WEEKLY AFRICAN FOOTPRINT

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:

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	13-Nov-15	20-Nov-15	WTD % Change Local	WTD % Change USD	31-Dec-14	YTD % Change Local	YTD % Change USD
Botswana	DCI	10585.59	10593.82	0.08%	0.17%	9,501.60	11.50%	-0.83%
Egypt	CASE 30	6806.67	6568.97	-3.49%	-3.49%	8,942.65	-26.54%	-32.91%
Ghana	GSE Comp Index	1974.09	1972.64	-0.07%	-1.14%	2,287.32	-13.76%	-27.99%
Ivory Coast	BRVM Composite	303.14	308.52	1.77%	1.34%	258.08	19.54%	5.20%
Kenya	NSE 20	3917.60	3992.58	1.91%	2.00%	5,112.65	-21.91%	-30.69%
Malawi	Malawi All Share	15122.06	15122.06	0.00%	-2.59%	14,886.12	1.58%	-19.22%
Mauritius	SEMDEX	1854.88	1816.34	-2.08%	-2.14%	2,073.72	-12.41%	-23.53%
	SEM 10	356.47	347.25	-2.59%	-2.65%	385.80	-9.99%	-21.42%
Namibia	Overall Index	935.81	979.16	4.63%	5.31%	1,098.03	-10.83%	-26.66%
Nigeria	Nigeria All Share	28841.67	28131.28	-2.46%	-2.63%	34,657.15	-18.83%	-25.09%
Swaziland	All Share	313.53	313.53	0.00%	0.65%	298.10	5.18%	-13.50%
Tanzania	TSI	4669.93	4631.48	-0.82%	-1.09%	4,527.61	2.29%	-17.43%
Zambia	LUSE All Share	5759.67	5751.76	-0.14%	13.02%	6,160.66	-6.64%	-49.03%
Zimbabwe	Industrial Index	125.43	120.57	-3.87%	-3.87%	162.79	-25.94%	-25.94%
	Mining Index	22.33	22.33	0.00%	0.00%	71.71	-68.86%	-68.86%

CURRENCIES

Currency	13-Nov-15 Close	20-Nov-15 Close	WTD % Change	YTD % Change
BWP	10.60	10.59	-0.09	-11.05
EGP	7.81	7.81	-0.01	-8.66
GHS	3.77	3.81	1.08	-16.50
CFA	610.58	613.21	0.43	-12.00
KES	100.42	100.33	-0.08	-11.25
MWK	567.27	582.33	2.65	-20.48
MUR	34.83	34.85	0.07	-12.69
NAD	14.20	14.11	-0.64	-17.76
NGN	195.77	196.11	0.18	-7.71
SZL	14.20	14.11	-0.64	-17.76
TZS	2,101.75	2,107.35	0.27	-19.28
ZMW	13.16	11.63	-11.64	-45.41

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Egypt

Corporate News

Egypt's Sidi Kerir Petrochemicals saw its 9-month net profit drop by 8.4 percent compared to the same period last year, the company said in a statement on Sunday. Nine month profits stood at 664.982 million Egyptian pounds ($84.93 million), down from 726.364 million pounds the year before, the company said. *(Egypt.Com)*

Egypt's Oriental Weavers posted on Sunday a nine-month drop in net earnings to 273.265 million Egyptian pounds ($34.90 million) from 322.214 million in the same period the previous year. *(Egypt.Com)*

Egyptian real estate developer SODIC has signed sales contracts worth 3.6 billion Egyptian pounds ($460 million) since the beginning of 2015, surpassing last year's full-year total, it said on Monday. SODIC, or Sixth of October Development and Investment Company, targets high-income consumers and sells housing units starting at 1.3 million pounds. The company, Egypt's third-largest listed property developer, is targeting sales of 4 billion pounds this year, up from 3 billion in 2014. Demand for new housing remains strong and the sector has resilient despite political turmoil. SODIC plans 2.3 billion Egyptian pounds worth of investments for 2015 and has already invested 1.8 million of that in the first nine months of the year and plans to invest 500 million in the fourth quarter, Managing Director Maged Sherif told a news conference. The company's land bank has reached 3.5 million square metres, he added. It owes the New Urban Communities Authority (NUCA), a government housing body, 2.7 billion pounds which it will pay back over six years. Sherif said the company was considering buying land on the Red Sea coast in the first quarter of 2016, as well as more land on Egypt's Mediterranean North Coast. It started selling the first phase of its 100-feddan (42 hectare) North Coast project in the third quarter, he said. The project is set for completion in three years and contracts worth 560 million pounds have been signed for the first phase. SODIC will start a new development project in the first half of 2016 on land it bought from the government, Sherif said. The company said in September it had won a NUCA auction for a 30.76 feddan piece of land worth 221 million pounds. *(Reuters)*

Telecom Egypt, the country's state-owned landline monopoly, posted a 360 percent jump in third-quarter net profit, the company said in a statement on Monday, attributing the increase to corporate tax changes. Telecom Egypt achieved a profit of 1.2 billion Egyptian pounds ($153.3 million) in the three months through September, compared with 262 million in the same period a year earlier. "We experienced a significant increase in net profit, which was primarily attributable to amendments to the corporate tax law," the statement said. "As a result, the company had to reverse a deferred tax liability amounting to 613 million pounds," it added. Revenue for the quarter rose 8 percent to 2.9 billion pounds, the company said. *(Reuters)*

Vodafone Egypt, will invest LE6 billion ($766.2 million) over the next two years in the local market, raising its total investment above LE10 billion (roughly $1.2 billion) by 2017, Khaled Hegazy, the company's legal director, was quoted by official news agency MENA on Tuesday. Egypt's leading mobile operator won a public tender to build 11 mobile stations in Egypt's South Sinai governorate. With more than 36.5 million customers, Vodafone Egypt will create around 3,000 job opportunities in the outsourcing business. Vodafone Egypt is jointly owned by UK based Vodafone Group with 54.93 percent, state-run Telecom Egypt with 44.94 percent and a minority free float of 0.13 percent. *(Egypt.Com)*

Economic News

Egypt's unemployment rate fell to 12.8 percent in the three months ending September 30th from 13.1 percent in the same period a year earlier, official statistics agency CAPMAS said on Sunday. The unemployment rate in the third quarter is slightly higher than the 12.7 percent registered in the prior quarter spanning from March to June. President Abdel-Fattah El-Sisi pledged to reduce unemployment during his tenure, a target his government hopes to achieve by attracting private sector investments and foreign investments to boost the economy. Some 218,000 individuals joined Egypt's labour force in the third quarter of this year since the prior quarter to record 28 million. Youth unemployment inched up to 27.4 percent in the third quarter compared to 26 percent in the previous quarter. *(Egypt.Com)*

Egypt's shares may take support on Thursday after The World Bank said it expects to make a $1 billion development policy loan available to the country next month, while a positive global backdrop could also boost regional sentiment. The World Bank's loan could be the first of three as part of the three-year programme with Egypt, the bank said. Cairo's benchmark index on Wednesday gained 0.1 percent, up from a near two-year low as foreign bargain hunters took the opportunity to increase Egypt exposure as others sold in panic due to security woes. Russian and Egyptian Presidents on Wednesday agreed on measures to improve airline security after a Russian airliner crash on Oct. 25 killed all 224 people aboard from an explosion Russia says was a bomb. Shares in Saudi Arabian Mining Co (Ma'aden) may see buying interest after local, regional and international banks committed to giving a 11.5 billion riyal ($3.07 billion) loan to its phosphate business. This replaces an existing debt on more favourable terms. Kuwait's Agility could also attract buyers after its chief executive said the company plans to raise $1 billion in debt to fund future growth across its business. Meanwhile, a positive global backdrop may lift sentiment in the Gulf, oil-driven markets. Brent Crude is up 35 cents to 44.49 dollars per barrel at 0441 GMT, but struggle to break away from the $40 mark as oversupply and high inventory levels ensure an ongoing glut. *(Reuters)*

Egypt reshuffled the central bank board of directors, naming two deputies and six members as Tarek Amer is set to take his role as governor on 27 November. The presidential decree appointed Lobna Helal and Gamal Negm as deputy governors, the central bank said in a statement, according to state news agency MENA. The decree also appointed a representative from the finance ministry and the head of the financial supervisory authority Sherif Samy as members of the board along with economist Hala Helmy, legal expert Yehya Ragheb, economist Layla El Khawaga and financial and economic expert Kamal Samaan. Last month, Egypt's President Abdel-Fattah El-Sisi appointed Tarek Amer as the new governor of the Central Bank of Egypt (CBE) following the resignation of Hisham Ramez. The new governor and the board of directors are appointed for a renewable tenure of four years. *(Egypt.Com)*

Egypt's trade deficit fell 26 percent to LE27.9 billion in August of 2015 down from LE37.5 billion in the same month last year, official statistics agency CAPMAS reported on Wednesday. The trade deficit fell despite a drop in Egyptian exports due to a higher decline in imports. The global decline in commodities prices lead to a drop in Egyptian exports to LE13.1 billion in August down 14.4 percent from LE15.3 billion registered in the same month the prior year. Meanwhile, imports' value declined by 22.5 percent to LE41 billion, from LE52.9 billion during the same month last year. CAPMAS attributed the fall in imports to the decline in the value of some products including raw materials and foodstuff. *(Egypt.Com)*

Ghana

Corporate News

No Corporate News This Week

Economic News

The Ghana Stock Exchange (GSE) has taken the lead in pursuing an agenda for the integration of West African capital markets. The aim is to enhance greater access to the West African financial markets by issuers and investors. The move is also expected to lead to the harmonisation of the requirements, rules and procedures that govern financial markets in the sub-region. Announcing this at the launch of the 25th anniversary of the GSE in Accra, the Managing Director, Mr Kofi Yamoah, said towards that end, the GSE had planned to consolidate its achievements and focus efforts on improving its market. "We want to consolidate the achievements of the past, particularly the recent past, and focus efforts on improving all three market segments as far as liquidity, efficiency, transparency and sustainability are concerned," he said. That, he said, would culminate in greater financial autonomy and security for the GSE. Concerning returns to investors, he said aside the significant dividends that many of the listed companies had paid over the years, capital appreciation had been very good. Recounting some of the achievements of the GSE, Mr Yamoah said 21 out of the 25 years of the exchange had recorded positive returns in its share index. "These returns have won the GSE a number of honours, the most recent being one of the best emerging markets in 2013 with a return of 78 per cent," he said. From the point of view of ease of buying and selling securities, he said, the GSE had contributed significantly to an efficient capital market in Ghana. He recounted with satisfaction that from a number of traded shares of 1.83 million valued at GH¢10,000 in 1991, the market in 2014 traded 207.50 million shares valued at GH¢345 million.

He said the depository of the exchange now had the equity accounts of over 88,800 investors and those of 728,000 investors with fixed income accounts as compared to the situation in 1990 which was nothing worthy of mention. Mr Yamoah said from an initial of 11 securities with equities worth GH¢3.05 million in 1990, the market as at October 31, 2015 had 40 share securities with a capitalisation of GH¢62 billion and that those companies had over the years raised over GH¢2.1 billion in equity and GH¢194 million in debt securities from the investing public for development. That, he said, excluded listed company funds raised on the market from exclusively external sources. In addition, he said there were 14 corporate debts valued at GH¢97 million, 98 government notes and bonds with a total value of GH¢11.05 billion and three sovereign bonds with secondary listing of US$3 billion. Besides all these, he said there were several listed corporate and government bills worth GH¢29 billion. "In short, the GSE has become a market for all instrument classes," he said with pride.

From an initial of three licensed dealing members in the capital market space, he said the GSE now had 21 dealing members. The Securities and Exchange Commission (SEC) has licensed many fund managers, custodians and trustees numbering about 100, with total funds of GH¢ 6.6 billion under their management as at the end of December 2014. The SEC, he said, had also licensed mutual funds and unit trusts of about 40 in number who in 2014 mobilised GH¢197 million from the investing public. He also said the SEC licensed the Central Securities Depository Limited as a unified depository for all securities. *(Ghana Web)*

Mr Seth Terkper on Friday said based on the revenue and expenditure estimates, the 2016 budget would result in an overall budget deficit of GHc 8,407.7 million, equivalent to 5.3 percent of Gross Domestic Product (GDP). He said financing of the deficit would be from both domestic and foreign sources, with Net Domestic Financing estimated at GHc 5,441.2 million, which is equivalent to 3.4 per cent of GDP, and financing from foreign sources also estimated at GHc3,398.9 million, equivalent to 2.1 percent of GDP. Mr Terkper made these projections in the Budget Statement and Economic Policy of the Government for the 2016 financial year to Parliament in Accra. He said GHc432.4 million, equivalent to 0.3 percent of GDP was estimated to be saved in the Ghana Petroleum Funds, the Sinking Fund and the Contingency Fund. He said monetary policy would, however, continue to be guided by the Bank of Ghana's (BoG) inflation targeting framework, which aims to maintain headline inflation at the midpoint of the target range (8±2 percent) in the medium term, in the context of a floating exchange rate regime. The Minister said the BoG would continue to use the policy tools available to guide its policy decisions and strengthen its monetary policy formulation process to ensure that inflation and inflation expectations move gradually towards the target band in the medium term. He said, in addition, the BoG would reform its monetary operations, to facilitate money market development and enhance the effectiveness of the inflation targeting framework. *(Ghana Web)*

Ghana's central bank unexpectedly raised its benchmark interest rate by 1 percentage point to help rein in inflation sparked by the currency's slump. The Bank of Ghana increased the policy rate for a third time this year to 26 percent, Governor Kofi Wampah told reporters on Monday in the capital, Accra. Two of the nine economists surveyed by Bloomberg predicted a 100 basis-point raise, while the rest forecast it would stay unchanged. "The current level of inflation and the latest inflation expectations remain far above the medium-term target band" of 6 percent to 10 percent, Wampah said. "There are imminent upside risks to the inflation outlook such as worsening external financial conditions and the planned utility tariff adjustments." Authorities in the West African nation are trying to get the economy back on track after the currency plunged 26 percent against the dollar in the first half of the year, inflation soared and rising public debt prompted credit-rating downgrades. The government estimates inflation, which was unchanged at 17.4 percent in October, will ease to 10.1 percent by the end of 2016.

"Earlier pressure on the cedi, as well as the need for significant utility price adjustments will keep inflation pressured, in our view," Standard Chartered Plc's Razia Khan, who correctly predicted today's decision, said in a note to clients. "Raising interest rates now was necessary in order to protect the credibility of monetary policy." The government has pledged to curb its fiscal deficit as part of an agreement to receive almost $1 billion in loans from the International Monetary Fund, helping to curb price pressures. "The committee will continue to monitor developments in the economy and take appropriate action if necessary, including the possibility of lowering the policy rate once inflation expectations are well-anchored," Wampah said. The cedi gained 0.5 percent to 3.8025 against the dollar as of 4:15 p.m. in Accra, taking its decline this year to 16 percent. Mozambique's central bank also raised its benchmark interest rate on Monday, increasing it for a second month to 8.25 percent from 7.75 percent. Tighter monetary policy was needed to ensure economic stability and protect against rising inflation, the bank said in a statement on its website. The currency, the metical, has dropped 28 percent against the dollar this year, while foreign reserves have plunged 46 percent to $2.03 billion. Authorities in the southern African nation turned to the IMF for emergency aid of $286 million last month. The Washington-based lender said in a statement on Oct. 30 that more policy tightening will be needed by the central bank. *(Bloomberg)*

Ghana's consumer price inflation will top 17 percent by the year's end well above an initial forecast of 11.5 percent, the West African nation's central bank governor Henry Kofi Wampah said on Monday. "Our forecast is for inflation to be between 17 percent and 17.4 percent, and it is not only the expected Fed decision but also due to other external factors including developments in China," he told reporters. *(Reuters)*

Ratings agency FITCH is warning that plans by government to reduce its rising expenditure to appreciable level might be difficult to achieve. The warning was contained in a report issued by the agency on the 2016 budget. FITCH is concerned about government's focus on revenue than expenditure measures. According to the ratings agency, that will prove very challenging if growth targets elude. Ghana's 2016 budget and fiscal data for 9M15 show continued commitment to fiscal consolidation, Fitch Ratings says. But greater reliance on revenue than expenditure measures may make consolidation more challenging next year if growth disappoints or oil production at the TEN field is delayed, and elections make spending control harder. The budget announced on Friday aims to narrow the deficit to 5.3% of GDP (cash basis) in 2016, in line with the IMF programme. The government expects revenue to rise by 1.4% of GDP from 22.6% in 2015 (excluding the impact of import exemptions, which are now included as a memo item). A simplified income tax regime is forecast to boost revenue by 0.3% of GDP due to improved compliance. The start of production at the TEN field is set to increase oil revenue. The government expects expenditure, stripping out the cost of import exemptions, to fall by 0.4% of GDP as wage cuts, lower interest payments, and reduced capex offset election-related spending included in goods and services, and additional spending on transfers and subsidies. Fitch thinks the deficit will narrow more slowly, to 6.2% in 2016, due to our lower revenue assumptions and the challenges of consolidating expenditure ahead of elections. Financing the deficit is likely to be challenging and expensive. The authorities assume an additional USD750m Eurobond in 2016. Ghana paid 10.75% to issue a 15-year USD1bn Eurobond in October, despite the World Bank's partial guarantee.

Planned domestic issuance at 3.4% of GDP, unchanged from 2015, suggests borrowing costs will remain high (short-dated treasury bills currently yield around 25%). The IMF programme prohibits recourse to central bank financing from 2016. Consolidation is on track in 2015. Data for 9M15 shows a deficit of 5.1% of GDP, below the target of 5.7%. This was partly due to underpayment of social contributions and grants to government units, which helped offset higher capital spending. Domestic borrowing - including central bank financing - was higher than expected, but within the limit set by the IMF. We forecast the 2015 deficit to narrow to 7.8% of GDP from 10.2% last year, slightly higher than the authorities' figure of 7.3%. But government debt has risen above 70% of GDP, from 39.1% in 2011. Ghana's debt structure has also deteriorated, reflecting increased non-concessional external financing and short-dated domestic securities. High domestic yields and a sharply weaker exchange rate have pushed up borrowing costs, with interest payments accounting for more than a third of government revenue - the highest level among Fitch-rated sub-Saharan African sovereigns. High fiscal and external risks are reflected in the Negative Outlook on Ghana's 'B' rating. Addressing underlying fiscal imbalances could make a lasting improvement in Ghana's external position and bring debt back to more sustainable levels. *(Ghana Web)*

South Africa's Gold Fields Ltd is considering putting its Damang mine in Ghana "under care and maintenance" until gold prices recover, the bullion producer said on Thursday. Gold Fields, which posted flat normalised earnings for its third quarter, said Damang did not benefit from weaker currencies like its mines in other regions and this made it more exposed to sinking gold prices. The spot price of gold fell about 5 percent over the three months through September on bets that the U.S. central bank would raise interest rates, denting the metal's safe-harbour appeal. The bullion producer pays its costs in local currencies, which have mostly weakened, while selling gold in U.S. dollars. Gold Fields could place Damang under care and maintenance - meaning that although the mine is closed there is the potential to restart production at a later date - or inject more cash into the operation, the company said. "We are considering various options for Damang which include a recapitalisation of the mine to expose the higher grade ore or whether it would be more appropriate to preserve the inherent value of Damang until gold prices recover," Gold Fields said. A firm decision on actions at Damang - a mine that produced 44,400 ounces in the third quarter of this year - would be announced in early 2016, the company said. Gold Fields, which also operates mines in Australia, South Africa and Peru, said normalised earnings for July-September reached $22 million, the same as the previous quarter. It also said it cut net debt by 3.4 percent to $1.42 billion. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Kenya

Corporate News

Kenya's central bank said on Friday it was concerned that the shareholders of privately owned Imperial Bank were not acting quickly enough to come up with a proposal to revive the mid-sized lender. The Central Bank of Kenya (CBK) ordered privately owned Imperial Bank to be put in receivership last month after Imperial's board alerted it to malpractices at the lender. The regulator appointed government agency Kenya Deposit Insurance Corp (KDIC) to manage Imperial Bank for up to 12 months. The central bank has said Imperial is still viable and shareholders were considering a proposal to inject capital to reopen it. "The proposal includes an injection of new capital by shareholders, the conversion of a percentage of large deposits to equity, and recovery and collateralization of fraudulent loans," the CBK said in a statement on Friday. "The CBK notes with concern the delay by shareholders to provide adequate assurances for the implementation of this proposal, and urges a quick resolution of this matter." Imperial Bank was the second Kenyan bank taken over since August, when Dubai Bank Kenya Ltd was put in receivership after liquidity problems. The central bank said this week it was considering harsher penalties for commercial banks that flout the rules and it may publicise enforcement actions that it takes against errant banks. *(Reuters)*

Electricity generating company KenGen has assured Kenyans that the cost of electricity will drop further in the coming months. This is after the firm injects an extra 511 megawatts of geothermal power into the national grid in the coming year. KenGen Chairman Joshua Choge said extra megawatts will lift Kenya's global ranking from the eighth largest producer of geothermal energy to the top five leading countries. Mr Choge said the country's installed steam power capacity now stands at 579MW, ahead of giant economies such as Japan, Russia and China. He spoke on Saturday during the handing over of three fully equipped classrooms at Oloirowua Primary School and Olosingate livestock water pan in Suswa, in Narok East sub-county. Mr Choge said electricity prices are expected to drop by another 6 per cent for homes that consume about 50 kilowatt hours (kWh) this month, having fallen by 12 per cent earlier. The KenGen chairman, who was accompanied by finance director John Mudanya and Olkaria geothermal development director Abel Rotich, said Kenya has the potential to produce about 10,000 megawatts of geothermal power from the Rift Valley basin. He said the company's Sh118.7 billion Olkaria project is billed as Africa's largest steam development, consisting of four power plants each generating 70MW. The continued injection of geothermal power had pushed the fuel cost component in electricity bills to an all-time low of Sh2.51 per kWh in February, from a high of Sh7.22 per unit in August last year. A teetering shilling and heavy dependence on diesel-powered generators to produce electricity, due to low water levels in the hydro-electric dams, have been blamed for the rise in fuel surcharge and forex adjustment costs. The additional energy is part of the ambitious 280 megawatt geothermal project that KenGen is implementing in Olkaria. *(Nation)*

Kenya's Equity Bank has withdrawn a notice it had sent to customers warning them of higher interest rates, saying it had reviewed its decision after yields on government securities tumbled, its chief executive said. Yields on Kenyan Treasury bills have fallen in the past few weeks. The 91-day Treasury bill dropped below 10 percent last week after climbing above 20 percent last month. The central bank also said last week that it expected commercial banks to lower their rates in line with the fall. CEO James Mwangi told a news conference on Monday the bank had wanted to raise rates to 24 percent from 17 percent this month, but had withdrawn the notice that was sent to borrowers. "The rise in interest rates was a short-term measure but it has been shorter than we had anticipated and hence the withdrawal of interest rates increase notice," he said. Equity is the largest bank in Kenya by number of depositors and its decision may be echoed by other banks.Businesses and economists have often blamed high commercial interest rates for stifling investment. Banks say they have to pass on the high cost of money to their customers. Central Bank of Kenya Governor Patrick Njoroge, who took office this year saying that one of his goals was to help to reduce commercial loan rates, said last week he expected banks rates to mirror the fall seen in Treasury yields. Mwangi said stable inflation, which is within the central bank's preferred range of 2.5-7.5 percent, as well as falling imports, would support stable interest rates. *(Reuters)*

Kenya's ARM Cement aims to raise up to $105 million via a privately placed five-year bond to retire more expensive short-term debt,

Kenya's Business Daily newspaper reported. The bond offer by east Africa's second biggest cement producer opened on Thursday and would run until Dec. 2, the newspaper reported. "The proceeds from the five-year bond will be used to replace existing short term borrowings. There is no increase in total debt only refinancing existing short-term debt," Pradeep Paunrana, chief executive of ARM Cement, told the paper. ARM planned to raise $90 million from the debt securities, with an option to take in an extra $15 million should the original amount be oversubscribed, the newspaper reported. The chief executive told Reuters he would provide information on the bond issue on Tuesday but was not immediately in a position to do so. ARM Cement posted a pretax loss of 645 million shillings ($6.32 million) for the nine months to September, blaming losses related to the depreciation in regional currencies against the dollar. *(Reuters)*

Family Bank has reported a Sh2.6 billion profit before tax for nine months to September boosted by increased lending. The bank's focus on small and medium enterprise lending and personal loans has seen a significant jump in its loan book from Sh37.9 billion to Sh52.8 billion. According to Family Bank, the 32.8 per cent jump in earnings from a similar period last year was also supported by aggressive deposits growth and higher transaction income. "The growth was buoyed by a significant jump in net interest income to slightly over Sh5 billion from Sh3.9 billion as a result of an expanded loan book which grew by 39 per cent," Family Bank said in a statement yesterday. The bank is seeking to raise Sh15 billion capital from local and international investors to become a top tier bank. Recently, it raised Sh2 billion through a bond issue from the local market, and it is already trading at the Nairobi Securities Exchange. The bank's first tranche of its Sh10 billion bond issue was out to raise Sh4 billion but its management was upbeat of an oversubscription that it was prepared to accept Sh2 billion more through the greenshoe option. It has now capped the local bond to Sh2 billion and will raise another Sh2 billion from dollar investors. "Our key drivers have been the sustainable growth in our loan book, increase in revenues from alternative business channels including Internet and mobile banking. "We are also investing in other areas of higher growth potential," said Family Bank Managing Director Peter Munyiri. Customer deposits grew by 35 per cent to Sh63.5 billion from Sh47.2 billion as at December 2014. Shareholders' funds increased to Sh11.7 billion from Sh10.6 billion due to a rise in retained earnings. The bank, which has 87 branches, plans to expand its network with four new outlets in Wote, Maua, Kahawa Sukari and Mlolongo from next week. *(Nation)*

Economic News

Kenya's central bank has put a moratorium on the licensing of new commercial banks, the bank said in a notice published in newspapers on Wednesday. "The Central Bank of Kenya has, with immediate effect, placed a moratorium on the licensing of new commercial banks until further notice," it said, adding that the moratorium "does not apply to cases relating to resolution amalgamation and acquisition of banks." The notice did not give a reason for the moratorium. Last month, the central bank placed privately owned Imperial Bank under receivership after Imperial's board alerted it to malpractices at the lender. The central bank said later it had unearthed fraud within Imperial Bank, but that the bank was still viable and shareholders were considering a proposal to inject capital. Last week, it said it was concerned that the shareholders of Imperial Bank were not acting quickly enough to come up with a plan to revive the mid-sized lender. *(Reuters)*

Kenya's finance minister further trimmed the country's 2015 economic growth forecast on Wednesday, citing tighter monetary policy and the potential impact of the El Nino weather phenomenon that has brought heavy rains. Henry Rotich said growth would be in the range of 5.8 to 6.0 percent. The government already downgraded its forecast to 6 percent in October from the 6.5 to 7 percent it originally predicted. While still on track to outpace the 5.3 percent growth it recorded in 2014, Kenya's economy has this year been buffeted by global and domestic factors. A strong dollar and worries about a hefty current account deficit have weighed on the shilling, prompting the central bank to hike interest rates. Rotich told a briefing he was reviewing spending in fiscal 2015/2016, which ends in July, and that government borrowing could be lower than expected. He did not give figures. The budget deficit for 2015/16 has been forecast at 8.7 percent of gross domestic product, higher than 2014/15 and a level that has worried economists who say Kenya should be reducing the gap as the economy recovers from a sluggish period. Rotich said the spending review would be presented to lawmakers but did not say when. "The measures will be reflected in the supplementary budget to be taken to parliament soon," he told the briefing. Foreign exchange inflows into Kenya have also suffered because of a series of attacks by Islamist militants in the past two years that have hammered the tourism industry. El Nino is expected to hit an economy that still relies heavily on agriculture. Kenyan media has already reported flooding due to heavy rains as a result of the weather phenomenon, washing away roads and cutting off some rural areas. *(Reuters)*

Kenya aims to double its annual coffee production by 2020 to 92,000 tonnes by increasing the area under cultivation and raising yields, helping bolster revenue from a major foreign exchange earner. Kenya, which relies heavily on coffee export earnings, is a small producer that accounts for just 1 percent of the global crop but is renown for its high quality arabica beans that are sought after for blending with other varieties. Since production peaked at 129,000 tonnes in 1988/89 it has dropped steadily due to poor management and global price swings that prompted farmers to switch crops or even sell land. Output was just 41,000 tonnes in the year to September. To boost production, farmers will receive training and be encouraged to plant higher-yielding plants, said Alfred Busolo, acting head of the Agriculture, Fisheries and Food Authority, which regulates the industry. Authorities also aim to open new farming areas in the Rift Valley and western Kenya, by training farmers, offering seedlings and funding at low interest rates of 2.5-5 percent per year, he told Reuters. Commercial rates normally available to farmers are usually in double digits. Production is now focused in Kenya's central highlands."The objective is to increase from the current estimated 110,000 hectares to 130,000 hectares by 2020," he said. "Prospects for the Kenyan coffee industry are now looking up." Analysts say such plans have been put forward in the past only to stumble due to a range of issues, including poor marketing and a failure to help farmers cope with global price swings. "Kenya is facing formidable constraints in boosting its coffee output," said Victoria Crandall, a soft commodities analyst at Ecobank in London, citing low earnings for farmers, low yields per tree and an inefficient marketing system.

Much of the work to boost output is happening at the local level. The local government in Nyeri, a major producing region, wants to secure higher prices for the area's 99,000 farmers, although factories and marketing agents have resisted efforts. Robert Thuo, who is in charge of Nyeri County's agriculture department, said a proposal before the county assembly aimed to boost productivity, including by providing cheaper financing. He said, with help and the right farming practices, farmers could increase yields to 10 kg per tree from 1.5 kg. Some farmers want the 25 cooperative societies in Nyeri to merge and improve their bargaining power for higher prices. Cooperatives broke into smaller units in the 1990s, which some blame for the slide in output. "If people pool coffee we can even get 100 shillings per kg," said Wilson Nderitu, a 78-year old farmer, noting he currently receives 25 shillings per kg. *(Reuters)*

The weighted average yield on Kenya's 91-day Treasury bills fell to 9.578 percent at auction from 9.654 percent last week, the central bank said on Friday. The bank offered bills worth 6 billion shillings ($58.77 million) at Thursday's auction and received bids worth 4.69 billion shillings. It accepted bids worth 4.67 billion shillings. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

Mauritius Commercial Bank Group's (MCB) pretax profit rose 12 percent to 1.887 billion rupees ($52.46 million) in its fiscal first quarter to Sept. 30 compared with the same period last year driven by higher net interest income. MCB Group said on Friday net interest income grew 14.6 percent to 2.22 billion rupees, reflecting an improved performance from its foreign activities and better yields within its overseas subsidiaries. It said net interest income was also helped by the decline in excess liquidity following measures taken by the Bank of Mauritius. Earnings per share rose to 6.49 rupees from 5.77 rupees. "On current trends, results for the semester to December 2015 are projected to improve on last year despite the generally subdued operating environment," the bank said in a statement. It also said the recent drop in the key Repo Rate amidst low inflation in Mauritius should help boost private investment. *(Reuters)*

Economic News

The weighted average yield on Mauritius's three-year Treasury bond remained unchanged at 4.56 percent on Wednesday from the previous sale of a similar bond on Oct. 28, the central bank said. Bank of Mauritius sold all the 1.5 billion rupees ($41.61 million) worth of debt it had offered. Bids totalled 1.985 billion rupees, with yield offers ranging from 4.25 percent to 4.97 percent. The bond has a coupon rate of 4.25 percent and is due on Nov. 20, 2018. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

South African mobile phone firm MTN Group said Nigeria has pushed back a Monday deadline for it to pay a $5.2 billion fine for failing to cut off unregistered SIM cards until talks with authorities have concluded. The planned fine has sent MTN's stock price plunging by more than a fifth since it was announced on Oct. 26 and prompted the resignation of its chief executive. MTN, which has asked former chief executive Phuthuma Nhleko to take charge for up to six months, is seeking to have the fine reduced and has been in discussions with high-ranking officials from the Nigerian Communications Commission and the Nigerian presidency for the past two weeks. "Shareholders are advised that the Nigerian authorities have, without prejudice, agreed that the imposed fine will not be payable until the negotiations have been concluded," MTN said in a statement on Monday. Nigeria has been pushing operators to verify the identity of their subscribers, concerned that unregistered SIM cards were being used for criminal activity in a country facing an insurgency by Islamic militant group Boko Haram. The fine came months after Muhammadu Buhari was swept to the helm of Africa's biggest oil producer, pledging tougher regulation and a fight against corruption. "The fact that they have pushed back the deadline shows that they are seriously negotiating and perhaps we could see a reprieve," said Imara SP Reid's analyst Sibonginkosi Nyanga in Johannesburg.

Nhleko, who led the company for nine years before stepping down in 2011, has met with Nigerian authorities to continue the discussions, MTN said. "These discussions include matters of non-compliance and the remedial measures that may have to be adopted to address this," the company said. The fine, which is based on $1,000 for each unregistered SIM card, amounts to more than the past two years of MTN profits and is about a third Nigeria's 2015 budget. Some analysts have said the size of the fine risked damaging Nigeria's efforts to shake off its image as a risky frontier market for international investors. Others said the fine showed Nigerian regulators were keen to enforce the law. Newly appointed Nigerian communications minister, Adebayo Shittu, told Reuters last week Africa's biggest economy, which is also MTN biggest market by sales, did not want MTN "to die" from the fine. *(Reuters)*

Conoil Plc has declared a profit before tax of N1.8billion for the financial period ended 31st September 2015. The report also showed that the company's assets increased from N86 billion for the same period in 2014 to N96billion in 2015. It recorded profit tax of N1.2 billion against N1.4 billion in 2014. Players in the oil sector, according to the company have been confronted with unprecedented challenges arising from unpaid government debts, tight credit conditions and weak Naira amongst several other issues which have negatively impacted sales. The company also attributed its modest performance to its focused strategy and cost control mechanisms. "We returned a good performance notwithstanding the difficult operating environment due primarily to the efficient product procurement process put in place in the second half of the year." "This efficiency translated to high profit margin on product sales. The company explained further that profit for the period would have been much better but for the high finance cost, consequent upon the long outstanding large receivable from the Petroleum Support Fund". "Challenges in the downstream have been overwhelming and analysts are of informed opinion that if the government continues to prolong the payment of long overdue subsidy refunds outstanding to the marketers, their profitability will continue to dwindle and return on investments for shareholders adversely affected. Notwithstanding the gloomy picture, the company pledged to continuously transform its business and prepare for the increasingly fierce competition. "We will consistently pursue initiatives that will enable our brands, processes and people drive our corporate vision and ultimately drive value for our shareholders", it added. *(Guardian)*

Oando plans to seek shareholder approval next month to raise up to N80 billion through a rights issue and to spin off power and gas subsidiaries. Oando has been hard hit by the fall in oil prices since mid- 2014, just as it paid $1.5 billion to acquire the Nigerian unit of the US firm, ConocoPhillips', part of which it funded through debt. In addition to the rights issue of up to N80 billion, the company will also seek approval on December 7 to issue N40 billion of shares from its unissued share capital to swap debt for equity under agreements it has with two shareholders, Ocean and Oil Development Partners and QPR Limited. The company, which is listed in Johannesburg and Toronto as well as in Lagos, is also seeking shareholder approval to sell its gas and power investments. Last week ,the energy firm repaid a $100 million loan owed to African Export-Import Bank, part of which was taken to fund the Conoco acquisition. It reported net debt of $1.77 billion as of the nine months to September, down from $2.41 billion in 2014. Oando agreed in June to sell 60 per cent stake in its downstream business to Vitol and Soros-backed Helios Investment Partners for $276 million. The energy company last week posted a $246 million loss in the nine months to September after reporting a record loss of $1.10 billion for the full year 2014. The Conoco acquisition was aimed at helping Oando change from being a marketer of refined petroleum products into an oil and gas explorer.

According to investment analysts, high financing costs coupled with the plunge in oil prices have hit profits, despite an increase in production volumes, analysts say Meanwhile, the company has given reasons for the non cash losses and currency devaluation charges amounting to N185.3 billion that affected its financial result for 2014. The company Group Executive Director, Mr. Adewale Tinubu said global upstream players forced the company to record significant reductions in the fair value of their asset portfolios in the last 10 months. "This led to our accepting non-cash impairments and currency devaluation charges totalling N185.3 billion," he added. He explained that N130.2 billion in exploration and production business as a result of lower oil prices led to a reduced valuation of certain exploration and appraisal assets and under-lift receivables owed the company by the Nigeria National Petroleum Corporation. *(National Mirror)*

In its determination to make vacation and other forms of travel pleasant, affordable and easy, Skye Bank Plc has entered into a partnership with some leading travel agencies by providing travel financing. At the unveiling of the partnership in Lagos on Friday, Skye Bank's Head of Retail Banking Group, Nkolika Okoli, said the bank would provide financing for the customers to be able to buy their tickets and/or travel packages in good time to enjoy reduced fares. According to her, the bank would provide 80 per cent of the travel cost while the intending traveller will provide just 20 per cent of the total travel cost at a minimal interest rate. The customer can they repay the loan over a maximum tenor of 12 months. Explaining the rationale for the special partnership, Okoli said because most people who travel in Nigeria are salary earners and small business owners in the middle income segment, they are wont to save up for their travel over a long period of time so end up buying their tickets two or three weeks to the date of travel. "What this means is that they buy their tickets at a high price. But if you buy your ticket three or four months before your travel date, you may probably save 50 or 60 per cent of what the person who buys two weeks to his travel pays," she said.

Okoli said the new partnership would enable travellers get the best package, saying the essence of the new financing package was to encourage travellers to buy their tickets early enough to take advantage of low fare. She noted that the existing practise where travel agencies sell tickets on credit and use their money to pay airlines is capable of eroding their capital and affect their operations since their margins are usually small. Also speaking at the occasion, the Managing Director of Dees Travels and Tours Limited, one of the partners, Mr. Daisi Olotu, commended Skye Bank for the innovative arrangement which has taken away from the agencies the risk of customer indebtedness over ticket. Meanwhile, the bank said it is set to host this year's African regional organisational stakeholders' conference of the Global Reporting Initiative (GRI). GRI is an international independent organisation that helps businesses, governments and other organizations understand and communicate the impact of business on critical sustainability issues such as climate change, human rights, corruption and many others. The organisation has pioneered sustainability reporting since the late 1990s, transforming it from a niche practice to one now adopted by a growing majority of organisations. Head, Sustainability and Consumer Protection department of Skye Bank Plc, Mrs. Bola Adesanoye, said the bank would be hosting over 50 delegates from Nigerian institutions and outside of the country who are committed to Sustainability. *(This Day)*

With the sum of N513.425 billion of federal government's funds paid into the treasury single account (TSA) as at October 27 by Zenith Bank Plc, United Bank for Africa (UBA) Plc and First Bank of Nigeria Limited (FirstBank), the three banks have made the most payments into the government's treasury relative to their peers. A schedule of TSA payments obtained exclusively by THISDAY showed that by October 27, Zenith Bank, which had transferred a total of N241.328 billion, made the highest remittance of the federal government's funds to the TSA domiciled with the Central Bank of Nigeria (CBN). Zenith Bank was closely followed respectively by UBA with a total of N150.082 billion and FirstBank with N122.016 billion. In all, a total of N836.714 billion was paid into the TSA by 20 banks as at October 27. However, the amount paid in by Zenith Bank, UBA and FirstBank represented 61 per cent of the entire transfers for all the banks. The transfers attract a one per cent transaction fee, which has since become the subject of controversy. The commission is shared between SystemSpecs, the firm that created the Remita software – the payment platform used for the transfers – the CBN, and the banks. SystemSpecs gets 50 per cent of the commission, the CBN – 10 per cent while the commercial banks get 40 per cent. The document also revealed that while Access Bank Plc transferred a total of N39.34 billion to the TSA, Diamond Bank remitted N27,28 billion, Ecobank Nigeria - N15.513 billion, Fidelity Bank Plc - N49.962 billion, First City Monument Bank Limited - N39.152 billion; Guaranty Trust Bank - N8.781 billion; Heritage Bank Limited - N20.480 billion and Jaiz Bank - N22.956 million. The amounts transferred by other commercial banks also included Mainstreet Bank (now Skye Bank) - N31.598 million, Skye Bank - N39.628 billion, Standard Chartered Bank - N100.68 million, Stanbic IBTC - N5.75 billion, Sterling Bank Plc - N31.35 billion, Union Bank of Nigeria - N14.94 billion, Unity Bank - N2.46 billion and Wema Bank - N26.68 billion. In addition, the total fees refund, being the one per cent commission charged on the transfers by the banks, CBN and SystemSpecs, following the presidential directive was N7.63 billion. A breakdown of the refund showed that SystemSpecs refunded N3.812 billion, CBN - 760.960 million while the 20 banks refunded N3.053 billion. *(This Day)*

Shares in Dangote Flour Mills fell 4.7 percent on Monday after its parent firm, South Africa's Tiger Brands, cut off funding support to its struggling Nigerian unit, part of a review of its investment in the loss-making pasta maker. Dangote Flour Mills which has lost 44.4 percent of its value so far this year, fell to 2.41 naira ($0.0121) at 1044 GMT. *(Reuters)*

FirstBank of Nigeria Limited has unveiled a new SME campaign, which it said was specially designed to help SMEs grow their business with diverse product and service offerings. The bank, in a statement, explained that with a heritage of over 120 years of banking experience, it understands the business journey for SMEs, even as it said it was passionate about supporting them to ensure continuous business growth. Over the years, FirstBank has displayed an unwavering commitment to the business success of SMEs in Nigeria with its cocktail of products and bespoke solutions, specifically designed to help grow and sustain SMEs. "Given that SMEs are pivotal to national development, FirstBank is committed to ensure sustained business growth as well as provide the necessary services to grow businesses and Nigeria's economy at large. The SME sector is replete with various industries and business models; FirstBank's package provides the right mix of products and services with professional staff designated to work with the business owner to provide flexible and dependable services, helping SMEs achieve consistent growth and success in every area of business," it explained. According to the FirstBank's spokesperson, Folake Ani-Mumuney, businesses require more than loans, "and the bank makes available non- financial services to its customers such as access to administrative assistance, translation services, conferences, seminars, forums and other business support services." "We are determined to partner with businesses and pass on our own expertise and knowledge to small businesses across several sectors in Nigeria. Our experience in business spans several industries and segments. We understand the position most of our SME's are in because we used to be in their situation and can provide valuable solutions for their business needs," she added. *(This Day)*

Stanbic IBTC Bank, a subsidiary of Stanbic IBTC Holdings Plc, has secured its debut syndicated term loan facility. The bank in a statement said the one-year transaction that was led by MashreqBank psc as coordinating bank and sole book runner was oversubscribed. Stanbic IBTC said it closed the syndication within six weeks of launch at a competitive pricing threshold given the prevailing market conditions. According to the bank, "The 8-bank syndicate comprised of long-standing relationship banks of Standard Bank Group, Stanbic IBTC Holdings' parent company, that included MashreqBank psc, The Commercial Bank (Q.S.C.) and ING Bank N.V. as Mandated Lead Arrangers & Bookrunners, while Al Ahli Bank of Kuwait K.S.C.P., AlKhaliji France S.A., Commerzbank Aktiengesellschaft,Filiale Luxemburg, Doha Bank Q.S.C. and SBM Bank (Mauritius) Limited participated in the Facility as Mandated Lead Arrangers. MashreqBank psc is also acting as the Facility Agent for the transaction." Chief Executive, Stanbic IBTC Bank, Yinka Sanni stated that: "Stanbic IBTC Bank is delighted with the reception of the syndicate banks to its debut deal. We appreciate the confidence that the syndicate has in Stanbic IBTC, as it reinforces our market leadership position in corporate and transactional banking and our commitment to supporting Nigeria's economic growth. It will also help to boost our operations in Nigeria in line with our business objective of organically growing our footprint in the retail banking space. The deal is yet another successful transaction this year where Standard Bank's partner banks have again endorsed their trust and confidence in the Standard Bank Group". Managing Director and Head of Corporate Finance at Mashreq, Chiradeep Deb, said: "It's been a privilege to lead book run and coordinate the maiden syndicated loan transaction for Stanbic IBTC. To have a fully subscribed deal in such challenging market conditions, against the backdrop of the fall in prices of commodities, is a testament to Stanbic IBTC's financial strength and Standard Bank Group's (SBG) strong relationship with its banking partners across the region. Mashreq values its long-standing association with SBG and it is a pleasure to feature in multiple financings for the Group's subsidiaries in Africa." *(This Day)*

The governors of Nigeria's 36 states said in a communique on Thursday that they back the country's telecom regulator for imposing a $5.2 billion fine on South African telecom group MTN for failing to disconnect unregistered lines. The fine, imposed on Africa's biggest telecommunications company in its largest market by sales, amounts to more than the past two years of MTN profits and is based on $1,000 for each unregistered SIM card. *(Reuters)*

South Africa's Tiger Brands took a $120 million hit on Thursday as it wrote off the full value of its loss-making Nigeria unit, prompting a rethink of its sub-Saharan Africa expansion strategy. South Africa's biggest consumer foods maker has not made a profit from Nigeria's Dangote Flour Mills (DFM) since paying nearly $200 million for a 65 per cent stake in the pasta and flour maker three years ago. Tiger Brands has written off 1.7 billion rand ($120 million) from DFM, adding to the two impairments last year totalling 954 million rand, as the business struggled with tough competition and a weakening naira currency, Reuters reported. "We spent a bucket load of cash learning those lessons and shareholders are clearly upset," outgoing chief executive, Peter Matlare Matlare said. "We have to revise what the strategy should look like and that's work that is underway right now," added Matlare, who will step down at the end of the year after eight years at the helm. Shares in Tiger Brands climbed 2.2 per cent to 332.24 rand, outpacing a one per cent gain on the blue-chip JSE Top-40 index, as investors welcomed clarity over DFM. Tiger Brands, which named chief operating officer Noel Doyle as temporary CEO from next year, reported a surprise two per cent fall in full-year profit due to the write-off.

Diluted headline earnings per share totalled 1,757 cents in the year to the end of September, missing analyst expectations of 1,798 cents, or growth of two per cent. Earlier this week, Tiger Brands said it would no longer provide funding to DFM as part of wider review of its investment in the company, a move that could test DFM's survival. Shares in DFM slumped 4.85 per cent to 1.96 naira, giving a market value of $50.5 million, or nearly a third of its $141 million net debt. Dangote Industries, owned by Africa's richest man Aliko Dangote, holds a 10 per cent equity stake in the company. Dangote and three other directors resigned on Monday. In a bid to turn DFM around over the last three years, Tiger Brands mothballed some of its mills and introduced new, higher margin products. But those efforts were dealt a blow late last year when Nigeria devalued the naira, resulting in higher input costs and as Africa's biggest economy struggled with lower oil prices. Tiger Brands also wrote down 250 million rand from its investment in Nigeria's Deli Foods, in which it holds 49 percent stake, citing a weaker currency and slowing demand. *(This Day)*

Wema Bank Plc on Thursday notified the Nigerian Stock Exchange (NSE) that it has received a National Banking Licence from the Central Bank of Nigeria(CBN) to upgrade from its current regional banking authorisation after complying with the requirements. According to Wema Bank, CBN gave the final approval to convert its banking licence from a Regional Bank to a National Bank, through a letter dated November 17, 2015. In 2010, Wema Bank downscaled to operate only within its core areas of business – South-South, South-West and Federal Capital Territory (FCT) Abuja. Now, the bank with a capital base of N42.8 billion has met the regulatory requirements for the national banking licence as stipulated by the CBN. Speaking on the development , the Chief Executive Officer of Wema Bank Plc, Mr. Segun Oloketuyi said: "This approval represents a milestone for the bank in the delivery of its Project LEAP commitments. Six years ago, we took a decision to refocus the bank's operations on its areas of strength and build a sustainable institution. We took advantage of the new licensing regime and applied for a Regional authorization with a pledge to expand in the near future, once the turnaround project was completed. The bank transformation was implemented in three phases; first to stabilize the Bank, second to prepare the building blocks for growth and third to go for growth. We are now within the third phase of the transformation project" The CEO stated that the new licence has created opportunities to scale up growth, and added that the Bank will continue to strategically select its business locations across the country with focus on areas where return on investment will be maximised, and shareholder value enhanced over the medium to long term.

"To ensure that this approval is leveraged appropriately, we are already in the process of raising $100 million in Tier 2 capital and would commence a Tier 1 capital raise in quarter of 2016. This will further position the bank to pursue its growth strategy. The Bank remains on course in its turnaround program as evidenced by its robust balance sheet and sustained profitability, which would be maintained through its national authorisation," he said. He expressed gratitude to the bank's stakeholders, stating that the Wema Bank transformation project has succeeded largely due to the great support received from customers and shareholders. "Our priority remains delivering delightful and memorable service to our customers," Oloketuyi declared. The shares of the Wema Bank closed higher at N0.98 per share as investors reacted positively to the development . However, the bear run at the stock market persisted yesterday with the NSE All-Share Index shedding six basis points to close at 28,203.20. This has brought the year to date decline to 18.6 per cent. Bellwether stocks that contributed the decline in included Nigerian Breweries Plc, Oando Plc and Guaranty Trust Bank Plc that she 0.5 per cent, 5.0 per cent and o.4 per cent in that order. *(This Day)*

Economic News

Nigeria's consumer inflation was 9.3 percent year on year in October compared with 9.4 percent in September, data from the National Bureau of Statistics showed, marking the first slow down since November 2014. Food inflation also edged lower in October to 10.1 percent year-on-year versus 10.2 percent the previous month. Inflation in Africa's biggest oil producer had been steadily rising since the end of last year as the crash in global crude prices sent its currency, the naira, tumbling. Inflation crossed the central bank's upper target of 9 percent earlier this year. The central bank has devalued the naira twice in the last year but the government is against more. Foreign exchange restrictions were imposed in June to preserve its foreign reserves and with a hope to reignite local industry. *(Reuters)*

Nigeria's economic growth slowed to 2.84 percent in the third quarter of 2015 from 6.23 percent a year earlier as a result of lower oil prices, the Nigerian Bureau of Statistics (NBS) said on Tuesday. The NBS said oil production was 2.17 million barrels per day in the third quarter of the year, higher than 2.05 million barrels recorded in the second quarter. *(Reuters)*

The Trade Commissioner and Managing Director, Lagos Office, Japan External Trade Organisation (JETRO), Mr. Taku Miyazuki, has put the volume of trade between Nigeria and Japan in 2014 to about $4.5 billion. The Japanese Trade Commissioner, explained that import from Japan to Nigeria and export from Nigeria to Japan increased significantly, noting that import from Japan, mainly consisted of machinery, steel products and vehicles marked around $728 million representing 21.0 per cent increase compared to 2013 while export from Nigeria to Japan was dominated by natural gas and a few sesame seeds which also increased 36.8 per cent in 2014. Miyazuki, who made this known during a press briefing at the Lagos International Trade Fair said Nigeria and Japan have continued to enjoy a smooth bilateral trade relationship, maintaining that more Japanese companies are keen to expanding their investments in Nigeria. "Some of them have already invested in this country and started producing. A motorcycle manufacturing company just started assembling its motorcycles in Lagos State late October this year," he said. He added: "They are not just making and selling their products here in Nigeria. They create jobs, educate staff, transfer technology and share values of Japanese craftsmanship. I believe that can serve development in the Nigerian manufacturing sector and contribute to the nation's quest to diversify its economy." He said JETRO, a Japanese government related body which promotes trade and investment between Japan and other nations, has led more than 30 Japanese firms and their local distributors to promot

"JETRO is a japanese supportive government organisation which promotes trade and investment between Japan and other countries. We have about 80 offices around the world. In African, we have six offices and also planning to increase our presence in Africa. This is the evidence that JETRO is strongly committed to the development of Africa," he added. "Our major activities are supporting Japanese companies investing in other countries and also encouraging export of Japan to other countries. We also support local companies to develop their business capabilities. Nigeria is the biggest economy in Africa and also with the largest population, more Japanese companies want to do more businesses with Nigeria companies. This is why so many Japanese companies have participated in this year's fair," he said. According to the Managing Director, Honda Manufacturing Nigeria Limited, "We received more visitors than last year and their responses were very positive." He said Honda has a long history of manufacturing motorcycles as its factory in Ota, Ogun State, saying that its sister company Honda Automobile West Africa Limited, has also started assembling passenger vehicles in Nigeria. "We have strong confidence in our technology and quality of products, not only for motorcycles and passenger vehicles, but also wide variety of power generators that would definitely benefit Nigerian citizens' quality of life," he said. *(This Day)*

The Central Bank of Nigeria (CBN) has threatened to impose more penalties on banks and other financial institutions that render false returns as well as those that do not comply with its policies. The Deputy Governor (Corporate Services), CBN, Mr. Adebayo Adelabu, stated this at the 2015 stakeholders' forum of the Bank Directors Association of Nigeria (BDAN) held in Lagos on Tuesday. While stressing that rendition of false returns by banks would no longer be tolerated by the central bank, Adelabusaid such act affects national planning and other data required for taking crucial economic decisions. The central bank recently fined three commercial banks for not remitting the stipulated funds into the treasury single account (TSA). "There is no amount of penalty that is imposed on a bank that rendered false returns that is too much. The TSA has come to stay and the CBN will make sure it works. I know that the huge penalties that the CBN levelled on a couple banks recently have been a source of concern and subject of discussion everywhere. "Bank directors need to pick interest in this. All we were used to in the past was the recommendation from BOFIA. All they would tell you is 'let's break the law and pay CBN N2 million in line with the Bank and Other Financial Institutions (BOFIA) Act.'

"But today, we are in an era of zero tolerance. Some of the offences that those banks committed actually warranted even the chief executive officers to be removed. Not just the CEOs, the chief finance officers, treasurers and even the entire management board. But we know the systemic implication of this on the industry at this crucial time of our economy. But we believe with the heavy fines, the board should ask questions,"Adelabusaid. Speaking further, the deputy CBN governor said: "The primary regulator as far as the industry is concerned is the Central Bank of Nigeria. Today, the fear of the CBN is the beginning of wisdom. Unlike we used to have in the past, it is no longer the headmaster versus pupils relationship, today, it is a collaborative relationship. But the central bank as the regulator is being misunderstood most of the time. "Banks have to proactively manage their relationship with the central bank and there are various ways of doing that. But what annoys most regulators most is for bank directors to feign ignorance of what their executive management is doing. As far as the CBN does not allow board members to be involved in the day-to-day running of banks, we expect that there would be mechanisms put in place to ensure that you (bank directors) are on top of the banks so that nothing will take you by surprise." He also urged bank directors to always take out time to study CBN's periodic audit report on their respective institutions so as to be better informed on the events in the banks. While speaking on the economy, Adelabu, who represented the CBN Governor, Mr. Godwin Emefiele, at the event, noted that the Nigerian economy "is a very tough economy to manage," adding that as a result of the slump in price of crude oil, "the country is in a difficult situation." "Whether we like it or not, we have become poorer than we used to be and we all know the reason for that- the price of the only product that we rely on has dropped. Today, our reserves is a little below $30 billion and we know the volatile funds that are in there. So, if there is any circular that you feel is affecting your business, please bear with us," added. *(This Day)*

Nigerian President Muhammadu Buhari has ordered the arrest of the former national security adviser, accusing him of stealing about $2 billion through phantom arms contracts and hampering the fight against Boko Haram militants, his office said. The arrest order is part of a campaign by Buhari, who was elected in March, to tackle corruption that has enriched an elite but left most Nigerians in poverty. Buhari's office said former security adviser Sambo Dasuki had "awarded fictitious and phantom contracts" worth around $2 billion for jets, helicopters and ammunition for the army to fight the jihadist Boko Haram group which were never delivered. Dasuki had also instructed the central bank to transfer more than $140 million to accounts in Britain, the United States and West Africa "without any contract documents", the statement from the presidency said. Under Buhari's predecessor Goodluck Jonathan, when Dasuki was in office, Boko Haram took control of parts of Nigeria's northeast where it is trying to carve out an Islamic state. "Had the funds siphoned ... been properly used for the purpose they were meant for, thousands of needless Nigerian deaths would have been avoided," the presidency said late on Tuesday. Dasuki, who lives in the capital Abuja, rejected the claims, saying there had been no fictitious contracts and no money diverted. "I did not use the office for any self-serving agenda," he said in a statement. Arms procurement was supposed to be under the purview of the Defence Ministry but its inability to deliver prompted Jonathan to shift the task to the National Security Adviser in September last year. Normally the

NSA only advises on procurement. Military sources complained they were given little notice or say in what they needed and had to be creative with whatever equipment arrived. Nigeria had to seek arms from a wide range of eastern European and Asian countries as some Western states, where equipment was sought previously, were concerned with human rights abuses. Large orders finally arrived early this year and were key in turning around the fight against Boko Haram, according to diplomats. This year, Nigeria, backed by its neighbours, was able to recapture much of the territory lost to Boko Haram though suicide bombings and other attacks blamed by officials on the militant group remain part of daily life in the north. Boko Haram has waged a six-year campaign which has killed thousands of people and displaced 2.1 million. *(Reuters)*

Nigeria's oil output could drop by as much as 15 percent by 2017 unless the government attracts more investment and resolves cash shortages at state oil firms, a senior Moody's analyst said on Wednesday. Africa's biggest economy produces about 2.1 million barrels per day of oil with foreign and local companies through production sharing contracts and joint ventures. But projects have been held up because state-oil firm NNPC needs parliamentary and regulatory approval to spend anything. Officials and lawmakers are often six months late in giving their assent, making proposals irrelevant as costs exceed the original budgets. As a result, unpaid bills have been piling up. "By 2017, if there's no more investments oil production will drop by 15 percent affecting jointly the government revenues," said Aurelien Mali, senior analytical adviser, Africa, at ratings agency Moody's. "So the cash call funding issues for the joint ventures and the long term funding to drive the deep offshore fields is something that will have to be addressed to maintain at least the production levels of 2.1 million," he told Reuters in Lagos. President Muhammadu Buhari took office in May pledging to reform the oil sector and end corruption and mismanagement. He appointed former Exxon executive Emmanuel Ibe Kachikwu to head the NNPC and later asked him to join his cabinet as minister of state for petroleum. Buhari retained the oil portfolio for himself. Buhari has taken his first steps towards overhauling the state oil firm by giving its exploration joint ventures control over their own budgets as a way to overcome cash shortages. Nigeria's economy has taken a hammering from a plunge in vital oil revenues, weakening the naira currency and slashing growth. *(Reuters)*

The Nigerian Stock Exchange (NSE) on Wednesday launched an online trading application called 'Smart Trade' as part of efforts to increase retail investors' participation in the nation's stock market to 25 million. Although Nigeria has a population of over 170 million, only about five million investors are in the stock market. But unveiling the stock trading app, Executive Director, Market Operations and Technology, Mr. Ade Bajomo said the new app would help to increase the numb 25 million in the very near future. According to him, the platform would enable investors to buy and sell stocks on the exchange with real-time processing functionality. He explained that the app is not only about technology but also about financial inclusion, transparency and to make investors take control of their investment decision. "What drives the market is that everyone participates, operates and nurture his or her investment. The app will provide users real-time market data with availability of various technical indicators to analyse the trend and momentum of the market. At the end of the day, they will make informed decisions based on the latest data," he said. Bajomo explained that the product is made up of world-class technology with robust client data protection and security framework to give clients a seamless experience when processing transaction.

"The platform has a robust security features which is well articulated to ensure that investors trades and accounts are not compromised. It will enable our client make their stockbroking portfolios on mobile devices tablets, laptops and desk top computers," he said. Also, Managing Director, Investment One Stockbroking International Limited, Mr. Oluwole Awe, commended the NSE for the initiative aimed at moving the market to the next level. Awe said that the stockbrokers would support the initiative to achieve the desired result. Similarly, the MD of Meristem Securities Limited, Mr. WoleAbegunde said with the launch of the app, the days of moving from one stockbroking firm to the other to execute transaction was over. The MD of Apt Securities and Funds Limited, Mr. GarbaKurfi testified the efficiency of the innovation in the market, saying it a good development that will really deepen participation in the market. *(This Day)*

The over-the-counter (OTC) market for fixed income and currency recorded N11.48 trillion turnover in the month of October, according to data released by FMDQ OTC Securities Exchange Plc on Wednesday. The performance showed a drop of N3.06 trillion month on month and an increase of 1.42 per cent year-on-year(y/y). Activities in the Treasury Bills segment dominated the market, accounting for 43 per cent of total turnover, up from a contribution of 37 per cent recorded in the previous month. Foreign exchange (FX) market contribution to turnover declined two per cent from the previous month to 17 per cent, recording a total of $9.84 billion. Secured market (Repos/Buy-Backs) transactions accounted for 19 per cent of total turnover in October, down 10 per cent from 29 per cent recorded in September while FGN bonds contribution remained relatively flat at 13 per cent. On the other hand, activities in Unsecured Placements/Takings increased by one per cent, compared to seven per cent recorded in the previous month. An analysis of the FX market showed that it settled at $7.97 billion, a 25.51 per cent drop in the value recorded in September, with an average daily turnover of $0.26 billion. "While member-member trades increased $0.54 billion (56 per cent), member-client trades, which accounted for 80 per cent of FX turnover declined by 18 per cent month on month. FX Spot and Swap transactions declined by 24 per cent ($2.14 billion) and 29 per cent ($0.49 billion)," FMDQ OTC explained.

The exchange added that the total value of fixed income consideration traded in the month of October was N6.5trillion, an increase of N1.4 trillion 40 per cent month on month. Treasury bills turnover came to N4.96 trillion, accounting for 76.40 per cent of total fixed Income turnover, down from 83.09 per cent recorded in the previous month. On a YoY basis, turnover on Treasury bills and FGN bonds increased by N2.58 trillion (108 per cent) and N0.73 trillion (92 per cent) respectively. Meanwhile, bullish sentiments prevailed in the fixed income market within the review period as yields pared downwards on all tenors. On the average, the yield curve shifted downwards by 250 basis points with the short end of the curve recording the most drop in yields. Outstanding FGN bonds increased by N477.63 billion or nine per cent to settle at N5.81trillion, up from N5.34 trillion recorded in the previous month. This increase was due to the conversion of State loans to FGN bonds in the month. A further analysis of the data indicates that net debt issuance in the month stood at N35.56 billion, compared with N2.40 billion net issuance in the previous month, while total coupon paid on FGN bonds in the month amounted to N44.44 billion. *(This Day)*

Tanzania

Corporate News

CRDB Bank plans to open branches in the Democratic Republic of Congo (DRC) and Zambia, Managing Director, Dr Charles Kimei, said at the weekend. "Plans are underway to venture in the Democratic Republic of Congo and Zambia. We are already operating in Burundi," Dr Kimei said during the bank's Family Day. He said the bank opened 60 branches countrywide in two years and goal was to bring services closer to its customers. Dr Kimei commended CRDB workers for the job well done saying more efforts should be applied by the workers to attract more customers. "This is a successful year to us as a bank, we are proud of the achievement, we have managed to open 60 new branches in two years period, making a total of 166 branches countrywide" said Dr Kimei. Moreover, he said, they have also opened more than 36 service centres as well as improving the mobile and internet banking services so that their customers can access the services wherever they are . He said as they are heading towards their 20th anniversary they have plans to ensure that the bank is the best in Africa. "We have strong a foundation as far as our operations and services are concerned, we want to be the best in Africa, we have won the local market" said Dr Kimei. The bank's board member, Mr Ally Laay commended the management for the family day event saying it adds value to the productivity. "Such gathering is important since it is an avenue where both workers and their family are attached with the bank thus become part and parcel of production team and success which we are celebrating," he said. The bank's Director of Human Resources, Ms Dorah Ngaliga said they organised the event to celebrate together with families the success of the bank taking into account their plan of making it to the next level as far as the banking sector is concerned. *(Daily News)*

MILLICON Tanzania (Tigo) has secured US$100 million from Standard Chartered Bank for the acquisition of majority stake Zantel. Under the deal, StanChart, in partnership with the Swedish Export Credit Corporation (SEK), funded Millicom's acquisition of an 85 per cent stake in Zantel. The government of Zanzibar will retain its 15 per cent shareholding in the Zanzibar-based telecom's company. The facility, according to StanChart statement, is one of bank's largest term facilities within the East Africa's telecommunications sector. Millicom Africa Division's Chief Executive Officer, Ms Cynthia Gordon, said Zantel will give the firm another channel to extend market-leading mobile benefits to the people of Zanzibar and Tanzania as whole. "We look forward to working (with) the government of Zanzibar to create a strong and revitalised Zantel with improved customer experience on voice, data and mobile financial services," Ms Gordon said. Commenting on the transaction, Mr. Sanjay Rughani, incoming CEO for StanChart Tanzania said the bank was pleased to play its part in this landmark transaction to support tele-growth. "This transaction of 100 million US dollars, demonstrates the ability of banks like Standard Chartered to support significant investment in Tanzania," Mr. Rughani said. Over the last five years, StanChart has arranged over 10 billion US dollars worth of loans and facilities to support the growth and development of Africa's telecommunications sector.

Zantel has approximately 5.0 per cent of Tanzania's current mobile phone market share, and posted gross revenues of 82 million US dollars in 2014. Zantel's ownership rights to undersea fibre optic cable capacity, will support Millicom's successful 'Digital Lifestyle' strategy which is centred around enhanced data access. Millicom is an international telecommunications company offering a range of mobile services, cable TV and broadband across 14 markets in Africa and Latin America. Tigo, entered the market in 1993, it currently supports over 8.0 million customers. Over the next seven years, Sub Saharan Africa is tipped to be the fastest growing region globally when it comes to mobile phone usage according to Frost & Sullivan firm. Data access and consumption is also expected to surge, spurred by the implementation of undersea cables around Africa's East and West Coasts led to a saving of almost 90 per cent in international data costs at launch. Africa's growth in mobile data traffic is expected to expand by an average annual growth rate of 77 per cent between 2013 and 2017 as per Deloitte 2014 Report.*(Daily News)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Economic News

EXCESS liquidity that continued to be felt in the local market made the seven years bond auctioned by the Bank of Tanzania (BoT) to register oversubscription. The NMB e-market report said the local market is characterised with the stable short term interest rates with excess liquidity continuing to be felt by most market participants. Short term interest rates traded at about 10 per cent. Commercial banks are the leading investors in the short term government paper. Others are pension funds, insurance firms and few microfinance institutions. Proceeds from the bond, would be used to finance long term infrastructure projects as well as settle some maturing debts. According to the auction summary, the long term fixed instrument fetched 93.64bn/- compared to 50bn/- offered to the market for tendering. At the end a total of 73.66bn/- was retained as successful amount. Also the oversubscription of the long term debt security is explained by the hiked weighted average yield to maturity that jumped to 17.57 per cent compared to 16.91 per cent of the seven years bond issued early September this year. Similarly, investors in the seven years debt instrument will enjoy the increased weighted average coupon yield of 14.30 per cent compared to 13.88 per cent of the preceding session. The minimum successful price/100 was 69.47 slightly low compared to 71.00 of the preceding seven years debt instrument. Similarly, the weighted average price for successful bids was 70.45 compared to 72.57 of the previous session. Also the highest bid/100 for the long term government paper was 76.50 compared to 77.00 of the session that expired in September this year. A total of 61 bids were received and 25 emerge successful. *(Daily News)*

THE shilling has gone down by 24 per cent since the beginning of this year, as demand from importers continued to outpace foreign currencies inflow. The Bank of Tanzania (BoT) data showed that the shilling depreciated from 1,723/25 in January to 2,142/65 in mid November. The shilling in the first week of this month, started to appreciate hence returning hopes to importers that the trend would continue. CRDB Bank said at the beginning of this week that the shilling was expected to continue to appreciate against the dollar in the days ahead. The prediction follows a slowdown in demand from importers and an increase in supply from the agricultural sector, but backed up by “a relatively peaceful general election.” The reports also show that slowed down inflows and continuing demand from importers for the greenback have resulted in a shortage of forex. “The shilling closed yesterday’s (Wednesday) trading session 5/- weaker than Tuesday’s close at 2130/2170. On other hand another bank, National Microfinance Bank (NMB) said shilling remained stable against the greenback as the demand for dollar was well matched. “…The greenback inflows from agricultural sector and non-governmental organisations (matched with demand),” the bank said on it e-Market report. For the other currencies, the shilling lost some 21 per cent since January to pound sterling from 2,686/11 to 3,259/07 of mid-week. The shilling tumbled to by slightly over 11 per cent to 2,286/73 against euro, while it also went down by almost 11 per cent to 20/96 versus Kenyan shilling. *(Daily News)*

Zambia

Corporate News

No Corporate News This Week

Economic News

THE Kwacha yesterday posted gains, trading below K12, a survey has revealed. A check at FX Bureau de Change at 10:00 hours yesterday revealed that the local currency has continued to appreciate against the United States dollar and was trading at K11.20 and K11.43 on bid and offer, respectively. At Golden Coin Bureau de Change, the Kwacha traded at K11.00 and K11.25 against the greenback on bid and offer, respectively. The Bank of Zambia pegged the local unit at K10.94 and K10.96 against the US dollar. *(Daily Mail)*

Zimbabwe

Corporate News

ZB FINANCIAL Holdings Limited (ZBFH) is seeking partnerships with real estate agents to push up the uptake of its cluster houses in Hatfield, an executive has said. The houses can be bought under a 25-year mortgage bond. ZBFH group corporate services head, Shadowsight Chiganze, said if the group secures partnerships in selling the five houses in Hatfield, it would replicate the model on its other properties. "We are saying, can we partner together by disseminating the information to those you interact with on a daily basis. We can go and sign up for the commission. Here is an open invitation. Come and let's talk," Chiganze said. Real Estate agents in Zimbabwe require 5% commission for their services. According to the Estate Agents Council, which is the licensing authority that also plays a supervisory role for practicing real estate practitioners, there were 234 registered firms as of December 31, 2014. Harare has the largest number of registered firms, consisting 85% of the total. In August, ZBFH told an analyst briefing that it has spent $5 million in developing housing units in Beitbridge, Hatfield and Ruwa. Chiganze said the bank was on course to building 100 stands in Springvale Park, Ruwa. While Springvale was developed in two phases and comprises of 800 residential stands ranging in sizes from 300 to 2000 square metres, 700 stands were sold as houses. The Beitbridge project, which has been on hold, would also kick-start resulting in the development of 150 residential stands.
Hatfield housing units range between $122 000 to $135 000 accessible through a 25% deposit with the balance payable over a 25-year period. The bank has structured mortgage financing for home improvement payable for a 10-year period. *(News Day)*

Local private equity firm Brainworks Capital Management has made a mandatory offer to compulsorily buy out minority shareholders in Dawn Properties to complete its takeover of the Zimbabwe Stock Exchange-listed property concern. Brainworks increased its stake in Dawn to 47,45 percent in March this year, breaching the stock exchange's 35 percent mandatory offer threshold and triggering the mandatory offer. In a circular to shareholders last week, Brainworks made its intention to buy out Dawn minority shareholders at a market price of $0,02 per share. "Brainworks Capital hereby offers to acquire, on the terms set out in this Circular, from the Dawn Properties minority shareholders all or part of their Dawn Properties shares for the Offer Consideration. The Dawn Properties shareholders who accept the mandatory offer by the Closing Date shall receive $0,02 per share on the ZSE in terms of the mandatory offer," the company said. "The Offer Consideration constitutes a premium of 5,6 percent to the 30-day volume weighted average price and 12,8 percent to the 60-day volume weighted average price of Dawn Properties shares as at July 01, 2015." The mandatory offer opens for acceptance on Monday and will close on December 4, 2015. Brainworks says it intends to keep Dawn listed on the local stock exchange."Dawn Properties shareholders who elect not to accept the mandatory offer, or elect to accept the mandatory offer in part, will remain shareholders of Dawn Properties," said Brainworks. Brainworks, which recently declared an interim dividend of $450,000 for the half year to June 2015, has a market capitalisation of approximately $86 million and boasts of largest investments in Dawn and African Sun Limited. On the other hand, Dawn's portfolio of assets currently comprise of hotels Crown Plaza Monomotapa, Elephant Hills, Troutbeck Inn, Carribea Bay Sun, Carribea Bay Marina, Beitbridge Express, Great Zimbabwe, Amber Hotel Mutare and Hwange Safari Lodge among others. *(Source)*

Asa Resource Group, formerly Mwana Africa, on Tuesday said its 85 percent owned Freda Rebecca mine recorded a 6,4 percent increase in gold production to 18,067 ounces in the quarter to September on improved feed grade and recoveries. The average feed grade during the quarter increased by six percent to 2.15 grammes per tonne while gold recovery rate increased by two percentage points to 84 percent.
During the quarter under review, 309,102 tonnes were milled which was five percent higher than the previous quarter. All in sustaining costs fell six percent to $1,023 per ounce. Nickel production at the Bindura Nickel Corporation (BNC) owned Trojan mine was up seven percent to 1,442 tonnes compared to the previous quarter, mainly due to an increase in average head grade and recoveries. Asa holds a 75.4 percent controlling interest in BNC, which is listed locally. Head grade was 31 percent higher at 1.62 percent while recovery was four percent higher at 87.6 percent. The nickel price averaged $6,847 per tonne, 19 percent lower on the previous quarter. Sales were 18 percent higher at 1,494 tonnes. Cash costs for nickel in concentrate dropped by 23 percent to $6,895 per tonne and all-in sustaining costs of nickel in concentrate also fell similarly to $7,539 per tonne. Asa executive chairman Yat Hoi Ning said focus at both mines had been on containing unit costs in response to weakening metal prices and grade control. "We have achieved these results by implementing a new mining plan at

Trojan and improved grade control at Freda Rebecca. At the same time, the operating and overhead costs have been strictly controlled, again a process that will continue as metal prices move through and out of their current trough. The immediate, near term outlook is for further price challenges," said Ning in a statement accompanying the quarterly update. *(Source)*

NATIONAL Foods Holdings Limited has recorded a 3% decline in revenue to $78,3 million for the first quarter ending September 30, 2015, due to a reduction in flour pricing. Speaking at the company's annual general meeting yesterday in Harare, National Foods chief executive officer, Michael Lashbrook said volumes grew by 5% to 131 000 tonnes compared to the same period last year. "Our revenue is $78,3 million, which is 3% lower than the same period last year. The reason for the reduction in revenue primarily is in two folds, first a reduction in flour pricing in line with the raw materials pricing and secondly an issue with more maize and soya on the mix," he said. Lashbrook said the group has to be aggressive on pricing to grow profitability. In the period under review, capital expenditure was at $9,9m, which went to the flour business ($4,5m) and $2,3m for backup generators. "You will recall from our previous updates that we are now on year two of a three-year programme to upgrade our flour mill. We are seeing increased operating efficiency and we are realising benefits of that capex I our efficiencies," he said.

Lashbrook said the company has decided to invest in backup generators, for power supply for its Harare plant due to power outages. "In respect of growth, I am happy to report that we continue to pursue our growth agenda. We have a number of opportunities in the pipeline at various stages of development and we will share with you the specific details once the necessary governance and regulatory approvals are complete," he said. Lashbrook said the company has adequate cover for wheat, maize and soya, with 4 200 hectares of wheat coming from contractors. He said 5 000ha was coming from National Foods Holdings partner, PHI, with output expected in June 2016. "I am happy to report in respect of wheat, we are adequately covered. Lots of that coming from our contract farming programme, where we grew 4 200ha of wheat in the last winter wheat season and that produced around 25 000 t of wheat. We are currently, with our partners PHI, planting another 5 000ha of contract crop for the current summer season that is, 3 000ha of maize and 2 000 of soyabeans. We look forward to see that product coming through in June next year. "In terms of maize, we are sitting on three months cover and we are obviously working closely to manage our pipeline through to the next harvest," he said. *(News Day)*

GLOBAL Telecom Holdings, a unit of Amsterdam-headquartered telecoms services provider, VimpelCom, has sold its 60% stake in Telecel Zimbabwe to ZARNet, in a deal worth $40 million. ZARNet is government owned ICT solutions provider. VimpelCom said in a statement yesterday that transfer of ownership to ZARNet will occur after customary conditions are satisfied. NewsDay reported in June that government was in talks with VimpelCom to buy the stake in the country's third largest mobile operator by subscribers. The acquisition of Telecel means the government will have a firm grip in the telecoms industry, as it wholly owns NetOne and TelOne.
The acquisition comes at a time the government has been forcing operators to share infrastructure, in what critics say was meant to allow State-owned operators to catch up with privately-owned Econet Wireless, which has invested heavily in infrastructure. Government has had misgivings with its telecoms operators that have performed dismally, despite getting preferential treatment and the acquisition of Telecel is seen as a step towards maintaining a significant presence in the capital intensive, but highly lucrative sector. It could not be ascertained yesterday what would happen to the other 40% shareholding,which is owned by Empowerment Corporation (EC), a consortium of local empowerment outfits. Telecel Zimbabwe was established in 1998 to operate a mobile phone network. The company has been hamstrung by shareholder disputes especially in EC, which has stunted its growth. This has seen company witnessing a high turnover of managing directors as a result of the squabbles. (News Day)

GOLD producer Metallon Corporation has cut its annual output by 30% due to power outages and challenges at its units. The group has an annual target of 150 000 ounces. In an update for the third quarter of 2015, Metallon said production for the quarter was 23 000 ounces down from 25 882 ounces in the comparable period last year. It said this was due to equipment breakdowns at Shamva, Mazowe and Arcturus mines. It said increased power interruptions were impacting both underground production and plant processes. Metallon said it was looking at possible solutions in order to supplement grid power supply. "Due to the reasons outlined above and power supply interruptions continuing to affect production across all operations, Group production guidance of 150 000 ounces for 2015 is therefore reduced by approximately 30%," Metallon said. Metallon chief executive officer, Ken Mekani said despite a challenging quarter and unexpected power interruptions, Metallon had achieved substantial gold production and made good progress on their new projects. "The last 12 months have been pivotal as we have made significant upgrades and investments into the business with an equipment replacement programme and improved operational efficiencies," he said. He said in the fourth quarter, Metallon would focus on the commissioning of the Mazowe Sands Retreatment Plant and the Mazowe and Shamva Tailings facilities. *(News Day)*

ZIMRE Holdings Limited (ZHL) board member, Aadil Ebrahim Adamjee has in the past been arrested for tax evasion and corruption with critics questioning his suitability to sit on the board of the financial services group, investigations have shown. The appointment of Adamjee together with Hamish Rudland and Cron von Siedel was confirmed at ZHL's annual general meeting on June 24. Adam and Rudland are representing the interests of the new shareholder, Day River Corporation, which emerged with a 40,16% stake after underwriting ZHL's $15 million capital-raising initiative. The consortium has Rudland among its shareholders. In 2006, Adamjee was arrested together with Rudland's brother, Simon, by South Africa's crimebusting unit, the Scorpions, on tax evasion, corruption, evading excise and import duties and money laundering charges. The investigators seized R9 million worth of cigarettes, R600 000 in cash and laptops, desktop computers and documents. The latest revelation will be another blow for ZHL, which has been in the eye of a storm since the Rudland-led consortium emerged with 40% after underwriting the $15m rights offer early this year. One of ZHL's shareholders, the National Social Security Authority (NSSA), has already said that it is investigating the circumstances under which the Rudland-led consortium ended up underwriting the transaction instead of NMB Bank. "We are investigating internally and with other authorities such as the Reserve Bank of Zimbabwe, Zimbabwe Stock Exchange and Securities and Exchange Commission of Zimbabwe to understand how that transaction happened. We are unhappy with that," NSSA board chairperson, Robin Vela told NewsDay last week. "One day we are told NMB are the underwriters, a day later we have Rudland as 40% shareholder."

Vela said NSSA was concerned about ZHL, related-party issues and how the transaction came about. "It's far from over from where we sit," he said. ZHL board chairperson, Ben Kumalo said all proposed new board appointments are subject to careful consideration by the board nominations committee for recommendation to the main board. "This includes a review of the proposed board member's educational qualifications, skills and experience. In the process we did not come across any information that disqualified Aadil Adamjee from appointment as a member of the ZHL board," he said adding that he was not aware of any "criminal record on the part of Adamjee or indeed any other member of the ZHL Board". "Board members are either proposed as independent board members or by shareholders, with a significant. shareholding, as is normal practice with all listed companies. NSSA, government and the new majority shareholders have nominated directors to represent them on the ZHL board." Hamish was not available on his mobile phone, which repeatedly went to voicemail yesterday. The entry of the Rudlands into the financial services group is being challenged by the Affirmative Action Group (AAG), which has besieged government to reverse the transaction. "We cannot afford to wean our best assets and leave the best of our local management assets to fall afoul of the unchecked and sharpened appetites of the economic pirates of yesteryear dressed in black faces," AAG vice-president, Sam Ncube wrote in a letter to Chief Secretary to the President and Cabinet, Misheck Sibanda. The letter was dated October 1, 2015. *(News Day)*

Cable manufacturer Cafca on Thursday reported a 15 percent decline in net profit to $1,7 million in the full year to September as the company sacrificed margins to push local sales and export volumes. Volumes grew by 39 percent while revenue increased by 24 percent to $29,3 million compared to the previous year. Operating profit for the year dropped 11 percent to $2,4 million. "The strategy for the year was to push volumes and turnover and take the company from a 200-tonne a month company to a 300-tonne a month company. This was achieved by cutting margins and vigorously exporting," company secretary Caroline Kangara said in statement accompanying company results. Apart from supplying the local market, the company exports its product to South Africa, Mozambique and Zambia. "The outlook for the immediate future is a reduction in the company sales and the consequential production output to 200 tonnes a month whilst we clear the stock and debtors build up and get cash back in the bank," she said. Kangara said the company would revert to the 300-tonne capacity should the economic activity improve locally or in the export markets which are under pressure from low commodity prices and fluctuating currencies. No dividend was declared. *(Source)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Economic News

ZIMBABWE'S pension funds have whittled down their exposure in equities to $150 million from $171 million, while property portfolio registered strong growth in a bid to hedge pensioners from a faltering the economy, the sector's report has shown. This comes after the insurance regulator has raised the red flag over a sharp rise in arrears accrued by self-administered funds and the low uptake of government paper by insurance companies as the economy falters. An unprecedented wave of company closures and subsequent job cuts in the first half of the year, saw most companies and employers defaulting on their pension contributions. According to the latest Insurance and Pension Commission (IPEC) report for the six months ending June arrears. The report is centred on 14 standalone funds, four fund administrators and three life assurers for the current review period. Chronic liquidity constraints, on the back of continued economic implosion, saw the Zimbabwe Stock Exchange turnover for October at $12,8 million, reaching the lowest figure in six years. "As at 30 June 2015, standalone funds invested $601m or 47% in properties (June 2014: $578 million or 48%), $150m or 12% in capital market securities (June 2014: $171m or 14%), $34m or 3% in money market investments (June 2014:$54m or 4%), $451 or 36% in other securities (June 2014: $386m or 32%) whilst prescribed assets increased from 1% in the same period last year to 3%," the report read. *(News Day)*

A SOUTH African minister says despite the rejection of the rand by some sectors of the Zimbabwean economy, trading and economic relations between the two countries have remained strong. Local retailers and traders have been rejecting the South African rand as it continues its depreciation against the United States dollar. One dollar is currently being exchanged at between R13 and R14. This has seen a gradual shift to the bond coins, which are at par with the United States dollar. Speaking to NewsDay on the sidelines of the 8th edition of the African Media Leaders Forum 2015, Minister in the Presidency for Planning, Monitoring and Evaluation Jeff Radebe said the economic and trade relations between South Africa and Zimbabwe remained strong. "As far as our relations are concerned, the relationship between South Africa and Zimbabwe remains strong, I think, deeply and at a very high level. The decisions Zimbabwe takes as a sovereign State, our government respects," Radebe said, adding that the move "does not affect our trade, economic and total relations between the two countries". South Africa is Zimbabwe's largest trading partner. In the first half of the year, 68% of Zimbabwe's exports were to South Africa. Imports from South Africa constituted 40%. Radebe said the main issue between the two countries going forward would be deep economic co-operation. "We have to ensure we dip into those deep economic relations that will build a strong Sadc. What happens in the world is when the global economy sneezes all of us catch a cold," Radebe said. "What is important is our resilience as African states to stand up to ensure we implement policies that will reduce the levels of poverty." The rand is in the basket of the multicurrency regime adopted in 2009 to stem hyperinflation, which rendered the local currency worthless. Confederation of Zimbabwe Retailers' president, Denford Mutashu said bond coins in circulation were less than 2% of the money in circulation, "but other countries have a circulation of between 12% and 25% as coins, which I urge the central bank to follow". *(News Day)*

Zimbabwe's banking sector deposits increased by 7,5 percent to $4,3 billion in the nine months to September from $4 billion in January this year due to a rising confidence in the sector, latest statistics from the central bank have shown. In its monthly economic review for September released last Friday, the Reserve Bank of Zimbabwe said bank deposits were mainly driven by the services sector that contributed $1,003 billion followed by financial organisations and individuals who deposited $831 million and $676 million respectively. Broad money supply (M3) rose from 3,5 percent in August 2015 to 4,5 percent in September or $4, 47 billion to $4,6 billion. "Annual growth in broad money was driven by increases across all deposit classes, with the exception of short-term deposits. Long term deposits registered the largest annual growth of 11,4 percent, followed by demand deposits, 4,8 percent and savings deposits, 4,5 percent," said the RBZ. Short-term deposits registered a decrease of 3,7 percent in September. The report also showed that annual growth in total banking sector credit to the domestic economy increased to 19 percent in September from 18,8 percent in August. Loans and advances accounted for 83,1 percent of the total credit to the private sector, mortgages advanced by building societies were at 12,5 percent, other investments constituted 3,8 percent among others.

The value of transactions processed through the RTGS system increased from $3,3 billion in August $3,8 billion. "In tandem, the volume of transactions rose by 7,0 percent from 153,133 to 164,309 during the same period," the RBZ said. According to the central bank card-based transactions, fell from $506,6 million in August 2015, to $450,6 million in September 2015. "The total value of mobile and internet based transactions increased from $524,8 million in August 2015, to $543,2 million in September 2015. The value of cheque transactions rose from $11,4 million in August 2015 to $12,9 million in September 2015," said the RBZ. *(Source)*

Zimbabwe's year-on-year inflation rate stood at -3.29 percent after shedding 0.18 percentage points on the September rate of -3.11 percent, the national statistics agency said on Monday. On a month-on-month basis, the inflation rate was -0.29 percent, gaining 0.07 percentage points on the September rate of -0.36 percent, said the Zimbabwe National Statistics Agency (Zimstat). *(The Source)*

The uptick in the annual broad money growth rate is largely due to an increase of $100 million in savings deposits with commercial banks, a top banker has said. According to the Reserve Bank of Zimbabwe (RBZ) monthly report for September, broad money increased to $4 586 000 000 from $4 473 000 000 in August. Bankers' Association of Zimbabwe chief executive officer Sij Biyam said the banking sector has been very active in mobilising foreign lines of credit from international lenders such as the African Export-Import Bank (Afreximbank).
"The RBZ report for September 2015 states that this is largely due to the $100 million increase in savings deposits with commercial banks. The banking sector has also been very active in terms of mobilising foreign lines of credit from international lenders **such as Afreximbank,** which funds have been channelled to the productive sectors in the economy," Biyam said. "Since the advent of the multi-currency system in 2009, the banking sector has been playing its part in advocating for the return of a savings culture in the economy." Biyam said RBZ has actively supported the banking sector by instituting various measures to bring lasting stability to the sector. The increase in deposits comes from government issuing Treasury Bills that act as long-term supply figures to help alleviate debt within the economy and act as a short-term measure to the lack of hard cash in the economy. Treasury Bills are only realised once they have matured over a specified period of time. The lack of hard cash is mainly due to reduction in bank loans, operators within the informal market refusing to put money in banks, debt, non-performing loans, business closures, capital constraints, absence of jobs, low exports and increased imports. As such, the improvement in deposits that are aimed at improving liquidity among banks is virtual money with consumers still set to fail to have liquid cash.

Economist John Robertson yesterday said the strengthening of the United States dollar and lack of wage increases was preventing working family members spread across the region from remitting returns back home. "Consumers need jobs so that they can earn money, some are receiving money from the Diaspora, but others are struggling, particularly the ones living in South Africa. It is proving to be difficult because of currency fluctuations and their wages not going up," Robertson said. "There is a lot of money circulating within the informal market than the that circulating in the banks. However, people are fearful of putting their money in banks because of Zimra. So some companies have decided not to put their money in banks for fear of reprisals over unpaid taxes or arrears." He said the fact that Zimra is owed value-added tax was enough to keep those with money from putting their money in the banks. He added that "consumers need jobs so that they earn money". "We need policies that can bring in revenue to the capital account by helping investors start new businesses, money being brought to invest in different sectors," Robertson said. *(News Day)*

ACTIVITY in the tourism industry has been subdued in the first 10 months of the year due to the depreciation in the South African rand and changes in the visa regime by Zimbabwe's southern neighbours, an industry official has said. Hospitality Association of Zimbabwe (HAZ) Matabeleland North president, John Gwese told NewsDay in an interview that the industry was faced with a number of challenges such as introduction of value-added tax (VAT) on foreign accommodation and tourism-related services. "As an industry, it was not as good as last year and this is coming against the background of xenophobia in South Africa and outbreak of the Ebola virus in West Africa," he said. "South Africa is not stable. The other challenges came on the changes in the visa regime in South Africa. In terms of activities, there has not been any significant growth." Gwese said the other challenge that affected the industry in the first 10 months was weaker currencies such as the Botswana pula, South African rand and Mozambican metical. "This makes Zimbabwe an expensive destination," he said. Gwese said the introduction of VAT on foreign tourists also negatively impacted on the sector. Early this year, government imposed a 15% tax on foreign tourists' accommodation to boost its depleting coffers. Recently, the Zimbabwe Council for Tourism said it was still lobbying government for the removal of VAT, saying it was making Zimbabwe an expensive destination to reach. According to the Zimbabwe Tourism Authority report, tourist arrivals in the first half of the year grew by 7% to 930 276 driven by the rise in mainland Africa. In the same period last year, arrivals were at 867 163. *(News Day)*

THE Zimbabwe Stock Exchange (ZSE) is targeting $250 million in annual turnover by year end despite the sluggish performance of the bourse due to the slowdown in the economy, a company executive has said. Speaking at the Institute of Chartered Accountants of Zimbabwe Chief Finance Officers forum in Harare yesterday, ZSE chief executive officer Alban Chirume said ZSE turnover had declined to $203,3 million as of October from the peak of $485,7 million in 2013. Last year, turnover was $452 865 752,17. "Yes, the market has been on a downward trend. In the 1990's the ZSE turnover was over $2 billion and we were once the largest stock exchange in Africa, but now Botswana is bigger in terms of its turnover and also Kenya is doing very well. "ZSE turnover was at $485,7 million in 2013 and has significantly dropped to $203,3 million in October 2015, which is the lowest since 2009. We are targeting to reach $250 million by year end," he said. Zimbabwe Stock Exchange chief executive officer Alban Chirume. Capital market players had projected a huge jump in turnover this year aided by the introduction of an electronic share register and the automated trading system that would lure more foreign investors on ZSE. Chirume said ZSE performance had recorded negative returns, dropping by 35% for the period January 2013 to October 2015, while market capitalisation fell 34% to $3,4 billion as at October from a peak of $5,2 billion in 2013. Chirume said the depressed market was attributed to weak commodity prices, weak company and economic fundamentals, among others. He said ZSE has facilitated 25 rights issues, four private placements and two convertible debentures since 2009.

Chirume said ZSE had managed to raise $326,4 million through several companies this year. He, however, said the bulk of the money was channelled to pay off expensive short-term borrowings. "The expensive debt was suffocating the affected companies and without the ZSE alternative, the number of corporate failures might have been worse," he said. The ZSE boss said three companies would have joined the bourse by the end of the year. To date, Proplastics and Simbisa are the new entrants on the bourse, having been unbundled from Masimba Holdings and Innscor, respectively. "A number of companies in Zimbabwe are not listed, but we see lots of opportunities. Every time I look around, I get excited, I see that there are so many companies and they are not listed and they can be listed," he said. Chirume said the performance of the ZSE was affected by limited pools of capital, lack of capital market policy, limited product offering, week corporate governance culture and legal barriers such as foreign ownership restrictions, among others. *(News Day)*

Disclosures Appendix

This Publication is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of any jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject Securities Africa Limited, or its subsidiaries or affiliates to any registration or licensing requirement within such jurisdiction. Neither this Publication nor any copy of it may be distributed in any jurisdiction where its distribution may be restricted by law and any persons into whose possession this Publication comes should inform themselves about, and observe, any such restrictions.

The information contained in this Publication or on which this Publication is based has been derived from sources believed to be reliable and accurate however no representation or warranty, express or implied, is made as to the fairness, completeness, accuracy, timeliness or otherwise of the information or opinions contained in this Publication and no reliance should be placed on such information or opinions. The information contained in this Publication has not been independently verified by Securities Africa Limited. While reasonable care has been taken in preparing this document, no responsibility or liability is accepted as to or in relation to the fairness, completeness, accuracy or timeliness or otherwise of this Publication or as to the reasonableness of any assumption contained, nor for errors of fact or omission or for any opinion expressed in this Publication.

Past performance should not be taken as an indication of future performance, and no representation of any kind is made as to future performance. The information, opinions and estimates contained in this Publication are provided as at the date of this Publication and are subject to change without notice. Distribution of this Publication does not constitute a representation, express or implied, by Securities Africa Limited, or its advisers, affiliates, officials, directors, employees or representatives (the "Parties") that the information contained in the Publication will be updated at any time after the date of the Publication. The Parties expressly do not undertake to advise you of any information coming to any or all of their attention.

Any opinions expressed in this Publication may differ or be contrary to opinions expressed by other business areas or groups of Securities Africa Limited as a result of using different assumptions and criteria. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results.

All projections and forecasts in this Publication are illustrative only. The actual results may be materially affected by changes in economic or other circumstances, which cannot be foreseen. No representation or warranty is made by any of the Parties as to the achievability or reasonableness of any projection or forecast contained in this Publication.

This publication is provided to you for information purposes only on the understanding that Securities Africa Limited is not acting in a fiduciary capacity. It does not address specific investment objectives or financial situations, and any investments discussed may not be suitable for all investors. Prospective investors must make their own examination and evaluation of the merits and risks involved in the securities set out in this Publication including any legal, taxation, financial and other consequences of investment and should not treat the contents as advice relating to legal, taxation or other matters. This report is not to be relied upon in the substitution of independent judgment with respect to any investment decision. Investors should consider this Publication as only a single factor in making their investment decision, and as such, the Publication should not be viewed as identifying all risks, direct or indirect, that may be associated with any investment decision.

Foreign currency-denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of, or income derived from, the investment. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies, effectively assume currency risk.

Securities Africa Limited conducts designated investment business only with eligible counterparties and professional clients. To the extent permitted by law and regulation, Securities Africa Limited accepts no liability whatsoever for any loss howsoever arising, directly or indirectly, from any use of this Publication or its contents or otherwise arising in connection with that. This Publication is not intended for distribution to retail clients.

By receiving this Publication, the recipient agrees to keep confidential the information contained in this Publication together with any additional information made available following further inquiries. None of the material, nor its content, nor any copy of it, may be altered in any way, disclosed, published, reproduced or distributed to any other party, in whole or in part, at any time, without the prior written permission of Securities Africa Limited.

Nothing in this Publication constitutes or forms part of, and should not be construed as, an offer for sale or subscription of, or solicitation of any offer to buy, sell or subscribe for, the securities of the Company, nor should it or any part of, form the basis of, or be relied on in connection with, any contract or commitment whatsoever.

Securities Africa Limited and/or its associates and/or any of their respective clients may have acted upon the information or opinions in this Publication prior to your receipt of it. Securities Africa Limited and/or its associates may provide investment banking services to the Company and in that capacity may have received confidential information relevant to the securities mentioned in this Publication which is not known to the researchers who have compiled this Publication.

Securities Africa Limited and/or its associates and/or their officers, directors, employees or representatives may from time to time purchase, subscribe for, add to, dispose of or have positions or options in or warrants in or rights to or interests in the securities of the Company or any of its associated companies mentioned in this Publication (or may have done so before publication of this Publication) or may make a market or act as principal or agent in any transactions in such securities.

This report may not have been distributed to all recipients at the same time. This report is issued only for the information of and may only be distributed to professional investors (or, in the case of the United States, major US institutional investors as defined in Rule 15a-6 of the US Securities Exchange Act of 1934) and dealers in securities and must not be copied, published or reproduced or redistributed (in whole or in part) by any recipient for any purpose.

English law governs the issue, publication and terms of this Publication and any disputes arising in relation to any of them will be subject to the exclusive jurisdiction of the English courts.

By accepting this Publication, you agree to be bound by the foregoing limitations. No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of Securities Africa Limited.

SECURITIES AFRICA®