.707 billion and profit before tax of N203 million for the H1 of 2017. Although the revenue showed a decline compared with N3.674 billion in the corresponding period of 2016, the PBT was higher than the N125 million recorded in 2016. Profit after tax similarly rose by 94 per cent to N176 million, compared with N90.5 million in 2016. Market operators said if NAHCO could maintain the trend in the remaining half of the year, shareholders should expect a higher dividend. The company had paid a dividend of 22 kobo per share for 2017, which was approved by the shareholders at the 36th annual general meeting (AGM) of the company in Abuja in July. The elated shareholders commended the board and management for the improved results despite the challenging operating environment. Also, the shareholders pledged their support for better future results and urged the board and management to sustain the performance. In his address to the shareholders, Chairman of NAHCO, Usman Bello said in spite of the recession and the global weakness in the aviation sector, the company's performance was commendable. "Our resilience as a company and our debt management strategies resulted in Bond 1 repayment of the N2.15 billion in the third quarter of 2016," he said. Speaking on the diversification programme, Bello noted that NAHCO Free Trade Zone (NFZ), thatwas approved by shareholders in 2011 a subsidiary of the company has made some milestone. "Some of the services offered by the NFZ include: cargo handling, supply chain management, logistics, equipment leasing and other value-added services. Phase I of its development has been completed and now operating at almost full capacity. We are currently making preparations to start building phase 11 and phase 111 of the company," he said. The chairman assured stakeholders that despite early unexpected expenses the company was forced to incur in the first quarter of 2017 as a result of closure of Nnamdi Azikiwe International Airport, theyear would still be profitable for NAHCO. Meanwhile, the stock market rebounded yesterday after three days of bearish trading occasioned by profit taking. The Nigerian Stock Exchange (NSE) All-Share Index appreciated by 0.59 per cent to close at 36,316.58 , while market capitalization ended higher at N12.52 trillion. *(This Day)*

Economic News

The nation's pension funds, under the Contributory Pension Scheme (CPS), grew to about N6.5 trillion as at the end of July 2017, even as the number of pension contributors rose significantly to 7. 6 million, LEADERSHIP has exclusively gathered. As at the end of July 2017, the fund increased to about N6.5 trillion from N6.4 trillion it stood at as at April ending. Moreover, LEADERSHIP gathered that between April and June this year, there were 97,713 Retirement Savings Account (RSA) holders registered under the new pension scheme, with 77,023 contributors from the private sector. 9,148 workers from the federal government registered under the CPS, while state governments recorded 11,542 contributors, thus, increasing the total number of pension contributors from inception of the scheme till now to 7.6 million. In the same vein, report has it that between April and June, 2017, the pension fund gained about N7.5 billion as private sector added N4.1 billion to the pension pool, with states contributing N1.5 billion, while the federal government added N1.8 billion to the pension funds. The fund is growing despite the fact that federal government has accumulated about N200 billion pension arrears under the Defined Benefit Scheme (DBS) and Contributory Pension Scheme (CPS), even as most states as well as some companies in the private sector are still defaulting in remittance to RSAs of their workers. The reason for the constant growth in pension assets, LEADERSHIP learnt, is not unconnected to the fact that pension contributions are made on a monthly basis to the RSAs of employees, while the Pension Fund Administrators (PFAs) also make a lot of profits from investment of these funds into federal government bonds, stock market and other less risky investment windows that also go into the pension pool.

Moreover, with some states now ready to join the CPS, as well as the readiness of the federal government to settle some of its arrears, and the National Pension Commission (PenCom) going after defaulting employers, experts said these could push the fund even beyond the aforementioned amount. Speaking at a retreat organized by the Pension Fund Operators of Nigeria (PenOp) for pension journalists in Abeokuta, Ogun State yesterday, executive director, Crusader Sterling Pension, Mr. Conrad Ifode, said the investment income from pension assets was regarded as a key factor that keeps the fund growing at an acceptable rate, just as the pension assets now has about N2.3 trillion as income from investment of the assets, adding that the security of the fund is also a crucial factor. Stating that the workers' contributions are paid by their employers regularly, he added that the PFAs comply with their legal obligations, with no case of fraud recorded nor has any PFA gone bankrupt since inception of the scheme. This, he pointed out, shows that the contributors' funds are safe. The director, Centre for Pension Right Advocacy, Mr. Ivor Takor, said most of the PFAs were making money from investment of the pension funds and that some of the profits also goes back into the fund, which increases its volume. Takor, who is also a former board member of the National Pension Commission(PenCom), however, appealed to the federal government and states to pay their respective pension arrears, as this will go a long way to redeem the lost image of the new pension scheme which has been recently criticised for various reasons, among which is the multitude of arrears owed, just like what was happening in the old scheme.

He applauded the steps taken by PenCom in partnering with the Economic and Financial Crimes Commission (EFCC) as well as other relevant agencies to prosecute defaulting employers, stating that this will also ensure more compliance in the private sector and make sure the fund keeps growing from time to time. *(Leadership)*

The Lagos State government on Monday announced that it had closed the N85.14 billion Series II Bond Issuance, which it said, was designed to improve the physical and social infrastructure in the state. Also, the state government outlined plans to transform the blighted areas of Oworonshoki waterfront into one of the biggest transportation, tourism and entertainment hubs in Nigeria. These were contained in separate statements issued by the Commissioner for Finance, Mr. Akinyemi Ashade and his Waterfront Infrastructure Development counterpart, Mr. Ade Akinsanya. According to the statement, Ashade said the bond was issued in two tranches of N46.37 billion (16.75 percent Tranche I) maturing August 2024 and N38.77 billion (17.25 percent Tranche II) maturing August 2027, under the N500 billion Third Debt Issuance Programme. He said that the N85.14 billion Series II issuance was the largest bond issuance in Nigerian capital markets in the last four years and the second largest issuance ever, noting that it was the first time any non-FGN issuer in Nigeria has been issued out to 10 years, thereby extending the non-sovereign yield curve. “We value the reputation we have earned as the most responsible issuer in the Nigerian capital markets and thank everyone who has worked with us to deliver a successful outcome,” Ashade said. “In challenging market conditions, we are encouraged by the sustained support that the Lagos State credit story has received from investors for which we are grateful. This support is critical to our quest to improve the physical and social infrastructure in the State and lift the economic and social welfare of all citizens of Lagos State,” Ambode explained He said Chapel Hill Denham acted as Lead Issuing House and Bookrunner and led an issuing party including 10 other Bookrunners, on what he described as a landmark transaction.

In the other statement, Akinsanya outlined plans to transform the blighted areas of Oworonshoki Waterfront into one of the biggest transportation, tourism and entertainment hubs in Nigeria. He said that the project would improve the aesthetics and security of the environment, while attracting investments in water transportation and boosting socio-economic activities in the axis, with the provision of shopping malls and related infrastructures. He noted that the proposed entertainment and mega ferry terminal site, already under reclamation, “will divert a lot of human and vehicular traffic gridlocks away from the Lagos Island and take advantage of the central location and accessibility of the proposed Oworonshoki terminal to the Apapa Port, Ikeja Airport and other parts of the state. “Youths and residents will enjoy quality sports, recreational, entertainment and emergency response facilities at the terminal. Commuters transiting through the terminal will not only enjoy state-of the arts infrastructure, they will also be able to park and ride and park and cruise from the state-of-the-art jetty, thus reducing the carbon emission level and travel time within the city.” Akinsanya said the reclaimed 29.6 hectares site of the project, which would involve revetment work to protect the jetty area, would also eliminate illegal dredging activities in the area. Explaining that the project will be in three phases, Akinsanya said that it was also part of efforts by the state government to revitalise and augment inter-modal system of water, rail and road transportation and housing development, just as he revealed that the Epe, Badagry and Mile 2 waterfronts have also been earmarked in the Master Plan for similar regeneration. *(This Day)*

Nigerian stocks fell on Tuesday to a near two-week low, dragged down by losses in banking, cement and fast moving consumer good sectors, as some investors took profits from previous gains in the market, traders said. The main share index declined 2.25 percent to 37,096 points, bringing it down to a level last seen on Aug 3. The market had rallied for eight consecutive weeks and peaked at a 33-month high last week before profit takers took advantage of the gains to sell their holdings. "The market was just reflecting global trend in the last few days, which has seen many major stock markets falling," Rasheed Yussuff, chief executive of Trust Yields Securities, said. He said it was normal for the market to experience some bearish moment having been rising for almost two months. Low stock valuation and the relative stability in the foreign exchange market over the last few months have helped to draw many offshore investors into the equity market, leading to a surge in the domestic equity market. The equity market has benefited from the recovery in liquidity on the currency market with the introduction in April of a new forex window for investors to trade the naira at market-determined rates. Equally, most of the gains over the last two weeks were driven by increases in profitability announced by many major listed companies. Major decliners on Tuesday included Dangote Cement , which accounts for a third of the market capitalisation. Shares in the cement firm fell 4.26 percent, energy firm Forte Oil was down 4.63 percent while household product maker PZ Cussons declined 5 percent.

Other losers were First Bank Holdings, down 3.06 percent, Fidelity Bank, which fell 3.82 percent, and Union Bank which was down 3.5 percent. *(Reuters)*

Nigeria plans to raise 135 billion naira ($442.62 million) in bonds on August 23, the debt office said on Tuesday. The debt office will sell 35 billion naira of bonds due in 2021 and 50 billion naira each of bonds due in 2027 and in 2037, using a Dutch auction system. Settlement is expected two days after the sale. The bonds are re-openings of previous issues. Nigeria, which has Africa's biggest economy, issues sovereign bonds each month to help fund its budget deficit, support the local debt market and maintain a benchmark for companies to follow. The West African country expects a budget deficit of 2.36 trillion naira this year as it tries to spend its way out of a recession. It expects to raise money to cover more than half the deficit from the local market. *(Reuters)*

Nigeria has started a $41 billion railway expansion to reduce dependence on oil and diversify its struggling economy by improving transport links to allow the movement of goods around the country and to ports. "The plan we have now will go to every nook and corner," Transport Minister Rotimi Amaechi, 52, said in an interview in the capital, Abuja. Africa's biggest oil producer is going through its worst economic slump in 25 years following a plunge in the price and output of crude, which accounts for more than 90 percent of foreign income and two-thirds of government revenue. President Muhammadu Buhari's Economic Recovery and Growth Plan, presented in March, seeks to boost agriculture and manufacturing by developing the country's transport network and power infrastructure. Key projects include building a second railway line connecting the nation's two biggest cities, the commercial capital, Lagos, and Kano in the north. The 1,100-kilometer (680-mile) line will carry freight and passengers. The government also wants to construct a coastal railway that connects Lagos to the eastern city of Calabar. The two new railways are expected to cost $20 billion, with most of the funding coming from the Export–Import Bank of China, which has so far released $5.9 billion. China's Civil Engineering and Construction Co. is building the project and both railways should be ready by the end of 2019, Amaechi said in an interview last week. General Electric Co. is leading a group that's rehabilitating Nigeria's 3,505 kilometers of century-old, narrow-gauge railways linking the coastal cities of Port Harcourt and Lagos with the north. The group, including SinoHydro of China, South Africa's Transnet SOC Ltd. and the Netherlands' APM Terminals BV will fund, revamp and operate the railways for a period to be decided in negotiations with the government, the minister said. They won the concession in May.

The group plans to invest $2.2 billion, Sabiu Zakari, permanent secretary in the Transport Ministry, said at the time. Nigeria will then have two links between Lagos and Kano, with the new Chinese-built one allowing trains to travel twice as fast as they can on the existing link. The West African nation is opening up its rail system to private investors following decades of government control. Years of neglect while the nation was in political flux during military rule cut freight-rail capacity to 15,000 metric tons a year in 2005, from 3 million tons four decades earlier, according to the Transport Ministry. Most goods are now transported on worn-out and congested roads. By comparison, Transnet has the capacity to move more than 70 million tons of coal to one South African port annually. "The rail in Nigeria was neglected for too long," said Oke Maduegbuna, managing partner at transportation and logistics consultancy Pete, Moss & Sam Ltd. "There's a new awareness among government officials of the economic benefits of a good rail network," the Abuja-based expert said by phone, adding that the new projects would succeed only if there is consistency in their planning and execution. Another $16 billion will be invested in additional rail routes to link up all the country's state capitals and extend across the northern border into neighboring Niger's southern city of Maradi, according to the Transport Ministry. Amaechi said it was too early to share a timeline or funding details as the government is still talking to investors for this public-private project. The government is also trying to complete a $3 billion line from Abuja to the southern oil hub of Warri by 2018, the minister said. With rail links to the existing and planned deep-sea ports, Nigeria hopes to substantially reduce logistics costs and facilitate exports and imports. The GE concession will provide rail infrastructure that will decongest roads and improve cargo traffic, Nigerian Ports Authority Managing Director Hadiza Bala Usman said in an interview last month. "There's no economic development or growth without logistics, and for logistics to be efficient, you have to deal with the issue of railways," said Amaechi. *(Bloomberg)*

Efforts by the Securities and Exchange Commission (SEC), to address liquidity constraints in the capital market heightened yesterday, as the Commission unveiled plans to seal agreement with the Central Bank of Nigeria (CBN), for a dual- licence model to enable Capital Market Operators (CMO) access the CBN window. Besides, SEC said it was perfecting arrangements that would enable listed firms save up to N1billion through a pilot scheme that would enhance electronic dispatch of annual reports to shareholders. The Director-General, SEC, Mounir Gwarzo, Gwarzo, while addressing journalists at the second quarter (Q2) Capital Market Committee (CMC) meeting in Lagos yesterday, said the dual licence will enable operators have a licence in accessing the CBN discount window for funds to eliminate the challenges of lack of liquidity faced by CMOs. The Commission explained that it is currently discussing with the apex bank on the type of securities that operators need to put forward to fast track the process. "Our discussion with the CBN is yielding positive and we commend the central bank for their commitment and dedication to the project. CBN is very interested in the initiative." He pointed out that the continued interventions by the CBN in the foreign exchange market, and the introduction of the Investors' and Exporters' Window (I&E) have impacted positively on the stock market performance. This is in terms of the listed firms ability to obtain foreign exchange for importation of inputs, which has ultimately improved their profitability

Concerning the annual reports, Gwarzo said quoted companies would save between N500million and N1billion from printing and dispatch of hard copies of annual reports to shareholders with the new electronic circulation initiative. According to him, CMC had reviewed the issue in line with the macro economic challenges and decided to float a pilot scheme for electronic distribution of annual reports to save cost and ensure enhanced dividend payment in the market. The Director-General said 98 per cent of shareholders do not get dispatched copies of the reports before the annual general meetings, adding that company secretaries have been mandated to dispatch hard copies of the reports during the pilot scheme to shareholder associations' offices to enhance the initiative. "We have been doing something for the last 50 years, which is not helping the companies or even investors. The market would review the pilot scheme in first quarter of 2018, and address identified loopholes before deciding on total stoppage of printing of annual reports." Furthermore, Gwarzo also revealed SEC's plans to introduce a Minimum Operating Standard (MOS) for all categories of market operators. He explained that it will be implemented for all the Self-Regulatory Organisations (SROs) that have exchanges, Central Depository organisations alongside other operators in the capital market.
He added that the committee is focusing on the primary and secondary schools in order to inculcate basic understanding of the capital market on the younger generation to boost financial literacy. *(Guardian)*

The naira is seen weakening against the United States dollar on the black market in the coming days as demand for the dollar increases. Stakeholders and industry analysts, however, said the local unit was expected to trade within a range on the investor and exporters forex window and official interbank market. The local currency weakened to 370 against the dollar on the black market on Thursday, compared with 364/dollar last Thursday, Reuters reported. This came on the back of surging demand for the dollar by summer holidaymakers and parents paying school fees for their children abroad, forex traders said. The naira was quoted at 362.39 to a dollar on the investor and exporters forex window on Thursday against 367.49 per dollar last week. On the official interbank window, the local currency traded around 305.65 to a dollar. The gain on the investor window was fuelled by increased dollar inflows from offshore fund managers investing in the domestic equity market, traders said. Meanwhile, Kenya's shilling is expected to strengthen with commercial banks selling off the greenback, and the Zambian kwacha is set to firm as companies convert forex ahead of month-end salary payments. Kenya's shilling will firm, helped by commercial banks selling off dollars, tight liquidity in money markets and political tensions easing after the opposition said it would challenge the August 8 presidential election results in court. "I still think that it may firm. People are unwinding their long positions pre-elections and also due to money market liquidity," a senior trader at one commercial bank told Reuters.

The shilling will also get a lift after opposition leader Raila Odinga said he would contest the election outcome in court, calming concerns that further street protests might bring widespread violence. "That has eased tension. Players were a bit concerned about street protests, and now that is probably behind us," the senior trader said. The Zambian kwacha is likely to strengthen in the coming week, buoyed by hard currency conversions by companies preparing to pay salaries and other month-end dues. Ghana's cedi is seen firm next week on offshore portfolio inflows for the settlement of a five-year debt to be issued on Friday, according to an analyst. "Investor confidence in the Ghanaian economy continues – we expect to see high offshore participation in this week's bond sale and this will support the cedi," analyst Joseph Amponsah of the Accra-based Dortis Research said. *(Punch)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

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TRADING

Tanzania

Corporate News

Shares in Vodacom Tanzania Plc, part of South Africa's Vodacom Group, rose nearly 6 percent above their issue price in their debut on the Dar es Salaam Stock Exchange on Tuesday. Vodacom placed 560 million shares at 850 shillings each in Tanzania's biggest initial public offering (IPO), raising 476 billion Tanzanian shillings ($213 million). The IPO was part of government-imposed requirement for all telecom companies to list at least 25 percent of their shares locally. Foreigners, initially banned from participating, bought 40 per cent of the shares. Tanzania hopes mandatory listing of telecom companies will improve transparency and offer the public a share in the industry's profits. Telecommunications is one of the fastest-growing sectors in East Africa's second-biggest economy. The other two major mobile operators, Millicom subsidiary Tigo and a local arm of India's Bharti Airtel, have also submitted prospectuses, but their IPOs are yet to be approved. Vodacom Tanzania's IPO was fully subscribed after Tanzania's stock market regulator extended the offer period twice and allowed foreign investors to participate in the sale. The offer had initially been restricted to Tanzanians. "The Vodacom share price has made a modest increase after listing compared to previous IPOs of cement and cargo handling companies, which doubled on their debuts," George Fumbuka, chief executive officer of Dar es Salaam-based Core Securities, told Reuters. "But its a good start ... it gives investors a broader choice of portfolios at the local stock market."The number of mobile phone subscribers in Tanzania rose 0.9 percent last year to 40.17 million, driven by the launch of cheaper mobile phones in the country which has a population of around 50 million. *(Reuters)*

Economic News

THE Bank of Tanzania (BoT) has licensed a new housing finance firm the first of its kind in the history of mortgage business in the country. The firm, First Housing Company (Tanzania) Limited, licensed to conduct mortgage finance comes at a time the country is lagging behind their peers in the bloc. And in this year's quarter one, the sector registered an abruptly slowed down growth to 11.3 per cent compared to 34 per cent in same quarter last year. The fall was attributed to changes of market conditions envisaged to improve in the near future. Nevertheless, BoT envisage the firm would improve mortgage finance business in near future. "The license allows the company to carry out Mortgage Finance business in Tanzania as a housing finance company," a statement issued by the Bank of Tanzania said. The statement issued by BoT's Department of Policy Review and Licensing Department in the Directorate of Banking Supervision this is the first housing finance company to be licensed by the central bank. According to BoT latest mortgage market updates, total lending by banking sector for the purposes of residential housing in quarter one was 416.85bn/-. This represents a very slight decline of 0.02 per cent from total mortgage lending of 416.94bn/- of the preceding quarter. Further, the increased competition as new lenders enter the market has also contributed positively to the observed growth. Up to the end of March this year 29 different banking institutions were offering mortgage loans, with a new entrant in the market during this quarter being Letshego Bank. The number of mortgage lenders was expected to increase further as more lenders continue to launch their mortgage loan products. However, during the quarter, the mortgage market was dominated by five top lenders commanding about 70 per cent of the mortgage market. Equity Bank was a market leader commanding 24 per cent of the mortgage market share, followed by Stanbic Bank (15 percent), Bank M (14 percent), CRDB (10 percent) and Azania Bank (7.0 percent). *(Daily News)*

KENYA general election has affected Dar es Salaam Stock Exchange (DSE) performance to register a market capitalization fall of over 500bn/- in a week. The exchange fall was attributed after Kenyan cross-listed firms' share prices tumbled down by between 8.0 and 25 per cent. The bourse market cap drastically dropped by over 500bn/- to 17.7tri/- affected by cross-listed firms from Kenya. The Kenya Airway share registered a price drop of 22 per cent to 70/-, followed by Uchumi Supermarket 14 per cent to 60/-and EABL 8.0 per cent to 5,240/-. Due to the Kenyan price fall, the DSE index (DSEI) jumped down 61 points from 2,102 points to 2,041 points. The market uncertainty spreading by Kenyan election also gripped the local listed firms as the bourse turnover decreased by 20 per cent to 3.2bn/- from 4.0bn/- in the week ending last Friday. The turnover down fall experienced despite a double-increase of share exchanging hands that went up from

0.6million to 1.4million. This was due to the decreasing share price of CRDB by 4.0 per cent to 200/-. However, DSE share went up by 8.0 per cent to 1,300/- at the close of last week. The best share mover was TBL that dominated the trade by 90 per cent followed by CRDB 7.0 per cent and DSE 2.0 per cent—the remaining firms shared 1.0 per cent. The CRDB share affected domestic market cap after slide slightly to 7.6tri/- from 7.71tri/-. Tanzania Share Index (TSI)—tracking local share movement—went down also by 11point from 3671points to 3660points. *(Daily News)*

ZANZIBAR has upped minimum civil servant pension by 120 per cent in a new review announced by treasury. According to Ministry of Finance and Planning, now retirees from public service will earn a uniform 50,000/- increment. The Finance Minister, Dr Khalid Mohamed, said the new amount pushed up pension to 90,000/- from 40,000/- per month. Dr Mohamed said a total of 12,182 pensioners are set to benefit from the new pension review, with the government set to spend 7.3bn/- in current financial year on retirees. "The pension review took longer than expected, but we're grateful that the government has now approved a uniform 50,000/- increment for retirees," the minister said. He added that the government will keep improving pension increment whenever its financial position improves. The state is still reviewing monthly stipend rise for retirees who served in the senior positions, including directors, permanent secretaries and ministers, noted Dr Mohamed. "We're yet to finalise a new pension review for retired public servants who served in more senior positions, want to make sure that we come up with increments that would reflect the positions they held." The minister also spoke about government-funded 20,000/- universal pension offered to older men and women over the age of 70, saying the scheme has been a huge success.

According to Dr Mohamed about 27,000 people are now receiving universal pension, with the government spending about 500m/- monthly on the scheme. He said the amount, though insufficient, is a commendable effort by the government, which is determined to reduce the suffering of older people across the Island. "It is a small amount but very crucial in supporting the older citizens who have hit the 70 years mark and we should commend President Shein for coming up with this scheme," extolled Dr Mohamed. "Many countries would have liked to introduce such scheme for their people but it has always proved difficult, we're proud that we have succeeded to implement it, even the ILO has commended us for this scheme," he added. Dr Mohamed revealed increased revenue collections made pension increment and universal pension for older citizen possible, saying the government doubled its revenues during the past one year and insisted that people should pay tax to empower the government. "It is very important that people pay tax to enable their government to implement development plans and improve social services as well as improve the welfare of civil servants and retirees." *(Daily News)*

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TRADING

Zambia

Corporate News

Glencore's Zambian Mopani Copper Mines unit suspended operations in certain areas on Saturday after the Copperbelt Energy Corporation (CEC) restricted power supply to its sites in both the Kitwe and Mufulira regions. "In the interest of safety, Mopani has with immediate effect suspended operations in certain areas, and all our miners who were underground at the time of restricting power supply, have successfully returned to the surface," the copper producer said in a statement. Mopani owns the Mufulira underground shaft in Mufulira, the Nkana underground shaft, South Ore Body shaft and the Mindola shaft in Kitwe. The decision comes after a dispute over the implementation of new electricity tariffs, which Mopani and other mining companies have contested in court and remain unresolved, the miner said. The southern African country, which is a major copper producer, is struggling to maintain power supplies as a severe drought has caused levels to drop in the Kariba Dam which generates much of the nation's electricity. The government in April proposed introducing a flat tariff of 9.30 U.S. cents/kilowatt hour (kWh) backdated to January for mining companies, instead of individually negotiated rates that have averaged 6 U.S. cents/kWh, but mining companies opposed the plan. Other mining companies operating in Zambia, Africa's No. 2 copper producer, include Brazil's Vale and London-listed Vedanta Resources. In May, Finance Minister Felix Mutati said the government is close to reaching an agreement with mining companies over its plans to increase electricity prices. *(Reuters)*

Copperbelt Energy Corp (CEC), Zambia's main supplier of power for its mines, confirmed on Sunday that it has restricted the amount of electricity it supplies to Glencore unit Mopani Copper Mines (MCM) because of a dispute over tariffs. Mopani said on Saturday that it has suspended operations in certain areas after CEC restricted power supply to its mines in both Kitwe and Mufulira. The government in April proposed introducing a flat tariff of 9.30 U.S. cents/kilowatt hour (kWh) backdated to January for mining companies, instead of individually negotiated rates that have averaged 6 U.S. cents/kWh, but mining companies opposed the plan. "To date, MCM has rejected the industry-wide tariff increment and sought to continue to pay for the electricity they consume at the old tariff," CEC spokeswoman Chama Nsabika-Kalima said. Under the circumstances, CEC was left with no option but to restrict power supply to MCM to a level commensurate with the monthly payments that MCM continues to make to CEC, she said. Mopani owns the Mufulira underground shaft, the Nkana underground shaft, South Ore Body shaft and the Mindola shaft in Kitwe. Other mining companies in Zambia, Africa's second-biggest copper producer, include First Quantum Minerals, Brazil's Vale and London-listed Vedanta Resources. *(Reuters)*

Zambia is cutting power to mines including Africa's biggest copper site, the Kansanshi pit owned by First Quantum Minerals Ltd., escalating a fight over tariffs. "They have still got some significant amount of power for them to operate, but obviously their operations will not be at 100 percent because of the power restrictions," Energy Minister David Mabumba told reporters Tuesday in Lusaka, the capital. Glencore Plc has said it halted production at the Kitwe and Mufulira operations in Zambia's Copperbelt province after the main electricity provider restricted supplies. Copper miners in Zambia, Africa's second-biggest producer of the metal, have been in a dispute with the country's energy regulator since it raised tariffs by almost 30 percent in 2014. The mines owned by First Quantum and Glencore are the only operations in Zambia that haven't agreed to a new power tariff that was introduced in January, Mabumba said. Details on the power cuts from Mabumba, the energy minister: Kansanshi mine gets 153 megawatts from usual 187, First Quantum's Kalumbila mine gets 110 megawatts from 155, Glencore's Mopani Copper Mines gets 94 megawatts from 130. "The mines that are not paying should not blackmail government. We have been very patient and tolerant," Mabumba said. "If domestic customers are paying, why should they be subsidizing industries? I think it would be very unfair. There is no one person that is going to be given special consideration." A spokesman for First Quantum declined to comment. A spokesman for Glencore's Mopani, its local division, said the company had taken the matter to court and continued to pay the tariffs given in its contract. Zambia has emerged from a power crisis in 2015 and 2016, when it struggled to meet power demands at times due to low water levels in the hydropower dams. The government has said it needs higher tariffs to pay for imports and electricity from independent producers. Peter Grauer, the chairman of Bloomberg LP, the parent of Bloomberg News, is a senior independent non-executive director of Glencore. *(Bloomberg)*

Private equity house EMR Capital has purchased an 80 percent stake in a Zambian copper mine from African Rainbow Minerals (ARM) and its partner for $97.10 million, ARM said on Tuesday. The 80 percent indirect interest in Lubambe Mine, held equally by ARM and Vale International includes the equity holding in Lubambe Mine as well as loans to the mine, and will be settled in cash contingent on certain conditions being met, ARM said in a statement. "We are pleased to enter into an agreement to acquire Lubambe which offers exceptional quality and growth potential and which will substantially enhance the value and depth of our copper portfolio," EMR Chief Executive Officer Jason Chang said. EMR has closed its second private equity fund, EMR Capital Resources Fund II at $860 million. It bought copper zinc mine Golden Grove from MMG in December. "EMR will continue to focus on copper, gold, potash and coking coal acquisition opportunities globally," it said. *(Reuters)*

Economic News

No Economic News This Week

Zimbabwe

Corporate News

HWANGE Colliery Company Limited (HCCL) has received part of the machinery for underground mining operations and production is expected to commence in the last quarter of the year, managing director, Thomas Makore, has said. In a Press statement on Sunday, Makore said the strategic turnaround of HCCL was gathering momentum, with the coal mining giant receiving one of the key machines for its underground mining operations on Sunday. He said the delivery of the coal extraction machine, the continuous miner, was a major "milestone". "Underground mining is where we produce high value coking coal, so it will be a good addition to our product mix. It will improve our profitability and add to our volumes," Makore said. He said delivery of the other machines was expected in the next six weeks. "Barring any delays, production is expected to commence in the last quarter of the year. Underground mining operations will enhance the product mix offering of Hwange Colliery, thereby, improving the overall profitability and quality of the revenue," Makore said. Hwange Colliery's export quality coking coal will contribute to the company's foreign currency revenues, he said. Work at the underground mine stopped last year after the major mining equipment, the continuous miner, broke down.

The underground mining reserves have the best quality coal and a much longer life to ensure the mine's going concern status. The continuous miner has been used at the underground mine for the past 10 years and about $6,3 million is needed to rehabilitate this strategic equipment. Hwange Colliery also needs about $20 million for the refurbishment of one of its strategic units, the coke oven battery. Makore said the turnaround strategy was anchored on increasing production and sales, as it takes advantage of the recently approved scheme of arrangement. He said the company will continue on this path to make sure that it turns its fortunes and builds on its rich legacy of successful and sustainable operations for over 115 years. Recently, HCCL selected a European company to conduct exploration and drilling at its new concession in the western areas of Hwange. Makore said the company has finished the selection process and was finalising the contract. The new concession has an estimated underground resource of about one billion tonnes, according to preliminary reports. *(News Day)*

ZB Financial Holdings is working towards the introduction of Visa cards in the third quarter of the year. Visa is a global payments technology company that connects consumers, businesses, banks and governments in more than 200 countries and territories, enabling them to use digital currency instead of cash and cheques. ZB Financial Holdings chief executive officer, Ronald Mutandagayi said substantial progress has been made towards the reintroduction of the Visa card and the launch was expected by October. "We are in the process of working with the Visa to ensure that we comply with Visa standards, what we call Plastic Card Industry Data Security Standard. You need to be certified to make sure that your cards meet Visa requirements. That process requires us to work with professionals, who will take us through the systems. We may need to invest in certain items of equipment to make sure we meet those standards," he said. Mutandagayi said the nostro challenges were the major delay for the unveiling of the Visa cards. "So, we are doing that, but the delays are generally arising from the fact that if you have to pay a service provider from outside the country, there have been delays arising from the nostro situation we are finding ourselves in. We are going to have Visa card in the third quarter of this year," he said. Mutandagayi said they had re-engaged foreign correspondent banks resulting in the reactivation of United States dollar, euro, pound and South African rand accounts. ZB, which was placed under sanctions in 2008, was removed from the list by the United States Department of Treasury's Office of Foreign Assets Control in October 2016. ZB and several other Zimbabwean companies were included on the list of specified individuals, resulting in the seizure of millions of dollars for a few affected firms. The government has 24% shareholding in the bank. *(News Day)*

DESPITE Blanket Gold Mine's output in the second quarter remaining largely flat at 12 521 ounces from 12 510 oz in the prior comparable period, parent firm Caledonia Mining Corporation remains confident that its flagship mine will deliver its long-term target. Caledonia is targeting to deliver annual target of 52 000 to 57 000 oz a year, while also aiming to meet its long-term target of 80 000 oz by 2021. Blanket Mine produced just over 25 000 oz of gold in the first half of this year, at an all-in sustaining cost of $856 per oz. Adjusted earnings a share of $0,45 were 6 percent higher than the $0, 3 reported for the first half of 2016. Earnings a share for the second quarter of the year were, however, 38 percent lower year-on-year at $0,19. All-in sustaining costs remained under control at $855 per ounce for the quarter, a decrease of eight percent on the corresponding period in 2016. Caledonia said operating cash flow for the second quarter of the year had reached $4,7 million. "Operating cash flow in the quarter of $4,7 million contributed to a strong balance sheet and supports the funding of the Central Shaft project. The company's gross cash position at the end of the quarter was $10,9 million, approximately flat on the previous quarter and year. "To keep cash balances flat during a quarter in which we invested $4,2 million and paid a quarterly dividend of $0,7 "million is testament to the strong cash generation of the mine," said management. Commenting on the results Caledonia CEO Mr Steve Curtis said: "Production and financial performance at the Blanket Mine was adversely affected in the Quarter by lower grades and some logistical difficulties in underground material handling. Adjusted EPS of 18, 9 cents is 38 percent lower than in the corresponding period in 2016; adjusted earnings for the first half of the year were 45,7 cents — six percent higher than in the first half of 2016. "Notwithstanding the challenges during the quarter, Caledonia continues to deliver earnings in-line with the previous period and we anticipate being in a position to grow from this base as our investment to increase production bears fruit. "Management have implemented several remedial measures in the quarter to improve our underground material handling capacity and to address the logistical constraints. The benefit of these actions was evident in July when we saw an improvement in ore tonnages, grade and gold recoveries. I expect that further benefits will be realised in the second half of 2017. "We remain confident of achieving our 2017 full year guidance of between 52 000 and 57 000 ounces." The Blanket Mine is located in the south-west of Zimbabwe approximately 15 km west of Gwanda, the provincial capital of Matabeleland South. *(Herald)*

State-owned Agricultural Development bank of Zimbabwe (Agribank) reported a profit of $2,18 million in the six months to June from $2,16 million recorded in the comparable period last year on increased income. Net interest income grew by 14,2 percent to $13,03 million from $11,42 million previously, while non interest income grew 4 percent to $2,2 million. Total income increased by 21,9 percent to $16,97 million from $13,93 million achieved in the comparable period last year. Total operating expenses increased by 5,2 percent to $11,45 million from $10,88 million in the same period last year. Loan and advances decreased by 19 percent to $80,28 million as a result of transfer of loans to the Zimbabwe Asset Management Corporation (ZAMCO), after a total of $17 million bad loans was transferred to ZAMCO during the period under review. Non-performing loans declined to 14,89 percent from 17 percent previously , and the bank is targeting a single digit by yearend. "The bank targets to achieve a single digit NPL ratio by December 2017 against regulatory target of 5 percent," Agribank chief executive, Sam Malaba said in a statement. The bank holds treasury bills (TBs) worth $76,6 million, representing 36 percent of the total assets. Of the total amount of TBs held by the bank, $40 million relates to capitalisation of the bank. Deposits increased by 120 percent to $105,33 million as a result of growth in demand and savings accounts.

Total assets grew 5 percent to $214,99 million on increased deposits. The bank's core capital grew to $52,48 million from $51,08 million previously. Malaba said the bank will continue to engage the government in pursuance of further capitalisation and strategic partnerships, in order to achieve the $100 million requirement by 2020. "The bank declared a dividend of $914,000 to the shareholder (government) which the shareholder re-invested back into the bank as further capitalisation. This gesture of support from the shareholder is much appreciated," said Malaba. Malaba said the bank will continue to focus on lending notwithstanding the current harsh operating environment, in pursuance of its mandate to support agriculture financing and development The bank, in conjunction with FBC Bank, would raise $20 million agro bills for 2017/18 agricultural season, Malaba said. The bank is targeting to disburse $5 million in support of smallholder sugarcane producers, with confidence that it will recover more than 95 percent in repayments. *(The Source)*

Mobile Network operator, Econet has launched a new credit scheme that will enable civil servants to acquire smartphones at zero deposit and a combo of monthly data and voice calls for $12 per month. The scheme is open to teachers, nurses, doctors and all members of the uniformed forces. In a statement, Econet chief operating officer Fayaz King said this facility will enable civil servants to acquire smartphones at zero deposit and pay $12 instalments per month. "We are excited to extend this offer to the members of the civil service and believe it will be great value for money. ''We want to make smart phones available to civil servants at affordable monthly instalments while they are using the devices. The credit scheme will allow civil servants to get new smart phones and then pay as little as $12 per month," Mr. King said in the statement. The company has also partnered with local companies GTel and Astro and will also be offering their data capable devices to the civil servants under the new scheme. "We have partnered with local smart device companies GTel and Astro to sell the data — capable devices to civil servants and make monthly deductions directly through Salaries Services Bureau," he said. *(Herald)*

NETONE has entered into a partnership with BancEasy and First Mutual Life (FML) to roll out a facility to finance the buying of new smartphones and micro mobile insurance respectively as the country's second largest mobile operator expands its footprint. From left: NetOne acting chief executive Brian Mutandiro, board chairman Peter Chingoka, BancEasy chairman James Wadi and NetOne acting chief operating officer Clever Isaya hold a dummy cheque at the unveiling of OneTech and OneCover in Harare yesterday BancEasy, a unit of BancABC, will provide credit to subscribers to buy smartphones and then repay after 12 months. The product, OneTech, is financed to the tune of $10 million. Customers who access the facility will enjoy a year's supply of OneFusion, NetOne's integrated prepaid package. Under OneCover, First Mutual Life will provide funeral cover to subscribers. NetOne acting chief executive officer Brian Mutandiro said the two products which were launched yesterday in Harare would transform the lives of Zimbabweans. Under OneTech, NetOne customers have an option to choose from a variety of smartphones from reputable international brands like Apple, Samsung, Huawei, Nokia, Alcatel, ZTE and Lenovo. Commenting on the OneCover, Mutandiro said OneCover was a micro mobile insurance that will offer funeral insurance to subscribers and was underwritten by First Mutual Life.

OneCover becomes a very competitive product in the market with premiums for 40 cents per month giving one a cover of $500. With additional premiums, one gets up to $3 000 worth of cover. It also covers senior citizens up to 84 years of age. "Our other exciting product, OneCover, is an affordable micro mobile insurance that offers funeral insurance to our subscribers. This product offer is underwritten by First Mutual Life, that is the reason we are together today," he said. Mutandiro said OneCover seeks to drive inclusion through affordable plans, easy access, leveraging on the reputation and the market share of NetOne Cellular. He said the mobile operator was working everyday on "how to sharpen our arsenal". "We are sharpening our arsenal and coming back and say let's increase our product base," Mutandiro said. BancEasy chairman James Wadi said the partnership with NetOne would help in the financial inclusion drive. "This will help to make inroads and serve those who are not served," he said. Wadi said the microfinancier wanted to meet the ever changing needs of its customers in a fast-paced environment. He said the challenge facing service providers was how to tap into the informal market. Wadi said the $10 million facility was a "major statement that we are making in an environment where Zimbabwe is going through some challenging times". FML chief operating officer Peter Shonhiwa said the partnership would result in FML widening its distribution channels. "NetOne has the platform and FML has exciting products that people want," he said.*(News Day)*

Economic News

The Zimbabwe Stock Exchange's main industrial index advanced 1,7 percent to close the week at 210.61 points after several heavyweight counters recorded gains. The mining index also recovered from the previous week's slide, by 0,16 percent, to settle at 74,04 points on Friday. Market capitalisation rose 1,77 percent to $5,98 billion from $5,87 billion recorded in the previous week, mirroring the gains recorded by both indices. Total market turnover also increased by 18,61 percent to $3,7 million this week from $3,1 million recorded in the previous week. Beverage maker Delta gained 0,59 percent to close at 128,25 cents in the week while Simbisa and Padenga gained 8,44 percent and 4,47 percent to close at 29,28 cents and 30,4 cents respectively. Hippo, Innscor and Seedco picked up 3,29 percent, 3,09 percent and 1,78 percent to close at 94,25 cents, 75 cents and 148,86 cents in that order. Other heavyweight counters, Econet and BAT were unchanged at 42 cents and 1,805 cents respectively. Natfoods and Old Mutual were also unchanged at 380 cents and 394 cents respectively, in the week under review.

Leading the gainers pack was General Beltings whose share price doubled to close at 0,22 cents. Medtech and NMB also picked up 50 percent and 22,47 percent respectively. Colcom, Zimplow and CFI gained 19,91 percent, 20,04 percent and 19,54 percent in that order. Additionally, ZB Financial Holdings and Meikles advanced 14,29 percent and 10 percent in the week under review, while Edgars and Dairibord added 8,33 percent and 7,14 percent respectively. Masimba and Barclays also added 5,17 percent and 3,33 percent respectively.

Partially offsetting the gain recorded by the mainstream index, were ART and Dawn whose share prices eased 6,67 percent apiece, while Fidelity lost 1,82 percent in the week. On the resources counters, RioZim advanced 0,42 percent to close at 60,25 cents offsetting the loss recorded by Bindura which eased 0,33 cents to close at 2,99 cents. Hwange and Falcon remain unchanged at 2,6 cents and 1,2 cents respectively. Foreigners were net sellers in the week under review, disposing of shares worth $1,23 million against purchases worth $532,057. *(The Source)*

Zimbabwe's inflation rate slowed to 0.14 percent year-on-year in July from 0.31 percent in June, data from the national statistics agency showed on Wednesday. On a month-to-month basis, prices fell by 0.36 percent in July after declining 0.24 percent previously, Zimstats said. *(Reuters)*

Zimbabwe's raw milk production during the seven months to July declined a marginal 0.84 percent to 37 million litres compared to 37.32 million litres over the same period in 2016. According to figures released by the Ministry of Agriculture's Dairy Services Department, production dipped during the first quarter of the year where it was affected mainly by incessant rainfall. Agricultural experts contend that high rainfall affects animal health, reducing milk production. The figures shows that milk production picked in June to 5.39 million litres, before climbing to 5.81 million litres in July. Milk intake by processors went down 0.55 percent to 33.03 million litres compared to 33.23 million litres in the prior year. Retailed milk for the period was also down 3.14 percent at 3.94 million litres from 4.07 million litres in the same period last year. The country has five major dairy industry players: Dairibord Zimbabwe Limited, Nestle Zimbabwe, Dendairy, Alpha and Omega and Dendairy, and most of them have invested heavily in increasing milk production. *(The Source)*

Zimbabwe's tobacco sales are down 7.3 percent to 185,6 million killogrammes after heavy rains affected output, figures from the industry regulator have shown. The Tobacco Industry and Marketing Board (TIMB) said $551 million was paid out to farmers at the auction floors compared to $589,3 million last year. Auction sales were concluded last Friday. The southern African nation had targeted an output of 215 million kg. Tobacco is the country's second largest foreign currency earner after gold, and authorities are counting on earnings from the crop to ease a crippling dollar note shortage. *(The Source)*

THE Zimbabwe Stock Exchange's market capitalisation yesterday reached a four-year high of $6 billion, after the Industrials Index gained 0,24 percent to the 211,69 level. The local bourse last reached a peak market capitalisation of $6 billion in July 2013. Turnover in yesterday's trades hit $1,149 million with foreign trades accounting for $86 000. There were no foreign sales recorded. Medtech Holdings was the day's top riser after it gained 33 percent to 4 cents while quick service restaurant provider Simbisa Brands added 5,9 percent to 31 cents. Hospitality group, Meikles rose 4,39 percent to 20,9 cents while Proplastics was 3,9 percent firmer to 6,8 cents. Crocodile breeder, Padenga Holdings also made up the top five risers after it inched 2,14 percent up to 31 cents. Beverages giant Delta and NMBZ closed on the downside, retreating 0,59 percent to $1,28 and 15 percent to 4,20 cents respectively. The Minings Index of four counters remained flat at 74,04 level as Bindura, Falgold, Hwange and RioZim remained unchanged at previous trading levels of 2,99 cents, 1,2 cents, 2,6 cents and 60,25 cents respectively. But market watchers contend prospects for the equities market will remain positive with growth coming through in key sectors such as agriculture and mining, which also employ the bulk of the country's informal sector. This is anticipated to improve consumer spend and impact earnings in the consumer facing businesses relative to prior year. Also, the establishment of the Zimbabwe Portfolio Investment Fund announced by the Reserve Bank of Zimbabwe (RBZ) in his 2017 Mid-Term Monetary Policy is also a good signal. This Fund enables the collection and repatriation of foreign funds related to portfolio equity purchases and sales in a more transparent manner, a move expected to attract more foreign investment on the local bourse. *(Herald)*

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