WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	23-Aug-13	30-Aug-13	WTD % Change Local	WTD % Change USD	YTD % Change Local	YTD % Change USD
Botswana	DCI	8,424.29	8,495.30	0.84%	14.79%	13.12%	14.64%
Egypt	CASE 30	5,424.63	5,267.72	-2.89%	11.84%	-3.56%	-3.52%
Ghana	GSE Comp Index	1,976.33	1,989.55	0.67%	10.66%	65.83%	62.76%
Ivory Coast	BRVM Composite	205.99	201.95	-1.96%	-9.30%	21.23%	12.94%
Kenya	NSE 20	4821.50	4697.75	-2.57%	1.94%	13.66%	17.90%
Malawi	Malawi All Share	8,287.17	9,884.95	19.28%	42.33%	64.32%	97.08%
Mauritius	SEMDEX	1,921.74	1,929.10	0.38%	-2.54%	11.38%	11.56%
	SEM 7	376.51	376.40	-0.03%	-2.94%	11.60%	11.78%
Namibia	Overall Index	951.00	932.00	-2.00%	23.16%	-5.50%	-2.62%
Nigeria	Nigeria All Share	36,577.28	36,248.53	-0.90%	1.58%	29.10%	28.93%
Swaziland	All Share	284.32	284.32	0.00%	26.32%	-0.47%	2.87%
Tanzania	TSI	1,945.50	1,962.67	0.88%	3.30%	32.11%	34.68%
Tunisia	TunIndex	4,614.78	4,602.49	-0.27%	1.22%	0.49%	-3.37%
Zambia	LUSE All Share	4,740.64	4,772.55	0.67%	10.79%	28.11%	35.98%
Zimbabwe	Industrial Index	183.90	181.67	-1.21%	-1.21%	19.21%	19.21%
	Mining Index	48.14	48.73	1.23%	1.23%	-25.17%	-25.17%

CURRENCIES

Cur-rency	23-Aug-13 Close	30-Aug-13 Close	WTD % Change	YTD % Change
BWP	8.59	8.63	0.42	12.79
EGP	6.97	6.97	- 0.01	15.10
GHS	1.87	2.13	0.11	12.13
CFA	491.89	492.97	0.22	- 0.48
KES	86.34	86.13	- 0.24	0.63
MWK	319.38	320.37	0.31	- 0.20
MUR	29.61	29.64	0.11	- 2.97
NAD	10.33	10.32	- 0.13	21.79
NGN	160.21	160.89	0.43	3.07
SZL	10.33	160.89	- 0.13	22.05
TZS	1,581.98	1,580.69	- 0.08	0.36
TND	1.64	1.64	0.37	5.94
ZMW	5.38	5.35	- 0.46	3.21

SECURITIES AFRICA

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Botswana

Corporate News

No Corporate News This Week

Economic News

Following three months of trade surpluses, Statistics Botswana on Monday unveiled a preliminary trade deficit of P2.4 billion for June, which it attributed to weaker rough diamond exports during the month. However, the statistics body's figures for rough diamond exports run contrary to Bank of Botswana data released three weeks ago which showed a 78 percent month-on-month jump in Botswana produced rough exports to P3.9 billion. By comparison for the same month, Statistics Botswana has all rough diamond exports softer by 62 percent at P1.3 billion, a figure that includes re-exports of rough diamonds produced in De Beers' mines outside the country. In addition to the June deficit, the data agency also revised a previous surplus of P8.7 million declared in May to a deficit of P724.3 million."June 2013 recorded a trade deficit which was brought about by a decrease in exportation of rough diamonds," a Statistics Botswana statement reads."(While) the compilation of the trade digest in May 2013, initially recorded a trade surplus of P8.7 million, the final assessment which was only available in June 2013 reveals that there was substantial rise in imports in the month of May which attributed to a trade deficit. "This deficit is as a result of late assessment of some of May 2013 trade, which could only be finalised in the compilation of June 2013 IMTS trade digest."Statistics Botswana is expected to publish final rough and polished diamond figures in the next two months, which observers expect to result in a positive revision of the June trade balance. While figures on diamond exports from the data agency and the Bank of Botswana are generally incongruent due to differences in research methodology, the gap between the two bodies has widened as statisticians battle to incorporate diamond aggregation. Statistics Botswana has opted to report total diamond imports and exports without disaggregating those from Botswana and those attributable to other countries. The Bank of Botswana, meanwhile, distinguishes between locally produced rough diamonds and other sources, although the latter suffer time lags of about two months. Local economists and consultants have previously critiqued the absence of uniformity in reporting on diamond exports, noting that these were critical in accurately gauging the country's trade position and other indicators such as balance of payments. After aggregation began last year, Statistics Botswana declared trade surpluses of P614.7 million in August, P3.2 billion in September and P678.5 million in October 2012, before revising these down to a deficit of P986 million for August and a shortfall of P952.7 million for October. September's surplus was revised down to P1.4 billion."Trade surpluses reported in previous reports were due to the fact that imports of rough diamonds that come to Botswana for aggregation followed by exportation were not recorded since they were taken as temporary trade," the agency said at the time. "The intention was to record this trade only when those diamonds were bought by Botswana diamonds polishing companies. However, it became difficult to keep track of these diamonds and they ended up being captured as exports when they were leaving the country while they were never captured as imports when they originally entered the country". At the time, local economist, Keith Jefferis described the confusion around the treatment of aggregated diamonds as "quite unsatisfactory," adding that "this is one of the single most important economic variables in Botswana".*(Mmegi)*

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Egypt

Corporate News

Electrolux, the world's No. 2 home appliances maker, said on Monday it had restarted full production in Egypt, almost two weeks after it suspended its operations due to violence in the country. The Swedish company, which has about 10 production facilities on the outskirts of Cairo, said the security situation in the capital was now more stable. It said it would reassess developments continuously. Egypt is under an army-installed government after last month's overthrow of Islamist President Mohamed Mursi. More than 1,000 people, including about 100 soldiers and police, have died in violence across Egypt since Mursi's fall. The turmoil forced some multinational firms to suspend operations and raised fears two years of economic crisis in Egypt would swiftly get worse. Electrolux, which has nearly 7,000 employees in Egypt, told workers to stay home on August 14 after local authorities imposed a state of emergency in Cairo. The company started limited production again on August 18. Other international firms that suspended production in the country in that week included General Motors Electrolux's turnover in Egypt topped 2 billion crowns last year, out of total sales of about 110 billion. It bought Egypt's biggest appliances maker Olympic Group in 2011. *(Reuters)*

Economic News

Egypt's cabinet approved on Wednesday an additional 22.3 billion Egyptian pounds in spending on investment projects to boost the economy over the coming 10 months, Deputy Prime Minister Ziad Bahaa el-Din said. He said the government would present its economic programme to Gulf Arab countries, in particular the United Arab Emirates, which has already agreed to finance medical projects and 10 wheat silos. The army-backed interim government is keen to improve conditions for a deeply polarised population battered by more than two years of political and economic turmoil. Despite a mushrooming budget deficit, it is under intense pressure to avoid unpopular austerity measures. Saudi Arabia, Kuwait and the United Arab Emirates have promised Egypt a total of $12 billion in loans, grants and fuel shipments after Islamist President Mohamed Mursi was deposed by the army last month. Of that, $5 billion has already arrived. Even with the new spending, the government aims to reduce the budget deficit to 9 percent of gross domestic product in the fiscal year to end-June 2014 from 14 percent last year, Finance Minister Ahmed Galal said. This it would do by streamlining spending, especially on energy subsidies, and through Gulf aid, Galal said. The two ministers were speaking at a news conference after a cabinet meeting. "There will be a gradual change in the price of energy for large investors in all energy products," Galal said, adding that the government was preparing a phased plan for the increases. "Its implementation might be over two years and will begin before the end of the current year." He said the government planned no new taxes. *(Reuters)*

The Central Bank of Egypt said Thursday that Egypt's M2 money supply climbed by 19.4 percent in the year to the end of July. Money supply rose to 1.316 trillion Egyptian pounds ($188 billion) from 1.296 trillion at the end of June and 1.102 trillion at the end of July 2012. *(Egypt.com)*

U.S. oil and gas producer Apache Corp (APA.N) is selling a 33 percent stake in its Egypt oil and gas business for $3.1 billion to state-owned Chinese oil giant Sinopec Group, reducing its exposure in the country amid the recent political unrest. Apache, which has been selling noncore assets globally to focus on U.S. onshore production and shore up its balance sheet, said it has also formed a global strategic partnership with Sinopec to jointly pursue upstream oil and gas projects. The Egypt deal would be the first step of the joint venture with Sinopec Group, parent of Sinopec Corp (0386.HK) (600028.SS) (SNP.N), Apache said in a statement. Apache had said it was assessing the value of its Egyptian interests, which account for roughly a fifth of its global oil and gas production and 27 percent of its revenue last year.
Disappointing production and investor concern over Apaches high exposure to Egypt have pressured the companys stock. Egypt is enduring the worst internal strife in its modern history, triggered by the armys July 3 overthrow of President Mohamed Mursi. Apache said in the

statement that its Egyptian exploration and production operations "remain unaffected" by the political turmoil in the country as they are located in remote, unpopulated areas. Net production from Apaches Egypt operations averaged 100,000 barrels of oil and 354 million cubic feet of natural gas per day in 2012, Apache said, adding that it employs about 9,000 people in the north African country.

Apache will continue to operate its oil and gas projects in Egypt. Sinopec and other state-owned Chinese oil firms have been investing billions of dollars in energy projects around the world as part of Beijings drive to expand its footprint in the global oil industry and beef up energy security amid surging imports. The sale of the Egyptian assets to Sinopec International Petroleum Exploration and Production Corp - a wholly-owned unit of Sinopec Group - is subject to regulatory approvals and is expected to close during the fourth quarter, said Apache. Last month Apache also sold its Gulf of Mexico shelf assets for $3.75 billion to private equity firm Riverstone Holdings LLC in order to focus on growth from its U.S. onshore assets. *(Egypt.com)*

The cabinet will begin implementing an urgent economic program in September to revive the Egyptian economy over a period of 6 to 9 months, said Ashraf al-Araby, Minister of Planning and International Cooperation, on Thursday in a press conference. Araby revealed that the main objective of the current cabinet would be to increase the economic growth rate up to 3.5 percent from the 2.2 percent seen during the 2012/2013 fiscal year. Araby said that they hoped to achieve social justice through investments and creation of job opportunities. Araby added that LE 22.353 billion have been added to the investment plan budget as an urgent measure. The priority will be projects that have a positive impact on citizens and industries that encourage local production, he said. The Egyptian government is struggling to restore confidence in the economy following two popular uprisings in 2011 and 2013. The continued security and political unrest has heavily affected tourism and investments into the country. Egypt received support from a number of Gulf states that supported the second uprising which overthrew former President Mohamed Morsy. Gulf aid has reached close to US$12 billion including financial grants and fuel supplies. The United States and European countries, however, have threatened to cut off financial aid and halt security cooperation with Egypt. *(Egypt.com)*

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Ghana

Corporate News

The Union Bank at Senya Beraku in the Central Region made a profit before tax of Ghc451.284 in 2012 as against Ghc411.419 in 2011, representing 10 percent increase. Colonel Abaka K. Jackson (Rtd), Chairman of the Board of Directors, made this known at the 11th Annual General Meeting (AGM) of the bank at Senya Beraku on Saturday. He said the bank's total deposits increased from Ghc4,620,633 in 2011 to Ghc6,134,668 in 2012, representing 32 percent increase while its total assets improved from Ghc6,733,341 in 2011 to Ghc8,305,187 in 2012, representing 23 percent increase. Col. Jackson said the bank granted loans and advances of Ghc4,250,252 in 2011but this increased to Ghc5,160,966 in 2012, an increase of 21 percent. He said the bank's investment in Government Treasury Bills also grew by 34 percent from Ghc904,150 in 2011 to Ghc1,214,733 in 2012. He said the Board had proposed 30 percent of the 2012 profit after tax in the sum of Ghc121,632.30 to be paid as dividends to shareholders for the year ended 31st December 2012. He appealed to shareholders to buy more shares to increase the bank's capital. *(Ghana Web)*

Newmont Ghana has agreed in principle to renegotiate its mining Agreement with the government of Ghana, that's according to Lands and Natural resources minister, Inusah Fuseini. Government signed the mining agreement with Newmont in 2003, but parts of the deal have become thorny. Under the Mining Act, government has the right to own up to 20 per cent shares in any mining company, but government waived this right in the 2003 agreement, thus the country has no equity stake in Newmont. Government also waived the payment of VAT for Newmont. Civil Society groups such as WACAM and Third World Network have demanded that government renegotiate the Newmont agreement. They contend that the deal is bad for Ghana which denies the country the right to maximise benefits from agreement. Last year, government set up a Mining Review Committee headed by Prof. Akilakpa Sawyer, to review some stability agreements with the mining companies. The seven-member Committee was tasked to review and renegotiate stability agreements entered into by government with some mining companies. It followed the resistance by mining companies which had stability agreements with government, to plans by the state to raise corporate mining tax to 35 percent from 25 percent and introduce a 10 percent windfall tax. Newmont and Anglogold are two of the major mining companies in Ghana which have stability agreements with government. The Akilakpa Sawyer Committee is yet to present its report to government. But Joy Business has learnt that Newmont has agreed "in principle" to a renegotiated its agreement with government. "The team has engaged with Newmont and has built consensus on the areas that need rethinking", Lands and Natural Resources Mininister, Inusah Fuseini told Joy Business. "Government itself thinks that something must be done to the Stability Agreements and the company-Newmont also agrees in principle that it could engage with government to look at those things", he added. The Committee will also determine whether the Stability agreements conform to Ghana's Mining Laws, and to see if those companies received preferential treatments over other agreements entered with other mining companies. It will also review the Fiscal regimes and government's Participating Interests in mining companies. *(Ghana Web)*

Economic News

Ghana has entered into a voluntary partnership agreement (VPA) with the European Union (EU) to ensure that timber exported into the EU from the country complied with international legal requirements. The EU is one of the biggest global markets for timber products and the VPA forms part of the Union's action plan to combat illegal logging with the underlying strategy being the requirement of legality licences for timber export. A sensitisation workshop was organised by Working Group on Forest Certification, a non-governmental organisation, to equip journalists with information on the VPA and how it could advance the interest of the lumber industry in Ghana. The Director at the Timber Validation Division of the Forestry Commission, Mr Chris Beeko, who took journalists through the nuances of the VPA in a presentation in Accra on Thursday, noted that illegal logging had caused considerable damage to the forest cover, which ought to be reversed. He said the primary objective of the VPA was to sustain access to the EU timber market by engaging in legal timber trade, strengthen in-country regulatory systems and move closer to achieve the objective of national forest policy. Under the VPA, he said, there would be an improved transparency and accountability in the timber sector as timber products imported into the EU market from Ghana would be lawfully acquired, harvested, transported and exported in compliance with the country's legal requirements. Mr Beeko said there would be a Timber Validation Department at the Forestry Commission to perform the functions of verification and legal standard against which compliance would be measured. He said a designated timber licensing authority was in the offing to ensure compliance when the agreement finally came into effect. On the way forward, Mr Beeko said the timber validation committee would be composed of representatives of key stakeholders to give impetus to the new agreement. He said there would be an improved system of collecting, collating and reconciling transaction data along the entire process chain. *(Ghana Web)*

Ghana's sales of coca fell nearly 4 percent to 770,292 tonnes during this season's main crop due to poor rainfall in the lead up to the harvest, Tony Fofie, head of sector regulator Cocobod, told Reuters. Fofie said he believed a bumper light crop would make up for the shortfall. "This year we are going to have a very large light crop. Our new forecast is around 150,000 (tonnes) or even more," he said, explaining that unexpected showers in March and April had aided light crop development. The projection is well above a previous forecast of 90,000 tonnes. And with declared light crop purchases at just 44,957 tonnes by August 8, according to the latest Cocobod data, some industry players remained skeptical. "I see that target as very optimistic. We could do around 100,000 tonnes," one major buyer told Reuters, asking not to be identified. Fofie said the positive outlook for the coming weeks of harvesting did not extend to the main crop, however, as Ghana has been hit by the same dry conditions that also threaten to delay the start of harvesting in neighbouring Ivory Coast.
"We are a little bit concerned about the next season because we should have started seeing some rains at this time," he said. "Any further delay will lead to harsher weather and that will not be good news, particularly for the (upcoming) main crop." Meanwhile, Fofie said Cocobod had initiated talks with local cocoa grinders to agree on the removal of the light crop discount. The measure was implemented to encourage local processing of beans, but the discount has dwindled in recent years to 8 percent from 20 percent initially. "We've already started discussions with them (the grinders). We need to (have a) dialogue with them because most of the companies relocated to Ghana because of these incentives so we want to make sure we reach a mutual agreement," he said. Fofie said low cocoa prices had forced Ghana to begin drawing upon on its stabilisation fund to pay the fixed farmers' price currently fixed at 3,392 cedis per tonne. As the government struggles to control deficit spending, he said Cocobod was exploring ways of cutting costs. "In the past, we had money from cocoa sales so we were not feeling the pinch. But now we are running at a loss and we are under a severe strain," he said. Fofie said Cocobod is looking to phase out its flagship spraying programme, which for more than a decade has covered the costs of fungicide and pesticide applications aimed at controlling black pod disease and capsid infestations. The programme, among the improved farming techniques that are largely credited with boosting Ghana's output over the past decade, has increased in cost to 200 million cedis last year from 50 million cedis five years ago. "It has become unsustainable to continue this project," Fofie said. Industry watchers worry that any withdrawal of the mass spraying programme may affect production and hinder the West African country's plans to boost average production to one million tonnes annually. Cocobod is recommending a five-year exit plan that would see farmers begin paying for the chemical treatments. Fofie said measures would be put in place to ensure that suppliers make affordable spraying materials readily available to farmers in outlets across the cocoa belt. *(Reuters)*

Kenya

Corporate News

Kenyan agricultural firm Kakuzi posted a 3 percent dip in pretax profit for the six months ended June to 113 million shillings, partly due to lower earnings from tea. The company, which also grows pineapples and avocados and rears livestock, said its performance in the second half of the year could be affected by increased competition in markets in Europe. "Profit levels are lower on the tea operation primarily driven by lower prices," Kakuzi said in a statement. "Demand continues for our export crops but downward pricing pressure is unprecedented due to supply competition trends particularly in Europe," it added. It said earnings per share fell to 3.94 shillings from 4.46 shillings in first half 2012, and recommended no interim dividend be paid. *(Reuters)*

Old Mutual Plc (OML), the U.K.'s third-largest insurer by market value, expects to sell more life-insurance products and begin offering general coverage in Kenya, where premium income may double by 2017. The company, based in London, will use the 31 branches and 100 service outlets it acquired last month when it bought Faulu Kenya Ltd., a microlender, to increase sales of life-insurance policies, said Peter Muthoka, chairman of Old Mutual Asset Managers (Kenya) Ltd. Plans are being drafted to enter the general-insurance industry, he said in an Aug. 21 interview, without specifying a timeframe. "We are talking about bancassurance, that is what is going to help in selling our products," said Muthoka, 70, a former chairman of Kenya Commercial Bank Ltd. "The growth in the economy coupled with financial awareness is expected to increase uptake of insurance products." Total premiums in Kenya's insurance industry are forecast to grow to 227.5 billion shillings ($2.6 billion) by 2017 from 116.3 billion shillings last year, according to Business Monitor International, or BMI, the London-based research group. The economy, East Africa's largest, is forecast to grow by 5.8 percent this year from 4.6 percent in 2012, according to the government. Life premiums per capita are expected to grow 75 percent to 1,553 shillings in the next five years, BMI said in a report last month. Non-life premiums are forecast to expand 70 percent to 3,109 shillings, bringing total income for that portion of the industry to 151.7 billion shillings by 2017, it said. Some of the products being considered include cover for the oil, gas and marine industries, Muthoka said. Kenya is expected to become an oil exporter in 2016, following Tullow Oil Plc (TLW)'s discovery of crude last year. The company also plans to begin operations in Uganda and Tanzania, to tap into the economic expansion in the two nations. "I believe that Kenya and the wider East African region hold great potential to enable us to further deepen life insurance penetration, which is still at its emerging stages," Muthoka said. Old Mutual already has operations in South Africa, where it was founded 168 years ago, Namibia, Zimbabwe, Swaziland, Malawi, Botswana and recently Nigeria and Ghana. In Kenya, Old Mutual Life Assurance Co.'s annual loss narrowed to 39 million shillings in 2012 from 200 million shillings a year earlier, attributable to fair-value gains on investments and improved premium income. Old Mutual Asset Managers, Kenya's largest fund manager, had assets valued at more than 90 billion shillings in June 2013, compared with more than 80 billion shillings a year earlier, Muthoka said. "Old Mutual Kenya will play a crucial role as the group turns its attention to growing the business in Africa, particularly East Africa," he said. Shares in the London-listed financial services company climbed 1.1 percent yesterday to 189.10 pence, boosting its year-to-date gain to 6 percent. *(Bloomberg)*

Fuel marketer Total Kenya swung back to profit in the first six month of this year helped by tumbling financing costs, it said on Wednesday. The group, part of French oil major Total, posted a 757 million shilling pretax profit, compared with a loss of 283 million for the same period in 2012. Financing costs plummeted 87 percent to 154.6 million shillings after the sale of 5.2 billion shillings worth of preference shares reduced borrowing from commercial banks. Turnover increased by 42 percent to 65.8 billion shillings, but the gain was almost wiped out by a 44 percent jump in cost of sales to 56.9 billion shillings. The company said it expected to extend the positive results into the second half of the year. Its share price has rallied 24 percent so far this year to 16.80 shillings on Tuesday, more than double the 11 percent rise in the benchmark NSE-20 share index. *(Reuters)*

British-American Investments Company (Britam) has posted a 28.5 per cent rise in profits after tax to Sh2.15 billion for the half year ended June. Revenues from insurance premiums grew to Sh4.4 billion from Sh3.4 billion, while its assets management business grew 67 per cent from Sh160 million in a similar period last year. Investment income for the period was at Sh3.744 billion, a 44 per cent growth. The company's expenses rose by 25 per cent to Sh5.7 billion as the company sought to expand its market by opening new offices in the counties and in the region. Britam notes that it continues to invest in an Information Technology and business transformation strategy which includes a new IT system and additional human resources to support the expansion. "Despite the cost of implementing these initiatives, the operating expenses growth of 25 per cent over the first half of 2013 is slower than the 33 per cent growth in revenue in the same period and is aligned to the Group's objective of controlling expenses while investing for growth," the company said in a statement to the Nairobi Securities Exchange. Britam returned to profitability last year with an after tax profit of Sh2.5 billion for the fiscal year ended December 2012, a turnaround from the previous year's loss of Sh1.7 billion *(Business Daily)*

Kenya Commercial Bank (KCB), the country's largest bank by assets, posted a 19 percent rise in first half pretax profit to 10.1 billion shillings as its interest income rose, the bank said on Thursday. KCB, which also operates in Tanzania, Rwanda, Uganda, South Sudan and Burundi, said net interest income was 16.053 billion shillings in the six months to end of June, compared with 14.310 billion in first half of 2012. Chief executive Joshua Oigara said the bank's subsidiaries grew 80 percent during the period but KCB aimed to consolidate their performance before considering further expansion. Kenyan lenders have reported mixed financial results for the first six months, with Equity Bank posting a 17 percent jump in profit while Barclays Kenya reported a 13 percent drop. Profit at Standard Chartered Bank Kenya rose 0.6 percent. *(Reuters)*

Kenya's biggest marketing firm Scangroup registered an 83 percent drop in pretax profit for the first six months of 2013, hurt by a decision to shrink its operations in Nigeria. Scangroup, the only listed marketing and advertising company on the Kenyan bourse, said on Thursday its pretax profit fell to 101 million shillings ($1.2 million), hit by a 91 million shilling loss in Scanad Nigeria. The firm met headwinds when it launched its Nigerian outlet last year, after Nigeria's Prima Garnet Communications sued it and Ogilvy Africa for breach of contract and colluding to lock out smaller competitors. "Whilst we await a decision, we have taken action in the first half to down size the operations to minimise the costs," Scangroup said in a statement. Scangroup's main shareholder, WPP, said earlier in August it planned to raise its stake in the company to 50.1 percent, from 33.62 percent through the purchase of additional shares. WPP is set to be overtaken as the world's biggest ad group by the merger of Publicis and Omnicom. Scangroup, which also operates in Tanzania and Uganda, said its advertising revenue dipped 4 percent to 1.8 billion shillings, but said it expected to recover in the second half. "We expect to regain the lost ground in terms of revenue and anticipate that the operating profit in 2013 ... will be at similar level as 2012, with the exception of Nigerian operations," the company said. Its share price was down 1.4 percent to 68.50 shillings by 0728 GMT. *(Reuters)*

Economic News

Kenya has been slow in fighting hunger and eradicating extreme poverty, making it impossible to achieve the first target of the United Nation's millennium development goals for developing countries by 2015. This will be among the issues which will be discussed during the fourth African governance, leadership and management convention that will be held in Mombasa between September 3 and 6 involving delegates drawn from 50 countries on the continent. "Kenya is lagging behind in some of the millennium development goals but has also done well in others like achieving universal access to education. There is progress in other set goals but we can do better. We shall be dealing with those goals that are likely not to be achieved by 2015," said United Nations Development Programme representative, Mr Steven Ursino. Kenya also lags behind in maternal health and lowering child mortality. Kenya recently introduced free maternal health services in the government health centres across the country in a bid to reduce child mortality. However, the country has managed to cut by half the rate of HIV infections and malaria among other diseases. Others areas that the country has achieved is in improvement of gender equality in access to opportunities as well as women empowerment. "We would want the outcomes of the convention to have impact in policy formulation to help push and accelerate the achievement of the millennium development goals," noted Mr Ursino. *(Daily Nation)*

The Kenyan shilling was steady on Tuesday, underpinned by high yields on local debt, with traders saying it could firm slightly on dollar conversions by tea exporters. By 0951 GMT, commercial banks quoted the shilling at 87.45/65, barely changed from Monday's close of 87.50/70. A trader at one commercial bank in Nairobi said end-of-month importer demand for dollars was being offset by foreign investors buying into local debt to lock in the high yields on offer. Yields on Kenyan debt rose steadily for eight straight weeks due to tight shilling supply in the market, but started falling at auctions last week after liquidity eased. "The market is (also) watching out for the central bank's rate setting meeting in a week's time for clear direction," the trader said. The central bank is set to hold its monetary policy meeting on September 3, which traders expect will hold the key rate decision at 8.50 percent to give time for previous rate cuts to filter through the economy. Bank of Africa said in a daily note that the shilling could get some support from tea exporters selling dollars after the auction on Tuesday. Tea is Kenya's leading hard currency earner. *(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

The weighted average yield on Mauritius' 364-day Treasury bills fell slightly to 3.08 percent at auction on Friday from 3.10 percent at the previous sale, the central bank said. The Bank of Mauritius accepted bids for all the 700 million rupees worth of debt on offer. Bids totalled 1.810 billion rupees at rates ranging from 3.98 percent to 3.00 percent. The bank rate posted was 2.79 percent *(Reuters)*

Mauritius's trade deficit narrowed by 12.1 percent in June compared with the same month in 2012 to 5.14 billion rupees as higher sales of food and live animals pushed up the value of exports, data showed on Monday. The total value of exports climbed 17.4 percent to 8.12 billion rupees, Statistics Mauritius said in a statement. Imports increased 3.9 percent to 13.26 billion rupees. The official data put the trade deficit in June 2012 at 5.85 billion rupees. Britain was the main buyer of goods from Mauritius in June, accounting for 18 percent of exports, while India supplied 30.2 percent of imports. *(Reuters)*

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Nigeria

Corporate News

Royal Dutch Shell's Nigerian unit is containing an oil spill in the Niger Delta, the company said on Friday, after the military reported liquid "jetting" out of a pipeline. Massive oil theft, sabotage of infrastructure and leaks from ageing pipelines are all cutting into the profits of oil majors operating in Nigeria, as well as damaging the public finances of Africa's second-largest economy. The hundreds of spills a year in the Niger Delta have also done serious environmental damage, destroying fishing communities and poisoning water used for drinking and bathing. The military joint task force (JTF) operating in Nigeria said it discovered a leak on a pipeline near Adamakiri in Rivers State while looking for illegal oil refiners. "An assessment of the spot revealed that a brownish liquid substance was observed jetting out from an opening on the pipeline," a statement from the JTF said. "The Commanding Officer ... attributed the leakage to corrosion on the pipeline." A spokesman for Shell's Nigeria unit said on Friday that "oil spill containment" had been put in place after the leak was found but it was too early to determine the cause. The Anglo-Dutch firm says the majority of spills are due to gangs tapping pipelines to steal oil but local communities say the company is responsible for more spills than it admits to. Shell is facing legal action in a UK court on behalf of 11,000 members of the Niger Delta Bodo community, who say the company is responsible for spilling 500,000 barrels in 2008. Shell has admitted liability for two spills in the Bodo region but estimates the volume is far lower. Operational problems in Nigeria cost Shell $250 million in the second quarter of this year, the firm says. Nigeria's government revenues slumped 42 percent in July due to production outages, it said on Friday. *(Reuters)*

The Shareholders of Consolidated Breweries Plc have voted in favour of the board's proposal to sell 513,000,000 ordinary shares of 50 kobo each (57 per cent) held in Champion Breweries Plc to Raysun Nigeria Limited, a wholly-owned Heineken B V subsidiary. The shareholders gave their nod at an extra-ordinary general meeting (EGM) of Consolidated Breweries Plc in Lagos at the weekend. Addressing shareholders at the meeting, Chairman, Consolidated Breweries Plc, Prof (Mrs) Oyinade Odutola-Olurin, noted that as part of the sale, Raysun will be assigned all of the rights to and interests in the debt owed to Consolidated Breweries by Champion Breweries. The sale, according to her, would reduce Consolidated Breweries' exposure to Champion Breweries' debt balance and eliminate the losses from Champion Breweries' operations that are consolidated with Consolidated Breweries group's financial performance. "Champion Breweries has recorded losses over the years, and has relied on financing from Consolidated Breweries in the form of intercompany debt. The associated interest burden of the intercompany debts on Champion Breweries has negatively impacted its profitability. Champion Breweries' losses, coupled with the high cost of financing Champion Breweries' operations, have in turn, negatively impacted Consolidated Breweries' group earnings. Therefore, it is in the best interest of Consolidated Breweries and Champion Breweries for the company to now be owned by Raysun, where Champion Breweries' financing and restructuring needs can be more adequately met", she said. She added the sale will further optimise Consolidated Breweries' operations by reducing excess production capacity it no longer needs for its own brands and directly align Champion Breweries with Heineken, via ownership by Raysun, and thereby assure clear focus on Champion Breweries' turnaround. According to her, the sale is subject to the approval of the Securities and Exchange Commission (SEC). *(This Day)*

The Office of the Senior Special Assistant to the President on Millennium Development Goals (MDGs) has appointed Ecobank Nigeria as partner in its Conditional Cash Transfer (CCT) scheme aimed at assisting indigent and less-privileged families with monthly social subventions as part of the federal government's MDGs project. The programme, which is planned to run in 12 months cycles, would have funds disbursed to over 56, 000 households in 600 communities in its first phase is part of the countdown strategy of the MDG office and a significant signpost of the determination of Nigeria to achieve the MDGs desirable objectives. The federal government provides N187.5million for each of the 24 benefiting states, while the states provide a matching grant of equal amount. This meant that each state would receive total sum of N375 million. The states selected for this phase are Abia, Adamawa, Anambra, Akwa Ibom, Bauchi, Bayelsa, Borno, Delta, Ebonyi, Edo, Ekiti, Enugu, Jigawa, Kano, Kebbi, Kwara, Niger, Ogun, Osun, Oyo, Plateau, Sokoto, Yobe and FCT. Announcing this partnership in a statement at the weekend, Ecobank's Managing Director, Mr. Jibril Aku, said the bank already had N6.2 billion in its coffers ready for disbursement through the Ecobank Mobile Money platform. According to Aku, N5, 000 would be disbursed monthly for 12 months into the beneficiaries' wallet while bulk-sum of N100,000 would be paid to each beneficiary at the end of the program as an exit strategy. He explained Ecobank Mobile Money wallets would be created for the beneficiaries and disbursement of funds into the wallets would be based on OSSAP-MDGs' instructions and notification sent to the beneficiaries. Aku revealed that the bank had already deployed agent points in 600 communities/local governments across the 24 states. *(This Day)*

In what seems a repeat performance, GTBank Plc and Zenith Bank Plc have declared robust results for their 2013 half year operations, raising the prospect of a big haul for the two banking giants at the end of the year, reports Festus Akanbi. As money deposit banks make their 2013 first half year results public, there are indications that the neck-to-neck performance of the two leading players in the nation's banking industry- Guaranty Trust Bank Plc and Zenith Bank Plc- may repeat itself by the time the full year results are compiled later in the year. This is because a comparative analysis of the first half year performance of the two banks showed sustenance of their remarkable performance in their 2012 financial year. THISDAY survey also showed that most of the banks that have released their results so far were able to maintain the tempo of the impressive runs started in their 2012 full year results. According to the audited IFRS results for the six months ended June 30 of the GTBank, a profit before tax of N57.36 billion was declared as against N53.64 billion posted in the same period of 2012. Consequently, the bank has recorded an increase of 6.95% in PBT compared to half-year 2012, driven by improved interest income derived from a 14.68% loan book growth from December 2012 and good yields on fixed income securities. The bank also announced a profit after tax of N49.01 billion as against N45.55 billion recorded in the same period of last year. The bank recorded earnings per share of N1.73kobo, an improvement of over N1.59 kobo recorded in the same period of 2012. The bank therefore approved a half-year dividend of 25 kobo per share. Other highlights of the results showed interest income of N92.00 billion, whereas N83.18 billion was recorded in the first six months of last year. The half-year results include gross earnings of N124.2 billion, total assets of N1, 860.49 billion and total deposits of N1, 272.10 billion.

According to the international financial advisory firm, Renaissance Capital, the performance has shown that GTBank remains adequately funded and poised to take advantage of opportunities that may emerge in the market, while maintaining a prudent and conservative approach to lending. The bank also posted loans to deposits ratio of 70.70%, while non-performing loans to total loans of 3.41% was recorded. The Managing Director of the bank, Mr. Segun Agbaje, attributed the bank's success during the half-year period to the continued support of its customers, hard work of its dedicated staff and strong corporate governance standards. According to him, a major objective for the bank this year is adding value to its stakeholders through excellent customer service delivery, innovative products and value adding services. It is the bank's beliefs that success on these fronts would enable it deepen its share of market across all sectors and improve profitability, despite today's extremely challenging business environment. He thanked the customers for their loyalty and staff for their continued hard work and dedication. In the same vein, Zenith Bank announced a profit before tax of N54.1 billion for the six-month period ended June 30, 2013, compared to N50 billion it posted in the corresponding period of 2012. The results, which were posted on the website of the Nigerian Stock Exchange, showed that the bank's gross earnings rose by 13 per cent from the N151 billion it reported in the first half of 2012 to N171 billion in the same period in 2013. It also showed that Zenith Bank's profit after tax rose from N42.41 billion to N45.419 billion. Following the same pattern, the bank's interest income grew by 16 per cent from N111 billion to N128 billion, net interest income appreciated by 15 per cent from N79.9 billion to N91.35 billion, while earnings per share rose by 11 per cent from 134 kobo to 144 kobo. Its customers' deposits were also up, rising by 18 per cent from N1.701 trillion to N2 trillion, indicating customers' confidence in the bank. However, its cost to income ratio reduced from 57.2 per cent to 53.3 per cent. Commenting on the result, Group Managing Director of the bank, Mr. Godwin Emefiele, said, "The second quarter of this year was a particularly challenging one, especially with the commencement of the revised bank tariffs on services and products. This notwithstanding, I am happy to say that Zenith Bank Plc remains steadfastly on course to delivering an impressive 2013 performance. "The group recorded a modest operating income growth of over 11% YoY on the back of a strong NIM at 8.87%, despite the 19% YoY increase in interest expenses and improved treasury activities and trading income. "Our balance sheet remained strong and liquid with over 6.7% growth recorded in total assets year-to-date and capital adequacy and liquidity at 27% and 64% respectively. "We remain determined in our efforts to ensure that our vision of premium returns to all our stakeholders is sustained. To this end, we note the significant progress being recorded in our drive to sustain our leadership position in the corporate end of the market, while seeing substantial growth in our retail banking businesses through a number of products introductions and innovations."

A review of the audited report for the period ended December 31, 2012 showed that GTB gross earnings increased from N182.408 billion in year 2011 end to N221.940 billion in the review period of year 2012, representing an increase of 21.7 percent. Profit after tax of GTB rose by 81.3 percent as the bank posted N86.686 billion in 2012 end compared to N47.803 billion recorded in year 2011 end. Also, profit before tax grew from N62.080 billion in year 2011 end compared to N103,027 billion in the review period of year 2012; indicating a growth of 66 percent. In terms of asset quality, the bank impressed as non-performing loans (NPL) ratio stood at 3.4 percent compared to 3.5 percent in 2011, while Cost-to-Income ratio improved significantly to 42.7 percent from 52.9 percent in 2011. The Return on Equity (ROE) and Return on Assets (ROA) closed at 33.9 percent and 5.2 percent from the 23.2 percent and 3.7 percent recorded in 2011, respectively. Zenith Bank, which is in the same position with GTB, recorded gross earnings of N307.082 billion in 2012 compared to N243.948 billion in 2011. Profit after tax of the bank stood at N100.681 billion in 2012 financial year as against N48.704 billion recorded in 2011. In the same vein, the total non-performing facilities to total credit facilities in 2012 are three percent as against six percent in 2011. Zenith Bank maintained its dividend boost as it declared N1.60 for its audited year ended December 31, 2011. *(This Day)*

Oando Plc has announced a reduction in its overall debt in the last 12 months from N289 billion to N236 billion, representing a decrease of 18 per cent or N53 billion. The company said the debt reduction has also impacted on the company's net interest expense, and was achieved through active restructuring activities it embarked upon over the last one year. Oando said in a statement that in line with its corporate strategy for balance sheet optimisation and the financing of growth initiatives in the upstream sector, it hoped to raise about N54.6 billion through a Rights issue of 4.5 million ordinary shares to existing shareholders of 50 Kobo at N12 per share between December 2012 and February 2013. It said that the proceeds from the Rights issue were earmarked for part-payment of a N60 billion syndicated loan used to fund the acquisition of some upstream assets and swamp drilling rigs, part-financing of the acquisition of upstream and midstream assets by Oando's Upstream subsidiary, Oando Energy Resources, OER, and investment in working capital to support the increased level of business. The statement read in part: "A total of N62 billion total subscriptions were realized from the Rights Issue, indicating an over subscription of N8 billion or 14 percent, due to high investor demand. "As a result, the successful outcome of the Rights Issue has positioned Oando to further refine its three-pronged strategy to reduce debt, improve diversification in upstream, and focus on higher margins." The company also said it planned to increase growth margin value for shareholders in the Upstream through a focused portfolio growth in production, cash margins, and improved returns on capital deployed. The ongoing acquisition of ConocoPhillips' entire Nigerian assets for $1.79 billion will transform OER from a small size oil company with 4,500 bbls/day production and nine million barrels of oil equivalent ("MMboe") to a midsize oil producer with close to 50,000bbls/day production. Once completed, the purchase will substantially increase its crude oil market share, and strengthen white products market position by leveraging new import infrastructure. In the first half, H1 2012, OER successfully conducted five drilling campaigns in Nigeria in three oil fields: Abo Field (OML 125), Ebendo Field (OML 56) and Qua Iboe Field (OML 13). Posts N4.3bn PAT in H1 2013

Meanwhile, the company has declared N4.3 billion as its profit-after-tax for the first half of 2013. The sum however represents a decrease compared to its 2012 posting, which it attributed to a reduction in downstream importation due to substantial unpaid outstanding subsidy obligations by the Federal Government. Oando claims to hold 15 per cent market share in Premium Motor Spirit, PMS importation. The Group Chief Executive of the company, Mr. Wale Tinubu, said the company remains steadfast in its commitment to develop the higher margin in mid-upstream operations. "We remain steadfast in our commitment to developing the higher margin mid-upstream operations, which have performed creditably as opposed to our downstream where we have had to reduce our imports by over 30 per cent as a result of delays in the payment of our guaranteed subsidy payments due, thus directly affecting our revenue and net profit. We, however, continue to explore efficiency plays to increase our margins and add value to the sector. "The company expects to commission an Alausa Independent Power Plant, a flagship Compressed Natural Gas Facility, and the Apapa Subsea Marina jetty before the end of H2 2013. "Once operational, the subsea marina jetty in Apapa will contribute significantly to Oando's overall net profit as a result of tolling fees and substantial cost savings on imports and demurrage," Tinubu explained On the company's short-term and midterm goals, Tinubu said: "As we drive to closure of our key diversification initiatives that will transform the company into Sub-Saharan Africa leading private sector indigenous Mid-Upstream player, we note that this can only be achieved through the execution of a bold and unprecedented strategy which will undoubtedly transform the energy landscape in which we exist, promote indigenous participation in our nation and create significant value for our shareholders." *(Vanguard)*

Dangote Group said it will borrow $3.3 bln to invest in a $9 billion oil refinery and petrochemical complex in Nigeria, Africa's most populous nation and top oil producer. The Nigerian group, which has interests ranging from cement to sugar and basic food processing to oil and gas, also said it was seeking an additional $2.25 billion from development funds for the project, into which it would put $3.5 billion of its own equity. The loan would be signed with financiers on September 4, it said in statement. Owner of Dangote Group, Africa's richest man Aliko Dangote, announced plans for the refinery in April. *(Reuters)*

Nigeria's FBN Holdings said on Tuesday its half-year pretax profit rose to 54.8 billion naira, up 2.5 percent from the same period a year ago. Gross earnings rose to 194.8 billion naira in the six months to June 30, from 180.9 billion naira in the same period last year, it said in a filing through the Nigeria Stock Exchange. *(Reuters)*

The Nigerian Stock Exchange (NSE) Tuesday listed Transnational Corporation of Nigeria Plc (Transcorp) rights issue of 12,906,999,142 ordinary shares on its daily official list. With the listing yesterday, the market capitalisation of Transcorp increased by about 54 per cent from N35.4 billion to N54.6 billion further affirming the company as one of the most capitalised stocks on the NSE. Transcorp had earlier in the year issued 12.906 billion shares of 50 kobo each at N1 per share via rights issue to raise fresh funds to finance its power projects. The President/CEO of Transcorp Plc, Mr. Obinna Ufudo, stated the rights issue was 132.08 per cent subscribed. The achievement, he said, confirmed the unflinching support and trust reposed in the current board and management of the company by its shareholders adding that all excess monies and interest accrued thereon have been returned to the subscribers. According to him, "We thank our Shareholders for this significant show of support of our turnaround initiatives. The funds raised further strengthen our ability to conclude existing transactions and initiate new investments in line with our vision. The future just got brighter for the company and our 300,000 shareholders. "In line with the rights circular, the funds raised will be used mainly to refinance the company's investments in the acquisition of Ughelli Power Plc and deepening our play in the hospitality and oil and gas sectors. "Transcorp, through its subsidiary, Transcorp Ughelli Power Limited, owns the $300 million Ughelli Power Plant acquired under the privatisation of the Nigerian power assets by the Federal Government. The company is also embarking on new hospitality projects in Lagos while refurbishing and expanding the Transcorp Hilton Hotel, Abuja." Meanwhile, trading activities on the NSE closed southward on yesterday, extending the losing streak of previous trading days. This is in spite of the impressive first half earnings results released on the local bourse. At the close of business yesterday, a total of 30 stocks depreciated while only 24 stocks moved up, further dragging market breadth. According to the NSE Sector Indices, the insurance sector enjoyed considerable buy actions while the industrial sector suffered the most significant sell pressures. *(This Day)*

Since its listing on the Nigerian Stock Exchange (NSE) in 1996, Guaranty Trust Bank (GTBank) Plc has been investors' delight with its consistent payment of dividend. The bank has a dividend policy to pay interim and final dividends. GTBank has maintained the robust dividend policy by declaring an interim dividend of N7.357 billion for the half year(H1) ended June 30, 2013. The dividend, which translates into 25 kobo per share, is the same level of interim dividend paid last year. According to the bank, the dividend will be paid as from September 16, 2013, a development market analysts said would increase the liquidity of shareholders. GTBank, which is one of the foremost Nigerian financial institutions with vast business outlays spanning Anglophone West Africa and the United Kingdom (UK) was incorporated as a limited liability company licensed to provide commercial and other banking services to the Nigerian public in 1990. The bank commenced operations in February 1991 and got listed on the NSE in 1996. After its listing on the exchange, GTBank won NSE President's Merit the same year it was quoted. The bank repeated the feat in 2000, 2003, 2005, 2006, 2007, 2008 and 2009. GTBank was granted a universal banking licence in 2002 and later appointed a settlement bank by the Central Bank of Nigeria (CBN) in 2003. In 2007, the bank entered the history books as the first Nigerian financial institution to undertake a $350 million regulation S Eurobond issue and a $750 million Global Depositary Receipts (GDR) Offer. This led to the listing of the GDRs on the London Stock Exchange (LSE) in July 2007. It was then the first Nigerian company and African bank to be listed on the main market of the LSE. Also in December 2009, GTBank successfully completed the first tranche of its $200 million corporate bond targeted at increasing the depth of its operations in West Africa and Europe in the next couple of years. In 2011, the bank followed the $200million corporate bond with $500 million bond - the first non-sovereign benchmark bond offering from sub-Saharan Africa (outside South Africa), to the international community. GTBank has a 13-man board of directors led by Mr. Egbert Imomoh as chairman. Mr. Olusegun Agbaje is managing director/chief executive officer with Mrs. Cathy Echeozo as the deputy managing director. It has four executive directors including: Mrs. Olutola Omotola; Mr. Demola Odeyemi; Mr. Ohis Ohiwerei and Mr. Wale Oyedeji. It also has as non-executive directors, Mr. Adebayo Adeola; Mr. Olabode Agusto; Mrs. Stella Okoli; Mr. Ibrahim Hassan; Mr. Andrew Alli and Mr. Akindele Akintoye.

In spite of the challenging environment, GTBank released an improved audited 2013 H1 results to the NSE and LSE. The bank reported gross earnings of N124.20 billion, an increase of N10.68 billion or 9.4 per cent from the N113.53 billion reported for the corresponding period in 2012. A breakdown of the gross earnings indicated that interest income, which refers to the core income generated from real banking activities accounted for 74 per cent of the gross income. Profit before tax in the period stood at N57.36billion, up from N53.64 billion recorded in June 2012, showing an increase of seven per cent. Similarly, profit after tax rose by 9.1 per cent from N44.9 billion in 2012 to N49 billion in 2013. Customers' deposits, sign of strong confidence rose from N1.172 trillion to N1.27 trillion. Non-performing loans remained low at 3.41 per cent, while loans and advances stood at N899 billion, up by 14.7 per cent from N783 billion. A further analysis of the loans and advances showed that mining, oil and gas got the lion's share of 24 per cent. Manufacturing followed with 19 per cent. Telecoms and transportation got 15 per cent, while construction and government received nine per cent apiece among others. The bank's total assets and contingents stood at of N2.5 trillion, while return on equity (ROE) and return on assets (ROA) closed at 33.78 per cent and 5.45 per cent respectively for period ended June, 2013. Speaking on the results, Agbaje attributed the bank's success to the continued support of its customers, hard work and strong corporate governance standards. He noted that a major objective for the bank this year was to add value to its stakeholders through excellent customer service delivery, innovative products and value adding services.

He said: "It is the bank's belief that success on these fronts would enable it deepen its share of market across all sectors and improve profitability, despite today's extremely challenging business environment. GTBank has always been at the forefront of industry service innovations in markets where it operates, having successfully replicated its culture for excellence in its subsidiaries in Ghana, Gambia, Sierra Leone, Liberia, Cote d'Ivoire and the UK." "The bank also recently commenced the process of acquiring a 70 per cent stake in Fina Bank of Kenya to enable it extend its reach to East Africa. The acquisition, which is subject to customary regulatory approvals in Kenya, Nigeria, Rwanda and Uganda will see us expand our geographical footprint into three East African Countries; Kenya, Uganda and Rwanda," Agbaje added. Analysts at Afrinvest West Africa, an investment and financial advisory services firm based in Lagos, said despite CBN's gradual phase out of COT and removal of ATM fees in banks, GTBank recorded a slight growth of one per cent in fees and commissions, bolstered by fees and commission from credit related transactions and corporate finance fees. They said the bank was able to tame its overheads with a cost to income ratio of 42.8 per cent in H1 of 2013 in spite of 95.3 per cent increase in AMCON expenses as a result of the upward review of the AMCON levy to 0.5 per cent from 0.3 per cent of total assets. According to them, the bank's loan to deposit ratio improved by 3.8 per cent to 70.7 per cent in 2013 higher than 59.3 per cent Tier 1 average loan to deposit in for year in 2012. Evaluating the loan Afrinvest said the bank's loan loss expense declined significantly by 45.3 per cent to N1.3 billion in 2013 signifying improved risk assets quality. Commenting on the hike in cash reserve ratio (CRR) for public sector deposits in banks to 50 per cent, the analysts said they expected the policy to have minimal impacts on GTBank's liquidity and earnings. "GTBank had about 10.6 per cent exposure to public funds, amounting to about N67.4 billion or 5.3 per cent of total deposit is expected to be kept with the CBN. GTBank's exposure is much below industry's 15 per cent average exposure. In addition, its robust retail franchise remains a lever to keep liquidity ratios and deposits above board. However, as discussed in our 2013 Banking Sector report tagged: "Standing on the 4th Pillar", GTBank term deposits remained predominantly short-term maturity deposits, as 93.7 per cent (although lower than 97.4 per cent highlighted in our report) of the total deposits mature in less than three months. We suggest GTBank diversify its source of funding by sourcing longer tenored deposits to enhance longer term investment and prevent funding mismatch.

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

The prospect of GTBank remains very bright as it spreads its tentacles to East African market, having stamped its footprint on the West Africa region. The bank is in the process of acquiring a 70 per cent stake in Kenya's Fina Bank Limited for $100 million. Based on its unaudited consolidated financials as of March 31, 2013, Fina Bank had total assets of $338 million, gross customer loans of $ 184 million and customer deposits of $285 million. The group currently operates through 38 branches and employs 550 people across the three countries. Fina Bank serves a wide range of customers, primarily offering business and corporate banking services. The group is particularly active in the manufacturing, trade and services sectors. The acquisition would see GTBank expand its operations to three East African countries. According to the agreement, GTBank would acquire the 70 per cent shareholding in the bank "through a combination of capital injection in Fina Bank, and an acquisition of shares from the current shareholders. In addition, the GTBank and the remaining shareholders of Fina Bank will enter into a shareholders' agreement to ensure a smooth transition of the governance and operations of the bank, with the possibility of acquiring further shares in due course. "The parties will enter into this agreement in the spirit of a close partnership, as they share common objectives, and see significant benefits and synergies for both institutions and their respective stakeholders resulting from the transaction," GTBank said. The bank added this transaction was being pursued consistently with its disciplined and profitable track-record in its external growth strategy, with the ultimate objective of creating value for its shareholders via synergies and sharing of best-in class expertise. The new move is expected to boost the financial profitability of GTBank and deliver more returns to shareholders in the years ahead.

First Bank of Nigeria Holdings Plc, owner of First Bank Nigeria Limited Thursday forecasts slower loan growth of 10 per cent for this year due to the new monetary policy regulation. The Central Bank of Nigeria (CBN) had at its last monetary policy committee meeting raised the Cash Reserve Requirement (CRR) for public sector funds to 50 per cent, warning about the risk of excess liquidity in the banking industry. The central bank had also directed lenders to lower fees and commissions starting from April 1 to reduce conflict with clients. First Bank Holdings' loans declined by 1.2 per cent in its first-half financial statement this year due to cut in retail credit and exposure to downstream oil and gas industries, Bloomberg quoted the financial institution's Chief Financial Officer, Mr. Bayo Adelabu, to have said in an investors' conference call. "We'll target power, manufacturing and telecommunications sectors for lending in the second half, and do more investment banking to mitigate the impact of regulatory rules," Adelabu said. First Bank's net income for the first-half was little changed at N46.1 billion from N45.3 billion a year earlier. Its revenue increased by eight per cent to N194.9 billion while interest expenses climbed 32 per cent to N38 billion. Also, impairment charges for loan losses rose nine per cent to N10 billion. The Lagos-based lender plans to increase its revenue as much as 15 per cent in 2013, down from 31 per cent in 2012, according to Adelabu. First Bank's share price dropped by 2.6 per cent to N15.75 on the Nigerian Stock Exchange (NSE) Thursday. *(This Day)*

Forte Oil Plc Thursday announced a profit after tax of N1.39 billion for the half year-ended June 30, 2013, an increase of 63 per cent when compared to N855 billion earned in the corresponding period of 2012. Also, the company's revenue rose by 21 per cent to N59.9 billion from N49.7 billion recorded in the same period of 2012. The Group Chief Executive Officer of the company, Mr. Akin Akinfenwa, who made this known while presenting company's Facts Behind the Figures at the Nigerian Stock Exchange (NSE), attributed the increase in revenue to rise in supplies and depot expansion activities. However, he said gross profit of the company declined by 14 per cent to N5.73 billion from N6.65 billion recorded in the same period of 2012. This, he said, was due to demurrage and other unavoidable import- related charges, including reduction in lubes sales. He said administrative expenses dropped from N3.15 billion in the 2012 half year to N2.97 billion in the review period due to improved control and cost-effective strategies. On the company's short-term transformation strategy, Akinfenwa said Forte Oil would consolidate market position, grow profitability through increased revenue and elimination of wastages. Others, he added, were expansion through strategic acquisitions of retail assets, improved focus on core business by enhancing good corporate governance and business ethics.

Speaking on the medium term goals, he said the company would diversify group earnings across the energy value chain, take over and restructure Geregu power generating plant. He added the company would increase presence in the West African markets such as Liberia, Togo, Sierra Leone and expand into alternative energy and midstream oil and gas through joint ventures, strategic alliance and acquisitions.
Meanwhile, the equities market returned to positive territory yesterday after three consecutive trading days of losses. At the close of business yesterday, the NSE ASI and market capitalisation, each garnered 28 basis points (bps) amid increases in total deals, transacted

volumes and naira votes by 12.15 per cent, 168.12 per cent, and 152.14 per cent respectively. Transactions of pan-African bank, Ecobank Transnational Incorporated, accounted for 50 per cent of total naira votes. *(This Day)*

Economic News

Worried that much of Nigeria's fiscal planning and economic policies at the Federal, states and local governments levels have been consistently hinged on an obsolete Gross Domestic Product (GDP) baseline carried out since 1990, the World Bank, International Monetary Funds (IMF), the Africa Development Bank, the United Nations Development Programme, among others development partners are to help the country in generating a current and accurate GDP figure. Statistician -General of the Federation (SGF), Dr. Yemi Kale, gave this indication Monday at a sensitisation workshop on Nigeria's Gross Domestic Product (GDP), where he also hinted that the National Bureau of Statistics (NBS) planned to generate a base-year estimates which is to help in filling gaps on data needed for future estimates. Kale said that the current price and quantity structure used to compile and measure Nigeria's GDP, will be replaced through a rebasing exercise which he said will help Nigeria plan and measure development better. "The process of replacing the present price and quantity structure of the base year used to compile real measures of GDP with a new or more recent price structure is known as re-basing. It involves changing the price and quantity base for individual process and quantity relatives, updating weights used in aggregating individual quantity relatives into sub-indexes and aggregating these sub-indexes into more aggregated indexes. "We are trying to update the current farm price and quantity structures used in the calculation of our GDP estimates to come out with more up-to-date figures," he said. He noted that continued reliance on the 1990 generated GDP figures will not help the Federal Government in effectively tackling development targets set by it, especially the Vision 20:2020 transformation agenda which hoped to place Nigeria among countries of the world with the most vibrant economies. Minister/Deputy Chairman of the National Planning Commission, Dr Shamsudeen Usman, described the intended rebasing exercise as essentially statistical in nature but called on stakeholders to ensure that the processes leading to outcome of the rebasing are transparent and open to members of the public. He maintained that the processes leading to arrival of a new GDP are as important as the outcome itself. "It is critical to mention that the nation's GDP estimates are as accurate as possible, adequately capturing historical changes and development over time, appropriately depicting the present realities and sufficient. While it is clearly statistical that some might say should have been done without fanfare its importance necessitates that all relevant public and private sector stakeholders are brought on board", the minister said. IMF Senior Resident Representative, W. Scott Rogers, in his remark, said that the process of rebasing was complex and time consuming, adding that the exercise required carefulness and expertise. He also cautioned that care must be taken to focus on credibility of the process leading to the rebasing rather than outcome of it. *(Guardian)*

Nigeria's President Goodluck Jonathan said on Monday that bidders for state electricity assets had completed payments, clearing a major hurdle in a privatisation scheme meant to end the country's chronic power shortages. Bidders had until last Thursday to pay the remaining three-quarters of their bids to meet the deadline. Some did, but complications such as labour issues had been holding others up. Nigeria's state power company produces only a few hours of electricity a day, forcing those who can afford it to rely on expensive diesel generators that drain billions of dollars from the economy. It is being broken up into 11 generation companies and six distribution companies, all being sold separately to private consortia, for a total of around $2.5 billion. Most bids were led by Nigerian oligarchs or local firms like Forte Oil but many have recognised technical partners like Siemens and Manila Electric. The sale of one generation and one distribution company have been delayed due to issues during the bidding process but the remaining 15 have now been paid for. "Finally, everyone has paid," Jonathan said in comments attributed to him in a presidency statement. "In the shortest possible time, our power sector will take on a much more positive life of its own for the benefit of all Nigerians." He added that: "We have challenges in the sector but we are constantly working to overcome them." Those challenges include disruptive unions opposed to the privatisation, a lack of investment in the still state-owned transmission grid network and an inadequate supply of gas. Although Nigeria owns the world's ninth largest gas reserves, much of it is flared off or left underground. The little that is harnessed is sometimes disrupted by oil thieves. Nigeria is borrowing a total of $1.6 billion from the World Bank, Chinese Exim Bank, the African Development Bank and through a Eurobond to upgrade the creaking transmission network that connects power plants to distributing sub-stations. Nigeria's daily electricity generation has fallen by around 40 percent from its peak output last December, largely because of interruptions to the gas supply. Boosting power output through privatisation is seen as key to unlocking the potential of Africa's second-biggest economy. Jonathan pledged to do it before the last elections, so any successes are likely to form a key part of his 2015 presidential bid, should he decide to run again. *(Reuters)*

The number of Nigerians with access to financial services has increased to 60 per cent from 40 per cent in 2007, a report by FBN Capital has revealed. Quoting a 2012 survey carried out by a donor-funded development organisation, Enhancing Financial Innovation and Access (EFinA), FBN Capital noted that deposit money banks (DMBs) alone were responsible for 50 per cent of the figure. "If we add back other financial institutions such as insurers and microfinance banks (MFBs), as well as savings schemes in the informal sector, Nigeria's share rises to 60 per cent and South Africa's to 81 per cent. There has been a recovery since Nigeria's domestic credit event of 2007 and 2008. The number of adults with bank accounts has risen to 28.6 million last year from 18.3 million in 2008," it added. FBN Capital however added: "In our view, Nigeria does not have too many DMBs. The challenge is that they are too similar, not least in their risk appetite. State financial institutions are being slowly rebuilt in the agricultural, industrial and housing sectors to compensate. The regulators have set new capital requirements for MFBs for end-year, a situation that will further improve access to finance in the country. "The CBN said in late June that mobile money transactions in the previous 12 months had amounted to N64 billion ($400 million). This may not be impressive when compared with East Africa although the bank added that 60 per cent of the total had been booked in the final three months." *(This Day)*

Nigeria is looking for an international bank and a local lender to act as financial advisers for a $100 million diaspora bond to be issued by the end of the year, the Debt Management Office said on Wednesday. The advisers will coordinate investor road shows and support the bond's registration with U.S. and British authorities, the DMO said. The DMO expects to offer a coupon of around 350 basis points above the five-year U.S. treasury bond for the bond, which will have a 5-year tenor. Nigeria is the world's fifth-biggest destination for international remittances after China, India, the Philippines and Mexico, with 5 million Nigerians living abroad sending money back to relatives, according to Western Union. Nigeria is increasing the amount it borrows overseas to around 40 percent of all debt over the next three to five years, from 12 percent, seeking lower funding costs. Nigeria issued a $1 billion Eurobond last month and plans to raise an additional 80 billion naira in global depository notes this year. Bids for the diaspora bond adviser role are due on September 26. Citibank and Deutsche BankDE> acted as advisers on the Eurobond, which was four times oversubscribed. Nigeria received $10 billion in remittances from citizens living abroad last year, out of $40 billion sent back into the continent in total, Western Union Co said in June. *(Reuters)*

Nigeria's sovereign wealth fund on Wednesday appointed Goldman Sachs, UBS and Credit Suisse as asset managers for the 20 percent portion of its $1 billion fund that is meant to cushion against oil price shocks, it said. The sovereign wealth fund (SWF) seeks to help Nigeria better manage its oft squandered oil windfall, with a threefold aim of putting money aside for infrastructure investment, providing a savings pot for future generations and lastly protecting against commodity price shocks - the so-called stabilisation fund. Africa's top oil producer pumps around 2 million barrels of oil a day, but much of that money is wasted on corruption and a bloated, inefficient bureaucracy, economists say. In May the Sovereign Investment Authority (NSIA) said it would allocate 32.5 percent of the fund to infrastructure, the same amount to the savings pot and 20 percent to the stabilisation fund, with the remaining 15 percent unallocated. "The fund's assets will be invested conservatively, with capital preservation in nominal terms being of primary importance," NSIA special advisor Obinna Ihedioha said. He added in a statement that UBS would manage the U.S. Treasury bond portfolio and Goldman and Credit Suisse would manage U.S. corporate grade bonds. The fund started with only $1 billion owing to opposition from Nigeria's powerful state governors, who want oil savings to be distributed for spending, arguing that it is unconstitutional for the federal government to hoard money that belongs to all three tiers of government - federal, state and local. The Excess Crude Account, which the SWF was originally supposed to replace, is easily raided for spending. It had $9 billion in it in December last year, but distribution to governors and spending had shrunk it to closer to $5 billion by last month, according to state data. *(Reuters)*

Nigeria's external reserves continued its lacklustre performance since this quarter as it fell to $46.871 billion on Wednesday, its lowest value this month. This was just as the naira also weakened to its lowest value against the United States dollar this year at the interbank segment of the forex market as it closed at N163.70 to a dollar Thursday. Data gathered from the Central Bank of Nigeria (CBN) showed that the current position of the reserves derived mainly from the proceeds of crude oil production and sales represented a decline by $188 million or 0.4 per cent, compared to the $47.059 billion it stood as at August 1. The foreign reserves largely hovered around $46.8 billion and $47.1 billion this month. Although financial market analysts had predicted that the 50 per cent Cash Reserve Requirement (CRR) that was introduced for public sector funds by the CBN would support the accretion of the foreign reserves and also support naira appreciation in the short-term, this was yet to happen. According to data gathered from the Financial Market Dealers Association (FMDA), at its current value at the interbank market, the nation's currency has shed a total of N7.03 kobo this year as against the N156.67 to a dollar it was at the beginning of the year. However, at the central bank's regulated bi-weekly forex auction, the naira maintained its value of N155.76 to a dollar. The CBN sold a total of $563.46 million at the two auctions held this week. When contacted on the development, the Emerging Market Strategist at Standard Bank Plc, Mr. Samir Gadio, argued that it was questionable whether the CRR on public sector funds would intrinsically result in a qualitatively stronger naira because of its muted impact on market yields. "It will rather cap the upside for dollar/naira and signal that the CBN will continue to defend exchange rate stability via direct and indirect measures as long as Governor Lamido Sanusi remains in charge (until June 2014). "With around $47 billion of forex reserves, the central bank also has enough ammunition to supply adequate levels of dollars to corporate and, if needed, the interbank market, for some time. Additionally, the elevated Bonny Light oil price ($113.6/bbl on 22 Aug) reduces the possibility of a disorderly shift up in the exchange rate," Gadio said in a report to THISDAY. Also, Kunle Ezun and Kenneth Asenime of the Ecobank Group, in a joint report said the naira remained under pressure due to structural imbalance between dollar supply and demand. However, the treasurer of a bank said the country's high dependent on imported goods was putting pressure on the naira. He also argued the demand for forex by oil marketers for importation of petroleum products for the fourth quarter would further weaken the naira in the short-term. *(This Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

The revenue realised by the Tanzania Portland Cement Company Limited decreased by 20 per cent in the first half of 2013 on what is said to be due to the existence of cheap imported cement. Revenue decreased to Sh102 billion in six months to June compared to Sh127 billion recorded in the same period in 2012. Net profit for the period also decreased to Sh19.25 billion compared with Sh31.86 billion in the same period a year before. "In May 2013, operations were also severely affected by a fire that destroyed the main transformer feeding electrical power to the plant. This led to the need of using an imported clinker as well as rent and operate electricity generators," commented Jean-Marc Junon, chairman of the board in unaudited results statement issued yesterday. However, he stated that the decrease in revenue was mainly a result of decreased sale volumes caused by imported cement for which importers "allegedly do not pay the due taxes and duties." The board of TPCC did not recommend any interim dividend citing financial resources requirement for new investments. Total assets for the Heidelberg Cement Group subsidiary also dropped 1 per cent to Sh274.40 billion in June this year compared to Sh277.83 billion recorded in the same period last year.*(The Citizen)*

Economic News

Tanzania, which has made big natural gas discoveries, plans to start power exports to its energy-starved east African neighbours in 2015 after the completion of a gas pipeline. East Africa's second-biggest economy said the pipeline, funded by a $1.2 billion Chinese loan, would be completed by December 2014 enabling the country to double its power generation capacity to 3,000 MW. Energy and minerals minister Sospeter Muhongo said Tanzania, which currently imports around 14 megawatts of electricity from its neighbours and suffers from chronic energy shortages, was poised to become a net power exporter within the next two years. "We are on course to start power exports in 2015 because of the surplus electricity that we will be producing after the completion of the ongoing pipeline construction," Muhongo told reporters late on Saturday after inspecting construction of the 532 km pipeline on the outskirts of Dar es Salaam. He said Kenya had made enquiries about importing some 1,000 megawatts of electricity from Tanzania. Tanzania has 43.1 trillion cubic feet of recoverable natural gas reserves and anticipates that will rise fivefold within the next two years if new finds prove productive. In July the country also revised its coal reserves to 5 billion tonnes from about 1.5 billion tonnes, and said it plans to use coal and gas for power generation. Muhongo said Chinese firms had recently shown interest in Tanzania's oil and gas sector and were expected to bid for blocks in its October oil and gas exploration bid round. Tanzania has so far licensed 16 international energy companies to search for oil and gas. British gas firm BG Group, Norway's Statoil, Brazil's Petrobras, Royal Dutch Shell and Exxon Mobil Corp are among companies already operating in Tanzania. i(Reuters)

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zambia

Corporate News

ZAMBEEF Products Plc has generated income over US$24 million of from export of various products which include edible oils, stock feed and leather. The company looks set to generate record export earnings this year, making it one of the single largest foreign exchange earners for the country. Zambeef expects to exceed US$30 million (K193 million) mark by the end of this year, according to a statement availed to the Daily Mail in Lusaka yesterday. "The agribusiness conglomerate, which is a member of the Zambia Development Agency's elite million dollar club of leading exporters, has already recorded export income of US$24.8 million (about K137 million) in the first nine months of this financial year to the end of June," reads the statement. The products are from its subsidiaries namely: Zamanita edible oils, Novatek animal feeds and Zamleather divisions. Zambeef's overseas sales make it among the largest exporters in the country, contributing about 1.5 percent of all of Zambia's non-traditional exports of about K9.5 billion (US$1.7 billion). According to the Central Statistical Office, the country's total exports, including traditional metal exports, for the first six months of 2013 were K27.8 billion (about US$5 billion). Commenting on the development, Zambeef director of strategy and developments Carl Irwin said the firm believes in the importance of contributing to the nation's economy. Mr Irwin said Zambeef, being a Zambian firm, has generated income from exports which are remitted back into economy. "Our exports are growing and that generates foreign exchange flows for the country, in turn boosting Zambia's economic fortunes, generating more tax for the Government, and creating employment within the country. The group paid taxes of K85 million in the first nine months of this financial year," he said. Mr Irwin said the export earnings exclude the operations of Zambeef's two overseas subsidiaries operating in Nigeria and Ghana. Mr Irwin said: "These two subsidiaries, which are run by Zambian nationals, had a turnover of US$7.7m in the first six months of the financial year and are expected to exceed US$16 million for the full financial year." *(Daily Mail)*

Economic News

INVESTRUST Bank Plc says Zambia's positive economic strides have boosted business confidence in the country. Bank company secretary Cuthbert Tembo says the economy continued to record positive balance of trade, projected positive gross domestic product (GDP) growth and relative stability in inflation rate. "These factors still instill confidence in the local economy which it is hoped would grow actively in the second half of 2013 and beyond. The various regulation and statutory changes effected [at the] end [of] 2012 and beginning of 2013 did impact [on our] business volumes and margins in the first half of 2013," the bank's interim results for six months ended June 30. Mr. Tembo, however, said the future business prospects are largely dependent on the ultimate economic performance. "The major economic fundamentals indicate a relatively strong local economy although there have been uncertainty surrounding the exchange rate stability during the first half of 2013," he said. He said this is on the back of fluctuating and the drop in the price of copper on the world market, and limited local supply of foreign currency. The bank hopes that the situation will improve going forward as clarity on new business practices sets in the following guidance provided on the statutes recently issued on the market. He said the bank also maintained adequate capital during the period under review while shareholder equity increased by 21 percent on account of retained earnings for 2012 and operating profit recorded in the first half of 2013. "The bank is on course with the capital raise exercise necessitated by the revision in primary capital and hopes to meet the new limit with the revised timelines prescribed by the Bank of Zambia," he said. During the period under review, the bank opened four new branches in Lusaka, Choma, Kabwe and Ndola, increasing the total branch footprints to 22. Mr. Tembo said there are also a number of other new branches earmarked for opening before the end of 2013. "The product portfolio has been enhanced to include all commercial banking products addressing the needs of all clientele type. The retail, corporate and investment banking units have been strengthened to better serve our individuals, small medium-scale entrepreneurs [and] corporate clients through a dedicated relationship management system and prompt customer service mechanism," he said. *(Daily Mail)*

Zambia's headline consumer inflation braked to 7.1 percent year-on-year in August, from 7.3 percent in July, mainly because of lower prices for food and non-alcoholic beverages, the statistics agency said on Thursday. On a month-on-month basis, CPI was steady at 0.7 percent in August. The southern African country's trade surplus decreased to 94 million Zambian kwacha in July, its lowest this year, from a revised 150 million kwacha in June. *(Reuters)*

INCREASED United States (US) dollar inflow from the mining sector and offshore players on the local market strengthened the Kwacha further, a financial analyst says. Standard Chartered Bank says the Kwacha advanced further against the dollar on account of increased dollar supply from mines and offshore players with mild domestic demand to match. The local unit closed on Wednesday around K5.35 and – K5.39 level, 15 points firmer than Tuesday's close, the bank says in its daily brief. The bank said the upcoming bond auction, which is expected to attract some offshore participation, and monthend conversions have been contributing factors to appreciation of the Kwacha.
On the money market, the bank says the market liquidity is about K1.2 billion with overnight rates having largely fluctuated between 10.5 percent and 11.5 percent. It notes that the secondary market activity remains subdued ahead of Friday's Bond Auction. It also says the pockets of supply seen along the yield curve with no demand to match. The central bank last week revised upward by 31 percent the auction tender to K920 million. "In light of increased supply and the continued tightness in the money market thereby dampening demand, the interest rate outlook on the long end of the yield curve remains bearish. Generally, we are expecting yields to push upwards within averages of 100 -180 basis points with now more room for an anticipated correction, particularly on the two-year tenor which continues to yield below the one year treasury bill," it notes. *(Daily Mail)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

ZB Financial Holdings' after tax profit for the half year vaulted 168 percent to US$2,5 million driven by growth in total income and positive out-turn in capital gains on trade investments. Total income in the half-year period jumped by 20 percent to US$36,2 million on the back of a 28 percent rise in premiums revenue compared to the comparative period last year. The financial services group said there was 164 percent improved out-turn on capital gains on trade investments, which posted a loss in the same period last year. ZB said the marked resurgence of the Zimbabwe Stock Exchange had a positive impact on the group's results while interest margins and transactional fees remained relatively flat. The group achieved significant growth in profitability despite a 6 percent decline in net interest income from US$11,2 million in the interim last year to US$10,6 million this year. Basic and fully diluted earnings per share were unchanged in the half year period at US0,01c, but the group's assets increased by 7 percent to US$348 million at June 30, 2013. Insurance expenses increased by 26 percent consistent with the growth in the business volumes. ZB said an aggregated insurance technical result of US$4,3 million was posted. In addition, an interim transfer to the life fund of US$1,9 million was made in the interim. Operating costs during the period under review came in at US$30 million, reflecting a 10 percent increased when compared against the comparative period figure of US$27 million last year. This represented 83 percent efficiency against 91 percent achieved last year. ZB said in sympathy with the liquidity conditions the loans to deposit ratio was maintained at a conservative ratio of 63 percent, the same level as at December 31, 2012. The group said re-organisation of the group's capital resources through the amalgamation of ZB's banking operations is underway, which will enhance its underwriting capacity. ZB said it was also still pursuing the authority granted by shareholders in 2008 for the recapitalisation of the group through a private placement and has engaged prospective investors. The group said channel expansion continued in the interim period with the establishment of three additional branches at informal trading zones in Harare and Bulawayo. *(Herald)*

NDIAN firm Indure (Private) Limited has won a tender to rehabilitate and upgrade the ash plant at the Hwange Thermal Power Station at cost of about US$11 million. The exercise is being financed by the Zimbabwe Multi-Donor Trust Management Unit, a group of donors established to help Zimbabwe's infrastructure recovery. It is administered by the African Development Bank. Indure won the contract ahead of Macawber Beekay of India and Hamon J&C Engineering of South Africa. Macawber's bid price was US$15,1 million while Hamon pegged its bid at US$19,4 million, the AfDB said in a statement. The project is expected to take eight months. "The ash plant upgrade and rehabilitation scope comprises the design, supply, demolition, construction (and) commissioning (of the) ash plant for Stage 1 and Stage 2 power plant at Hwange Thermal Power Station," said AfDB. "The station was built in two stages. The first four units were commissioned between 1983 and 1986 and the other two units were between 1986 and 1987. The fund was established in 2010 and the contributors to the fund include Australia, Den-mark, Germany, Norway, Sweden and the United King-dom while the AfDB manages it on behalf of the donors. Donors' commitments to the Zim-Fund in various currencies reached US$80,5 million in 2011. Last week, the Zimbabwe Power Company said it was seeking at least US$500 million to extend the life- span of Hwange Power Station's aged plant by at least 25 years. In a power generation status update released last Thursday, the company said it had started working towards the resuscitation of Stages 1 and 2 units at the plant. Hwange is producing about 700 megawatts of power but it has installed capacity of 920MW. A recent study by the Zimbabwe Energy Regulatory Authority showed that Zimbabwe's electricity generation was expected to improve in 2017 courtesy of increased capacity expected after the completion of upgrade expansion at the country's power stations. *(Herald)*

AFRASIA Kingdom Zimbabwe Limited (AKZL) is planning to raise $50 million through a rights issue as the group seeks to boost underwriting capacity of its flagship banking unit, sources close to the developments have said. A rights issue is an offer to existing holders of securities to subscribe for or purchase further securities in proportion to their holdings made by means of the issue of a renounceable letter or other negotiable documents which may be traded for a period before payment of the securities is due. Responding to questions sent by this paper, the group said: "As you might be aware, AKZL has previously confirmed that as part of its normal business review, it was actively pursuing initiatives to strengthen its business. "A rights issue is one of such initiatives that have been considered among other options. These are actively underway. The overall objective is to position the group to meet regulatory requirements and also take advantage of business opportunities in the financial services sector. The group expects to make further appropriate announcements soon." Sources, however, said the financial services group had already approached the Ministry of Indigenisation and Empowerment amid expectations that local shareholders might fail to follow their rights due to liquidity constraints on the domestic market, resulting in a foreign -based underwriter snapping a huge stake of the group. Under the country's indigenisation and empowerment law, foreign-owned companies should sell controlling stakes to locals. "The bank has already approached the Reserve Bank and the Ministry of Indigenisation over this rights issue. Everyone seems to be cognisant of the fact that raising such an amount of money may be a tall order for local investors. But the group is in need of fresh capital. Once this capital-raising initiative succeeds, the bank should be able to fly with the eagles," said one of the sources. "While the level of dilution cannot be speculated at this stage, this initiative is likely going to result in increased foreign investor participation in the bank." The sources said the group's banking unit, Kingdom Bank, which has in the last few weeks been struggling to dispense cash at its automated teller machines, plans to meet the revised minimum capital requirements set by the central bank last August. The minimum capital requirement for commercial banks was raised to $100 million from $12,5 million. In 2011, Mauritius-based AfriAsia acquired a 35% stake in a $9,5 million deal to shore up the financial services group, which was facing serious viability problems after a messy demerger from conglomerate Meikles Limited. Following the acquisition, AKZL appointed James Benoit, Kamben Padayachy, Jill Rickard and Brian Fredrick as non-executive directors. In February, the group's brokerage unit, Kingdom Stockbrokers, once its flagship, wound up its operations as part of the group's restructuring exercise. *(News Day)*

THE local unit of pan-African banking group, Ecobank Transnational Incorporated, has reported a $1,2 million profit before tax for the first six months of this year, up 2 370% from the same comparative period driven by growth in net interest income. The company's chairman David Whatman said in spite of the macro-economic uncertainties that weighed on the operating environment, Ecobank Zimbabwe managed to register an improvement in profit before tax. The bank's net interest income was up 116% to $4,6 million after the parent company extended more lines of credit to the local unit. The growth, according to managing director Daniel Sackey, was also driven by lower cost funds aided by an increased contribution from low interest bearing deposits. "The Bank continues to pursue a growth strategy buttressed by increased investment in human capital and distribution channels. The pursuit of this strategy has resulted in the bank's operating costs rising by 36% year-on-year," he said. "In addition to boosting fee income, this strategy has resulted in a significant improvement in the proportion of non-interest bearing deposits to total deposits from 41% to 61%. This translated into a reduction of the bank's average cost of funds and improved net interest income." Operating costs, according to Sackey, were up 36% year-on-year driven by investments in the distribution network, human capital and enhanced technology infrastructure. The company had 11 branches in the six months under review and three more branches are expected to be on board by year end. Whatman said deposits remained largely transitory thus constraining asset creation, in particular the funding of the productive sectors of the economy. Whatman said funding challenges, low product demand and obsolete machinery and technology continued to have a negative impact on productive sector capacity utilisation levels.*(News Day)*

DELISTED Zimbabwe Stock Exchange (ZSE) manufacturing concern Steelnet will settle its debt after disposing assets. It has emerged that the company's liabilities continue to outstrip the value of assets valuated by an independent valuator, a recent liquidators report has shown. According to the first statutory report of Steelnet, which is currently under liquidation, the company owed creditors in excess of $11 696 million while its assets where valued at $10 899 million. CB Richard Ellis, according to the report, was appointed to conduct valuation of all fixed assets. Unpaid salaries, the report further read constitute more than half of the creditors. "The company (since dollarisation has not been able to pay salaries and wages and payroll-related obligations in full due to cash flow constraints arising from low operating activities. "The low business acticivity resulted in a significant build-up of creditors especially employee and related creditors," reads the report in part. Zimbabwe's manufacturing sector, according to industry experts, is hamstrung by working capital constraints which has subsequently resulted in companies struggling to retool. Capacity utilisation in the sector last year plunged to 44% from 57% in 2011 amid expectations that it will further decline this year. The liquidator has since invited tenders from interested parties to purchase Steelnet assets as well as the company's divisions. The units will, however, be sold separately. "Africa Steel (Pvt) Limited was the highest bidder for TPI, while Universal Ventures Incorporated (trading as Consolidated Harvard Holdings) was the highest bidder of BMA Fasteners. The highest bidders have proof of funding in the form of bank guarantees," the report stated. Steelnet was formed in 2002 through the unbundling of the Africa Resources

Group. The company was placed under judicial management in September 2011. The provisional judicial management was confirmed in February 2012. In June this year the ZSE delisted three quoted firms which included Gulliver Consolidated Limited and lifestyle Holdings, while it suspended Apex Corporation from trading after some of the companies breached listing requirements. *(News Day)*

MEIKLES Limited says the Reserve Bank of Zimbabwe (RBZ) has agreed to repay debts owed to them by the institution amounting to US$66,5 million. The debt includes interest. Chairperson, John Moxon, said the company was owed US$40,5 million by the RBZ since 1998 and the debt had accrued a US$26 million interest since the economy was formally dollarised in February 2009. He said Meikles management met RBZ officials last week where the two parties agreed on how the debt and interest accrued would be paid. "Government gave the Reserve Bank approval to service the debt. Once this transaction is settled all other borrowings will cease to exist," said Moxon. Moxon said what gave Meikles comfort was the government guarantee now in place; if the RBZ fails to settle, it would become the responsibility of government to pay the company. The debt originated from deposits made to RBZ following the group's Meikles listing on both the local bourse and the London Stock Exchange in 1996 and the raising of funds from a number of substantial investors for the benefit of the company. "Government is working on modalities on how to solve this issue," he said Moxon said the agreement to reverse the US$26 million loss recorded from the time of dollarisation to March 31, 2013, which resulted from the additional finance charges caused by the inability to access the funds. "We believe the funds will be paid out because the Reserve Bank was not broke as it has audited accounts showing that it is a going concern," he said. The group has since formed a mining company, Meikles Centar Mining. Meikles' technical partners Centar Mining, are said to have knowledge and capital for the mining venture and are ready to invest up to US$500 million as the group spreads its tentacles into mining. The two companies are said to have identified seven minerals which they would focus on which include gold and platinum. Profits from Meikles' resources company "are expected to exceed those anticipated for the entire group as presently constituted over the coming years and will therefore be of material significance," said Moxon. *(Financial Gazette)*

ECONET WIRELESS might have complied with the regulatory authority directive against slashing voice call tariffs by more than half, but the company still faces investigation into the propriety or impropriety of its conduct prior to the directive. Potraz acting director-general Mr. Alfred Marisa said in an interview yesterday that Econet Wireless had shelved its decision to slash voice call tariffs by 60 percent as directed, but the authority would still investigate the period it advertised for the reduction without approval. "They have (complied with the directive), but we are still looking into the period they advertised outside what we had approved," he said. The regulator argued that while Econet had the discretion to increase or reduce tariffs the changes had to be approved by Potraz. "What they were advertising outside our approvals is what we rejected," Mr. Marisa said. Potraz had also argued that Econet's Buddie Zone tariffing system was a promotion, which had outlived the approved three- month trial period. Potraz contends Econet breached provisions of the Telecommunications Act when it advertised, over a fortnight ago, that it had with immediate effect, cut voice call tariffs across networks and also wanted the Buddie Zone "promotion" shelved. When the regulator directed that the reduction had not been sanctioned Econet argued that Potraz had strayed off its jurisdiction while also arguing Buddie Zone was not a promotion but an integral feature of its tariffing system. Econet argued that Potraz's role was regulating the industry to ensure fair competition among operators and further claimed the regulator overstepped its limits and encroached into operational issues. The mobile phone operator said the directive against the reduction of voice call tariffs was a result of misunderstanding with the regulator, adding that it would engage the regulators to clarify areas of divergence. *(Herald)*

CENTRAL African Building Society has remained firmly on a solid growth path after net surplus in the interim to June 2013 rose 11 percent to US$10,6 million driven by increases in both interest and non-interest income. "Net interest income increased by 29 percent in line with the increase in loans and advances. Net interest and non-interest income contributed 56 percent to the society's total income. Fee and commission income increased by 13 percent as a result of increased volume of transactions," said CABS. Notably, fees and commissions were trending up in the interim contrary to other financial institutions that registered a decline in profitability in the interim period citing the central bank memorandum of understanding on charges. The central bank last year signed an MoU with all banks for a cap on interest and charges after a public outcry about cost of banking and funding. CABS said surplus in the interim period registered modest growth despite operating cost increasing by 33 percent due to the impact of various growth initiatives. Total assets, CABS said, increased by 18 percent to 474,3 million during the six months period under review largely driven by a 21 percent growth in the deposit base to US$83 million made up of 10-year mortgages for housing. The society's loans and advances position increased from US$278 million in December 31 2012 to US$268 million with the mortgage book rising from US$96 million to US$104 million in the six months period under review. CABS said an additional branch was opened during the interim while additional mobile banking agents were rolled out to make banking more accessible. Texta cash mobile remittance product exceeded revenue and usage targets while point of sale acquisition through ZimSwitch reached 73 per cent of market share. CABS said the Reserve Bank of Zimbabwe requires building societies ro maintain minimum capital of US$40 million (June 30 2012) and capital adequacy of 12 percent as measured by the ratio of total capital to risk weighted assets. In the regard, the society said it has a policy to maintain strong capital base so as to maintain confidence and sustain future development of the business. As such, CABS said its capital position as at June 30 2013 comprised US$56,8 million tier 1, US$31,2 million tier 2 and US$5 million tier 3 capital. In view of this capital position CABS said capital adequacy stood at 17 percent in December 2012, 13 percent in June 2012 and 21 percent in June 2013. Looking at the operating environment CABS said economic stability continued into 2013 with growth seen at 3,4 percent and inflation projected at 5 percent by the end of the 12 months period to December 2013. *(Herald)*

ZIMBABWE Stock Exchange-listed manufacturing concern Dairibord Zimbabwe Holdings (DZL) posted a $3,3 million loss in the six months to June compared with a $2 million profit during the comparative period last year, weighed down by rising operating costs related to the group's rationalisation exercise. After issuing profit warning recently, DZL reported that the ongoing rationalisation exercise and staff costs had affected the company's profitability. DZL chairman Leonard Tsumba said the rationalisation's aim was to consolidate operations and reduce overheads costs. **"These expenses relate to retrenchment packages, relocation of plant and equipment and impairment of equipment, spares, materials and receivables. The total of these expenses was $4,3 million," Tsumba said.** During the period under review, DZL redeployed plant and equipment from Bulawayo and Mutare to Harare and Chitungwiza although the affected centres will retain their sales and distribution operations. The group's capital investments were $2,3 million and were mainly into cold chain facilities, distribution vehicles and commissioning of the salad cream and tomato sauce processing and filling lines. Revenue for the group increased by 1% to $49,1 million although the sales volume decreased by 0,6% to 32,02 million litres. Raw milk intake went up to 13,3 million indicating a 2% increase. "Liquid milks benefited from increased raw milk intake in Malawi, and importation of processed UHT milk from South Africa. Foods continue to benefit from investments made in yoghurt, tomato sauce, salad cream and ice cream. Increased capacity and brand building will continue to enhance competitiveness," said Tsumba. Borrowings for the group increased by $0,9 million to $7,9 million. Dairibord Malawi contributed $200 000 to operating profit and efforts to sustain the business would continue. *(News Day)*

QUOTED beverages maker African Distillers Limited after-tax profit for the six months to June declined to $808 767 from $1,1 million recorded during the same period last year due to rising costs. Earnings per share decreased to 0,85 cents from 1,2 cents. Despite achieving growth in revenue, administrative costs rose to $1,2 million from $900 000 while distribution and other operating costs also increased. Revenue was up 16% to $22 million from $19,5 million. The sales volume grew by 18%. Operating income, according to the company, grew by 43% to $1,66 million from $1,16 million leveraging on improved efficiencies and cost control. "Revenue growth was driven largely by increased sales from locally produced beverages which grew in volume by 21% to 3,2 million litres and accounted for 57,7% of total revenue," the company said. "Revenue growth was lower than volume growth due to unfavourable mix from imported products whose growth was largely constrained by two increases in customs duties during the year." The groups' volumes were up despite an influx of cheap imports from the region. Networking capital went up by $1,9 million and was financed by increased borrowings as the business grew.Net funding was $2,8 million. Looking forward, the group is underpinning its growth in investing in new and modern manufacturing facilities, increasing its ready-to-drink product portfolio, improvement of production efficiencies and capabilities and cost effectiveness throughout the organisation. The beverage sector is one of the fastest growing sub-sectors of the country's troubled manufacturing sectors. Capacity utilisation for the country's manufacturing sector last year plunged to 44% from 57% in the prior year due to a host of constraints besetting the sector. *(News Day)*

Economic News

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

THE mining sector is poised to anchor Zimbabwe's economic growth over the next few years as the industry holds huge potential for economic development, President Mugabe has said.President Mugabe made the remarks in his acceptance speech after his inauguration at the National Sports Stadium in Harare last week saying the sector would be the "centrepiece" of Zimbabwe's economic recovery and growth. His inauguration followed his resounding victory and that of Zanu-PF in the July 2013 harmonised elections. "It should generate growth spurts across sectors, reignite that economic miracle which must now happen," the President said. "The sector has shown enormous potential, but we are far from seeing its optimum. We have barely scratched our worth, even in the sense of merely bringing above ground what we already know to be embedded in our rich soils. We need to intensify the exploitation of existing deposits." The Head of State and Government said more mineral deposits remained unknown and unexplored. "We need to explore new deposits, developing new Greenfield projects in the mining sector. "Above all, we need to move purposefully towards beneficiation of our raw minerals. The scope is great and I call upon you all to summon your full will, to give your utmost," he said. The President reckoned that this was what would "empower us, develop us, indeed create employment for our people." "As we go about re-organising this critical sector, our policy reflexes must be oriented towards the goals of indigenisation and economic empowerment of our people." The President also said mining was the centrepiece of Zanu-PF's election manifesto and what the people voted for, "the centrepiece of our development endeavours". "We dare not let our people down. We are aware that people of ill-will have cast aspersions on our hallowed policy of indigenisation and economic empowerment. It is a set policy, our chosen path to full sovereignty," he said. President Mugabe added that minerals were a depletable resource that cannot be grown once they have been exploited. Consequently, he said Zimbabweans cannot be bystanders in their exploitation and needed controlling share in all ventures that exploit non-renewable natural resources. "Where we can, we can go it alone. Where we cannot do so, we seek partners on a 51/49 percent shareholding principle. Genuine partners should find this acceptable. We reject totally as skewed the economic principle which puts capital, technology or expertise before natural resources. "It is a principle of imperialism, the source of un- equal agreements which have been the bane of our ever exploited Africa. That is our reckoning here and we stand by it." He said unequal agreements are unacceptable as they reek of colonial and neo-colonial relations. But where an investor brings in his or her capital, technology, expertise and raw materials, Zimbabwe will not insist on the principle. *(Herald)*

THE Ministry of Economic Planning and Investment Promotion has launched an investment handbook on Zimbabwe that profiles opportunities in the domestic economy. Secretary for Economic Planning and Investment Promotion Dr Desire Sibanda said Government was committed to ensuring that key information on opportunities and procedures for doing business in the country is readily available to potential investors. The book was launched last week in Victoria Falls, at a conference organised by the Ministry of Tourism and Hospitality Industry, Zimbabwe Economic Policy Analysis and Research Unit, United Nations Development Programme and Deloittes. It was launched at the conference on the sidelines of the United Nations World Tourism Organisation under theme 'Travel and Tourism Competitiveness Conference – Making Zimbabwe the destination of choice'. Dr Sibanda pointed out that Zimbabwe was the only country on the continent which had not produced an investment brochure which outlines the major investment opportunities and the incentives which apply to the different sectors of the economy. "The publication highlights some key points on why to invest in Zimbabwe. These include; irreversible socio-political and economic reforms which are highlighted in the Medium Term Plan. These (economic) reforms resulted in a new economic trajectory that led to higher economic growth in the past three years," Dr Sibanda said. In terms of the MTP, the Government is committed to raising foreign direct investment levels from the current 4 percent of GDP to at least 25 percent by 2015 given opportunities that exist and the investment reforms that are underway. It also chronicles some key points on why to invest in Zimbabwe, namely regional logistics hub of Southern Africa, huge endowment of mineral wealth and an educated highly literate workforce, which have seen the country is currently ranked number one in terms of literacy rates in Africa, with an adult literacy rate of 92 percent. Secretary for Tourism and Hospitality Industry Mrs. Margaret Sangarwe said production of the handbook, to be distributed during the UNWTO General Assembly, was timely. Zimbabwe is taking advantage of the country's strategic location to promote the country as the hub of tourism in Southern Africa as outlined in the investment handbook. Other areas of investment in the tourism sector include development of new tourism resorts, conference facilities, hunting safaris, transfrontier conservation areas, travel and tourism services and sustainable community-based tourism enterprises. Opportunities in the agriculture sector, the mainstay of Zimbabwe's economy, include mechanisation, value addition of agriculture produce, horticulture, dairy and livestock. The infrastructure sector offers opportunities in energy, transport, water and sanitation, housing and construction, information communication and technology and SMEs. Mining sector investment opportunities exist in exploration, resuscitation of existing companies, establishing new mines as well value addition among other areas. Manufacturing has traditionally been one of the key drivers of the Zimbabwean economy and the sector presents numerous opportunities in the sub-sectors of food and beverages, leather and leather products, packaging and plastics, metals and metal products, textile and clothing, chemicals, ICTs and pharmaceuticals production. A well developed and diversified financial services sector offers opportunities in insurance industry, money and capital markets development and micro- finance banking. The publication also highlights key investment opportunities in State enterprises and parastatals opened up to private sector development. The 78 enterprises in the various sectors of the economy will be commercialised, restructured and privatised. This comes after the Ministry of Economic Planning and Investment Promotion also launched the One-Stop Shop Investment Centre in December 2010, whose objectives are to simplify and shorten procedures and guidelines for investment proposals. *(Herald)*

ZIMBABWE'S gold deliveries for the month of May increased marginally by 4,6 percent from 1 081,93kg in April 2013 to 1 131,27 kilogrammes in May as output by small-scale miners registered a significant growth. According to figures released by the African Development Bank, deliveries by small-scale producers went up 28,6 percent to 211,66kg in May from 164,55kg in April. Production by small-scale miners has been declining in the past few months. In April last year, production plummeted to two tonnes from 17 tonnes recorded nine years ago. Small-scale miners have attributed the decreased output to the exorbitant mining levies and punitive policies set by Government. Government last year raised the pre-exploration fees for most minerals by as much as 8 000 percent to discourage speculative holding of mineral claims which had become prevalent. However, the fees and levies were reviewed in March as Government tried to accommodate the small-scale miners. According to the Ministry of Mines and Mining Development, the small-scale miners contributed 30 percent of the total 13 tonnes of gold produced in 2012. In 2005, Zimbabwe produced about 14 023kg of the yellow metal with small-scale miners contributing more than 50 percent, making them an integral player in the country's mining sector. Gold deliveries by primary producers grew by 0,24 percent to 919,61 kilogrammes from 917,38 kilogrammes in April. On a year-on-year basis, total gold deliveries grew by 5,18 percent from 1075,53 kilogrammes in May 2012 to 1131,27 kilogrammes in May 2013. Primary producers' deliveries also grew 4,04 percent from 883,85kg last year to 919,61 kilogrammes in May this year, while small-scale producers' deliveries grew by 10,42 percent from 191,68 kilogrammes in May 2012 to 211,66 kilogrammes in May 2013. According to the AfDB, there was less volatility in gold and platinum prices during the month of May. The metal prices declined for the greater part of May before firming towards month end. The gold price softened from US$1 473 per ounce as at May 3 to US$1 373 before increasing to close the month at US$1 438 per ounce. *(Herald)*

ZIMBABWE'S economy holds limitless potential to outshine its African peers after making it into the 10 fastest growing economies on the continent despite facing a myriad of challenges. According to the Zimbabwe Investment Handbook launched in Victoria Falls on the sidelines of the United Nations World Tourism Organisation General Assembly, Zimbabwe was among the 10 fastest growing economies in Africa from 2009 to 2012. "According to the Economic Report on Africa 2013, Zimbabwe was among the top 10 growth performers in Africa from 2009 to 2012." Zimbabwe is now rated among fast growing economies such as Ethiopia, Ghana, Malawi, Sierra Leone, Rwanda, Mozambique and Libya. Africa achieved 5 percent growth rate in 2012, well above the world average, despite the global slowdown, tension and uncertainty. Recovery in many countries was underpinned by a variety of factors, including high commodity demand on international market, rising domestic demand due to rising incomes and urbanisation. Increasing public spending on infrastructure projects, increasing trade and investment with emerging and developing economies and increased foreign investment in extractive industries and in some post-conflict countries also supported growth. "Zimbabwe's economy recorded average growth of 8,5 percent in the period 2009-2011, but slowed down in 2012 with estimated growth of 4,4 percent," reads an excerpt from the handbook. This is despite the fact that the country faces a multiplicity of constraints that include low capital inflows, liquidity challenges, high cost of utilities, old equipment, expensive funding, raw material shortage, energy crisis and poor infrastructure. While the economy was projected to grow by 5 percent in 2013 the forecast has been revised to 3,4 percent after poor performance in agriculture and weakening global commodity prices. Zimbabwe's growth followed Government's adoption of the multi-currency in 2009, which brought stability. Further, the pursuit of prudent fiscal policy enabled Government to keep inflation low. Zimbabwe's average annual inflation during the first five months of 2013 was below 3 percent, one of the region's lowest. Government has targeted inflation rate of 5 percent for 2013. The country has enjoyed stable macro-economic environment since 2009 and investors need to capitalise on the development to explore investment opportunities in the country. Government identified foreign direct investment as critical for economic and targets to increase investment as a percentage of Gross Domestic Product from 4 percent to 25 percent by 2015. But what is fascinating about the country's growth potential is that the economy grew in tandem with the average pace as the rest of the continent with more stable conditions and less constraints. Despite the tame argument by other analysts that the economy grew faster because it was coming from a low base, its growth remains extraordinary for a country afflicted by so many challenges and the impact of a decade of Western sanctions. These challenges reflect in the country's trade statistics, which show that Zimbabwe exported US$3,884 billion in 2012 compared to imports of US$7,4 billion imports over the same period. But investors who take the plunge and grab opportunities abundant in the economy will have the last laugh compared to those still sitting on the fence weighing perceived risks in the economy. Zimbabwe faces an uphill task to address the numerous constraints militating against its growth potential, but opportunities and potential benefits far outweigh the challenges. *(Herald)*

THE past few weeks have seen most banks reporting their half-year financial results. While banks have generally performed better than other economic players, a binding memorandum of understanding (MOU) capping interest rates and bank charges has largely been criticised for declining margins. Several banks, ZB Bank, FBC Bank, CBZ Bank, MBCA, Ecobank and BancABC, released their half-year financial statements. The statements showed that interest income for some of the banks increased, but at low levels. FBC Holdings' total income increased to $36,8 million from $36,7 million. The net fee and commission income rose to $11,5 million from $11,3 million. FBC Holdings chief executive officer John Mushayavanhu said the increase was weighed down by the mandatory reduction of bank charges and interest margins as stipulated in the MOU signed between the banking sector and the central bank. The bank recorded a reduction in fee income, commission income as well as interest income because there was a cap on the maximum rate that the banks could charge. Mushayavanhu said had it not been for the MOU, the bank would have recorded another $2,5 million in interest income, net fee and commission income. "The MOU provides for regular review, we will discuss with the authorities. We will be giving the central bank our recommendations," Mushayavanhu said. CBZ Holdings net interest income, rose to $43,9 million from $41,4 million. CBZ Holdings chairman Luxon Zembe said: "This sluggish performance lies in the severe decline in net investment in the productive sectors, weak medium-term export growth prospects and internal macroeconomic resource imbalances resulting from a growing public debt. "The financial services industry in particular has been negatively affected by a declining deposit base coupled with the impact of the adoption of the memorandum of understanding on bank charges." Ecobank chairman David Whatman said in a statement accompanying the group's results lending rates have fallen as a result of a decrease in the rate of inflation as well as the impact of the MOU on banks and interest rates. CABS managing director Kevin Terry said the impact of the MOU to the building society was minimal since most of the society's charges were still below the MOU threshold. ZB Financial Holdings company executive head business development manager Shadowsight Chiganze said the bank was not affected by the MOU. The Bankers' Association of Zimbabwe chief executive officer Sijabulison Biyam declined to comment on the matter. "We should hold fire, these issues are sensitive," he said.*(News Day)*

THE automation of the Zimbabwe Stock Exchange is likely to see volumes of the shares traded doubling, thereby making the exchange more liquid and efficient, chief executive Mr Alban Chirume has said. It will also have a positive impact on the viability of the majority of stockbrokers as most of them have been struggling due to depressed business, Mr Chirume told a press conference yesterday. "We are expecting volumes to go up two times on the automated trading platform and we are also working on the reduction of costs of transaction in an effort to lure other companies to come for listing," he added. The ZSE, one of the oldest capital markets in Africa is expected to be fully automated during the first quarter of 2014 as part of efforts to modernise the bourse so that it catches up with other exchanges. Mr Chirume said the ZSE had finalised the appointment of Central Depository and Settlement Company of Mauritius Limited as its consultant for the automated trading system project. CDSM operates the securities central depository in Mauritius and it provides ICT services to stock exchange of Mauritius. "The request for expressions of interest for the consultancy role attracted a lot of interest from ICT professionals in Zimbabwe, South Africa, East Africa, Mauritius, South Asia and Europe," he said. "The Zimbabwe Stock Exchange carried out a thorough selection process to identify a shortlist of five from the initial 18 applicants and ultimately three were invited to come to Harare and present their proposals," he said. "From this process CDS Mauritius emerged as our choice of consultant to help us with the automation project. CDS has a visible footprint in the automation projects carried out elsewhere in Africa." The consultant is expected to review business processes of the Zimbabwe stock exchange, preparing requests for proposals, advising the ZSE on the process of vendor selection and prepare the system for implementation. Mr Chirume also added that the automated trading system is very significant to the Zimbabwe stock exchange in terms of expected impact and is very delicate since it involves all stakeholders and the way that they conduct business. Some analysts say the continued use of manual trading system has partly contributed to subdued market turnover. The manual trading system has also compromised the viability of stockbrokers. Other countries who already have automated trading platforms include South Africa, Zambia, Botswana, Namibia. Mozambique, with only three listed companies is in the process of automating. *(Herald)*

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