SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change		YTD % Change	
Country	Index	13-Sep-13	20-Sep-13	Local	USD	Local	USD
Botswana	DCI	8,575.95	8,592.20	0.19%	11.52%	14.41%	15.95%
Egypt	CASE 30	5,488.01	5,515.82	0.51%	14.24%	0.98%	1.03%
Ghana	GSE Comp Index	2,012.38	2,006.75	-0.28%	10.82%	67.27%	64.16%
Ivory Coast	BRVM Composite	204.92	201.32	-1.76%	-8.90%	20.85%	12.59%
Kenya	NSE 20	4749.30	4751.82	0.05%	4.36%	14.97%	19.26%
Malawi	Malawi All Share	10,271.86	10,526.31	2.48%	24.02%	74.99%	109.87%
Mauritius	SEMDEX	1,945.50	1,962.30	0.86%	-1.57%	13.29%	13.48%
	SEM 7	376.80	380.80	1.06%	-1.38%	12.90%	13.09%
Namibia	Overall Index	978.00	1,004.00	2.66%	23.74%	1.80%	4.91%
Nigeria	Nigeria All Share	36,098.07	36,188.72	0.25%	3.10%	28.88%	28.72%
Swaziland	All Share	284.32	292.94	3.03%	24.83%	2.54%	5.99%
Tanzania	TSI	1,991.36	1,994.80	0.17%	1.99%	34.27%	36.88%
Tunisia	TunIndex	4,566.05	4,528.39	-0.82%	1.06%	-1.12%	-4.93%
Zambia	LUSE All Share	4,880.81	4,851.28	-0.61%	7.79%	30.23%	38.22%
Zimbabwe	Industrial Index	188.35	192.53	2.22%	2.22%	26.33%	26.33%
	Mining Index	48.73	48.34	-0.80%	-0.80%	-25.77%	-25.77%

CURRENCIES

	13-Sep-13	20-Sep-13	WTD %	YTD %
Cur-rency	Close	Close	Change	Change
BWP	8.40	8.25	- 1.81	7.84
EGP	6.88	6.87	- 0.06	13.53
GHS	1.87	2.15	- 0.45	12.72
CFA	493.02	484.79	- 1.67	- 2.13
KES	86.08	86.00	- 0.09	0.48
MWK	323.90	325.68	0.55	1.46
MUR	29.76	25.60	- 14.00	- 16.22
NAD	9.91	9.62	- 2.94	13.53
NGN	160.74	158.37	- 1.48	1.45
SZL	9.91	158.37	- 2.94	13.77
TZS	1,573.09	1,565.64	- 0.47	- 0.59
TND	1.64	1.63	- 0.72	5.21
ZMW	5.30	5.20	- 1.85	0.28

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

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Egypt

Corporate News

Egyptian private equity firm Citadel Capital has won clearance to ask shareholders to approve a capital increase, it said on Sunday, a sign of increasing confidence in the country's financial markets. If the 3.64 billion Egyptian pound ($528 million) share issue goes ahead, it will be one of the biggest capital-raisings in Egypt since its 2011 revolution. Citadel, which has struggled with losses over the past two years, originally requested regulatory approval for the share sale last year. But like many business plans during the administration of Islamist President Mohamed Mursi, the sale did not go ahead because of bureaucratic obstacles and poor market conditions. Mursi was ousted by the army after popular protests in early July. The new military-backed government, which aims to rule until elections and a return to democracy next year, has pledged to run the economy more efficiently. The stock market is up more than 15 percent since Mursi's ouster.
Under Mursi, "there was complete paralysis, no opportunities, no approvals. It was a very difficult environment to do business, even for plain-vanilla transactions," Hisham El-Khazindar, co-founder and managing director of Citadel, told Reuters by telephone. "Now you start to see some movement ... Egypt is open for business again." The company will hold a shareholders' meeting to propose issuing 182.1 million preferred shares and 546.3 million common shares at a par value of 5.0 Egyptian pounds, raising its total number of shares to 1.6 billion and paid-in capital to 8 billion pounds.

The money raised would be used to boost Citadel's ownership to between 51 and 100 percent in most of the major companies in which it invests, particularly in the energy, transport, agriculture, mining and cement sectors, it said. Other investors and partners in these firms would be offered a chance to become shareholders in Citadel. Meanwhile, Citadel would gradually sell off its non-core investments over a period of at least three years, as part of a plan to transform itself from a private equity firm to an investment holding structure. Citadel, which says it controls investments worth $9.5 billion, posted a group net loss of 702.4 million Egyptian pounds in 2012, after a loss of 800.5 million pounds in 2011. Khazindar said the company believed it could already count on commitments from potential investors to buy about 85 percent of the planned 3.64 billion pound share issue. Most of Citadel's investments are focused on Egypt and Africa. Khazindar conceded that the outlook for Egypt's economy was challenging, but said Citadel saw potential in its portfolio of energy firms and companies making products which Egypt currently imports in large volumes. Citadel's shares fell 1.5 percent to 3.22 Egyptian pounds on Sunday as some investors reacted to the potential dilution caused by the share offer; the stock is down 15 percent since the end of last year. The overall stock market rose 0.5 percent. *(Reuters)*

Listing committee at Egyptian Stock Exchange (EGX) approves change of name for Osasco Telecom Holding to Global Telecom Holding. Osasco Telecom Holding (OTH) is to be renamed Global Telecom Holding, effective from Wednesday 18 September, the listing committee at the Egyptian Stock Exchange said on Sunday. OTH is part of the Osasco group. The company trades under the symbol (ORTE.CA). Osasco shares closed at LE4.36 on Sunday, a fall of 0.4 percent. *(Ashram)*

Cairo-based investment bank Egyptian Financial Group-Hermes Holding Company is issuing stock dividends to its shareholders, as announced in a statement to the Egyptian Stock Exchange on Monday. The company will distribute 0.2 shares for each underlying share on 30 September. EFG-Hermes' net profit dropped by 53 percent in the first six months of 2013 to reach LE 69 million, compared to the same period a year before when net-profit totaled LE 148.2 in H1. The investment bank reported a net loss of LE 29 million in the second quarter of 2013, as regional conditions resulted in impairment charges, some of which were related to legacy investments. EFG-Hermes stocks were up 1.62 percent at noon on Monday, trading at LE 8.77 per share. The company's stocks have been suffering since its exclusion from the MSCI index in late May, when sales from investors sent them spiraling down to their lowest in eight years. *(Ashram)*

Economic News

Egypt wants to encourage foreign oil companies in the country to increase exploration and production in exchange for a more rapid repayment of $6 billion it owes them, its finance minister said on Sunday. The government also plans to repay 2.5 billion to 4.0 billion Egyptian pounds. *(Egypt.com)*

Egypt has returned $2 billion that Qatar had deposited with its central bank, after talks to convert the funds into three-year bonds broke down, central bank Governor Hisham Ramez said on Thursday. Egypt authorities have also refused a Qatari request to increase the number of flights between the two states, according to Egyptian airport sources, in a further sign of rising tension between the two Arab Muslim states. Cairo's relations with Qatar deteriorated after the Egyptian army deposed Islamist President Mohamed Mursi on July 3. Qatar had been a firm backer of Mursi's Muslim Brotherhood and lent or gave Egypt $7.5 billion during the year he was in power. Qatar had sent Egypt $3 billion in May, of which it converted $1 billion into three-year bonds. Ramez told Reuters in a telephone interview that the Qatari authorities had agreed to convert the entire remaining $2 billion but then changed their minds. "They wanted to postpone it, then they said they would do it like they announced last time, and then they came back with some amendments, doing part and postponing the other part for a time, which we found not suitable for us," he said. "So we just repaid the deposit." On July 1, Egypt converted the $1 billion into three-year bonds at 3.5 percent interest and in May it converted another $2.5 billion of Qatari loans into 18-month bonds at 4.25 percent interest. The bonds were listed on the Irish stock exchange. Since Mursi's ouster, Saudi Arabia, Kuwait and the United Arab Emirates have pledged Egypt $12 billion in grants and interest-free loans. "I would assume they are fairly relaxed about their short-term finances and they can rely on aid from other Arab countries," said Simon Kitchen, a Cairo-based strategist with EFG Hermes. Egyptian officials have said that the loss of the Qatari funds would not affect the country's financial situation during the budgetary year that began on July 1. An official in the Qatari finance ministry said it respected Egypt's decision, according to the state news agency. It also said negotiations had failed after Egypt asked for the full amount to be changed into bonds in one move while Qatar wanted this to be done in stages.

Egypt's refusal on Thursday to increase the number of flights between the two states "came in reaction to the recent escalations between Egypt and Qatar after Egypt returned the $2 billion deposit of Qatar," one airport official said. The official said that during Mursi's rule the Qatari airlines had run more flights but not Egypt Air, harming the Egyptian company's profits. "This deal is expected to be scrapped soon as well," the source added. Qatar condemned last month's attack by Egyptian security forces on Muslim Brotherhood supporters camps in Cairo in which hundreds were killed and has asked for the release of jailed Muslim Brotherhood leaders. At least 2,000 Islamist activists, mostly from the Brotherhood, have been arrested in the past two months. Egypt called Qatar's pro-Mursi comments clear interference in its affairs. Local media accused Qatar of seeking to take over Egypt's historic regional leadership role. Egyptian authorities have closed the Cairo offices of Qatar's Al Jazeera news channel, accusing it of siding with Mursi, and two Al Jazeera journalists have been detained for over a month.*(Reuters)*

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Ghana

Corporate News

No Corporate News This Week

Economic News

The Central Bank is planning to come up with an effective Deposit Insurance Scheme by 2015 that will ensure depositors in all financial institutions are covered in case of the institution's collapse. Governor of the Central Bank Dr. Henry Kofi Wampah said the move is part of measures to ensure a "consistent and transparent framework for intervention in the operations of regulated deposit-taking financial institutions". Deposit insurance is a measure implemented to protect bank depositors, in full or in part, from losses caused by a bank's inability to pay its debts when due. Deposit insurance systems are one component of a financial system safety net that promotes financial stability. Speaking at a public discussion organised by the Institute of Statistical, Social and Economic Research (ISSER), Dr. Wampah added the Central Bank is also initiating steps that will strengthen its regulatory and supervisory regime by revising and consolidating existing laws and introducing guidelines such as corporate governance, licencing and external auditor regulations. "It is our expectation that these initiatives will address potential vulnerabilities and ensure a safe and sound banking industry in the country," he added. Dr. Wampah, delivering a lecture on the topic "What does it take to build a stable and efficient financial sector for sustaining growth and structural transformation in Africa", said financial sector development requires robust financial policies and regulatory frameworks. "The absence of these could have disastrous outcomes as observed during the recent global financial and economic crises. When the financial sector functions well, it will have a significant impact on the economic development; while a malfunctioning one will impact the economy negatively," he said.

According to him, efforts to develop the financial sector should focus on enhancing depth, access, efficiency, and stability -- adding that "these have underscored efforts in many African countries to build a safe, sound and stable financial sector". He added that "building an efficient financial sector is indispensable for sustained economic growth and structural transformation. This is why reforms in the sector have been ongoing for the past seven years". Despite the continent's banking system making considerable strides over the years with improvement in balance sheets, capital base and an enhanced risk management, challenges still remain -- undermining its contribution to the real sector. "Corporate lending is still in many cases focused on the short end of the market, and few banks engage in long-term ending while bank balance sheets tend to be dominated by short-term deposits. "There is also a lack of adequate competition as the banking sector remains in many cases, oligopolistic, leading to inefficient pricing of financial assets," he said. Oligopoly is a market condition that exists when there are few sellers -- a result of which is they can greatly influence price and other market factors. "Banks will have to continually review their risk management systems and explore new avenues to maintain the bottom line, with emphasis on cost rationalisation and growing other areas of income," Dr. Wampah added. *(Ghana Web)*

Ghana's central bank left its benchmark interest rate unchanged for a second consecutive meeting to counter sluggish growth and a weaker cedi. The policy rate was kept at 16 percent, Bank of Ghana Governor Kofi Wampah told reporters in the capital, Accra today. The decision was in line with the forecast of all six analysts surveyed by Bloomberg. "The risk in the outlook for inflation and growth are balanced," Wampah said. "Pressures in the foreign exchange market will ease further" by the end of the year, he said. West Africa's second-biggest economy is forecast by the government to grow by 8 percent this year from 7.9 percent in 2012. The economy shrank 3.1 percent in the first quarter from the previous three months as industry output contracted amid frequent power outages. Ghana, which cut fuel subsidies in February to help narrow the budget deficit, raised the gasoline price by 3.7 percent on Sept. 16. Inflation slowed for the first time in seven months to 11.5 percent (GHCPALLY) in August from 11.8 percent in July. The cedi has lost 13 percent of its value against the dollar this year, ranking it Africa's worst performer after South Africa's rand, according to data compiled by Bloomberg. Inflation risks remain to the upside, Wampah said. The currency was unchanged at 2.18 per dollar at 12:14 p.m. in Accra. "Recent cedi weakness does pose a risk to the inflation profile going forward," Razia Khan, head of Africa economic research for Standard Chartered Plc in London, said in a note to clients after the decision. "Should the currency continue to come under pressure, more tightening may well be needed in this cycle."*(Bloomberg)*

Ghana plans to launch an international bond totalling $1 billion or more next year, following its recent dollar bond offering, the country's deputy finance minister said on Tuesday. "We are not going in (to international capital markets) again from now until December, we will go in definitely next year," Cassiel Ato Forson, one of Ghana's two deputy finance ministers, told Reuters on the sidelines of a Ghana investment forum. "We will do $1 billion or maybe more." The gold, cocoa and oil-producing West African nation issued a $750 million 10-year dollar bond in July, along with an exchange of $250 million of new bonds for its debut dollar bond issued in 2007. Ghana ian ministers had previously said Ghana may issue more international debt this year. The government has not yet decided whether to issue a regular Eurobond or to launch debt linked to specific infrastructure projects, Forson said. Ghana's recent bond had a launch yield of 8 percent and is currently trading around 8.3 percent. "I think we can get a better yield," Forson said of next year's planned deal. African and other frontier borrowers have been active in the international bond markets this year, taking advantage of a wide-reaching investor hunt for returns. The threat of a reduction in U.S. monetary stimulus stopped the flood of issuance temporarily, but borrowers such as Ghana and Nigeria have returned to the markets in recent weeks, even though yields have risen. Ghana, which is targeting a budget deficit of 9 percent of GDP this year, plans to issue dollar debt more frequently, Forson said. "We will be coming in regularly, maybe once a year." Ghana also recently launched its first seven-year domestic bond, and Forson said there were plans to extend the domestic yield curve beyond the current 10 years. "We want to do 15 and 20 years," he said. The International Monetary Fund forecast on Tuesday GDP growth for Ghana of 7 percent this year, saying the country's current account deficit was a key risk. But Forson said Ghana could meet the government's 7.9 percent growth target for the year, despite a fall in commodity prices. "It's very achievable - our economy is diversified, most of our growth is driven by the service sector." *(Reuters)*

Ghana's economy will grow 7% in 2013, the International Monetary Fund said on Wednesday, below the West African government's 8 percent forecast. It will be difficult for Ghana to keep its budget deficit below 10 percent this year, the IMF added in a statement. The government says its deficit will fall to 9 percent this year from 12.1 percent in 2012. One key risk for the economy of Ghana, an exporter of cocoa, gold and oil, is its current account deficit, which will rise to 13 percent of gross domestic product this year, the IMF said. *(Reuters)*

Ghana's president, John Dramani Mahama, has named finance and energy specialist Alexander Mould as head of the state-run Ghana National Petroleum Corporation (GNPC), an official said on Thursday. The appointment of Mould, who was director of downstream regulator National Petroleum Authority, takes immediate effect, Energy Ministry spokesman Edward Bawa said. Mould replaces Nana Asafu-Adjaye, who served for five years as managing director of the GNPC, which holds a 13.6 percent stake in the West African nation's flagship Jubilee offshore field. No reasons were given for Asafu-Adjaye's departure. Ghana became an oil producer in December 2010 with reserves at the Jubilee field estimated at up to 1 billion barrels. It expects full-year 2013 production of 95,000 barrels per day. Tullow Oil, Kosmos Energy and Anadarko Petroleum are some of the other partners at the Jubilee field. Between 1985 and 1994 Mould was an adviser at the GNPC in charge of marketing. He had previously worked at Standard Chartered Bank and Union Bank of Switzerland in New York. *(Reuters)*

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Kenya

Corporate News

Centum Investment Co., East Africa's largest publicly traded investment group, agreed to buy a controlling 73.4 percent stake in Genesis Kenya Investment Management Ltd. for an undisclosed sum. The acquisition comes four days after the company, based in Kenya's capital, Nairobi, said it registered four companies that will invest in the energy, real-estate and beverage industries. In June, Centum said it received regulatory approval to create an asset-management unit, Centum Asset Managers Ltd. The purchase "is in line with Centum's strategic objective of growing third-party funds," the company said in a statement. Genesis Kenya has 100 billion shillings ($1.14 billion) under management and is licensed to operate in Kenya and Uganda, according to the statement. Centum Asset Managers is headed by Pius Muchiri, who was previously investment manager in charge of quoted equities at the company. The deal with Genesis Kenya is subject to approval by regulators including the Capital Markets Authority and the Retirement Benefits Authority, it said. Centum announced on Sept. 13 it incorporated new units including Mvuke Power Ltd. in Mauritius to invest in energy projects. The company will seek shareholder approval on Oct. 18 for the acquisition of a 79.2 percent stake in Kilele Holdings, a company that is also incorporated in Mauritius.
No one answered the phone when Bloomberg called Centum's head office seeking comment. *(Bloomberg)*

The East African Portland Cement Company (EAPCC) has moved a step closer to privatisation after the Cabinet received a detailed proposal to sell the State's stake in the company. The Privatisation Commission says it is waiting for a go-ahead from the Cabinet in the latest attempt to have the government divest from the company after years of false starts. "Preparatory work completed and detailed proposal submitted to the Treasury on June 28, 2013 for consideration by the Cabinet," reads part of the commission's recent submission to parliamentary Public Investment Committee. The government holds a 25 per cent stake in the cement manufacturer while the State-controlled National Social Security Fund (NSSF) owns 27 per cent. Selling to a strategic investor has been identified as one of the exit route for the government in earlier sell-off bids. The commission did not indicate the stake or the amount the State is seeking raise from the sale. The privatisation will increase the number of Portland Cement shares available for trading if the State opts to offload its stake through the Nairobi Securities Exchange (NSE). Capital market laws require firms listed on the Nairobi bourse to make available at least a quarter of their issued shares for trading at the NSE. About 94 per cent of EAPCC shares are held by NSSF, the government and Lafarge (41.7 per cent) — positioning Portland in breach of the law. The Privatisation Commissions said the sale of the government's interest would also help boost governance and transparency in Kenya's second-largest cement makers after Bamburi Cement.

The State has relied on its combined shareholding with NSSF to run EAPCC as a parastatal, placing the firm's operations under a heavy bureaucracy that has affected its growth strategies. Unlike its rivals, EAPCC cannot respond quickly to market changes since major decisions including procurement have to be approved by the Industrialisation ministry and other government agencies. The parastatal's operations were last year affected by a legal battle after the government moved to oust several of its directors who were reinstated later by the courts.
The legal battle centred on whether the firm is a public limited company or state-owned, with the courts preserving the government's claims that EAPCC is a parastatal while at the same time blocking its bid to oust the directors. Exit of the government is expected to end such confusion, leaving the company's directors to be appointed or removed through votes at AGMs or in the boardroom. The firm share has trailed the Nairobi bourse over the past year gaining 1.8 per cent to Sh56 in the period the saw stocks of most firms appreciate by double digits. Disposal of the State's shares will also earn it hundreds of millions of shillings that will help plug part of the budget deficit standing at Sh356.6 billion in the current fiscal year. *(Business Day)*

Kenyan book publisher Longhorn swung to a pretax profit of 151 million shillings in the year through June, but warned that recently introduced tax measures would affect its prospects. The company, which had posted a 25.9 million shilling loss the year before, attributed the better-than-forecast performance to robust demand at home and in the export markets of Uganda, South Sudan, Tanzania and Rwanda.
Its own internal forecast had been for 121.9 million shillings at the pretax level. Turnover rose by a third to just over 1 billion shillings, the company said, adding it would pay a dividend of 0.80 shillings per share on earnings per share of 1.61 shillings. Authorities in Kenya enacted

a value added or sales tax last month, slapping taxes on items including books, and sending the retail price of various items higher. "This is expected to slow down business and negatively impact on product volumes uptake," Longhorn said in a statement. It however added that a stable economic outlook in the region could cushion it somewhat from the impact of the new taxes. Longhorn, which is best known for text books, has been investing in electronic learning materials, in a variety of media and platforms, to benefit from the new Kenyan government's pledge to equip all school children with laptop computers. *(Reuters)*

Economic News

Cotton production in Kenya is projected to rise to 19,980 tonnes in the next three years through planned interventions meant to revive the sector that has stalled for decades. The projected production level is a 260 percentage growth from the current national production level of only 5,550 tonnes. Speaking to the Nation, Cotton Development Authority acting chief executive officer Anthony Muriithi said the authority has put in place several measures to achieve the target in three years. "By the end of the third year, we hope to produce 19,980 tonnes," he said. A raft of measures including development of high yielding, pest resistant seed varieties, providing incentives for revival of ginneries, subsidising seeds and fertilisers to lure farmers into the sector, reviving local textile industries and engaging in extensive extension services, have been lined up to develop the sector. The projected production is half the high of 38,000 tonnes of seed cotton in 1984/1985. Amendment of the Cotton Act in 2006 paved the way for establishment of the Cotton Development Authority (CODA) in 2009 to replace the defunct Cotton Board of Kenya. The authority began to deploy officers to many of the cotton growing areas as part of a move to resuscitate the sector. "One of the issues that affected the cotton industry was liberalisation, followed by the move by the government to delink itself from processing and marketing the crop, which the Cotton Board of Kenya used to do," Mr Muriithi said during the interview. "The challenge that CODA faces is that it lacks the mandate to market the sector because it is a regulatory body unlike the defunct Cotton Board," he added.

The regulator is supposed to monitor the entire value chain and promote the sector with a view to reviving it to peak production levels as in the 80s and 90s. Liberalisation of the industry saw an influx of private sector players and an exit of direct government involvement. Then came structural adjustment programmes and eventual collapse of the Cotton Board. All this led to a sharp decline in production levels of the once key foreign exchange earner. "So, we had ginneries that were operated by the Cotton Board collapsing. The board used to use co-operative societies as agents, but these co-operatives also collapsed and with them, farmers' money was lost," Mr Muriithi said. The Cotton Board also used to operate ginneries and processing facilities. It also ran state-owned textile factories like Rivertex and Kicomi, which collapsed when the sector lost its glory. Although Eldoret-based Rivertex has since sprung back to life, Kisumu-based Kicomi Textile is a white elephant. The authority is now moving to promote cotton in 24 counties in coast, western, eastern and central Kenya regions.

The technology used by many of the ginneries is also old, ineffective and keeps production costs up by about 40 per cent, compared to some of the ginneries that have since upgraded their machines. "The technology used in cotton production is old. When the sector collapsed, people were not ready to invest more because cotton was not commercially viable then. But now we have been able to link several ginneries in Kenya to people who can provide them with more cost-effective gins. These are good because they save on energy and labour and they are also efficient," he said. Some ginneries have now roared back to life. They are in contact with some of the farmers, offering them a ready market for their produce despite the low price the crop is still fetching internationally. There are about 24 ginneries in Kenya, but less than ten of them are functioning. "There were only four of them operating before we took over," Mr Muriithi said. The high cost of reviving some of the ginneries and low levels of cotton production have discouraged investors from bringing back to life the dead ginneries.

However, some investors, including the proprietor of Makueni Ginneries, were beneficiaries of the World Bank's matching grant that enabled them to acquire new machines to enhance efficiency. "The mathematics we have done now is that one new gin is able to do the same work as four old gins. You can see the efficiency, energy and labour costs that they are saving," he said. "We are also giving out seeds as a stimulus package to cotton farmers to attract them back to the sector," he noted. The seeds are bred by the Kenya Agricultural Research Institute (Kari). New seed varieties that have been developed for western and eastern Kenya regions have the potential to yield 1,000kg of seed cotton per acre. Absence of such seeds has seen farmers produce only between 100 and 300 kg of seed cotton per acre, with some of the well-to-do managing only 600 kg. The potential for one acre, according to industry players, should be about 700kg of seed cotton. "The full potential of these varieties is around 2,500kg of seed cotton per acre," he said. Irrigated cotton used to do well in Kenya, with Bura and Hola irrigation schemes accounting for 40 per cent of national production. The schemes used to produce over 5,000 tonnes that is currently being produced nationally. But, since the schemes' collapse in the mid-90s, farmers abandoned the crop. The target now is to plant 4,000 acres of cotton under irrigation. *(Daily Nation)*

Kenya's energy regulator raised on Saturday the maximum retail prices for petrol, diesel and kerosene due to rising global oil prices and a weakening shilling. The higher prices are likely to add upward pressure to the east African economy's inflation rate, as they have a big impact on its calculation. Inflation rose to 6.67 percent in the year to August from 6.02 percent a month earlier. ERC said it had raised the maximum price of a litre of super petrol in Nairobi by 1.62 shillings to 113.88 shillings, that of diesel by 1.11 shillings to 105.55 shillings and that of kerosene by 1.63 shillings to 85.56 shillings. The Energy Regulatory Commission (ERC) revises domestic energy prices every month, with adjustments made depending on fluctuations in international energy prices and the foreign exchange rate. The economy relies heavily on diesel for transport, power production and agriculture. Kerosene is used in many households for lighting and cooking. Kenyans have paid up to 120 shillings previously for super petrol without any social unrest. ERC said the import costs for super petrol, diesel and kerosene all rose in August, while the shilling's exchange rate depreciated 0.56 percent to 87.45 per dollar from July. The new prices will take effect on September 15, and will be in force for a month. *(Reuters)*

Kenya's economic prospects look more favourable and foreign investors seem undeterred by a trial of Kenyan president and his deputy on charges of crimes against humanity in The Hague, a senior IMF official said on Monday. Kenya's situation had improved from three years ago, when it faced the impact of two consecutive droughts and the fallout from the global financial crisis, that cause a sharp economic slowdown. It was also coming to the end of an IMF Extended Credit Facility programme, that had provided $700 million over three years. With growth running at 5.5 percent this year, International Monetary Fund Africa director Antoinette Sayeh said Kenya was in a "good place" to issue a debut Eurobond, which the government says could raise up to $2 billion later this year. Kenya has long wanted a Eurobond issue but initial plans to raise $500 million were shelved after nationwide violence in early 2008 following a disputed election that stunted economic growth and later because of the global financial crisis. Politics in Kenya has been overshadowed by the trials of Deputy President William Ruto's, which began last week, and President Uhuru Kenyatta, starting in November, raising fears that business confidence could be hurt by the uncertainty. Both men, who won an election on a joint ticket in March, are being tried on charges of orchestrating violence after a vote more than five years go when they were in rival camps. They deny the charges and have pledged to cooperate with the court. "Investors are very gung-ho on Kenya these days," Sayeh told reporters in Nairobi, when asked about the impact of the cases. "Everybody is aware that there is a trial going on, yet they are certainly continuing to see that Kenya has very good economic prospects," she said.

Inflation was close to the government's 5 percent target, she noted, and Kenya's external position had improved. Another IMF official said the current account deficit in 2012/13 had narrowed to 8.9 percent of gross domestic product, from 9.4 percent a year earlier, but said it would have recorded a small surplus and shown a bigger improvement when costly imports of energy industry equipment were stripped out. Such imports have grown with the exploration and discovery of oil in Kenya, east Africa's biggest economy. To fund infrastructure and retire more expensive debt, Kenya is choosing advisers for a Eurobond, expected later this year. Analysts say borrowing costs for emerging markets could rise with any U.S. move to scale back bond purchases, or quantitative easing, drawing investors to higher yields in advanced economies. "We don't see a major risk of large outflows from Kenya that it will not be able to sustain," Sayeh said, adding Kenya had a flexible exchange rate to deal with any potential outflows. *(Reuters)*

The government has embarked on a plan to review the excise and income tax laws, just weeks after it did the same with the Value Added Tax Act 2013 that triggered a spike in food prices. The review of the Incomes Tax Act and Customs and Excise Act is expected help the government earn more revenue to finance the various projects under the Vision 2030 economic growth plan. "We are now embarking on reforming other taxes to ensure that they are in line with our Vision 2030 objectives. We are now prioritising excise tax and income tax and I want to ensure Kenyans that we are doing this in accordance with our Constitution," said National Treasury Cabinet Secretary Henry Rotich.

Mr Rotich was speaking at a joint conference held yesterday by the government and the International Monetary Fund (IMF) to review economic successes the country has achieved since the implementation of the IMF's Extended Credit Facility programme in Kenya in 2011.
An upward review of Excise Duty will see the price of imported electronics, beer, beverages, cigarettes, motor vehicles, fuel and telecommunications services, among others, go up. On the other hand, any upward review of income tax could see both companies and individuals pay more to the Kenya Revenue Authority.

The government is under pressure to raise over Sh1.6 trillion to finance this year's budgetary expenditure as the Jubilee government moves to implement its campaign promises and anchor the two-tier governance structure of the national and country governments. Speaking at the same event, IMF director for Africa Antoinette Sayeh said that Kenya's economic reforms have paid-off, making the country an example of the continent's market-driven economic dynamism. Ms Sayeh said Kenya's economic achievements have not happened by chance, but reflect the country's efforts to anchor economic stability in sound fiscal, monetary policies and market-oriented structural reforms. "In fact, Kenya has stayed the course of economic reforms, with good results. Inflation has been tamed. Economic growth has maintained a good pace, despite the less-than-favourable global economic environment," Ms Sayeh said. *(Daily Nation)*

Kenya's airport authority has received full funding offers from three banks to build a new terminal and second runway at its main airport, hit by a massive fire last month, that will cost $653 million, the transport minister said on Wednesday. The plans to expand the ageing airport, a regional gateway for passengers and cargo, are not new but the authorities have come under pressure to speed up the expansion after the blaze destroyed the arrivals terminal. The new terminal and runway will provide a further capacity of 40 million passengers, Transport Secretary Michael Kamau said, seen by government as necessary to cope with the anticipated boost to the economy the expected exploitation of oil reserves will bring. Speaking to Reuters on the sidelines of a conference on the country's economy in Nairobi, Kamau declined to say which banks had offered funds to the Kenya Airports Authority, a parastatal. He did, however, say the lenders would not require a government guarantee, suggesting the lenders are confident they can recoup their money on the project expected to get under way this year. The old arrival hall remains a charred shell and the airports authority is relying on a makeshift terminal made out of giant tents to handle arriving passengers. Even before the fire, Nairobi's Jomo Kenyatta International Airport, built in the 1970s to handle 2.5 million passengers annually, was struggling to handle more than 6 million people a year as its regional importance grew.

"The discovery of oil is a game changer in this country. I don't think people are sufficiently prepared for what is coming," Kamau said. National carrier Kenya Airways has been blaming lack of capacity for delays to expand operations. The carrier, which is partly owned by AirFrance KLM, plans to more than double its fleet to more than 80 planes in five years. Like most other sub-Saharan Africa nations, Kenya suffers a massive infrastructure deficit, holding back its economic growth potential. There are signs a mega-port project on the north Kenyan coast may be gaining traction based on the commercial oil discoveries in Uganda and Kenya. Kamau said a feasibility study into an oil pipeline linking South Sudan's oil fields to the Lamu port scheme had been completed. "There are three companies that are willing to fund it with guarantees from oil revenues," he said, without offering details. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News This Week

Mauritius

Corporate News

No Corporate News this week

Economic News

Mauritius' annual average inflation rate is expected to fall to 3.7 percent this year from 3.9 percent in 2012, based on Statistics Mauritius estimates, Finance Minister Xavier Duval said on Friday. At its last monetary policy meeting, the Bank of Mauritius said the headline inflation would be within a range of 4.1-4.3 per cent by December 2013. "Globally inflationary pressures have receded given the economic slowdown and slower growth in commodity prices," Duval told Reuters in an interview. "The latest estimates from Statistics Mauritius sees inflation at 3.7 percent this year down from 3.9 percent last year and 6.5 percent in 2011." In June, Mauritius cut its key repo rate by 25 basis points to 4.65 percent to stimulate growth at a time when inflation was benign. Mauritius expects a recovery in tourist arrivals following a rise of 11.5 percent in August to 73,454 from a year ago, Duval said. "Arrivals estimates for September are also looking good and we have seen a 93.9 percent increase in arrivals from China to 26,047 over the last 8 months. Based on latest data which also show an increase in FDI (foreign direct investment) in the first half of the year, we are confident to start the last quarter in the best conditions," Duval said. In June, Mauritius cut its 2013 economic growth forecast to 3.3 percent from 3.5 percent, anticipating a contraction in the construction sector and slower growth in financial services and technology. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

AST-food franchise group Famours Brands has bought 49% of Nigerian chain Mr Bigg's, giving the South African group its first direct stake in a market where it sees significant potential for growth. Famous Brands CEO Kevin Hedderwick said the deal "catapults (the group) to a completely different level" in Nigeria, where it has been trading for 11 years through master license and franchise agreements. Famous Brands is buying 49% of UAC Restaurants, the wholly owned subsidiary of diversified conglomerate UAC of Nigeria that houses Mr Bigg's.
Mr Bigg's is the largest food franchise brand in Africa, north of South Africa. UAC Restaurants has 165 franchised restaurants across Nigeria — 57 of them in Lagos and 14 in Abuja. Forty-five percent of the company's franchised restaurants and 40% of its revenue is concentrated in Nigeria's three key commercial centres. UAC Restaurants also has a small logistics and manufacturing component. Famous Brands said the deal, which takes effect on October 1, would be financed from its reserves. It did not disclose the value of the deal. The deal "underlines our ambitious and deliberate plans to grow our business outside South Africa", Mr Hedderwick said. "Trading in Africa is inevitably about being first to market and we believe this transaction represents a significant step-change through which we will further entrench our leadership position within the branded food service industry in Africa."

Mr Hedderwick said Mr Bigg's had an extensive on-the-ground presence and huge loyal customer base, demonstrated by the 100,000 consumers who visit the brand's restaurants daily. Mr Bigg's quick-service restaurants are at high foot-fall sites. It sells pastries, snacks, burgers and hot meals, with about 25,000 pieces of chicken sold daily. "Our immediate goal is to bed down this joint venture and optimise on the evident success of the existing operation and its enormous potential within the Nigerian market," Mr Hedderwick said. Famous Brands' other brands include Steers, Wimpy, Debonairs Pizza, Mugg & Bean, FishAways, Milky Lane, Juicy Lucy, O'Hagan's, Keg, Europa and Fego Caffe. *(Business Day)*

Royal Dutch Shell has reopened its 150,000-barrel per day Trans Niger pipeline in Nigeria after a near two-month shutdown following a leak, the company said on Monday. A force majeure declared in April on Nigeria's benchmark Bonny Light crude oil grade remained in place, despite the major pipeline reopening on September 8, a Shell spokesman said. (Reuters)

Shares in UAC of Nigeria (UACN) Plc closed 0.9 per cent higher at N55 per share yesterday as the stock market reacted positively to news that Famous Brands Limited (FBL), a South African leading quick service and casual dining restaurant operator, is to acquire 49 per cent stake in UAC Restaurants Limited (UACR). UACN is a leading diversified company with operations in foods, paints, logistics and real estate listed on the Nigerian Stock Exchange (NSE), while FBL is an investment holding company listed on the Johannesburg Stock Exchange. FBL operates popular fast-food chains such as Wimpy, Steers and Debonairs Pizza and has 172 restaurants across the continent. It already has Debonairs' Pizza and Steers operating in Nigeria. Market analysts said the acquisition of 49 per cent stake in UACR, which will be concluded October 1, 2013, would entrench FBLs operations in Nigeria and boost UACR's fortunes. However, speaking on the development, Group Managing Director/Chief Executive Officer of UACN, Mr. Larry Ettah, said: "We are delighted to partner FBL in this venture. This is a transformative transaction which ensures UACR has the necessary strategic partner to unlock the considerable value potential in the QSR landscape which Mr. Bigg's defined 25 years ago and in which it still maintains a leadership position. UACR will be availed of FBL's tested and highly successful brand stewardship to enhance and reinforce the Mr. Bigg's brand market power. This deal further reinforces UACN's commitment to ensure we collaborate and leverage international partnerships to accelerate our strategic growth and progress." On his part, Chief Executive of FBL, Mr. Kevin Hedderwick, said "This joint venture delivers compelling benefits for both parties: UACR will be vending in a formidable brand (Mr. Bigg's), local expertise as well as a nationwide distribution network and Lagos-based manufacturing infrastructure. In exchange, FBL will add value to the business through our expertise in managing intellectual property, growing brands and optimising supply chain operations and efficiencies." He added that one of the key challenges of expanding into the rest of Africa has been to source suitable local partners, noting that this acquisition has surmounted that obstacle. *(This Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Indications emerged Tuesday that Unity Bank Plc seems to be attracting the attention of foreign and domestic venture capitalists keen on investing in high potential financial service operators in Nigeria. This, THISDAY learnt, may not be unconnected with the bank's performance, its ISO certification in August 2012 and PCIDSS in April 2013. The bank's strong corporate governance culture and positive bottom-line are also factors that could be encouraging to the investors as well. Unity Bank recorded 24 per cent increase in its 2013 half-year pre-tax profit, just as its profit after tax increased by 130 per cent in the same period. THISDAY gathered that some of the venture capitalists to include Lagos-based Verod Capital Management, Development Partners International (DPI) – based in the United Kingdom and Bank of Africa, an intercontinental banking and investment conglomerate. Furthermore, a report indicated that the investors were looking to partner Unity Bank, which is currently expanding its business reach and growing its market share in Nigeria's under-exploited, yet lucrative retail banking sector. It suggested that the DPI, which was established in London in 2007, had indicated willingness to make a commitment of about $200 million in Unity Bank Plc, even as the investor currently manages a $400 million private investment fund and is in the process of raising a further $500 million in investment funds. "With an investment portfolio cutting across several sectors pan-Africa, there is high level optimism among finance analysts that DPI's entry into Nigeria's banking industry through Unity Bank will redefine the retail market segment and hike the stakes in terms of competition," it said.According to the report, one of DPI's most recent equity investments was the 67 per cent stake it acquired in Mansard Insurance (formerly Guaranty Trust Assurance.)

Meanwhile, it stated that Verod Capital Management, which was established in Lagos in 2008, had in its investment portfolio interests ranging from financial services, through consumer products, agri-business to real estate and civil engineering and had indicated interest in investing as much as $160 million in Unity Bank. "Verod is focused on acquiring majority or minority equity stakes in businesses with strong market position, free cash flow potential and substantial value creation through growth and operational improvement. They consider Unity Bank to be the appropriate channel through which to inject their capital," it stated. It added: "The Morocco-based Bank of Morocco is also in the game even as investigations show that discreet talks are currently on-going. There are suggestions too that its interests in investment and mortgage banking, brokerage, leasing, and assets management may well place it in a strategic position to snatch a 50 per cent stake in Unity Bank, thus effectively positioning itself as a major player the nation's under-tapped retail banking segment." The flurry of investor interest in Unity Bank is coming on the heels of the departure of Alhaji Ado Yakubu Wanka. His voluntary retirement was disclosed recently by the Nigerian Stock Exchange. *(This Day)*

The competition in the Oil and Gas Market has taken a new twist, as Oando Marketing, a subsidiary of Oando Plc and a major player in the downstream sector of the Oil and Gas industry, has expanded its frontiers with the rolling out of state-of-earth mega stations in Lagos and other parts of the country. The new marketing initiative, which will lead to the building of 50 mega stations across the country, will not only help the oil marketing company to consolidate its leadership position in the market, but also guarantee consumers easy access to its products as well as raising the bar in the industry to international standard. Chief Operating Officer of the company, Mrs. Olaposi Williams, who dropped the hint during an interview with THISDAY, explained that Oando Marketing, a subsidiary of Oando Plc, would build 10 mega stations every year within the next five years across major cities in the country. Giving the major highlights of what would stand the stations out among the existing ones in the country, she said each of the stations would have the capacity to dispense at least three trucks of premium Motor Spirit per day, adding that they would be one-stop-shops for consumers.

According to her, "the project which has since commenced in Lagos will also be located in good locations in Abuja, Port Harcourt and other major cities in the East, North and West. However, she further stated that Lagos, which is the commercial nerve center of the country, would have the largest share with 50 per cent, Federal Capital Territory 30 per cent, while East and North would get 10 per cent each." Her words:"We hope to build 10 mega stations every year in the next five years, which will bring the number to 50. We are repositioning our retail outlets across the country, especially filling stations that have been driving our volumes. Before now we had over 1000 stations but we have 338 of them that are dispensing over a million liters per month, about three trucks per day. In the last one year, we have upgraded 10 stations in Lagos, Port Harcourt and Abuja," Speaking on why the company is embarking on such a massive project, the COO said it was conceived to satisfy consumers and earn their trust, adding that nothing would be compromised by the company in its bid to achieve the best standards in dispensing fuel to its customers. She also allayed the fears of some motorists who often complain about being short-changed through under dispensing in some stations, assuring Oando customers that the company doesn't pay lip service to integrity as monitoring teams of the oil marketing company are on routine checks of the stations to ensure accuracy. *(This Day*

Nigerian-owned oil companies are boosting their share of the country's output by taking up fields in restive areas as international energy companies retreat, Ecobank Research said. For more than five decades, Royal Dutch Shell Plc (RDSA), Exxon Mobil Corp. (XOM), Chevron Corp. (CVX), Total SA (FP) and Eni SpA (ENI) pumped about 97 percent of Nigeria's output, according to figures provided by state-owned Nigerian National Petroleum Corp. That fell to 90 percent in 2006 and is set to shrink further to about 60 percent in five years "if the current divestment trend continues," Rolake Akinkugbe, a London-based energy analyst for Ecobank Research, said in an e-mailed response to questions. Shell and Chevron are selling assets that can produce 300,000 barrels a day from nine onshore and shallow-water oil leases. Stakes in 13 other fields were sold jointly by Shell, Total and Eni since 2010, with most of them bought by smaller Nigerian companies including Seplat Petroleum Development Co., First Hydrocarbon Ltd. and Neconde Energy Ltd. As international energy companies led by Shell and Chevron give up onshore and shallow water fields plagued by persistent unrest, violence and crude theft in the oil-rich Niger River delta, smaller Nigerian companies are taking over, expanding their output capacity. "These divestments represent the single largest opportunity for indigenous Nigerian firms with the requisite expertise, partnerships and capital to ascend into the league of major upstream players," Akinkugbe said. If they overcome the operational difficulties they "will become increasingly instrumental" to Nigeria meeting its output target of 3 million barrels a day by 2020, she said. Local companies are probably "better off dealing with some of the security challenges in theNiger delta than the foreign companies," Bismarck Rewane, chief executive officer of Lagos-based Financial Derivatives Co., a business advisory group, said in a phone interview. It's easier for them to communicate with the communities and win their sympathy , he said. Nigeria, OPEC's seventh-largest producer, pumped more than 2 million barrels of crude a day last month, according to data compiled by Bloomberg. The West African nation has Africa's biggest crude reserves after Libya, more than 36 billion barrels. Crude prices rose 0.8 percent to $106.24 a barrel as of 3:46 p.m. in London.

Armed attacks led by the Movement for the Emancipation of the Niger Delta, fighting for the region's control of oil resources, cut Nigeria's oil output by 28 percent, mainly from the delta's swamps and shallow waters, from 2006 to 2009, according to figures complied by Bloomberg. Though the violence subsided after thousands of fighters accepted a government amnesty offer in 2009 and disarmed, a surge in oil theft in recent years by gangs tapping crude from pipelines pushed output down to four-year lows earlier this year. A proposed law to reform the way the oil and gas industry is regulated and funded has been delayed in parliament for five years, with international energy companies saying its fiscal terms, including taxes and royalties, would make offshore exploration unprofitable. The bill also proposes terms to boost the participation of Nigerian companies in the industry. If passed, the law could be a "real catalyst for boosting local production, with attractive economics for small and marginal fields which many local companies operate," Akinkugbe said. Eleven local companies including Seplat, South Atlantic Petroleum Ltd., Seven Energy Ltd., First Hydrocarbon and Sahara Energy Field Ltd. have been short-listed to buy the Chevron fields on sale, Lagos-based Africa Oil+Gas Report reported on Aug. 29. Nigerian energy company Oando Plc (OANDO), which signed a deal last year to acquire the oil assets of ConocoPhillips (COP) in the country, said on Sept. 16 it will also take up the Houston-based company's stake in the proposed Brass LNG plant in the Niger delta for $105 million. Chevron is offering all of its 40 percent stake in each field and aims to complete the transactions before the end of this year, Jim Craig, a Houston-based spokesman, said in an e-mail, without giving details. For Chevron it's a chance to "enhance capital efficiency" and for the prospective buyers an "opportunity to grow their own assets," he said. *(Bloomberg)*

The Dangote Group of companies have revealed plans to establish sugar and rice production factories estimated to cost $700 million. Disclosing this during a courtesy visit to the Governor of Kebbi State, the President of Dangote Conglomerates, Alhaji Aliko Dangote revealed that the two factories which is scheduled to take off simultaneously before the end of the year would create over 75,000 jobs for people of the state and beyond. The factory, he said, will also produce animal feeds from the waste of sugar cane and rice residues that will be beneficial to cattle and other animal rearers. The Group President also disclosed that 150 megawatts of electricity will be generated for the factories which will equally benefit the entire state and neighbouring states. The sugar factory when completed will create 55,000 jobs while the rice factory will create additional 20,000 jobs for unemployed Nigerians. "What motivated our coming to Kebbi is that we have identified available vast fertile land in Koko Besse, Bagudo and Shanga local governments areas of the state," he said. *(Daily Times)*

Stockbrokers have said the N9.32 share price of Oando Plc offers a buy opportunity for investors considering the growth potential in the company. Shares of Oando have dipped by 21% in the last 3 days since news broke that jailed former Governor of Delta State, James Ibori, hid his assets in the integrated energy firm. Ibori has allegedly told a Swiss bank in 2004 that he owned about 305 of the company. However, Oando debunked the claims, saying Ibori only owned an insignificant proportion of the firm. "Based on our current shareholding register, Ibori's shareholding stands at 443 shares out of a total issued and paid up share capital of 6.8 billion ordinary shares, which is clearly insignificant, and cannot be considered as 'a large part of Oando," the company had said The shares of the company have been affected by investor apathy which has depressed its price from N11.77 to N9.32 between Monday and Wednesday. However, some market operators said instead of dumping Oando shares, investors should see the current price as an unprecedented entry opportunity. "While the claims and counter claims are going on, which I believe will be resolved at the end of the day, the decline in the shares of Oando is offering a very uncommon buy opportunity investors should take advantage of," Mike Ezeh of Crane Securities Limited said. Oando had opened the year at N12.35 per share, peaked at N19.80 in March and was hovering between N13 and N15 before the latest negative trend. Before now, analysts at Dunn Loren Merrifield Limited, an investment banking firm, had said Oando's stock was trading at a discount. "Oando's multiples are quite attractive and the stock trades at a deep discount to local and select global peers. Relative to local peers, its price earnings ratio of 2.74 trails industry average of 14.13 and is substantially below those of Total Nigeria, Forte Oil and Mobil Nigeria which are 10.39, 16.37 and 13.32 respectively," the analysts said. *(This Day)*

Building on its successful years of partnership with the Hilton Worldwide, Transnational Corporation of Nigeria Plc (Transcorp), a publicly quoted conglomerate, today announced a new premier hotel development in the upmarket suburb of Ikoyi in Lagos. The proposed Transcorp Hilton Lagos, a full service, 350-room hotel on Glover Road, Ikoyi, will be the Hilton Group's second hotel in Nigeria by Transcorp, following the award-winning Transcorp Hilton Hotel Abuja, which is one of the leaders in Hilton's global network. The new hotel will be jointly owned by Transnational Hotels and Tourism Services Ltd, Transcorp's hospitality arm, and Heirs, the pan-African proprietary investment company chaired by African business leader, Tony O. Elumelu, CON. Speaking at the official signing of the management contract between both parties, which took place at Heirs Holdings' offices in Lagos, Elumelu said, "This agreement marks another milestone in our long-standing partnership with Hilton Worldwide. The Ikoyi development, along with the extensive refurbishment and upgrade of our existing hotels in Calabar and Abuja, demonstrates Heirs Holdings' commitment to driving growth in real estate and hospitality, a strategic sector for Nigeria's economic development. The new Transcorp Hilton Lagos will not only present an additional world-class venue for the increasing numbers of investors, businessmen and tourists to Nigeria, but is creating much-needed jobs for our citizens, enabling their social and economic development." In his remarks, the Managing Director/CEO of THTSL, Valentine Ozigbo, asserted that the Transcorp Hilton Lagos will finally grant the many Hilton Honors customers who visit the city their desire to see a world-class establishment under their preferred brand in the Lagos. Full construction works for the new hotel will commence early next year. The hotel will boast of full conference facilities, meeting rooms, gym and spa, and a swimming pool in an iconic design that will certainly add verve to the Lagos landscape. *(African Press Organization)*

United Bank for Africa, Africa's Global Bank appears set to strengthen its position as Nigeria's premium financial services institution, following its emergence as the presenting partner for the launch of Hello! Nigeria; the premium magazine franchise targeting royalty, celebrities and iconic personalities across West Africa. A statement issued by the promoters of the brand in Lagos indicated that preparations have reached advanced stage for the formal launch of the magazine by the end of this month. Besides UBA, other top brands hand selected as partners for this launch include, Moet & Chandon as well as The Wheatbaker Hotel, the premium hospitality centre located in Ikoyi, Lagos. Speaking on the partnerships, Managing Director for True Tales Publications (official franchise owners for Hello! Magazine in West Africa), Anne Omezi, said the coming of Hello! to West Africa through Nigeria heralds a new era of opportunities to accord deserved dignity and respect to Nigerian royalties and celebrities. "We are pulling every stop; we are ensuring that all that should happen would happen to give Nigerians the celebrity magazine they deserve. Our society is not all about scandals. We have lots of lofty achievements about our people that are worth celebrating and that is why Hello! is here," she stated. Also speaking on the partnership, Group Head, Marketing and Corporate Communications, UBA Plc, Charles Aigbe, said the bank decided to partner in the launch of Hello! in West Africa because the bank has a strong bias for celebrating Africans and their achievements while helping to build world class businesses from the continent. The publication is a magazine specialising in celebrity news and human-interest stories, launched in Spain in 1944 and currently distributed in more than 100 countries with more than 20 local franchise editions. *(This Day)*

Economic News

There are indications that lending rates may increase slightly as Deposit Money Banks (DMBs) adopt cautious approach to guard against likely credit risk in the industry. The Financial Market Dealers Association (FMDA) gave this indication in its monthly economic report for August, obtained by THISDAY at the weekend. According to the report, banks' deposit and lending rates increased slightly in August. It showed that savings account figures attained an average of 2.56 per cent, while other tenured funds ranged between 3.60 and 8.45 per cent for Overnight, to 365 days money. For the lending rates, it showed that prime structured loans and normal structured loans stood at monthly average of 18.20 and 22.24 per cent respectively in August. However, on the average, deposit and lending rates were relatively stable recording a marginal change across maturities. "Expectations are that interest rates may likely notch up slightly as DMBs adopt a cautious approach to guard against credit (default) risk from deficit units and improve net interest margin," it stated. At the treasury bills arm of the market, the report showed that the rate of return in the Primary Market Auction (PMA) trended south in the month under review when compared to the average rate of the previous month. This, it stated, narrowed the spread between the stop rates and 5-year low single-digit inflation figure as a fiscal guard against price stability and deficit financing.

Meanwhile, the central bank allotted N222.70 billion against N185.45 billion bills in July 2013. Subscription in the month rose to N576.38 billion, relative to N477.792 billion in the previous month, reflecting a 20.64 per cent increase. On its outlook for the market in September, the report noted that despite the temporal pressure on the naira, it would continue to face stiff pressure in the near term given the downside risk of less predictable oil price movement and low crude oil output. "The cut-down in asset purchase by the United States is likely to cause a rise in average yields of benchmark bonds as emerging economies move to protect their markets. "Headline inflation is expected to move slightly north as we continue to record the longest sequence of single-digit inflation since June 2006 to May 2008 but remain below 10 per cent in the coming month as the year-on-year base year effect of the corresponding period is effaced accompanied with substantial higher prices levels in that period," it forecast. *(This Day)*

Oil exports in Nigeria, Africa's largest crude producer, declined at a slower pace in the second quarter compared with the previous three months, the statistics agency said. Crude shipments fell 11 percent to 2.7 trillion naira ($16.6 billion) last quarter, after dropping 26 percent in the first three months of the year, National Bureau of Statistics said in an e-mailed report. Oil theft has hampered output in a nation that depends on crude exports for 80 percent of government revenue and more than 90 percent of foreign-currency income. Authorities say more than 400,000 barrels of oil are stolen every day. Crude production fell to 1.81 million barrels a day in March, the lowest since September 2009, according to data compiled by Bloomberg. Oil theft in the Niger River delta cost the country $1.23 billion in the first quarter and caused production to decline to an average 2.2 million barrels a day in the period, according to figures released by state-owned Nigerian National Petroleum Corp. on April 17. The government's budget is based on an oil production forecast of 2.53 million barrels a day.
Nigeria's total trade surplus widened to 2.1 trillion naira in the second quarter from 1.8 trillion in the previous three months as non-oil exports increased and imports declined, the statistics office said. *(Bloomberg)*

NIGERIA'S external trade in the second quarter of 2013 has risen by 4.8 per cent, representing N5. 34 trillion, up from N5.04 trillion recorded in the previous quarter. The new trade profile was contained in the second quarter report of the National Bureau of Statistics, which was released Monday. The report however, showed that the country's external trade for the year at the end of the quarter grew by N242.3 billion, even as the data showed that export outgrew imports which witnessed a decline within the period under review. These differentials, the NBS explained, resulted from an increase in the value of exports from N3.45 trillion in the first quarter of 2013 to N3.74

trillion in the second quarter (an increase of N290.8 billion or 8.4 per cent), as well as a 2.9 per cent decline in the value of imports from N1.65 trillion in the first quarter of 2013 to N1.6 trillion in the second quarter. The bureau further linked the increase in exports and decrease in imports to a favourable trade balance of N2.145 trillion in the second quarter. Further analysis of the second quarter of the preceding year indicates that the value of the nation's total merchandise trade decreased by N1.74 trillion or 24.6 per cent, while the trade balance also declined by 49.7 per cent as imports increased by 13.5 per cent while exports decreased by 34.1 per cent year on year. Meanwhile, date released by the NBS indicate that the Crude oil component of the total trade stood at N2.71 trillion, a decrease of N321.2 billion or 10.6 per cent when compared with the previous quarter, year-on-year. The value of Nigeria's imports was said to have stood at N1.6 trillion in the second quarter of 2013,representing a decrease of N48.5 billion or 2.9 per cent from N1.65 trillion recorded in the first quarter. In the second quarter of 2013, the value of imports increased by 13.5 per cent year-on-year. For the first half of the year, the total value of imports, stood at N3.25 trillion a six per cent increase from N3.06 trillion recorded in the corresponding part of the previous year.

The decline of imports in the second quarter 2013, relative to the first quarter of the year, the NBS said resulted from the decline of some products such as crude inedible materials, which accounted for N12.2 billion or 0.8 per cent of total imports, oil and fats at N1.2 billion or 0.1 per cent. Mineral fuels recorded N14.2 billion revenue or 0.9 per cent, and beverages and tobacco with N6.7 billion or 0.4 per cent of total imports. Details of imports classified by sections showed that footwear, headgear, and umbrellas accounted for N4.7 billion or 0.3 per cent of total imports, Miscellaneous manufactured articles accounted for N7 billion or 0.4 per cent, mineral products recorded N254.7 billion or 15.9 per cent and vehicles, aircraft and parts at N89.4 billion or 5.6 per cent. The Nigerian imports according to broad economic category, revealed that consumer goods accounted for with N55.7 billion or three per cent of total imports, transport equipment and associated parts accounted for N57.8billion or four per cent, and Food and Beverages recorded N147.5 billion or nine per cent. The statistical data further revealed that Nigeria's imports by region showed that Asia ranked highest with N672.8 billion or 42.1 per cent of total imports; Europe recorded N584.6 billion or 36.6 per cent; followed by The Americas at N211.5 billion or 13.2 per cent, while Africa stood at N119.4 billion or 7.5 per cent. Out of the total imports from Africa, ECOWAS countries contributed N59.7 billion or 50 per cent. The value of Nigeria's export totaled N3.74 trillion in the second quarter of 2013, an increase of N290.8 billion or 8.4 per cent from N3.45 trillion recorded in the first quarter 2013. Further analysis on a year-on-year basis revealed that export decreased by N1.93 trillion or 34.1 per cent in the second quarter 2013.

The value of exports in the first half of 2013 was recorded at N 7.2 trillion, a decrease of N3450.2 billion or 32.4 per cent from N10.65 trillion recorded in the first half of 2012. Analysis of exports by section revealed that mineral products contributed N3. 12 trillion or 83.4 per cent of Nigeria's total exports, followed by plastic, rubber and accessories with N196.5 billion or 5.2 per cent; while prepared food stuffs, beverages, spirit and vinegar, tobacco recorded at N98.2billion or 2.6 per cent. Exports to various continents indicated that Europe ranked first with N1.4 trillion or 37.7 per cent of total exports, followed by The Americas with N971.0 billion or 25.9 per cent, and Asia with N734.6billion or 19.6 per cent. While Africa accounted for N503.8 billion or 13.5 per cent of total exports, ECOWAS contributed N218.5 billion or 43.4 per cent of exports to the region. Exports by country of destination showed that Brazil took the lead with N443.0 billion; followed by United States with N441.2 billion, India N359.4 billion, France with N238.8 billion, and Italy N227.5 billion.*(Guardian)*

Nigeria's year-on-year consumer inflation fell to 8.2 percent in August, lower than July's 8.7 percent figure, the statistics bureau said on Tuesday, and touching a new 5-year low. Food inflation also fell -- for the first time in three months -- to 9.7 percent, from the previous month's figure of 10 percent. The overall inflation rate has remained within the central bank's single digit target since the start of the year.
"In August, the rate of inflation slowed as a result of declines in food prices due to the harvest season," the National Bureau of Statistics said in its report. "This has given a temporary respite from (price) increases." It added that core inflation had trended upwards slightly. At the last monetary policy committee meeting in July, the central bank held its policy rate at 12 percent and tightened liquidity by hiking reserve requirements on public sector deposits to 50 percent, from 12 percent previously. Liquidity remains tight, with overnight lending rates reaching a record high on Tuesday. Central bank governor Lamido Sanusi has resisted pressure from businesses to slash rates, fearing loose fiscal policy or external shocks could still undermine this year's tamer inflation rates. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

There were strong indications Tuesday that the severe liquidity squeeze experienced in the banking sector last month, when a 50 per cent Cash Reserve Requirement (CRR) for public sector deposits was imposed by the Central Bank of Nigeria (CBN), was biting hard. This was apparent in the astronomical rise in the cost of lending among commercial banks yesterday as the Nigerian Interbank Offered Rates (NIBOR), which has inched upwards since September, climbed further to an average of 44 per cent from 28 per cent on Monday. Data made available by the Financial Market Dealers Association (FMDA) showed that while the Call (Overnight) tenor increased to 44.67 per cent yesterday, from 25.83 per cent on Monday, the 7-day tenor also jumped to 43.12 per cent yesterday, from 24.12 the previous day. A research note from the Renaissance Capital Limited (RenCap) pointed out that the development in the market could be as a result of the delayed impact of the increase in the CRR for public sector deposits. The decision by the central bank to sterilise 50 per cent of public sector deposits in Deposit Money Banks (DMBs) had exposed the shallowness and fragility of the banking system. The monetary policy, which was announced at the July Monetary Policy Committee (MPC), also revealed the vulnerability of the banking system's dependence on government deposits.

Nevertheless, the situation in the banking industry might even be worsened as there are indications that the Asset Management Corporation of Nigeria (AMCON) would soon start collecting its annual levies from the commercial banks. RenCap explained: "This could be the delayed impact of the increase in the CRR for public sector deposits to 50 per cent which came into effect in August. On our estimates, that raised the blended CRR for the average Nigerian bank to about 17 per cent versus Kenyans at 5.25 per cent and Ghanaians at nine per cent. "In addition, we hear AMCON may be looking to collect its' annual levies from the banks. To date, the banks have been providing for these but the cash has not been collected. It now looks as if these funds could be removed from the banking system, placing pressure on more illiquid banks." However, Rencap noted that efficient and liquid banks such as Guaranty Trust Bank Plc (GTBank) would be able to "adapt and have good balance sheets." Continuing, it said: "Liquid banks with high Capital Adequacy Ratios (CARs) – Zenith Bank Plc, Fidelity Bank Plc, United Bank for Africa Plc (UBA) – they can be net placers on the interbank market." Therefore, the Lagos-based financial and advisory firm placed a 'buy' recommendation on GTBank, Zenith and UBA for investors in the stock market, saying that "Opportunity to purchase good names on weakness. These are our top picks. Fidelity – not as great quality but trading at 0.5x P/B with a sound balance sheet. *(This Day)*

THE high inflationary trend tracked in prices of household commodities and services across the country receded slightly in July, according to the August Consumer Price Index (CPI) released by the National Bureau of Statistics (NBS). The Consumer Price Index (CPI), which measures rate of inflation, shows that rate of inflation in prices of goods and services for the month of August stood at 8.2 per cent year-on-year, and 0.5 percentage lower from the 8.7 percent inflation rate recorded in July 2013. According to the statistical data made available to The Guardian, inflation rates continue to hold steady in single digit since the beginning of the year. The NBS attributed the drop in rate of inflation in August to decrease in food prices that usually herald the harvest season. This, the bureau said, has given temporary respite from the increases exhibited in the previous month. A breakdown of the index showed noticeable moderation of prices in the potatoes, yams and other tuber produce, in relation to other food items. The index revealed that though prices of goods and services trended lower in the first half of the year (from 11.3 percent in January to 5.5 percent in June), the core sub-index has however trended upwards for the second consecutive month. Headline index comprises of the core index and farm produce items, whereas, processed foods are included in both the core and food sub-indices.

The index further indicated that, on a month-on basis, price increases have moderated for the third consecutive month, even as the Headline index increased by 0.25 per cent, roughly 0.3 percentage points in August, lower from 0.54 per cent recorded in July. The Urban composite CPI was recorded at 146.8 points in August, an 8.4 per cent increase compared with levels recorded in August 2012. This was also 0.4 percent lower than the 8.8 per cent recorded in July. The corresponding Rural National CPI recorded an 8.1 per cent year-on-year change in August, lower from the 8.6 per cent recorded in July by 0.5 percent. On a month-on-month basis, the rates of growth recorded by the urban and rural All-items indices, even though positive, slowed for the second straight month. The urban All-items index increased by 0.3 per cent in August; down from 0.6 recorded in July, while the Rural All Items index increased by 0.2 per cent; 0.3 percentage points lower from 0.5 percent recorded in July. The percentage change in the average composite CPI for the 12-month period ending in August 2013 over the average of the CPI for the previous 12-month period was recorded at 9.8 per cent, marginally lower than the average 12-month rate of change of 10.0 recorded in July. The corresponding 12-month year-on-year average percentage change for the urban index was 10.9 per cent, while the corresponding rural index was recorded at 8.9 percent. *(Guardian)*

Nigeria will spend a total of 971 billion naira on fuel subsidy payments in 2013, the finance minister said on Wednesday, roughly the same as in the previous year but a 55 percent drop on 2011, when subsidy fraud was rampant. Finance Minister Ngozi Okonjo-Iweala has tried to place greater controls on state payments for fuel imports into Africa's most populous nation to try to tackle the corruption that has seen up to half the fuel subsidy wasted. Okonjo-Iweala said the subsidy was 950 billion naira last year, compared with 2.2 trillion the year before. The figure was nonetheless equivalent to about a fifth of the budget in Africa's second biggest economy and top oil producer. "This administration has worked hard to clean up the process of the subsidy payment ... (We) fired old auditors, put new ones in place, avoided conflicts of interest and ... (put in) checks and balances," Okonjo-Iweala told reporters in Abuja. Parliament and the finance ministry last year both probed Nigeria's fuel subsidy, in the aftermath of an aborted attempt to remove it - President Goodluck Jonathan was forced in January of that year to reinstate it after a week of protests. The probes exposed a web of corruption and fraud by government officials and fuel marketers that cost the state billions of dollars, with much paid for fuel never being ordered or being diverted to Nigeria's neighbours. The government initially cut back the number of approved fuel suppliers, but this has since been expanded to include some companies named in the probes. The finance ministry says some have since been cleared, but has declined to comment on which ones. However, the ministry now publishes all payments made to fuel marketers in a bid to improve transparency. Economists say the regulated fuel price feeds corruption, creates fuel shortages and prevents much needed investment in oil refining, but it is popular with Nigerians who see it as the only benefit they get from living in an oil-rich state. *(Reuters)*

Nigeria's state-owned bad bank, the Asset Management Corporation (AMCON), may report up to N700 billion ($4.3 billion) in losses for its 2012 audited results, down from N2.37 trillion ($15 billion) it reported in 2011. The results, according to documents seen by BusinessDay, are awaiting the Central Bank of Nigeria's (CBN) ratification. The reported loss, which is less than the loss for 2011, is a sign that AMCON may be in the early stages of breaking even as the prices of assets it acquired come off their depressed values. "The N2.37 trillion in losses for 2011 came as neither a shock nor surprise," said Mustapha Chike-Obi, managing director of AMCON, in an interview at a euro money conference on capital market development held in Lagos, yesterday. "We have a sinking fund to address this." AMCON recently increased the amount Nigerian banks need to contribute to its sinking fund to 0.5 percent of total assets this year, from 0.3 percent. AMCON activities are broken down to two broad areas of (1) acquisition of non-performing loans (NPL), "where it is not losing money", and (2) its bank recapitalisation efforts, "where it is losing some money", according to Chike-Obi. The bad bank, set up in 2010 after a debt crisis that threatened the collapse of the country's banking industry, spent N5.6 trillion ($35.2 billion) in 2011 to stabilise the financial industry. AMCON acquired NPLs worth an estimated N3.3 trillion and injected capital of N1.566 trillion into five banks. It also acquired three bridge banks for N765 billion. The banking sector has recovered sharply after the banking crisis, with strong earnings drawing investors back to Nigerian shares following the correction in the stock market that wiped 60 percent off their value in 2008.

The NSE Banking Index, which tracks Nigeria's 10 biggest banks by market value, has gained 7.4 percent year to date after a loss of 32 percent in 2011. The main NSE all-share index is up 31.7 percent this year. Fifteen commercial banks that released half-year results reported a 17 percent increase in net income for the period, as the cumulative after-tax profits of the banks grew to N285.01 billion in the first half of 2013. Nigeria, with a population of around 165 million, also has the largest banking sector in SSA (excluding South Africa) with total assets of around $136 billion as of December 2012. The AMCON chief executive said it also expects to conclude the privatisation of the three banks it nationalised after the crisis by mid-2014. "We must make sure that the public interest is satisfied, and that the banks are sold in a transparent process. Investors must know what they are buying. We also have regulators to satisfy such as the CBN, Nigerian Stock Exchange (NSE), and SEC, before we conclude the sale," he said. AMCON also plans to retire about a third of its $35 billion of bonds and refinance the rest by 2014. Under the arrangement, the CBN will invest in a N3.6 trillion ($22 billion) bond that AMCON will issue in December to refinance the bank's "entire exposure" at an interest rate of about 6 percent over a 10-year period, making the central bank the sole creditor to AMCON. "There will be no external holder of AMCON bonds after 2014," Chike-Obi said.*(Business Daily)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

The Governor of the Central Bank of Nigeria (CBN), Mallam Sanusi Lamido Sanusi, Thursday described the Nigerian investment environment as clement, even as he urged foreign investors to take advantage of the investment opportunities in the country. Sanusi made the call in a keynote address presented in Lagos, at: "The Nigeria Banking and Capital Market Conference," organised by the Euromoney conferences. The central bank governor maintained that Nigeria clearly has a competitive edge in the international capital market, adding that the country's economic growth was robust. He predicted that inflation rate in Nigeria would remain within the single-digit band throughout 2014. Nigeria's inflation fell to 8.2 per cent in August. The Nigerian economy grew on average above 6 per cent in the last decade and is projected to grow by 7.6 per cent in 2014. Total investment as a percentage of Gross Domestic Product was 22 per cent in 2012 and is projected to increase by 23.6 per cent in 2013. Sanusi, whose speech was read by the Deputy Governor, Financial System Stability, CBN, Dr. Kingsley Chiedu Moghalu, added: "The risk of overheating that makes international capital sometimes undesirable is minimal, as the economy possesses deep absorptive capacity especially in infrastructural investments. "In fact, there is the drive for public-private partnership (PPP) as a deliberate policy of government with several incentives. There is also the opportunity for higher returns on investments on account of the interest rate differential between the country and most developed countries. There is evidence that Nigeria is a preferred investment destination." Furthermore, Sanusi pointed out that the adoption of the International Financial Reporting Standards (IFRS) by all banks would enhance transparency and improve comparability in banks' financial reporting in a global environment.

According to him, the establishment of the Asset Management Corporation of Nigeria (AMCON) in 2010 had addressed the problem of non-performing loans in the Nigerian banking industry making it more sound and effective. On his part, the Executive Director, Corporate Banking Group, First Bank Nigeria Limited, Mr. Tokunbo Abiru, who was among the panelists, said the positive response of investors to the most recent Eurobond issued by the federal government was indicative of the attractiveness of Nigeria's sovereign debt to the investment community. The interest on the dollar-denominated instrument, according to Abiru, was buoyed by the relatively high yields and the commitment of the monetary authorities to a stable exchange regime. "Capital raising will expectedly become more competitive as the global economy inches back to recovery after the 2007/2008 crisis. Managers of the economy will be increasingly challenged to position the nation as a destination that is attractive to capital. "There is still the need to effect the necessary tradeoffs between a managed exchange rate regime and a floating rate regime. This should guide decisions of which regime would be most appropriate to drive long-term growth. "Important reforms in this respect will include reductions to the domestic cost of doing business, a functional credit registry, and changes to property titling that allows the poor and vulnerable sectors of the economy extract value from their capital," Abiru, who represented the bank's Chief Executive Officer, Mr. Bisi Onasanya, explained.*(This Day)*

Tanzania

Corporate News

Tanzania's Arabica coffee prices rose at auction last week, in tandem with markets in New York as local supply decreased, the Tanzania Coffee Board (TCB) said. State-run regulator TCB said 17,913. 60-kg bags were offered and 15,547 bags were purchased. At the previous sale 31,952.60-kg sachets had been offered for sale, with 23,878 bags selling. "Overall average prices at the Moshi exchange were up by $6.37 per 50 kg for mild Arabica, while robusta were down by $2.50 per 50 kg compared to the last auction," TCB said in its auction report. "Average prices were above the terminal market by $10.11 per 50 kg for mild Arabica and robusta were above the terminal market by $18.15 per 50 kg," it added. Tanzania is Africa's fourth-largest coffee producer after Ethiopia, Uganda and Ivory Coast and produces mainly Arabica and some robusta coffee. Prices of its Arabica normally track the New York market while those of robusta take their cue from London. TCB said New York markets rose by $4.35 per 50 kg, while London markets fell by $0.45 per 50 kg. East African coffee is normally packed in 60-kg bags, but the prices are quoted for quantities of 50 kg, the remaining amount used for grading. Benchmark grade AA sold at $131.00-$144.00 per bag, compared with $125.00-$137.20 per bag previously. The average price was $133.37 per bag, up from $127.32 at the previous auction. Grade A fetched $131.00-$144.00 per bag, compared with $120.00-$136.40 per bag at the previous sale. The average price rose to $133.55 from $126.24. The TCB says it expects the 2013/14 (June/April) crop to fall to 45,000 tonnes from around 71,600 tonnes in the previous season, the highest output in 20 years. *(IPP Media)*

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zambia

Corporate News

THE Copperbelt Energy Corporation (CEC)'s high power sales to the mining sector have increased its revenue by 11 per cent during the six months period ending June 30, 2013, compared to the same period last year. Revenue for the company increased by 11 per cent during the first half of 2013, compared to the half year in 2012. In a statement issued in Lusaka at the weekend, company secretary Julia Chaila said, the high sales volumes to the mines, increased from 1,912 Gigawatt hours to 2,133 GWh during the period. Mrs. Chaila said the Group had increased its net profit by four per cent compared to the same period last year. She said; "there has been a reduction in the profit attributable to shareholders and the earnings per share due to increased finance costs. This is mainly due to financing for new investments." CEC's core business remains the supply of power to the mines based on the Copperbelt, it continues to wheel power through its network on behalf of ZESCO on the Copperbelt and operate an interconnector with the Democratic Republic of Congo (DRC). During the period under review, Mrs. Chaila said that a dividend of K20 million was proposed and paid, representing K0.02 per share. CEC's core business involves the use of its extensive power transmission and distribution infrastructure in and around the Copperbelt to reliably and efficiently supply power to its mine customers. The company secretary said CEC was seeking to consolidate its investments in Zambia and Nigeria and would continue to develop other projects, including the completion of a feasibility study for potential hydro projects on the Luapula River. Mrs. Chaila said that shareholders of CEC approved the company calling for a Rights Issue to provide additional equity funding for its expansion projects in Zambia and Nigeria. The timing and details of the Rights Issue was expected to be announced by the CEC Board of directors soon. *(Times of Zambia*

Economic News

THE World Bank has said Zambia should address constraints affecting trade with its eight neighbouring countries, to promote economic growth, create employment and reduce poverty in the country. Speaking during a Conductive seminar on the selected chapter of the Cross Border Trade Facilitation in Zambia in Lusaka yesterday, World Bank senior trade economist Nora Dihel said a significant amount of cross border trade was constrained due to informal channels hence the need to address them. "Cross border trade between Zambia and its neighbours is constrained due to informal channels. For instance of US$7.7 million monthly value of the small-scale trade at most of the borders, around 40 per cent is informal," Mr. Dihel said. He said such trade was essential for poverty reduction among the people since the poor were engaged in informal production and trading. Mr. Dihel urged Government to reduce on the number of certificates and other requirements, adding that they were resulting in heavy administrative requirements for the small-scale informal traders. He said small-scale informal traders paid about 62 per cent more than the large-scale formal traders. At the same function Ministry of Commerce Trade and Industry director of foreign trade, Yvonne Chileshe said informal trade was increasingly becoming vital as it represented a large portion of trade flows. Ms Chileshe said Government was ready to address most of the challenges facing the traders by introducing policies to formalise the trade. "There is need to address issues affecting the traders to make the Zambian products competitive and the Government has prioritised trade facilitation on high agenda…" she said. Ms Chileshe urged the stakeholders to be actively involved and ensure that the document became a working one. *(Times of Zambia)*

Zimbabwe

Corporate News

Cigarette manufacturer BAT recorded a 16 percent decline in domestic sales volumes resulting in it recording a US$1,4 million loss for the six months ended June 30, 2013. The company's performance was also affected by the successive increases in excise duty which impacted cigarette retail prices in 2011 and last year. As a result, its total revenues for the period remained generally stable at US$23,1 million, an increase of just about 0,4 percent from the prior year, largely due to the resilience of its leading brand Madison. In a statement accompanying the results, BAT Zimbabwe chairman Mr Kennedy Mandevhani said the cigarette manufacturer's business was also affected by a shortage of coins in the market. "This has resulted in consumers often paying higher prices than recommended by manufacturers simply due to unavailability of coins," he said. The company's total assets also went down by 11 percent to US$29,8 million during the period under review due to a massive decline in inventories that went down by almost half. Earnings per share for both basic and diluted shares dropped by 69 percent to close at US9 cents.

Mr Mandevhani said the company's operating profit had gone down on a non-adjusted basis as a result of International Financial Reporting Standards 2 share-based payment expense of US$10,6 million that represented the fair value of share awards made to employees. "The share awards were made to employees by our Employee Share Ownership Trust as part of the company's compliance with the country's indigenisation and economic empowerment legislation (US$10,2 million)plus the associated payment of dividends to employees participating in the trust of US$0,4 million," he said. The company's total assets also went down by 11 percent to US$29,8 million for the period under review compared to the same period last year attributable to a massive decline in inventories by almost half. Total liabilities increased by 22 percent as provisions for other liabilities and charges astronomically rose by almost 700 percent to US$11 million the period under review from the comparative period last year. Mr Mandevhani said going forward the company is confident that their strategies remain appropriate in the second half of the year as the country continues to look for economic stability while overcoming challenges presented towards sustainable growth. *(Herald)*

ZIMBABWE Stock Exchange-listed wines and spirits producer African Distillers Limited is planning to install a multimillion-dollar bottling line to modernise their production and improving capacity utilisation. Addis managing director Mr. Cecil Gombera said the company's production capacity was increasing and they wanted to consolidate this by bringing in new methods of production. "We are planning to bring a new bottling line by June 2014 so that we will be able to do local bottling to some of the brands that we have been importing. We are on a modernisation drive to match the demands of the regional and international markets, at the same time meeting the demands of our growing base of consumers. "We want to revive the level of manufacturing and we are the first spirit and wine manufacturer to focus on local production since of late we have been importing products from South Africa. The group has now repositioned itself after the huge costs getting out of hyperinflation and their strategic focus will remain on production efficiencies and instilling an attitude of market leadership. "In the last financial results, our profits grew by 18 percent and we are eyeing the export market to maintain the growth," Mr. Gombera said. He added that Addis was the dominant player in terms of market share and their focus was rebuilding on production capacity and also their hope is to get back to where Addis was in the last 10 years. Mr. Gombera said Addis had laid the foundation of future growth with a strong emphasis on local production following a 21 percent growth for the half year ended December 31, 2012. The company is also planning to refurbish its current manufacturing plant in order to improve capacity utilisation every monthly which is the target that they set as a company this year. *(Herald)*

RETAIL giant OK Zimbabwe has issued a total of 15 143 314 ordinary shares valued at US$3,5 million to beneficiaries of its share option scheme. This will increase the number of OK ordinary shares in issue from 1 138 856 654 to 1 153 999 968 effective September 10, 2013. The company's share opened at US24,01c on Monday, 0,91 percent up on the previous price. According to OK Zimbabwe, 14,7 million shares were granted under the 2008 scheme while another 19,640 million were granted in August 2010 and a further 17,180 million were granted on June 3, 2011 under the 2010 scheme. Under the 2008 share option scheme the balance as at March 2012 stood at 14,7 million with 6,67 million of the shares exercised while 290 000 were forfeited and this left the balance of shares under the option at 7,766 million. About 16,4 million more shares were issued in August 2012, taking the tally under the 2010 scheme to 53,220 million. However, a total of 4,284 million shares were forfeited, to leave the balance at 48,938 million. In its annual report for 2013, OK Zimbabwe said the total granted, but still to vest stood at 56,7 million prior to the 15,1 million the company has just announced. The group generated revenue amounting to US$479,6 million, which represented a 16 percent increase compared to the same period last year. Profit before tax was up 12,8 percent to US$16,9 million while after-tax profit grew by 20 percent to US$12,8 million from US$10,3 million last year. Overheads increased by 19,2 percent to US$65 million during the period under review mainly attributable to staff costs recruited to man newly opened branch.

Ok said capital expenditure during the 2013 financial period rose from US$11,5 to US$12 million mainly in respect of store refurbishments and replacement of equipment. Shareholders of the Zimbabwe Stock Exchange- listed group this year pocketed a modest US0,60c per share dividend, representing 20 percent growth on the dividend the company declared for the full year to March 2012. OK Zimbabwe believes that the combination of its strong brands, committed and experienced workers will help it continue to operate competitively. "It will continue in its endeavour to grow sales profitably with initiatives that include the opening of new stores as well as full utilisation of extra facilities in the modernised stores," said chairman David Lake in the firm's annual report. The company opened a new branch in Harare in March this year while two more were planned for Hwange and Chitungwiza by year-end. *(Herald)*

Mwana Africa Plc has raised US$2,8 million through a subscription and placing of shares, taken up by existing and new shareholders, to accelerate development of its mining projects. The latest capital raising initiative comes hot on the heels of an earlier one to raise US$3,2 million that was announced on September 5. While Mwana would not name the projects set to benefit from the fresh capital, the firm requires significant funding to develop its gold and nickel projects in Zimbabwe and the Democratic Republic of Congo. In Zimbabwe, Mwana Africa holds controlling interests in Zimbabwe Stock Exchange-listed Bindura Nickel Corporation and Freda Rebecca Mine. It is also developing a nickel project in Kwekwe. "Mwana is pleased to announce that it has raised a further US$2,8 million through a subscription and placing of 112 580 059 ordinary shares by a combination of new investors and existing shareholders of the company at a price of 1,57 pence," Mwana said. China International Mining Group Corporation subscribed for 11 728 543 of the transaction shares while Mr Ning Yat Hoi subscribed for 21 271 457 shares. Mr Ning is a non-executive director of Mwana. The balance of 79 580 059 shares were acquired by existing shareholders and newly issued investors. "Following our success earlier in September in raising an initial amount of US$3,2 million, I am delighted with the support shown for Mwana's strategy. "With working capital shortfall addressed, focus can now shift to improving efficiency and cost competitiveness of the company's operations," Mwana non-executive chairman Mark Wellesley-Wood said. The transaction price of 1,57 pence per ordinary share is the same price as that of the subscription announced on September 5 and represents a 4,85 percent discount to Mwana Africa's closing mid-market share price as at close of business on September 16.

CIMGC subscribed for 11 728 543 transaction shares and is a substantial shareholder in the company, as defined by the Alternative Investment Market Rules for companies. The Chinese firm is therefore deemed to be a related party of the company for the purposes of the AIM rules. Mr Ning, following his rights, has subscribed for 21 271 457 transaction shares. Following the transaction, CIMGC will hold a total of 299 424 282 ordinary shares and Mr Ning will hold 106 709 262 Mwana Africa ordinary shares, representing 22 percent and 7,8 percent of the company's enlarged issued ordinary share capital, respectively. Following the Transaction, Mr Ning will thus be interested in 406 133 544 ordinary shares in the company which will represent 29,87 percent of Mwana Africa's total voting rights after the transaction. Admission of the shares will commence on September 20. The shares, which comprise 109 913 459 new ordinary shares to be allotted and 2 666 600 existing ordinary shares being acquired out of treasury, are being placed pursuant to the company's existing authorisation levels as approved by shareholders at its annual general meeting held last year. The total issued share capital of the company with voting rights on admission will be 1 359 895 227 ordinary shares and none held in treasury. *(Reuters)*

Clothing retailer Edgars Stores Zimbabwe is uncertain about the recovery prospects and future stability of the Zimbabwe's economy, despite the conclusion of elections and the swearing in of a new cabinet. Edgars is shoring up its presence in the country by opening more new branches under the Edgars and Jet franchises. In the 26 weeks to July 6, Edgars Zimbabwe posted turnover of $22.1m while "store trading profitability increased 23.9%". Unit sales grew 4.4%, and store trading profitability rose 23.9%. Unit sales within the Edgars chain grew by 4.4%, while store trading profitability increased by 23.9%. Turnover for the period was $22.1m. Growth in the Jet chain's turnover amounted to 18.7%. The chain' sales made up 18.2% of group turnover (2012-17.4%). Store trading profit within the period is poorer this year at 4.7% against 10.8% last year. Profitability within the chain is expected to improve by year end as the newly opened stores begin to make a contribution and customers become more aware of the brand. Edgars Stores Zimbabwe chairman Themba Sibanda said on Wednesday that during the six months to June this year, the company traded out of 24 outlets - one more than in the same period a year earlier.

Westgate and Marondera branches were revamped, and an additional branch was opened in Chipinge at the end of July. 2 new stores were opened in June in Gokwe and Harare, bringing the total number of Jet stores to 18 (2012-14). Jet Chipinge was opened in July and there are plans to open more stores before Christmas trading season. However, there are still doubts among business executives and investors over the restoration of certainty to the operating environment in Zimbabwe. Mr. Sibanda said it was too "early to determine with certainty the direction in which the economy will move". Nonetheless, Edgars Zimbabwe would "intensify efforts to improve product offerings and value within both retail chains while implementing tighter cost control" across the business. The group's manufacturing unit had significantly recovered during the review period, with profits before interest and tax amounting to $118,901 compared with the previous contrasting period's $141,664 loss. Mr. Sibanda said most of the group's capital expenditure had been on new stores and refurbishments as well as improvements on the company's factory, equipment and information technology systems. *(Bulawayo24)*

ECONET Wireless Zimbabwe shareholders on Tuesday approved directors' proposal to buy back a maximum 10 percent of the firm's shares. Shareholders endorsed the proposal and two other main resolutions at the 15th annual general meeting of the company held in Harare. The buyback of its own shares would be allowed provided that the repurchase was not made at a price greater than 5 percent above the weighted average of the market value for the securities for the five business days immediately preceding the date of the repurchase. Share buybacks are signal to the market that the board thinks the company is strong. When a company is buying back shares, it sends a message to the market that it has confidence in its own operations. Since the company board knows the best about the company's performance, the markets often think that the company is getting healthier and puts lesser pressure on the board from activist investors. This can be compensation for stock options and bonuses. Companies give out stocks to their employees in the form of options and grants. This increases the number of outstanding shares. Many companies want to keep their outstanding shares stable. Repurchasing shares may also be meant to push up the stock price. The stock repurchase reduces the float (number of stocks held by the public) thereby causing a scarcity of the company's shares in the market and increase in its demand. The company could then use a favourable market condition to re-issue these stocks to the public and make a gain on the sale of the shares.

There are many and varied reasons why companies may decide to buy back shares including using the strategy as a tax efficient way to return investors' money. Healthy companies make profits and they must find an efficient way to give the profits to shareholders if they do not have a better way to use them. There are two main ways to return the money, dividends and share buyback. Firms try to keep dividends at a constant rate so as to not hit their shareholders with an unexpected tax event liable after a dividend. Other resolutions passed at the AGM include US$1,14 million reappointed auditors (Ernst & Young) fees, US$388 000 directors' fees and the firm's accounts for the year to February 2013. Econet posted US$695 million turnover in the year to February 2013, which was 14 percent from US$611 million in last year's comparable period. Zimbabwe's biggest telecommunications group by value and subscriber numbers saw after tax profit falling by 16 percent to US$139 million. Econet had wanted approval to be "duly authorised by Article 10 of its Articles of Association, to undertake the purchase of its own ordinary shares in such terms as the directors may from time to time determine". *(Herald)*

HIPPO Valley estate this week revealed that sugar production in the 2012/13 season totalled 475,000 tonnes from 372,000 tonnes in 2011 with the company contributing 228,000 from 170,000 tonnes an increase of 34 percent. The company said it expects production could surpass the 222,000 tonnes the group had initially forecast as its share of the industry estimate of 460,000 tonnes. "The private farmers in the Hippo Valley Mill group delivered 347 618 tonnes of cane during the season representing a 60 percent increase whilst the Mkwasine private farmers delivered 182 082 tonnes representing a 93 percent increase from 94 568 in 2011," the company said at its AGM on Monday. "Cane deliveries from Green fuel in Chisumbanje amounted to 275 669 tonnes during the season," the company said. The poor rain fall received during the 2012/3 season resulted in a deferment of the planned sugar cane plough-out and replanting programme across the sugar industry. To date the accelerated private farmer sugar cane rehabilitation programme initiated in 2010/11 under the sustainable rural communities (SusCo) project resulted in some 9,927 hectares having been replanted over the last three years. Sixty-three percent of the total 15,880 hectares farmed by private growers while private farmer cane deliveries to the mills totaled 852,979 tonnes in 2012/3 compared to 531,990 tonnes cane delivered in 2011/12 an increase of 60 percent. Hippo Valley's profit after tax plunged 35 percent to US$13,6 million in the full year to 31 March 2013, weighed down by an increase in finance costs.

The company's net debt grew to US$40 million up from US$33 million. Resultantly, finance costs grew to US$6,8 million compared to US$6 million recorded in the same period the previous year. "As a consequence of the decrease in profit after tax, earnings per share dropped to 7,1 US cents from 10,9 US cents achieved the prior year," said the company in a statement accompanying financial results. Despite the decline in after tax profit, revenue surged 35 percent boosted by an increase in sugar production and the resultant increased sales volumes. Domestic sales grew to 258,000 tonnes up from 247,000 tonnes last year, while a total of 202,000 tonnes were exported to the European Union under the preferential market arrangements. The company said as part of the on-going measures to manage the available water in the dams supplying the industry, the cane re-establishment program was closely monitored in the period under review to ensure maximum irrigation water availability for season. Going forward, management is targeting to increase sugar production to installed milling capacity of 640 000 tonnes per annum. Hippo Valley said it remained optimistic water mitigation measures put in place and the likely completion of Tokwe Mukosi dam this year would enable the industry to sustain the current levels of production. *(New Zimbabwe)*

MEIKLES LIMITED is reviewing the trading model for its departmental retail unit, Meikles Stores, which has been forced to retrench 55 workers due to viability challenges. The bid to cut costs by reducing the size of the workforce has, however, run into problems after the workers rejected the company's proposed retrenchment package. Meikles Limited confirmed the plans to review Meikles Stores trading model, but would not go into the finer details except to say it was a result of low demand and competition. Meikles Stores has since retrenched 35 non-managerial and 20 managerial staff in a bid to reduce costs and improve viability threatened by the low demand and competition. Meikles Limited executive director Mr. Mark Wood said: "Due to the lack of disposable incomes amongst the general population and competition from the informal market the existing trading model is being re-examined to determine best way forward." Meikles Stores is a division of the Meikles Stores Group, comprising other well-known department stores including Greatermans and Barbours. The stores group is a subsidiary of Zimbabwe Stock Exchange- listed conglomerate Meikles Limited. Retailers face stiff competition from imports, especially low priced products from China and South Africa, which supplies about 60 percent of products consumed in Zimbabwe.

Zimbabwe relies heavily on imported products due to low capacity utilisation in industry, which is suffering from lack of funding following a decade of economic decline. Mr. Wood would not discuss the disputed retrenchment package for the workers Meikles Stores has laid off saying: "In view of the fact this issue is before the Retrenchment Board, it would be premature to speculate on the outcome." However, workers' legal advisor Mr. Tawanda Katsuro of the Zimbabwe Labour Centre said the dispute with the employer largely revolved around issues of service pay, severance package, relocation allowance, medical aid cover and gratuities. "They (Meikles) argued that the employer is making financial losses and is in the process of restructuring the business from department to (general) retail," he said. While Government will decide on other disputed issues the parties have agreed on issues of gratuities and re-engagement of the workers after three years when viability improves. Workers want five months' service pay, four months severance package, four months relocation allowance and 18 months medical aid cover against the employer's one month service pay, two months severance and six months medical aid cover. The agreed package would then be multiplied by the number of years served by an individual to determine each of the laid off workers' total retrenchment package. Mr. Katsuro said that the argument that Meikles Stores could not afford the package demanded by the retrenched workers because it was facing viability challenges did not hold water because its parent company, Meikles Limited, was operating profitably. *(Herald)*

LISTED mining company Bindura Nickel Corporation shareholders have approved the conversion of some of the mining group's liabilities into equity in a move that will see the company placing shares translating to a 10% stake with selected creditors, a top company official said. Shareholders at an annual general meeting in the capital yesterday agreed that 100 million ordinary shares of the company be converted to equity at a subscription price of 0,03 cents per share in lieu of amounts owed to creditors. The company currently has 1,2 billion shares on offer. BNC chairperson Kalaa Mpinga told shareholders at the meeting the move would give the company flexibility in dealing with it. "The creditors include a small chunk for employees, while the rest are creditors of the business. Some of the employees have indicated interest to take up shares in the company. We are encouraging the employees to take those shares as it will give us flexibility," Mpinga said. As for the year 2012, current liabilities for BNC stood at $23,6 million from $40,7 million owing largely to a rights issue and write back of amounts due to employees as part of a settlement plan. Long term loans increased to $10,7 million due to a loan provided by the parent company Mwana Africa. Mpinga said the mining company was engaging local banks to access $4,5 million facility for the second phase of the Trojan Mine restart, adding that he saw a steady level of production by year end.

The company failed to raise funding for the second phase to restart Trojan Mine which resulted in it coming up with a short to medium-term plan. He said the strategy involved the earlier extraction of massives totalling 6 290 tonnes nickel over a period of 18 months from July 2013. Mpinga said the plan resulted in reduction in the funding gap to $4,5 million from $16 million. "After the board approval of this revised plan on July 4, 2013, BNC management team immediately started implementing the strategy and significant progress has been made in the ramping up of production and cost management. From the commencement of production in March 2013, the plant has processed 253 329 tonnes of ore and produced 1 810 tonnes nickel in concentrate. A total of 1 642tNi has been sold to Glencore, "he said. "Discussions with local banks for the $4,5 million are underway. I would like to think in the next few weeks we will be able to make an announcement," Mpinga said. He said during the month of August, the company had the highest production history at Trojan Mine of 714 tonnes of nickel in concentrate. "The BNC recovery strategy is sound and has minimal risks and is already bearing fruit. Revenue generation has improved. The main threat to the plan remains the nickel price. While improving efficiencies, the focus on reduction of expenditure will improve the operating income."*(News Day)*

Economic News

Italy's leading fertiliser manufacturer, Puccioni Fertilisers, wants to introduce a range of products on the Zimbabwean market as part of wider plans to penetrate the Southern Africa market. Puccioni Fertilisers representative to Zimbabwe Mr Fortune Fernando said they launched their products at the just ended Harare Agricultural Show and the Ministry of Agriculture has since approved them. "We have so far introduced seven types of the fertilisers in the country and we have conducted some trials in conjunction with the Ministry of Agriculture with our N Force brand, which is the same as Ammonium Nitrate (AN) in Zimbabwe proving to be the most effective," he said. Mr Fernando said that at the moment they are targeting commercial farmers in the country's natural regions one and two. Meanwhile, giant Italian food processing company Sint Technologie is also planning to invest in the country. The company's general manager (export and international projects), Dr Charles Dadie Dago, who was recently in the country to conduct a feasibility study of the domestic market, said the company was keen in bringing in equipment for vegetables and fruit processing. Dr Dago expressed confidence in the economic environment, saying Zimbabwe, whose retail shops are flooded with imports mostly from neighbouring South Africa, could create employment by investing in cutting edge value addition technologies. *(Herald)*

Zimbabwe's consumer inflation quickened to 1.28 percent year-on-year in August from 1.25 percent in July, the national statistics agency said on Friday. On a month-on-month basis, prices fell by 0.15 percent, after a 0.38 percent decline in July. *(Reuters)*

NON-FOOD inflation rose 1,44 percent in the year to August, pushing up annual inflation to 1,28 percent, a report from the Zimbabwe National Statistics Agency shows. According to ZimStat, non-food items contribute 66,47 points to total weights of the Consumer Price

Index while food and non-alcoholic beverages accounted for 33,53 points. "The year-on-year food and non-alcoholic beverage inflation prone to transitory shocks stood at 0,94 percent while the non-food inflation rate was 1,44 percent." Food and non-alcoholic basket includes items such as bread and cereals, fish and sea food, milk, eggs, cheese, fruit, vegetables, oils, fats, sugar, jam, honey, chocolate, mineral waters, tea, soft drinks and fruit and vegetable juices. The non-food and alcoholic beverages basket is made up of spirits, wine, beer, tobacco, clothing and footwear, housing, water, electricity, gas and other fuels. This also includes transport, communication, recreation and culture, restaurants and hotels, education, furniture and equipment and health services. The latest inflation report denotes that the price of non-food and alcoholic beverages in Zimbabwe rose the fastest between August 2012 and August 2013. Inflation rate reflects the magnitude of increases in prices of goods and services in an economy over a given period, usually measured over a month or a year. Zimbabwe's 1,28 percent inflation rate ranks with the least inflation rates globally and comes only second to Mali, which is in deflation, on the African continent. The country's month-on-month inflation rate in August stood at minus 0,15 percent after gaining 0,23 percentage points on the July rate of 0,38 percent. ZimStat said the monthly food and alcoholic beverages inflation gained 0,23 percent to minus 0,90 percent in August 2013 while the non-food monthly inflation rate stood at 0,23 percent, reflecting 0,23 percent gain on the July rate. Education at 8,83 percent, transport 5,04 percent and health, communication, tobacco, housing, water, electricity and gas clothing and footwear and alcoholic beverages contributed the most to annual non-food inflation. Zimbabwe has maintained low inflation since dollarisation in February 2009 and Government has projected inflation rate of less than 5 percent by year end. *(Herald)*

Zimbabwe has so far earned US$349 million from the sale of 72,4 million kg of Virginia tobacco. This represents a 17 percent increase from volumes exported during the same period last year. The tobacco was sold at an average price of US$4,82 per kilogramme. According to a report issued by the Tobacco Industry and Marketing Board, Belgium was the leading importer with 14,6 million kg worth US$77,1 million at an average of US$5,28 per kg. Belgium relegated China, which topped the list last year, to third position behind South Africa. The Asian giant bought 12,4 million kg valued at US$103 million. China is, however, still offering the highest average price of US$8,29 per kg. South Africa bought 13,8 million kg of tobacco worth US$43,8 million at an average price of US$3,18 per kg. The United Arab Emirates was fourth after buying 4,6 million kg of the golden leaf valued at US$11,6 million at an average price of US$2,52 per kg while Indonesia is fifth position accounting for 3,8 million kg valued at US$14 million at an average of US$3,69 per kg. Meanwhile, the selling season ended last week with 166,6 million kg worth US$612,1 million having been sold since the season began in February. The 166 million kg was 16 percent more than the 2012 production although it was shy of the 170 million target that had been set by the TIMB for this season. Contractors dominated the 2013 production, with a total market share of 68 percent compared to the auction floors' 32 percent. Contractors' seasonal average price at US$3,74 was two cents firmer than prices offered for contract in 2012. Since the adoption of multiple foreign currency regime the tobacco industry has become one of the fastest sectors to recover from the economic challenges of the past decade.

Many farmers have been shifting from other crops such as cotton to tobacco due to the favourable prices fetched by the golden leaf. About 64 221 farmers have so far registered to grow tobacco in the coming season. The bulk of these are communal farmers accounting for 30 225 followed by 21 461 A1 farmers, 7 298 A2 farmers and 5 237 small-scale communal farmers. A total of 21 114 farmers have registered for the season as new growers. Of these 13 824 are communal, 4 042 are A2, 2 432 are A1 and 816 are small-scale communal farmers. Mashonaland West with 8 210 has the highest number of new growers followed by Mashonaland Central (5 829), Manicaland (3 947), Mashonaland East (2 814), Masvingo (177), Midlands (171) and Matabeleland (2). Tobacco is one of Zimbabwe's major agricultural exports, accounting for 16 percent of Gross Domestic Product. *(Herald)*

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