SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

TRADING

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	14-Oct-16	21-Oct-16	WTD % Change Local	WTD % Change USD	31-Dec-15	YTD % Change Local	YTD % Change USD
Botswana	DCI	9710.83	9710.12	-0.01%	1.64%	10602.32	-8.42%	-3.66%
Egypt	CASE 30	8505.12	8277.21	-2.68%	-2.68%	7006.01	18.14%	3.91%
Ghana	GSE Comp Index	1770.56	1747.87	-1.28%	-2.35%	1994.00	-12.34%	-15.74%
Ivory Coast	BRVM Composite	274.36	270.84	-1.28%	97.15%	303.93	-10.89%	79.48%
Kenya	NSE 20	3267.92	3203.38	-1.97%	-2.11%	4040.75	-20.72%	-20.03%
Malawi	Malawi All Share	13712.99	13636.17	-0.56%	0.07%	14562.53	-6.36%	-15.23%
Mauritius	SEMDEX	1825.85	1820.89	-0.27%	-0.09%	1,811.07	0.54%	1.90%
	SEM 10	348.83	348.40	-0.12%	0.06%	346.35	0.59%	1.95%
Namibia	Overall Index	998.98	1032.22	3.33%	6.10%	865.49	19.26%	32.23%
Nigeria	Nigeria All Share	27861.03	27596.82	-0.95%	-1.85%	28,642.25	-3.65%	-39.40%
Swaziland	All Share	374.23	374.23	0.00%	2.68%	327.25	14.36%	26.79%
Tanzania	TSI	3869.57	3883.21	0.35%	0.30%	4478.13	-13.29%	-14.24%
Zambia	LUSE All Share	4368.44	4368.59	0.00%	0.95%	5734.68	-23.82%	-15.16%
Zimbabwe	Industrial Index	112.03	120.45	7.52%	7.52%	114.85	4.88%	4.88%
	Mining Index	28.05	33.17	18.25%	18.25%	23.70	39.96%	39.96%

CURRENCIES

Currency	14-Oct-16 Close	21-Oct-16 Close	WTD % Change	YTD % Change
BWP	10.67	10.49	-1.62	5.19
EGP	8.88	8.88	0.00	-12.05
GHS	3.92	3.96	1.09	-3.87
CFA	595.25	298.06	-49.93	101.40
KES	99.51	99.64	0.13	0.88
MWK	714.82	710.33	-0.63	-9.47
MUR	34.29	34.23	-0.18	1.35
NAD	14.26	13.89	-2.61	10.87
NGN	310.82	313.66	0.91	-37.10
SZL	14.26	13.89	-2.61	10.87
TZS	2,138.25	2,139.45	0.06	-1.10
ZMW	9.92	9.83	-0.94	11.37

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Botswana

Corporate News

No Corporate News This Week

Economic News

Moses Dinekere Pelaelo has been appointed governor of Botswana's central bank, the regulator said in a statement on Monday. "His Excellency the President has appointed Mr. Moses Dinekere Pelaelo to the position of Governor of the Bank of Botswana with effect from October 21, 2016," the statement said. Pelaelo had served as deputy governor since 2006. *(Reuters)*

Botswana's central bank left its benchmark lending rate at 5.5 percent, the regulator said on Monday. "The current state of the economy and both the domestic and external economic outlook... suggest that the prevailing monetary policy stance is consistent with maintaining inflation within the Bank's medium-term objective range of 3 - 6 percent," the bank said in the statement. *(Reuters)*

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Egypt

Corporate News

Egypt's state buyer Gasc received offers from three suppliers for its white sugar tender on Saturday, Cairo-based traders said. The lowest offer was for 34,000 tonnes at $634.60 a tonne cost, insurance and freight. A fourth supplier Union was barred from participating in the tender. Traders said the following offers were made on a CIF basis in dollars a tonne: -Sucden: 25,000 tonnes any origin at $652.50. -Louis Dreyfus: 25,000 tonnes Indian origin at $680 or 25,000 tonnes Indian origin at $685. -ED&F Man: 34,000 tonnes any origin at $634.60.
-Union: offer rejected. *(Reuters)*

Economic News

Vodafone Egypt and Etisalat Misr signed licensing agreements on Sunday for the operation of 4G mobile broadband networks in Egypt in deals that will allow the country to introduce long-delayed high speed telecoms services. Egypt is selling four 4G licences as part of a long-awaited plan to reform the telecoms sector and raise much-needed dollars for depleted government coffers. Its three existing mobile network operators - Orange, Vodafone and Etisalat - had initially all turned down the 4G licences saying the amount of radio spectrum on offer was inadequate. The Vodafone Egypt and Etisalat Misr agreements come after Orange signed a deal last week, agreeing to pay $484 million after the regulator amended conditions for buying additional spectrum. "The terms and conditions we signed last night are different from three weeks ago, we consider the terms now completely satisfactory to launch top quality 4G services," Stefano Gastaut, CEO of Vodafone Egypt told a news conference announcing the deal. The change in terms was related to the frequencies offered by the telecom regulator, Gastaut said, adding that this new acquisition makes Vodafone Egypt the biggest holder of spectrum in the country. The regulator said previously that it would consider running an international auction for the remaining 4G licences if the country's existing mobile carriers refused to do a deal. Telecom Egypt, the state's fixed-line monopoly, was the only company to take up the state's original offer, buying a 4G licence in August for 7.08 billion Egyptian pounds ($797 million) to enter the mobile market directly for the first time.

"Now that the four companies have signed the 4G licence, the telecom sector has raised $1.1 billion, in addition to 10 billion Egyptian pounds ($1.13 billion)for the state budget," Telecom Minister Yasser al-Qadi said. Companies had originally objected to a requirement that half the licence fee be paid in dollars. Orange Egypt agreed last week to the provision. Vodafone Egypt and Etisalat Misr did not disclose what portion they would pay in foreign currency. The regulator announced last week that operators that paid for a licence entirely in U.S. dollars would be given priority in buying additional spectrum. Vodafone Egypt agreed to pay $335 million in a deal signed in the early hours of Sunday morning, the regulator said. Etisalat Misr, the Egyptian unit of Etisalat agreed to pay $535.5 million and plans to purchase 10 megahertz (MHz) of additional spectrum after the deal, a company official said. Telecoms regulator head Mostafa Abdel Wahed said all payments will be made in full, without instalments, and the companies will have one month to complete any foreign currency transfers. Both Etisalat Misr and Vodafone also agreed to buy fixed line phone service licences for $11.26 million each, the regulator said. *(Reuters)*

Egyptian shares fell the most in almost four months amid rising concerns about the country's willingness to weaken its currency as required by International Monetary Fund for approval of a loan request. The benchmark EGX 30 Index dropped 2.2 percent, the most since June 26, pushing the gauge's 10-day volatility to a three-month high. About 967 million Egyptian pounds ($109 million) of shares traded, or almost twice the market's daily average over the past year. The government is seeking $12 billion in IMF assistance to end a worsening dollar shortage and revive the slumping economy. Non-oil business activity has contracted for the past 12 months. Investment funds posted their second-heaviest selloff this quarter in the $50 billion market, according to bourse data, as the state has shown few signs of moving forward on a devaluation the IMF has said is needed in order to win approval of the loan. The IMF may review Egypt's request by early November which sets a de-facto deadline for officials to implement requisite reforms to the exchange rate and subsidy regimes. "The stand-still pose by the government on currency devaluation is finally kicking in with institutional investors, and is raising concerns of implementation risk when it comes to meeting IMF requirements to secure the loan," said Mohamed Radwan, head of equities at Cairo-based Pharos Holding. Telecom Egypt, which acquired its a 4G license in August to allow it to enter the country's mobile phone services market, plunged 6.1 percent, the most since April. The three existing mobile phone companies have all said in the past week they will purchase 4G licenses from the government. Arabian Food Industries, the cheese and juice manufacturer also known as Domty, sank 7.9 percent. The company has lost almost half its market value since issuing shares in March. *(Bloomberg)*

Egypt's central bank kept the Egyptian pound steady against the dollar at Tuesday's weekly auction of foreign currency, while the national currency weakened on the black market. The central bank sold $117 million at the regular dollar sale, with the cut off price stable at the official rate of 8.78 per dollar. Two black market traders said they were selling dollars at 15.5 per dollar, higher than last week's range of 15 per dollar. They did not give volumes of trade. Economists say the Egyptian pound is overvalued at its official rate and there is speculation the central bank will soon devalue to close the gap with black market rates. *(Reuters)*

The United States views the International Monetary Fund's proposed $12 billion bailout for Egypt as "essential" and is working with other G7 economic powers to ensure that it is fully funded with bilateral financing, a senior U.S. Treasury official said on Tuesday. Nathan Sheets, Treasury undersecretary for international affairs, told a policy forum that the United States supports the IMF's Egypt program and believes that reforms required by the IMF will be challenging, but are necessary to make Egypt's economy more competitive and unlock the potential of its young population. "We in the United States are supportive of the Egypt program as Egypt is working closely with the IMF in taking necessary steps," Sheets said at the Center for Strategic and International Studies, a Washington think tank. "We're also working very closely with our G7 partners to ensure that that program is fully funded." Egypt needs to arrange up to $6 billion in bilateral gap financing before the IMF board can approve the program and release an initial loan tranche of about $2.5 billion. Prime Minister Sherif Ismail said earlier on Tuesday that about 60 percent of the total had been secured. IMF officials have said that they have held discussions on bilateral financing for Egypt with Saudi Arabia, China, and G7 countries. Ismail said last week that Egypt's central bank had received a $2 billion deposit from Saudi Arabia. Sheets did not say specifically whether the United States would provide funding, but said: "the program is essential" for Egypt. As part of a reform program that formed the basis of the IMF agreement, Egypt approved a long-awaited first-ever value-added tax of 13 percent. The IMF also wants Egypt to focus monetary policy on easing a dollar shortage and reduce inflation to single digits. IMF Managing Director Christine Lagarde earlier this month said that Egypt needed to take "prior actions" including steps towards a more liberalized exchange rate and reduce fuel subsidies before the IMF board could approve the program. Black market traders in Egypt said they were selling dollars at 15.5 pounds on Tuesday, up from 15 a week earlier, while the official rate is 8.8 pounds per dollar. The widening gap is increasing pressure on Egypt to devalue its currency and end uncertainty that has discouraged foreign investment. *(Reuters)*

President Abdel Fattah al-Sisi issued a decree establishing a Supreme Investment Council aimed at encouraging much-needed investment in Egypt, the state news agency said on Tuesday. It will be chaired by Sisi and its decisions are binding on all ministries and public bodies.
Egypt has been trying to attract investment needed to restore growth since the 2011 uprising, which ushered in protracted political turmoil and scared away tourists and foreign investors - key sources of hard currency. In comments on CBC television channel, Investment Minister Dalia Khorshid said the government would submit an investment law to parliament within next month. "The draft of the law is ready...and we want to finish it during the next month," Khorshid said. The government has been working on a new investment law it hopes will slice through Egypt's notorious red tape and make it easier and quicker for foreign investors to do business. The decision to establish the council, published in the Official Gazette on Sunday, said its members will include the prime minister and the Central Bank governor and ministers of defence, interior, finance, investment, trade, justice and the head of the General Intelligence Service. The board will meet every two months upon the chairman's invitation and the decisions will be made by voting with a majority. The president will take the decision in case the votes are equal. The council's roles include following up on the execution of investment plans, development of major economic projects and projects that partner with the private sector. *(Reuters)*

A draft of a new investment law will be sent to the Egyptian cabinet next month, Investment Minister Dalia Khorshid said in a talk show on the local television channel CBC late on Tuesday. The new law will focus on the diversification of incentives and guarantees for investors, Khorshid said. It has been in the works for six months. "The draft is ready. We will send it to the cabinet as soon as possible. We will be done with it next month," Khorshid said. The government approved an investment law in March 2015 that aimed to bolster investor confidence, eliminate bureaucracy, ease the procedures to obtain licences for projects and attract foreign investment. It later amended the law in December. Egypt is trying to revive its economy and attract foreign investment after a popular uprising in 2011 drove away tourists and foreign investors. Foreign direct investment in the 2015/16 financial year reached around $6.84 billion, up from $6.38 billion in the previous year. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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Ghana

Corporate News

Zenith Bank says the current economic challenges facing Nigeria has not impacted on the Bank's operations in Ghana. Zenith Bank Ghana is also confident of the company's prospects in the country despite similar prevailing economic challenges facing the Ghanaian economy. The high interest rates, rising inflation, power crisis and the increased non-performing loans are but a few of the challenges that businesses have had to grapple with in recent years. According to the CEO of the Bank, Henry Oroh, the bank 'has stood side by side and weathered the storm together." Citing some African countries that have equally been faced with challenging economic times, Mr. Oroh attributed the outfit's confidence of the turnaround in the company's fortunes to the resilient Ghanaian economy.

"There were challenges in Angola and neighbouring Nigeria…In Ghana we have also had our own problems …But despite that we see the Ghanaian economy is a sound, resilient and has been able to withstand the shocks than other countries within the sub-region," he stated. Meanwhile, Zenith Bank Ghana explains to Citi Business News it has been least affected by the economic woes of Nigeria, though the bank has one of its greatest operation stations from there. "Of course we are an integrated group across the world and we share intelligence among others. But the challenges that Nigeria is facing has certainly not affected the business in Ghana and we as a bank. Even in Nigeria, we are still growing due to the model that spurs us on," Henry Oroh further stated. Commenting on the likely impact of the elections on the operations of businesses in Ghana, the CEO maintained that the bank's strategy will not be impacted by the outcome of the elections. "Our strategy as a company is independent of whoever is in power… I am very positive that December 7 will come and go and we will still be around as a formidable company," he remarked. *(Ghana Web)*

Access Bank Ghana Plc has today officially launched an Initial Public Offer (IPO) for prospective investors to buy shares in the Bank and be a part of its growing fortunes. The launch follows approval from the Securities and Exchange Commission (SEC) and the Ghana Stock Exchange (GSE) to undertake an Initial Public Offering and subsequently list on the Ghana Stock Exchange. Access Bank hopes to raise a minimum amount of GHs104 million to support its growth and expansion strategies when the offer opens from 19th October to 11th November, 2016. Prospective investors are required to purchase a minimum of one hundred shares at GHC4.00 per share. Launching the IPO, the Managing Director of Access Bank Ghana, Mr. Dolapo Ogundimu said, "There is the need to grow capacity to take advantage of the opportunities that have emerged from running successful operations in Ghana so far. In addition, we are seeking to expand our operations by making new investments in branch expansion, robust technology and other infrastructure which will enable us fulfil our commitment to deliver superior banking services to our valued customers and stakeholders". Mr. Ogundimu stated that Access Bank has strengthened its resolve to build a truly sustainable bank that offers superior value to shareholders, customers and the communities it serves and that it's positive growth trajectory and consistent financial performance over the past seven years provides adequate basis for prospective investors to buy shares in the Bank. He named African Alliance Securities and Chapel Hill Denham Securities as Lead Managers and Sponsoring brokers for the IPO.

Commenting on this milestone, the Chairman of the Board of Directors, Mr. Frank Beecham expressed optimism about the exercise and belief of the Bank in the potential of Ghana's economy. He noted: "Access Bank is here to stay for the long haul and we encourage both private and institutional investors to participate in this offer and own a part of one of the fastest growing banks in Ghana". The Chief Executive Officer of African Alliance Securities Ghana, Winston Nelson Jr, also urged interested investors to obtain the prospectus relating to the offer from any Access Bank branch in Ghana, the Office of African Alliance, stockbrokers or online via www.ghana.accessbankplc.com. Since beginning its operations in 2009, Access Bank has remained a catalyst for socio-economic development in the country, pursuing sustainable business practices through its business operations. The share offer is in furtherance of this commitment. *(Ghana Web)*

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Access Bank Ghana plans to raise $26 million through an initial public offering (IPO) of shares and another $32 million via a convertible loan to boost its capital, according to IPO documents seen by Reuters on Tuesday. The local unit of Access Bank of Nigeria plans to list 136.6 million shares on Ghana's stock exchange on Nov. 30, giving it a market capitalisation of 546.75 million cedi. It sell 26 million shares at 4 cedis each. The bank expects to make a 2016 pretax profit of 136 million cedis compared with 122.8 million cedis in 2015, the documents showed. The IPO follows approval from Ghana's Security and Exchange Commission and the Ghana Stock Exchange, with the offer set to open from Wednesday until Nov. 11. It did not provide a timeframe for the debt issuance. The document said a weak cedi had shrunk the capital base of most Ghanaian banks and restricted their ability to expand and to fund large deals in the oil sector. It expected other lenders to follow Access Ghana as they seek to grow. Access Bank Ghana expects to spend most of the funds to grow its branch network and finance working capital, it said in the prospectus. The parent Nigerian bank told Reuters on Monday that it intends to cut its stake in Access Bank Ghana to 78 percent from 100 percent in the flotation. The capital raising is in line with a broader drive by subsidiaries of Nigerian banks to seek fresh sources of funding, given the weakness of its own economy due to low oil prices. *(Reuters)*

Economic News

Ghana has issued its first dollar denominated domestic bond worth $94.64 million in two-year paper with a coupon rate of 6 percent, consistent with an initial price range of 5.5-6.5 percent, the Finance Ministry said on Monday. The bond was open only to investors resident in the West African country and attracted 26 bids totaling $99.64 million. Proceeds from the bond will form part of a government 'sinking' fund to repurchase or redeem debt. "The successful issuance of the bond evidenced by the generally high subscription and the favorable pricing is a reflection of the returning confidence in the Ghanaian economy," the Finance Ministry said in a statement. Ghana is emerging from a fiscal crisis that includes elevated inflation and a steep public debt that forced the government into an aid deal with the International Monetary Fund last year worth around $918 million over three years. The country issued a $750 million Eurobond last month at a yield of 9.25 percent and said the yield was further evidence of returning confidence. The economy is a central issue ahead of an election in December when President John Mahama will stand for a second and final term against opposition leader Nana Akufo-Addo, who points to slowed economic growth since the president came took office.Ghana has issued its first dollar denominated domestic bond worth $94.64 million in two-year paper with a coupon rate of 6 percent, consistent with an initial price range of 5.5-6.5 percent, the Finance Ministry said on Monday.

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Kenya

Corporate News

A Kenyan court issued an order on Friday preventing pilots at loss-making national carrier Kenya Airways from going ahead with a strike next week, a lawyer for the airline said. Shares in the company were also boosted by reports that the chief executive and chairman could be soon be replaced, meeting a key demand of pilots who have called an indefinite strike which is scheduled to start on Oct. 18. The strike appeared in doubt after judge Nduma Nderi's order restraining pilots' union KALPA from proceeding. After the ruling, KAPLA said in a statement its members were open to talks with the government to resolve the stand-off, but did not say if they had dropped the call for industrial action. Kenyan broadcaster Citizen had earlier reported on its website that Chief Executive Officer Mbuvi Ngunze and Chairman Dennis Awori would exit by the end of the month, without giving a source. By 1134 GMT, shares in the airline, part owned by Air France KLM and the Kenyan government, were trading at 4.50 shillings, up 3.45 percent. "They are laying out plans to replace the senior management, that includes the CEO, this is based on reports that I am reading," Daniel Kuyoh, analyst at Alpha Africa Asset Managers, told Reuters when asked about the reason for the share rise. Other traders and analysts echoed the comments. There was no immediate comment from Kenya Airways about any management changes. The principal secretary in the Transport Ministry, Irungu Nyakera, who represents the government on the board of the partly state-owned airline, said he had no new information. "The priority now is to get the strike notice withdrawn," he told Reuters by telephone.

The government has said the strike amounted to economic sabotage. The union said its members had lost confidence in the ability of the CEO and chairman to end years of losses. The airline said on Thursday it had halved its pretax loss to 5 billion shillings ($49.4 million) in the past six months thanks to a recovery in passenger numbers. Eric Musau, analyst at Standard Investment Bank, said vital to any turnaround in the airline's fortunes was to secure new financing in the form of equity capital. CEO Ngunze told Reuters last month the airline was talking to three or four foreign institutional investors and airlines about buying a stake, without giving details. *(Reuters)*

Kenya Airways pilots have called off a planned strike at the airline partly owned by Air France-KLM after talks between union officials and government representatives, according to a spokeswoman. The Kenya Airline Pilots Association, or KALPA, intended to go on strike from Oct. 18 to demand the resignation of Chief Executive Officer Mbuvi Ngunze and Chairman Dennis Awori. The industrial action was declared illegal through a court order on Oct. 14. The government asked KALPA for more time to implement the pilots' demands, union spokeswoman Julie Otieno said by phone from the capital, Nairobi. Awori said last week he was prepared toleave by the end of the year. A one-day strike in April cost the airline about $2 million, according to Kenya Airways. Africa's third-largest airline's first-half earnings to be released at the end of this month will show a reduction in net loss to 5 billion shillings ($49.3 million) from 12 billion shillings, the airline said last week. The company plans to cut 600 jobs and reduce the fleet by almost a third to return to profitability after soaring finance costs weighed on earnings and pushed the company to a record loss in 2015. *(Bloomberg)*

Co-operative Bank is set to take the hardest hit among listed lenders from the recent capping of interest rates, according to a research by Standard Investment Bank (SIB). The bank's net interest income, the major revenue item for lenders, is expected to shrink the most by an estimated 24.3 per cent, according to the SIB analysis. Co-op will be followed by Equity Groupwhose interest earnings is set to fall 23.5 per cent. Barclays is projected to see a decline of 15.2 per cent in interest income while that of StanChart is seen falling 11.6 per cent. The new law passed in August put a cap on cost of loans and also stipulated the minimum interest rate payable on customers' deposits. The law sets the floor for deposit rates at 70 per cent of the Central Bank Rate (CBR) and a ceiling for lending rates at four percentage points above the benchmark rate. This places the current interest rate on interest-bearing accounts at a minimum of seven per cent and the lending rate at a maximum of 14 per cent, with the CBR at 10 per cent. The SIB says the full impact of the new law on net interest income will start to be felt from next year, with the "highest decline recorded by Co-op Bank (-24.3 per cent)."
The investment bank says its forecast is based on the mix of deposits and loan books by the listed firms, with that of Co-op Bank exposing it to relatively more compressed margins in the interest rates control regime. SIB says Co-op Bank's weighted average lending rate of 15.46

per cent in 2015 will come down to 13.4 per cent in 2017 while its average deposit rate will rise marginally to 5.37 per cent from 5.1 per cent. This will see its interest margin drop from 10.36 per cent to 8.03 per cent over the same period. The SIB said the bank would need to increase lending by a massive 62 per cent to match the interest income it would have earned if interest rates were not regulated. The investment bank noted that Co-op Bank earns nearly all of its net interest income from Kenya where its loan book is largely tilted to non-corporate borrowers at interest rates that were higher than the current 14 per cent. The lender has a subsidiary in South Sudan but draws 99.9 per cent of its income from the local market where corporate borrowers account for 29 per cent of its loan book. StanChart and Barclays, which make their entire earnings from the local market, are set to record relatively smaller declines in net interest income owing to the structure of their lending. *(Business Daily)*

Energizer International products account for 80 per cent of the Nairobi Securities Exchange-listed Eveready East Africa's total sales, the company disclosed Tuesday, indicating the huge importance of ongoing negotiations to renew the current distributorship agreement. The distribution agreement for Energizer products such as flashlights, batteries and Schick razors ended last month, prompting the new discussions. "We have an offer on the table. We are, however, opposed to some of the clauses," chief executive Jackson Mutua said in an interview. Retaining the distribution deal is important for the company which could see its sales fall by a large margin if the agreement is not renewed. Eveready said it would ensure it customers are well supplied with Energizer's products even as the talks continue. Mr Mutua said while Eveready is keen to renew the agreement, the company has in recent years moved to diversify its business by taking on the distributorship of other products including Clorox bleach and Turbo car batteries. He added that Energizer's 10.5 per cent stake in Eveready is an independent investment that is not tied to the parties' distribution deal which is the latest transformation of the partnership. The company was initially set up to manufacture Energizer's battery brands under licence but intense competition and increased electrification led to the closure of the firm's plant in Nakuru in 2014. This saw Eveready transform into a distributor, importing products including batteries from Energizer and other markets to sell in the regional market. The 18.5-acre land on which the closed factory sits is expected to be sold for Sh1.2 billion, generating a large gain that the company says will partly be used to pay its first dividend in eight years. The payout, expected next year or in 2018, will end the dividend drought that started in the year ended September 2008.

Eveready last paid a dividend of Sh0.45 per share for the year ended September 2007, with losses in most of the subsequent years leaving shareholders without dividends. The dividend drought has been compounded by a long-term decline in the firm's share price to the current Sh2.75, representing a capital loss of 71 per cent compared to the listing price of Sh9.5. Sale of the land came after plans to venture into real estate development with strategic partners collapsed, with the company saying the idle land is incurring maintenance costs at a time when it has a heavy debt burden. It said the land did not meet "the threshold of investment for a mixed-use development as anticipated for the area". Sale of the land, which accounts for 46 per cent of Eveready's total assets, is expected to be completed in the current financial year that ends in September 2017. The transaction will boost Eveready's performance in the period which had already showed a loss of Sh58.9 million in the half year ended March compared to a net loss of Sh12.4 million the year before. This came as sales halved to Sh300 million from Sh602.8 million which the company attributed to disruptions in supply of carbon zinc and alkaline batteries. *(Nation)*

Shares in Kenya Airways surged more than 9 percent in early trade on Wednesday, buoyed by retail buyers who expect that this week's decision to replace the chairman will lead to further management changes at the loss-making carrier. By 0723 GMT, shares in the airline, which is partly owned by the government and Air France KLM, had climbed 9.4 percent to 5.25 shillings ($0.05). Since hitting an all-time low of 3.30 shillings on Sept. 20, shares have climbed 60 percent. "We are having a lot of retail guys coming in," said Daniel Kuyoh of Alpha Africa Asset Managers, adding the decision to appoint Michael Joseph as the new chairman had raised hopes for more changes and improved management of the recovery. *(Reuters)*

Electricity generator KenGen will not pay its shareholders a dividend for the first time since the company went public in 2006, marking a departure from a near decade-long tradition. The State-controlled power producer declared the dividend drought after its net profit for the year to June dropped 41 per cent to Sh6.7 billion, hurt by the absence of a tax credit the company enjoyed a year ago. KenGen, which paid its shareholders a dividend of 65 cents per share in 2015 and 40 cents apiece the previous year, is implementing several power projects that

it says will inject an additional 706 megawatts (MW) into the grid by 2020. The projects include 140MW Olkaria V, whose groundbreaking will happen by the end of the year, as well as 80MW Meru Wind Phase 1 and 10MW Ngong Wind Phase 2 whose funding has been secured and procurement is underway. "To sustain our current growth direction, and in line with our strategy, we continue with our investment plan to drive geothermal and wind generation capacity growth," KenGen said in a statement. "In view of the pipeline of projects enumerated above, the board of directors does not recommend payment of dividends for the year." KenGen's zero dividends payout comes after shareholders were in June asked to dig deeper into their pockets to take part in a Sh28.6 billion rights issue which was under-subscribed.
The Treasury — which owns a 70 per cent stake in KenGen — took part in the cash call by converting Sh20.15 billion of on-lent loans advanced to the firm into equity. KenGen was selling 4.4 billion new shares at Sh6.55 each to existing shareholders at a ratio of two for each share but fell short of its target by Sh2.3 billion.

In the rights issue prospectus released in May, the power firm promised its shareholders a tidy dividend return. "The company targets a dividend payout ratio of up to one third (33 per cent) of the company's profit before tax or up to 50 per cent of the company's profits after tax," the power firm promised investors. KenGen, which owns more than 30 power generating plants, closed the fiscal year with an installed capacity of 1,623MW from a mixture of hydro, thermal, geothermal and wind sources. The power producer's revenue for the year to June increased 28.8 per cent to Sh38.6 billion buoyed by new geothermal capacity which significantly boosted electricity sales and steam revenue. KenGen's operating expenses increased by half a billion shillings to Sh8.94 billion while total assets grew seven per cent to Sh367.2 billion mainly due to investments in new wells. In the year to June 2015, KenGen's profits were boosted by a tax credit of Sh2.8 billion following the completion of the 280 MW Olkaria geothermal plants. The company's profitability was further negatively impacted by depreciation and amortisation expenses which increased 58 per cent to Sh10.2 billion mainly due to "revaluation of assets and full-year depreciation of Olkaria 280MW." *(Nation)*

Economic News

Kenya's main opposition leader Raila Odinga said any new Eurobond issue by Kenya could be classified as "odious debt", saying the government had failed to account fully for the use of funds raised in a previous issue. Odious debt is a term used for cash borrowed by nations and subsequently not used in beneficial projects. The government has not said it will issue a new Eurobond after raising $2 billion in 2014, but it has said it was considering a second international debt issue and has not ruled out the Eurobond route. Odinga, who is set to challenge President Uhuru Kenyatta in an election next August, made his comments about any fresh debt issue in a statement on Sunday, after accusing the government of failure to account for $2 billion borrowed in its debut bond. The government denied this. When Odinga made accusations of poor accounting last year, officials released what they said were details of the fund-raising and allocations to departments. The Treasury said in June it would borrow 150 billion shillings ($1. Treasury did not respond immediately to a request for comment on plans for a new issue and Odinga's comments. On Friday, S&P raised Kenya's outlook to stable from negative, saying strong growth would offset other risks like the fiscal and external deficits. S&P has assigned the East African nation a rating of B+. *(Reuters)*

Global ratings agency Standard & Poor's (S&P) has upgraded Kenya's credit outlook to stable from negative, citing sustained economic growth, reduced political tension and stabilising public debt. S&P's move to upgrade the credit outlook bodes well for the government when it moves to borrow from the international market to plug the gaping budget deficit of Sh689 billion in the current fiscal year. In its previous sovereign update on Kenya in June, S&P had opted to affirm a negative outlook on East Africa's largest economy, saying there was rising political tension in the country while the fiscal deficit was widening. The agency had put the chances of a rating downgrade at 33 per cent as a result. The reduced political tension and government efforts to curb spending have, however, convinced S&P to reduce the risk profile of Kenya. The agency now says that it could actually raise Kenya's credit rating if there are prospects for sustained political and economic stability, including declining budgetary imbalances supported by expenditure control and a sustained improvement in Kenya's external accounts. "Since our last review, government financing pressures have abated somewhat, interest rates have come down, and the exchange rate has remained stable. "Additionally, we understand oversight at the Public Debt Management Office has been bolstered and new debt-management systems have been introduced. We view these factors as supportive of the government's creditworthiness," says S&P in latest update. "Although there have been sparks of discontent very early in the election process, we expect that recent measures aimed at reforming the electoral commission are likely to temper frustrations in the run-up to August 2017 General Election." Lenders in the international market rely heavily on credit ratings to determine the pricing of sovereign debt, with private sector borrowing from these markets in turn pegged on the government's pricing profile.

Recently, Treasury Cabinet secretary Henry Rotich said Kenya had deferred borrowing from the international market in the first fiscal quarter of the year due to unattractive rates, indicating that potential lenders were indeed demanding a premium to lend to government. Given the high maturities of domestic debt in the current fiscal year, the government has been forced to borrow heavily in the domestic market in a bid to roll over the debt. Lower interest rates on government securities due to increased bank demand in the wake of customer loan-rate caps have helped. At some point during the fiscal year, the government will be forced to look outwards for debt, meaning that the outlook upgrade is good news to the Treasury. While the country's credit outlook has been upgraded, S&P has maintained the 'B+/B' long- and short-term foreign and local currency sovereign credit ratings on Kenya, due to a stable shilling and the expectation of a narrowing current account deficit. The difference between Kenya's imports and exports stood at 6.8 per cent of the gross domestic product from 9.8 per cent in 2014 and the Central Bank of Kenya has forecast it could fall further this year to 5.5 per cent, while S&P sees it falling to five per cent. "Positively, we think that statistical collection deficiencies (particularly underreported services exports) are resulting in an overstatement of Kenya's current account deficits, alongside potentially underreported financial account flows, including foreign direct investment," said S&P. On the risk side, S&P says that it will consider lowering the country's rating should the budget deficit or government debt increase more than they currently expect, or if financial conditions markedly deteriorate and lead to a significant loss of foreign-exchange reserves. *(Business Daily)*

Uncertainty looms in the banking sector on whether to loan more as lenders prepare to take the biggest hit from the new law capping interest rates, according to a banking report. The report by Standard Investment Bank (SIB) pointed out that some banks have decided to play the volumes game hoping the numbers will plug the shortfall in revenues from interest income, while others fear this strategy could create another spike in bad loans and hurt their bottom line. Cooperative Bank, which was processing 250 loans a day has reported a five-time increase and is currently processing 1,250-1,300 loans across the business spectrum, while Kenya Commercial Bank (KCB), the country's largest lender by assets, said it had increased lending from Sh1 billion to Sh6.3 billion. However, most of these are not new loans but from clients who already have facilities but took advantage of the friendly interest regime to seek refinance. KCB chief executive Joshua Oigara reckons most of the lending by the bank had come as top-ups on existing loans, while Co-op Bank puts 70 per cent of its lending to borrowers seeking to refinance their loans and 30 per cent as new loan requests. Mr Jibran Qureishi, Economist at CfC Stanbic Bank said increasing loan volumes would not be ideal for banks as they will have to make bigger provisions in case of higher defaults, which will further shrink their declared profits. "They could dig themselves into a deeper hole. Increasing loan volumes could lead to another round of increased credit provisioning as the rate cap won't improve the credit quality of borrowers," explained Qureishi. This comes even as Central Bank Governor Patrick Njoroge raised concerns over the huge fall in private sector credit. The amount of loans extended by banks to private sector fell to 7.1 per cent year on year in July, up from 18 per cent recorded in December and 20.8 per cent in September last year. During this review period, there was rise in interest rates that could have informed the increased loan uptake. Standard Investment Bank (SIB), however, says it did not see a surge in the loans.

The CBK's July 2016 banks' credit survey pointed to dim loan growth prospects, where only a quarter of 11 sectors of the economy had an increase in demand for loans, a position the bank says will likely continue in the next few months. SIB researchers say the prevailing high sector Non-Performing Loan ratio would likely translate into pull-back in risky lending and the adoption of risk mitigating policies by banks, including demanding more collateral and shortening the loan tenure. These measures, it notes, will dampen credit demand further. Their research shows that since corporate clients who take-up 47 per cent of the sector's loan book are already borrowing at lower rates, the new law capping the rate hardly benefits them, hence lenders do not expect increase in borrowing from this key market segment. EASY BORROWING Therefore, for banks to increase their lending, they have to loosen credit standards, a doubtful scenario given the risk of bad loans. Qureishi sees a dimmer prospect for banks' profitability moving forward even as the Central Bank may likely cut its rates further in response to fall in inflation. Even worse would be if a proposal by Treasury Cabinet Secretary Henry Rotich to raise commercial bank's core capital requirement to Sh5 billion from Sh1 billion. This would erode banks' working capital. *(Standard Media)*

Kenyan banks are focusing on mobile banking to lower costs and build new revenue streams after the government capped commercial lending rates, but they face several years of work to recover from the hit to profitability, bankers and analysts said. The cap imposed last month limited commercial rates to 400 basis points above the central bank's main rate, now 10 percent. Banks previously charged 18-20 percent or more on loans, helping create some of the most profitable institutions in Africa. The cap pummelled bank shares and executives have been scrambling to adjust strategy. Many institutions have focused on mobile banking to expand business in a nation of 46 million people, where many people do not have a bank account. "We must go digital and deliver products more cheaply," said John Gachora, chief executive of mid-tier NIC Bank, echoing comments from lenders both big and small. But it will be tough matching earnings before the cap. The average return on equity for listed banks was 21 percent in 2015, the highest in Africa, and compared with 18 percent in South Africa and single digits for European and U.S. banks. Nairobi-based Standard Investment Bank (SIB) expects returns to fall to 16 to 18 percent after the cap, which included a floor for deposit rates. For now, just 2 percent of loans offered by Kenya's 11 listed banks are issued via mobile platforms - a cheaper route that promises to reach more customers - so it will take time to make up losses from the more traditional loan market, SIB said. "That is not a two-, three-year process but a longer process," SIB bank analyst Francis Mwangi said.

Kenya has pioneered mobile transactions. Mobile operator Safaricom's M-Pesa, launched in 2007, lets customers pay bills or transfer cash on the simplest handsets. Safaricom also runs the M-Shwari banking platform with privately owned CBA Bank. Such platforms cut staff and other overheads in the loan process, and mean money is made even on loans of a few dollars. "You may need one sales person and one person internally if you can digitise," NIC's Gachora said, saying a traditional loan process usually passed through three employees. M-Shwari, launched in 2012, has 16 million customers and offers 70,000 loans a day - averaging 3,250 shillings ($32) each. Top lenders, even with big branch networks, process 1,000 loans a day, although they are larger, bankers said. KCB, Kenya's biggest lender by assets, wants to spin off its mobile banking platform KCB M-Pesa, operated with Safaricom and with additional saving and borrowing features over the more basic transactions app, so it has autonomy to grow. KCB M-Pesa has 10 million customers, while KCB has 3 million traditional bank clients.
KCB wants mobile banking to generate 50 to 60 percent of revenue in five years, from below 2 percent now. "The customer lifestyle is already changing so we need to be playing in the space that our customers of the future are going," KCB Chief Executive Joshua Oigara said. *(Reuters)*

Bidding for Treasury bills fell for the first time in weeks as attention turned to the higher-yielding Sh30 billion 15-year infrastructure bond auctioned on Wednesday. The 15-year tenor infrastructure bond, the longest ever, was fully subscribed by investors, with the government taking Sh30.6 billion from the Sh35 billion offered by investors at a rate of 13.17 per cent. **Concurrently, the Treasury failed to raise the full amount on offer from the 91 and 364-day T-bills, even though the interest rate on the latter rose** slightly to 10.4 per cent from 10.3 per cent the previous week. “The market remained static, with all eyes on the primary (bond) auction,” said Genghis Capital in a market briefing note on Wednesday. Data published by the Central Bank of Kenya (CBK) Thursday showed that on the 91-day paper, investors put in 147 bids bid worth only Sh1.36 billion against the offered Sh4 billion, a 34 per cent performance rate. The government took up all the money on offer at a rate of 7.69 per cent from the previous week's 7.72 per cent. On the longer tenor T-bills, bidders opted for the six-month paper over the one-year offer, with the two currently offering similar interest rates. Investors offered Sh10 billion for the Sh6 billion 182-day T-bill in 328 bids (167 per cent subscription) with Sh8.1 billion accepted. On the 364-day T-bill, there were 176 bids worth Sh4.74 billion, which was all taken up by the government.

There was once again high maturities on the Treasury bill segment, which resulted in the government making net payments instead of adding to new borrowing from this week's auctions. The CBK data shows that the total redemptions on all three tenors of the short-term debt stood at Sh26.4 billion, outstripping the Sh14.2 billion taken up. The infrastructure bond, however, did bridge the refinancing gap after achieving full subscription. It attracted sizeable foreign investor demand due to its tax-free status, which also helped the shilling make a marginal gain on the dollar in the first three days of the week. Analysts at Genghis say there remains a strong case for the government to do a tap sale on the bond, whose proceeds are meant to fund projects of a total value of Sh40 billion in the roads sector (Sh10 billion), energy (Sh10 billion) and water (Sh20 billion). This was the second infrastructure bond sold this year after the nine-year offer in May, which raised Sh34 billion at a rate of 13.34 per cent. *(Nation)*

The Kenyan shilling edged down on Friday mainly due to demand for dollars from companies. At 0745 GMT, commercial banks posted the shilling at 101.35/45, compared with 101.30/40 at the close of Wednesday. Thursday was a public holiday. *(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 said on Friday its trade deficit had widened 25.5 percent to 6.66 billion rupees ($186.82 million) in August from the same month last year, after exports of machinery and transport equipment fell sharply. The Indian Ocean island nation's earnings from exports fell 15.4 percent to 6.74 billion rupees, Statistics Mauritius said in a statement. United States was the main destination for exports, followed by Britain and France. Foreign sales of machinery and transport equipment dropped to 366 million rupees from 1.22 billion. Total imports rose 0.6 percent to 13.40 billion rupees. China was the main source of goods imported into Mauritius in August. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

The amount of money which South Africa's MTN Group is alleged to have illegally moved out of Nigeria is "mind boggling", a Nigerian lawmaker said on Thursday at the start of a parliamentary investigation into the telecoms company. He did not specify what the alleged amount might be. Nigeria's upper house of parliament agreed last month to investigate whether the company unlawfully repatriated $13.92 billion between 2006 and 2016. MTN shares fell 3.2 percent to more than six-year lows after Bloomberg quoted a senator as saying the amount could be "outrageously higher". The shares later pared some losses. The accusations of illegal money transfers were denied by MTN Nigeria Chief Executive Ferdi Moolman, who appeared at the hearing. "MTN categorically denies all suggestions that its bankers in strict violation of the FEMM Act (Foreign Exchange (Monitoring and Miscellaneous Act) and Foreign Exchange Manual, repatriated $13.92 billion illegally out of Nigeria," said Moolman. The allegation is the latest setback for Africa's biggest telecoms firm in its most lucrative but increasingly most problematic market, coming months after it agreed to pay a greatly reduced fine of 330 billion naira ($1.08 billion) to end a long running dispute over unregistered SIM cards.

MTN officials, Nigeria's trade minister and four lenders were due to appear at the parliamentary hearing, which started on Thursday. "It is not what we can sweep under the carpet. We intend toget to the bottom of the fact, all of the fact, nothing but thefact," said Olusola Adeyeye, a senator, reading out a statementfrom Senate leader Bukola Saraki, said at the start of hearing. Dino Melaye, the senator who first made the allegations in a motion passed by lawmakers last month, said he raised the issue "as a patriotic Nigerian, a whistleblower and an anti-corruption crusader", adding that he stood by the allegations. MTN is the largest mobile network operator in Nigeria, Africa's most populous nation and has the continent's biggest economy. The country accounts for a third of MTN's revenue. It follows a row between South African hotel and gaming group Sun International and Nigeria's Economic and Financial Crimes Commission over its investment in a hotel operator in Lagos. The disagreement caused Sun International to pull out of Nigeria in August. Rafiu Ibrahim, chairman of Nigeria's senate investigative panel on alleged illegal repatriation of funds, said on Wednesday that a team of international and local accountancy experts and lawyers had been assembled to look into the matter. "Investors are nervous with what's happening with Nigeria purely because the past history has shown us that typically the government tends to move the goal posts," Independent Securities trader Ryan Woods said. *(Reuters)*

Nigeria's largest airline Arik Air plans to raise as much as $1 billion through a private share placement next year and then a possible initial public offering (IPO) in Lagos and London, its managing director said. The airline wants to expand internationally both to bring in more hard currency, as well as to cushion the impact of the economic slowdown at home, and wants new investors to help it grow rather than using internally generated cash or debt. "What we plan to do is first a private placement which will bring in a few new shareholders, then one year or 18 months down the line we can do an initial public offer," Chris Ndulue told Reuters in an interview. He said Arik Air, which was founded a decade ago and is now west Africa's biggest carrier by passenger numbers, had appointed advisers for the share placement and potential IPO in Lagos, with a secondary listing in London. "We are looking at something in the neighbourhood of $1 billion for both private placement and IPO," Ndulue said late on Wednesday. The Lagos stock market, which is down 4 percent in local currency terms this year and at a 15-year low in dollar terms, has not had an IPO since 2009 due to sluggish appetite from foreign investors. Ndulue said Arik wanted to start daily flights to New York, up from three times a week, and also fly to Rome and Paris within 18 to 24 months. The carrier, which has a fleet of 28 aircraft, flies mainly within western and central Africa, as well as to London and Johannesburg. The new routes would help the company generate some foreign currency. Domestic and international carriers have struggled with the plunge in the naira that has made bills for imported jet fuel ever more expensive and also hurt profit margins as many passengers pay in naira. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Economic News

Annual inflation in Nigeria accelerated in September to 17.9 percent, a more than 11-year high and the eighth monthly rise in a row, highlighting the economic crisis in Africa's most populous nation. The rise from 17.4 percent in August reflected higher prices for electricity, kerosene, transport and food, a separate index for which rose to 16.6 percent from August's 16.4 percent, the National Bureau of Statistics (NBS) said on Friday. "During the month, the highest increases were seen in clothing materials, shoes, books and stationeries," the NBS said in a statement. Nigeria, Africa's biggest energy producer, has seen its economy slide into recession for the first time in 25 years, largely due to the impact of low oil prices. Crude oil sales account for 70 percent of government revenue. These problems have been exacerbated by a spate of militant attacks this year that have cut oil output and a dollar shortage on the currency markets that has frustrated businesses struggling to import raw materials for production. On Friday the central bank auctioned a two-month dollar forwards to clear a backlog of demand from airlines, manufacturers and other companies, traders said. The NBS has revised its forecast for year-end inflation, estimating the index will end at between 17.1 percent and 18 percent, up from 9 percent at the start of the year. *(Reuters)*

The federal government has ordered super-stores operators in Nigeria to withdraw all genetically modified (GM) products from their shelves within the next seven days or face sanctions from the regulatory body. Accroding to a statement made available to THISDAY yesterday by Ovuakporie Efe, Head of Press, the warning was issued by the Director-General of the National Biosafety Management Agency (NBMA), Dr Rufus Ebegba, in a meeting with representatives of super-stores operators last Friday in Abuja. The Director General said the meeting was aimed at creating awareness among the operators on the biosafety regulations guiding the importation of GM products into the country. He said the warning became imperative because most of the super-stores get their supplies from countries that have long adopted the production and sale of genetically modified foods. Teh DG stated that the agency had received complaints from Nigerians that some of these stores may have been selling GM foods. Ebegba added that the consequences of continuing to sell GM products after the expiration of the seven days' ultimatum may be very dire as the warning is not without legal backing. "There is a law in place. We will not want any segment of the society out of ignorance to act in manners that will infringe on the existing law. The Act establishing the NBMA empowers the agency to regulate the activities of modern biotechnology and the use of Genetically Modified Organisms (GMOs)," he stated. Ebegba noted that the idea that Nigerian laws are not enforced and implemented by government agencies should be completely ruled out because the NBMA would not hesitate to shut down any super-store that contravenes the Act. He therefore called on the operators to formalise their dealings by obtaining the necessary permits for future imports of GM products. *(This Day)*

Nigeria's overnight interbank lending rate soared to a record high of 128 percent on Monday on naira cash shortages after the lenders funded their account with the central bank to participate in last Friday's currency forward auction, traders said. Overnight rates opened at 100 percent on Monday, traders said, after the money market ended on Friday with no deals as commercial lenders held onto naira to be able to participate in the auction. Overnight money traded at 14 percent on Thursday. The central bank has been tightening liquidity and intervening directly with dollar sales to commercial lenders to support the ailing naira, hit by the fall in oil prices, Nigeria's economic mainstay. The bank on Friday held a two-month dollar forward auction to clear a backlog of demand from airlines, manufacturers and other companies, as the currency crisis deepened. However, it debited customers' naira accounts on the day of the auction but will deliver the dollars in two months' time, traders said, adding that the move had soaked up liquidity from the money markets. The central bank intervened again on Monday with dollar sales to support the naira, which ended at 305.50 per dollar, traders said. *(Reuters)*

Nigeria plans to launch a development bank by January to support smaller-scale businesses, the finance minister said on Monday, as the country seeks a way out of its worst economic crisis in decades. The Development Bank of Nigeria (DBN) has secured commitment from the World Bank for $1.3 billion in seed money, Kemi Adeosun said in a statement. The African Development Bank's president said last month it was investing $500 million in the DBN, and that it could be in place by November. "It is going to provide money for (small and medium-sized enterprises) and for Nigeria that is really important because 50 percent of our GDP is made up of small companies," Adeosun said in a statement. Nigeria, Africa's largest economy, has slid into recession for the first time in 25 years as low oil prices have slashed government revenues and weakened the naira currency.*(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

The President, Dangote Group, Aliko Dangote, monday stated that Nigeria's quest to diversify its economy away from crude oil cannot be achieved if there is little or no foreign exchange available for private sectors to work with. Dangote called on the managers of the economy to inject fresh funds to the tune of about $15 to $20 billion, to bring the economy back on track, saying that this would go a long way to restore investors' confidence and take the Nigerian economy out of recession. Africa's richest man who said this during a courtesy visit by Executive MBA students of the Lagos Business School (LBS) to his refinery in Lagos, expressed hope in the country getting out of its present precarious state sooner than expected, but stressed that this feat can only be achieved if the right support is given to the Organised Private Sector (OPS) of the economy in terms of adequate foreign exchange supply, infrastructural development, consistent and favourable economic policies. "Nigeria has what it takes to be great again. I believe so much in the Nigerian economy and if the right things are done, we should get out of the economic recession by 1st quarter in 2017. The private sector is huge and I think we will get out of the recession as soon as possible," he said. However, he said 98 per cent of Nigeria's demand for dairy products is currently being imported, stressing that plans are already on ground to turn around the nation's milk industry in the next three years. "We are already discussing with the Central Bank of Nigeria (CBN) to kick start this project. We believe we can do a lot to bridge the importation gap developing local production of this product because we have the competitive and comparative advantage," he said.

In his presentation tagged: 'Role of business in driving sustainable development in Africa-The story of Dangote group, he said the group has grown from a commodity trading company to a more diversified conglomerate over the last two decades, adding that his company has been underpinned by five key pillars which he said is to provide basic needs, substitute imports and earn foreign exchange from exports, execute efficiently new plants and technologies, operate effectively by entering new markets with high quality products, entering into strategic partnerships and investing in human capacity development. According to him, Dangote group is a leader in the new breed of African multi-national conglomerates, saying that his company has recorded a lot of progress over the years. "We are top 10 in Africa and top 400 globally. We are globally competitive, growing local capacity, manufacturing quality products, rapidly transforming from a Nigerian company to a dominant African brand and our revenues and profitability have continued to grow," he said. He stated that the group is driving six major projects which will create 250,000 jobs and provide foreign exchange earnings, while also saving about $15 billion for the country. "We are investing a total investment of $20 billion across the six projects in the country," he said.
Also speaking at the event, the Director Construction, Project Scheduling and Monitoring, Dangote Petroleum Refining and Petrochemicals FZE, Mr. Henri Riems, said the economic benefits of the refinery when completed would fetch Nigeria over $5.5 billion per annum from foreign exchange earnings through export and over $7.5 billion per annum would be saved from import substitution. He said other benefits of the refinery to the economy include professional development, technology, generation of power, production of petrochemicals, saving of foreign exchange against imports, increased demand for domestic crude, increased revenue to government, foreign exchange from exports, development of local areas and ancillary industries and unhindered availability of products. *(This Day)*

Nigeria's overnight interbank rate was quoted at a record high of 150 percent on Tuesday, two days after lenders placed funds with the central bank to participate in last Friday's currency forward auction, traders said. They said few deals were done on Tuesday due to a shortage of naira on the money market, with lenders loath to place funds until the result of Friday's currency auction was published. *(Reuters)*

Nigeria has been affirmed by the International Monetary Fund (IMF) as the biggest economy in Africa — ahead of South Africa and Egypt. In August 2016, Nigeria was reported to have lost its spot as Africa's biggest economy to South Africa, following the recalculation of the country's gross domestic product (GDP). "A recalculation using current exchange rates put South Africa on top because the rand has strengthened against the dollar," BBC had said in August. "Based on gross domestic product at the end of 2015 published by the International Monetary Fund, the size of South Africa's economy is $301 billion at the rand's current exchange rate, while Nigeria's GDP is $296 billion," Bloomberg had also said. But according to TheCable, latest estimates from the IMF however put Nigeria's GDP at $415.080 billion, from $493.831 billion at the end of 2015. The IMF World Economic Outlook for October 2016 puts South Africa's GDP at $280.367 billion, from $314.732 billion a year earlier. Egypt's 2016 data was reported as not available, but its 2015 size remained at $330.159 while that of Algeria, one of the largest economies on the continent, was put at $168.318 billion. The United States, China and Japan maintained their spots as the largest economies in the world, with a GDP of $18.561 trillion, $11.391 trillion and $4.73 trillion respectively. These countries are being trailed by Germany, United Kingdom and France in that order. The Managing Director of the IMF, Christine Lagarde, said at the just concluded World Bank/IMF meetings that global growth had been too slow for too long. "We continue to face the problem of global growth being too low for too long, benefiting too few," she said after the world economic outlook was published. The world expects an economic growth of 3.1 percent in 2016, reviewed from 3.4 percent. *(This Day)*

FITCH Ratings has projected a 2.6 percent growth in Nigeria's Gross Domestic Product (GDP) for 2017. This was contained in a statement issued yesterday by the global rating agency. Though Fitch reduced its forecast for the country's GDP growth for 2016 to 1.0 percent from 1.5 percent, citing weak performance in the first half of the year, continuing policy challenges, including implementation of the new foreign-exchange regime and delays in the disbursement of the 2016 budget, it however stated that economy will bounce back in 2017 with a GDP growth of 2.6 percent. Fitch stated, "We expect real GDP to contract by 1.0 percent in 2016, compared with our earlier forecast of a 1.5 percent expansion. We expect a limited bounce back and forecast a recovery to 2.6 percent next year, with downside risks if dollar liquidity remains tight. The medium-term growth outlook remains significantly lower than the 5.6 percent growth seen in 2010-14. "Our revisions incorporate a weaker-than-anticipated first half performance. GDP shrank 2.1 percent YOY in 2Q16, the second consecutive fall. Much of the contraction was due to falling oil production, which shrank from an average of 2.1 million barrels per day (mbpd) in 1Q to 1. 7mbpd in 2Q. An improving situation in the Niger Delta region will prevent further production loss, but levels are not likely to reach 1Q levels this year. "The non-oil sector shrank, by 0.4 percent, for the second consecutive quarter, because of spill over from the oil sector, energy shortages, and lack of foreign exchange for domestic industry. According to the Central Bank of Nigeria, August marked the eighth straight month of declining production levels, new orders and raw materials inventories. "The more flexible FX framework implemented in June has allowed the naira to depreciate, but the amount of dollars traded in the official market and available to the banking system and domestic industry remains limited. The declining parallel market rate continues to keep the spread above the official rate high.

Fitch's view is that dollar liquidity will not significantly improve until market participants become more comfortable with the sustainability of the exchange-rate level, which is likely to require further narrowing of the spread between the official and parallel market rates. "While FX depreciation will push up inflation further, increased dollar liquidity would partially offset this as FX rationing has created shortages in the supply of imported goods. Headline inflation rose to 17.6 percent in August, and we have increased our average CPI forecast for 2016 to 14 percent from 11 percent. High inflation limits the scope for monetary easing (the CBN held its key rate at 14 percent in September, following a 200 bp hike in July). "Nigeria's 2016 budget envisaged an increase in capital expenditure to stimulate the economy. However, the bulk of these disbursements have been delayed by the late adoption of the budget and the slow pace of securing external financing. Fitch expects that the government will secure financing from multilateral development banks and bilateral sources and will execute the bulk of its planned expenditure. However, timing remains unsure and some disbursements are unlikely until 2017. "A sharp economic downturn is negative for Nigeria's sovereign credit profile, which has been supported in recent years by strong, stable real GDP growth. It will slow the non-oil revenue growth that the 2016 budget anticipates will fund a portion of growth-enhancing infrastructure expenditure. "Widening deficits are mitigated by low government debt (13 percent of GDP at end-2015, well below the 'B' category median). We think the debt burden is sustainable, but it is increasing, while government revenues have fallen as a proportion of GDP. General government debt and interest as a percentage of revenues, at 270 percent and 23 percent respectively, are considerably higher than the 'B' category median. "We identified fiscal sustainability as a rating sensitivity when we downgraded Nigeria's sovereign rating to 'B+'/Stable from 'BB-'/Negative in June. The downgrade reflected increased fiscal and external vulnerability due to the sharp fall in oil revenue and the authorities' indecisive policy response." *(Vanguard)*

Barely two weeks after meeting with top government officials, Fitch Ratings has passed a negative verdict on the economy, saying that its weak state will worsen Nigeria's debt profile. The projection, which means that the end to the lingering economic challenge is not in the near term, also raises risk alert to potential investors against the country's quest to attract foreign investments. Fitch, noting that Nigeria's

2016 budget envisaged an increase in capital expenditure to stimulate the economy, recalled that disbursement was delayed by the late adoption of the plans and now the challenges of securing external financing. But notwithstanding the hope of securing financing from multilateral development banks and bilateral sources, the timing remains unsure and disbursements are unlikely until 2017. "We think the debt burden is sustainable, but it is increasing, while government revenues have fallen as a proportion of GDP," the agency said. Already, the general government debt and interest as a percentage of revenues, estimated at 270% and 23% respectively, are considerably higher than the 'B' category median. "We identified fiscal sustainability as a rating sensitivity when we downgraded Nigeria's sovereign rating to 'B+'/ Stable from 'BB-'/Negative in June. "The downgrade reflected increased fiscal and external vulnerability due to the sharp fall in oil revenue and the authorities' indecisive policy response," the company said. According to the agency, the combination of weak performance in the first half of the year and continuing policy issues- implementing the new foreign-exchange regime and delays in the disbursement of the 2016 budget are contributors. "We expect real GDP to contract by one per cent in 2016, compared with our earlier forecast of a 1.5% expansion.

We expect a limited bounce back and forecast a recovery to 2.6% next year, with downside risks if dollar liquidity remains tight. "The medium-term growth outlook remains significantly lower than the 5.6% growth seen in 2010-14. Our revisions incorporate a weaker-than-anticipated first half performance," Fitch said. Recall that Nigeria slipped into recession in the second quarter of the year over oil crisis-induced fiscal failures, as well as it implications on monetary policies. Fitch noted that Nigeria's medium-term growth outlook remains significantly lower than the 5.6% growth seen in 2010-14. In the second quarter, Gross Domestic Product (GDP) declined to negative 2.1% year-on-year, the second consecutive fall, mainly due to falling oil production. Already, there are projections that while improved situation in the Niger Delta region will prevent further production loss, the levels are not likely to reach that of the first quarter this year. "A sharp economic downturn is negative for Nigeria's sovereign credit profile, which has been supported in recent years by strong, stable real GDP growth. "It will slow the non-oil revenue growth that the 2016 budget anticipates will fund a portion of growth-enhancing infrastructure expenditure. Widening deficits are mitigated by low government debt," it added. *(Guardian)*

A property market crash in Nigeria offers opportunities for brave investors betting that Africa's most populous nation will deliver high returns when it climbs out of recession. Rents for residential and office property in the commercial capital Lagos have dropped by around 20 percent, year on year, due to a supply glut as projects planned prior to 2014, when oil prices started to fall, are now coming online. Investing in Africa's largest economy requires a willingness to navigate opaque land laws, corruption and the prospect of having money held up in the bank due to currency restrictions. The central bank has made it difficult to repatriate profits as it seeks to avoid a collapse of the naira due to a slump of oil revenues, which has pushed Nigeria into its first recession in 25 years. But Nigeria has a fast-growing population that will require more housing and shopping malls in the long-term, and some investors believe the time is right to step in, particularly as banks are reluctant to grant loans to other potential buyers in the midst of the downturn. Some private equity funds, mostly from South Africa, are investing in Lagos and the capital Abuja, betting the spending power of the country's 180 million people will grow. "We believe Nigeria has massive potential in the retail area," said Jan van Zyl, head of Nigerian property development at South African fund Novare Equity Partners. "The sector is in its infancy and will only continue to grow from a very low base." Investors face the risk of being caught in another devaluation as the central bank seeks to end a 30 percent spread to the black market -- a goal it failed to achieve when it allowed a 40 percent depreciation in June.

Property consultant Cluttons estimates that Lagos retail yields stand at around 7.5 percent, compared with 8 percent in Johannesburg, 9 percent in Accra and 10 percent in Nairobi but have the potential to rise once the economy improves. In the last few months it has become common for retailers and service sector tenants, squeezed by the economic downturn, to negotiate lower rents with landlords who are keen to sustain occupancy levels. Lower rents have pushed down yields in Lagos. Lagos office yields have dropped to around 8 percent from 9 percent in 2014, making them the same as in Johannesburg and Nairobi, but less than the 10 percent found in Accra. But investors say Nigeria's size, with one of the world's fastest growing populations, means it has better long-term prospects than the rest of Africa. Lagos has a population of around 21 million, whereas Ghana's entire population is 26 million. The Nigerian city is vastly under-served by shopping malls, experts say. "For now, we are aware that investors are still showing an interest in retail investments, driven purely by the strong demand-supply mismatch," said Erejuwa Gbadebo, who heads Cluttons' Nigeria office. Novare was behind the construction of a mall that opened in upmarket Lagos district Lekki in August - an $83 million project with 22,000 square metres of retail space. Construction on two projects in Abuja - a mall and an office park - began this year. "We are continuing to build in the downturn so that we have malls that are open by the time the economic environment improves in late 2017 or early 2018," said van Zyl, adding that the fund had reduced its debt component, using more of its capital, as a short term measure during the downturn.

Funke Okubadejo, real estate director for Actis, another South African private equity fund, said Nigeria provided "a compelling market opportunity". Actis has completed two shopping malls in Lagos, another was completed in Abuja in December 2015 and construction is scheduled to begin on a fourth, in Lagos, early next year. A grade-A office building was completed in the last few months and Actis also raised more than $500m earlier this year for its Africa Real Estate Fund 3. Anglo-South African financial services firm Old Mutual and Nigeria's sovereign wealth fund in August signed an agreement to set up a $500 million fund to invest in real estate, mainly office towers and commercial real estate. There is still no shortage of risk in a country famous for corruption. Nigeria's land laws are opaque, with landlords in dispute with tenants often bribing police and local officials to demolish buildings. And while a small number of funds -- taking a long-term view -- are unfazed by the difficulty in repatriating profits in Nigeria's current climate, local businesses they hope will populate their malls and offices are struggling to stay afloat. The FX restrictions mean retailers who cannot access the dollars needed to import a wide range of goods are closing. Many that survive would struggle to pay the rent for a mall unit and companies across the service sector are laying off staff intended to populate offices. *(Reuters)*

Nigeria's revenues shared between its three tiers of government fell 17 percent in September to 420 billion naira ($1.38 billion) due to the cost of repair work after militant attacks on oil infrastructure, the finance ministry said on Thursday. Nigeria, which relies on crude sales for about 70 percent of its gross domestic product, has been hit hard by the drop in global crude prices since mid-2014. It fell into recession for the first time in 25 years in the second quarter. Militants have carried out a series of attacks on oil facilities in the southern Niger Delta energy hub - the source of most of the OPEC member's oil - in the last few months, reducing output by a third to about 700,000 barrels a day. "Force majeure was declared at Bonny terminal and there was a subsisting force majeure at Forcados terminal," finance ministry permanent secretary, Mahmoud Isa Dutse, said. "The total revenue distributable.... including VAT (64.27 billion naira) is 420 billion naira," he said. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

BARCLAYS Bank Tanzania has introduced into the market an upfront interest in fixed deposit, a new product that gives investors opportunity of earning interest regularly contrary to the traditional way of waiting until maturity. The Bank's Liability Product Manager Mr. Innocent Chonya said in Dar es Salaam yesterday that customers have to start with minimum fixed deposits of 10m/- and earn 15 per cent interest rates. "Barclays Bank is the first bank in the market to give its customers the opportunity of earning up to 15 per cent interest upfront on their fixed deposits," he said. He said with the new product, the bank is able to provide customers the flexibility of earning interest upfront at the beginning of the investment, monthly and at the maturity period. Mr. Chonya added that the new product will benefit individual customers, companies and those with joint accounts. He said the bank will continue to introduce to the market new products to give customers immense opportunities of capitalising and benefitting on various banking services. On his part, Barclays Bank Tanzania Marketing Manager Mr. Joe Bendera said the bank is committed to promoting financial inclusion through the innovative products introduced into the market. He said the bank continues to increase the number of its modern ATMs that give customers an option to withdraw and deposits. Recently, Barclays Tanzania launched Mortgages to salaried customers with a maximum ticket size of 500m/-. The loans are specifically for the acquisition of finished or readymade houses and equity release and will be offered at an interest rate of 19 per cent. *(Daily News)*

THE First National Bank Tanzania (FNB) has launched a point of sales (POS) in Dar es Salaam as a move to enhance proper use of bank cards. According to the statement released yesterday by Head of Products and Digital Banking, Mr. Silvest Arumasi, the launching of POS aims at enabling people to use bank cards for payment of goods and services in a safe, convenient, mobile and cost-effective way, as an alternative to cash. He said the bank will offer desktop POS devices which are suitable for retail, commerce and small businesses and mobile POS devices which are suitable for the hospitality industry as well as high mobility businesses and works wherever there is a mobile data signal. "Any business can use our POS devices to accept card payments. Reduced risks of handling cash and fewer visits to bank branches to make cash deposits means more time spent running your business. The POS devices can either be placed permanently next to customers' till or can be fully portable, depending on customer requirements" he said. He said the introduction of POS devices will offer cutting edge digital banking experience to clients as the bank will also offer FNB Online Banking for FREE to view and download daily settlements and monthly merchant statements to facilitate reconciliation of accounts. Meanwhile, FNB has received the VISA Efficiency Award for 2016. "We are a new player in the card payments business and this award recognises FNB Tanzania as a leader in the country in terms of highest percentage of approved VISA card transaction," he said. The VISA Global Service Quality Performance Award program was founded in 1992 to recognise financial institutions and processors throughout the world that provide outstanding service to holders of VISA cards, retail and service outlets.*(Daily News)*

Economic News

TANZANIA is ranked nowhere near ten leading sub-Saharan African countries in access to credit in another revelation that financing for businesses is still a tough nut to crack, according to a new report by the Institute of Chartered Accountants in England and Wales (ICAEW). The report dubbed Economic Insight: Africa Quarter 3 2016 shows Tanzania performs poorly compared to others in the region on access to finance ranking number 13 while Rwanda, Zambia and Kenya shine in the sub-Saharan Africa on easy access to credit. In the 2016 rankings, Rwanda performed the best in SSA in terms of getting credit, followed by Zambia, Kenya, Ghana, Mauritius and Uganda. Rwanda has made six reforms to facilitate getting credit during 2010-16, through strengthening borrowers' and lenders' collateral laws, the report say. The report say formal financial inclusion is still at low levels in Africa which represents a key hurdle to development as access to financing is critical for funding much needed investment and improving productivity. The report, commissioned by ICAEW and produced by partner and forecaster Oxford Economics, provides a snapshot of the region's economic performance focusing specifically on Kenya, Tanzania, Ethiopia, Nigeria, Ghana, Ivory Coast, South Africa and Angola. Michael Armstrong, Regional Director, ICAEW Middle East, Africa and South Asia said: "Access to finance is a vital driver of economic growth, so this is great news for Kenya.

The interest cap enacted in Kenya benefits customers by both keeping the rates regulated, as well as spurring greater competition amongst banks. It could also further incentivise more accurate credit scoring. All of these measures should help Kenyan businesses in the longer term." Rwanda has made several reforms to facilitate access to credit in the past 6 years thus pushing up its rank. Kenya too has made gains in access to credit by enacting a law prohibiting banks from lending at rates higher than 4% over the Central Bank rate. Angola, which came in the bottom of the rankings, has only seen one reform made in the past 6 years regarding access to credit. Furthermore, despite the country having the third largest banking system in Sub Saharan Africa after Nigeria and South Africa, only a small portion of the population is banked and few business apply for loans. As a whole, Sub Saharan Africa performed relatively poorly compared to other regions in terms of access to credit with a regional average Distance to Frontier (DTF) score of 35.9. The DTF score captures the gap between an economy's performance and a measure of the best practice across the entire sample– with 100 being the frontier. The lower the DTF score achieved, the worse the access to credit. *(Daily News)*

THE Minister for Finance and Planning, Dr Philip Mpango has urged Tanzania Investment Bank (TIB) board of directors to support establishment of industries so that the country could realize middle income economy by 2020. Dr Mpango was speaking during an official launch of the TIB board of directors here yesterday. According to Dr Mpango, board of directors played a significant role in the establishment and developing of the country's economy in the past. He said, likewise, TIB board of directors should focus on supporting the establishment of textile, leather, paper and many other industries across the country. He said TIB board of directors must ensure the bank is heading to the right direction by recording good performance in various areas including supporting development of industries in the country. "I would like to ask you to support the bank to record good performance. This bank must support development programmes in all spheres," he said. He said the government expects TIB to bring positive economic changes by supporting development of industries and thus reduce exportation of raw materials and importation of manufactured goods from abroad. Dr Mpango said TIB board of directors must come up with new ideas that will stimulate job creation from various development projects. "I personally believe that this board will come up with strategic ideas and plans to help the country to move forward, we expect the board to help those with low capital to get support and expand their businesses," he noted. "The government is ready to receive advices from the board that will help to bring positive economic changes," Earlier, TIB acting executive director, Mr. Charles Singili said there were many challenges that face the bank and customers. He mentioned them as too much bureaucracy, lack of capital and many others. The new board chairman, Prof Palamagamba Kabudi said his team will exercise professionalism and make sure it meets the government's expectations. He promised the minister that they will work hard in a very professional manner to meet government expectations. *(Daily News)*

Zambia

Corporate News

No Corporate News This Week

Economic News

Zambia's economy should grow three percent this year, little changed from 2015, while the fiscal deficit will widen after Africa's second largest copper producer was hit by depressed metal prices, Finance Minister Felix Mutati said on Thursday. Zambia's fiscal deficit will top 10 percent of Gross Domestic Product this year, up from 8.1 percent in 2015, after state spending rose due to infrastructure projects, emergency power imports and subsidies, Mutati told parliament. Zambia began talks with the International Monetary Fund in March about a potential aid package after agreeing the budget deficit was not sustainable. The government hopes to conclude a programme with the IMF in the first quarter of next year. The value of Zambia's exports has fallen substantially due to lower commodity prices, putting pressure on external reserves which have dipped to $2.3 billion from $3.1 billion in July 2015. "Tighter liquidity and high cost of borrowing have weighed on the private sector, threatening growth prospects," said Mutati, adding that electricity prices, inflation and policy uncertainty had hobbled the mining sector. *(Reuters)*

THE Zambian Agricultural Commodities Exchange (ZAMACE) has finalised the process of listing Zambian grain contracts on the JSE, the South African Stock Exchange to boost liquidity in the commodity market. Last year, ZAMACE signed a partnership agreement with the JSE to list Zambian Grain Contracts, and is next month expected to start the listing process. ZAMACE executive director Jacob Mwale said the contracts to be listed include white maize, soya beans and wheat, which will enable farmers and millers with the opportunity to better manage the price risk surrounding the commodities through the use of futures and option contracts. Mr Mwale said at the JSE and ZAMACE cocktail on Wednesday, that currently a team of seven experts (brokers) from South Africa headed by JSE director of commodities and derivatives Chris Sturgess are in the country to collaborate with Zambian counterparts to ensure that the Zambian Grain Contracts listing on JSE became a reality. "ZAMACE in conjunction with JSE, are collaborating in listing the Zambian Grain Contracts on the JSE. The process of listing Zambian Grain Contracts has come to a point where we are ready. "And, now what we have been doing is engaging various players on the market to enable them understand the process of registering to become a broker on the Zambian Grain Contracts, which will be listed on the JSE and this will bring liquidity on the Zambian market," he said.

Mr Mwale said listing on the JSE will also enable grain traders plan effectively on a futures market that allows both producers such as farmers, consumers and milling companies to hedge their exposure. Earlier, Mr Sturgess said there is a growing demand for commodities and that Zambians should utilise the opportunity presented by the futures market. "This is a great opportunity for Zambians, there is great demand for commodities out there, so Zambians should take advantage of the futures market, we have not come to take over but we have come so that we can work together for the benefit of the farmers," he said. *(Daily Mail)*

WEEKLY AFRICAN FOOTPRINT

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Zimbabwe

Corporate News

Delta Corporation on Monday reported an eight percent decline in half-year revenue on weak volumes and depressed consumer demand. Larger beer volumes were down 7 percent compared to prior year for the quarter and 11 percent down for the six months. Sparkling beverages volume is up 3 percent for the quarter and down 3 percent in the six months to September. Sorghum beer volumes increased by 4 percent in the quarter and 6 percent for the six months. "The contribution of Chibuku Super remains strong. The delays in payments to foreign supplies resulted in the late commissioning of the new plants at Masvingo and Kwekwe which are now expected to contribute to production before the end of the calendar year," the company said in a trading update on Monday. Delta also said disruptions in water supply were impacting production. "There is an emerging risk on water supply due to depleted dam and groundwater sources. This is causing production disruptions," it said. *(Source)*

Resources group RioZim says it has reached an agreement to buy Falcon Gold's Dalny Mine, which has been under care and maintenance since 2013. The agreement involves the purchase of Falgold subsidiary, Palatial Gold Investments which owns the Dalny Mine Complex. The complex includes the mine, a gold processing plant, several surrounding gold claims as well as equipment and a mining compound. RioZim has been leasing the complex under a nine-month agreement signed in April. The two miners did not disclose the financial details of the agreement but back in 2014, Falgold sold Dalny mine to African Consolidated Resources (AFCR) for $8 million. The deal collapsed after the UK-based miner failed to raise the funds. Falgold is 84,7 percent owned by Canadian-listed New Dawn Mining Corporation. "The Directors of RioZim believe that DMC has attractive exploration ground with potential for delineating resources for mining," the two companies said in a joint statement. "The acquisition of Palatial Gold is in line with RioZim's strategic initiative to consolidate gold assets and output under RioGold through mergers/acquisitions in order to expand its gold operations."

RioZim also owns Renco gold mine near Chiredzi. Dalny Mine produced 6,034 ounces of gold in the nine months to September 2013 before it was shut down. RioZim reopened its Cam & Motor in April last year and has been processing the gold from the open cast operation at the DMC. The sale of Dalny will bring relief to Falgold, which earlier this year said it had fallen on hard times and could close operations permanently due to the current lack of profitability and the economic viability of its mines. The deal will also throw a lifeline to the majority of the 900 workers who were sent home without pay when Dalny Mine was closed. In June last year, Falgold also sold off the majority of its shareholding in Venice Mine near Kadoma. It still owns Turk Mine near Bulawayo and the Golden Quarry Mine in Shurugwi.
"On the other hand, the disposal of Palatial Gold by Falgold will allow Falgold to rationalise its asset base and focus on the mining efforts of the group," said the miners. RioZim and Falgold said they were in the process of fulfilling conditions precedent to the transaction.*(The Source)*

ZB Financial Holdings says it is planning to double its agricultural funding this year and float $10 million worth of agro bills for the 2017 agricultural season. The bank's head of corporate services, Shadowsight Chiganze, told NewsDay yesterday that the support was meant to boost crop and livestock production. "We are planning to raise $10 million through the agro bill floatation. We are unable to supply the split right now," he said. Chiganze said the financial institution is currently refining its customers' funding requirements for the 2016/2017 agricultural season. Agricultural funding has remained a challenge, as most farmers do not have collateral to enable them to borrow money from banks, while financial institutions are also reeling under bad debts. Meanwhile, ZB Financial Holdings says it has not increased the amount of loans in the special purpose vehicle. "We are yet to secure investors for the SPV, as we are in the final stages of valuation of the loans that are being sold under the SPV," Chiganze said. The group created an internal SPV to house $14 million of the group's bad debts that failed to qualify for an uptake by the Zimbabwe Asset Management Company (Zamco). The SPV is autonomous and will have an independent board, administration structure and a lot of support will be rendered by the group so that no costs will be incurred. Chiganze said as at December 2014, the group's NPL's stood at $49 million, in June 2015 they received $13 million from Zamco, and they wrote off $11 million and remains with balance of $24 million. For the first six months of this year, the group received $4,6 million from Zamco. Zamco is a SPV created by the Reserve Bank of Zimbabwe in 2014 to clear the balance sheets of banks, NPLs and enable them to lend again to sectors of the economy. So far, over $450 million has been taken over by Zamco.

The Coca Cola Company plans to terminate its bottling deals with Delta Corporation and its associate, Schweppes Zimbabwe Limited, Delta announced late Thursday. Delta's sparkling beverage business, almost entirely dependent on bottling Coca Cola products, accounts for about a third of total sales and is its second biggest revenue driver after lagers. Sparkling beverages pulled in $183 million or 29 percent of its $633 million turnover in the full year to March 2016. Coca Cola's move raises the spectre of job losses at one of Zimbabwe's largest employers, worsening the situation in an economy groaning under a jobless rate estimated at 90 percent. Coca Cola's bid to end the bottlers'agreements with the two firms follows the regulatory approval of the $104 billion merger between Anheuser-Busch InBev NV/SA (AB InBev) and SABMiller Plc, Delta's largest single shareholder with 38 percent.Delta is a 49 percent shareholder in Schweppes Zimbabwe.
The blockbuster merger of the beverage behemoths has complicated matters for Coca Cola and SABMiller, a major bottler of Coca Cola products in Africa, due to the fact that AB InBev is a similarly major bottler of Coca Cola's rival Pepsi in South America.

Econet Wireless' Mutare Bottling Company, is the only other bottler of Coca Cola products in Zimbabwe and could benefit from the development. "Further to the statement issued to stakeholders on 6th October 2016 relating to the combination of Anheuser-Busch InBev NV/SA (AB InBev) and SABMiller Plc, the Company has since been notfied by The Coca-Cola Company (TCCC) of its intention to terminate the Bottlers' Agreements with Delta Beverages and its associate Schweppes Holdings Africa Limited," Delta said in a statement. "The Company and its associate produce and sell TCCC brands under bottler's agreements with TCCC. This Notified Intention has been given on account of AB InBev becoming an indirect shareholder in Delta Corporation Limited following the combination of AB InBev and SABMiller Plc." Delta said it was considering the ramifications of Coca Cola's decision, but added that it anticipates no immediate changes to its operations. Delt, with the largest market capitalisation on the Zimbabwe Stock Exchange, just over $1 billion, traded 6.4 percent higher at 84 cents on Thursday, before the news broke. *(Source)*

Zimbabwe's largest gold producer, Metallon Corporation on Thursday said bullion output in the third quarter to September grew 18 percent on the previous quarter to 26,622 ounces , driven by higher output at three of its four mines. Full-year production is expected at 102,000oz, higher than the 97,000oz for 2015 but lower than the target of 120,000oz, following delays in the construction of the New Processing Plant at Mazowe Mine and scheduled ramp up at Redwing Mine. How Mine, Mazowe and Redwing mines all recorded increases in the quarter while Shamva experienced a slowdown. Production for the year to date is at 69,680oz. Costs at $737 per ounce were four percent down in the third quarter due to higher production and cost efficiencies as a result of new equipment and increased capacity, the miner said. The miner is currently undertaking an ambitious expansion plan across all its operations, to become a 500,000oz per annum producer in the next 5 years. Expansion work at How Mine is ongoing while the new Tailing Storage Facilities at Shamva Mine will be commissioned in the current quarter. Construction on the new Processing Plant and Tailing Storage Facilities at Mazowe is almost complete, with commissioning also scheduled for the current quarter. *(Source)*

Economic News

Zimbabwe's tax agency on Friday said the planned introduction of local bank notes had brought uncertainty and worsened cash shortages as consumers hold onto their dollars. The Reserve Bank of Zimbabwe said last month "bond notes" would be introduced at the end of this month, raising fears of a return to a domestic currency abandoned in 2009 as hyperinflation soared out of control, leaving Zimbabweans using the U.S. dollar. Central bank chief John Mangudya told a newspaper the notes would now be released in November after the government passes a law to back them. Willia Bonyongwe, chairman of the tax agency ZIMRA, said in a statement accompanying third quarter revenue data: "The imminent advent of the bond notes has brought some uncertainty into the economy, and this is exacerbating the existing liquidity challenges because everyone wants to keep their U.S. dollar cash. "There is a serious confidence issue on this matter."
Zimbabwe is in its worst financial crisis since it switched its currency for the U.S. dollar, and the new notes in small dollar denominations are

intended to address cash shortages that have fuelled protests against the government. On revenues, Bonyongwe said the tax agency had beaten its July-September gross tax revenue target of $917 million by 0.22 percent but it had only collected half of the targeted $29 million in mining royalties, due to weak commodity prices. A forensic audit had revealed the "existence of endemic corruption in ZIMRA", said Bonyongwe, adding that the tax agency had fired several executives for graft. "Often it has been said the economy is resilient but I contend that it can no longer withstand the current levels of corruption," he said. Transparency International said on Oct. 4. Zimbabwe was losing at least $1 billion annually to corruption, with police and local government officials among the worst offenders. *(Reuters)*

ZIMBABWE'S overall ranking on the macroeconomic environment slipped 17 places to 104 in the 2015/2016 period due to low national savings, which cannot support investment, a new report has shown. According to the Zimbabwe National Competeiveness Report 2016 released at the National Economic Consultative Forum that ended yesterday in Harare, national savings could not support investment activity as it was in a precarious state. "The poor credit ranking is mainly a result of accumulation of international payments arrears by government. The current re-engagement with International financial institutions is expected to improve the country's ranking on government debt," the report said. The report comes as Zimbabwe's overall ranking on the Global Competeiveness Index (GCI) dropped by one place to 126 for the 2016/2017. Vice-President Emmerson Mnangagwa said government sought to make sure the country was competitive, thereby, improving on the ease of doing business. "It is only through dialogue that we will be able to deliver. There is need for dialogue between the private and public sectors," he said. Zimbabwe registered a notable improvement of seven ranks in the overall GCI ranking between 2013 to 2015, from 131 in 2013/2014 to 124 in 2014/2015.

However, in the 2015/2016 index, the country slipped by one rank to 125, with the recently released GCI showing the current position of 126 for the 2016/17. Reasons for the decline were largely attributed to political instability, policy inconsistency and perceived risk as the main reasons. "As long as we are uncompetitive, we will not succeed in getting our companies to produce. I want to ensure that this government has the commitment to work with the private sector and are waiting for to say let us work together," Mines minister Walter Chidakwa said. The report found that Zimbabwe was lagging behind other countries in all the GCI pillars. Zimbabwe, especially, ranked poorly in terms of good market efficiency, labour market efficiency, infrastructure, business sophistication and innovation. *(News Day)*

Zimbabwe's high levels of corruption threaten to break the fragile economy, the chairperson of the Zimbabwe Revenue Authority (Zimra) has said, amid revelations that whistleblowers averted the potential loss of $23 million this year alone in graft dealings by the revenue agency's officials. In a rare admission by a high-ranking official of a state body, Zimra chairperson Willia Bonyongwe said a forensic audit into the tax collection agency had unearthed endemic corruption. She added that this reflected unsustainably high levels of graft across the economy. "Often it has been said the economy is resilient but I contend that it can no longer withstand the current levels of corruption," said Bonyongwe in her revenue report for the third quarter of the year to September. The southern African country is losing at least $1 billion annually to the vice, with public officials, police and local government officials among the worst offenders, according to a recent report by watchdog Transparency International. Zimbabwe has also fared dismally in a major global corruption index, and ranked at 150 out of 168 countries, according to results of a survey published by TI early this year. Bonyongwe said anti-corruption hotlines, which Zimra introduced in May this year, have been useful in exposing graft within its ranks and the agency plans to report publicly on the cases received. "The anti-corruption hotline has been a source of valuable information and it unearthed several cases of corruption that yielded potential revenue of more than $23 million," said Bonyongwe.

A forensic audit of the agency by HLB Zimbabwe Chartered Accountants contains various adverse and material observations, she added. These include corrupt practices, abuse of office and fraud and theft by some Zimra executives, violations of the Zimbabwe Revenue Act, as well as the Customs and Excise Act and the Procurement Ac. The agency also had poor corporate governance practices and weak internal control systems; systemic violation of procurement procedures and abuse of the whistle blower facility, among others. "The Board has studied the report and has deliberated on it. Appropriate measures in accordance with the Zimbabwe Revenue Act, the Zimra Code of Conduct, the Labour Laws of Zimbabwe and the Criminal Code will be taken in the coming weeks following proper due process," said Bonyongwe. She said many who have cut deals with Zimra officers have had to pay the original amounts plus penalties and interest. "We have also dismissed a number of officers on account of corruption. It is a painful experience when the system catches up with perpetrators of corruption," she said. In May, the Zimra board suspended commissioner general Gershem Pasi and five senior directors over alleged improprieties in vehicle importation by some officials. *(Source)*

Zimbabwe has cleared its 15-year-old financial arrears with the International Monetary Fund, a first step towards a new IMF loan program for the drought-stricken, cash-starved country, the Fund said on Thursday. Zimbabwe settled obligations of about $107.9 million by transferring part of its cash holdings at the IMF to the Fund's Poverty Reduction and Growth Trust, IMF spokesman Gerry Rice said in a statement. Zimbabwe had been in continuous arrears since 2001, he added. "Zimbabwe is now current on all its financial obligations to the IMF," Rice said. However, a new IMF loan program for Zimbabwe cannot be considered until the country clears more than $1 billion in World Bank arrears and another $600 billion-plus owed to the African Development Bank. A spokesman for the World Bank could not immediately be reached for comment on Thursday night on the funds' status of Zimbabwe. The next step towards an IMF loan would be consideration by the Fund's executive board of a formal proposal to lift remaining remedial measures imposed on Zimbabwe because of the arrears. "Access to IMF resources would first require the establishment of a credible plan to clear arrears with other IFIs and with bilateral creditors, in line with applicable Fund policies," the IMF said in a statement. "It would also require implementing a strong reform agenda to restore economic stability and foster sustained and inclusive growth." *(Reuters)*

Disclosures Appendix

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