SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

- ⇒ [Botswana]
- ⇒ [Egypt]
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AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	16-Jun-17	23-Jun-17	WTD % Change Local	WTD % Change USD	31-Dec-16	YTD % Change Local	YTD % Change USD
Botswana	DCI	9269.44	9224.51	-0.48%	-1.71%	9700.71	-4.91%	-1.52%
Egypt	CASE 30	13478.75	13417.14	-0.46%	-0.70%	12344.00	8.69%	9.01%
Ghana	GSE Comp Index	1934.12	1949.48	0.79%	1.05%	1689.09	15.42%	12.03%
Ivory Coast	BRVM Composite	260.91	258.11	-1.07%	-1.26%	292.17	-11.66%	-6.53%
Kenya	NSE 20	3541.35	3623.83	2.33%	2.25%	3186.21	13.73%	13.57%
Malawi	Malawi All Share	15639.08	15767.84	0.82%	1.21%	13320.51	18.37%	17.02%
Mauritius	SEMDEX	2080.98	2111.36	1.46%	1.46%	1,808.37	16.75%	20.66%
	SEM 10	403.64	410.46	1.69%	1.69%	345.04	18.96%	22.94%
Namibia	Overall Index	999.25	996.23	-0.30%	-2.32%	1068.59	-6.77%	-2.24%
Nigeria	Nigeria All Share	33810.56	32122.14	-4.99%	-15.96%	26,874.62	19.53%	14.73%
Swaziland	All Share	387.80	387.78	-0.01%	-2.03%	380.34	1.96%	6.92%
Tanzania	TSI	3492.51	3632.77	4.02%	3.12%	3677.82	-1.22%	-5.26%
Zambia	LUSE All Share	4761.11	4746.25	-0.31%	-0.57%	4158.51	14.13%	21.43%
Zimbabwe	Industrial Index	190.07	191.15	0.57%	0.57%	145.60	31.28%	31.28%
	Mining Index	69.63	69.79	0.23%	0.23%	58.51	19.28%	19.28%

CURRENCIES

Cur-rency	16-Jun-17 Close	23-Jun-17 Close	WTD % Change	YTD % Change
BWP	10.04	10.17	1.24	3.56
EGP	18.06	18.11	0.24	0.29
GHS	4.37	4.36	-0.25	-2.94
CFA	586.52	587.63	0.19	5.80
KES	101.66	101.73	0.07	-0.14
MWK	722.05	719.28	-0.38	-1.15
MUR	33.48	33.48	-0.00	3.34
NAD	12.75	13.01	2.07	4.87
NGN	279.27	315.71	13.05	-4.01
SZL	12.75	13.01	2.07	4.87
TZS	2,192.93	2,212.08	0.87	-4.08
ZMW	9.19	9.22	0.26	6.39

SECURITIES AFRICA

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Botswana

Corporate News

Collapsed state-owned Botswanan copper and nickel producer BCL Limited will be sold off piecemeal after the company failed to find a buyer, its liquidator said on Friday. BCL was placed under provisional liquidation in October after the government said it could not afford the 7 billion pula ($685 million) needed to keep the company running. "Our first priority is to still try and sell BCL as a going concern, but if that fails we can now sell the assets, which include the smelter and the mine shafts, separately," liquidator Nigel Dixon-Warren of KMPG told Reuters. Botswana's oldest and biggest copper mine ran into trouble because of low commodity prices, diminishing ore grades and the ever deeper shafts needed to extract its resources. BCL owed creditors about one billion pula when it was placed under provisional liquidiation. Dixon-Warren said potential buyers had been put off by a $271 million lawsuit filed by Norilsk Nickel against BCL over its botched deal to buy a 50 percent stake in a South African nickel mine from the Russian company. "We have had some strong interest from many buyers, but the issue of the Norilsk lawsuit has been complicating matters," Dixon-Warren said. He also said BCL's Tati Nickel mine, which it bought from Norilsk, had attracted strong interest from potential suitors. Botswana's high court has extended the provisional liquidation of Tati by six months to allow a deal with an unspecified suitor to be concluded, Dixon-Warren said. *(Reuters)*

Economic News

Botswana's central bank left its benchmark lending rate unchanged at 5.5 percent on Tuesday, as the regulator expected inflation to remain within its target range in the medium term. "Outlook for price stability as inflation, although increasing slightly in the short term, will remain in the 3-6 percent in the medium term," Governor Moses Pelaelo said. *(Reuters)*

State-owned firm Botswana Oil (BOL) has issued a tender seeking investors to build a coal to liquid (CTL) plant for production of fuel in the diamond-rich southern African country in a bid to secure its energy supply. In a pre-qualification document dated June 16, Botswana Oil said it was seeking prospective companies to take on a "bankable feasibility study, design, finance, construct, own, operate and maintain a coal to liquids plant in Botswana". The deadline for the pre-qualification submissions is Aug. 2. BOL said the plant had the potential to create an estimated 4,000 to 5,000 jobs as well as promote exports and the creation of newer industries. It will cost about $4 billion to build, according to BOL estimates. Botswana's current demand for petroleum products stands at 1.2 billion litres per annum, all of which is imported, mostly from South Africa. The Southern African country has over 212 billion tonnes in coal resources but has only one operating coal mine. BOL said it had received a number of unsolicited proposals from emerging companies in the oil and gas industry. *(Reuters)*

Egypt

Corporate News

Egypt's largest listed bank, Commercial International Bank, will seek approval to issue bonus shares to increase its capital by 25 percent at its next general assembly meeting, the bank said in a statement published in local newspapers on Tuesday. CIB invited its shareholders to hold a general meeting on July 18. The bank said it will seek to increase its capital to 14.522 billion Egyptian pounds ($809 million) from 11.618 billion pounds through the distribution of a bonus share for every four original shares. *(Reuters)*

Egypt's Suez Canal revenues rose to $439.8 million in May from $427.9 million the previous month, cabinet statement said on Tuesday. The canal is the fastest shipping route between Europe and Asia and one of the Egyptian government's main sources of foreign currency. Egypt has been struggling to revive its economy since a 2011 uprising scared away tourists and foreign investors, key earners of hard currency. *(Reuters)*

Economic News

Egypt's Finance Ministry has provided the state grains buyer GASC with letters of credit worth $64.3 million for the purchase of 395,000 tonnes of imported wheat, it said in a statement on Saturday. The ministry provided 1.1 billion Egyptian pounds ($60.6 million) for the purchase of wheat from local farmers in May. It gave GASC a total of 2.2 billion pounds ($121 million) in emergency funding in May, the statement said. *(Reuters)*

Egypt's President Abdel Fattah al-Sisi ratified a stamp duty on stock exchange transactions for both buyers and sellers at 1.25 Egyptian pounds per 1,000 for the tax's first year, a decree published in the official gazette on Thursday showed. Sisi also approved an extension of a freeze on capital gains tax for three years. The country originally imposed a 10-percent tax on capital gains in July 2014 as part of efforts to replenish depleted state coffers. But its suspended the tax a year later under pressure from investors for a period of two years. Thursday's decree extends that freeze for another three years.*(Reuters)*

Egypt will receive the second disbursal of a $12 billion International Monetary Fund loan within two to three weeks, Finance Minister Amr El-Garhy told Reuters on Thursday. The $1.25 billion disbursal, which will complete the first $4 billion loan tranche, was initially expected to come toward the end of June. Garhy said it was delayed due to bank procedures and the IMF executive board meetings, but that there were no obstacles to Egypt obtaining the loan.*(Reuters)*

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TRADING

Ghana

Corporate News

Ecobank has secured shareholders' approval to raise $400 million in its convertible bonds to restructure its operations and strengthen the group's capital position. This was secured at the Annual General Meeting and Extraordinary General Meeting held in Lome, Togo of the parent company of Ecobank group, Ecobank Transnational Incorporated. The convertible bond issue will have a maturity of five years and a coupon of 6.46 percent above 3-month LIBOR, with an option to convert at an exercise price of $0.6 during the conversion period. The bonds will be on offer to all Ecobank shareholders on identical terms shortly. The proceeds have been earmarked to repay the bridging finance required to create a Resolution Vehicle to manage Ecobank's legacy loan portfolio and to optimise the maturities of the Group's debt portfolio. Board Chair of Ecobank Group Emmanuel Ikazaboh said they are "We are delighted with the strength of the support shown for the issue by our existing shareholders, as it vindicates the vigorous action taken to address our challenged legacy assets, as well as indicating their confidence in Ecobank's future. "Nevertheless, it is a matter of great regret that the Board was unable to recommend the payment of a dividend in respect of 2016," he continued. "Ecobank's senior management are united in its firm resolve to work urgently, yet diligently, to reinstate cash dividends as soon as ETI's financial position permits," he said.

The Group CEO, Ade Ayeyemi, said the despite the continued macroeconomic challenges in some parts of the continent, all of the businesses are making meaningful progress, "with an ongoing focus on cost discipline, stringent credit control and the increasing digitisation of our services to enhance the customer experience". He added that " We are proactively resolving our legacy loan issues, achieving $2 million of recoveries from the Resolution Vehicle in the first quarter of 2017. "I am confident that these positive developments will be reflected in an improving performance from Ecobank going forward." Ecobank witnessed on of its challenging financial results for 2016, with a loss before tax of $131million, this was mainly due to higher loan impairment charges were taken in the fourth quarter of 2015. Impairment losses on financial assets were $864million, an increase of 62 percent over the prior year. Impairment losses on loans and advances comprise 89 percent or $770 million of the total impairment losses on financial assets. Net Interest Income stood at $1.1billion a decline of $39 million or 3 percent over the over the prior year, mainly stemming from adverse currency movements and a deliberate curtailment in lending activity. In constant dollars, net interest income increased by 11 percent to $1.3 billion due to better yield management. Net Revenues remained resilient at $2 billion despite being heavily impacted by the adverse currency movements arising mainly from the depreciation of the Naira against the USD and a deliberate curtailment in lending activity, which impacted the financial performance for the year. Excluding the effects of foreign currency, translation revenue increased 8% compared to the prior year.

Group performance was also impacted by the higher loan impairment charges taken in the fourth quarter of 2016 on specific client names related to a legacy portfolio experiencing deterioration in quality on account of macroeconomic conditions, particularly in Nigeria. "Despite these challenges, group revenues remained resilient in a tough year of macroeconomic headwinds including a weaker economic environment, particularly in Nigeria and the strengthening of our reporting currency - the US dollar - against all African currencies particularly the Nigerian Naira where 40 percent of the Group's revenues have historically been generated," the Group CEO added. Mr Ayeyem explained that "separately, our end of year bottom line performance has been impacted by our voluntary adoption of a full impairment charge regarding our legacy loan portfolio, for which a resolution vehicle was set up, the first private sector funded resolution vehicle of its kind in Nigeria, with the sole objective of ring-fencing the legacy loans from Nigeria's core bank." This, among others, would allow management to focus on delivering results he said adding measures being instituted would yield the desired results very soon. He also disclosed that the bank plans to leverage on the distribution network and strategic partnerships to increase customer base to 100 million by 2020. He added that they are also working to achieve improved profitability and additional volume growth in non-credit related income-generating business, in the long term. "Ecobank remains well positioned to benefit from its leading geographic footprint, digital innovation, leading customer service and products to generate profitable, sustainable performance, in line with international best practice standards, introducing audited reporting for the half year 2017," the Group CEO said.

Ecobank strong performance over the years, as resulted in a lot of interest in Bank, financial institutions like Nedbank of South Africa, Qatar National Bank and IFC all have a significant interest in Ecobank, however with the fear of losing controlling interest or any possibly take over. But the Board of Ecobank managed to secure shareholders' approval to put in place measures to ensure that its Pan African interest is protected and ward off any takeover of the bank. *(Ghana Web)*

Economic News

Ghana's 2016-17 cocoa main crop reached 882,175 tonnes, up 12 percent on the previous main crop and the highest level in six years, according to a provisional tally released by industry regulator Cocobod on Monday. The tally means the world's second largest grower will beat Cocobod's forecast for full-year output of 850,000 tonnes. The forecast also includes the smaller mid-crop which has not yet been counted. *(Reuters)*

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Kenya

Corporate News

Kenyan lawmakers on Thursday approved a government proposal to guarantee $750 million worth of debt owed by Kenya Airways, part of a broader financial restructuring, parliament said in a statement. The loss-making airline, in which Air France KLM and the Kenyan government both have stakes, has struggled to return to profit after tourist traffic slumped four years ago following a spate of attacks by Islamist militants. The financial restructuring proposal also involves the conversion of a separate $243 million loan by the government into equity. Private creditors are expected to participate with the conversion of their debt into equity but details have not yet been released by Kenya Airways. Shares in the firm lost 30 percent after the restructuring was made public last week, hitting a low of 4.80 shillings ($0.05) each on June 14, before recovering some ground to trade at 5.25 shillings on Thursday. Lawmakers debated the issue late into the evening. Parliament released its statement that the plan had been approved on its official Twitter account. The proposal had to be approved on Thursday since it was the last session of parliament before an election on Aug 8. *(Reuters)*

Troubled National Bank of Kenya topped the list of public listed companies that sector regulator the CMA punished for breach of capital market rules, a newly released report says. The Capital Markets Authority (CMA) says in its latest annual report that National Bank was penalised for failure to disclose management changes and issue a profit warning in March 2016 before it announced a Sh1.15 billion net loss for the year 2015. The bank, which is majority-owned by the government, had reported a net profit of Sh1.3 billion in 2014, and was legally required to issue a warning for a steep drop in 2015 profit. National Bank informed the CMA of the huge loss on the morning of March 30, 2016, and went ahead to release the results before publication of the profit warning the next day. The CMA says in its annual report that it fined National Bank the maximum Sh50,000 for the profit warning breach and had the lender pay additional Sh100,000 for failing to report the departures of former chief executive Munir Sheikh Ahmed, chief finance officer Chris Kisire, and Boniface Biko, executive director in charge of corporate institutional and business banking, in April 2016. The Capital Markets (Securities) (Public Offers, Listing & Disclosures) Regulations 2002 requires listed companies to warn the public if their full-year profits drop by more than a quarter of the previous year's at least 24 hours before announcement. Any changes in directorships are also required to be made public within 24 hours. The notices are required to be made through media of national circulation.

Mr Munir exited National Bank on April 13, 2016, two weeks after he and five senior executives were sent on compulsory leave, but the bank informed the CMA of the exit on April 22, more than a week later. The total fine of Sh150,000, however, pales in comparison with the billions of shillings that those privy to the information made or saved trading on it at the Nairobi Securities Exchange (NSE) . Such discrepancies have in the past raised questions over the effectiveness of the fines as a deterrent for similar breaches. CMA chief executive officer Paul Muthaura has in the past admitted that there was need to increase the fines for breaching market rules and make the penalties match the potential risk of exposure. The National Bank fines come three years after investment firm Centum suffered a similar penalty for failing to issue a timely warning before a 48 per cent profit drop. The CMA's annual report shows that other listed firms suffered penalties of between Sh4,000 and Sh80,000 for a range of market breaches, including late submission of monthly shareholding status reports (shareholder registers) and falling into negative working capital position.

Marshalls East Africa , which is in the process of delisting from the NSE, was fined a total of Sh80,000 for late submission of shareholder status reports for February, March and April 2016. East Africa Portland Cement Company paid the regulator Sh33,333 for a similar offence relating to March 2016, while Longhorn Publishers was fined Sh13,333 for late submission of the February 2016 report. Agriculture firm Eaagads escaped with a warning for holding negative working capital at the end of March 2015 contrary to listing requirements. It was instead asked to submit measures it intended to take to reverse the negative position. The CMA raised a total of Sh784,000 in financial penalties last year, representing a steep drop from the Sh111 million it raised in 2015 when the penalties topped Sh6 million — meaning there was a huge improvement in compliance. There was a drop in the total number of breaches by market intermediaries, security issuers and listed firms to 19 last year compared to 23 the previous year. *(Business Day)*

Retail chain Uchumi Supermarkets is yet to pay its workers May salaries, prompting the union to seek government intervention. Uchumi, which has about 1,300 employees, Tuesday confirmed the salaries delay but said it had allowed staff to access a fraction of their dues through an interest-free advance. The delay, which also occurred last month for the April salaries, has prompted the Kenya Union of Commercial, Food and Allied Workers (Kucfaw) to write to the Labour secretary Phyllis Kandie asking for her assistance in resolving the stalemate. Kenya's largest retailer Nakumatt, is facing similar financial troubles and has not paid 1,555 employees their May salaries even as it sent more than 100 on compulsory leave, citing low business volumes. Uchumi attributed the delay in payment of salaries to constrained cash-flows that have rendered it unable to meet some of its obligations. "We have not been making the normal cycle of sales and, as a consequence, we have not been able to meet some of our obligations such as salaries," a spokesperson said in an interview. "The good thing is that when we are unable to pay salaries in the first week, employees can apply for an advance, which is payable at the end of the month. The May and June salaries will be cleared next week," she said. Kucfaw, which has 1,200 Uchumi employees as its members, also claims in its letter that Uchumi has defaulted on remission of statutory deductions as well as payment of overtime wages. Uchumi ,however, said its payments to the National Hospital Insurance Fund (NHIF) are up to date, but was two months late on contributions to the National Social Security Fund (NSSF). In a May 17 letter to Ms Kandie over the delay in April salaries, Kucfaw secretary general Boniface Kavuvi said his members would "withdraw their labour" if not paid their dues by May 24. The employees were paid on May 26 only for the problem to re-emerge this month.

The Labour ministry has in its response to Kucfaw appointed a conciliator, Hellen Apiyo, to work with the union and Uchumi management for a lasting solution to the issue. "The parties are requested to submit in writing to the conciliator their respective proposals within seven days from the date of this letter," Joseph Yidah, the chief industrial relations officer at the ministry, said in the letter dated June 14. Uchumi is banking on a taxpayer-funded bailout and sale of stake to a strategic investor to pull out of the red after halving losses in the six months to December. The retail chain's sales have however tumbled by more than two thirds. The business reported a net loss of Sh547 million in the period under review compared to Sh1.01 billion in December 2015. The NSE-listed retailer has 20 branches across the country having recently closed five for non-performance. Uchumi exited Uganda in October 2015, closing five branches, and leaving 800 employees and suppliers demanding payments. *(Nation)*

Fashion retailer Deacons East Africa has taken a Sh1.3 billion debt at an interest rate of 21 per cent, about one-third higher than ordinary bank debt whose cost is capped at the maximum interest rate of 14 per cent. The Nairobi Securities Exchange-listed firm has disclosed in its latest annual report that it borrowed Sh1.58 billion at rates ranging between 15 per cent and 21 per cent by issuing debentures to NIC Bank and Bank of Africa (BOA). A debenture is a debt security issued by a company and secured against its assets. "NIC Bank Limited holds an all assets debenture over the company's assets for (debt) totaling Sh1.3 billion shared on a pari-passu basis with BOA," Deacons says in the report, adding that the lender is charging an interest rate of 21 per cent. BOA, on the other hand, is charging the firm interest of 15 per cent for the Sh200 million it advanced the fashion retailer, and which is also secured by its assets. The two banks have signed an agreement acknowledging their joint claims on Deacons' assets. Interest rates on the debentures represent a major premium on the maximum 14 per cent currently applicable on bank loans. Deacons' chief executive Muchiri Wahome had not responded to our queries by the time of going to press.

Kenyan banks tightened their credit standards following the introduction of interest rate controls in September last year, with riskier borrowers turned away or offered reduced loan sizes and shorter repayment periods. Deacons, for instance, had bank loans of Sh469.5 million in December last year, but the use of debentures allowed it to raise its total borrowings beyond the Sh1.5 billion mark. Individuals, small and medium-sized firms have suffered the most from the credit rationing that has seen banks ramp up their investment in government debt securities in search of safe returns. Deacons and its regional subsidiaries have been taking bank loans at rates of up to 26.5 per cent, with the capping of lending rates in Kenya prompting the company to rely more on debentures to house the debt at rates outside the regulated threshold.*(Business Daily)*

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Economic News

Kenya's capital markets regulator said on Tuesday that it had not received any notification about a proposed acquisition by KCB Group of a stake in National Bank of Kenya. Last week, documents seen by Reuters showed that KCB had proposed taking over National Bank through a share swap, saying it would initially take over 70 percent of its shares, before announcing its offer for the remaining stake. "We wish to clarify that no regulatory filings have been made to the Authority by KCB Group regarding this matter and no confirmation of the existence of such a transaction has been received," the Capital Markets Authority said in a statement. KCB's Chief Executive Joshua Oigara confirmed that the bank had sent an expression of interest in acquiring a controlling stake in NBK to the finance ministry but offered no more details. Kenya's banking sector is experiencing consolidation after the closure of three lenders last year exposed weaknesses caused by lapses in corporate governance. *(Reuters)*

Pan-African multilateral infrastructural financier Africa Finance Corporation (AFC) has admitted Kenya as its 15th member. AFC chief executive Andrew Alli welcomed Kenya's membership saying it was a critical step to AFC's strategic positioning to inject funds into infrastructural development in the country. Other members are Rwanda, Uganda, Cape Verde, Chad, Cote d'Ivoire, Djibouti, Gabon, the Gambia, Ghana, Guinea-Bissau, Guinea, Liberia, Nigeria and Sierra-Leone. "By improving Kenya's infrastructure, AFC is making it a regional hub that promotes intra-regional trade links with better transport, telecommunications networks and power supply," he said. Mr. Alli said AFC will step in to complement ongoing infrastructural developments such as the Standard Gauge Railway thereby helping improve services to Kenyans. AFC through its flagship joint venture with Harith General Partners has interest in Lake Turkana Wind Farm, set to provide Kenya with 300MW of energy upon completion. The Pan-African Development Financier has also invested Sh5 billion ($50 million) in ARM Cement, which enabled ARM to expand its foothold across east and into southern Africa. Mr. Alli added that Kenya also enjoyed a Sh2.5 billion loan injection for rehabilitating and expanding the power transmission and distribution networks. "AFC is perfectly placed to help improve the quality of Kenya's infrastructure making it a regional hub especially after last month's completion of the SGR project," said the statement. Projects underway include power generation and distribution as well as last mile connectivity. *(Daily Nation)*

Malawi

Corporate News

No Corporate News this week

Economic News

Malawi's finance minister hopes the International Monetary Fund's approval of a $26.9 million loan could lead to more global lenders unlocking budget support that was suspended three years ago over graft allegations. The IMF said on Wednesday Malawi's economy was on the right track after the fund completed its ninth and final review of the country's economic performance under a program supported by an extended credit facility (ECF), allowing the global lender to make the loan. "This is a very positive development because it signals that we are on the right track with our economic agenda and will help push for the much needed return of budget support," Finance Minister Goodall Gondwe told Reuters on Thursday. The loan brings total disbursements under the ECF arrangement, signed in 2012, to about $191.4 million. "Strengthening public financial management, including through strong commitment controls, routine bank reconciliations, and regular fiscal reporting, remains critical to preventing the misappropriation of public funds and rebuilding trust and confidence in the budget process," the IMF said in a statement. Foreign aid has historically accounted for about 40 percent of the national budget. Western donors led by former colonial ruler Britain froze budget support over a corruption scandal in which public servants siphoned millions of dollars from the public purse. The World Bank resumed its budget aid to Malawi last month. *(Reuters)*

Mauritius

Corporate News

No Corporate News this week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

TRADING

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

Shell is considering whether to invest in a gas project in Nigeria's southern Niger Delta energy hub, the managing director of the local unit said on Tuesday. Nigeria has the world's ninth largest proven gas reserves, at 187 trillion cubic feet (tcf). Osagie Okunbor, managing director of Shell Petroleum Development Company of Nigeria (SPDC), said it was "on the verge of making a final investment decision" on a project in the city of Asa that would have a capacity of 300 million cubic feet. He declined to specify the sum of money being considered as a possible investment. Okunbor told journalists Shell was putting more emphasis on gas and reducing the oil portion of its footprint in Nigeria, although he added that the company was "still a significant player in onshore (oil)". *(Reuters)*

As part of efforts to diversify its operations into the oil and gas sector, a leading construction company, Julius Berger Nigeria (JBN) Plc has entered into a strategic partnership and joint investment agreement with Petrolan Energy Limited. In a notification to the Nigerian Stock Exchange (NSE), JBN said the partnership is for the acquisition and development of oil fields in Nigeria. According to the company, the alliance is in line with its strategic goal to diversify into oil and gas sector. Petrolan Energy Limited, a Nigerian upstream energy company, established to acquire, develop, operate and finance hydrocarbon assets in the Nigerian oil and gas sector, has Mr. Mutiu Sunmonu, as its chairman. The former managing director of Shell Petroleum Development Company, is also the current chairman of JBN. The move by the construction company is seen as timely given the fact that JBN has suffered dwindling fortunes in recent times, leading to a loss of N1.239 billion of the year ended December 31, 2016. Summonu attributed the poor outing of the company to the persistent and increased severity of the economic hardships, specifically the large premium paid for the acquisition of foreign exchange at exorbitant rates, which resulted in the unbearable losses that absorbed the operating profit completely.

Addressing shareholders at the annual general meeting in Abuja, recently, Sunmonu said: "This, coupled with the federal and state government's continued inability to honour contractual obligations on the majority of their projects, had drastic negative effect on the company liquidity and profitability.'' Based on the loss, the company did not pay dividend. However, the chairman assured the shareholders that the board and management were more focussed on ensuring the survival of the company in this harsh economic and operational environment. Sunmonu noted that JBN would continue to implement its long-term strategy of diversification with regards to business segments and client mix. "The company will continue to strengthen its presence in the power sector by enhancing its position as an engineering, procurement and construction contractor of choice. Opportunities in other new business areas will continue to be identified and explored diligently, with negotiation already proceeding on a number of promising projects, and debt recovery measures, including extraordinary actions already initiated with the federal government, will continue to be pursued to find amicable solution,'' he said. *(This Day)*

Heritage Bank Plc said it recently deepened its retail banking structure by growing its agent banking base to 400 'Corner Shops.' To this end, in line with the financial inclusion strategy of the Central Bank of Nigeria, Heritage Bank also announced its launch of agent banking services at the coastal town of Badagry, Lagos State. The bank inaugurated an agent, Thy Grace, to provide a range of financial services to customers in the neighbourhood of Mowo under the Badagry Local Government. The CEO of Heritage Bank, Ifie Sekibo, explained that the bank has continued to set standard in the launching of 'Corner Shop' to cater for the need of traders and artisans at different locations across the country. According to statement, Sekibo said the shop was aimed at giving the unbanked, especially in the rural areas the opportunity to enjoy financial services without the risk and stress of walking kilometres in order to visit a bank branch. However, speaking at the commissioning in Badagry, the Zonal Business Coordinator, South-West, South-South, Agent Banking, Heritage Bank, Oluwakemi Adewunmi, described the feat as a major breakthrough that would relieve the people living in the Ikogazebbe community of the stress they hitherto faced in transacting banking services. She said with the new agent commissioned to represent Heritage Bank in the locality, banking services would no longer constitute a headache, but rather would be stress-free for all categories of bank customers.

According to her, anybody can benefit from the services of the agent whether you are a customer to Heritage Bank or another bank. With the inclusion of Thy Grace, she said Heritage Bank now boasts of about 400 agents it has established in different parts of the country. "The level of their loyalty is very high and commendable. Our agents maintain a clean record and they have been effective." In his remarks after receiving the Certificate of Authorisation to carry out agent banking on behalf of Heritage Bank, Hunyingan Pius Mifrinso, promoter of Thy Grace, commended the bank for the approval given to him. "The Ikogazebbe community is about 15km far from Badagry and for anybody to do a small banking transaction; the person has to travel to Badagry town." Apart from the time usually wasted in doing that, he said transportation cost a minimum of N400. Agent banking is the delivery of financial services outside conventional bank branches, often using non-bank retail agents and relying on technology, such as card readers, point-of–sale (POS) terminal or mobile phones for real time transaction processing. *(This Day)*

Dangote Cement Plc, controlled by Africa's richest man, Aliko Dangote, said it may shut its operations in Ethiopia if authorities in the central state of Oromia don't reverse an order to cement makers to hand over control of some parts of their businesses to local young people. Oromia state's East Shewa Zone administration wants the Nigerian company to outsource its pumice, sand and clay mines to youth groups or be responsible for "any problems" that may arise, according to a letter from the authority to Dangote that was seen by Bloomberg and verified with a representative of East Shewa's administration. The regional government sees the transfer of jobs in pumice production as a way to ease youth unemployment and quell unrest, according to the document. Any mismanagement of mining infrastructure including buildings and excavators could "lead to total breakdown of our business," Dangote Executive Director Edwin Devakumar said in an interview at the company's headquarters in Lagos, Nigeria's commercial hub, last week. The cement maker will write to the federal government this week to ask for intervention in the matter and will consider shutting the plant in Mugher, about 90 kilometers (56 miles) north of Addis Ababa, as a "last option" if this fails, he said. There's "no intention to displace any investment," so long as Dangote is "working by the laws and regulations in our region and country," Tekele Uma, head of Oromia's transport authority, said by phone. "If anyone's complaining about Oromia regional state, we're ready to talk with them. Any investment can come. Any investment can go." Motuma Mekassa, Ethiopia's minister of mining, petroleum and natural gas, said by phone he wasn't aware of an attempt by Dangote to reach his office. An official at the federal ministry said Dangote should make an approach through "appropriate channels," as opposed to through the media, asking for his name to be withheld, citing the sensitivity of the issue. The Ethiopian government is searching for ways to reduce youth unemployment after violent protests by Oromo communities over alleged land dispossession, political marginalization and repression led the government to declare a state of emergency last year.

Dangote Cement was among several businesses attacked during the unrest. The protests triggered a 20 percent slump in foreign investment to $1.2 billion in the six months through December compared with the same period a year earlier, according to the government. The order to outsource mining is "a violation of our rights because the government has given us a mining license,'' said Devakumar, who was Dangote's chief executive officer until 2015. "If I don't have limestone and additives my cement plant is useless." Although the disputes haven't forced Nigeria's biggest listed company to halt production, it will miss targets if the impasse isn't broken, the executive director said. Disruption in pumice flows will reduce output and trigger job cuts, Devakumar said. Dangote employs about 1,500 workers directly in the country, while an estimated 15,000 people earn a living indirectly through the firm's cement and mining facilities, he said. The disagreement is also hampering Dangote's Ethiopian expansion plans. The company has stopped an advance payment on a contract to double production capacity of the 2.5 million metric-ton per year plant after signing an agreement, Devakumar said. The company has spent more than $700 million in the country and is "discouraged from investing more," he said. Ethiopia's government said in February it's only likely to attract $3.2 billion of foreign direct investment this year, compared with a target of $3.5 billion. *(Bloomberg)*

The Nigerian Breweries Plc has announced plans to achieve a 60 per cent local material sourcing by 2018. According to the brewer, this move is aimed at looking inwards for alternative raw materials which the country spends hard-earned foreign exchange importing. The Manager, Corporate Communications, NB Plc, Mr. Patrick Olowokere, stated this during a factory tour of one of the firm's major raw material suppliers in Ibadan on Thursday. He explained that the company was sourcing about 57 per cent of its raw materials locally and that it had started partnering local farmers in different parts of the country to increase the percentage. Olowokere said "Our global target is to achieve 60 per cent by 2020, but we have said to ourselves that by 2018 we can achieve that target." According to him, the company is currently sourcing about 99 per cent of its packaging materials locally and is keen to work with more indigenous companies to boost local food production. He said that many farmers had been impacted by its out-grower scheme in sorghum production. Olowokere said, "Over 250,000 sorghum farmers benefited in the Northern agronomical zones as at 2013, producing over 100,000 tonnes that the company needs annually. "That is enough to meet our production for our growing customers. We want to try as much as we can to further reduce the volume of imported raw materials." The Managing Director, Psaltry International Company Limited, one of the firm's major suppliers of cassava starch, Mrs. Yemisi Iranloye, commended NB for its continued support for local farmers. She said many villages had been transformed with the creation of employment for youths in the communities. She noted that the brewer was one of her firm's major off-takers, buying 60 per cent of its food grade starch used as binding agents in most beverages, foods, cosmetics and pharmaceuticals. "Farmers in the community have been empowered over the years to increase production to 500 hectares through the Credit Agro Scheme of the Central Bank of Nigeria," Iranloye added. According to her, the scarcity of foreign exchange for import has helped local production, saying that most companies have started looking inwards for raw materials. The Plaltry boss said, "What really steered my coming to this community was the fact that having had experiences in the system; I understood the hurdles farmers had to go through to transport their produce to urban cities. "Most of the time, the cassava would have gone bad and farmers would be at a loss because the companies will not pay them, now we have been able to solve that problem." *(Punch)*

Economic News

Nigeria's central bank must step up efforts to unify the country's multiple exchange rates to sustain gains in the local currency over the last few months, the head of the country's exchange bureaus said. Africa's biggest economy has at least six exchange rates which include one for Muslim pilgrims going to Saudi Arabia, a retail rate set by licensed exchange bureaus, and a rate for foreign travel and school fees, in addition to the official and black market rates. Nigeria is battling a currency crisis brought on by low oil prices which tipped its economy into recession and created chronic dollar shortages. It wants to attract foreign investors and strengthen its currency to ward off inflation. The central bank has been intervening on the official market in the last few weeks to try to narrow the spread between rates on the official market and black market - where the local currency trades around 30 percent weaker. It has sold about $5 billion since February. The bank opened a currency window in April for investors to trade the naira at rates set freely between buyers and sellers, hoping to increase the amount of dollars available in Nigeria. "The gradual convergence of the exchange rate on both black market and investor forex window is an opportunity for the central bank to unify rate in all segments of the forex market," Aminu Gwadabe, president of the country's Association of Bureaux De Change Operators told Reuters late on Thursday.

Gwadabe said a move to eliminate multiple rates would restore investors' confidence in the economy and boost offshore dollar inflows, further strengthening the naira. Central bank spokesman Isaac Okorafor said the regulator would sustain its current efforts to improve dollar liquidity in the market until it was able to achieve currency rate convergence. The naira was quoted at 365 to the dollar on the black market on Friday, while the local currency was quoted at 372.70 per dollar at the investor window. The local bourse rose to a two-year high on Wednesday as investors snapped up Nigerian stocks after MSCI increased the country's weighting in its frontier market index. Nigeria's forex reserves grew to around $30.22 billion by June, from $26.44 billion a year ago, as oil production and oil price stabilise in the wake of OPEC and non-OPEC oil output cut deal, analysts have said. *(Reuters)*

Nigeria plans to auction 140 billion naira ($460 million) in bonds on June 21, the Debt Management Office said on Friday. The debt office will sell 40 billion naira of bonds due in 2021 and 50 billion naira each of bonds due in 2027 and in 2037, using a Dutch auction system. Settlement is expected the day after the sale. The bonds are re-openings of previous issues. The central bank on Wednesday announced plans to sell 133.24 billion naira worth of Treasury bills at an auction next week. Nigeria, which has Africa's biggest economy, issues sovereign bonds each month to help fund its budget deficit, support the local debt market and maintain a benchmark for companies to follow. The West African country expects a budget deficit of 2.36 trillion naira this year as it tries to spend its way out of a recession. It expects to raise money to cover more than half the deficit from the local market. It has a series of debt issues lined up including a $300 million diaspora bond and a 100 billion naira debut domestic sukuk this month. *(Reuters)*

A year after Nigeria scrapped a currency peg that sent foreign investors fleeing, it's still battling to entice them back. But trying to placate investors by introducing multiple exchange rates isn't going to work, bond funds and Wall Street lenders including Citigroup Inc. say. To end the dollar shortage that has hamstrung West Africa's biggest economy and oil producer, President Muhammadu Buhari and central bank Governor Godwin Emefiele will have to weaken the naira's official rate again, or let it float. Nigeria has long refused to let markets determine the price of its currency. Although it devalued in June 2016, it backtracked on a promise to fully liberalize the naira, which has traded in a narrow band since September. Alongside the tightly controlled official rate, the central bank this year introduced the so-called Nafex window, an alternative exchange rate for investors, while also selling dollars directly to companies and individuals at varying rates. "It's a complex currency regime and it's daunting for international investors," said Christian Diclementi, a money manager in New York at AllianceBernstein LP, which oversees $500 billion and is yet to return to Nigeria's local-currency bond market after pulling out during the collapse in oil prices in 2014 to 2015. "If there was just a freely-floating rate, the market would be a lot more efficient. A simpler system would help." The Nafex window, where the naira has been allowed to drop to near its black-market rate, hasn't been a failure. Dollar inflows are increasing and turnover has reached around $80 million a day, according to Bola Onadele, the head of FMDQ OTC Securities Exchange, the trading platform overseeing it. It's attracted investors such as Cape Town-based Allan Gray Ltd. and helped fuel a world-beating 30 percent rally in Nigerian stocks in the past two months. It's a different story with global bond investors. While offshore holdings of Nigeria's equities rose 15 percent in May to around $5 billion, they fell 4.4 percent to $5.5 billion for fixed income assets, according to Standard Bank Group Ltd.

The Nafex market is attracting investors specializing in Africa and frontier markets, but it won't be the answer to Nigeria's foreign-currency shortage as long as it's shunned by the larger emerging-market bond funds, according to FBNQuest, the investment banking unit of Nigeria's biggest lender by assets. It's "a bold experiment, but unlikely to succeed," said Gregory Kronsten and Chinwe Egwim, analysts at Lagos-based FBNQuest. "We doubt that this new window will generate the autonomous inflows to allow the central bank to take a step back" from being the main seller of dollars. Emefiele will probably have to devalue the interbank rate to 370 per dollar by the end of the year, close to where the naira trades on the Nafex and black market, they said. The interbank rate was at 324.75 on Tuesday. But time is of the essence. The central bank's foreign-exchange reserves fell in May for the first since October and a recovery in the economy this year from its first recession since the 1990s will boost demand for imports, heaping additional pressure on the currency, according to Standard Bank. Oil prices below $50 a barrel aren't helping either. For now, even average yields of 16 percent, the highest among major emerging economies after Egypt, aren't enough to entice most bond investors. "Many emerging-market countries, including Russia and Colombia, have liberalized their capital accounts and allowed their exchange rates to drop," said Viktor Szabo, a London-based money manager at Aberdeen Asset Management Plc, which oversees $11 billion of emerging-market assets and is still wary of naira bonds. "We're still waiting for a proper, market-clearing level in Nigeria. You can put whatever system you want behind it, but it's ultimately a question of whether your currency is free and can absorb economic shocks."

The central bank is planning to unify the different exchange rates, FMDQ's Onadele said, without detailing when or how. Buhari's administration remains reluctant to carry out an official devaluation, since it needs a strong rate to maintain a price cap on gasoline, the bulk of which Nigeria imports. The Nafex system may remain in place until the next election in February 2019, according to Renaissance Capital Ltd. "The new market has helped to get some flows back, but it's added more complexity and confusion," said Nema Ramkhelawan-Bhana, an analyst in Johannesburg at Rand Merchant Bank, which changed its year-end naira forecast to 325 from 370, believing monetary authorities will resist a devaluation. "The vastly different naira rates are distorting asset prices. We're holding out for them to be harmonized. But it won't necessarily happen in the next year." *(Bloomberg)*

United Capital Asset Management, a subsidiary of United Capital Plc, yesterday listed two billion units of the United Capital Wealth for Women Fund and 100,000 units of United Capital Nigerian Eurobond Fund on the Nigerian Stock Exchange (NSE). The two new funds were officially opened to the public on January 25, 2017 as a means to addressing the needs of the diversified client base and evolving investment needs of indigenous and global clients. The United Capital Nigerian Eurobond Fund is an open-ended mutual fund invested in Dollar denominated Eurobonds, floated by the Federal Government of Nigeria, Nigerian top tier banks and other corporate Issuers whose securities are registered with the Securities and Exchange Commission (SEC). The fund is focused on achieving competitive returns on foreign currency investment amid the current volatility in the value of the Naira. On the other hand, the United Capital Wealth for Women Fund aims to encourage women to imbibe a savings culture, provide an avenue for women to be financially independent and foster female empowerment by investing in businesses who have significant women representation on their boards and/or management.

A maximum of 80 per cent of the Fund's assets are invested primarily in Naira denominated fixed income and high yielding instruments and 20% are invested in carefully selected quoted stocks from the Nigerian Stock Exchange. Commenting on the listing , Deputy Group CEO, United Capital Plc, Bunmi Akinremi said: "We are pleased to be officially listing our new funds today – The Wealth for Women Fund and The Nigerian Eurobond Fund on the Nigerian Stock Exchange. The success of these funds further testifies to our commitment to providing bespoke value added products to our clients." United Capital Asset Management, also operates four additional successful Mutual Fund portfolios (United Capital Bond Fund, United Capital Equity Fund, United Capital Money Market Fund, and United Capital Balanced Fund). Commenting, the Managing Director/CEO of United Capital Asset Management, Mr. Jude Chiemeka said: "Our mutual funds have consistently offered attractive dividend returns for investors and we expect our two new funds to follow suit. We understand that the market is evolving, which means our consumer/customer expectations are also changing and we want to be at the forefront of that change. By consistently developing innovative products for our clients, such as the Nigerian Eurobond Fund and the Wealth for Women Fund it will allow us to do just that."*(This Day)*

Nigeria's recent tentative steps to free up its naira currency, particularly via a new trading window, have gone down well with some adventurous stock and bond investors who are cautiously returning to the markets they fled two years ago. Once considered one of the most promising emerging markets, Nigeria was hammered when it introduced draconian foreign exchange restrictions to counter the effects of the 2014 oil price crash. These will take years to unwind, some analysts fear, while others are concerned the new trading facility could come under pressure if oil prices were to take another tumble, or trade through it could slow if Nigeria's currency reserves run low. The much-criticised move starved the economy of dollars, throttled foreign investment and plunged Africa's largest economy into recession for the first time in more than 25 years. But authorities have since tried to normalise the currency market and alleviate dollar shortages, most recently via the "Investors & Exporters FX Window", which allows investors and traders to swap nairas for dollars at market-determined rates. The new window adds to a confusing array of exchange rates. But it does seem to be succeeding in luring back some foreign funds, especially as the economy should return to growth soon and inflation is finally slowing. "It is a very good thing. Obviously having multiple exchange rates is not an optimum situation yet, but it is moving towards a more realistic exchange rate," said Oliver Weeks, economist at hedge fund Emso Asset Management. "This certainly makes the country more interesting." Under the new system, in place since April, the opening and closing naira/dollar rates are determined by a poll of authorised bank dealers. The NAFEX or Nigerian Autonomous Foreign Exchange Rate Fixing is set around noon and serves as a benchmark for derivatives such as forwards and futures.

Weeks said Emso has used the new mechanism successfully several times in the past six weeks. Since the window's launch, foreigners have swapped some $2.2 billion through it, according to the central bank although London-based Exotix Capital said many of the deals were likely small as some people test the new system. Data from Lagos-based FMDQ OTC Securities Exchange, which hosts the window, shows the naira NAFEX fix at nearly 369 per dollar, well below the official 305 rate the central bank had previously clung to. Sola David-Borha, Chief Executive Africa Regions at Standard Bank - one of the authorised dealers in the new window - said the window was working "reasonably well" and there was definitely liquidity. "But the most important thing is that the central bank is willing to engage, and there is constant engagement now with bankers, investors and other stakeholders," David-Borha said. The Lagos stock market has climbed nearly a third in the past six weeks and trading volumes have more than doubled. Local bonds, some paying yields over 20 percent are also luring more foreign investors, local traders said .The new window has re-opened the doors to the carry trade in naira - one of the few such opportunities on the continent outside South Africa, said Yvette Babb, executive director for sub-Saharan Africa research and strategy at J.P Morgan. Babb estimates foreign portfolio outflows from Nigeria were around $6 billion last year, but added: "Depressed equity prices and high local currency yields in combination with the exchange rate adjustment is likely to give rise to further foreign portfolio inflows." But NAFEX still has plenty of critics.

Above all, investors are worried by authorities' failure to guarantee that the window will remain available in future, especially in the event of another sharp decline in oil prices. Secondly, the central bank sold more than $4 billion from February to May to narrow the gap between the official and black market exchange rates. But with reserves of just over $30 billion, it is doubtful it can keep selling at such a pace. "In the case of oil production coming down again, it is not clear that the currency will adjust and you could go back to a position where the market goes completely illiquid again," Emso's Weeks said. And those betting that NAFEX heralds a swift and full-fledged naira liberalisation may be disappointed. Although an exporter of oil, Nigeria's reliance on imports for fuels such as gasoline is a drain on foreign exchange. The government has pledged to end its reliance on oil product imports by 2019 - and the two are connected, Babb said. "Markets are expecting more exchange rate liberalization in the next six months, but policymakers seem to be seeking convergence by 2019," Babb added. So more conservative investors are holding back. For instance Guy Tousso, portfolio manager for emerging markets fixed income at BNP Paribas Asset Management, is waiting for a functioning naira market to return but says it is inevitable. "They are getting there, but it is a slow pace in Nigeria because the social impact will be negative. But I don't think they have any choice." *(Reuters)*

Nigeria's distributable government revenues rose to 462.4 billion naira ($1.43 billion) in May from 415.7 billion naira in April due to higher proceeds from corporate taxes, a government statement said on Thursday. Distributable revenue is government income that is shared at various levels of state including the federal government, state governments and local government councils. The revenues were boosted by "significant increases in revenues from companies income tax," said the statement issued by the accountant general. But it said the rise was offset by a "slight drop in the average price of crude oil from $55.38 to $55.18 per barrel and a decrease in export volume by 1.023 million barrels, reduced oil revenue by $57.12 million". OPEC member Nigeria, which is in a recession largely caused by the fall in global crude prices since mid-2014 and attacks on energy facilities in its Niger Delta energy hub last year, relies on crude oil sales for two-thirds of its government revenue. Attacks on energy facilities that cut oil production have halted since the start of the year with talks between the government and Delta community leaders to address the grievances of militants who want the oil hub to receive a greater share of the country's energy wealth. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

ACACIA Mining will keep its three mines in the country operating "as long as a negotiated result is possible," Acacia Mining CEO, Brad Gordon says as negotiations to resolve an impasse between the government and the mining firm have been agreed. He said in teleconference over the weekend that he was pleased that such negotiations were about to take place as this had always been Acacia's "preferred route" to reach a suitable result for both sides, according to an article posted on Miningx website. The government has placed a ban on exports of gold/copper concentrate produced by two of Acacia's three mines in the country claiming that Acacia had not declared their true value. A Tanzanian Presidential committee has also claimed that Acacia owes the country "tens of billions of dollars" in unpaid tax. Acacia has disputed the claims. Acacia has also pointed out that the Tanzanian assessment, if true, would make the two mines among the richest in the world with annual production of more than 1.5 million ounces of gold each. Gordon said Acacia's response to these assessments and allegations had not changed from the statement issued on June 12 in which Acacia said: "Acacia strongly refutes these new unfounded allegations. We have always conducted our business to the highest standards and operated in full compliance with Tanzanian laws."

He described the upcoming negotiations as "a real opportunity to rebase our operating environment in the country", but declined to go into specifics of what he meant by "operating environment". Quizzed by analysts, Gordon would only comment: "It has more to do with the financial regime than mine plans and operations." Gordon said Barrick Gold and Acacia would form a combined negotiating team and he welcomed Barrick CEO, John Thornton's involvement commenting: "We are pleased that Barrick is involved and able to help us achieve the outcome we want from this". John Thornton wanted to experience the situation on the ground for himself and that's why he was in the country. Gordon said the impact of the confrontation with government had been demotivating for Acacia's employees commenting: "Their mood is not good. Their integrity has been called into question. The situation is difficult for them and, obviously, there has been an impact on productivity." But he added that Acacia "… at this stage" was sticking to the production guidance announced at the start of the year. *(Daily News)*

THE results of Vodacom Tanzania initial public offer (IPO) are expected to be issued this week, the Capital Market and Securities Authority (CMSA) said yesterday. The CMSA said the results, which will pave way for Vodacom listing, took longer than expected due to the size of IPO—476bn/- the largest in history of Dar es Salaam Stock Exchange (DSE). The Authority Principal Public Relations Manager, Mr Charles Shirima, told 'Daily News' that the announcement would know to the public late this week. "The authority failed to complete the allotment in time due to the size of the IPO, but this week information will be out," Mr Shirima said. Vodacom, the giant telco, IPO ended some four weeks ago but the authority took longer than expected to issue the final results of subscription level. The South African-based firm was expected to list its shares on May 16, but this was postponed to June 13 and this has been missed also. Some stockbrokers have it that the delay may be normal given the fact that many of the subscriber first-time stock investors—thus increasing workload. Vodacom, a Vodafone owned telco, early this month announced that more than 40 000 citizens, many of them fresh participants in the capital market, bought shares in the IPO. "This week the authority (CMSA) will announce the IPO outcome…be patient," a broker told 'Daily News' yesterday. When reached for a comment yesterday, Orbit Securities, Voda's sponsoring brokerage firm, said they are still waiting for CMSA approval. The Vodacom IPO is priced at 850/- per share. Vodacom controls 31 per cent stake in the country's tele-market with some 12.4 million active subscribers at end of last year. Vodacom Tanzania was launched in 2000 and is a subsidiary of South African-based Vodacom Group, which is a unit of British mobile phone giant, Vodafone. *(Daily News)*

Economic News

TREASURY bills auctioned on Wednesday last week attracted over half a billion shillings, sending the short term instrument into almost

five times oversubscription. The outstanding performance of the government securities is an indication of the improved liquidity among the investors' namely commercial banks, pension funds and insurance companies. According to the Bank of Tanzania (BoT) auction summary, the instrument attracted 536.6bn/- compared to 138.7bn/- offered to the market for tendering. At the end the government retained 142.7bn/- as successful amount. BoT uses the short-term government note to mop excess liquidity in the circulation. The 364 days tenure dominated the auction after attracting bids worth 306.8bn/- compared to 85.5bn/- offered to the market. At the end 85.5bn/- became successful amount. The number of successful bids was 12 out of 70 that participated in the 364 days offer. Weighted average yield to maturity was 8.49 per cent compared to 9.90 per cent of the previous session. The highest bid/100 and lowest bid/100 was 92.61 and 86.65 respectively while minimum successful price/100 was 91.97 and with weighted average price for successful bid was 92.20. The 182 days tenure attracted bids worth 212.5bn/- compared to 50.5bn/- offered to the market but at the end the amount was retained as successful amount. The number of successful bids was 23 compared to 88 that applied for the offer. The highest and lowest bids/100 was 96.84 and 94.36 respectively while the minimum successful price/100 was 96.35.

The weighted average price for successful bid was 96.46 while weighted average yield to maturity was 7.36 per cent compared to 8.96 per cent of the preceding session. The 91 days offer attracted bids worth 15.07bn/- compared to 2bn/- offered for bidding and 6bn/- was retained as successful amount. Three bids out of 12 that applied became successful. The highest and lowest bids/100 was 98.77 and 98.00 respectively while the minimum successful price/100 was 98.57. The weighted average price for successful bid was 98.64 while weighted average yield to maturity was 5.53 per cent compared to 6.23 per cent of the preceding session. *(Daily News)*

ZANZIBAR has registered a nine-month high inflation that climbed to 7.1 per cent in April. On month-to-month basis the inflation in March was 6.4 per cent. Bank of Tanzania data showed that the inflation climbed to highest point last January to over 10 per cent but descended to almost 3.0 per cent last November. However, the upward trend resumed last December to climb to the highest point in April. The island economy, which is dominated by tourism, and cloves exports, registered a lowest inflation rate in March 2015 of around 1.0 per cent. According to Bank of Tanzania, the surge of inflation in April 2017 was caused by a rise in prices of food and non-food items, in particular, maize flour, rice, cooking bananas and sugar. Some non-food items whose prices rose include fuel—kerosene, petrol and diesel.
Highest price increase was recorded in maize flour, 54.8 per cent, followed by yellow cooking bananas, 34.3 per cent, kerosene, 28.8 per cent, sugar, 27.1 per cent and petrol 18.8 per cent. On other hand some food and non-food items including wheat flour, edible cooking oil, and cement registered a decrease in prices by 1.4 per cent, 3.2 per cent and 7.7 per cent, respectively, partly on account of adequate supply. Overall, inflation was lower compared to some sub-group items, including housing, water, electricity, gas and other fuels, whose inflation almost doubled mainly as a result of rise of fuel pump prices. On month-to-month basis, headline inflation was higher by 2.1 percentage points in April compared to 0.5 registered last March with food and fuels accounting for the rise. As regard to annual non-food, inflation rose to 7.3 per cent in April from 5.8 per cent recorded last April while on monthto- month basis, the registered inflation was 2.3 per cent in April compared to 0.2 per cent recorded last April. *(Daily News)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Zambia

Corporate News

No Corporate News This Week

Economic News

AS COMPANIES sell their United States (US) dollars to pay wages and suppliers at the month-end, the Kwacha is expected to make further gains against major convertible currencies as copper price edged up on Friday to trade at US$5,669.50 a tonne. Zanaco says the local unit is expected to trade in the range of K9.15 and K9.25 in the near term. "Near term outlook for the Kwacha remains bullish with the local currency likely to make further gains against the dollar next week [this week] as firms sell dollars to pay wages and suppliers at the end of the month," the bank says in its daily treasury newsletter. The bank also says the Kwacha gained against the dollar on Thursday, with support for the local currency emanating from exporters converting to meet mid-month tax obligations. On Thursday, the local unit opened trading at K9.25 and K9.30 per dollar. Unmoved from the previous day's close, the Kwacha was propped up to an intraday high of K9.19 and K9.24 by strong dollar selling by exporters while demand waned in comparison. Zanaco says the Kwacha appreciated by six ngwee on the day. Similarly, United Bank for Africa says the local currency market opened Friday's session trading at K9.20 and K9.25 on the interbank respectively. The bank says the Kwacha reversed its marginal losses against the dollar and is expected to remain on the front foot. First National Bank also says timing of flows remains a key factor which could result in intraday swings. And Cavmont Bank says on Thursday the Kwacha outperformed other currencies which depreciated against the world's reserve currency after the US Federal Reserve increased interest rates by 0.25 percentage point. Meanwhile, copper edged up on Friday but was on track for its biggest weekly drop since early May as markets priced in a higher US interest rate environment that would support the dollar. Reuters reports that copper on the London Metal Exchange had risen 0.2 percentage point to US$5,669.50 a tonne, but was down by about two percent last week. *(Daily Mail)*

ZAMBIA'S exports to Malawi recorded an increase from US$107.7 million in 2015 to US$121.85 million last year due to a stable supply of various products to that country, Zambia Development Agency (ZDA) has revealed. The major export goods to Malawi were petroleum oil, primarily agricultural products, textiles and garments, wood and wood products, among others. ZDA manager market development Felix Kaitisha said Zambia's trade balance with Malawi has been stable over the years. Mr Kaitisha said this on Tuesday when he presented a paper on the 2017 Malawi market research report at the 2016 exporter audit results dissemination workshop. "Zambians need to identify products that can be exported to Malawi and the private sector is encouraged to embrace the synergies that emerge through regional groupings such as Common Market for Eastern and Southern Africa and Southern African Development Community," he said. He said there is also need to explore more trade opportunities between the two countries because trade is still insignificant. Mr Kaitisha also said the purpose of the research is to link locals to that country with potential to sell, and identify trade barriers, potential agents as well as distributors for Zambian products in Malawi.

ZDA manager export development Albert Halwampa also said Mozambique has revealed that there are several export opportunities for various products. The agency also conducted a market research study in Mozambique to identify the types of products which can be exported and how Zambian exporters can access these markets. Mr Halwampa said Zambia's exports to Mozambique were valued at US$18 million in 2016. He said there are opportunities for poultry, engineering, automobile, agriculture, refined and processed products, among others. He said ZDA has prioritised market research and trade promotion activities in key markets to provide up-to-date market information to exporters and access to these markets. He also said the agency intends to sign a memorandum of understanding with Mozambique to have easy exchange of information and business. *(Daily Mail)*

Zambia has limited its 10 percent tax on maize exports in order to encourage production of the nation's main food crop, its finance

minister said on Friday. "We agreed on a threshold in order to encourage production. The 10 percent export tax will only apply when maize production does not exceed 2 million tonnes," Felix Mutati said on state radio. The Zambia National Farmers Union (ZNFU), an industry group of commercial farmers, said in a statement the move would enhance maize exports at economically acceptable prices. "We have to find alternative markets for the 1.4 million excess crop and this development will make it known that Zambia is open for trade in maize," ZNFU President Javis Zimba said. Zambia introduced the tax on maize exports in the 2017 budget in an attempt to discourage maize exports following a regional shortage. In May the southern African state lifted a ban on maize exports after production rose to 3.61 million tonnes in 2016/2017 from 2.87 million the previous season. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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Zimbabwe

Corporate News

Brick maker Willdale Limited's net loss widened to $380,564 in the six months to March from $146,575 loss recorded in the comparable period last year owing to damaged brick furnaces following the incessant rains experienced in the period. "Although demand for bricks remained firm in the period under review, saleable stock availability was affected by incessant rains which destroyed some kilns resulting in stock write offs which impacted negatively on profitability," company chairman, Alex Jongwe said in a statement on Friday. The company said strategies have been put in place to mitigate this risk in the event of rain damage in future. Revenue increased by 14 percent to $4 million from $3,6 million recorded in the same period last year, driven by a 20 percent surge in volumes, offsetting a five percent decline in the average selling price. Operating profit narrowed to $3,771 from $218,383 realised in the comparable period last year on increased depreciation charge. The depreciation charge on plant,property and equipment increased to $426,339 compared to $339,340 recorded in the previous year. Cashflow from operations increased from $219,578 recorded in the same period last year to $382,527, but the company closed the year with a negative balance on cash and cash equivalents of $973,753, following a bank overdraft of $1,1 million. Net financing costs, which include costs of preference shares, increased to $437,670 from $339,340 recorded in the comparable period in the prior year. On June 10, 2014 Willdale raised a total of $3,26 million through the issue of redeemable cumulative preference shares at a subscription price of $1 per share. The company is optimistic that various institutional projects that are planned this year will enhance its profitability, with the efforts by financial institutions to increase mortgage financing expected to spur demand for bricks. *(Source)*

Zimbabwe resources group RioZim is in talks with a potential investor who has capacity to fund its Sengwa thermal power project near Gokwe, an official said on Thursday. The group has an ambitious plan to build a 2,400 megawatts power plant at its coalfields at Sengwa in North West Zimbabwe, at an estimated cost of $2,2 billion. "We are now discussing with someone whom we think has the financial muscle," chief executive, Bheki Nkomo told journalists after the group's annual general meeting. He declined to give more details. Last year, Nigeria's Dangote and an unnamed Chinese firm were said to be pushing aggressively for the venture. In 2014, the China Power Investment Corporation (CPI), one of China's five largest state owned electricity producers was mentioned in connection with the project. The Sengwa power project has been in the pipeline since the 1990s and is an attractive option, with guaranteed supply of coal from the Sengwa coal mine. Nkomo said gold mining operations during the first quarter of 2017 were hit by the incessant rains but expects a recovery in the second half. The group's gold operations include Cam & Motor, Renco Mine and the recently acquired Dalny Mine and processing plant. "Weather in Q1 affected operations and we lost ground, but in Q2 we began to recover and we are optimistic to meet our full-year targets," said Nkomo. Power cuts during the period were 'excessive,' resulting in loss of production time, he added. Gold production in the current year is also expected to increase following the acquisition of the Dalny plant, which will operate as a stand-alone entity of the group. However, RioZim is yet to secure matte that will enable it resume operations at its Empress Nickel Refinery (ENR) which is currently under care maintenance, Nkomo said. *(Source)*

The Agricultural Bank of Zimbabwe (Agribank) has set up a $10 million facility aimed at promoting horticulture production in the country. The facility has an annual interest rate of up to 10 percent and has a tenor of up to 12 months for working capital and three years for capital expenditure borrowing. Targeted beneficiaries are horticulture farmers, and in the vegetables farmers into peas, sugar snaps, beans, onions, potatoes, carrots, cherry tomatoes, mushroom and butternuts, baby marrow, gem squash, and paprika among others. In the fruits segment the facility covers citrus, banana, avocado, grapes, berries, passion fruit, nectarines, peaches, apples, pears, papaya, mangoes and pineapples. The facility also covers nuts production like the macadamia, cashew and pecan hazelnuts. Zimbabwe's horticultural exports reached a peak in the 1999/2000 season with exports of $143 million, which was 10 percent of total exports, contributing about 4,5 percent to the country's Gross Domestic Product, making horticulture the second major foreign currency earner in the agricultural sector after tobacco that year. The exports nosedived between 2000 and 2008, before bouncing back to $71 million in 2012 and $96 million in 2015 according to trade promotion agency, Zimtrade.

Last year, the country exported horticultural products worth $83 million. The Netherlands remains the biggest single buyer of Zimbabwe's fresh produce, according to Zimtrade, a trade facilitation body in Zimbabwe. Others are the United Kingdom, Germany, France and Poland. *(The Source)*

The Zimbabwe National Road Administration (Zinara) has partnered with mobile payment platform, Ecocash, to launch a mobile application that allows motorists to pre-pay tollgate fees. "When the toll gate system launched, they (Zinara) began with cash first of all, then integrated point of sale payments and as the journey of digital and electronic transactions has been moving forward in Zimbabwe, especially in light of the cash crisis, we also realize that it was for the convenience of Zimbabwe for us to bring through to the platform of Zinara, Ecocash, the largest payment platform to complement it," Ecocash general manager, Natalie Jabangwe told journalists at the launch. Zinara chief executive Nancy Masiyiwa Chamisa said the e-toll payment system will enhance efficiency at the toll gates. "Ecocash is our largest and most exciting addition to the basket of cashless transactions. This new development will continue to drive our services in delivering mandate for customer convenience and efficiency," she said. The Ecocash platform, a unit of mobile operator Econet Wireless, has 6,8 million customers and commands 98 percent of the mobile transfers in the country. *(The Source)*

Zimbabwe's largest media group, Zimpapers, says that it has budgeted capital expenditure of $3,8 million for 2017 and has so far spent $780,000 on equipment and property development. "Capital expenditure to date is about $750,000 which has been used towards purchase of equipment for Natprint, property development technology, motor vehicles, service vehicles, delivery of newspapers and also gathering news. For 2017 full year capex envelope is sitting at $3,8 million to ensure that business continues to be viable," chief executive Pikirayi Dekete told stakeholders at the company's annual general meeting on Thursday. Zimpapers publishes dailies, The Herald and The Chronicle and weeklies Sunday News and Sunday Mail among other titles. It also owns radio stations Star FM and Diamond FM and various digital platforms. Broadcast and commercial printing division revenue for the five months to May was higher by six percent and 33 percent. The print division, which contributes three quarters of total revenue, saw its income fall by 10 percent. Chief executive, Pikirayi Dekete said that the printing and packaging unit, Natprint was close to 100 percent operating capacity while plans are afoot to expand its footprint. He also added that the company is set to introduce localised editions of its flagship daily, The Herald in different towns across the country in the second half of the year. *(The Source)*

ZIMRE Property Investment (ZPI)'s plan to dispose of its three prime properties has been put on hold due to complexities surrounding the exchange rate on United States dollars and bond notes. ZPI managing director, Edson Muvingi said the currency changes that are existing in the market have made the sale of Zimre centres in Mutare, Harare and Masvingo difficult, as the company dreads to lose its money. "Conclusions of the negotiations have been very difficult on our part and on prospective buyers. Because on our part we have been looking at currency changes and say when we received this money what do we do with it. Are we going to quickly put it on something else because it's a hedging arrangement we are worried about then all of a sudden you find that building material has gone up you are stuck with the money which is also deteriorating," Muvingi said at the company's annual general meeting yesterday. He said what made the situation complex was that proceeds from the disposal of the property would be used to build office parks. "It's like an asset swap. We wanted to dispose in order to build, we have pieces of land where want to build an office park. This is where we wanted to deploy the money. We did not want to sell so that we get cash. This is where our problem is. The direction is if we sell and we can't build, it doesn't help us," he said.
"You know if you have bond notes and what is happening between the bond notes and United States dollars. Much of the building material is imported. For us it's very difficult to convert that money into foreign currency to buy material," he said.

Though Muvingi could not divulge the cost of the buildings, he said for the time being it made business sense to retain the property than dispose it. Muviringi said the company will retrench eight workers at the beginning of next month. "We have cut salaries and we retrenched last year and we have reduced our allowances. We are a very lean organisation. We will get down to 15 and we will retrench eight workers.
He said the property firm voids were at 26% as of end of May, adding that rental negotiations with tenants would not add value as most of them do not even have the capacity to pay as they were headed for collapse. "Companies are closing, moving out of the Central Business District, buying their smaller properties and some are even operating from home we have seen that." *(News day)*

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TRADING

Economic News

The Zimbabwe government has with immediate effect raised the threshold for the mandatory blending of fuel with ethanol from 10 to 15 percent. Zimbabwe made the blending compulsory in 2013 ,starting off at five percent and later to 10 percent in a bid to cut the country's fuel import bill. Treasury figures show that the country spent $293 million on fuel imports in the first quarter. "It is hereby notified that in terms of section 4(1) of the Petroleum Regulations,2013………the Minister approves the current level of mandatory blending to 15 per centum," the Minister of Energy Samuel Undenge said in a notice in the government gazette on Friday. "The consequence of this approval is that all licensed operators, shall from the date of publication of this notice, be mandated to sell unleaded blended at E15". Greenfuel, a joint venture between government's Agricultural and Rural Development Authority (Arda) and businessman, Billy Rautenbach's Macdom and Rating Investments, together with Hippo Valley's Triangle estates are the country's only producers of Ethanol. Fuel in Zimbabwe has however remained expensive despite the blending. The price of litre of petrol ranges between $1,37 and $1,46 per litre while diesel costs between $1,26 and $1,36 per litre, far much more than the regional average in other landlocked countries. *(Source)*

Zimbabwe's annual broad money supply grew by 22,67 percent in April to $6,2 billion, largely driven by an increase of 31,22 percent in transferable deposits, latest data from the central bank has shown. However, negotiable certificates of deposits (NCD) and time deposits eased 20,99 percent and 2,42 percent respectively. On a month on month basis, broad money increased by 4,03 percent, from $5,88 billion in March. "The expansion of money supply, in part, reflects injection of new money into the banking system through tobacco sales for which $206.4 million worth of tobacco had been sold by end of April 2017," said RBZ. Domestic credit recorded an annual growth of 19,1 percent to $8,18 billion from $6,87 billion recorded in the same period last year. On a monthly basis, it increased by 2,95 percent, with claims on government expanding by 6,44 percent and credit to the private sector declining by 1,78 percent. Credit to the private sector fell 0,33 percent to $3,43 billion in the month under review from $3,44 billion recorded in the same period last year, reflecting a subdued bank lending in an environment where credit risk is high. The total value of transactions processed through the National Payment System (NPS) decreased to $6,95 billion in April from $7,01 billion recorded in the previous month. *(The Source)*

State-run pension fund, National Social Security Authority (NSSA) has moved to consolidate its insurance portfolio via a deal which will see First Mutual Limited (FML) acquiring a controlling stake in Zimbabwe's largest short-term insurer, NicozDiamond. NSSA is the anchor shareholder in both firms, controlling 51,33 percent of FML and 50,09 percent of NicozDiamond. Last month, NSSA increased its stake in Zimbabwe's largest short-term insurer NicozDiamond to 50,9 percent after a mandatory offer to minorities. First Mutual Holdings and NicozDiamond on Monday released their respective cautionary statements with respect to NSSA's intention to consolidate the two insurance companies, subject to shareholder and regulatory approval. "The Directors of First Mutual Holdings Limited ("FMHL") wish to advise shareholders and other stakeholders that the Company is contemplating the acquisition of a controlling interest in a company in the insurance sector," FML said in a statement. On the other hand short term insurer, NicozDiamond said in a separate statement that NSSA intends to dispose of its 50,09 percent in the company to another insurance group, presumably FML. "The Board of Directors of NicozDiamond Insurance Limited ("NDIL") advises shareholders and other stakeholders that it has been informed by its major shareholder of the intention to dispose of its interest in NDIL to another insurance group subject to conditions precedent including regulatory approvals as well as shareholder approval," said NicozDiamond. Analysts say the deal implies that NSSA will maintain its control of NicozDiamond indirectly via FML. NSSA took control of NicozDiamond in November last year, by buying 15,7 percent of the total issued share capital of the company previously held by LAG Malta and belonging to foreign investor Noel Hayes (4,3 percent) and part of the stake held by Bruce Campbell who held just over 10 percent. It raised the stake to 50,9 percent after eight percent of minority shareholders accepted its mandatory offer made in March this year.

The pension fund has previously said it does not intend to delist NicozDiamond from the local bourse. But analysts said if the deal goes ahead, FML could offer NicozDiamond minority shareholders its shares in exchange of their NicozDiamond shares and eventually delist the short-term insurer. They also said that since FML already owns a short-term insurer, Tristar which is a direct rival of NicozDiamond, this calls for competition and Tariff commission to assess the deal. However, Tristar is very small compared to NicozDiamond, and the deal is likely to be approved. The deal will ultimately depend on NSSA as the major shareholder in the two companies. NSSA has 70 percent of its investments in the equities market, with interests in 53 of the 60 companies listed on the Zimbabwe Stock Exchange. It holds at least 10 percent shareholding in 12 counters. NSSA is also among the largest shareholders in RTG, Turnall and ZB Financial Holdings where it owns 36 percent, 32 percent and 38 percent respectively. *(Source)*

CASH shortages are set to continue unabated as the Reserve Bank of Zimbabwe's (RBZ) monthly economic review for April recorded that 2,51% or $153,53 million of broad money supply was the currency in circulation, against optimal levels of 15%. Currency in circulation is the currency that is physically used to conduct transactions between consumers and businesses rather than stored in banks, financial institutions or the central bank. In the RBZ's April monthly economic review, on a month-on-month basis, broad money supply grew by 4,03% to $6 116,8 million from $5 879,9 million in March 2017. "The expansion of money supply, in part, reflects injection of new money into the banking system through tobacco sales, for which $206,4 million worth of tobacco had been sold by end of April 2017," RBZ said. "The composition of broad money during the month of April was as follows: transferable or transitory deposits 71,43%, time deposits 25,02%, currency in circulation 2,51% and negotiable certificates of deposits 1,03%." RBZ said the broad money supply over the year to April was up 22,67% from last year's comparative period's $4 986,3 million. The April currency in circulation figure is significantly lower than the preferred level of 15%, which international best practice states should be the amount of cash in circulation against total deposits.

For Zimbabwe, the currency in circulation mainly refers to United States dollars, bond notes and coins, as these are the predominant currencies used in the country. Analysts say the April figure shows that the state of the cash shortages has been seriously played down. Financial expert, Persistence Gwanyanya told NewsDay yesterday that the low RBZ figures spoke to two things; supply and demand. "The supply factors being that the generation of cash every day is dwindling and we are losing cash from the formal system into the informal system and also out of the country," he said. "This is occasioned by the consumptive and import depended nature of the country. "Obviously, the issues of externalisation have also conspired to worsen the situation. We are losing money we are not generating money as a country." Early last week, central bank governor, John Mangudya said they had put about $160 million worth of bond notes on the market. *(News Day)*

Inflation rose slightly in May, with the price of goods and services going up by an average of 0,75%, the highest it has been in more than three-and-a-half years, the Zimbabwe National Statistical Agency (ZimStat) revealed. In April, year-on-year inflation, measured by the all items Consumer Price Index (CPI) was 0,48%, meaning it gained by 0,27 percentage points. Zimstat said year-on-year food and non-alcoholic beverages inflation, prone to transitory shocks, stood at 1,92 %, while the non-food inflation rate was 0,21 %. The month-on-month inflation rate in May 2017 was 0,03% shedding 0,02 percentage points on the April 2017 rate of 0,05 %. The month-on-month food and non-alcoholic beverages inflation rate was 0,07 % in May 2017, gaining 0,43 percentage points on the April 2017 rate of -0,36 %. Economist, Clemence Machadu noted that the gain in inflation was largely driven by food items, forecasting that it will hit 2% at the beginning of September. "Well, we haven't had inflation as high as this in the past three-and-half years," he said. "It seems inflation is continuing to gain sharply, largely driven by the food inflation, which rose to 1,84 %. "If inflation continues to make these substantial gains, I see it surpassing 1% by end of June and possibly rising to hit the 2% mark by the beginning of the fourth quarter." Zimbabwe first slipped out of deflation in February after year-on-year inflation for the month stood at 0,06% from the January figures of -0,65%. "When you look at the main drivers, you will realise that bread and cereals contributed the most at 2,37%, followed by meat 1,84%, then we can also talk about vegetables 2,02%, and oils and fats, as well as fish and sea food," he said.

Machadu said it appears that food inflation might continue gaining, reinforced by the government's plans to implement the food fortification programme starting next month. "As manufacturers now have to add more ingredients in the production of basic goods, by including the legislated micro-nutrients, it obviously translates to higher costs of production, which will be passed on to the consumer, which will fuel price increases," Machadu said. "Interestingly, when we look at top inflation risers, we also realise that liquid fuels have registered a sharp inflation rise of 17,06%, from 1,14% in April. "And it's ironic that this is happening at a time when the government has increased ethanol blending thresholds from 5 to 10%." *(News Day)*

Zimbabwe may be able to clear $1.7 billion of interest and penalties it owes international financial institutions next year and has made progress in re-engaging them, the World Bank's country director said. "The principle of arrears clearance has been agreed" by the World Bank and African Development Bank, Paul Noumba Um said in an interview Wednesday in Harare, the capital. "I don't think we will be able to have everything closed and settled by the calendar year, but 2018 might be the year we will probably see a better outcome." As of October, the southern African nation owed lenders including the International Monetary Fund, World Bank and AFDB about $9 billion, according to the Finance Ministry, and missed a $1.8 billion payment in June last year. Last month, Finance Minister Patrick Chinamasa said the country had secured a syndicated loan put together by the African Export-Import Bank that will enable it to clear the $1.7 billion of arrears with the two lenders. Re-engagement would mean Zimbabwe would be entitled to receive financial support from the World Bank again. While "the process has been painfully slow," Zimbabwe remains committed to re-engagement, Chinamasa told reporters Wednesday. He has been leading efforts to revive the country's struggling economy and tap fresh financing from the IMF. The economy has halved in size over the past 16 years, and the population is struggling with a shortage of cash, with banks limiting customer withdrawals. The nation abandoned its own currency in April 2009 as runaway inflation rendered it worthless, opting instead for a basket of currencies that includes the dollar, South Africa's rand, the pound and Botswana's pula. Zimbabwe's economy will probably expand 2.8 percent in 2017, the World Bank said. That compares with a previous forecast of 3.8 percent.*(Bloomberg)*

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