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:

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AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change		31-Dec-14	YTD % Change	
Country	Index	16-Oct-15	23-Oct-15	Local	USD	31-Dec-14	Local	USD
Botswana	DCI	10594.35	10595.05	0.01%	-1.19%	9,501.60	11.51%	2.66%
Egypt	CASE 30	7594.45	7611.03	0.22%	-1.76%	8,942.65	-14.89%	-24.23%
Ghana	GSE Comp Index	1987.85	1987.37	-0.02%	-0.13%	2,287.32	-13.11%	-26.98%
Ivory Coast	BRVM Composite	303.47	304.25	0.26%	-0.83%	258.08	17.89%	9.92%
Kenya	NSE 20	3901.13	3952.97	1.33%	2.45%	5,112.65	-22.68%	-31.39%
Malawi	Malawi All Share	15321.95	15332.70	0.07%	-0.34%	14,886.12	3.00%	-12.19%
Mauritius	SEMDEX	1859.50	1871.15	0.63%	-0.18%	2,073.72	-9.77%	-19.85%
	SEM 10	354.54	358.30	1.06%	0.25%	385.80	-7.13%	-17.51%
Namibia	Overall Index	1020.83	1033.56	1.25%	-1.32%	1,098.03	-5.87%	-19.00%
Nigeria	Nigeria All Share	29834.21	30011.89	0.60%	0.88%	34,657.15	-13.40%	-20.78%
Swaziland	All Share	312.38	312.38	0.00%	-2.52%	298.10	4.79%	-9.81%
Tanzania	TSI	4611.29	4590.50	-0.45%	-1.62%	4,527.61	1.39%	-20.02%
Tunisia	TunIndex	5545.87	5532.20	-0.25%	-1.29%	5,089.77	8.69%	3.03%
Zambia	LUSE All Share	5789.66	5775.19	-0.25%	-3.88%	6,160.66	-6.26%	-50.65%
Zimbabwe	Industrial Index	131.08	130.56	-0.40%	-0.40%	162.79	-19.80%	-19.80%
	Mining Index	23.68	23.49	-0.80%	-0.80%	71.71	-67.24%	-67.24%

CURRENCIES

	16-Oct-15	23-Oct-15	WTD %	YTD %
Currency	Close	Close	Change	Change
BWP	10.11	10.23	1.21	7.33
EGP	7.85	8.01	2.01	10.11
GHS	3.78	3.78	0.10	18.87
CFA	572.44	578.73	1.10	6.08
KES	101.46	100.35	-1.09	13.94
MWK	540.95	543.18	0.41	16.82
MUR	33.98	34.26	0.81	11.68
NAD	13.14	13.48	2.61	13.26
NGN	198.39	197.82	-0.29	9.62
SZL	13.14	13.48	2.59	13.26
TZS	2,131.09	2,156.38	1.19	25.29
TND	1.94	1.96	1.05	4.39
ZMW	11.62	12.06	3.77	83.06

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

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Egypt

Corporate News

No Corporate News This Week

Economic News

Egypt will delay its second international bond issuance, which was initially planned for November, the finance minister said on the sidelines of a conference on Monday. "After we announced our intention there was some turbulence following turbulence in the Chinese financial market that had a negative effect on liquidity in the global markets in general, especially on investors who intended to invest in growing markets," Finance Minister Hany Kadry Dimian said. "So we found that it is for the best to delay our issuance." *(Reuters)*

Egypt will need LE360 billion ($45.4 billion) in private sector investments in infrastructure projects in the 2015/2016 fiscal year, Minister of Investment Ashraf Salman said on Monday. To reach its target growth rate of 5 to 5.5 percent of GDP, Egypt will need a total of LE420 billion ($53 billion) in investments, of which the government can only provide LE60 billion, said Salman, speaking at the third annual PPP Investment Summit Egypt in Cairo. *(Egypt.com)*

The Egyptian central bank kept the pound steady at a dollar sale on Thursday, but the currency strengthened on the parallel market after the bank appointed a new governor the previous day. The central bank sold $37.8 million at a cut-off price of 7.9301 pounds per dollar, unchanged from Tuesday's dollar sale. But one trader on the parallel market said the dollar changed hands at 8.50 pounds to the dollar compared with 8.60 pounds on Tuesday. Egypt said on Wednesday that central bank governor Hesham Ramez will be replaced by senior banker Tarek Amer, in a move welcomed by traders who expect a new approach that could help ease the country's currency crisis. Egypt has sought to tame a once-thriving currency black market with measures such as a cap on dollar-denominated bank deposits. The central bank gave permission in January to trade dollars up to 0.10 pounds above or below the official rate, with currency exchange bureaux allowed to trade at 0.15 pounds above or below the official rate. The central bank had kept the pound at 7.5301 for five months until July, when it was allowed to slide to 7.6301. On July 5, the bank let it slip a further 0.10 pounds. Allowing the pound to weaken in a controlled way could boost exports and attract further investment, but it also raises Egypt's already large bill for imported fuel and food staples. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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Ghana

Corporate News

Ecobank says it is increasing investment in the agriculture sector, although many financial companies sideline the sector. Despite employing majority of the country's workforce, many banks and financial institutions hold that lending to the sector is risky. Ecobank's Head of Small and Medium Enterprises Department Abdulai Abdul Rahman said the bank's engagement with farmers in the sector shows that the sector is not dangerous at all. Over the past year, Ecobank has given over $5 million dollars in credit to farmers within the maize, rice and soya value chain, Abdul Rahman revealed. He said loses incurred in lending to the farmers are much lower than other sectors. "This money [$5 million] has demonstrated to us that farming is not necessarily the risky business that people think it is", he said. He adds that sometimes the risks involved in lending to farmers is lower than to other sectors like commerce and construction. *(My Joyonline)*

Ghana Oil Company Limited (GOIL), the only indigenous downstream oil marketing company in the country has absorbed over GH¢0.638 per litre on Super and GH¢0.639 per litre on Diesel since the inception of the deregulation regime in June. Prices of petroleum products at GOIL's filling stations across the country has again been reduced at the mid-October review period to GH¢2.838 per litre for Super and GH¢ 2.737 per litre for diesel, figures released at the latest price review by the GOIL Management to the Ghana News Agency in Accra indicates.
Mr Patrick Kwame Akpe Akorli, GOIL Managing Director, told the GNA in an interview that the decision to continue reducing prices of petroleum products since June 16 was to offer the motoring public some form of relief. "We continue to share our profit margin with the motoring public; we understand the current socio-economic challenges and as such the Board and management consider it a corporate social responsibility to create an enabling environment for all. "We also acknowledge that as a result of the energy crisis a lot more companies and individuals are depending largely on domestic and industrial generators…we are therefore being sensitive to Ghanaians who have a stake in GOIL," Mr Akorli stated. He said GOIL "will continue to put our customer's needs first and will continue doing so to keep the good energy flowing." He advised the motoring public to take advantage of GOIL's prices and patronize its products. GOIL in May 2012 outdoored a new brand logo and launched its new re-branded image into the oil marketing industry in the country. The new logo centred around a "G" with wind vanes in various shades of orange rotating in an anti-clockwise fashion, seeks to present a dynamic action oriented company and with "GOIL," and "Good Energy" written below in grey. The rebranding was a reflection of GOIL's commitment to grow its business by being better positioned in the minds of all stakeholders including employees, consumers, regulators, investors and even competitors.

The GOIL Re-branding targeted between five to ten years for "GOIL to transform and control the oil industry in the country". GOIL was incorporated as a private limited liability company on June 14, 1960 as AGIP Ghana Company Limited. Its objective, was marketing petroleum products and related products particularly fuels, liquefied petroleum gas (LPG), lubricants, bitumen and other products in Ghana.
Its shareholders were AGIP SPA of Italy and SNAM S.P.A but on December 16th, 1968, SNAM S.P.A. transferred its 10 per cent shareholding, representing 95,000 shares to Hydrocarbons International Holdings of Zurich, Switzerland. The Government of Ghana in 1974 acquired the shares of AGIP SPA and Hydrocarbons International Holdings in AGIP Ghana Company Limited and by a special resolution in 1976 changed the name of the Company to Ghana Oil Company Limited. By a shareholders resolution passed on August 1, 2007 the Company adopted new regulations and was converted into a public Company. GOIL has the largest retail network across the country with numerous consumer outlets doted throughout the country, in addition, there are a number of other retail outlets established to market premix fuel and kerosene to rural areas. LP Gas filling plants have also been installed at some of the filling and service stations and at other locations in the country. GOIL's philosophy is to continuously improve and provide varieties in terms of its products and service delivery through product differentiation in the region of fuel oils it is about combining best breeds of additives with the normal fuel oil.

Meanwhile, GOIL has acknowledged the contribution of Mr Kojo Bonsu, the Chief Executive of the Kumasi Metropolitan Assembly (KMA), for being the brain behind the re-branding exercise the company undertook four years ago. The re-branding exercise has propelled GOIL to the number one position in retailing among OMCs in Ghana. In a citation signed by Mr Akorli, GOIL recalled that Mr Bonsu was appointed a board member of the company in July 2009, and served in that capacity till April 2015, and as acting Managing Director in 2011, during which periods colossal decisions to transform GOIL were taken. "You were the key advocate on the board when the monumental decision to rebrand GOIL was taken – the results of which have seen GOIL being propelled to the number one position (retail) among oil marketing companies in Ghana. "During your time on the board, you also served as the acting Managing Director from July 2011 to February 2012. Among your key achievements then was the launch by GOIL of the "Super Taxi" and "Power Trotro" range of GOIL lubricants. "For the above reasons, and generally for the part you played as a board member in the GOIL story, we honour you with this citation as a testimony of a job well done, and to say "Ye Da Woase," Thank you, Mr Kojo Bonsu," the citation concluded. *(Ghana Web)*

Economic News

Fitch Ratings has assigned Ghana's USD1bn partially guaranteed notes a final 'BB-' rating. The bonds benefit from a partial credit guarantee (PCG) provided by the International Development Association (IDA) for scheduled debt service payments of up to 40% of the original principal. While the IDA PCG can be used to cover debt service payments, reducing the bonds' potential for default, Fitch believes the primary benefit of the guarantee is to increase the possible recovery in the event of issuer default. Fitch believes the PCG-protected issue will have a higher likelihood of recovery than other unsecured bonds of Ghana. Consequently, we conducted the analysis using our Criteria for Evaluating Third-Party Partial Credit Guarantees, which focus on potential recovery levels. The analysis of Ghana's ability to meet its contractual obligations in a timely manner is the starting point of the rating analysis of the PCG instrument. Ghana's Long-term foreign and local currency Issuer Default Ratings are 'B' with Negative Outlooks The PCG provides enhanced recovery to the guaranteed bond relative to other unsecured creditors. When considering the structure and the fact that the guarantee cannot be accelerated, Fitch expects the total recovery on the PCG notes to be at the upper end of the 'RR3' category (51%-70% recovery), above the normal unsecured recovery rate band 'RR4' of 31%-50%, which is typically assumed for Fitch-rated entities. The PCG is structured so that it ensures timely payments of scheduled debt service as it can be drawn to meet timely scheduled payments until fully drawn. This offers some additional liquidity and potential credit benefit to bondholders. However, the PCG notes have a cross-default clause in the event of a default of other sovereign debt, which could trigger a cross default that would allow bondholders to accelerate the notes, rendering the PCG insufficient to make the accelerated payment. The PCG's impact on the notes' rating depends on the credit quality of the guarantor and the relationship of the guarantor to the underlying obligor.

Fitch believes the credit quality of IDA is consistent with other World Bank Group members. Furthermore, Fitch believes IDA is a preferred creditor to Ghana and its participation provides additional credit support to the transaction. The notes form part of Ghana's budget financing and debt management strategy for 2015, and are being used solely for refinancing existing debt. As part of its programme for Ghana, IDA is making available a PCG of up to USD400m, which is intended to support Ghana's external debt financings. Recovery proceeds will be dependent upon the sovereign default scenario, IDA's overall role within the workout process, the use of subrogation rights and the ultimate recovery levels received by unsecured creditors. Fitch ran various scenarios assuming the receipt of the USD USD400m PCG would be received over the first four years of the bond and these scenarios resulted in estimated recovery proceeds being at the upper end of the 51%-70% recovery band. This 51%-70% result assumes the unsecured recovery rate is at lower end of the band 'RR4' of 31%-50%. Pursuant to Fitch's criteria, this recovery rate would allow for a one-notch rating uplift from Ghana's IDR. A higher recovery band of 'RR2' could be consistent with a two-notch rating uplift. The PCG is structured in a way to meet timely payments of scheduled debt service in most circumstances. The PCG can be drawn to meet timely scheduled payments until fully drawn. While this feature might prevent the PCG bond from defaulting on its scheduled debt service payments, Ghana could be in default on other bonds which might trigger a cross default. This cross default could allow bondholders to accelerate the note and in these circumstances timely debt service would not be met as the guarantee cannot be accelerated and would not be sufficient to meet these payments. Nevertheless, it is uncertain whether bondholders would have an incentive to accelerate the notes.

Fitch believes the credit quality of IDA is consistent with other World Bank Group members. IDA is a supranational institution based in Washington DC; it is one of the four financial institutions of the World Bank Group, together with International Bank for Reconstruction and

Development (rated AAA), International Finance Corporation, and Multilateral Investment Guarantee Agency. IDA capital is owned by its 173 member states. The three largest shareholders - the US, the UK and Japan - together own 25% of capital. IDA's mission is to distribute concessional loans, grants and, to a lesser extent, guarantees, to poor countries; only member state can benefit from IDA financing. IDA enjoys a de facto preferred creditor status meaning the sovereign may place priority on debt repayments to multilateral institutions during times of financial distress. An IMF programme in place is intended to provide financing, policy direction and monitoring and address Ghana's key credit weakness through prioritising fiscal consolidation, raising revenue and improving the central bank's credibility. Fiscal consolidation efforts in 1H15 remain on track. Fitch forecasts a fiscal deficit of 7.8% of GDP in 2015, slightly higher than the authorities' figures of 7.3%. However, a high degree of uncertainty remains ahead of parliamentary and presidential elections due by late 2016, which may see spending pressures re-emerge and fiscal consolidation go off track. Ghana's interest burden is highest of Fitch-rated sub-Saharan African sovereigns. Ghana's external position is vulnerable and its growth prospects have been undermined by its fiscal and external imbalances, the country's key rating weaknesses. The notes' rating is sensitive to Ghana's sovereign rating. A change in Fitch's assessment of Ghana's credit quality would result in a change in the notes' rating. *(Ghana Web)*

Ghana's debt will escalate further on Thursday, October 22, 2015 because the Bank of Ghana (BoG) on behalf of government will issue a three-year fixed rate bond to the tune of GHC1.5 billion. The instrument which is opened to both local and over-seas investors will be issued at par. Information posted on the website of BoG said the bond would be redeemed by the issuer on October 25, 2018. According to the Central Bank, the instrument will bear a coupon rate equal to the highest competitive bid accepted at the auction for the security. The coupon rate will subsequently be carried out throughout the term of the security. The minimum bid however will be ?50,000 and mul-tiples of GHC1,000 thereafter. The Finder gathered that the issuance of the debt instru-ment has become necessary because of the government's financial situation whilst some of the funds raised would be used to settle maturing debts and fund some capital proj-ects. Already, the International Monetary Fund has predicted that Ghana's public debt stock will hit 72 percent of GDP, about GHC83 billion by December 31, 2015. Government's borrowing spree also continued on the domestic market as it borrowed ?125.2 million in treas-ury notes alone from the domestic bond market between July 6 and September 14, 2015. Out of this, 79.6 million which was the biggest was issued on September 11, 2015 GHC32 million and ?5 million issued on July 24, 2015 and August 28, 2015 re-spectively followed suit. The yield for the 2-year notes was however 23 percent, higher than the previous 22.5 percent. *(Ghana Web)*

World Bank President Dr. Jim Yong Kim is confident measures being implemented by government to forestall the precipitous fall of the economy will yield success. But despite this optimism, Dr. Kim is warning that there will be some tough times ahead for the country before economic stability is achieved. Speaking in an exclusive interview with Joy Business' George Wiafe during his recent visit to Ghana, Dr. Kim said robust economic reforms would have to be implemented by managers of the economy before headways in economic stability can be made. He said government's efforts at decreasing fiscal deficit, improve structural reforms and maintain spending on health and education are steps in the right direction. "But there are challenges, inflation still remain high," he observes. He said robust economic reforms would be the country's best bet to achieving economic stability by next year. "I think overall, what is really going to be important, is for Ghanaians to commit to increased productivity in all sectors of the economy, for example every single budget expenditure by the government should be examined," he adds.

He said government must also take a critical look at that the performance of the public sector and ask whether it is performing adequately, noting this "would be a hard question that Ghana would have to ask". "Another issue is skills. Do the people of Ghana have the skills and education required to take on the next state of economic growth?" he quizzed. He also urged the "young people of to think about the kinds of skills they need to compete in the global economy". Although some economists remain sceptical about the ability of the economy to recover anytime soon, Dr Kim said recovery is possible if managers of the economy and Ghanaians are committed to making that happen. He said the World Bank would always assist the country in moves towards economic recovery. The World Bank recently led Ghana to the bond market to raise a 15-year loan that the bank maintains is low cost, although some analysts believe is high. Analysts say the $108 million dollars Ghana will be paying every year on the $1 billion dollar bond is too high. The almost 11% interest that the country would be paying on the bond has caused analysts to question the relevance of the support from the World Bank through a credit guarantee. However, Dr.

Kim thinks otherwise. He insists the 15-year bond is a tactical approach to unshackle the country from rising debts. *(My Joyonline)*

The African Development Bank (AfDB) is working to advance some additional funds to support on-going infrastructure projects and the agricultural sector in the coming months. President of AfDB, Akinwuni Adesina, says the move is part of its efforts to help the government overcome some of the financial challenges facing the country. "Hopefully once that (facility) is approved by the AfDB board, it is going to allow [government] to cope with some of the fiscal imbalance" that government is facing, said AfDB President, Mr. Adesina. The regional multilateral development bank is also investing in the energy, agriculture, water, health and sanitation. The Bank has already released some $120 million to upgrade the Kotoka International Airport. The agric component of the yet-to-be-advanced $100 million dollar facility would focus on boosing agriculture in the northern part of the country, Mr. Adesina revealed. "The reason for northern Ghana is that the poverty in northern Ghana is extreme," he said. Over 80% of people in the Upper West and Upper East for instance live on less than a $1 (about GHC4.000) a day. *(My Joyonline)*

The Bank of Ghana said it paid a 24.5 percent yield on a 3-year fixed rate bond on Thursday, up from 23.47 percent paid on a similar bond in May. International investors took up 84.09 percent of the bond and the bank said it accepted 994.9 million cedis ($262.5 million) in bids for the bond out of 1.35 billion cedis ($399 million) tendered. "The result shows that there is international interest in cedi-denominated debt after the Eurobond but the yield shows investors are wary of the currency risk," Sampson Akligoh, managing director of InvestCorp investment bank in Accra, told Reuters. The government launched a $1 billion Eurobond at a 10.75 percent coupon rate on Oct. 7. It had initially targeted a $1.5 billion bond at 9.5 percent and a failure to achieve this has put pressure on the domestic debt market, economists said. Ghana's currency has fallen more than 50 percent in two years, one example of the fiscal crisis the West African state is attempting to tackle with the help of an International Monetary Fund aid programme. Ghana was one of Africa's strongest economies for years due to revenues from its exports of gold, cocoa and oil. But the government estimates growth at 3.5 percent this year because of lower global commodities crisis and fiscal problems. *(Reuters)*

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Kenya

Corporate News

Kenya's banking regulator missed possible "malpractice" at Imperial Bank Ltd before it was taken over by a government agency, exposing larger problems in the sector, the central bank governor said on Wednesday. The central bank this month appointed the Kenya Deposit Insurance Corporation (KDIC) to manage Imperial Bank for 12 months after Imperial's board alerted it to "inappropriate banking practices that warranted immediate remedial action." *(Reuters)*

Uchumi Supermarkets said on Friday it planned to sell and lease back two properties in the Kenyan capital to help raise capital, the latest move in a turnaround plan. "The sale of the properties is driven primarily by Uchumi's need to dispose of non-revenue generating assets so as to raise inexpensive working capital," it said, citing a board decision. It also said that it had operations on the Ngong Road and Langata Road sites so the transaction would involve "sale and lease back." *(Reuters)*

Economic News

The Kenyan shilling strengthened on Monday, with the local currency supported by dollar inflows to be used for purchase of Kenya's high -yielding government debt. At 0715 GMT, commercial banks posted the shilling at 102.25/35 to the dollar, from Friday's close of 102.40/102.50. The currency, down about 14 percent against the dollar this year, was receiving support from inflows ahead of an Oct. 21 auction of an amortized one-year Treasury bond, and more broadly from its weekly Treasury bills auctions, said a trader at one Nairobi-based commercial bank. "We have seen dollar inflows from foreign buyers coming in for the bond," the trader said. "And, later in the week, as long as the T-bills continue to be this high, the shilling will continue to gain." In recent weeks traders have reported growing dollar inflows from foreign investors who have been attracted by interest rates on government Treasury bills of more than 20 percent, far above what Kenya usually pays for short-term debt. *(Reuters)*

The value of coffee sold at Kenya's auctions fell 18 percent to $142.5 million in the crop year to September, hit by lower volumes, the head of the Nairobi Coffee Exchange (NCE) said on Monday. The east African nation, whose high-quality beans are sought by roasters to blend with beans from other producers, exports much of its coffee through the exchange and the rest is sold by growers directly to foreign buyers. The NCE sold coffee worth $174.1 million in the 2013/14 season that runs between October and September. "Drought conditions early in the year affected crop especially in the central Kenya growing areas and that has reflected in the overall performance," Daniel Mbithi, the chief executive of the NCE told Reuters. Officials said 568,766 60-kg bags were sold during the period, down from 671,438 the previous year. The average price at the exchange also dropped to $205.02 per 50-kg bag from $212.70 the previous year. East African coffee is normally packed in 60-kg bags, but the prices are quoted for quantities of 50 kg. Coffee exports were at one time Kenya's leading foreign exchange earner but have slipped to under 50,000 tonnes in recent years from a record level of 130,000 tonnes in 1987/88. Many smallholder coffee farmers, disillusioned with poor earnings, switched to other crops or sold land for real estate in recent years. The area of coffee plantations in Kenya has fallen to 109,000 hectares from the average of 150,000 hectares in 1980s and 1990s, the regulator, the Coffee Directorate, has said.*(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

No Corporate News this week

Economic News

No Economic News This Week

Nigeria

Corporate News

Integrated energy firm, Forte Oil Plc has reported a profit after tax (PAT) of N4.284 billion for the nine months ended September 30, 2015. The result shows an increase of 6.6 per cent above the N4.0 billion recorded in the corresponding period of 2014. An analysis of the company's performance shows that Forte Oil ended the nine months with a revenue of N91.616 billion, down by 25 per cent from N122.55 billion in the corresponding period of 2014.Cost of sales went down by 28 per cent to N78.63 billion, compared with N109.283 billion in 2014. Gross profit stood at N12.969 billion, compared with N13.294 billion, while other income soared by 216 per cent from N842 million to N2.664 billion. Distribution expenses reduced by 11 per cent to N1.876 billion, from N2.122 billion, while administrative expenses jumped by 44 per cent from N5.66 billion to N8.18 billion. Consequently, Forte Oil ended the nine months with an operating profit of N5.58 billion, compared with N6.348 billion in 2014. However, a significant reduction in net finance cost which dipped by 74 per cent from N1.145 billion to N292 million enhanced the bottom-line of the company. As a result, profit after tax improved by 6.6 per cent from N4.0 billion to N4.284 billion in 2015. Analysts have said one of the factors affecting the performance of Forte Oil was high cost of finance. According to them, once the come gets funds at lower cost, its profitability be enhanced going forward.

That was why the recent equity capital injection of $200 million by Mercuria Energy was seen as a very positive development for the company. Mercuria Energy invested $200 million in the company to get 17 per cent stake in Forte Oil. According to the company, through the $200 million, it has secured additional working capital to continue its meteoric growth and dominance in the downstream sector, upstream services, power generation and upstream exploration in its bid to becoming Nigeria's premier integrated energy solutions provider. "Mercuria is joining forces with Forte Oil at an auspicious time when equitable funding and expertise is needed to expand and intensify its market penetration to give the company the leverage to further create a positive impact for all shareholders. This is another step towards projecting Forte Oil Plc as the investment of choice as reflected in our mission statement," the company explained. Forte Oil had added that the investment is geared towards improving the group's working capital and would be used for the expansion of the downstream and power generation businesses in Nigeria as well as positioning itself for future opportunities in the Nigeria oil and gas sector. *(This Day)*

Ecobank Nigeria has secured a $75 million Syndicated Subordinated Term Facility through the engagement of Nederlandse Financierings-Maatschappij voor Ontwikklelingslanden N.V. (FMO Entrepreneurial Development Bank) based in Holland. It also secured a $50 million trade financing line facility from Africa's foremost trade institution- African Export-Import Bank (Afrexim Bank). Under the arrangement, the FMO Entrepreneurial Development Bank facility is for a tenor of seven years while that of Afrexim Bank is a short term. Ecobank Nigeria's Managing Director, Jibril Aku, who expressed delight over the transactions, said: "These transactions will broaden and strengthen Ecobank Nigeria's base as a lending bank. We are particularly encouraged by the response of the international markets, as it reflects confidence in our long-term growth plans." He added that the facilities would further increase the bank's dollar liquidity, trade finance lines and also enhance its competitiveness. "We got these facilities at attractive rates. This no doubt will further increase our competitiveness in the financial space and also deepen our trade financing activities both regionally and locally," he said. Aku noted that the readiness of the two renowned international multi-lateral financial institutions to do business with Ecobank further attest to the respect the bank commands globally. FMO is the Dutch development bank. It supports sustainable private sector growth in developing and emerging markets by investing in ambitious companies. The financial institution believes a strong private sector leads to economic and social development, empowering people to employ their skills and improve their quality of life. It focusses on four sectors: financial institutions, energy, agribusiness, food and water. The African Export-Import Bank (Afreximbank) is a multilateral financial Institution established in 1993 by African governments, African private and institutional investors as well as non-African financial institutions and private investors for the purposes of financing and promoting intra and extra African trade. *(Guardian News)*

Operators in the nation's capital market have lamented the plan by Barclays Bank to delist the Federal Government's bond from its

index, attributing the development to volatile foreign exchange and macro-economic concerns in the country. The operators were worried over the recent reports that Barclays Bank will consult with its index users on whether Nigeria's sovereign debt should remain in its emerging market local currency government bond benchmark. The index provider had said it would drop Nigeria from its index, citing same lack of liquidity and currency restrictions and coming on the heels of the pronouncement by JP Morgan to delist Nigerian bond from its index. Already, Barclays has listed Nigeria's eligibility for inclusion in the Emerging Market Local Currency Government Index among the primary topics to be considered in its yearly review process, according to a statement, though without additional details. However, the operators have urged the government to take more proactive fiscal measures to restore confidence in the nation's economy, stressing the need for it to work out modalities that would help to forestall further occurrence. Specifically, a stockbroker with Meristem Securities, Baba Ibrahim, said: "I think we should go back to drawing board. All these issues we are talking about have to do with discussion. We need to work out short to medium term framework within which we think we all can get down those hurdles and there will be a win-win situation for every body. "We are actually connected to the global market and you must have a window through which your bond is gauged. If you don't do that, how do we pass on information to foreign investors who are actually interested in our bonds? It is important we have subscribed to the index- JPMorgan and Barclays. "What has happened is that in the past four to six months, we have not had economic team that would intercede and get this bond issue well trashed out but soon, we would see some levels of discussions playing underground.

"Nigerian economy is too robust. We still have foreign reserve that covers as much as four months import. With the new directive, we need to step down importation and conserve more foreign exchange. There is nothing to worry about. We need to sit down and have discussions with them to see areas we can reach a common grounds and move on with it," he said. Ibrahim, who described the plans as "not unexpected", given that most of these rating agencies have their parameters, added that there was need to adhere strictly to these parameters, as non compliance attracts various sanctions. The Managing Director/CEO of Highcap Securities Limited, David Adonri, said it was not unexpected that Barclays wants to remove Nigeria from its index. "It is an international bank that uses international rules and parameters to analyse. It is not unusual that they will arrive at a similar conclusion. So, the effect may not materially change the situation now if they are doing the same thing JPMorgan did, which the market has already reacted to. "It is because the fiscal authorities is still asleep, that is why investors are still habouring negative sentiments to the market and economy. When the authorities wake up from their slumber, and start taking appropriate fiscal measures, coupled with what the monetary authority has done, confidence will be reassured in the economy and market and we may have more demand for financial instrument going forward," he said.

Another stockbroker, Samuel Olayemi, said: "The issue has been over-flogged. We have been trading in this country in the past years without JPMorgan. Their existence has not made any difference as far as I am concerned. "They will bring their clients and they will come and maneuver price movement and at the end of the day, when they want, they dispose of everything and go away. Unfortunately the system in the country does not make them to pay tax on capital appreciation. "So if they want to delist us from the index, let them go ahead and do it. The market will still stabilise and when it does, we can move forward. Their coming has brought about some disruptions in the market and it is good they go," he said. *(Guardian News)*

Economic News

To **increase the depth of the Nigerian capital market and unlock its potential, it is important for the market to attract more of the over $2tn assets under management in the Islamic financing industry, the Securities and Exchange Commission has said.** The Director-General of the commission, Mr. Mounir Gwarzo, said this in Kano on Monday at a regional roundtable on non-interest capital market organised by SEC, a statement by the commission said. At the event, which had the theme, 'Financing development through Islamic capital market – A viable alternative', Gwarzo was quoted as saying that the commission was keen to increase financial inclusion and market depth by deepening the non-interest capital market space. By growing non-interest financing, he said millions of Nigerians and people of faith would be able to invest their savings ethically. The SEC DG, who said investors worldwide were increasingly allocating their resources to Islamic finance products, disclosed that by the end of 2014, total assets under management in the global Islamic finance industry surpassed $2tn.

He explained that although most people identify the capital market as an important source of medium-to-long term capital, t the capital market also had enormous potential to serve as a catalyst for financial inclusion.

Consequently, he stressed that going forward the SEC would focus on massive public enlightenment and stronger capacity-building initiatives. He said, "Our focus for this roundtable is on Sukuk, one of the most important components of the Islamic financial system. The global sukuk market continues to witness remarkable growth since the 2008 global financial crisis as annual issuances have grown from $15bn in 2008 to almost $120bn in 2014." Gwarzo told stakeholders at the event that Malaysia, Saudi Arabia, UAE, Kuwait and Qatar, respectively, were the top five largest Islamic finance markets in the world as they account for the highest sukuk issuances and contribute more than half of the total assets under management in the industry, He, however, argued that with Nigeria's population more than that of all five countries put together, the country should be a major market in terms of global Islamic finance. He said, "With over 80 million Muslims, Nigeria is home to far more Muslims than all the five countries put together. Additionally, Nigeria has a larger economy than them, with the exception of Saudi Arabia. There is, therefore, no reason why Nigeria should not be a major global Islamic finance market."

The SEC DG explained that the commission had in 2013 set up an industry-wide committee of experts to develop a blueprint for the growth and development of Nigeria's non-interest capital market. According to him, the recommendations of the experts have been incorporated in the 10-year Capital Market Master Plan, which is currently being implemented by the SEC. "The master plan sets a strategic direction for the non-interest capital market in Nigeria to attain at least 25 per cent of the total market capitalisation," he said. The Governor of Kano State, Dr. Abdullahi Ganduje, commended the efforts of the commission in the area of promoting depth in non-interest capital market. He said Kano State would be glad to be associated with the current development by the SEC, stressing that the state would like to be seen as a base of Islamic banking and finance for financial market development. Also, the Emir of Kano, Muhammad Sanusi II, revealed that when he was the governor of the Central Bank of Nigeria, structures had been put in place for the non-interest banking system in the banking industry. *(Punch)*

Global rating agency, Fitch Ratings, said in a new report on Monday that the Nigerian insurance industry would continue to expand, despite recent economic headwinds and significant structural challenges. The industry has experienced declining growth rates in recent years, albeit from a high base. However, a number of leading insurers have maintained strong premium and balance sheet growth over the past three years. According to the Fitch report, favourable factors supporting the long-term development of the industry include robust demographic fundamentals, investor interest and low insurance penetration. The report said, "Fitch agency expects recent naira weakness to present an opportunity for foreign investors by providing an affordable entry point, while the difficult operating environment may incentivise small under-capitalised insurers to consider a sale." Last year, Fitch said it believed the Nigerian insurance market was ripe for further consolidation as insurers sought to increase scale and investor interest developed. Fitch expected foreign investors seeking an entry point to the market to continue to do so through acquisition of existing insurers or partnership with local banks. It said due diligence would remain a challenge to the acquisition of existing insurers, despite improvements in corporate governance.
The rating agency believes that consolidation in the industry, combined with technological improvements in administration and distribution, could lead to a reduction in operational costs. It said insurers that succeeded in reducing costs could rapidly gain market share by passing on most of the benefits to consumers. The report said, "The insurance industry is poised to benefit from continued significant economic growth and favourable demographic factors in Nigeria. "Moreover, insurance coverage is currently low with a weak insurance culture among consumers and market growth could be stimulated by improved consumer awareness and enforcement of minimum compulsory insurance cover as required by law."*(Punch)*

SECURITIES and Exchange Commission (SEC) has put in place measures to expand the depth of the nation's capital market and promote financial inclusion in the country. This was disclosed by the Director General of the Commission, Mounir Gwarzo at a high level regional roundtable on non-interest capital market, last week in Kano. It was organised by the commission with the theme "Financing Development through Islamic Capital Market – A Viable Alternative. " Gwarzo said: "Our role is to boost non-interest capital market product innovation so that the segment can be at least a quarter (25%) of the overall market capitalisation. "We intend to build a strong regulatory regime for non-interest products, encourage stakeholders in the non-interest capital market and ensure the emergence of Nigeria as a prominent non-interest capital market hub, both at the regional level and globally. " He added: "To harness this potential, proper planning is imperative. That is why at the SEC we set up an industry wide committee of experts last year to produce a 10-year master plan and we are confident that our own master plan objectives will be achieved as well as over the nect decade. " The Governor of Kano State, Dr. Abdullahi Umar Ganduje commended the efforts of the commission in the area of promoting depth in non-interest capital market.

He assured that Kano State would be glad to be associated with the current development by the commission, stressing that; Kano would like to be seen as a base of Islamic banking and finance for financial market development. The Emir of Kano, Muhammad Sanusi II, revealed that when he was the Governor of Central Bank of Nigeria, they were able to put some solid structures for non-interest banking system in the banking industry. Sanusi said they did their best to ensure effective safety of the institutions in place, with the intent of having sound footing for the emerging economies. He therefore called on the policy makers to realise and appreciate the role of non-interest capital market in bridging the gap in the nation's financial institutions. *(Guardian)*

THE oil and gas sector contributed N1.782 trillion to Nigeria's Gross Domestic Product, GDP, in the Second Quarter, Q2 2015, according to the National Bureau of Statistics, NBS. Giving a breakdown of the oil and gas sector's contribution, the NBS Nigerian GDP Report for Quarter Two 2015, said the Crude Petroleum and Natural Gas sub-sector in the Mining and Quarrying sector accounted for N1.746 trillion of the country's GDP during the period. Also, the Oil Refining sub-sector, under the manufacturing sector accounted for N35.24 billion, just as This is compared to the N1.39 trillion and N41.5 billion contributed by the crude petroleum and natural gas sub-sector, and the oil refining sub-sector, respectively, in Q1 2015. In general, the NBS said Nigeria's GDP grew by 2.35 per cent, year-on-year, in real terms lower by 1.61 per cent points from growth recorded in the preceding quarter, and also lower by 4.19 per cent points from growth recorded in the corresponding quarter of 2014. But quarter on quarter real GDP increased by 2.57 per cent. "During the quarter, aggregate GDP stood at N22.859 trillion, in nominal terms, at basic prices. Compared to the Second Quarter 2014 value of N21.735 trillion, nominal GDP was 5.17 per cent higher. Nominal GDP growth was also higher relative to growth recorded in first quarter of 2015 by 0.85 per cent points," the NBS report said. The NBS further said that oil production in Q2 2015 stood at 2.05 million barrels per day (mbpd), dropping 5.9 per cent from Q1 levels. It also disclosed that oil production was lower, relative to the corresponding quarter in 2014 by 7.3 per cent when output was recorded at 2.21 mbpd. It said: "As a result, real growth of the oil sector slowed by 6.79 per cent (year-on-year) in the second quarter of 2015. This represents a decline relative to growth recorded in the second quarter of 2014 (5.14 per cent). "Growth was however relatively better by 1.35 per cent points relative to growth in the first quarter of 2015. Quarter-on-Quarter, growth also slowed by 3.82 per cent."

The NBS further said that as a share of the economy, the oil sector represented 9.80 per cent of total real GDP, down from the share recorded in the corresponding period of 2014, and Q1 2015 by 0.96 per cent points and 0.65 per cent points respectively. The NBS said: "The Mining and Quarrying sector comprises four main activities, which include Crude Petroleum and Natural Gas, Coal Mining, Metal ore and Quarrying and other Minerals. On a nominal basis, the sector slowed in the Second quarter of 2015 growing by 33.30 per cent (year on year) during the quarter. "This was substantially below growth recorded in the corresponding quarter of 2014 where growth was recorded at 13.23 per cent. Growth was however an improvement relative to Q1 of 2015 (- 46.20%). "Growth was driven by developments in Crude Oil and Natural Gas which slowed by -33.68 per cent. The sector contributed 7.75 per cent to overall GDP during Q2 of 2015, lower than the share recorded in Q2 of 2014 (12.22 %), yet higher than its share in Q1 of 2015 (6.74 %)." *(Van Guard)*

Nigeria plans to increase electricity rates by as much as 40 percent for some customers next month as a fall in the value of the naira and rising costs hinder efforts to end daily blackouts in Africa's largest economy. "We are working on the numbers and going through the processes,'' Sam Amadi, chairman of the Nigerian Electricity Regulatory Commission, said in a phone interview late Wednesday from the capital, Abuja. Some bills will increase 5 percent while others will see prices raised as much as 40 percent depending on the power provider and class of customer, he said. The change in rates will take place by mid-November. Nigeria dismantled its power monopoly and sold 15 state generation and distribution companies in 2013 to private investors in an attempt to end the crippling electricity shortages. Generated output has never risen above 5,000 megawatts, which is about a third of peak demand, while the state-owned transmission system can't deliver any more than that before it starts breaking down. Efforts to boost power supply have been hampered by factors including gas supply, foreign exchange and inflation, that have increased the cost of energy and infrastructure for the power companies, Amadi said. "The law provides for periodic price review when the cost profile changes." A slump in crude prices in the past year has put pressure on the naira, forcing the Central Bank of Nigeria, which bailed out the power companies last year, to twice devalue the currency since November. The inflation rate climbed to the highest in more than two years in September to 9.4 percent. The government-set rates have hampered the distribution companies from paying their bills to the power plants. Just before elections in March, the regulator banned them from charging consumers for losses caused by billing mistakes, effectively cutting the tariff by more than half in some areas. This caused most of the distribution utilities to declare force majeure, saying they couldn't pay for their power supply. In June, NERC said it will approve higher prices for natural-gas supply to spur deliveries to power plants. "If the electricity distribution companies have a good tariff they can pay for gas and they are happy to make more investments," Amadi said. The average electricity tariff for some of the companies is in the region of 27 naira per kilowatt-hour, he said.*(Bloomberg)*

Nigeria raised 138.17 billion naira in Treasury bills at lower yields from its last auction after it received almost three-times the level of subscription for the notes, auction results showed on Thursday. Total bids for the bills stood at 401.91 billion naira, the results showed. Nigeria's interbank market has been awash with liquidity in the past week. The central bank has been pumping in cash to stimulate lending and stave off a recession in Africa's biggest economy after second quarter growth slowed owing to a persistent drop in oil prices and currency controls. Auction results showed investors had demanded as high as 12.50 percent to hold the 3-month paper, 13.50 percent for the 6-month note and 15.2 percent for the one-year bill. But the bank paid 10.82 percent for the one-year note to raise 66.39 billion naira, compared with 12.50 percent at its previous auction. The three-month paper was sold at a yield of 8.49 percent, down from 10 percent at the last auction, to raise 36.79 billion naira, while it auctioned 35 billion naira of six-month bills at 10.15 percent compared with 12.20 percent previously. Traders said local investors continued to book profits from their bond positions on Thursday as liquidity was shrinking, lifting yields for the 5-year maturity up by 20 basis points on the secondary market. *(Reuters)*

Tanzania

Corporate News

SABMILLER'S 104.2 billion US dollars takeover bid by the world's largest brewer Anheuser- Busch InBev NV, Belgium is seen as positive initiative that could drive up Tanzania Breweries Limited (TBL) shares at the Dar es Salaam Stock Exchange (DSE). Anheuser-Busch InBev is a multinational beverage and brewing company headquartered in Leuven, Belgium. It is the world's largest brewer and has 25 percent global market share. It has primary listing on the Euronext Brussels stock exchange and is a constituent of the BEL20 index. It has secondary listing on the New York Stock Exchange (NYSE). SABMiller Africa BV which is incorporated in the Netherlands is the majority shareholder at TBL owning 57.54 per cent of the company's issued shares which are 294, 928, 46. The ultimate parent Company is SABMiller plc, incorporated in the United Kingdom. Zan Securities Limited Chief Executive Officer Mr Raphael Masumbuko, said the takeover bid of SABMiller will impact positively on TBL share trading implying more rewards to shareholders. It will enhance investors' confidence on the company. "There have been inquiries from some investors on the SABMiller takeover deal and how would it benefit them in terms of increased share value," he said adding that some few investors expressed worries if the deal would have any benefit. TBL is the oldest brewing company in Tanzania and continues to maintain its position as the largest brewer in the country with 76 per cent market share. It operates in Dar es Salaam, Mwanza, Arusha and Mbeya, as well as a malting plant in Moshi. TBL's most popular clear beer brands include Safari Lager, Kilimanjaro Premium Lager, Ndovu Special Malt, and Castle Lager. *(Daily News)*

DAR ES SALAAM Stock Exchange (DSE) has no plans to suspend trading of Kenya's Uchumi Supermarkets at the bourse after the firm closes its operations in Tanzania. The Kenya-based supermarket a week ago closed operations of its five outlets in Tanzania saying they were making losses for the last five years. The DSE Chief Executive Officer, Mr. Moremi Marwa, said decision not to strike off Uchumi from trading is based on the fact that the firm listed on the Nairobi Stock Exchange (NSE) cross-listed on DSE and Uganda Securities Exchange (USE). "We haven't listed five Uchumi supermarket outlets at Dar bourse rather we cross-listed Uchumi as Kenya registered firm. "The delisting may take effect only if we are advised to do so by NSE," Mr. Marwa told Daily News. The CEO said Uchumi wrote a letter to notify them over the decision of closing its outlets in Tanzania and Uganda but that does not change their DSE status. Mr. Marwa said Uchumi said the decision to close its operation in Dar es Salaam as a strategy to eliminate further loss making outlets while turning around the firm from the red. "I think it's a good long-term strategy to recoup from loss making, but for short-term it has effects on share price," he said.

The Uchumi share price started to take the toll of the closure of its outlets in Tanzania and Uganda after plummeted heavily in the last 10 days. The share listed as USL on DSE plummeted by almost 10 per cent in the last 10 days to 190/-, and the future is gloomy. Uchumi cross-listed 265,426,614 shares last August. According to reports from Kenya, all Uchumi stores in Tanzania and Uganda would be wound down and it would consider re-entering the two markets in future once the Kenyan operations stabilised. The supermarkets chain experienced serious difficulties over the last few years which followed the suspension of its three top executives in June. Its Tanzania business incurred a net loss of 2.215bn/- for the year ended last June, which was slighter less than the loss of 2.706bn/- reported same period 2013. "Uchumi has been providing approximately Ksh 200 million (Tsh 4billion) every month to Tanzania and Uganda to enable the two entities meet their financial obligation," Uchumi said in statement published in some Kenyan newspapers. Before the closures in Tanzania and Uganda, plus two outlets in Kenya, Uchumi had a total of 37 branches. It made a pretax loss of 2.54 million US dollars for the half year to December 2014 and in August its full-year earnings were expected to fall by at least 25 percent from the previous year. Uchumi went into receivership in June 2006 with debts of Ksh 2.2 billion (Tsh 44bn). The receivership ended on March 2010, after most of the company's debts were cleared and others converted into shares. The company was delisted but resumed trading on the NSE on May 31, 2011. *(Daily News)*

Economic News

SHILLING depreciation and unstable power supply are to blame for slowing down of manufacturing sector growth in this year's second

quarter. The sector contribution to GDP decelerated to 6.9 per cent in the Q2 of this year compared to 10.1 per cent of similar period last year. The shilling depreciated by over 20 per cent in the first half of the year, following high demand amid low supply US dollar. The erratic power supply which were noticed from June this year lowered industrial output thus its contribution to the economy. The Confederation of Tanzania Industries (CTI), Director for Policy and Research, Mr Hussein Kamote said yesterday that shilling remained a key factor for the sector slow growth. "The shilling depreciation increases manufacturing costs as most of our industries import intermediate inputs and spare parts," Mr Kamote told the 'Daily News' in an interview. To reverse shilling depreciation trend, BoT then, introduced tight monetary stance involving cutting commercial banks' net open position to 5.5 per cent from 7.5 per cent of liabilities, increase banks statutory reserve requirement from the current 8.0 per cent to 10 per cent of total deposits. CTI Director said manufacturers also are facing another challenge as some goods are entering the economy without paying import duties thus make them cheap compared to local products. "Unstable electrical supply also had its toll, but not so heavy compared to shilling," Mr Kamote said. "The sector contribution in this quarter (Q3) to GDP will be poor since power supply was rampant," he said. The sector, according to Mr Kamote is sensitive to erratic power supply since manufacturers incur a number of extra costs to maintain smooth output.

The 6.9 per cent growth was attributed to general increase in the production of industrial goods, noticeably from non-food industries such as textiles and apparel. Others are chemical products, furniture, rubber and plastic products. National Bureau of Statistics (NBS) reports for Q2 GDP contribution by sector shows that electricity and water increased by a growth rate of 5.3 per cent in the second quarter compared to 2.0 per cent in the corresponding quarter last year. "The reasons for electricity growth were attributed to an increase in electricity generated from hydro, thermal and gas plants," NBS said. The report shows that electricity generated in second quarter was 1,588.1 million Kwh compared to 1,489.0 million Kwh generated in the corresponding quarter in 2014. "Though, electricity supply has somewhat improved in recently days it is too late to correct the lost production time in this quarter (Q3)," Kamote said. *(Daily News)*

LENDING interest rates charged and offered by banks show mixed trend as former headed north while the later south, spreading apart by 7.06 per cent. The Bank of Tanzania (BoT) said on latest monthly economic review that lending rate climbed up by 0.3 percentage point to 16.11 at end August. On the contrary, according to BoT, the overall deposit rate declined to 9.05 per cent from 9.19 per cent. The data shows that the spread between lending and deposit rates rose to 7.06 per cent in August from 6.89 per cent gap of July. At the same time, the short-term lending rate-up to one year-increased slightly to 14.36 per cent from 14.31 per cent in July 2015. While the 12 months deposit rate remained at 10.50 per cent. As the result BoT said, "the spread between 12 months deposit rate and short-term lending rate (spread) to 3.86 percentage points from 3.81 percentage points". High lending interest rate scoffed off investors as it increases the cost of capital thus making a venture expensive. On the other hand low deposits rate signifying that either the liquid ratio is on the higher side or depositors have other venues for investments. In the corresponding month, the BoT purchased 327bn/- repurchase agreements (Repos) compared to 35bn/- of the same in July. "Reflecting an improvement in the liquidity situation in the market," BoT said adding "the repo rate declined significantly to 12.1 per cent from 22.43 per cent in July." Dar es Salaam Stock Exchange (DSE) reported on third quarter that its weighted average market Price Earnings (PE) ratio for domestic listed companies was 16.93 times as of end of September compared to the trailing PE ratio of 17.31 times during last quarter. *(Daily News)*

EARNINGS from tourism receipts, manufactured and traditional goods during August this year, contributed to improved export performance compared to the corresponding period 2014. The Bank of Tanzania (BoT) monthly economic review shows that the value of export of goods and services was 9,363.8 million US dollars in the month under review, an increase by 9.8 per cent from corresponding period in 2014. Service receipts increased by 10.3 per cent to 3,702.2 million US dollars from the receipts recorded in August mainly driven by an increase in receipts from travel which is mainly tourism related activities and transportation. The good performance of the two categories was explained by increased number of tourist arrivals and volume of transit goods, respectively. The outstanding performance of goods exports contributed largely to the narrowing of the current account balance by 16.6 per cent to a deficit of 4,347.2 million US dollars.
During this period, traditional exports were 858.4 million US dollars compared with 835.6 million US dollars in August due improvement in export value of coffee and cashew nuts. The good performance of cashew nut export was on account of volume and unit price while that of coffee export was attributed to improved unit price. Non-traditional exports increased by 11.1 per cent to 4,064.8 million US dollars from

the amount recorded in the year ending August 2014.

The share of export value of manufactured goods continued to increase, mainly supported by the growth in manufacturing activity, which has been growing at an average rate of 7.4 per cent in the last three years since 2012. However, the overall balance of payments recorded a deficit of 233.1 million US dollars compared to a surplus of 25 million US dollars in August on account of deterioration in capital and financial accounts that more than offset improvements in the current account. Gross official reserves amounted to 4,191.9 million US dollars in August sufficient to cover 4.0 months of projected imports of goods and services, excluding those financed by foreign direct investment. Meanwhile, gross foreign assets of banks stood at 1,199.9 million US dollars. *(Daily News)*

Tanzania's current account deficit shrank by 16.6 percent in the year to August, helped by lower oil prices and stronger tourism and manufacturing income, its central bank said on Thursday. The gap narrowed to $4.34 billion in the 12 months to August from $5.21 billion in the same period last year, as exports grew and imports shrank, the Bank of Tanzania said in its latest monthly economic report. Earnings from tourism, the east African country's main foreign exchange source, rose to $2.21 billion from $1.96 billion previously due to more visitor arrivals. Gold exports, the other main generator of foreign income, fell to $1.29 billion from $1.39 billion a year ago, reflecting lower export volumes and global prices. Tanzania, with a population of over 47 million, is Africa's fourth-largest gold producer after South Africa, Ghana and Mali. Export earnings from manufactured goods rose to $1.31 billion in the year to August from $1.16 billion previously. Imports of goods and services fell 1.9 percent to $13.47 billion, while exports rose by 9.8 percent to $9.36 billion. Both the volume and value of oil imports fell, helped by lower global crude prices. Oil imports fell to $3.09 billion in the year to August, a 23.4 percent decline. Traditional exports led by tobacco, cashew nuts and coffee rose to $858.4 million from $835.6 million a year ago. Gross official foreign exchange reserves held by the central bank in the year to August amounted to $4.19 billion, or about four months of import cover, the central bank said. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zambia

Corporate News

KAGEM Mining Limited, the world's single largest emerald-producing mine has paid out US$14 million to its shareholders in dividends this year. The Lufwanyama-based mining company has paid the dividends to the Industrial Development Corporation (IDC), which owns 25 percent of the company on behalf of Government, and Gemfields, which owns the remaining 75 percent. The dividends for the year ending June 30, 2015 are the third paid to shareholders by Kagem and bringing to US$30 million the total dividends declared in the last three years. According to a statement released yesterday, these dividends are in addition to the over US$43.7 million generated by the company in corporate taxes and mineral royalties in the last three years. Kagem chief executive officer Ian Harebottle said the development signifies that the company is now profitable as it is able to pay dividends, which is good news for Government and the economy. Mr Harebottle said this demonstrates the achievements when national resources and world-class private sector expertise join forces to create a flagship global business. "Our three consecutive years of dividends, supported by the considerable increase in jobs and skills that have been created at the mine, show that the benefits of collaboration can be shared by all parties and in an equitable manner," he said. He said global appreciation and demand for coloured gemstone continues to increase at a steady pace, largely supported by Gemfields global marketing efforts. Since Gemfields took over operation of the mine in 2008, it has invested US$60 million in turning around Kagem from its long history as a loss-making mine to one where it has been able to increase achievable prices on the global markets and contributing over US$360 million in taxes. *(Daily Mail)*

Economic News

Zambia's government will intervene in the market to protect consumers after traders hiked maize meal prices following a sharp slide in the kwacha currency, President Edgar Lungu said late on Thursday. Traders in Lusaka have hiked the price of a 25 kg bag of maize meal, the country's main staple food, to 80 kwacha ($6.87) from 65 kwacha after the Millers Association of Zambia said last week its members would raise their prices by 10 to 15 kwacha per 25 kg bag due to high input costs. The kwacha went into freefall in September, driving up import costs, as a global slide in commodity prices sent the price of Zambia's huge copper exports to a one-month low. But Lungu said in an address to farmers that maize price increases were not justified because their production costs had not risen. "Let me assure the nation that the government will undertake measured interventions to protect the consumer from unjustified price hikes of essential commodities such as mealie meal," Lungu said, without specifying the measures. The announcement is likely to go down well with voters ahead of the next presidential and parliamentary elections, which must be held by September 2016. Lungu said cartels should not be allowed to influence prices in the market, while Zambia National Farmers' Union president Evelyn Nguleka said it was surprising that maize millers of different sizes, capacities and efficiencies had agreed on a uniform price hike. Allan Sakala, chairman of the Millers Association of Zambia, said that millers had not yet implemented the hike but that the price of maize meal would clearly have to rise after the price of maize, the main ingredient, rose to 110 kwacha per 50kg bag from 75 kwacha. "I don't think it needs a rocket scientist to understand that once the price of the major input goes up, prices have to rise," Sakala told Reuters. *(Reuters)*

Zambia's kwacha, which has fallen 50 percent this year against the dollar following a collapse in copper prices, fell 1 percent on Tuesday as a slowing Chinese economy dealt a fresh blow to commodity prices, hurting emerging currencies. By 0712 GMT, the currency of Africa's second-biggest copper producer had clawed back some lost ground, to stand 0.70 percent weaker at 12.05/dollar, according to Thomson Reuters' data. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

ZB Financial Holdings (ZBFH) is floating $5 million agro bills to finance the 2015/2016 agricultural season. The company's acting chief executive officer Shadowsight Chiganze told NewsDay that the paper has already been to pension funds and insurance companies. "We now have regulatory approval from the Insurance Pensions Commission to raise funding for the 2016 farming season through agro bills for $5 million. This will be a one-year paper with a coupon of 8%. The paper is secured by a property portfolio which is independently managed by Imara Fiduciary Services," Chiganze said. The financial services company has in the past floated agro bills at different intervals that were fully subscribed. The $5 million and $10 million agro bills were fully subscribed. Chiganze said the $5 million tranche has since matured and obligations to investors were fully settled out of repayments by farmers. "The economy has registered no significant improvements lately but the track record on ZBFH agro bill is expected to deliver the assurance on returns that the pension fund has always sought consequently. The success pattern on subscriptions is likely to be maintained," he said. The group posted a $4,1 million profit for the year ended June 2015 compared to a loss of $1,2 million in the same period last year, attributed to a raft of cost cutting measures. This is the first time in two years that the company has recorded a profit. The company embarked on space rationalisation and is consolidating business to reduce rentals. ZB Financial Holdings saved $7 million during the year-ended June 2015 through cost-cutting measures. The group also closed non-performing units such as ZB Asset Management, ZB Securities, the small custodial business and is now out-sourcing cleaning services. *(News Day)*

GOVERNMENT may soon assume State owned fixed telecoms operator, TelOne's legacy debts amounting to $360 million with Cabinet set to deliberate on the possibility of warehousing the liabilities. The debts were inherited after the unbundling of the then Postal and Telecommunications Corporation. PTC was unbundled into commercial entities; TelOne, NetOne and Zimpost in 2000. TelOne chairman Mr. Charles Shamu told journalists after the company's annual general meeting yesterday that deliberations over the debts will be taken to Cabinet, with a positive outcome expected. "The shareholder (Government) realises the weight that the debt has on the operating company, but obviously the shareholder on his own has to take the decision on what we have discussed in our AGM to Cabinet, and Cabinet could be sympathetic to our requests. Commitment by Government in this regard is expected to change the prospects of the company once effected," said Mr. Shamu. The removal of the debt from the balance sheet will allow the telecommunications company access to loans at reasonable interest rates. Mr. Shamu said the board and management made representations to the Government over the debt takeover during the inaugural annual general meeting. "Obviously, if the company starts operating without the debt the company will be able to operate more freely and also be able to declare dividends . . . which dividends are currently going to service the loans."TelOne's 2014 financial report shows that its balance sheet has a net liability of $163 million resulting from the $360 million legacy loans.

Speaking at the company's AGM Information Communication and Technology, Postal and Courier Services Minister Supa Mandiwanzira said Government was satisfied with TelOne's performance. "We are working with management and the board of TelOne to ensure that they give that satisfaction to all stakeholders. So far, with the performance that has been presented at this AGM we are satisfied and confident we will not go back to treasury again for debt takeover of a similar nature," said Minister Mandiwanzira. In 2014, TelOne recorded a profit before tax of $17,7 million, which was a 187,1 percent increase from the previous year's profit of $6,2 million. Revenue for the period increased by 7 percent to $162 million from $152 million. Finance and Economic Development Minister Patrick Chinamasa to the same general meeting said Cabinet would consider the sustainability of the company's profitability prior to debt takeover. "We need to be satisfied that management is sound and that it (the debt accrual) will not be repeated. It should not be like a cycle that even if we take over (the debt) now, after a few years they will be asking us to take over another one and so on. So that is that matter that we are going to discuss," said Minister Chinamasa. The new corporate image and focus on customer service excellence coupled with new broadband services being rolled out are expected to be key pillars for growth of the company in next year. TelOne said cost containment and operating efficiency remain a major point of focus as the company moves to productivity linked operating model. *(The Herald)*

Fidelity Life Assurance shareholders on Tuesday approved a resolution to acquire 81 percent of Langford Estate from agro-industrial

group, CFI Holdings in a land for debt swap deal which the company says will increase its balance sheet over five-fold and become the cornerstone of its future growth. The approval at an extraordinary general meeting means Fidelity will assume CFI's $18 million debt on restructured terms after shareholders of the agro-industrial conglomerate approved the sale at its EGM held last Friday. Fidelity plans to use Langford's 834 hectares of undeveloped urban land located in Harare South to expand its Southview Park high density residential housing scheme. "This project is going to generate a bottom line of more than $200 million which will strengthen our balance sheet. We should be able to underwrite and undertake more risk on the insurance side," managing director Simon Chapereka told The Source. "In terms of our balance sheet, it is moving immediately from $86 million to 108 million. By the time we finish the project, the balance sheet will be in the region of $500 million and on that we can underwrite even bigger insurance risks." CFI owes FBC Bank, Agribank, CBZ, the Infrastructure Development Bank of Zimbabwe, NMB and Standard Chartered a combined $18 million, which will be assumed by Fidelity under the terms of the deal. Chapereka told shareholders at the EGM that Fidelity said it had already deposited $2 million with a local bank pending approval while the balance will be paid over seven years at 10 percent interest per annum on the balance after a two year grace period.

Langford will be Fidelity's third residential property foray after Manresa Fidelity Life Park and Southview and Chapereka said the ventures were key to growing its insurance business. "Our property investments are profitable, but we are not forgetting our core business, which is insurance but the developments give us the ability to match our long-term liabilities and assets. In any case, there are not so many viable investments outside of property," said Chapereka. "Manresa Fidelity Life Park was $7 million. In terms of Southview Park, by the time we finish that will be worth about a $100 million and Langford will be about $300 million." Manresa, a medium density project has 317 stands which were sold out except for 20 which the group retained for internal use. At Southview, the group expects to complete servicing of 2,100 stands under the second phase of the project by November this year for a total of 5,300 stands. About 700 stands under the project remain unsold. Langford will have 11,624 residential stands and will generate up to 250 percent return on investment. "Langford was an opportunity we could not miss. The land was bought for $18 million, and we are going to add about $200 million to the bottom line from that," said Chapereka. In terms of the mix, Chapereka said the insurance business and property were at 50:50 but with the addition of Langford, it will become 40:60 with more value coming from property investments. "It is worth noting that we have been able to undertake these projects because of the income from the insurance side of business," said Chapereka. *(Source)*

Economic News

GOVERNMENT is working on the reduction of electricity tariffs for the mining sector in a bid to save the sector that is facing viability challenges due to a decline in commodity prices at the international market. Minister of Mines and Mining Development Walter Chidhakwa told NewsDay on the sidelines of the mining products from three French companies Verlinde, Manitou and Motul on Wednesday of the impending electricity tariff reduction. Chidhakwa said commodity prices have been on a downward trend and gold in particular has been very unstable affecting the performance of the companies. "We need to do something about the price of power and the availability of power. We finished discussions with the Energy minister and Finance minister. We are looking at supplying and lowering the tariff, for now we are spending time on the mining sector. I am confident that between the three of us we can come up with a solution,"he said. Mining companies were paying 12 cents kilowatt per hour when commodity prices were high and the tariff was unsustainable given the changes at the commodities market internationally. Chidhakwa said the country could not have mining companies go for care and maintenance and have many job losses. The mining sector has been the main driver of the economy since 2009 and it was being affected by the fall in commodity prices. The sector was expected to grow by 3,5% this year. But Chidhakwa said the sector will decline this year due to power challenges and decline in commodity prices. "I think it (mining sector) will decline and exports would not be as huge as last year due to issues of production resulting from power issues and for the few days that the companies lost power they have been affected," he said.

He, however, applauded the coming in of the three French companies as it will help mining companies access products locally and at cheap prices. He said the companies would bring in consumables for the mining sector and considering that there has not been retooling for the past 20 years. French ambassador to Zimbabwe Laurent Delahousse said the companies would produce equipment and service for the mining and agricultural sectors. "Once again three French companies are starting operations in Zimbabwe, this is a message of confidence and capacity of Zimbabwe to attract international partners beyond hardships of the current economic situation," Delahousse said. *(News Day)*

THE United States Agency for International Development (USAID) will donate $21.5 million over the next five years as it launches three new activities to reduce poverty and improve long-term food security through increased agricultural production, nutrition, sanitation and hygiene. This was revealed by the local USAID director Stephanie Funk Friday. He said: "Zimbabwe's agricultural potential is vast, and achieving that potential is essential to poverty reduction, food security, overall health, and long -term prosperity and growth for millions of Zimbabweans." Funk added that the initiatives are part of President Obama's Global Hunger and Food Security Initiative focusing on livestock and crops and will cover a total of more than 70 000 rural households reaching out to 350 000 people in good agricultural practices. "The livestock programme will work with 3000 beef and 2000 diary smallholder producers and the crops programme will target 50 000 households growing staples and pulses on dry land. "It will also target 7500 households growing high-value crops on irrigation schemes in Mashonaland East and West, Manicaland, Midlands, Masvingo and Matabeleland North and South," said Funk. USAID, in partnership with Fintrac and Linkages for the economic Advancement for the disadvantaged, aims to commercialise smallholder farms by increasing production, increase farmer access to markets, finance, credit facilities and introduce new technologies and management practices.

Collectively, over the past five years, more than 140 000 participating farmers sold crops and livestock valued at more than $300 million and many farmers were linked to formal financial institutions, ensuring sustainable access to finance. Community water, supply, sanitation, hygiene and natural resources management activity will be implemented by Development Aid from People to People which will provide more than 8000 households and 20 schools with sustainable access to clean water and safe drinking water sources as well as 937 households and 20 schools with improved sanitation facilities. Development experts estimate that about 80 percent of illnesses in developing countries are linked to poor water and sanitation conditions. Funk said more needs to be done to ensure women and youth's equal access to land, credit and equal participation in leadership and decision making throughout society. "USAID has already achieved significant successes with previous programmes where average income per beneficiary farmer increased almost three-fold as a result of our assistance," said Funk. *(New Zimbabwe)*

Zimbabwe reduced its trade deficit with South Africa in the nine months to September 30 by 34 percent to $417 million compared to $681 million last year, latest figures from the Zimbabwe statistical agency have shown. Imports from South Africa amounted to $1,617 billion while exports to South Africa totalled $1,2 billion. Zimbabwe's exports to its biggest trading partner are, however, dominated by mineral exports, mostly platinum. Overall, Zimbabwe's trade deficit in the nine months to September stood at $2,3 billion after imports of $4 billion and exports of $1,7 billion, with the deficit seen at $3 billion by year end, the Zimbabwe National Statistics Agency said. Confederation of Zimbabwe Industries (CZI) President Busisa Moyo last week said robust measures are needed to reverse the trend. "Cumulatively, Zimbabweans have imported on a net basis $18 billion worth of goods, so every year we're $3 billion short in terms of exports versus imports," he said. Zimbabwe has over the years continually run systemic trade deficits due to structural weaknesses in the economy which have been caused by many factors. This has seen the closing down of the country's industry and affecting the country's global competitiveness, resulting in a marked decline in exports. Analysts say the southern African country is now more of a trading economy, with the capacity utilisation for the manufacturing sector expected to fall below 30 percent this year due to increasing power outages and the strengthening United States dollar against the South African Rand, Zimbabwe's biggest trading partner. Zimbabwe's once robust manufacturing sector started to crumble in early 2000s when the economy slipped into a decade-long recession. Since 2009, the economy has slowly recovered, but mostly on the back of a mining boom but the consumer market remains dominated by imports from across the border. *(Source)*

Zimbabwe will allow foreign banks to retain control of their local units but plans to limit shareholding of local individuals and non-banking institutions as part of measures to restore stability in the sector shaken by a spate of failures by locally-owned financial institutions. Currently, financial institutions, local or foreign, are allowed to own up to 100 percent of local banks, while non-financial institutions are restricted to 10 percent. Individuals can own up to 25 percent. The Banking Amendment Act currently at the second stage of reading in Parliament however, proposes to limit individual shareholdings in a bank at five percent and that of non-banking companies at 25 percent. A company or individual would have to justify to the Registrar of Banks it is in interest of the public and the bank t exceed the proposed regulatory shareholding. Foreign banks operating in Zimbabwe include Barclays, Standard Chartered, Standard Bank, BancABC, Ecobank and MBCA, a unit of South Africa's Nedbank.

Zimbabwe has tightened its monitoring of the country's banking sector following the collapse of several local banks although the central bank has maintained that the banking sector remains generally stable despite a challenging economic environment characterised by tight liquidity conditions. Six locally owned financial institutions, Allied, Trust, AfrAsia, Capital, Interfin and Royal, have all been consigned to the 'banks section' of Zimbabwe's corporate graveyard in the past three years, mostly due to non-performing loans. State-owned Zimbabwe Asset Management Corporation (Zamco) had by the end of June taken on nearly $100 million in bad loans from banks to help restore viability in the financial sector. The central bank has put in place a three-tier system, with banks in the Tier I strategic segment are required to have minimum core capital requirement of $100 million by 2020. Tier 2 banks have to meet minimum capital requirements of $25 million and $7,5 million for Tier 3 institutions. *(The Source)*

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