SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change		31-Dec-14	YTD % Change	
Country	Index	23-Oct-15	30-Oct-15	Local	USD	31-Dec-14	Local	USD
Botswana	DCI	10595.05	10567.93	-0.26%	-2.36%	9,501.60	11.22%	0.23%
Egypt	CASE 30	7611.03	7513.51	-1.28%	-1.27%	8,942.65	-15.98%	-25.19%
Ghana	GSE Comp Index	1987.37	2013.22	1.30%	0.30%	2,287.32	-11.98%	-26.76%
Ivory Coast	BRVM Composite	304.25	303.31	-0.31%	-3.84%	258.08	17.53%	5.70%
Kenya	NSE 20	3952.97	3868.83	-2.13%	-1.67%	5,112.65	-24.33%	-32.54%
Malawi	Malawi All Share	15332.70	15332.70	0.00%	-2.56%	14,886.12	3.00%	-14.44%
Mauritius	SEMDEX	1871.15	1881.44	0.55%	-0.56%	2,073.72	-9.27%	-20.30%
	SEM 10	358.30	361.11	0.78%	-0.33%	385.80	-6.40%	-17.78%
Namibia	Overall Index	1033.56	1013.55	-1.94%	-4.03%	1,098.03	-7.69%	-22.26%
Nigeria	Nigeria All Share	30011.89	29190.54	-2.74%	-3.30%	34,657.15	-15.77%	-23.39%
Swaziland	All Share	312.38	313.53	0.37%	-1.79%	298.10	5.18%	-11.43%
Tanzania	TSI	4590.50	4598.55	0.18%	0.43%	4,527.61	1.57%	-19.68%
Tunisia	TunIndex	5532.20	5545.87	0.25%	-1.73%	5,089.77	8.96%	1.24%
Zambia	LUSE All Share	5775.19	5772.35	-0.05%	-4.09%	6,160.66	-6.30%	-52.67%
Zimbabwe	Industrial Index	130.56	130.83	0.21%	0.21%	162.79	-19.63%	-19.63%
	Mining Index	23.49	23.57	0.34%	0.34%	71.71	-67.13%	-67.13%

CURRENCIES

Cur-rency	23-Oct-15 Close	30-Oct-15 Close	WTD % Change	YTD % Change
BWP	10.23	10.45	2.16	-9.88
EGP	8.01	8.01	-0.01	-10.96
GHS	3.78	3.82	1.00	-16.79
CFA	578.73	600.01	3.68	-10.06
KES	100.35	99.89	-0.47	-10.85
MWK	543.18	557.44	2.62	-16.93
MUR	34.26	34.64	1.12	-12.16
NAD	13.48	13.78	2.18	-15.78
NGN	197.82	198.97	0.58	-9.04
SZL	13.48	13.78	2.20	-15.78
TZS	2,156.38	2,151.01	-0.25	-20.92
TND	1.96	2.00	2.02	-7.08
ZMW	12.06	12.57	4.21	-49.49

SECURITIES AFRICA

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Botswana

Corporate News

No Corporate News This Week

Economic News

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Egypt

Corporate News

EgyptAir, the state-owned flag carrier, is in final stages of launching an overhaul and expansion plan that will reverse its downturn and propel it towards growth, its chairman said on Tuesday. "We're developing a 10-year restructuring plan, which should be finalised by mid-December," Sherif Fathi Attia, chairman and chief executive of EgyptAir Holding told Reuters on the sidelines of an industry conference in Abu Dhabi. Attia is optimistic the plan will get government approval. The plan includes a network and fleet expansion and Attia said the airline could place aircraft orders in the first quarter of 2016. He said wide-body aircraft would account for 20 to 30 percent of its total order. The airline has struggled to make a profit, facing setbacks during the 2008 financial crisis, which was followed by the turmoil after the overthrow of then-president Hosni Mubarak. EgyptAir reported an annual loss of 2.20 million Egyptian pounds at the end of June 2011, the last results the group published since the revolution. The turnaround project, that could see changes in middle-management, aims for profitability at the end of the current fiscal year. Attia ruled out initial public offering for the company, which had previously been under consideration. EgyptAir is part of a group of seven companies which includes EgyptAir Cargo. It currently has a fleet of about 66 aircraft and flies to about 162 countries. *(Reuters)*

Economic News

No Economic News This Week

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Ghana

Corporate News

Tullow Oil plc is going ahead with its production activities in Ghana despite the sharp decline in crude oil prices on the world market, the Tullow Group Chief Executive Officer, Mr Aidan Heavey, has said. "Oil prices always move up and down but this time round, it has been a dramatic decline for the company but we are focused on key projects in Ghana. Ghana is a key project," Mr Heavey said to journalists at a media briefing in Accra. Crude oil prices have seen a dramatic downturn in the past three years causing Tullow Oil plc's shares to dip on the stock market. Despite these hiccups, Tullow Oil plc is bent on continuing with its production activities on the Jubilee and Tweneboa-Enyenra-Ntomme (TEN) oilfields in the Western Region. Describing the TEN project as one of the biggest in the world, the CEO said "our focus is on time and budget for all our projects in Ghana." Thus the company, he noted, was committed to ensuring the TEN project was executed on time and on budget. Mr Heavey, who was on a two-day working visit to Ghana, was optimistic the precarious situation on the oil market would improve in the short term. Highlighting the impact of the continuous decline in crude oil prices on the global market, Mr Heavey said the oil industry could not continue to operate successfully around $50 or less per barrel. "Even Saudi Arabia is operating at a negative. There are $760 billion worth of projects on hold because it is uneconomic to function at $50 per barrel."

He also touched on the trillion dollar plus loss in income in the past three years but nonetheless predicted a positive future outlook for the oil industry. According to Mr Heavey, $4 billion has been expended on the TEN project, which is expected to start oil production in mid 2016. A new Floating Production Storage and Offloading (FPSO) vessel, named after President Prof. John Evans Atta Mills (late) was unveiled last month in Singapore by the First Lady, Mrs Lordina Mahama. The FPSO, which is expected to produce 80,000 barrels of crude oil a day, will set sail from Singapore in December 2015, and arrive in Ghana in February 2016. Answering questions on the participation of local companies in Ghana's offshore sector, Mr Heavey said "TEN gave a better footing. There are more service companies on TEN. *(Ghana Web)*

Africa-focused oil explorer and producer Tullow Oil expects its Ten Field development in Ghana to start producing oil next year and deliver significant cash flow, the company's vice president for Africa said on Tuesday. Tim O'Hanlon, speaking at the Africa Oil conference organised by Global Pacific & Partners, also said the company was trimming capital spending in the face of depressed prices, to $1.2 to $1.4 billion next year from $1.9 billion in 2015. He also said the company hoped to get a production license this year in Uganda, the central African country where Tullow discovered oil in 2006. *(Reuters)*

Economic News

Mr. Seth Terkper, Minister of Finance says the one billion dollars ($1billion) raised with Ghana's recent Eurobond issue would be used to only refinance the nation's existing debts which are maturing. He said although the initial plan had been to raise $1.5 billion; with a World Bank guarantee for $1 billion of the amount to be used for debt financing whilst the remaining $500 million is used as a new capital, market conditions in the global market had made the Ministry to go for $1 billion instead. In accordance with World Bank's guarantee conditions, the entire $1 billion, which was raised with a $400 million World Bank guarantee, would be used to refinance Ghana existing debts, particularly the 2007 Eurobond, which is set to mature in 2017. He however maintained that since Parliament had approved $1.5 billion, there was still an opportunity to go back to the market; either the domestic bond market or the international market and borrow the extra $500 to cover the deficit. Mr. Terkper explained that Ghana's 2015 Eurobond was its fourth, with previous ones issued in 2007 (10 years), 2013 (10 years), and 2014 (10 years) which raised $750 million, $1 billion and $1billion respectively. The outstanding balance from the previous bonds are: $530,510,000 on the 2007 bond and $1billion each for all the other bonds with maturity dates in 2017, 2023, 2026 and 2030 for the latest issue. The 2015 issue is the first Eurobond with 15-year tenure, but comes with the highest coupon rate of 10.75 per cent due to the global pressures facing emerging markets. According to the Minister, global conditions in the world economy had posed major challenges to emerging markets including Ghana.

These included the recovery in the United States of America, the world's greatest economy, weaker-than-expected economic indicators in China, the second greatest economy, exchange rate depreciations, and Brazil's downturn amidst weakening commodity prices. Ghana suffered setbacks due to decline in commodity prices, shortfall in energy leading to the 'dumsor' crisis, as well as inflation increases. He noted however that Ghana medium term outlook was good considering the investments government had made in the economy, especial in the energy sector, including those in gas processing. He said the finding of new oil in the TEN fields, reforms in the public sector financial management among others were good indications for the medium and had boosted investor confidence during the Eurobond road show. He stressed that government was committed to continue in the path of consolidation, living within its means and also putting structures in place to minimize the country's debt acquisition. Mr. Samuel Ackhurst, Director Debt Management Division of the Ministry of Finance said its debt management strategy would ensure a reduction in debt risk for the country. He said a major initiative that would help in that direction was the initiation of Municipal bonds to finance developmental projects by Metropolitan, Municipal and District Assemblies (MMDAs).

He explained that this initiative, when launched, would put MMDAs in a position to issue their own bonds to raise funds to finance projects in the municipalities as was done in other countries like Nigeria and Kenya. This, he noted, would take some of the burden for such project of the budget and decrease debt while allowing the budget to focus on long term infrastructural projects. He conceded however, that in order for this to be successful, MMDAs would have to prove to investors that they are capable of mobilizing revenue to pay for such project, for instance by instituting measure to ensure collection of and security of property taxes in the municipalities. Other measures include shifting to financing capital projects that can be self-financing, shifting from unfettered sovereign guarantee to project guarantees and insurance, use of on-lending and escrow policy and creation of the Ghana Infrastructure Investment fund. In order to prevent bullet payment of the country's debt, the ministry is also using a sinking fund mechanism and management of debt where funds are consistently put into the sinking fund and used to finance the debts when due. Currently Ghana's sinking fund currently has about $100 million in it. *(Ghana Web)*

Ghana's producer price inflation (PPI) fell to 3.7 percent in September from a revised 3.9 percent in August, continuing a downward trend, the statistics office said on Wednesday. The reduction, after a sharp drop last month, is good news for the government which started an International Monetary Fund programme in April to stabilise an economy plagued by fiscal troubles and inflation persistently above target. "The utilities sub-sector recorded the highest year-on-year producer price inflation of 7.2 percent, followed by the manufacturing sub-sector of 4.3 percent," government statistician Philomena Nyarko told a news conference. Mining stood at -2.1 percent. Ghana's PPI has dropped from 47 percent since Sept 2014 driven by a fall in the prices of gold and petroleum products, Nyarko said. Until 2013, Ghana had some of the strongest growth rates in Africa due to its exports of gold, oil and cocoa. A combination of lower global commodity prices and macro-economic instability have set it back. Fitch ratings agency said recently that gross domestic product would grow 3 percent in 2015, below the average for sub-Saharan Africa. *(Reuters)*

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Kenya

Corporate News

Kenya's Equity Bank Group posted on Monday a 14 percent rise in pretax profit for the first nine months of the year to 18.14 billion shillings ($177.58 million), helped by higher interest income. Equity, which focuses on the lower-income part of the Kenyan market and also operates in Uganda, South Sudan, Tanzania, Rwanda and Democratic Republic of Congo, said interest income rose 21 percent to 31.60 billion shillings, while customer deposits rose 30 percent to 317 billion shillings. Equity group's ratio of bad debts to total loans rose to 4.5 percent from 4.3 percent in the first nine months of 2014, James Mwangi, its chief executive officer told an investor briefing. Its total loan portfolio rose by 27 percent to 263.4 billion shillings from 206.7 billion shillings, while total assets rose to 445.8 billion shillings from 339.44 billion shillings. In May, Equity Bank - which wants to increase operations to 10 more African nations by 2024 - bought a 79 percent stake in ProCredit Bank Congo, the seventh biggest lender in the Democratic Republic of Congo. Equity Bank launched its own mobile phone service - known as Equitel - in July and has 1.3 million users. Mobile banking is seen as the future of the sector, with more people accessing financial services on their phones and other portable devices, spurring lenders to partner with telecom firms to offer services. *(Reuters)*

Kenya's ARM Cement posted a pretax loss of 645 million shillings ($6.32 million) for the nine months to September, blaming losses related to the depreciation in regional currencies against the dollar, the company said on Monday. The cement maker, which reported pretax profit of 1.62 billion in same period of 2014, said revenue for the first nine months of 2015 rose 7 percent to 11.7 billion shillings, thanks to increased cement sales in Kenya and in Tanzania. While the demand for cement grew more than 10 percent during the period, "the sharp depreciation of both the Kenyan and Tanzanian currencies in the nine months has resulted in an unrealized exchange loss," the company said in a statement. It said the loss amounted to 2 billion shillings on the firm's dollar denominated borrowings. "The fundamentals for continued economic and construction sector growth remain strong despite the recent currency depreciation and increase in interest rates," the company said. Kenya's shilling has lost about 12 percent against the dollar so far this year. Tanzania's shilling has lost nearly 20 percent of its value. Booming construction in the east Africa region have buoyed demand for cement in recent years but local firms are preparing for increased competition from new entrants like Nigeria's Dangote Cement, which is investing in Kenya. The company said its board did not recommend paying an interim dividend. The company paid a first and final dividend of 0.60 shillings per share for 2014. *(Reuters)*

Kenyan mortgage lender Housing Finance Group posted a 7 percent rise in nine-month pretax profit on Tuesday, helped by growth in net interest income. Pretax profit rose to 1.1 billion shillings ($10.8 million) for the nine months to Sept. 30. Net interest income rose 24 percent to 2.72 billion shillings, it said in a statement. Housing Finance said net loans and advances to customers rose to 51.71 billion shillings from 43.27 billion shillings, with net non-performing loans falling by a fifth to 2.7 billion shillings. Housing Finance's earnings per share fell to 2.98 shillings from 4.15 shillings in the same period last year. It declared a dividend per share of 0.65 shillings, down from 0.75 shillings. It did not give a reason for the fall in earnings per share, but it conducted a rights issue in March in which it offered 116.67 million new shares, raising 2.95 billion shillings. *(Reuters)*

KCB has increased monthly loan interest rates on its mobile phone-based product KCB M-Pesa by two per cent on all its three repayment packages. "Dear Customer, effective October 26th 2015, new loans on KCB M-Pesa will attract monthly loan interest of six per cent for 1 month, five per cent for 3 months and four per cent for six months," read the text forwarded to customers. "Lending rates have been rising, relatively, in the Kenyan banking sector based on existing market realities. As KCB, we are currently offering some of the most competitive lending rates in the market. We continue to monitor the current pressure in the economic environment to see if it is a persistent or temporal state to determine the next course of action," Mr Joshua Oigara KCB chief executive told the Nation. Since the launch of KCB M-Pesa in conjunction with Safaricom seven months ago, the platform has transacted over Sh1 billion in loans. As at June, the mobile money platform had signed up 1.8 million users. Today the numbers have clocked over three million. *(Nation)*

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TRADING

Fraudulent withdrawals and other illegal transactions at Imperial Bank amounted to more than 34 billion shillings ($335 million) over a period of 13 years, the bank's receiver said in a lawsuit filed at court. Kenya's central bank ordered privately-owned Imperial Bank to be put under management this month after the board alerted it to malpractices at the mid-sized lender. Shortly before it was taken into receivership, the bank had appointed an acting managing director after his predecessor Abdulmalek Janmohamed died in September. The lawsuit, seen by Reuters, said that from 2002 to September 2015 Janmohamed "was exerting his influence to siphon and direct" in excess of 34 billion shillings to defendants or respondents in a "fraudulent scheme." The central bank said on Tuesday the receiver had uncovered "substantial" fraud, without saying how much. It also said the bank was still viable and shareholders were considering plans to inject capital to reopen it in a month. The lawsuit documents seen by Reuters said "fraudulent withdrawals" by the defendants were hidden from the bank's reporting system through software manipulation. It also said some transactions had been written down on chits of paper. The lawsuit, filed on behalf of the bank's receiver Peter Gatere, said the funds were invested in prime real estate, luxury apartments and assorted firms. More than 20 companies and a number of individuals were linked to the fraudulent activities that began in 2002, the court documents seen by Reuters showed. They also showed that the lawsuit was pursuing beneficiaries of the estate of Janmohamed. According to the court documents seen by Reuters, one of the companies admitted to receiving 10 billion shillings from Imperial Bank and had offered properties to guarantee repayment. The lawyer who filed the suit on behalf of the bank's receiver Gatere declined to make any further comment. Imperial Bank was ranked 19 out of Kenya's 45 lenders at the end of 2014. On June 30 this year, it reported assets of 70.3 billion shillings. *(Reuters)*

Kenya Commercial Bank Group (KCB) said on Thursday it had received approvals to open a representative office in Ethiopia, boosting plans to enter more markets in the region, and posted a 10 percent rise in nine-month pretax profit. The company said pretax profit rose to 19.4 billion shillings ($191.1 million) in January to September, helped by a 10 percent rise in net interest income to 28.4 billion shillings. "KCB received the license to open a representative office in Ethiopia on Oct. 14, opening up the bank to opportunities in Africa's second-largest market by population," it said in a statement. "The bank hopes to use its presence in Ethiopia to facilitate trade between Ethiopia and other East African countries while playing part in driving economic expansion in the country." The bank also operates in Tanzania, Burundi, Uganda, South Sudan and Rwanda. It said its subsidiaries' profit shot up 74 percent and contributed 12 percent of the group's bottom line, up from 7 percent in the year-ago period. Kenya's biggest bank by assets said total assets rose by just over a third to 607.3 billion shillings from 451.6 billion shillings in the first nine months of 2014. Net loans and advances to customers rose 32 percent to 347.6 billion shillings, while fees and commissions were up 14 percent to 10.3 billion shillings. KCB said earnings per share rose to 6.05 shillings from 5.50 shillings. In July, KCB said growth in the second half of the year will be boosted by loans offered through a mobile phone service in partnership with telecoms company Safaricom, saying it aimed to double its customers to 5 million customers by year-end. It said as at September, the service had disbursed loans worth a total of 4.3 billion shillings since its launch in March. *(Reuters)*

Co-operative bank is set to get a Sh10.7 billion loan from the World Bank's private lending arm, joining a growing list of banks that have received funding from the International Finance Corporation (IFC). The funds will be used to increase the bank's lending to the small and medium enterprises (SME) sector and expand its construction and mortgage financing portfolio. "The project will be supported by IFC's global SME facility and the Women Entrepreneurs Opportunity facility. The total project cost is estimated at $105 million and will comprise of a loan for IFC's own account of $60 million and $45 million under IFC's managed Co-lending Portfolio Program," reads a disclosure document from IFC. The loan will have a maturity period of seven years with a two-year grace period on principal repayment. Disbursement of the funds is awaiting approval by the IFC's board that is set to meet at the end of next month. Last year, several banks rushed to borrow from international institutions including IFC and parent companies to comply with new regulations that require them to raise their core capital to Sh1 billion. Last year, NIC bank reached a deal with the IFC for a $50 million loan to boost its core capital and increase lending to the SME sector. Kenya Commercial Bank received Sh12.9 billion from IFC in 2013 to finance mortgage lending, in addition to a Sh8.8 billion that was received from the corporation in 2011. Equity bank bagged a Sh8.3 billion loan from the World Bank institution in 2012 for small businesses lending while Co-operative bank got Sh5.5 billion during the same year. Multilateral lenders such as the IFC advance loans to institutions at interest rates lower than the market rates this allowing them adequate margins from lending to local borrowers. *(Nation)*

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Economic News

The International Finance Corporation (IFC) plans to invest Sh1.5 billion ($15 million) in the initial public offer for Stanlib's Real Estate Investment Trust (REIT). Stanlib is seeking to raise Sh12.5 billion through the security, which will be invested in real estate to generate income for investors. Stanlib's Fahari I-REIT public offer was launched by the Nairobi Securities Exchange (NSE) last week. It is the first such security in Kenya. IFC's investment is bound to provide a boost for uptake of the offer. IFC is the private lending arm of the World Bank Group that mainly focuses on the private sector. "Successful establishment of Real Estate Investment Trusts as a liquid financial instrument used to gain exposure to Kenyan real estate help unlock significant capital resources to fund Kenya's real estate gaps. The total project cost is estimated at $125 million equivalent in Kenyan shillings and IFC will make an equity investment of up to $15 million equivalent in Kenyan shillings," said IFC in a disclosure document released on Tuesday. IFC's investment is expected to validate REITs as a means for domestic players to access investment opportunities in the country's booming real estate sector. *(Nation)*

Kenyan tea growers are diversifying into higher-priced varieties as tastes change and prices of the black variety of the beverage the East African producer is known for becoming volatile. From the rich volcanic soils on the slopes of Mount Kenya to the cool highlands of the Rift Valley, growers are either planting a new variant with purplish leaves or converting production from the common bush to more lucrative types; white, green and orthodox. In Meru county in central Kenya, grower Njeru Industries has 150 acres (60 hectares) under purple bushes and has been exporting 60,000 kilograms (132,277 pounds) annually to Japan at $30 per kilogram, according to Director Roselyne Njoki.
In comparison, the top grade of conventional black tea introduced to the country by British settlers in the 1940s, of which Kenya is the world's biggest exporter, sold for about $3.12 per kilogram at the latest auction. "We are purely a specialty grower," Njoki said by phone, adding that there was more demand for the purple variant than the other three specialty teas Njeru produces on 350 acres for sale in Britain and China. White tea earns the company as much as $40 per kilogram, she said. The United Nations' Food and Agriculture Organisation sees supply and demand for black tea "in equilibrium" at a price of about $2.81 per kilogram compared to an average of $2.59 per kilogram this year. Prices may drop by as much as 40 percent by 2023 if producers around the world increase supply by about 5 percent, the FAO said in a statement posted on its website, advising grower nations to promote domestic demand and diversify into organic and specialist teas to protect earnings.

The purple kind was developed by Kenya's Tea Research Institute. The government agency says the variety may hold medicinal properties. In Japan, Njeru's customers are turning the leaves into capsules and creams used in the beauty industry, Njoki said. Consumers around the world are also switching to varieties considered healthier for carrying high levels of anti-oxidants or less caffeine, said Elizabeth Kimenyi, the interim head of the Tea Directorate, the industry regulator. Purple tea contains anthocyanin, a pigment rich in health-promoting flavonoids, that gives it its reddish tinge, according to Njoki. Orthodox tea -- derived from the same bushes as black tea but processed differently -- earns between $7 and $25 per kilogram, according to Robert Keter, chief executive at Emrok Tea Factory. It is manufactured using a traditional process that includes a longer fermentation period and hand rolling whole leaves, instead of the crash, tear, curl, or CTC, method used in black-tea processing. Four-year-old Emrok churns out 400 kilograms of orthodox leaves in addition to the 15,000-kilogram daily output of black tea. It has also planted purple bushes on a portion of its 1,000-acre (405-hectare) estate. "It's the way to go to secure Kenya's tea industry," Emrok's Keter said in an interview in the capital, Nairobi. "There is market for purple tea. It's particularly well received in Asia."

Drought this year may cut black-tea output by a 10th to about 400,000 tons, according to the government agency. The drop in supply has pushed average prices up by about 43 percent this year, after they fell 26 percent in 2014, according to data from Tea Brokers East Africa Ltd., a Mombasa-based trader. "Diversification is the way to go to boost prices," said Edward Mudibo, managing director of East Africa Tea Trade Association. "It will act as a shock absorber when there is oversupply of tea like there was in 2014." Kenya exports 95 percent of the tea it produces, Mudibo said. Top buyers include Britain, Egypt and Sudan, whose purchases help generate about $1 billion of foreign-currency earnings annually. Most of it is black tea sold an auction in the port city of Mombasa. The weekly sale that handles over 70 percent of tea exported from Kenya would require large volumes before trading specialty types, Mudibo said. Prices for black tea have been so

unstable that the 3,000-acre Kiptagich Tea Estates contemplated clearing some of its crop and replacing it with gum trees, Marketing Manager Edwin Bii said in an interview. To avoid such drastic action by growers, the government is now mooting a fund to guarantee farmers a minimum price when prices slide, according to Kimenyi. "While we still study income stabilization mechanisms, we are asking farmers not to uproot their the tea trees, but to diversify," she said. *(Bloomberg)*

Kenya has signed a $750 million syndicated loan with banks, a senior Finance Ministry official said on Thursday. "The money is coming in today," Kamau Thugge, principal secretary at the Finance Ministry, told Reuters. He did not give further details, but he had previously said Kenya had agreed the two-year loan with an interest rate below 6 percent. *(Reuters)*

Kenya's finance minister played down a recent surge in interest rates, telling lawmakers on Thursday that steady inflation and other factors were in place to ensure they came down. The central bank has tightened monetary policy to support a weakening shilling, including raising its benchmark lending rate to 11.50 percent. Yields on 91-day, 182-day and 364-day bills have climbed above 20 percent in recent weeks. "The underlying factors to ensure those interest rates come down are stable," Finance Minister Henry Rotich said, citing stable inflation which has been hovering at about 6 percent. The minister was addressing members of the National Assembly's budget committee. Businesses complain that high interest rates on commercial loans are preventing investment and expansion by local firms. Kamau Thugge, principal secretary at the Finance Ministry, told Reuters that Kenya had signed a syndicated loan with an interest rate of 5.7 percent and he had previously said it was working on a two-year loan worth $750 million. "This will help us address some of the interest rates pressure, which was the intention of going for the syndicated loan," he said on the sidelines of the session in parliament. The government has said it wanted to seek external funding to avoid driving local rates up further. When asked about shortfall in government revenue collection of 28 billion shillings ($275 million) so far this financial year that began in July, Thugge said the Kenya Revenue Authority "should be able to make up for it in the course of the year". For the 2015/16 financial year, Kenya already forecasts a budget deficit amounting to 8.7 percent of gross domestic product, a hefty level that could rise further if expected revenues do not flow in as predicted. *(Reuters)*

Inflation in Kenya rose to 6.72 percent year-on-year in October from 5.97 percent a month earlier, the statistics office said on Friday. Month-on-month inflation was 0.50 percent in October. *(Reuters)*

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Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

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Mauritius

Corporate News

No Corporate News this week

Economic News

The weighted average yield on Mauritius's three-year Treasury bond rose to 4.56 percent on Wednesday from 4.51 percent at a sale of a similar bond on Oct. 21, the central bank said. Bank of Mauritius sold all the 1 billion rupees ($28.04 million) worth of debt it had offered. Bids totalled 2.625 billion rupees, with yield offers ranging from 4.25 percent to 5.14 percent. The bond has a coupon rate of 3.72 percent and is due on Aug. 21, 2018. *(Reuters)*

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Nigeria

Corporate News

Lafarge Africa Plc has reported a profit after tax of N29 billion for the nine months ended September 31, 2015, compared with N31 billion recorded in the corresponding of 2014. The company said Ashaka Cement's numbers were affected by the unrest during the start of the year, explaining that Ashaka has since returned to normal operations. It added that industrial performance was strong, with stable plant operations across the board. The South African business continues to be cash generative and the Ashaka plant is now fully operational. However, the volume slow down impacted the profit, with after tax (PAT) profit from consolidated operations declining by 67 per cent to N3.5 billion in the quarter. Lafarge Africa said United Cement, which was included on an equity basis, brought the PAT to N3.3 billion. "Unicem's operational performance was strong, but an unrealised exchange loss was reflected in the P&L as its foreign currency denominated borrowings, were slightly revaluated with the Naira movements.

Cash flow from operations was robust at the end of the 9 Months period, at N36.7 billion," the company said. Lafarge Africa concluded the second tranche of the acquisition of Four Mills of Nigeria 15 per cent stake in Unicem. "This brings Lafarge Africa's ownership stake in Unicem to 50 per cent, while LafargeHolcim group owns the remaining 50 per cent. The acquisition has brought about an expansion in the Lafarge Africa scope in Nigeria. Unicem, the key cement player in the South South & South East market in Nigeria is now fully owned by the LafargeHolcim group," the company said. Commenting on the results, the CEO, Lafarge Africa Plc, Mr. Peter Hoddinott mentioned that "in spite of the challenging business environment and competitive situation, our Company has delivered a good performance during the year. Our business expansion is remarkable and we are optimistic that our company will continue to deliver strong value to our shareholders." According to him, Lafarge Africa Plc will continue to leverage its strong brands, technological advantage and support from the global Group. The expansion plans are on track, with the aggregate business ramping up, new ReadyMix plants being erected, the Unicem second line set to come on stream in 2016. *(This Day)*

Oando Plc last Friday announced its audited results for the year ended December 31, 2014 and half year ended June 30, 2015. While the group ended the 2014 at loss of N179 billion, it has reduced the loss to N35 billion as June 30, 2015. According to the Group Chief Executive Officer of Oando, Mr. Wale Tinubu, Oando would bounce back into profitability by 2016. At the company's level, it posted gross profit of N69.8 billion in 2014 compared to N59.4 billion in 2013, while profit after tax decreased to N183.9 billion compared to N1.4 billion in 2013. For the six months to June 30, 2015, the company's turnover decreased by seven percent, N180 billion compared to N194.6 billion in H1 2014, while gross profit decreased by 27 per cent, N37 billion compared to N50.5 billion in 2014. According to the company, the PAT numbers were impacted by impairments of N76.9 billion (41.8 per cent) in Exploration and Production, N16.9 billion (9.2 per cent) in underlift and JV receivables loss, N37.1 billion (20.2 per cent) in Rig business impairment, and N7.3 billion (3.9 per cent) in foreign exchange losses. Appropriate consolidation of Oando's subsidiaries' accounts and painstaking due diligence undertaken as a result of the magnitude of impairments have been cited as the primary reasons behind the delay of the year-end statements. "Upstream players have been forced to record significant reductions in the fair value of their asset portfolios.

Oando is no exception to this global trend, which has led us to recognise about N76.9 billion of impairment charges in our exploration and production business. This impairment is as a result of lower oil prices leading to a reduced valuation of certain exploration and appraisal assets. We prudently booked an additional N16.9 billion write down on under-lift receivables and Production Sharing Contract receivables in our exploration and production business, and our energy services business realised impairments of N37.1 billion, as the current oil price environment has brought about reduced drilling activity and in turn reduced day rates accruable to our rig assets, as well as a weaker market outlook," Tinubu said. He explained that in addition to the decline in oil prices there was a 8.4 per cent devaluation of the Naira which generated a significant foreign exchange loss in our Downstream business. "The nature of the business makes us extremely vulnerable to foreign exchange risks as we import in dollar denomination and recover our costs in Naira. The delay of payments of subsidies from the federal government has served to increase this vulnerability and led to a realisation of N7.3 billion in foreign exchange losses," Tinubu

stated. The CEO noted that in spite of the numerous challenges, the company made significant achievements across the value chain completing its 45,000bbls/day throughput volume, 52km Umugini alternate evacuation pipeline for the Ebendo Field, increasing production via its Upstream subsidiary by over 500 per cent to 9.1 million boe in 2014 as compared to 1.5 million boe in 2013. It successfully realised $234 million by resetting its crude oil hedge floor price from an average of $95.35 per barrel to $65.00 per barrel on 10,223 bbls/day of oil production till July 2016 and another 1,553 bbls/day for a further 18 months until January 2019. The proceeds, in addition to $4 million cash on hand, were used to prepay $238 million of certain loan facilities. "We have braced ourselves for this new world order of low prices, reduced investments, and industry shrinkage by implementing effective cost-cutting initiatives, disciplined capex investments towards maintaining production levels and growth through merger and acquisition deals that create immediate and long term equity value for our shareholders," Tinubu said. *(This Day)*

Zenith Bank Plc made a profit after tax of N83.087bn in the nine months to September 30, 2015. The figure is 16.95 per cent higher than the N71bn PAT it made in the same period of 2014. The group's financial statements for the period showed that its profit before tax rose by 19.85 per cent from N86.818bn to N104.052bn in the review period. This followed a 23.06 per cent year-on-year growth in earnings for the period. The group's earnings rose from N273.738bn to N336.843bn. According to analysts, the positive performance recorded by the bank is likely to lead to higher consensus estimates. In the third quarter, the group said it earned N107.771bn and made N31.851bn and 29.907bn as PBT and PAT, respectively. Commenting on Zenith Bank's performance in the third quarter, analysts at FBN Capital Research said of the results showed that Q3 PBT grew by 10 per cent year-on-year. They noted, however, that PAT growth was just 4.4 per cent year-on-year, slower than the 10 per cent on the PBT line, because the other comprehensive income was down significantly (-62 per cent y/y). Explaining further, they said, "Although profit before provisions (and opex) of N76bn grew by almost 12 per cent y/y – thanks largely to a faster growing non-interest income (16 per cent y/y) compared with funding income (nine per cent y/y), this was matched by opex growth (12 per cent y/y).

"To a lesser extent, a 31 per cent y/y rise in loan loss provisions also contributed (the magnitude of the provisions was not significant, however)." Compared with the analyst's estimates, PBT was slightly behind, by 6.5 per cent. However, PAT beat the estimate by 13 per cent, thanks to a combination of lower-than-expected taxes (-62 per cent) and the OCI (they had forecasted zero on this line). "Returning to the PBT, the slight weakness relative to our forecast was driven by funding income, similar to what we saw for the q/q trends. Non-interest income, loan loss provisions and opex all surprised positively," they said. According to them the full-year consensus PBT for Zenith Bank at N132bn is pessimistic. "On the back of the Q3 results, we would expect consensus forecasts to move up slightly, towards the mid-N130bn range," they analysts said. "Our estimates are under review. We rate Zenith shares outperform." Zenith Bank had reported a 24 per cent rise in profit before tax – from N58bn to N72bn – in the first half of the year while profit after tax rose to N53bn from N47bn in the first half of 2014. The bank also grew its gross earnings by 24 per cent from N184.4bn to N229.08bn. Based on the result, the bank had paid an interim dividend of 25 kobo per share, the first in its history.*(Business News)*

UNION Bank of Nigeria Plc has announced impressive financial performance for the nine month period ended September 30, 2015 with the profit before tax for the period growing to N13.17 billion. This represents 11 per cent increase over N11.89 billion posted in the corresponding period in 2014. Also, its profit after taxation rose to N13.0 billion as against N11.79 billion in quarter three (Q3) 2014, representing 11 per cent increase. Meanwhile, the bank has assured that it would maintain a stable outlook for the rest of the year, while revealing its readiness to launch a new brand identity during the course of the year. Highlights of the unaudited financial statement of the bank released on the Nigerian Stock Exchange, NSE, showed that Union Bank recorded net Interest Income was up four per cent to N38.8 billion compared to N37.2 billion in Q3 2014. While total assets grew by 10.3 per cent to N1.02 trillion from N921 billion in December 2014, net loans & advances rose by 13 per cent to N341.7 billion from N302.4 billion as at December 2014. Commenting, Mr. Emeka Emuwa, Managing Director/CEO, UBN said: "Our gross earnings grew to N86.4 billion in the nine months ended 30th September 2015, representing an 11 per cent increase compared to the corresponding period in 2014.This earnings growth, coupled with sustained cost discipline has enabled the bank deliver a profit before tax, PBT, of N13.2 billion, an 11 per cent increase over the same period last year.

"Looking towards the end of the year, we remain confident that the fundamentals of our business will remain strong, spurred by the momentum of our refreshed brand. As we get set to launch Union Bank's new identity, we have entered a new phase of our transformation. Our new brand identity positions us competitively in the industry and we are confident in our ability to deliver a superior customer experience to our existing customers and attract a new base of customers." Also speaking, Chief Financial Officer, Mrs. Oyinkan Adewale, said: "We are pleased with the financial performance of the bank during a particularly challenging period for the industry as a whole. Excluding the sale of subsidiaries (gain of N3.4 billion YTD Q3 2015 and N6.3billion YTD Q3 2014), Union Bank recorded PBT of N9.8 billion for the period under review, up by N4.2 billion and representing a 74 per cent growth over the same period in 2014. Our loan impairment charges continue to reflect our cautious approach to loan growth and our outlook as we anticipate the impact of economic headwinds on business activity. Even as we continue to invest in our branch infrastructure and step up marketing and communications initiatives, total expenses for the period are two per cent lower than the same period in 2014. As we go into the final quarter of the year, we expect to sustain this level of performance, leveraging on our new brand identity. Other highlights of the results showed that net operating income was up two per cent to N55.5 billion from N54.5 billion in Q3 2014. Total expenses were down by two per cent to N42.3 billion from N43.1 billion in the corresponding period in 2014. Customer deposit also increased four per cent, rising to N526.1 billion from N507.4 billion in the corresponding period. *(Vanguard)*

Skye Bank Plc has announced gross earnings of N129.24 billion for the third quarter ended September 30, 2015, representing an increase of 33.06 percent over the N97.13 billion recorded during the corresponding period in 2014. The bank's unaudited result submitted on the floor of the Nigeria Stock Exchange yesterday, showed very strong fundamentals in all the key performance indicators and strong growth in fees and interest income, as well as investment and other incomes. The bank's fees and commission income grew to N25.46 billion as against N15.57 billion recorded during the same period in 2014. The result reflects a growth of 63.52 percent. Similarly, investment and other income rose to N4.28 billion from N2.05 billion, representing 108.77 percent growth. The result further showed that the bank's profit before tax increased to N14.98 billion during the year under review from N12.33 billion during the same period in 2014, a growth of 21.45 per cent. Also, profit before tax increased by the same 21.45 per cent to N11.98 billion as against N9.87 billion in 2014.

Commenting on the result, Group Managing Director/Chief Executive Officer of the bank, Mr. Timothy Oguntayo, described the result as positive and promised that the upward growth pattern would be sustained through the remainder of the year. Oguntayo said having successfully executed one of the biggest acquisitions in the nation's banking industry the bank was poised to deliver superior value and returns to its various stakeholders. It would be recalled that Skye Bank acquired erstwhile Mainstreet Bank Limited in December 2014, and concluded the integration of both banks in June 2015. It has also successfully re-engineered its operations, people, and processes for seamless customer experience at all its service points and channels. *(Leadership)*

Unilever Nigeria released its results yesterday for the quarter ended September 2015 with a N13.97 billion turnover in Q3. The Company recorded considerable a leap from its losing position in Q2 to record a 111% increase in its profit after tax which stood at N55million. Although the result shows a decline of 2.1% in its turnover from N43.6 billion in September 2014 to N42.6 billion in September 2015; the company reported a growth of 1.2% in its turnover from N13.81 billion in Q2 2015 to N13.97 billion in Q3 2015. Profit after tax dipped by 92% from N1.8 billion in September 2014 to N141 million in September 2015 but the Company reported an increase of 111% in profit after tax from a loss of (N505m) in Q2 2015 to a profit of N55m in Q3 2015. Cost of sales increased marginally by 3.6% in September 2015 to N27.8 billion compared to N26.8 billion recorded in the corresponding period in 2014 while cost of sales improved by 2.8% from N9.12 billion in Q2 2015 to N8.8 billion in Q3 2015. Other income grew by 1340% from N5 million in 2014 to N76 million in 2015. Net finance costs increased by 98% from N1.09 billion in September 2014 to N2.16 billion in September 2015.

This however reduced by 0.9% from N716million in Q2 to N696 million in Q3 2015. With the result, Unilever Nigeria has shown some resilience in tackling the growing drop in the purchasing pattern of consumers amidst other extraneous factors, a situation that has led to an increased reduction in profit for most companies in Nigeria. In a statement released by the company, Mrs. Soromidayo George, Corporate Affairs Director, Unilever Nigeria assured shareholders of its efforts to ensure a sustained and steady growth in the company's operations

engineered to achieve better returns on their investments. "Although Unilever Nigeria continues to operate in a tough environment, we are now beginning to see momentum behind enhanced costs and operational efficiencies. Unilever Nigeria remains focused on its short and long term growth ambitions with clear emphasis on cost and operational efficiencies, increasing market share across key categories, reinvesting behind our iconic brands and improved route-to-market. These strategic initiatives rest on our global best practices, strong heritage as well as the professionalism of our people"*(Vanguard)*

Economic News

The need to expand the depth of the Nigerian capital market through introduction of more products has been at the heart of the repositioning efforts of the regulators of the market led by the apex regulatory body, the Securities and Exchange Commission (SEC) since the 2008 crash. In line with this, the Commission is considering developing the non-interest capital market to ensure that the market fulfils its role of financing infrastructure development in the country. The erstwhile director general of SEC, Ms Arunma Oteh, had argued in different fora that the federal government cannot finance the huge infrastructure gap in the country alone. According to her, bridging the gap and revolutionising the economy requires leveraging instruments offered by the capital market, of which non-interest Islamic products is one. Explaining the reason for the renewed interest in Islamic finance, DG SEC, Mr. Mounir Gwarzo, said the development of Islamic capital markets has been a key concern of global securities regulators since the turn of the 21st century. "In 2002, the International Organizations of Securities Commissions (IOSCO) set up a Committee on Islamic Capital Market in which Nigeria actively participated. Since then, the SEC has implemented a number of reforms aimed at deepening the non-interest capital market" he said. Accordingly, the SEC in 2013 set up an industry-wide committee of experts to develop a strategic blueprint for the growth and development of Nigeria's non-interest capital market. Their recommendations have been incorporated in the 10-year Capital Market Master Plan which is currently being implemented by the SEC.

Non Interest (Islamic) Finance, despite its name, is not a religious product/service restricted to Muslims alone but a series of financial products developed to meet the requirements of specific group of investors. Non-Interest (Islamic) Finance is built on principles that uphold a positive ethical message derived from the holy Quran and the Sunnah, moral considerations, fair and just trading practices. This includes the avoidance of ribah (interest and gharar), contractual and legal uncertainty, as well as leniency to debtors where the borrower can prove mitigating circumstances. Also avoided are investments in forbidden commodities such as alcohol, tobacco and companies whose debt exceeds one – third of their assets. Islamic Finance therefore broadly refers to financial market transactions, operations and services that comply with Islamic rules, principles, philosophy and code of practices. As part of principles of Islamic Finance, wealth must be generated from legitimate trade and asset based, while risk should be shared between the capital provider and the expertise. The SEC has in the last two weeks organised two major events in an effort to boost the non-interest capital market. In the first meeting with Lord Mayor of London, Alderman Alan Yarrow, recently, the SEC's Director General, Mounir Gwazor, pledged the readiness of his management to ensure that size of non-interest capital market is grown to a quarter of the entire market capitalisation. He said the SEC plans to build a strong regulatory regime for non-interest products, encourage stakeholders in the non-interest capital market and ensure the emergence of Nigeria as a prominent non-interest capital market hub both at the regional level and globally.

He further stated that modalities for setting up a Sharia Advisory Council as a body of experts to advice on non-interest product applications is being considered by the Commission. Only last week, it also organised a roundtable at Kano State, where the Commission reaffirmed its commitment to deepening the capital market through issuance of ethical products, especially the sukuk. Speaking at the event, Gwarzo called on the state governors to leverage Islamic sukuk to finance projects in their various states. For him, the success rate of Islamic products is high in Nigeria on account of huge Muslim population in the country, which he put at over 80 million. He said"The global sukuk market continues to witness remarkable growth since after the 2008 global financial crisis as annual issuances have grown from $15 billion in 2008 to almost $120 billion in 2014.

"In fact, last year is widely considered a landmark year for Islamic finance, especially with landmark debut sukuk issuances by countries such as the UK, Hong Kong, Senegal, South Africa, and Luxemburg. Of course, the year witnessed continued strong interest from key markets of Malaysia, Saudi Arabia and the United Arab Emirates (UAE) and emerging markets like Turkey and Indonesia. There is no doubt that the sukuk market is emerging on a global scale as a viable alternative source of funding". While describing Malaysia, Saudi Arabia, UAE, Kuwait and Qatar as the top five largest Islamic finance markets in the world as they account for the highest sukuk issuances and contribute more than half of the total assets under management in the industry, Gwarzo said that with Nigeria's population which is far more than all five countries put together, the country should be a major market for global Islamic finance market. "With over 80 million Muslims, Nigeria is home to far more Muslims than all the five countries put together. Additionally, Nigeria has a larger economy than them, with the exception of Saudi Arabia. There is therefore no reason why Nigeria should not be a major global Islamic finance market" he said. Speaking in the same vein, Emir of Kano, Mallam Muhammadu Sanusi II, described non-interest banking as the only panacea for the dwindling global economy as it will impact positively on many developing economies. Sanusi said non-interest banking was conceived to serve as a force of mediation in circumstances where the need for bridging the deficit of infrastructure was most needed, adding that non-interest capital market could only flourish with the Islamic banking becoming fully operational. *(Vanguard)*

Nigeria's state oil firm NNPC began auctioning annual crude term contracts on live television on Tuesday and said it would cut the number of contract holders by almost two thirds in a drive to boost transparency at an institution dogged by corruption. The contracts cover the bulk of Nigeria's nearly 2 million barrels per day (bpd) of crude oil exports, which are a key contributor to the country's economy. President Muhammadu Buhari, who was elected in March on a campaign to fix Africa's biggest economy, has promised to end graft at NNPC where billions of dollars were not remitted to state coffers in the past. As in previous years, the tender was published in newspapers, inviting bidders to take part. But the bidding and the tender awards, which used to take place behind closed doors, were live on television. "This is not business as usual. This is going to be different," Mele Kyari, Group General Manager of NNPC's crude marketing, said during the televised round at the firm's headquarters. He said NNPC planned to cut the current number of 43 contract holders to just 16. In the past, it allocated in often opaque deals more oil to companies than it produced, meaning some contract holders did not get everything they were promised. A total of 278 companies submitted bids before the deadline last week. After roughly an hour and a half of proceedings, 75 bids had been opened. Oil traders said the pressure would also be on NNPC to award contracts only to companies with the ability to sell or process it themselves in order to maximise Nigeria's income. "Some contracts used to go to companies that didn't have the background to trade 950,000 barrels of crude," one oil trader said, adding they would just sell it on to international trading houses, adding a fee to the cost. In the current oil price environment, the trader added, NNPC could no longer justify such arrangements. "In the last three years or so, the major buyers of our crude did not even participate. Since August 2013, we have consistently had our cargoes hanging," Kyari said. "As at the end of last week, Nigeria has over 20 unsold cargoes in the market. We are taking this into account in this exercise." *(Reuters)*

The scarcity of petrol, which was slightly noticed in Akure, the Ondo State capital and some towns in the state on Monday got worse yesterday as long queue of vehicles were seen at various filling stations. While some of the independent marketers claimed that petrol was not available for sale, some that are selling sold the product at the rate of N100 per litre rather than the official pump price of N87. However, checks revealed that many marketers who had the product deliberately refused to sell the product in anticipation of worst situation when they could sell at a higher price. A manager of one of the petrol stations, who spoke on condition of anonymity, confirmed that the product was available at his station but he had been instructed by his boss not to sell until further notice. "I had been ordered by my 'oga' that we should not sell the product, but he is in the best position to answer the reason for his directive. I don't know. But we shall be selling as soon as he gives me order to start selling," he said. In his reaction, the Chairman of the Independent Petroleum Marketers Association of Nigeria (IPMAN) for Ore Depot which serves in Ondo, Ekiti and Osun States, Mr. Bayo Olowookere who confirmed the scarcity blamed the situation to the unavailability of the product in Ore, Ondo State depot. He said: "It is not only in Ondo that we have the problem, it is a general problem. I think the problem is from Ore Depot, had it been we get the product from Ore, we would not have had this type of problem."Notwithstanding, we have reached other neighbouring depots in Mosimi, Shagamu, Ibadan and Lagos, they too are not having enough products on ground that could meet the demand of the marketers.

"Some private depots capitalised on this, they are selling for us at N86 per litre and when we buy at N86 per litre plus transport cost, it will be amounting to N91 per litre coupled with other expenses on the road, approximately the landing cost will be N93 per litre, you can see how much the selling price will be." Olowokere blamed federal government for the problem for allegedly not paying the arrears of debt owing the fuel importers, saying the little products imported could not meet the demand in the country. " *(Reuters)*

Nigeria's distributable revenues to the three tiers of government fell in September to 389.94 billion naira, down 52.67 billion naira from August, the finance ministry said on Wednesday. "Revenue from crude oil and gas export was negatively impacted in August 2015 due to shut down and shut-in of production for maintenance at different periods and terminals," Anastasia Nwoabia-Daniel, the permanent secretary, said. She added that the country's rainy day fund, the Excess Crude Account, remained unchanged at $2.26 billion. "Money has not been added because we have not made any excess revenue," said Nwoabia-Daniel. Africa's top oil producer and biggest economy depends on crude sales for around 70 percent of its government revenues. Global crude prices have fallen by more than half since mid-2014, hurting the country's public funds and leaving many states unable to pay public salaries in time or fund infrastructure projects and other state services. *(Reuters)*

Nigeria plans to set up a $25 billion infrastructure fund to invest in the transport and energy sectors in Africa's most populous nation, a spokesman for Vice President Yemi Osinbajo said on Thursday. Laolu Akande said money for the planned fund would come from local and international sources including Nigeria's sovereign wealth fund and domestic pension funds. "The vice president disclosed that other sovereign wealth funds have already indicated an interest in the fund, which would be used to address the nation's decaying road, rail and power infrastructures," said Akande. He did not say when exactly the fund would be set up. The nation of 170 million people is Africa's top oil producer, but it requires infrastructure development to help boost economic growth. The West African nation's economy, the biggest on the continent, has been hammered by the fall in oil prices. The country relies on crude exports for around 70 percent of government revenues. Osinbajo, who has been asked to oversee economic policy by President Muhammadu Buhari, referred to the infrastructure fund proposals while speaking to diplomats, including ambassadors from Italy and Canada, the vice presidency said in a statement. Osinbajo also reiterated the administration's view that Nigeria's currency, the naira, does not need to be devalued, the statement said. "It is not a solution. We are not exporting significantly. The way things are, devaluation will not help the local economy," he was quoted as saying. His comments come days after former central bank governor Lamido Sanusi said Nigeria would have to devalue and loosen monetary policy to stimulate its economy. The naira was officially devalued last November and underwent a de facto devaluation again in February. Godwin Emefiele, the current central bank governor, has repeatedly said the currency was "appropriately" priced and has ruled out another naira devaluation. *(Reuters)*

South African telecoms group MTN has until Nov. 16 to pay a $5.2 billion fine imposed by Nigerian authorities for failing to deactivate unregistered SIM cards before a deadline, Nigeria's communications regulator said on Friday. Top executives from Africa's biggest mobile phone company are in Nigeria to discuss ways of resolving the massive fine, which has knocked around 20 percent off MTN's share price. Nigeria's presidency and internal security agency were also involved in the talks, a regulatory source said. "The outcome of the discussion may affect the date. That's why they are having the discussion so that they can reach a solution," National Communications Commission spokesman Tony Ojobo said. *(Reuters)*

Tanzania

Corporate News

SUBSTANTIAL investment in the energy sector is set to increase electricity generation to make history the long overdue power blues that have been contributing to cost of doing business. Last week, TIB Development Bank entered into a deal with the state owned Power Company (TANESCO) to release and arrange a syndicated loan aimed at putting new infrastructure, the transmission line from Somanga in Kilwa to Kinyerezi in Dar es Salaam. In the lucrative deal, the TIB Development Bank will disburse 20 million US dollars (over 40bn/-) to pave way for implementation of the project. TIB Bank, as lead arranger will mobilise other funds from commercial lenders and pension funds. Tanesco's Managing Director, Mr. Felchesmi Mramba, said at the signing ceremony that the agreement with the development bank will help cut down dependence on hydropower to only 15 per cent after the Kinyerezi II and Kilwa energy projects become fully operational. Currently, the country dependence on hydropower is over 60 per cent, thus creating a huge power deficit accompanied by rationing during dry season and increasing spending on alternative sources including the diesel generators. Tanzania is endowed with abundant energy resources such as natural gas, coal, uranium and renewable energies hydro, solar, wind, geothermal, bio-energies, tidal waves) but there is yet insufficient supply of modern energy services.

The sector faces considerable challenges namely funds mobilisation for investment, attracting private capital in the electricity sub-sector, increasing connection and access levels to electricity and diversifying energy resources for power generation. Other challenges include enhancing affordability and reliability of power supply and reducing power system losses both technical and non-technical. "Upon the completion of putting the transmission line infrastructure from Somanga in Kilwa to Kinyerezi in Dar es Salaam, a total of 560 megawatts generated from gas will be pumped into the national grid," he said. Mr. Mramba said the implementation of Kinyerezi II project is expected to kick start next month. Kinyerezi II will be developed by Japan's Sumitomo Corporation and will have a capacity of 240 MW with the money sourced from the partnership between the government of Tanzania and Japan. Kinyerezi I completed and inaugurated recently by President Jakaya Kikwete was built by Norway's Jacobsen Elektro with capacity of 150 MW. As for the construction of Kinyerezi III and IV, the money will come from the partnership that will be entered between the governments of Tanzania and Chinese company. Tanzania's Development Vision 2025 aims at making Tanzania to become a middle-income country by 2025. This implies that the income per capita has to increase from 640 US dollars to at least 3,000 US dollars. To realise these targets, the country requires adequate, reliable, affordable and environmentally friendly electricity supply. As a result, the installed power capacity must increase from 1,583 MW (April 2014) to at least 10,000 MW by 2025 and transmission and distribution systems expanded.

To address these challenges in the electricity sub-sector and attract the required capital, the government has embarked on reforming the Electricity Supply Industry (ESI). Thus, the partnership with TIB Development Bank is the beginning of the state owned power company plans to re-build its capacity to be self sustainable and cut down over dependence on investment subsidies from the Treasury. He said the agreement with TIB Development Bank has come at an appropriate time and is a good start in the journey to reduce dependency from the Treasury to run the firm commercially. "The compensation process has started smoothly and the project is expected to benefit local communities along the transmission line from Somanga, Kilwa District to Kinyerezi, Dar es Salaam," he said. TIB Development Bank and Tanzania Electric Supply Company last week signed an agreement to disburse about 140 million US dollars (over 300bn/-) for the construction of a 400 kilovolt high voltage transmission line infrastructure covering 198 kms from Somanga, Kilwa District to Kinyerezi, Dar es Salaam. The transmission line will facilitate power connectivity from Kilwa energy project to make an additional 560 Megawatts to the National Grid. TIB Managing Director, Mr. Peter Noni, said in Dar es Salaam that TIB as lead arranger of the loan will provide 20 million US dollars (over 40bn/-) and the balance to be sourced from pension funds and some foreign banks.

The lead arranger or the mandated lead arranger is the investment bank or underwriter firm that facilitates and leads a group of investors in a syndicated loan for major financing. He said the compensation process to pay way for the project execution started this week (Wednesday), costing 40 million US dollars and the remaining 100 million US dollars for project execution. "TIB board has already approved

the project and start disbursing funds for first phase implementation of the two years duration project that will kickoff early next year," he said, adding that the project will have two years grace period and eight years payback period. Furthermore, the TIB boss said the bank provided financing in an innovative transaction worth 55 million US dollars to the Tanzania Petroleum Development Corporation (TPDC), to connect gas wells to the gas processing plant in Madimba to supply the Kinyerezi I gas power generation in Dar es Salaam. The bank is trying to see how best it can reduce the cost of doing business and by dealing with the local and municipal councils in order to develop business parks, industrial parks, market centres, the projects where Small and Medium Enterprises (SMEs), the small scale operators, would be housed. If that is done then there are two advantages. The first is we would be reducing the cost of entry into business and the second is that we would also be creating a market for them so it's easier for them to sell their produce. *(Daily News)*

NATIONAL Microfinance Bank (NMB), net profit has slowed to 112.10bn/- for the year ended September 2015, compared to 120.05bn/- posted in the corresponding period last year. According to the financial statements published in Dar es Salaam yesterday the profit for the quarter ended September this year declined to 35,08bn/- compared to 37.52bn/- posted in the corresponding period a year before. NMB Bank, which is listed among the privatization success stories, has its net income slowed to 271.40bn/- in the year ended in September compared to 282.80bn/- of the corresponding period a year before. Early this month, President Jakaya Kikwete, inaugurated NMB bank's state of the art building worth 65 million US dollars (140bn/-) with capacity to accommodate over 1,000 staff, modern rooms, canteen to cater for all staff and private bank proves the solidity and sustainability of the bank. "NMB Bank is one of the successful and model of privatization stories. It pays dividends as well as various taxes to the government," he noted at the inauguration ceremony. During the period under review, the bank's non interest income climbed to 122.63bn/- compared to 110.44bn/- posted in the corresponding period 2014.

As the listed stock at the Dar es Salaam Stock Exchange (DSE), NMB Bank on Tuesday one of the top gainers at the price of 2,830/-, gaining 0.71 per cent. During the period, loans and advances to total assets increased by 54.0 per cent compared to 51.6 per cent, a year earlier. Also gross loans and advances to total deposits rose by 72.6 per cent from 67.6 per cent in the corresponding period 2014. The bank disbursed loans, advances and overdrafts amounting to 2.23tri/- in the quarter ended September 2015, compared to 2.061tri/- in the preceding quarter ended June 2015. In terms of deposits, the bank managed to increase to 3.11tri/- compared to 3.09tri/- , while total assets jumped to 4.06tri/- from 4.00tri/-. Also during the period the bank managed to hold constant the non-performing loans to total gross loans at an average of 2.6 per cent in the quarter under review compared to 2.9 per cent of the previous quarter. With the widest network of more than 170 branches and over 600 ATMs as well as 95 per cent coverage of all districts. *(Daily News)*

Economic News

Tanzania's ruling party looked set to win presidential and parliamentary elections on Sunday despite a challenge to its five decades in power from former Prime Minister Edward Lowassa, who has voiced concerns the poll may not be free or fair. Late on Sunday Chadema party, part of the opposition coalition led by Lowassa, said police raided its vote-tallying centre in Tanzania's commercial capital Dar es Salaam and arrested opposition officials. Any dispute in the outcome of the election - billed as the tightest race in Tanzania's post-independence history - could raise tensions in a nation which has been relatively stable since British rule ended in 1961. Some officials and analysts have voiced particular concern about rising tensions in the semi-autonomous archipelago of Zanzibar, where the opposition had accused the government of intimidation ahead of the polls. But voting was broadly peaceful across the vast East African nation of 47 million people, with a high turnout in many urban areas leading to delays. Opinion polls and analysts have forecast a presidential victory for John Magufuli, the ruling CCM party's candidate. But many expect CCM's parliamentary majority to dwindle after the opposition united behind a single candidate for the first time. In power for more than half a century, CCM has faced growing pressure to speed up development of Tanzania's significant natural gas resources to spur economic growth and lower stubbornly high poverty rates. "Life is too difficult," said 33-year-old Lowassa supporter Michael Mlay, soon after the polls opened at 7 a.m. (0400 British time) in the commercial capital Dar es Salaam. "The CCM government has failed to deliver." Voters had begun massing at some polling stations at 5 a.m., before dawn broke. High turnout

was reported in several areas, and queues snaked around corners amid complaints of long delays. "I have voted for Magufuli because I believe he will keep his promises. He is a man of integrity," said Francis Komba, a 43-year old taxi driver who waited four hours to vote.

Some 22.75 million people had registered to vote, with about 57 percent aged 35 or younger. Polls closed at 1300 British time. At most polling stations CCM and the opposition fielded their own observers with each sending results back to their own tallying centres to get an idea of voting patterns and to try to prevent electoral fraud. Chadema's national chairman, Freeman Mbowe, said the police raided a tallying centre and showed the CCM government was "using dictatorial tactics to manipulate elections and intimidate our people". Neither police nor government spokespeople could be reached for comment. On the eve of the vote, Lowassa, who defected from CCM in July after the party spurned him as a possible leadership candidate, said he would only concede defeat if the vote was free and fair. "If it's not, I won't concede," he said. Outgoing President Jakaya Kikwete, who will step down after serving two terms, has appealed against any violence. "Anyone who tries to cause trouble will be dealt with," Kikwete said at a CCM rally on Saturday. Results were expected to start trickling in on Monday, and the electoral commission has said it plans to announce the winner within three days of polls closing. Both Magufuli and Lowassa have drawn tens of thousands of people to lively rallies, vowing to curb frequent power outages and ensure future economic growth reaches the poor. They have also pledged to tackle rampant corruption, pave roads and improve a crumbling infrastructure that hinders businesses and weighs on everyday life. *(Reuters)*

Tanzania plans to introduce derivatives trading on the Dar es Salaam Stock Exchange over the next few months, the bourse's chief executive said, in a bid to deepen investor interest and modernise the fledgling bourse. Like many other Africa bourses, Tanzania's exchange wants to encourage more firms to list or use the exchange to raise funds via corporate bonds, instead of relying on expensive bank loans where interest rates often range between 20-30 percent. Moremi Marwa, chief executive officer of the exchange, told Reuters the bourse was in talks with the regulator to introduce derivative products such as options and futures for equities, and forwards for currencies. "We think if the legal and regulatory framework will allow, then introduction of new products in the market will come in the next few months," he said in Tanzania's commercial capital Dar es Salaam. There are also plans afoot to let real estate developers to list Real Estate Investment Trusts (REITs), which would allow equity investors to tap into the growth of Tanzania's booming real estate sector. The new products are part of efforts at the bourse to modernise and speed up trading, Marwa said. This has led to the manual settlement process being automated and shortened from five to three days, as well as creation of a mobile trading platform to let investors buy and sell shares via their phone.

Tanzania in September last year also scrapped a rule that had barred foreign investors from buying more than 60 percent of shares in a listed firm. Marwa said all those changes had led to a spike in turnover, which was expected to more than double to about 800 billion shillings ($369.52 million) this year from 383 billion in 2014 and 252 billion in 2013. In 2012, it was less than 50 billion shillings. Following the lifting of the ownership limits, foreign investors accounted for between 60-70 percent of daily trading, Marwa said. There have been two initial price offerings (IPOs) this year in Tanzania, and three more are expected to be completed, but on the bourse's small and medium caps-focused Enterprise Growth Market. He added that the Dar es Salaam Stock Exchange was likely to finalise its own listing at the start of 2016. "We expect to conduct the IPO first quarter next year and list during the same quarter," he said. *(Reuters)*

TANZANIA is expected to cut down dependency on hydropower to only 15 per cent after the Kinyerezi II and Kilwa energy projects become fully operational. Currently, the country dependence on hydropower is over 60 per cent, thus creating huge power deficit accompanied by rationing during dry season and increasing spending on alternative sources including diesel generators. This was said by the Tanzania Electric Supply Company Limited (TANESCO), Managing Director Mr Felchesmi Mramba, in Dar es Salaam at the weekend during the singing ceremony of an agreement with the TIB Development Bank for the construction of the high voltage transmission line. "Upon the completion of putting the transmission line infrastructures from Somanga in Kilwa to Kinyerezi in Dar es Salaam, a total of 560 megawatts generated from gas will be pumped into the national grid," he said. Mr Mramba said, the implementation of Kinyerezi II project is expected to kickstart next month. Kinyerezi II will be developed by Japan's Sumitomo Corporation and will have capacity of 240 MW with the money sourced from the partnership between the government of Tanzania and Japan. Kinyerezi I completed and inaugurated recently

by President Jakaya Kikwete, was built by Norway's Jacobsen Elektro, with capacity of 150 MW. As for the construction of Kinyerezi III and IV, the money will come from the partnership that will be entered between the government of Tanzania and a Chinese Company. He said the partnership with TIB Development Bank is the beginning of the state owned power company plans to re-build its capacity to be self sustainable and cut down over dependence investment subsidies from the Treasury. He said the agreement with TIB development bank has come at an appropriate time and is a good start in the journey to reduce dependency from the Treasury to run the firm commercially. "The compensation process has started smoothly and the project is expected to benefit local communities along the transmission line from Somanga, Kilwa District to Kinyerezi, Dar es Salaam," he said. *(Daily News)*

DEPRECIATION of the shilling has eaten 6.0 million US dollar into Acacia Mining earnings, in the third quarter of the year, as local currency woes continue to impact negatively on investments in the country. The gold mining company said in its financial statement the loss that had to be included in the earnings, came up after the local currency lost 6 per cent of its value against the dollar. It said the 6.0 million US dollar was result of revaluation of the loss in the quarter ending 30th of September, where the weakening currency continued to affect their shilling denominated indirect tax receivables. "Over the third quarter, the Tanzanian shilling lost a further 6 per cent of its value against the US dollar, in addition to the 17 per cent devaluation over the first half of the year. This resulted in foreign exchange revaluation loss for the quarter of US$6 million, which impacts EBITDA and earnings," the statement says. The third quarter loss after revaluation was less that of second quarter which reached 20 million US dollars after the shilling lost 17 per cent of its value against the US dollar. The mining company reported net loss of 13 million US dollars in the three months to September 30, compared with a net profit of 28 million US dollars in the same quarter a year before due to lower output and higher costs. The loss reflected 20 per cent drop in revenue to 193 million US dollars after gold output fell 14 per cent to 163,888 troy ounces and gold sales dropped 6 per cent to 167,116 ounces.

The all-in sustaining cost also rose 9 per cent on the year to 1,195 US dollars an ounce due to short-term issues at its Bulyanhulu and Buzwagi mines, which the company said it has addressed. The company expects production to pick up at all three mines in the fourth quarter and it reaffirmed that this year's gold output should be on par with last year's level of 718,851 ounces. Its previous guidance was between 750,000 and 800,000 ounces. Cash costs and all-in sustaining costs are forecast to be around 5 per cent higher than the top of their respective guidance ranges of 675 US dollar/oz to 725US dollar/oz and 1,050US dollar/oz to 1,100 US dollar/oz. "As previously communicated, we had a challenging third quarter, with short term issues impacting Bulyanhulu and Buzwagi. Whilst North Mara again performed well, group production of 163,888 ounces was lower than the previous quarter and means we expect to fall short of our original plans for 2015," the Chief Executive Officer, Brad Gordon is quoted as saying in the statement. The miner reaffirmed its revised full-year gold output and cost guidance as it redoubles its efforts to remove costs from its business in a bid to return to free cash generation. *(Daily News)*

THE weakening shilling has impacted negatively on the national debt, raising the value of both external and domestic debts, the Central Bank has said. It said in its latest monthly economic review that the external debt stock reached 15,362.4 million US dollars at the end of August 2015, an increase of 88.1 million US dollars from the preceding month and 1,268.6 million US dollars from the end of August 2014. Both the annual and monthly changes were explained by exchange rates fluctuation and new disbursements, the bank said. Central government debt, which accounted for 79.3 per cent of the external debt, increased by 51.5 million US dollars in August 2015 to 12,185.6 million US dollars, mainly due to disbursements. On annual basis, the central government external debt increased by 1,055.0 million US dollars. In terms of currency composition of government's disbursed outstanding debt, a large proportion was denominated in Special Drawing Rights (SDR) at 48.8 per cent, followed by debt denominated in US dollar at 33.6 per cent. The impact of exchange rate fluctuations of US dollar against other currencies on government disbursed outstanding debt was an increase of 8.9 million US dollars in August 2015. New disbursements received during the month amounted to 55.1 million US dollars out of which 47.5 million US dollars was received by the government. Disbursements received during the year ending August was USD 2,005.3 million, out of which 1,794.7 million US dollars was received by the government. During August 2015, external debt payments were 18.4 million US dollars, out of which 13.5 million US dollars was principal repayments and 4.9 million US dollars was interest payments. Debt service during the year ending August 2015 was 409.8 million US dollars. The Central Bank says further that domestic debt stock increased to 7,783.3bn/- from 7,499.7bn/- at the end of July 2015, on account of government financing needs. On annual basis, the debt stock increased by 403.1bn/-.

Treasury bonds accounted for the largest share of 70.4 per cent of the outstanding domestic debt, followed by Treasury bills at 26.3 per cent.*(Daily News)*

ZANZIBAR current account balance registered a deficit of 153.5 million US dollars in the year ended August, this year compared with a deficit of 14.4 million US dollars in the corresponding period in 2014. According to the Bank of Tanzania (BoT) monthly economic review, the deficit was mainly on account of a decrease in the value of goods export and current transfer inflows coupled with an increase in imports of goods and services. Exports of goods and services decreased to 170.5 million US dollars from 253.2 million US dollars in the year ending August 2014. The value of goods exports fell by 60.5 per cent to 34.6 million US dollars mainly on account of a decrease in the volume of cloves export. The volume of cloves export, decreased to 2,400 tonnes from 5,600 tonnes in the year ending August 2014 due to the cyclical nature of the crop. Services receipt was 135.9 million US dollars during the year ending August 2015 compared with 165.6 million US dollars in the corresponding period in 2014, mainly on account of decline in receipts other than travel receipts. During the period under review, travel receipts mainly from tourism activities increased to 63.7 million US dollars in the year ending August 2015 from 54.0 million US dollars in the preceding year. During the year ending August 2015, the value of import of goods and services increased to 338.6 million US dollars from 319.7 million US dollars in the year ending August 2014. Goods import amounted to 282.3 million US dollars up from 262.9 million US dollars in the corresponding period in 2014, mainly due to an increase in the value of intermediate goods. *(Daily News)*

Tunisia's central bank said on Thursday it had cut its main interest rate to 4.25 percent from 4.75 percent to boost economic growth, as inflation rates fell. Tunisia's central bank raised the rate to 4.75 percent from 4.5 percent in June 2014 to ease inflation pressures. But Inflation dropped to 4.4 percent in the first 10 months of this year, compared with 5.5 percent last year. "After the recent trend of inflation, and to help the promotion of investment and the resumption of economic activity, the Council decided to cut the key interest rate 50 basis points bringing it to 4.25 percent," the bank said in statement. The bank does not target a particular inflation rate but says the highest that should be tolerated is 5 percent. The central bank said next year will be a year of economic recovery. Tunisia expects gross domestic product to grow 2.5 percent in 2016 compared with 0.5 percent in 2015 and reach 5 percent growth in 2020. Growth dwindled along with tourism, which provides 7 percent of GDP, after Islamist attacks in the capital and at a beach resort killed a total of 61 people. Tunisia will start talks with the IMF in December or January on a new credit programme worth about $2 billion, Finance Minister Slim Chaker told Reuters this week. A $1.6 billion stand-by arrangement with the IMF is due to expire at the end of this year. In addition, the government plans to issue international bonds worth up to $1 billion by January or February, and expects in the first half of next year to issue its first Islamic bond, raising 1 billion dinars. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zambia

Corporate News

No Corporate News This Week

Economic News

Zambia's kwacha fell more than 3 percent on Tuesday as the outlook for the copper producer's economy continued to darken, with low commodity prices and power shortages taking their toll. By 1420 GMT, the currency of Africa's second-largest copper producer had slipped 3.01 percent to 12.5050 per dollar, as metal prices were hit by fears over demand fueled by the economic slowdown in China. Copper prices on the London exchange shed nearly 1 percent in early trade as concerns over China's ability to revive its growth strained already weak prospects for the global economy "Things aren't looking up for Zambia for the next 18 months at least while commodity prices remain suppressed," said NKC African Economics' Zambia analyst Irmgard Erasmus, speaking from Cape Town. "Going into next year, when the Fed will probably start lifting interest rates, a stronger dollar will also have a negative effect on dollar denominated commodity prices." Zambia is also in the midst of severe power shortage, that has forced state utility Zesco Ltd to cut electricity supply to mining firms while doubling what it charges household consumers. "While requests for divine intervention to resolve Zambia's economic problems remain pending, the situation back on Earth is growing more critical by the day," NKC African Economics said in a research note. *(Reuters)*

Zambia's inflation rose sharply to 14.3 percent year-on-year in October from 7.7 percent in September, the Central Statistical Office (CSO) said on Thursday. "The increase in the annual rate of inflation was attributed to both food and non-food items," the statistics agency said. Monthly inflation also jumped, quickening to 6.2 percent in October from 0.7 percent in the previous month, the agency said. *(Reuters)*

ZAMBIA has recorded a 20,000 metric tonne increase in cotton production in the 2014/2015 agricultural season. According to the Zambia Cotton Ginners Association, seed cotton production rose from 95,000 metric tonnes in the 2013/14 farming season to 115,000 metric tonnes in the 2014/15 season. Association executive secretary Bourne Chooka attributed the increase in cotton production to the continued private sector-led input and market service delivery by the ginning companies. "The increase in cotton production could be attributed to the continued private sector-led input and market service delivery by the ginning companies. Ginning companies spent in excess of US$16 million in input provision to cotton farmers and were able to recover an average of 80 per cent input loans at marketing from the farmers," he noted in a press statement issued on Tuesday. Chooka further stated that over K287.5 million was spent by ginning companies on payments to farmers for the cotton bought and that farmers were paid on cash basis, upon delivery of the crop. "The improved rate of input loan recovery from an average of 65 per cent in the previous season to 80 per cent was due to both the adherence to the Code of Conduct that the ginners had signed to, prior to commencement of the 2014/15 marketing season and the strict monitoring and implementation of the cotton Act by the Cotton Board of Zambia as it relates to side buying of cotton by ginners," he stated, adding that there was control on side marketing of the cash crop. "Tribute goes to the Cotton Board of Zambia and the ginners for ensuring that farmers only sold cotton to ginners that pre-financed them with inputs. The ginners and the Cotton Board of Zambia are reviewing the Code of Conduct with a view of strengthening it and making it more responsive to the dictates of the cotton industry." And Chooka stated that apart from promoting cotton production, most ginning companies have extended their production and marketing support to maize and soya beans in an effort to improve not only cash earning crops among small-holder farmers, but also to enhance food security. "This total support programme and guaranteed market for the products is attracting more farmers each year to join in the programmes being undertaken by the ginning companies," stated Chooka. *(Post Zambia)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

Hardware retailer PG Industries has failed to pay up unsecured creditors due to cash flow constraints but said it negotiating with a prospective investor who could inject fresh capital into the struggling firm. The company has been under a High Court sanctioned scheme of arrangement since April designed to protect its assets while it restructures its debts. PG said in June it would start making quarterly payments to unsecured creditors this month but in a Friday notice on the Zimbabwe Stock Exchange (ZSE), the company said it was unable to make the payments to concurrent creditors due on October 16th due to cash flow constraints. "PGIZ directors have received a written expression of interest letter from a prospective international investor who completed a due diligence of PGIZ earlier this year," said the company. A successful conclusion of the discussions could mean a change in its shareholding, a new payment plan to creditors and capital injection in the company. It said the Secured Lenders' Scheme has been implemented in full. Debentures and accrued interest totalling $7,162,530 have been converted to ordinary shares at a conversion rate of US$0.001. After the conversion of debentures and a private placement earlier in the year, Old Mutual Life Assurance Company of Zimbabwe Limited emerged as the major shareholder with 26.95 percent followed by African Banking Corporation (BancABC) with 23.72 percent and Standard Chartered Nominees (Private) Limited with 21.09 percent. The company's shares were suspended from trading on the local bourse in 2013. *(The Source)*

PLATINUM miner Mimosa recorded a 15 percent decrease in revenue to $53 million in the first quarter ended September, weighed down by falling commodity prices as well as a $5 million negative pipeline sales adjustment. The Bermuda registered Aquarius Platinum, which owns Mimosa in a 50:50 joint venture with Implats of South Africa, reported Tuesday that Mimosa's PGM basket price had decreased 12 percent to $890 per PGM ounce quarter-on-quarter, negatively impacting financial performance**.** During the quarter, the price of Platinum fell 16 percent to $991 per ounce and Palladium moved down 6 percent to $697 per ounce. The price of gold also weakened, falling 5 percent to $1,169 per ounce. "Given that we see no fundamental reason to be optimistic about PGM prices in the short term, management will continue to implement all possible cost savings measures to preserve cash levels," said chief executive Jean Nel in a statement accompanying the results on Tuesday. Production decreased by 2 percent to 654,127 tonnes during the quarter under review while head grade remained static at 3.67g/t, quarter-on-quarter. Gross cash profit margin for the period decreased from 23 percent to 4 percent. Aquarius' share of profit from joint venture entities (Mimosa) was a loss of $2 million, a $9 million reduction from the prior comparable period. Total capital expenditure for the quarter was $7.2 million. Expenditure was incurred mainly on mobile equipment, drill rigs and a conveyor belt extension.. *(New Zimbabwe)*

Economic News

Zimbabwe's fiscal deficit is this year seen narrowing to below 0.5 percent of the country's Gross Domestic Product (GDP) from 2.4 percent recorded in 2014 on improved revenue collections and rationalized government expenditure. The Southern African nation has run successive budget deficits averaging 2.59 percent of GDP between 1990 and 2014, reaching a record low of 7.51 percent of GDP in 1992. But in a Letter of Intent to the International Monetary Fund signed by Finance Minister Patrick Chinamasa and central bank governor John Mangudya, the country said revenue shortfalls had made it difficult to achieve a balanced fiscal position. Revenue collections for the first half of the year were nearly six percent behind the $1,76 billion target as the country endures widespread economic difficulties, shrinking corporate earnings, limited ability of companies to pay taxes on time, and rapid informalization of the economy. "A shortfall in revenue collection has intensified fiscal pressures, and has made expenditure rationalization an urgent priority. Nevertheless, we intend to lower the primary deficit to below 0.5 percent of GDP and aim at a balance in 2016," reads the letter dated September 30. "We are enforcing tax payments by agreeing with clients on repayment schedules to eliminate their overdue tax obligations". Chinamasa and Mangudya said government was rationalizing the country's public service establishment in order to generate savings on employment costs and seeking cuts in lower priority current and capital spending while safeguarding priority social spending. *(The Source)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Zimbabwe's bank deposits increased 26 percent to $4,24 billion in August 2015 compared to $3,37 billion recorded in the same period last year as confidence slowly creeps back into the banking sector, latest figures from the central bank shows. In its monthly economic review released this week, the Reserve Bank of Zimbabwe said the deposits in August were mainly dominated by services, which contributed $1,042 billion, while financial organisations chipped in with $784 million and individuals deposited $647 million. In the month under review; distribution, manufacturing and finance and investment deposits stood at $473 million, $401 million and $335 million respectively. The remaining $558 million deposits came from agriculture, construction, mining, communication, transport and conglomerates. However, according to the central bank, annual broad money supply growth rate decelerated from 5,9 percent in July 2015, to 3,5 percent in August 2015. Monthly broad money supply growth also declined from $4, 474 billion in July to $4, 473 billion in August 2015. "Annual growth in broad money was driven by increases across all deposit classes, with the exception of short term deposits. Long term deposits registered the largest annual growth of 17,6 percent, while savings and demand deposits, recorded increases of 3,3 percent and 5,4 percent, respectively. Short term deposits, however, declined by 16,9 percent," read part of the report.

Annual growth in total banking sector credit to the domestic economy rose to 18,8 percent in August 2015, from 18,5 percent in July 2015, while on a monthly basis, banking sector credit rose by one percent to $5 029,1 million in August 2015, from $4 981,5 million in July 2015. "On an annual basis, growth in credit to the private sector which makes up the largest proportion of banking sector credit slowed down to 1,4 percent in August 2015, from 1,9 percent in July 2015," the report added. The central bank noted that on a month-on-month basis, credit to the private sector decelerated from $3,77 billion in July, to $3, 78 billion in August 2015. In terms of composition, loans and advances constituted 83,3 percent of the total credit to the private sector, mortgages advanced by building societies, 12,8 percent, other investments, 2,4 percent, bankers' acceptances, 0,3 percent and bills discounted, 1,3 percent, in August. *(The Source)*

The Confederation of Zimbabwe Industries, which represents the country's biggest industrial companies, wants the government to enact laws to cut salaries and utility costs after the plunging currencies of neighbors South Africa and Zambia made them uncompetitive. Zimbabwe abandoned its own currency, the Zimbabwe dollar, in 2009 in favor of the use of a number of currencies, mostly the U.S. dollar, after inflation surged to an estimated 500 billion percent, according to International Monetary Fund estimates. The economy has halved since 2000, according to the government, and low-cost imports have contributed to 11 consecutive months of deflation. "We are trying to have prices of salaries and utilities moved downwards through a legal instrument," said Busisa Moyo, the president of the CZI, by phone on Tuesday. "Prices of goods and services can be forced downwards by 25 percent to 30 percent." Over the past three years the Zambian kwacha has fallen by 57 percent against the dollar while the rand has declined 37 percent. Imports from Zambia have an 8 percent market share of Zimbabwe's manufactured goods market, compared with 4 percent last year, while South Africa has a 37 percent share, the CZI said in a report released on Wednesday.

"The crash of the South African rand and the Zambian kwacha has caused more complex challenges to the Zimbabwean economy," the CZI said in the report. "There have been calls to devalue internally and CZI has gone some strides in exploring the possibility of such an initiative given that Zimbabwe is using a stronger currency." Zimbabwean factories are currently using only 34.3 percent of their capacity compared with 36.5 percent a year ago, the CZI said. "It's ultimately unfeasible because the U.S. dollar can't be devalued, while it isn't in the interests of anyone to accept a large cut in pay. I can't see how they can possibly achieve it," Mike Davies, an analyst with Cape Town-Based Kigoda Consulting said in a telephone interview Wednesday. While the CZI said in its report it doesn't want to see an end to the dollar's dominance in Zimbabwe, the suggestion of cutting prices of goods and services "could play into the hands of those advocating the return of the Zimbabwe dollar," Davies said. Moyo said further discussions will be held on Dec. 7, without being more specific. *(Bloomberg)*

The country has so far exported 97,3 million kilogrammes of tobacco this year, up from 88,7 million kg over the same period last year, earning $500 million, statistics from the industry regulator show. In its latest bulletin, Tobacco Industry and Marketing Board (TIMB) said Zimbabwe had exported 97,3 million kg of tobacco at an average price of $5,13 per kg compared to 88,7 million kg worth $471 million at $5,31 per kg last year. China imported 27,8 million kg of tobacco at an average price of $8,24 per kg totalling $230 million. Belgium is the second largest buyer and has so far bought 13,7 million kg worth $61,3 million at an average price of $4,45 per kg. South Africa has imported

10,7 million kg worth $32 million at $2,97 per kg. TIMB said a total of 57 492 growers have registered for the 2015/ 16 season compared to 76 545 who had registered in the corresponding period last year. Of the total number of registered growers, 9 983 are new farmers. Tobacco has become one of the country's major foreign currency earners, with close to 92 000 farmers growing the crop as at 2014 /15 season. Seasonal tobacco sales for 2015 were 198,7 million kg compared to 216,1 million kg in 2014. Most farmers have abandoned traditional crops like maize and cotton in preference of tobacco, but lack of expertise and unsuitable conditions have resulted in a number of farmers producing a poor crop. Last season, most tobacco growers complained about low prices while merchants argued the crop quality was poor. (Herald)

MINES are to be taxed a new levy to fund exploration activities as the government transforms the Minerals Marketing Corporation of Zimbabwe into a state exploration company. This comes in the wake of declining exploratory work by mining firms at a time when the industry globally is facing market uncertainties. Anglo American Platinum has already announced that it is cutting expenditure and delaying capital to 2017. Bruce Williamson, the Imara Africa Resource Fund manager said on Wednesday that miners were facing risks and uncertainties globally although "there is still a fair amount of stock PGM [Platinum Group Metals] around". He said Zimbabwe-focused miners such as Aquarius Platinum were likely to focus on cost containment and avoiding losses. "The coming months will remain exceptionally challenging for both Kroondal and Mimosa. At both operations, management's focus will be to prevent losses. "So cost cutting will be the name of the game; hopefully retrenchments can be avoided," said Williamson.

Zimbabwe has vast mineral wealth spanning diamonds, platinum, gold, nickel, chrome and coal among other natural resources. It has attracted other mining investors such as Impala Platinum and Caledonia Mining Corporation among others. However, the country has failed to transform its mineral riches into wealth for its 13 million citizens amid an outcry that officials are pillaging proceeds from state firms involved in diamond mining. Mines and Mining Development Minister, Walter Chidakwa, has said in an interview that the government is spearheading the setting up of a state exploration company which will be funded by contributions from miners. He also said that this would be attained through transformation of the MMCZ. "What we are saying is that we want to transform the MMCZ into an exploration company," said the minister. "There is no new levy for exploration but the small fee that companies were paying to the MMCZ will be increased to about 1% so that the money can be used to fund exploration activities." Mining industry sources say the operating framework in Zimbabwe is prohibitive of further exploration for current mining projects. They said the government needs to restore certainty in the industry to allow investors to commit funds and expand operations. *(New Zimbabwe)*

ZIMBABWE has not been exporting fresh fruits to Mauritius for the past five years despite rising demand in the island nation. Mauritius relies mainly on imports as it does not produce fruits. It increased its fresh fruits imports by 30% in the five years to 2014. Information gathered from ZimTrade, the country's export promotion body, shows that while Zimbabwe is a producer and exporter of quality fruits such as citrus (oranges, lemons and valencia), the country has not featured as a supplier to Mauritius during the past five years. Instead, Mauritius' major supplying markets are South Africa, Egypt, the United States and Italy, among others, ZimTrade said. The major imported fruits by the Indian Ocean island during the period were citrus, apples, nuts, grapes and peaches. "Statistics show that in 2001, Zimbabwe exported fresh fruit to Mauritius, supplying citrus, peaches, apricots, strawberries as well as nuts. There is, therefore, scope for Zimbabwean fresh fruit producers to regain the market share given that the Mauritian market is steadily growing. The Mauritian economy has been growing at an annual rate of over 3% since 2010 and is expected to continue on this trajectory in the coming years," ZimTrade said. According to data from the International Trade Centre, a joint trade agency between the World Trade Organisation and United Nations, Zimbabwe's exports to Mauritius plunged to $28 000 in 2013 from $4,8 million in 2011. ZimTrade urged fresh fruit producers to tap into this market given that they could benefit from the duty-free access into Mauritius under the Common Market for Eastern and Southern Africa, the Southern Africa Free Trade Area and the Southern African Development Community Trade Protocol. However, ZimTrade said it was important that an exporter should comply with food quality and safety standards such as Global GAP, Fair Trade and Verified Carbon Standards in order to be competitive. *(News Day)*

Disclosures Appendix

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