WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

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

⇒ Botswana
⇒ Egypt
⇒ Ghana
⇒ Kenya
⇒ Malawi
⇒ Mauritius
⇒ Nigeria
⇒ Tanzania
⇒ Zambia
⇒ Zimbabwe

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change			YTD % Change	
Country	Index	27-Jan-17	3-Feb-17	Local	USD	31-Dec-16	Local	USD
Botswana	DCI	9275.46	9220.32	-0.59%	-0.94%	9700.71	-4.95%	-3.68%
Egypt	CASE 30	13091.00	12803.07	-2.20%	-1.57%	12344.00	3.72%	0.79%
Ghana	GSE Comp Index	1767.89	1825.59	3.26%	2.47%	1689.09	8.08%	5.06%
Ivory Coast	BRVM Composite	277.11	279.63	0.91%	1.21%	292.17	-4.29%	-1.95%
Kenya	NSE 20	2812.04	2862.39	1.79%	1.82%	3186.21	-10.16%	-10.56%
Malawi	Malawi All Share	13292.26	13108.57	-1.38%	-1.12%	13320.51	-1.59%	-2.50%
Mauritius	SEMDEX	1847.76	1888.50	2.20%	2.30%	1,808.37	4.43%	5.61%
	SEM 10	359.59	360.40	0.23%	0.31%	345.04	4.45%	5.63%
Namibia	Overall Index	1115.63	1085.53	-2.70%	-3.52%	1068.59	1.59%	3.50%
Nigeria	Nigeria All Share	26328.22	25802.54	-2.00%	-0.62%	26,874.62	-3.99%	-5.40%
Swaziland	All Share	381.73	381.73	0.00%	-0.84%	380.34	0.37%	2.26%
Tanzania	TSI	3550.30	3380.25	-4.79%	-5.24%	3677.82	-8.09%	-11.04%
Zambia	LUSE All Share	4047.60	4093.23	1.13%	0.21%	4158.51	-1.57%	-1.86%
Zimbabwe	Industrial Index	141.14	140.44	-0.50%	-0.50%	145.60	-3.54%	-3.54%
	Mining Index	56.12	56.03	-0.16%	-0.16%	58.51	-4.24%	-4.24%

CURRENCIES

Cur-rency	27-Jan-17 Close	3-Feb-17 Close	WTD % Change	YTD % Change
BWP	10.35	10.39	0.35	1.33
EGP	18.81	18.69	-0.64	-2.82
GHS	4.32	4.36	0.77	-2.80
CFA	608.71	606.88	-0.30	2.45
KES	102.07	102.04	-0.03	-0.44
MWK	719.57	717.67	-0.26	-0.92
MUR	34.24	34.21	-0.09	1.13
NAD	13.28	13.40	0.85	1.88
NGN	311.89	307.57	-1.38	-1.47
SZL	13.28	13.40	0.85	1.88
TZS	2,181.83	2,192.15	0.47	-3.21
ZMW	9.75	9.84	0.91	-0.30

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Botswana

Corporate News

No Corporate News This Week

Economic News

Botswana's state-owned Okavango Diamond Company (ODC) sales jumped 80 percent to $547 million in 2016 as global consumer demand rebounded, its deputy managing director said on Monday. Marcus ter Haar told Reuters that overall volumes also rose by 115 percent to 3.44 million carats after accounting for various post sale adjustments through the year. While sales were significantly higher in 2016, average price per carat weakened to $158.78 from $183.78 in 2015, he said. "The fall in average price per carat is attributable to the different mix of diamonds sold over the two periods," he said. *(Reuters)*

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Egypt

Corporate News

Egyptian state-run lender Banque du Caire will list its shares in the first half of the year as part of the government's plan to sell some stakes in state assets to strengthen the Egyptian stock market and attract investors. The Cairo stock exchange said that the bank had submitted a formal listing request. The bank has 2.25 billion Egyptian pounds ($119.17 million) in capital distributed over 562.5 million shares at a nominal value of 4 pounds per share, it said. The company will list on the stock market next week and undergo an initial public offering (IPO) by the first half of this year, market sources later told Reuters, describing it as the biggest stock offering since 2010. EFG-Hermes and HSBC had been selected as consultants for the initial public offer. Central Bank Governor Tarek Amer had said in March that the government plans to offer 20 percent of Banque du Caire as well as a 40 percent stake in the Arab African International Bank (AAIB), in which the central bank owns a stake. Egypt has been struggling to revive its economy since a popular uprising in 2011 drove away tourists and foreign investors. On Nov. 3 the central bank abandoned its peg of 8.8 per dollar, allowing the pound to halve in value. The stock market rallied in response to the float. *(Reuters)*

Economic News

Egypt will issue no more international bonds during the 2016-2017 fiscal year following a $4 billion Eurobond sale this month, financial newspaper Al-Borsa said on Tuesday, quoting Deputy Finance Minister Ahmed Kouchouk. Finance Minister Amr El Garhy said this week that he was considering debt issuances in other international currencies such as the yen or yuan but that it was too early to say when or how much Egypt might seek to borrow. The Eurobond sale raised twice the sum targeted and at lower yields than initially expected, prompting some economists and bankers to suggest Egypt could tap the market again soon. Kouchouk told Al-Borsa that sale would cover Egypt's financing gap for the current fiscal year as well as part of the next. Egypt's fiscal year begins in July. *(Reuters)*

Egypt may issue bonds in other international currencies after successfully selling $4 billion of Eurobonds last week, Finance Minister Amr El Garhy said on Sunday. He told a news conference that potential issuing currencies included the Japanese yen and China's yuan but that it was too early to say when or how much Egypt might seek to borrow. Egypt sold $4 billion of Eurobonds in three tranches on Tuesday, raising twice as much as targeted and at lower yields than initially expected. The combined order books for the five-, 10- and 30-year bonds exceeded $13.5 billion, which bankers said should mean demand is there for further bond sales. "If (Egypt) decides in 2017 to issue more external debt it will be able to do so because (Tuesday's) issuance was covered 3.5 times," said one banker, who declined to be named because he is not authorised to speak to media. "That on its own shows there is a lot of appetite. "The appetite is mainly driven by the economic reforms happening in Egypt combined with the lack of investment opportunities abroad that have similarly high yields," he added. Another banker said bigger-than-expected demand for the 30-year bonds had been a surprise and showed confidence is growing in Egypt's long term stability.

Six years after a popular uprising drove away tourists and investors, both major sources of foreign currency, the country of over 90 million people is struggling with an acute shortage of dollars. To meet its financing needs, it has sought funding from a variety of sources, from development loans to foreign grants and aid. Tough economic reforms, including floating its currency, which roughly halved the value of the Egyptian pound overnight, and a three-year, $12 billion International Monetary Fund programme have helped reassure foreign investors.
Economists say Egypt faces debt repayments of about $11 billion next year. Allen Sandeep, head of research at Naeem Brokerage, said Egypt's external debt to GDP ratio of 18 percent - much lower than major emerging market countries like India or Russia - meant it had scope to raise more funding internationally. "If we look at a comfortable level of 25 percent of GDP, that would give Egypt room to borrow at least $20-25 billion more through international bonds," although it was likely to have to pay more to borrow than at last week's sale, he said. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Average yields on Egypt's three-month and nine-month Treasury bills dropped at an auction on Sunday, data from the central bank showed. Yields on the 91-day bills fell slightly to an average of 18.938 percent from 18.956 percent at the previous auction. Yields on the 266-day bills also fell, to 19.912 percent from 20.194 percent at the last similar auction. *(Reuters)*

Egypt will raise the price of sugar by 14 percent and cooking oil by 20 percent at government outlets starting on Wednesday, a Ministry of Supply official said on Tuesday. Cooking oil will jump to 12 Egyptian pounds ($0.6417) per 800ml bottle from 10 pounds currently and sugar will increase to eight pounds per kilogram from seven. The North Africa country of over 90 million people provides subsidised goods at government outlets to defray the cost of living in a country where core inflation hit 25.86 percent in December. Egypt has committed to economic reforms as part of a three-year, $12 billion International Monetary Fund loan it secured last year to kick-start its ailing economy but has said it remains committed to social safety nets to soften the blow of austerity for its poorest citizens. *(Reuters)*

Obour Land, one of Egypt's largest cheese producers, expects net profit to grow 12 percent in 2017 and aims to issue a cash dividend of at least 50 percent of those earnings this year, Chief Executive Officer Ashraf Sherif told Reuters. Established in 1997, Obour Land produced around 97,000 tonnes of white cheese last year and expects to increase its production to 102,000 tonnes this year. The company forecasts a 6 percent increase in net profit in 2016 from 92 million Egyptian pounds ($4.89 million) in 2015. Obour Land is expected to report 2016 earnings this month. "We will distribute no less than 50 percent of this year's (2017's) net profits in cash dividends to shareholders," Sherif told Reuters. It did not pay a dividend on its 2016 earnings. The cheese maker imports around 70 percent of its raw materials and has been hit by the halving of the Egyptian pound after the central bank floated the currency on Nov. 3. Obour Land has raised the prices for its cheese by 60 percent since the beginning of 2016, Sherif said. "If the dollar prices do not ease from the current levels we will raise prices by around 20 percent in April," he added. The firm also expects to increase its market share to 42 percent in 2017 from 36 percent currently and to 45 percent by 2018. We have 10 sale and marketing centers and we will increase them to 12 this year," Sherif said. The cheese producer also plans on introducing juices, yogurt and cooked cheese in the second quarter of the year, hoping that the new lines would represent 30 percent of total revenues by 2020, Sherif said. "By the end of 2019 we aim to have gained 6 percent of the juices and yogurt market share," he said. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

TRADING

This Week's Leading Headlines Across the African Capital Markets

Ghana

Corporate News

The SIC Insurance led the advancers on the Ghana Stock Exchange (GSE) for the fourth week trading as it gained 7.1 percent to close at GHS 0.15 per share. The GCB Bank followed suit, with 3.2 percent rise to close at GHS 3.92 per share and Guinness Ghana Brewery Limited (GGBL) emerged as the most traded equity, accounting for 26.8 percent of total value traded. The GSE-Composite Index rose by 0.5 percent to close the fourth week at 1,767.9 points. This represents a year-to-date return of 4.7 percent, Nordea Capital Investment Stock Market analysis made available to the Ghana News Agency in Accra, on Monday. A total of 2.2 million shares exchanged hands in the week under review, while value traded also dipped to GHS1.1 million. According to the Nordea Capital Investment Stock Expert, during the fourth week, the price movements were seen across multiple sectors, with financial stocks accounting for five out of eight equities that recorded gains. Total Ghana and Societe Generale; climbed by 2.4 per cent and 1.5 per cent each to close at GHS 2.15 per share and GHS 0.67 per share. According to Nordea Capital Investment Stock Expert, the Standard Chartered Bank appreciated by 0.9 percent to close at GHS13.02 per share; whilst GGBL rose by 0.7 per cent to close at GHS 1.51 per share. The Benso Oil Palm Plantation edged by 0.5 per cent to GHS 2.09 per share and Ecobank Ghana inched by 0.1 per cent to close at GHS 6.86 per share.

The HFC Bank emerged as the only laggard for the week and the stock lost four per cent of its value to close at GHS 0.72 per share. This the lowest price since the year began. Yields on Treasury securities increased slightly as the 91 day T-bill edged from 15.80 percent in the previous auction to 15.94 percent. The 91-day bill saw bids up to GHS 815.34 million with government accepting GHS 797.54 million and the 182-day bill also saw a marginal rise of 0.02 per cent on account of lower demand relative to the previous session. It received bids up to GHS 286.18 million with government accepting GHS 272.58 million at a weighted average interest rate of 17.10 percent. Nordea Capital is an investment bank, licensed by the Securities and Exchange Commission and offers a comprehensive range of services in asset management, research and strategy, corporate finance and private equity to institutional, corporate and private clients. Nordea Capital is dedicated to growing and preserving client assets and building trust, in partnership with financial professionals and institutions worldwide. The GSE is the principal stock exchange of Ghana. The exchange was incorporated in July 1989 with trading commencing in 1990. It currently lists 42 equities from 37 companies and two corporate bonds. All types of securities can be listed. Criteria for listing include capital adequacy, profitability, spread of shares, years of existence and management efficiency.

Economic News

The Bank of Ghana said the yield on its weekly 91-day bill rose to 15.9376 percent at an auction on Friday from 15.7952 percent at the last sale, on Jan. 20. The bank said it had accepted 797.54 million cedis ($184 million) worth of bids out of 815.34 million cedis tendered for the 91-day paper, which will be issued on Jan. 30.*(Reuters)*

Ghana might record a possible downgrade by credit rating agencies during their periodic assessments of economies in Africa. The recent publications by Standard & Poor rated Ghana B- with a stable outlook, Moody's rated Ghana B3 with a stable outlook, and Fitch's credit rating for Ghana was a B with negative outlook. Ghana's poor economic performance in managing its debt stock, currency, and high budget deficit as well as falling foreign direct investment coupled with low commodity prices could be the debilitating factors. As well known by the new President of Ghana, Nana Addo Dankwa Akuffo-Addo, the implications of such actions can affect the country's ability to attract foreign direct investment as it gives investors signals of macroeconomic challenges; it also defeats policy credibility, especially when credibility tags are against the previous administration's failure to achieve economic and political leadership. Arguably, the most challenging stress about Ghana could be the morality to increase the debt stock levels above the 71 per cent of GDP at a high price. Certainly, the ability for Ghana to borrow in the international market may be curtailed. The downgrade will cause government to resort to domestic borrowing since it is unable to borrow in the international market.

This will harm businesses, especially those in the construction and manufacturing sector, where government domestic borrowings reduce lending to the private sector thereby reducing investment and economic activity. Moody rated Ghana B3 with a negative outlook on March 2015. In September 2016 it changed the outlook from negative to stable due to a reduction in the fiscal deficit and the implemented institutional reforms under the three-year IMF programme. Other reasons given for the stable outlook included reduction in government liquidity risk due to the issue of the US$750m Eurobond, improved balance of payments, and an increased direct investment. Recent statistics from the Bank of Ghana showed that Ghana's total debt increased from GHS109.4 billion in August 2016 to GHS119.9 as at November 2016, representing 71.9 per cent of GDP. This showed that between August 2016 and November 2016, Ghana's debt stock had increased by GHS10.5 billion. In addition to the debt issues, the budget deficit for the fiscal year of 2016 is estimated to be about 7 per cent, higher than the targeted 5 per cent and the 6.3 per cent recorded in 2015. The rating agencies could lynch Ghana on these data and downgrade our ratings just because the high **debt** stock and the interest payment will make it difficult for government to raise funds which will increase the country's liquidity risk.

Other reasons for Ghana's possible downgrade are the fall in foreign direct investments (FDI) and the depreciation of the Ghana cedi. FDI inflows to a large extent show investor confidence in the economy and also reflect an investors' assessment of the country's macroeconomic environment. FDIs decreased by 83.33 per cent in the third quarter of 2016 according to the Ghana Investment Promotion Centre (GIPC). FDIs fell from 1.45 billion dollars in the second quarter of 2016 to 241.17 million in October 2016 (third quarter). International credit rating agencies are likely to review their ratings to reflect the opinion of the investors, which is captured in the FDI flows. Aside the liquidity risk, Ghana also faces a high currency risk. The Cedi this year has according to the GCFM Cedi Index records a YTD depreciation of 0.89%, 1.93% and 0.43% against the US dollar, the Euro and the British pound respectively largely due to low commodity prices and low foreign exchange earnings. This presents grave challenges to Ghana's economy and the country's 2017 economic outlook.

Presently, more than 60% of Ghana's debt stock is foreign currency denominated. Besides, the continuous Cedi depreciation will cause the country's international reserves to decrease in value which can lead to medium term currency crisis. GN Research urges government to instantly carry out policies to restructure the economic system. Much attention must be paid to the fiscal deficit and the rate at which the country borrows. Steps must be taken now to restructure the country's debts and renegotiate interest payments if possible. Also, the situation where state corporations borrow on central government's budget must be reviewed. These corporations must be managed efficiently and be made to borrow on their own accounts to reduce the country's obligations to creditors. Evidently, the fiscal deficit of close to 7% recorded last year is inimical to the development of the nation since the nation already has a ballooned debt stock. Hence, government must control its expenditure and find sustainable ways of increasing revenue other than borrowing. Where there is the need to borrow, the government must ensure that the loans are long term and are put into profitable projects. The central bank must also play its role effectively to reduce inflation and interest rates and stabilize the currency to improve the outlook for the economy. *(Ghana Web)*

Figures published by the Bank of Ghana has shown that Ghana raked in a total of US114,400,610.40 in the first half of 2016 from the thirtieth, thirty first and thirty second crude oil liftings. Per the amount, US$2,772,660.23 million and US$ 6,469,540.76 million were allocated into the Ghana Heritage Fund and the Ghana Stabilization Fund respectively on the 24th of March 2016 on the thirtieth lifting. On March 31 2016, another allocation of US$3,021,490.64 million and US$7,050,144.84 million were made into the Heritage Fund and the Stabilization Fund respectively on the thirty-first lifting. Kosmos made payment of corporate tax of 2,027,780 and 204,770 on 27 January 2016 and 29 April 2016 respectively while Tullow made corporate tax payment of 53,093.43 February 24, 2016. Hess Ghana, Kosmos, Tullow and Midea Development made a subtotal surface rental payment of US$382,000.82 million. On March 4, Ghana Gas received US$9,302,806.35 million as payment for gas to the company. On investment proceeds from the Ghana Petroleum Fund, Ghana made a net income of US$3,069,904.37 million. *(Ghana Web)*

Ghana's budget deficit could be twice as big as previously forecast, Finance Minister Ken Ofori-Atta said a day after the government revealed a 7 billion-cedi ($1.6 billion) hole in the budget. The disclosure sent bonds tumbling. The shortfall as a percentage of gross domestic product could be close to "double digits" for 2016, Ofori-Atta said Wednesday in an interview in Accra, the capital.

"We're still in the process of gathering information" on the undisclosed expenditures, said Ofori-Atta, who will propose the 2017 budget next month. The secret spending dates back three to four years, he said. The budget hole was disclosed by Vice President Mahamudu Bawumia, who along with President Nana Akufo-Addo arrived in office only three weeks ago after winning presidential and parliamentary elections. It was the third transfer of political power since the West African nation's return to independence in 1992. The nation is the world's second-biggest cocoa producer and West Africa's biggest economy after Nigeria. "We have been very surprised by the fiscal data," Bawumia said Tuesday night in a speech in Accra broadcast by Citi FM. "How are you supposed to manage an economy with faulty data?"The central bank on Jan. 23 urged the state to narrow the budget deficit after provisional data for January through November showed a shortfall of 7 percent of GDP, exceeding a government forecast of 5.3 percent. The West African nation will probably miss its target for 2016 because of weak income collection and higher-than-planned capital spending, the International Monetary Fund said last month. The economy probably expanded 4.1 percent in 2016, according to forecasts from the government. It was growing at more than 13 percent in 2011. It was another blow to Ghana, only a few years ago held up as an example of how African countries could modernize, impose the rule of law and operate successfully in global markets.

In 2007, it sold its first Eurobond. Today, yields on its benchmark dollar bond due in August 2023 increased 17 basis points to 8.58 percent, the highest since Dec. 19, at 3:23 p.m. in Accra. The cedi weakened for a third day against the dollar, slipping as much as 0.4 percent and trading 0.2 percent lower at 4.37. The country has also muffed the share sale of a state company, which by the time it closed in December was only 85 percent subscribed and had taken three tries. Ghana is in the second year of an almost $1 billion debt bailout deal with the IMF after a slump in commodity prices weighed on income from oil and gold as government debt spiraled. The IMF also suspended aid to Mozambique last year after the southern African country disclosed hidden debt of $1.4 billion. The budget deficit for 2017 will be two to three percentage points lower than last year's figure, Ofori-Atta said. Investors will be concerned about a wide budget deficit and there's still the risk of further debt accumulation, said Courage Martey, an economist at Accra-based Databank Group Ltd., "There will be a difficulty in payment which can lead to restructuring" of the nation's debt, he said by phone. "It only shows that our fiscal and debt situation is quite complicated and too complicated to deal with in the short term very quickly, so the Eurobonds will continue to reflect that difficulty in the short term." The 7 billion cedis Bawumia referred to relates to a government contract that was part of a project for an integrated financial management system and doesn't constitute arrears, Former Finance Minister Seth Terkper said by e-mail. "The vice president is known for rushing with information to the public and the media, particularly with structural measures and reforms without taking time to understand the rational for the reform or the initiatives," Terkper said. Calls to the phone of Mustapha Hamid, a spokesman for Akufo-Addo, didn't go through. *(Bloomberg)*

Ghana's new government has inherited a budget deficit "closer to double digits" as a percentage of GDP than the 5 percent targeted for 2016 by the previous government, Finance Minister Ken Ofori-Atta told Reuters on Wednesday. The issue is politically sensitive because Ghana is following a three-year, $918 million International Monetary Fund programme aimed at stabilising the economy after the deficit ballooned during the previous election year of 2012. The Fund and the government of former President John Mahama said during 2016 they would respect budgetary targets, although ahead of the December election ministers said the deficit might stand at 7 percent of gross domestic product. "I suspect that it's certainly closer to a double-digit deficit. This is what we are confronting," Ofori-Atta said. The overrun was due to "unchecked overspending" and decreased revenue, he said. A budget deficit higher than target will put more pressure on President Nana Akufo-Addo's government and reduce the amount it can spend on funding programmes for job creation and poverty reduction. The government also inherited a debt from state-owned enterprises and government ministries of at least 7 billion cedis ($1.6 billion), Ofori-Atta said, adding that Ghana will aim for double-digit growth economic but not this year. *(Reuters)*

Kenya

Corporate News

Kenya's Uchumi Supermarkets said its pretax loss narrowed to 2.67 billion shillings ($25.70 million) for the year ended June last year from 3.51 billion shillings, in results which got a qualified opinion from its auditors. The chain closed some outlets last year, and is selling assets like land, after it sunk into deep losses due to mismanagement. It is also seeking fresh funds from shareholders who include the Kenyan government. Several past Uchumi directors and executives are facing charges brought by the market regulator. Its results for the period, published in a local daily, were delayed by months over the saga. Net sales plunged by half to 6.4 billion shillings during the year, Uchumi said, adding the narrower loss was caused by management interventions. It did not offer specifics. KPMG Kenya, the auditor, issued a qualified opinion of the results, saying there was no audit evidence on property and equipment's opening balances. *(Reuters)*

Kenya's inflation rate rose to 6.99 percent year-on-year in January, up from 6.35 in December, the statistics office said on Tuesday. The rise was partly due to food price increases caused by drought and an increase in the cost of electricity, the statistics office said in a statement. *(Reuters)*

Eveready East Africa has closed its Ugandan warehouse and opted to supply the market through a distributor — even as the firm announced that its net loss for the year to September has increased 2.5 per cent to Sh206.5 million. The troubled battery firm saw its revenues halve to Sh553.3 million in what is attributed to stock outs following the termination of a long-term distribution agreement with US-based Energizer Holdings. Eveready managing director Jackson Mutua said the company will now supply the Ugandan market through a local distributor after "cultural and structural hardships" impeded its operations in the neighbouring country. The NSE-listed firm, which is still 10.5 per cent owned by Energizer, took a Sh34.7 million hit from closing this regional business. "Sometime in early 2012, the company made a decision to supply Uganda through Kenya or direct shipments for efficiency purposes," Mr Mutua said in an interview. "However, it has not been easy trading in Uganda. For instance, some retailers lack identity cards posing a significant challenge when trying to manage them. It is for such reasons that the board decided to close the warehouse." Eveready is now looking for a Uganda-based distributor, whom Mr Mutua says will be better placed to anticipate and handle the dynamics of the market. The battery firm in December announced that it had terminated its near half-century distribution agreement with Energizer, arguing that the contract was tilted in favour of the American multinational. Eveready said the pact with Energizer restricted it from pricing products, picking those that best fit the Kenyan market or even from independently diversifying its portfolio.

It also accused its shareholder and partner of, without notice, changing the company's purchase terms last year from an open to a cash-based account— affecting its ability to supply the local and export market. "The drop in our revenues was mainly due to a challenging stock out situation we experienced due to lack of supplies from our global battery supplier at the time," said Mr Mutua. "This lack of inventory meant that fixed costs such as employee salaries and other expenses had an adverse effect on the company's full-year profitability." This stock out saw some variable expenses — such as vehicle running costs and sales incentives — decrease significantly, leading to a 26.7 per cent drop in overhead expenses to Sh296.8 million. The unexpected change in procurement terms to a cash-based account forced the battery firm to take up more debt, increasing its finance costs by Sh22.1 million to Sh72.4 million. In the financial year to September 2015, Eveready booked Sh75.9 million as "other income" from the sale of an unoccupied maisonette in Milimani estate, Nakuru. The absence of such a significant one-off revenue in the year under review worsened the company's bottom-line position. Eveready's board of directors did not recommend a dividend payout to shareholders, extending a drought that started in the financial year to September 2008. The firm has signed partnership deals with global manufactures working out of Asia to produce its own products, including batteries and flashlights, retailing under the brand name Turbo. The loss-making company is also distributing other products like Clorox bleach and recently launched a detergent, Everclean, with plans to expand this brand to include dishwashing and soap. *(Nation)*

Nation Media Group (NMG) has acquired lifestyle information magazine KenyaBuzz as part of an ongoing shift to becoming a fully digital media house. The deal, which was sealed on Wednesday at a Nairobi restaurant, also includes the acquisition of UgandaBuzz, a subsidiary of KenyaBuzz. Founded in 2007, KenyaBuzz is the first and only website in Kenya that offers an end-to-end online movie ticketing solution. The system, which was launched in 2014, offers users the convenience of booking seats and buying movie tickets online. The company also operates the Raha Android phone app that was launched in 2012 and has won major awards, including Google Innovation Award in 2013. The website enjoys access to a large, expanding and loyal readership with its comprehensive and trusted events content, popular movie listing and reviews. NMG Editor-in-Chief Tom Mshindi said the acquisition was one of the several steps the media group is taking to broaden its content focus beyond news and to ensure a strong as well as a diversified menu for lifestyle audiences. "As we welcome KenyaBuzz to our stable, it is a part of a new agenda to reorient NMG into a fully-fledged digital entity," said Mr. Mshindi. Alix Grubel, founder and owner of KenyaBuzz, said the partnership had opened a new chapter for KenyaBuzz. KenyaBuzz is an online lifestyle publication, which also distributes 10,000 copies of its free monthly newsletter in more than 90 locations among them Nairobi, Nanyuki, Mombasa and Kisumu. The website lists events happening around Kenya by date, venue and location, among other categories. It also catalogues films in Kenya by date, time and theatre as well as movie details and trailer. The Lifestyle section of the website captures stories on art and culture, adventure, security, entertainment and celebrities, among others. The Internet platform also has a business directory with information and contacts for lifestyle businesses. *(Daily Nation)*

Economic News

The Central Bank of Kenya on Monday retained its policy rate at 10 per cent with inflation expected to remain within its target and the shilling relatively stable to the US dollar. The bank's monetary policy committee (MPC) argued that inflation will stay within the preferred range of between 2.5 per cent and 7.5 per cent while the country's current account deficit has narrowed, easing pressure on the shilling. The base rate retention means the interest rates charged on loans by commercial banks continue to be capped at 14 per cent, in line with State-backed banking policy that caps rates at four per cent above the policy rate. "The committee concluded that inflation was expected to remain within the government target range in the short term. "However, the committee noted increased uncertainties with regard to the prevailing drought conditions and risks in the global markets," the bank said in a statement. "The MPC therefore decided to retain the Central Bank Rate (CBR) at 10.0 percent in order to anchor inflation expectations." The bank said the improved current account from a deficit of 6.8 per cent in 2015 to 5.5 per cent last was helped by lower import bills for petroleum products, machinery and transport equipment. "Additionally, inflows benefitted from improved horticulture and tea production, higher tourism receipts, and resilient diaspora remittances." The CBK's foreign exchange reserves currently stand at $6.93 billion (4.5 months of import cover) "which together with the precautionary arrangements with the International Monetary Fund (IMF) continue to provide an adequate buffer against short-term shocks." *(Daily Nation)*

Kenyan economic growth is expected to slip to 5.7 percent in 2017 from about 5.9 percent in 2016, the central bank said on Tuesday. Governor Patrick Njoroge did not give reasons for the drop in a news conference but said risks to the outlook came from uncertainty related to Britain's vote last year to leave the European Union and questions about the direction of U.S. policy after the election of President Donald Trump. Economists have said an election later this year in Kenya, which has a history of strife during voting, could also hurt the economic outlook. *(Reuters)*

The Kenyan shilling was stable against the dollar in early trading on Monday as traders awaited the outcome of a rate-setting meeting by the central bank later in the day. At 0710 GMT, commercial banks posted the shilling at 103.90/104.00, unchanged from Friday's close. *(Reuters)*

Kenyan economic growth is expected to slip to 5.7 percent in 2017 from about 5.9 percent in 2016, the central bank said on Tuesday. Governor Patrick Njoroge did not give reasons for the drop in a news conference but said risks to the outlook came from uncertainty related

to Britain's vote last year to leave the European Union and questions about the direction of U.S. policy after the election of President Donald Trump. Economists have said an election later this year in Kenya, which has a history of strife during voting, could also hurt the economic outlook. *(Reuters)*

Kenya's inflation rate rose to 6.99 percent year-on-year in January, up from 6.35 in December, the statistics office said on Tuesday. The rise was partly due to food price increases caused by drought and an increase in the cost of electricity, the statistics office said in a statement. *(Reuters)*

Activity in Kenya's private sector increased modestly in January as banks curtailed new lending to firms in the wake of an interest rate cap imposed last September, a survey showed on Friday. The Markit Stanbic Bank Kenya Purchasing Managers Index (PMI) fell to 52.0 percent in January from 54.1 in the previous month, staying above the 50.0 line that divides growth from contraction. "Since the legislation to cap interest rates came into effect, we can now see signs of distress within the private sector as, (survey respondents) lament about cash shortages," said Jibran Qureishi, regional economist for East Africa at Stanbic Bank. The government capped the lending rate for commercial banks at 400 basis points above the central bank rate, a measure economists said at the time risked hurting economic growth by discouraging loans to smaller borrowers deemed more risky. "A further slowdown in private sector credit growth and poor weather conditions will most likely lead to a downward trend in the PMI over the coming quarter," Qureishi said. Private sector credit growth started falling at the end of 2015 after the central bank toughened supervision. It was worsened last April when mid-sized lender Chase went into receivership. The central bank said this week the drop in credit growth had bottomed out, with the year-on-year growth standing at 4.3 percent last December, close to the level of the previous two months. The survey found new orders for firms rose at a slower pace, while costs hit an eight month high. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

No Corporate News this week

Economic News

Business confidence on the Indian Ocean island of Mauritius rose in the last quarter of 2016, a survey of leading private companies showed on Tuesday. The Mauritius Chamber of Commerce and Industry's quarterly confidence index climbed 4.9 percent to 97.5 points. But the index remained well below the long-term average of 100 points. The Mauritius economy grew by an estimated 3.6 percent in 2016, higher than the 3 percent growth in 2015. Statistics Mauritius forecast growth to be at 3.8 percent this year with an expected rebound in the construction sector. The Chamber of Commerce and Industry said the index rose on the back of a positive evaluation by business leaders of the economic situation between October and December 2016. It said those surveyed anticipate better future prospects for business. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

Seplat Petroleum Development Company Plc says dealings on its shares will be in a closed period between January 29, 2017 and expiring on March 30, 2017. Within this period, dealing on the company's shares would be suspended. The oil firm said the development was in pursuant to Clause 17.2 of the amendments to the listings rules of the Nigerian Stock Exchange. The company was said to have filed this development to the NSE on Monday. The company in a letter said, "In the run up to the announcement of the 2016 full year results of Seplat, please be aware that a closed period on Seplat share dealings for the entire company, Seplat directors and Seplat insiders will commence on Sunday, January 29, 2017. "Therefore, you and your 'connected persons', as described under the Seplat share dealing policy, are not expected to and must not trade in Seplat shares from January 29 until March 30, both dates inclusive." Meanwhile, the indigenous oil and gas company, which is also listed on the London Stock Exchange, announced recently that proceedings had commenced in the English High Court against its wholly-owned subsidiary, Newton Energy Limited, by Crestar Natural Resources Limited, relating to the deposit of $20.5m currently held in an escrow account. This was also contained in a filing made by the company to the NSE on Friday. The escrow monies relate to the potential acquisition of an interest in OML25 by Crestar, which Newton has an option to invest in, and were put into escrow in July 2015 pursuant to an agreement reached with Crestar and the vendor on final terms of the potential transaction, further details of which were announced by Seplat on July 9, 2015. The potential acquisition of an interest in OML 25 was initially identified in 2014 at which time the group placed a sum of $453m as a deposit towards the potential investment, Seplat said. *(Punch)*

First City Monument Bank Limited (FCMB) has restated its support for the federal government's drive towards the diversification of the economy. To this end, the bank recently held a forum for exporters in Kano. According to a statement, the Emir of Kano, Alhaji Muhammed Sanusi II, Executive Director/Chief Executive Officer of the Nigerian Export Promotion Council (NEPC), Mr. Olusegun Awolowo and other stakeholders who attended the customer forum pointed out that the series of customer fora organised by the bank on export trade had been laudable and impressive initiative as it will go a long way to assist the growth of businesses and activities of the government, particularly in its bid to diversify the economy. The forum, the fourth by the bank in its series, was themed, "Financial Inclusion for Non-oil Exports Growth." It was aimed at further empowering and enhancing the capacity of its customers and other stakeholders on the rudiments and benefits of export trade and how FCMB could provide support, such as direct export financing, refinancing and rediscounting of sales contracts/invoice (pre-shipment and post-shipment financing) for agro commodities, solid minerals and other non-oil resources. Speaking at the event, the Emir urged Nigerians engaged in export trade to move beyond primary products by focusing on the exportation of processed products, which will go a long way to add value to their businesses and the country in general. He stated; "We must realise that the era of Nigeria exporting raw agricultural and other primary products is gone. For us to achieve the required mileage and benefits in international trade, we must redirect our efforts on processing finished products and export these items which will earn us more revenue, build capacity and accelerate the country's drive towards industrialisation". He expressed gratitude to FCMB for organising the forum in Kano, while urging exporters in the state to take advantage of the opportunity to take their businesses to the next level.

In his speech, Awolowo, who was represented by the Regional Co-ordinator, North-West of the Council, Alhaji Abdullahi Mamman, stated that, "the NEPC's collaboration with FCMB will play an important role in delivering the Zero-oil plan strategy and making the non-oil export sector a significant contributor to foreign exchange earnings". He added that by organising the customer forum, FCMB is helping to build a higher level of engagement with exporters and other stakeholders to promote competitiveness, competence and capacity through innovative and bespoke financial solutions. Awolowo explained that the zero-oil plan is a coherent agenda to mobilise public and private sector resources towards replacing oil as the main source of the country's foreign exchange and revenue. "The focus is to make the world a market place for Nigerian non-oil products. We want to grow non-oil exports from. $2.7billion (2014) to $8billion in 2019 and eventually $25billion by 2025", he said, adding that, "appropriate trade financing definitely is critical in achieving this feat".

Commenting on the customer forum, the Executive Director, Business Development of FCMB, Mr. Adam Nuru, said it was one of the various initiatives of the bank to build the capacity and support customers to take their businesses to the next level in order to effectively leverage on available opportunities, such as those provided by financial inclusion and e-payment solutions. He added that, ''This programme helps to amplify how much we value our customers. It also provides a platform for us to equally inform the Market that we are truly on ground to support government, exporters and stakeholders in their efforts towards driving and growing export trade to boost non-oil revenue and other benefits in Nigeria in a sustainable manner." *(This Day)*

Forte Oil Plc yesterday announced its audited results for the year ended December 31, 2016, showing a revenue of N148.6 billion, up by 19.3 per cent from N124.6 billion in 2015. However, profit before tax fell by 24 per cent to N5.3 billion, from N7.0 billion, while profit after tax declined by 50 per cent to N2.9 billion, compared with N5.8 billion recorded in 2015. An analysis of the results showed that cost of sale rose by 20.5 per cent from N106 billion in 2015 to N128 billion in 2016, while operating expenses declined by 2.9 per cent to N13.3 billion compared with N13.7 billion in 2015. Other income fell by 42 per cent from N4.1 billion to N2.3 billion. But net finance cost soared by 154.9 per cent from N1.7 billion to N4.3 billion, a development that affected the bottom-line. Based on the weak results, the directors did not recommend any dividend for the shareholders compared with N4. 5 billion dividend paid the previous year. Forte Oil Plc had last year raised N9 billion bond under its N50 billion bond issuance programme, to refinance existing short term commercial bank loan obligations and to finance its retail outlet expansion. The Group Chief Executive Officer, Forte Oil, Mr. Akin Akinfemiwa had said: "With the raising of this initial capital which has been fully underwritten shows the confidence the investing public has in Forte Oil Plc as an investment of choice. This bond programme being the first in the downstream sector is testament to Forte's position within the downstream sector and allows the company to actualise the vision of the Board to continue to provide value to its shareholders regardless of the economic climate." Similarly, the Group Executive Director, Finance and Risk Management, Forte Mr. Julius Omodayo-Owotuga said: "This series provides us with the necessary liquidity to actualise our growth strategies and positions the company for the years ahead. The pricing of this debt instrument demonstrates the markets' belief in us and the pricing would help reduce our borrowing cost and increase profitability in the short and long term." Meanwhile, trading at the stock market ended the first month of the year on a bearish note as the Nigerian Stock Exchange (NSE) All-Share Index fell by 0.69 per cent to close at 26,036.24, while market capitalisation ended at N8.97 trillion. *(This Day)*

The NSE Chief Executive Officer, Mr. Oscar Onyema, commended the airline for the bold step taken to list the company on the Main Board of the Exchange. According to him "It further reaffirms our belief that in spite of several policy and economic challenges facing the nation, our platform remains one of the best avenues for raising capital and enabling sustainable growth for national development." Onyema stated that despite the challenging operating environment in the aviation industry globally, the air transport industry continues to contribute about $10 billion to Gross Domestic Product (GDP) of African countries, and it is projected that close to six million jobs would be supported by Africa's air transport sector over the next 20 years. In his remark at the fact behind the listing of Med-View, Managing Director of the Airline, Alhaji Muneer Bankole, said, "despite the vast environment and enormous resources in the country, the Nigerian aviation sector is still largely untapped." He stressed that the Nigerian Aviation industry saw devaluation in activity between the second halves of 2014 and 2016 in terms of number of transactions, aircraft, the weight of cargo and mail moved, and attributed these to the downturn in the economy and various other challenges faced by operators in the industry. Bankole said that the company revenue had grown from N3.629 billion in 2012 to N25.852 billion in 2016. He further stressed that gross profit grew from N847 million to N1.627 billion in 2016; Administrative expense declined from N673 million in 2012 to N577 million in 2016; Total assets grew from N4.879 billion in 2012 to N14.079 billion in 2016; Total liabilities surged from N1365 billion in 2012 to N7.473 billion in 2016, while shareholders' fund increased from N3.514 billion to N6.606 billion in 2016. The stockbrokers and other stakeholders commended Med-View Airline for the remarkable listing on the Exchange despite the economic downturn of the country. *(Van Guard)*

Diamond Bank Plc yesterday said it attained a new highs in its digital banking drive with the signing up of a record two million subscribers on both its flagship mobile banking app – Diamond Mobile app, and its Diamond Y'ello account. In a statement, the bank's Head, Retail Banking Businesses, Robert Giles, attributed the success to customers making informed choices about better ways to do banking in the digital age. "In January 2016, we celebrated our one millionth customer using the Diamond Mobile app, having launched the service in 2013.

We are delighted that in just one year, we have doubled that number and recorded two million customers using the Diamond Mobile app. We have now passed an inflection point where the use of digital banking is no longer an alternative, it is the new normal and we would like to thank all of our customers for pioneering this with us and helping to build something that is truly Beyond Banking," Giles stated. Specifically designed to make banking easier for more than 100 million Nigerian's who do not yet have a bank account, the Diamond Y'ello account, according to the bank, allows customers perform a wide range of banking transactions from their MTN phones without data or wi-fi connection. The Diamond Mobile app on the other hand, is an application for all Diamond Bank customers that can be downloaded on a smartphone – be it Android, Apple, Windows or Blackberry. The app allows customers to make payments and transfers, both in and out of Nigeria, as well as non-banking services such as buying airtime, movie tickets and paying schools and churches. In the latest release of the app, Diamond Bank launched a digital eSUSU service which takes the hassle out of running a joint savings club. "Beyond growing the numbers of subscribers, we are focused on enhancing the customer experience on these platforms and all of this innovation has come directly from our customer's feedback. "It took Diamond Bank about 10 years to connect with the first two million customers in its history. This week we celebrate two million customers connecting to our Diamond Mobile app over a period of five years. But the most exciting part is that two million people also became formally included in the financial system through Diamond Yello in just two years – and they did that from their own respective devices at a time that suited them to do so," the statement added. *(This Day)*

First City Monument Bank Limited says it has partnered the Central Bank of Nigeria and the Nigerian Export Promotion Council as well as the Nigerian Export-Import Bank to boost export trade as the country steps up efforts to diversify the economy. In a statement on Thursday, the lender said the partnership which included the Nigeria Customs Service and 3T Impex Trade Academy, was aimed at further empowering and enhancing the capacity of its customers and other stakeholders on the rudiments and benefits of export trade. The bank said it had held several programmes to prepare its customers for effective export trade. The Emir of Kano, Alhaji Muhammed Sanusi II, who attended the fourth edition of the lender's customer forum on export trade held in Kano, was quoted to have lauded the initiative, saying it would go a long way in assisting the growth of companies. The forum was themed, "Financial inclusion for non-oil exports growth." Sanusi, a former CBN governor, urged Nigerians who are engaged in export trade to move beyond primary products by focusing on the exportation of processed products. "We must realise that the era of Nigeria exporting raw agricultural and other primary products is gone. For us to achieve the required mileage and benefits in international trade, we must redirect our efforts on processing finished products and exporting these items which will earn us more revenue, build capacity and accelerate the country's drive towards industrialisation". He expressed gratitude to the bank for organising the forum in Kano, while urging exporters in the state to take advantage of the opportunity to take their businesses to the next level.

The Chief Executive Officer, NEPC, Mr. Segun Awolowo, said the programme would enhance plans by the Federal Government to diversify the economy through the Zero-Oil Strategy. Awolowo, who was represented by the Regional Co-ordinator, North-West, NEPC, Alhaji Abdullahi Mamman, said, "The NEPC's collaboration with the FCMB will play an important role in delivering the Zero-Oil Plan strategy and making the non-oil export sector a significant contributor to foreign exchange earnings." "The focus is to make the world a market place for Nigerian non-oil products. We want to grow non-oil exports from $2.7bn in 2014 to $8bn in 2019 and eventually $25bn by 2025." The Executive Director, Business Development, FCMB, Mr. Adam Nuru, said the forum was one of the initiatives the bank was using to support its customers and take their businesses to the next level. Nuru said, "The customer forum was aimed at further empowering and enhancing the capacity of its customers and other stakeholders on the rudiments and benefits of export trade and how the FCMB could provide support, such as direct export financing, refinancing and rediscounting of sales contracts/invoice (pre-shipment and post-shipment financing) for agro commodities, solid minerals and other non-oil resources."*(Punch)*

Economic News

Nigeria has asked Goldman Sachs and the local unit of South Africa's Standard Bank to advise it on the sale of a debut "diaspora bond" targeted at Nigerians living abroad, Stanbic IBTC Bank said on Monday. Such bonds are a form of government debt that targets members

of the national community abroad and Africa's biggest economy first announced plans to sell them in 2013 to raise between $100 million to $300 million. Goldman Sachs and Stanbic were due to manage the sale at the time, but the government then did not appoint any bookrunners before an election in 2015 that brought President Muhammadu Buhari to power. Nigeria is in its first recession in 25 years and needs to find money to make up for shortfalls in its budget. Low prices for crude and militant attacks in its oil-producing heartland, the Niger Delta, have slashed its revenues. A finance ministry source told Reuters this month that the country will look to issue a diaspora bond after completing a $1 billion eurobond sale. *(Reuters)*

The naira dropped against the United States dollar from 498 to 500 at the parallel market during the early trading hours on Monday, crossing the critical threshold currency analysts had predicted. Foreign exchange traders linked the development to relative scarcity of the greenback in the forex market. The local unit, however, reversed the loss during the intra-day trading and closed at 498/dollar. The naira has been under persistent pressure as scarcity of the greenback continues to hit the market. At the official market, the local unit closed at 305/ dollar, the level it has traded at since August last year. Meanwhile, the naira is expected to remain at 498/dollar at the parallel market as the Central Bank of Nigeria continues sales of the greenback to Bureau De Change operators. The CBN had two weeks ago commenced sales of dollars to the BDC operators through Travelex, following a three-week break during the Yuletide season. On Friday, the naira closed at 498/ dollar at the black market, broadly unchanged from 497/dollar it recorded the previous weekend. "Confidence is gradually returning to the forex market as a result of improved foreign exchange reserves, dollar sales by international money transfer agents and the central bank assurance it will continue to support the local currency," one trader told Reuters. Last Tuesday, the CBN said it would continue to provide hard currency, with priority given to manufacturing industries that need to import raw materials and spare parts.

Economic and financial analysts are slightly divided over the outlook for the naira this year. Economic expert and Chief Executive Officer of Cocosheen Nigeria Limited, Mr. Henry Boyo, said the naira might crash to almost 1000/dollar at the parallel market this year if the CBN failed to review its monetary policy framework. According to him, the policy framework is skewed against the local unit and it will be difficult for the naira to remain at the current rate. A Nigeria-based investment bank and research advisory firm, Afrinvest West Africa Limited, predicted last Tuesday that the official exchange rate of the naira would tumble by about 31 per cent to 400/dollar before the end of this year. In its 2017 economic outlook, the firm said the CBN might be forced by possible developments in the currency market to devalue the naira from the current 305/dollar to around 400/dollar. "If you think about the monetary policy environment, we think that the CBN will be forced by the market to make a change. Currently, the naira is pegged at 305/dollar; we see it moving towards 400/dollar by the end of the year," the Group Managing Director, Afrinvest, Mr. Ike Chioke, said at a press conference announcing the firm's economic outlook. Chioke stressed the need for key reforms in the currency market, petroleum downstream sector, power and other key sectors of the economy in order to put the ailing economy on the path of growth. "If the CBN did take a plunge to make it really market-driven, we can see that even the 400/dollar rate may appreciate later on, bringing to something below 400/dollar," the expert said. *(Punch)*

It emerged at the weekend that China is now Nigeria's leading source of imported goods with an import value of $1.6 billion (N478 billion) equivalent to 20 per cent of Nigeria's total imports. This is, according to the merchandise trade data released by the Nigerian Bureau of Statistics (NBS) in its latest foreign trade statistics for the third quarter of 2016. According to the NBS data, Belgium emerged the second largest source of imports in the review period, with an import value of $1.1 billion (N331billion). The NBS data put the total value of trade at N4.72 trillion, representing an increase of 16 per cent on the preceding quarter. The data, however, showed a trade deficit of N104 billion, which compared with N482 billion in the second quarter of 2016. Analysts at FBN Quest noted that the increase in imports in a recession in the first three quarters of last year was due to the weakness of the naira exchange rate. Analysis of the NBS data showed that total exports stood at N2.31 trillion in Q3 last year while the total value of imports was N2.41trillion. This represented increases of 29 per cent Quarter-on-Quarter (Q/Q) and 6 per cent q/q respectively. A further analysis of the NBS report showed that the value of imports from other African countries amounted to $290 million (N88 billion) However, Economic Community of West Africa States (ECOWAS) countries accounted for just 10 per cent of Nigeria's total trade. In terms of exports, crude oil was the largest contributor with a total value of N1.9 trillion ($6.2 billion). Meanwhile, the total value of agricultural products exported stood at N14.4 billion ($50 million). Frozen shrimps and prawns accounted for 37 per cent and sesame seeds 34 per cent of total agricultural exports in the third quarter of 2016.

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Experts believe the Federal Government of Nigeria (FGN)'s import substitution strategy will have a significant impact on imports in the years ahead. "Nigeria is heavily dependent on imports. However, given the current foreign exchange illiquidity, we expect the FGN's import substitution strategy to have a significant impact over time. Furthermore, consistent growth in agriculture and a significant boost in the manufacturing sector should make the country more export-oriented in the medium term," said analysts at FBN Quest. The federal government had recently reduced import duties on more than 89 items in various sectors of the nation's economy. The reduction approved by President Muhammadu Buhari, is to promote development in critical sectors of the economy, and is part of its 2016 Fiscal Policy Measures. A circular issued by the Ministry of Finance said the measures supersede the 2015 Fiscal Policy Measures. According to the circular signed by the Minister, of Finance, Mrs. Kemi Adeosun, the directive was made up of the Supplementary Protection Measures (SPM) for implementation together with the ECOWAS CET 2015 – 2019. The minister explained that the ECOWAS CET, which will cover the 2017 to 2019 fiscal periods, is composed of three categories made up of an Import Adjustment Tax list of 173 tariff lines, a national list consisting of 91 items and an import prohibition list of 25 items, which is applicable to certain goods originating from non-ECOWAS member states. *(This day)*

The federal government plans to raise $300 million by selling a diaspora bond targeting Nigerians living abroad, one of the book runners on the deal, First Bank told Reuters on Tuesday. The bond, which will have a maturity of five to seven years, is expected to be issued by June, the bank said. Nigeria has asked Goldman Sachs and Stanbic IBTC Bank , the local unit of South Africa's Standard Bank , to advise it on the sale of the maiden bond. It also appointed United Bank for Africa as one of the bookrunners on the deal. Nigeria is the world's fifth-biggest destination for international remittances with 5 million Nigerians living abroad sending money back to relatives, according to Western Union. *(This Day)*

Fitch Ratings has revised Lagos State's outlook to negative from stable. But the rating agency affirmed the state's Long-term foreign and local currency issuer default ratings (IDRs) at 'B+'. The issue ratings on Lagos' senior unsecured bonds was also affirmed at 'B+/AA+(nga)'. The state's National Long-Term Rating was also affirmed 'AA+(nga)', with Stable Outlook. Under EU credit rating agency (CRA) regulation, the publication of local and regional government (LRG) reviews is subject to restrictions and must take place according to a published schedule, except where it is necessary for CRAs to deviate from this in order to comply with their legal obligations. "Fitch interprets this provision as allowing us to publish a rating review in situations where there is a material change in the creditworthiness of the issuer that we believe makes it inappropriate for us to wait until the next scheduled review date to update the rating or Outlook/Watch status. The next scheduled review date for Fitch's ratings on Lagos State was originally 24 February 2017. "However, following the downgrade of Nigeria's Outlooks we have taken a similar rating action on Lagos State as the issuer is rated at the same level as the sovereign for the Long-Term Foreign and Local Currency IDRs. Fitch projects that Lagos will report budgetary performance and debt metrics that are commensurate with its current ratings. The rating action on Lagos follows the same on Nigeria's Outlook on 25 January 2017," it explained. *(This Day)*

The Manufacturing Purchasing Managers' Index (PMI) stood at 48.2 index points in January 2017, indicating a decline in the manufacturing sector during the review period. The index averaged 45.2 in the last twelve months, and had grown in December 2016 after recording declines for 11 consecutive months. The PMI is an indicator of the economic health of the manufacturing sector. The January 2017 PMI report released by the Central Bank of Nigeria (CBN) tuesday, showed that 10 of the 16 sub-sectors surveyed recorded decline in the review month in the following order: primary metal; transportation equipment; paper products; electrical equipment; fabricated metal products; printing & related support activities; cement; furniture & related products; plastics & rubber products; and chemical & pharmaceutical products. The remaining six sub-sectors were expected to expand in the order: petroleum & coal products; appliances & components; nonmetallic mineral products; food, beverage & tobacco products; textile, apparel, leather & footwear; and computer & electronic products. But the report showed that the production level index for manufacturing sector grew for the second consecutive month. The index stood at 51.3 points, indicating a slower growth when compared to the 57.6 points in the month of December 2016.

According to the report, nine manufacturing sub-sectors recorded growth in production level during the review month in the following order: non-metallic mineral products; computer & electronic products; appliances & components; food, beverage & tobacco products; petroleum & coal products; cement; chemical & pharmaceutical products; textile, apparel, leather & footwear; and furniture & related products.The plastics & rubber products sub-sector remained unchanged, while the remaining six sub-sectors declined in the review period in the order: primary metal; transportation equipment; paper products; fabricated metal products; electrical equipment; and printing & related support activities. Nevertheless, the index for new orders declined to 47.9 points after one month of expansion recorded in December 2016. The eight sub-sectors that declined in new orders were: primary metal; paper products; printing & related support activities; fabricated metal products; electrical equipment; transportation equipment; cement; and furniture & related products. At 48.5 index points, the supplier delivery time index for manufacturing sub-sectors worsened for the second consecutive month, but at a slower rate in the month of January 2017. The index had recorded nine consecutive periods of improvement as at November 2016. *(This Day)*

THE tourism industry contributed N1.7billion ($ 5.5 million), about 4.8 per cent to Nigeria's Gross Domestic Product, GDP, in the third quarter of 2016. The figure is expected to fall by 7.3 percent in 2017, according to the Nigeria Hospitality Report, 2016. The report indicated that the contribution was a major boost to the economy especially since the country's GDP shrank 2.24 percent year-on-year, YoY, in the third quarter of 2016. According to the report by 2017, the contribution of the sector is expected to fall by 7.3 percent if the security challenges in the country still persist. Managing director of Jumia Travel Nigeria, Kushal Dutta, while reviewing the content of this year's report at a press conference in Lagos, said Nigeria generated 97 percent of its tourism revenue from domestic travel in 2016, while foreign travel accounted for only three percent. He said that despite the security challenges in the country a lot of Nigerians preferred to travel within the country to spend their holidays at exciting tourist destinations. But this preference, according to him, appeared to be aided by the high dollar exchange rate. He stated: "This is a good sign that we need to encourage a lot more travels within the country by designing attractive holiday packages that will be exciting enough for Nigerians to want to spend money on tourism within the country. As a company, we are interested in collaborating to encourage more Nigerians to enjoy their holidays within Nigeria." The 2016 report, which is the second edition, captured the development, impediments, and impact of technology on the country's travel industry between January and December 2016. *(Vanguard)*

Nigeria is likely to launch a planned $1 billion sale of Eurobonds this week, its finance minister said on Wednesday. "We're on course with everything we're doing," Kemi Adeosun told reporters, without giving details. *(Reuters)*

The Nigerian economy recorded its worst investment inflow in 10 years with the country attracting a total investment of $5.12bn in the 2016 fiscal period. The $5.12bn investment figure, when compared to the $9.64bn that the economy attracted in 2015, represents a decline of $4.52bn or 46.86 per cent. The decline was confirmed in the Capital Importation Report, which was released on Wednesday by the National Bureau of Statistics. There are three major categories of investment that make up the total investment inflow into the country. They are portfolio investment, which attracted $1.81bn in 2016; foreign direct investment, which attracted $1.04bn; and $2.26bn in other investments. The bureau explained in the report that investor apathy about the Nigerian economy was symptomatic of the economic crisis currently being experienced in the country. For instance, it said that the weak value of the naira was one of the reasons for the low investment inflow into the country, adding that this affected the level of portfolio investment negatively. The report stated, "The total value of capital imported into Nigeria in the fourth quarter of 2016 was estimated to be $1.54bn, which represents a decrease of 15 per cent relative to the third quarter, and a fall of 0.52 per cent relative to the fourth quarter of 2015. "The level of capital imported was similar in each month of the quarter, but the highest was in December at $555.37m. In the year 2016, capital importation fell by 46.86 per cent from $9.64bn in 2015 to $5.12bn. "This was the lowest value since the series started in 2007, which reflects the numerous economic challenges that afflicted Nigeria in 2016. The weakening of the naira may have had an impact, as a weaker naira means more can be purchased with each dollar and, therefore, investment projects requiring naira payments cost less in dollar terms." The report stated that portfolio investment was the most badly affected investment class in 2016 as it recorded a decline of 69.81 per cent owing to the current market conditions.

It stated that foreign direct investment followed with a decline of 27.83 per cent last year. However, the report stated that other investments recorded a marginal increase of 3.48 per cent, adding that the increase in loans was a major reason for the rise. In terms of country of origin of the investment inflows, the report stated that the country from which Nigeria imported by far the most capital was the United Kingdom, which accounted for $482.89m or 31.18 per cent of the total. It added that since 2010, the UK had accounted for the highest value of capital importation to Nigeria. This was followed by the Netherlands, which accounted for $296.52m, or 19.14 per cent of the total. *(Punch)*

Share dealing on Nigeria's bourse dropped 40 percent to 1.15 trillion naira ($3.8 billion) in 2016, the stock exchange said on Thursday, as foreign investors unnerved by the country's illiquid currency markets sold equities. Nigeria's main stock market average fell 6.2 percent last year. In dollar terms, stocks shed 40 percent in 2016 as the naira fell by a third in the official market against the dollar due to central bank currency reforms. In 2017, stocks have so far fallen a further 3.6 percent. On the black market meanwhile, the naira is almost 40 percent cheaper than the official rate, due to dollar shortages caused by low oil prices. The stock exchange said foreign investors traded shares valued at 517.55 billion naira in 2016, down from 1.03 trillion naira a year earlier, with more than half of the transactions deals to sell shares. It said domestic transactions accounted for 55 percent of total share dealing in 2016, compared with the last four years when foreign players dominated the stock market.

In January, stock exchange chief executive Oscar Onyema acknowledged in his annual briefing the sharp drop in foreign inflows in 2016 and said the outlook for this year will be determined by the central bank's currency reforms. Equity investments from portfolio investors and direct investment rose sharply from 2012 to 2014, at a time when Nigeria was one of the fastest growing economies in the world and a top destination for investment. But a sharp drop in the price of crude oil, Nigeria's main export, from mid-2014, has since crippled the economy. Africa's biggest economy is battling its first recession in 25 years amidst galloping inflation and a weakening currency, which has led foreign investors to flee its financial markets. The government's statistics office on Wednesday said total capital imports into Nigeria in 2016 fell to a nine-year low. Last June, the central bank scrapped its currency peg to allow the naira float to lure back foreign investors but dollar shortages has persisted creating a black market where the greenback trades at a premium. *(Reuters)*

Nigeria plans to increase taxes on luxury goods to boost its revenue as it grapples with a fall in revenue due to lower prices for its crude oil, which have contributed to it sliding into its first recession in over two decades. Finance Minister Kemi Adeosun said the proposal was to identify some luxury items and increase the value-added tax (VAT) on them immediately. She said the government was not considering a tax hike for basic items. Nigeria has one of the lowest VAT rates in the world at 5 percent. But the challenge that cabinet ministers have discussed in the past is tax collection, which is tough in a country where so many small business are not registered. Taxes account for 6 percent of Nigeria's gross domestic product, but the government is keen to boost its tax revenues. "You drink champagne in the U.K. and VAT is 20 percent. Why should it be 5 percent in Nigeria?," Adeosun said, making the case for a rise in sales tax. "I believe it is only fair that when you consume luxury goods you should pay a little bit more," she said after a cabinet meeting on Wednesday. Adeosun said that the government will engage lawmakers on how the proposals can be implemented and that the new rate will be left for parliament to decide. Increasing value-added tax from 5 percent and broadening the tax base were among suggestions put forward by International Monetary Fund head Christine Lagarde during a visit to Nigeria in January 2016. Vice President Yemi Osinbajo later said the government was considering tax regime changes to raise funds. Tunde Fowler, executive chairman of the Federal Inland Revenue Service (FIRS), has said he thought the economy was not ready for a VAT increase because the level of compliance was too low so an increase would be unfair on those who are collecting and remitting VAT. Development banks have asked for reform plans on how Nigeria intends to grow revenues and ease the restrictions it imposed on the currency at the height of the oil price collapse. *(Reuters)*

Nigeria's state oil company received 128 bids from companies that want to exchange processed fuels for as much as 800,000 barrels a day of unrefined crude in 2017, it said on Thursday. "This year's programme for DSDP (direct sale of crude oil and direct purchase of products) is about 800,000 barrels (per day) at most," Maikanti Baru, head of the Nigerian National Petroleum Corporation (NNPC), told reporters in Abuja after the bidding window had closed.

In exchange for the crude oil, Nigeria will take fuel with sulphur content of no higher than 50 parts per million (ppm), he said. Environment Minister Amina Mohammed has promised the country would require the 50 ppm level for imports from July 1. Last year the OPEC oil producer had replaced crude oil swap deals with a system under which it will directly sell crude oil to refiners and purchase refined oil products from them. Nigeria is almost wholly reliant on imported gasoline, kerosene and other petroleum products despite exporting 1.7 million barrels per day (bpd) of crude oil. *(Reuters)*

Tanzania

Corporate News

No Corporate News This Week

Economic News

According to the Bank of Tanzania (BoT) monthly economic report for December, some economic activities hit-hard by credit cut include agriculture, manufacturing, hotel and restaurants and transport and communication activities with the exception of personal loans. "The fall of bank's credit flow to major economic activities implies that investors use own sources to expand the existing businesses or establishing new investments," said Mr Hussein Kamote, the Director of Policy and Advocacy from the Confederation of Tanzania Industries (CTI) while commenting on the BoT report in Dar es Salaam yesterday. He said the adverse impact of all these may be felt in few months to come characterised if the situation remains unaddressed by productivity fall, rising unemployment and declining Gross Domestic Product (GDP). Also the absence of new credit flow into the existing businesses, implies that no investment in the technology and innovation that affect the whole production chain. "This is not a good scenario to the economy," he said, adding that the situation also applies to the banks because lending is their core businesses. The financial statements published on Monday this week show that most banks posted profit increase last year but was lower compared to the corresponding period a year before. During the period under review, the percentage share of credit extended by banks to major economic activities slowed down with manufacturing registering 18.6 per cent in November from 18.7 per cent in October.

Credit extended to agriculture activities remained at 6.9 per cent in November and October but was down from 7.9 per cent of the corresponding period in 2015. Lending to the trade activities declined to 20.6 per cent from 20.8 per cent in October and 20.9 in the corresponding period. Also credit to the hotels and restaurants 3.1 per cent from 3.2 per cent and 3.6 per cent in the corresponding period. The annual growth of banks' credit to major economic activities was negative save for the personal loans. Credit to the manufacturing sector dropped by negative 4.5 per cent from negative 4.1 per cent in October, transport and communication by negative 3.5 per cent from 5.3 per cent and hotels and restaurants to negative 5.2 per cent from 1.8 per cent in October. The BoT report shows that the stock of domestic credit was 21.35tri/- in the month under review, an increase of 1.39tri/- from November in 2015 but was less compared with increment of 2.87tri/- in the corresponding period. Credit extended to private sector by banks increased by 1.43tri/- to 16.63tri/-, representing an annual growth of 9.4 percent compared to increment of 2.99tri/- equivalent to 24.5 percent growth. *(Daily News)*

Tanzania says its economy probably grew at a less speedy rate than it had hoped last year, slowed by poor-performing agriculture and less demand from its big trading partners. In a presentation to parliament late on Tuesday, Finance and Planning Minister Philip Mpango said the 2016 growth projection was now 7.0 percent rather than the 7.2 percent given in September. "A new assessment carried out by the government in collaboration with the International Monetary Fund (IMF) shows that the projected economic growth might not be achieved," he said. Mpango said weaker-than-expected growth in some sectors in the first nine months of 2016 had undermined the economy. He cited the agricultural sector, which he said grew by 2.1 percent in the first nine months of 2016, compared with a targeted growth rate of 2.6 percent. By some calculations, agriculture accounts for around a quarter of the country's economic output. The financial services sector, too, expanded at a slower-than-expected rate - 5.6 percent between January and September versus a previous projection of 7.6 percent, Mpango said. "A slowdown in the economies of European Union countries and China, which are our big trade and investment partners, contributed to the downward revision of economic growth in the country," he said. Mpango said Tanzania's full-year annual headline inflation rate declined to 5.2 percent last year from 5.6 percent in 2015 and was expected to remain within the government's mid-term target of 5 percent this year. The IMF warned Tanzania in January that the country's economic policies threaten its forecast for growth in fiscal year 2016/17 (July-June) of around 7 percent.

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

After his election in 2015, President John Magufuli promised to reform the economy, which is hobbled by red tape and corruption. He said he would begin a programme to develop public infrastructure. But the IMF said progress has been slow and that lagging public spending is squeezing liquidity and hurting economic growth. Tanzania's economy grew 6.2 percent in the third quarter of 2016, compared with 7.3 percent in the same quarter of 2015. *(Reuters)*

Tanzania's current account deficit narrowed 56.6 percent in the year to November, helped by a surge in earnings from tourism and gold exports and a decline in imports, its central bank said on Thursday. The gap narrowed to $1.95 billion in the 12 months to November from $4.49 billion in the same period in 2015, the Bank of Tanzania said in its latest monthly economic report. The bank said overall balance of payments swung into a surplus of $246.6 million from a deficit of $95.2 million in the year ending November 2015. Imports of goods and services fell 15.8 percent to $10.257 billion due to a decline in capital and consumer goods purchases, while total exports rose to $9.426 billion from $8.855 billion previously, the bank said. Oil, which dominates the goods import bill, went up by 7.8 percent to $3.08 billion due to an increase in demand. Earnings from tourism, the main foreign exchange source, rose to $2.21 billion from $2.01 billion previously, buoyed by more visitor arrivals. Gold, the other main source of foreign income, brought in $1.44 billion, up from $1.17 billion previously, reflecting higher export volumes and global prices. Tanzania, which has a population of around 50 million, is Africa's fourth-largest gold producer after South Africa, Ghana and Mali. The value of traditional exports rose by 21.2 percent to $943.3 million, driven by increased output and higher prices of tobacco, cashew nuts, cotton and tea. Gross official foreign exchange reserves held by the central bank reached $4.25 billion in the year to November, or about four months of import cover. *(Reuters)*

Tanzania chose Turkish construction company Yapi Merkezi Insaat VE Sanayi As and Portuguese building firm Mota-Engil SGPS SA to build a railway at a cost of more than 1 billion euros ($1.1 billion) to connect the East African country with landlocked neighbors, people familiar with the matter said. The contract is to build about 400 kilometers (249 miles) of track that will link Tanzania with Burundi and Rwanda. Mota-Engil and Yapi Merkezi hold a 50 percent stake each in the winning group, the two people said, asking not to be identified because the details are private. Officials at Yapi Merkezi didn't immediately respond to an e-mail requesting comment. Yapi Merkezi has asked the Turkish government to provide guarantees for financing the project, one person said, without providing details. Turkish President Recep Tayyip Erdogan made a two-day visit to Tanzania last month to strengthen ties between the two nations. Tanzania plans a 2,200-kilometer project known as the Central Railway Line from Dar es Salaam to the Rwandan capital Kigali, with two other lines branching off to Musongati in Burundi and to Mwanza port on the shores of Lake Victoria to service Ugandan shippers. It estimates that project will cost 16.7 trillion shillings ($7.5 billion). It also intends to build another line in the south linking the port town of Mtwara to coal projects in Liganga and Mchuchuma for about 16.1 trillion shillings.*(Bloomberg)*

TCCIA Investment Company Ltd (TICL) initial primary offer (IPO) kicked off yesterday with brokers upbeat that the target of collecting 45bn/- in six weeks time will be met. The stockbrokers are optimistic that the six-week IPO target will be met based on strategies laid on ground which include selling shares to Tanzania Chamber of Commerce, Industries and Agriculture (TTCIA) members across the country as well as to members of partner organisations in SADC and East African Community (EAC) member states. TICL is an investment wing of TTCIA. The Chief Executive Officer of the sponsoring broker, Tanzania Securities Limited (TSL), Chief Executive Joaquim Bonaventure said TCCIA also sent their directors in designated zones to assist on selling the IPO. This will bring good results. "We are using a model similar to Mwalimu Bank IPO…this way we expect to reach a maximum number of investors," Mr. Bonaventure told 'Daily News'. On top of that stockbrokers banked on selling shares in SADC and EAC member states since the IPO is open for foreigners as well. "Through our stockbrokers association in SADC we anticipate to sell the IPO to those countries under this umbrella," Mr. Bonaventure said. TICL, an investment wing of Tanzania Chamber of Commerce, Industries and Agriculture, put at offer 112,500,000 ordinary shares at 400/- each. The move is representing 61.3 per cent of the issued share capital of 183,592,400 ordinary shares of a nominal value of 20/- each. Tanzania Securities said though other IPO, especially from tele-companies, are lined in this year first half, being ahead of the others gives them a chance of attaining the required amount. "It is a challenge but being ahead of the others, we hope to do better and leave room for others as well," Mr. Bonaventure said. The IPOs of three major mobile telecompanies are in the process and expected to start rolling in the second quarter of this year.

Zan Securities CEO Mr. Raphael Masumbuko said some investors started to make inquiries of the company immediately after the primary offer went on sale. “Some have started to come…and things will go as planned based on the company performance. “But trend shows that most investors tend to buy in the last two weeks of the IPO,” Mr. Masumbuko said. TICL, which invested only on listed securities, the blue-chip stocks of the Dar es Salaam Stock Exchange, expected to be listed on the bourse April 24. Since 2011, TICL's investment portfolio has recorded a total return of 422.16 per cent which translates into a compounded annual growth rate of 39.17 per cent. “In other words, the portfolio has grown from 6.16bn/- in 2011 to 32.15bn/- at December 2015 without a single extra investment,” TICL prospectus shows. By end of 2015, TICL's total number of shareholders was 2,493, of which the LAPF Pensions Fund was the largest with just under 40 per cent of the stock. *(Daily News)*

Zambia

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

Zimbabwe

Corporate News

Diversified group, Art Corporation says it plans to recapitalise its subsidiary Kadoma Paper Mills (KPM) in the short-term but has no intentions to reopen Mutare Board and Paper Mills (MBPM), which folded five years ago. Mutare Board and Paper Mills, which was a virtual monopoly supplying 90 percent of newsprint requirements in the country, folded in 2012 after newsprint prices collapsed under pressure from cheaper imports. Following its closure, the country has been depending on imported newsprint, spending at least $15 million per annum. Art Corp company secretary Abisai Chingwecha told The Source that the group had no immediate plans to revive the Mutare operation. "There are no plans at present to reopen Mutare Board and Paper Mills. The premises are currently being leased out and the company is satisfied with the return," he said adding that Art Corp was not considering selling off the premises as well. With a staff compliment of over 600 workers MBPM played a pivotal role in Mutare. Chingwecha said that the group was in the short-term focused on further recapitalising Kadoma Paper Milling (KPM). KPM is the sole producer of tissue and fine paper products in the country. *(The Source)*

Agro-Industrial concern TSL reported a three percent drop in revenue to $47.2 million in the full year to October 31, 2016 after the group's logistics and trading operations performed poorly. Operating profit was down by 17 percent to $5,6 million from $6,8 million in the previous period as margins fell across all business units in response to the tough operating environment. However, cost containment measures undertaken by the company led to significant savings. "The Group has been systematically reducing its costs of operations and in the current year this has translated to a saving of $1,4 million", the group said in a statement accompanying company results. The group's profit after tax fell three percent to $ 3,25 million from $3,15 million last year. Net asset value per share was up 5 percent to 21 cents. During the period, the group reduced its borrowings by 12 percent to $11,541 million from $13,042 million in the previous year resulting in an improved gearing ratio of 15 percent from 19 percent. The agriculture business contributed most of the group's revenue as TSL dominated the tobacco market. Going forward, the company said it will seek out opportunities in its agriculture, logistics and real estate operations to enhance growth whilst containing costs. The board declared a final dividend of 0,3 cents per share. *(Source)*

The stock market fell by 2,67 percent to close the week at 141,14 points on the back of the losses in heavyweights led by Econet which dropped a third of its valuation in the week. The telecoms giant retreated to 8 cents as investors continue to shun the company over its controversial planned $130 million capital raise. The largest counter by market capitalisation, Delta, lost 1,64 percent to close at 90 cents while National Foods eased 2,85 percent to settle at 350 cents in the week under review. Meikles also shed 11,39 percent to close at 10,5 cents. ZB Financial holdings commanded the gainers pack in the week after picking up 23 percent to settle at 5,56 cents. Zimplow and Masimba also gained 10 percent and 5,56 percent to close at 3,3 cents and 1,9 cent respectively. Additionally, Padenga and CFI advanced 2,8 percent and 2,5 percent respectively. Old Mutual was flat at 351 cents in the week under review. Market capitalisation fell by 2,55 percent to close at $3,915 billion, reflecting the negative change in the mainstream index. Additionally, total market turnover declined by 30 percent to $1,55 million with average daily trades of $310,152 in the week under review. The resources index advanced 2,86 percent to settle at 56,12 points on Riozim after it advanced on the back of gain recorded by Riozim which gained 6,67 percent to settle at 32 cents. RioZim announced that it will pay $8 million for Falcon Gold's Dalny Mine, a deal which will double its asset value and increase gold output by 100 kilogrammes per month after a year. Bindura, Hwange and Falgold were unchanged in the week at 3,5 cents, 3 cents and 0.6 cents in that order. Foreigners purchased $542,934 worth of shares and sold off shares worth $1,29 million. Foreign participation on the bourse came in at 59 percent. *(Source)*

State-owned mortgage lender National Building Society (NBS) is targeting to develop 100,000 units worth $1,5 billion over the next five year to alleviate the country's 1, 25 million housing backlog. NBS plans to construct 10,000 units this year alone. It offers mortgage at 9,5 percent interest for high density houses and 11,5 percent for medium and low density housing with 15 percent deposit. Managing director Ken Chitando told The Source on the sidelines of the company's roadshow on Friday that there is high uptake of loans and they are going to invest more money in pipeline projects. "We require about $1,5 billion for our five year plan to build 100,000 units and approximately $150

million for 10,000 units we target to build this year," said Chitando. Under the five year plan, NBS aims to provide 15,000 units in 2018 and 20,000 units in 2019. The society is targeting to come up with at least 50 developments by March to reach the 10,000 units for the year. The society's low cost stands ranges between 100 square metres to 300 square metres at $10,500 and $38,190. NBS financed Lafarge housing project for employees valued at $2 million last year. . *(Source)*

Zimbabwe's second largest ferrochrome producer Zimbabwe Alloys is searching for investors to inject cash in its operations despite the risk of losing half of its mining claims to government. A former subsidiary of Anglo American, ZimAlloys was sold to a consortium of local businessmen who included banker Farai Rwodzi and Savanna Tobacco founder Adam Molai in 2005. It was placed under final judicial management in 2013 due to poor performance attributed to the closure of its four furnaces, poor commodity prices and escalating costs. The firm has not engaged in mainstream mining and is only processing chrome from its dumps which were estimated at four million tonnes in 2015. "Tenders are hereby invited from interested parties to invest in Zimbabwe Alloys Limited," reads a notice by the Judicial Manager on Friday. "This invitation is not a prospectus and does not constitute or form part of any solicitation or invitation or any offer to the public to purchase the company or to subscribe to any ordinary shares in ZAL." ZimAlloys and Sinosteel's Zimasco controlled about 80 percent of Zimbabwe's chrome ore claims. In June last year, Government ordered that both the firms surrender half of their claims. According to Mines secretary, Francis Gundanga, Zimasco held 2,530 claims covering 68,655 hectares, while ZimAlloys held 1,052 claims covering 39,175 hectares. The Chinese-owned Zimasco has since ceded half its mining claims to the government. ZimAlloys is yet to comply with the directive and analysts say how the firm deals with the matter will be key in attracting any potential investor. Mines minister Walter Chidhakwa last week told state-owned media that government was pressing ahead with its plans to repossess up to 40,000 hectares of chrome-rich idle ground from the sector. *(Source)*

Zimbabwe's government has made a fresh attempt to seize more than half of platinum producer Zimplats' mining land, the company said on Tuesday. It said it received a new notice from President Robert Mugabe's administration on Jan. 13 that the government wanted to seize the land and gave the company 30 days to lodge an objection. This is the third time since February 2012 that the government has issued a notice to seize 27,948 hectares of mining ground from Zimplats, the country's biggest platinum producer. It objects to the acquisition. Zimplats, which is 87 percent owned by South Africa's Impala Platinum Holdings, owns a total of 48,535 hectares in mining claims. "The operating subsidiary (Zimplats) is engaging the government of Zimbabwe on the matter," the company said in its third-quarter results statement. It did not give more details on the issue. Mines Minister Walter Chidhakwa did not answer his mobile phone when contacted for comment. Mugabe's government has previously defended the decision to seize Zimplats land, saying the miner had an excessive amount of land and it wanted to distribute the claims to new companies. Zimplats said its profit for its third quarter, ended Dec. 31, rose 28 percent to $21 million thanks to higher platinum matte sales, which increased to 133,978 ounces from 100,392 ounces previously. The mining company ships its platinum matte for further processing at refineries in South Africa. *(Reuters)*

London-listed junior miner Vast Resources says it has agreed to sell nearly half of its shares in its Pickstone-Peerless gold mine in Zimbabwe to a Mauritian investment company for $4 million to minimise exposure to economic uncertainty in the country, including the possible impact of bond notes. Vast, previously known as African Consolidated Resources (AFCR), owns 50 percent of the Chegutu mine, with the other half being controlled by Grayfox Investments, a consortium of Zimbabwean investors. Vast chairman Brian Moritz said the introduction of bond notes — a quasi-Zimbawean currency that trades at par with the greenback, proposed new mining taxation and the required forfeiture of mining claims to the state had necessitated the exit from Zimbabwe. SSCG Africa Holdings (SSA) will acquire a 49,99 percent non-controlling interest of Vast's shareholding. "We are deleveraging our exposure to Zimbabwe……I do believe however that retaining a foothold in Zimbabwe to ensure we are "on the ground" when conditions improve in the country is a sensible approach, particularly when there is little risk to do so, with limited obligations to provide further capital," Moritz said in a statement. Under the agreement with SSA, Vast will also receive a $4 million loan payable in four years at 12 percent interest rate from the Mauritian investment company. Vast said it would use the $8 million raised to boast its operations in Romania and repay a Grayfox loan. *(Source)*

Econet Wireless Zimbabwe's extraordinary general meeting, slated for Friday to consider a proposed $130 million capital raise, has been postponed indefinitely, the Zimbabwe Stock Exchange (ZSE) has said. Econet's capital call has generated some controversy largely due to its requirement that shareholders would have to pay abroad to subscribe for the rights issue. Analysts have pointed out that the offshore payments proposal could disadvantage pension funds and other minorities who might not be able to follow their rights. Econet says it needs to raise the cash offshore to pay off its external debt, which it has increasingly struggled to amortise due to Zimbabwe's foreign currency crisis. In a statement issued late on Wednesday, two days before the EGM, ZSE chair Caroline Sandura said the bourse has asked Econet to defer its vote on the transaction. "The ZSE board would like to inform the investing public that it has advised Econet to defer the EGM until certain technical issues relating to the rights issue transaction have been clarified to the satisfaction of the ZSE board," Sandura said. "In this regard, Econet will publish a supplementary circular in due course explaining these issues to the investing public." Econet owes a consortium of creditors — China Development Bank, African Export Import Bank, Ericsson and South Africa's Industrial Development Corporation — just over $128 million.

The company says it has increasingly found it difficult to service the loans due to foreign currency shortages in Zimbabwe. As a result, and in a bid to avoid a damaging default on the foreign loans, Econet is asking its shareholders to pay for their rights issue shares in US Dollars directly to the Egypt-based Afrexim Bank, where the telecommunications giant holds a debt service account. Between 2012 and 2014, Econet secured more than $460 million in multi-creditor loans to expand its network and refinance earlier facilities. The company said it intends to clear its secured long term loan obligations, which now stand at $128 million, using the rights issue and debenture cash, the company's first capital call since its 1998 listing on the ZSE. Hard-up Zimbabwean minorities have, in recent years, struggled to follow their rights in similar transactions. The requirement to make offshore payments would likely add to the difficulty. Econet Wireless Global, the privately held anchor shareholder in Econet Wireless Zimbabwe with a 30 percent stake, will underwrite the transaction and could be the biggest beneficiary should the offer be significantly undersubscribed. The company has seen its revenue and profitability declining in tandem with Zimbabwe's economic slowdown. Revenue came down from $753 million in FY2014 to $641 million in FY2016, while profit after tax came down to $40.2 million in FY2016 compared to $119.4 million in FY2014. *(The Source)*

OK Zimbabwe, the country's largest retail group, has announced the retirement of long-serving chief executive Willard Zireva. In a Zimbabwe Stock Exchange (ZSE) filing on Wednesday, OK Zimbabwe said Zireva would leave the company at the end of March. "The Board of OK Zimbabwe Limited announced that Mr. Willard Zireva, the Company's Chief Executive Officer, will leave the Company on the 31st of March 2017 having decided to take early retirement," OK said in a statement. Zireva, who will also step down from the Board following his retirement, will be replaced by current OK Zimbabwe finance director Alex Siyavora with effect from April 1. *(The Source)*

Zimbabwe's largest platinum miner, Zimplats on Tuesday said it had transferred 10 percent of its equity to its employees for $95 million. Government approved the plan in September, 2015 as part of a 2013 agreement to sell a majority stake to local black investors for $971 million to meet black ownership targets set by President Robert Mugabe under the law. Last year, President Mugabe in a policy document softened the indigenisation demands set in the Indigenization and Empowerment Act of 2008, allowing foreign miners to keep controlling stakes in their local units in exchange if they retain 75 percent of their earnings in Zimbabwe, including procurement. But the law is yet to be amended to reflect the change to a law. "Zimplats wishes to announce that its operating subsidiary, Zimbabwe Platinum Mines (Private) Limited, has concluded a transaction in terms of which it has issued a 10 percent equity stake to the Zimplats Employee Share Ownership Trust," chief executive Alex Mhembere said in statement on Tuesday. The ESOT was established in Zimbabwe and its beneficiaries are the permanent employees, excluding the executive directors and the company secretary. "The subscription price payable by the ESOT for the 10 percent equity stake is $95 million which has been vendor financed through a loan advanced by the operating subsidiary to the ESOT. The ESOT will repay the loan from dividends declared by the operating subsidiary." added Mhembere. *(The Source)*

The Deposit Protection Corporation has put assets of the collapsed AfrAsia Bank Zimbabwe under auction to recover creditors money but said cash shortages were affecting the liquidation process. Liquidator Reggie Saruchera of Grant and Thornton on Wednesday said a second dividend was paid to preferent creditors in November last year but did not mention the amount.

This follows on from the $1,35 million paid out in April last year. "The third interim dividend is likely to be paid out in the first half of 2017 to concurrent creditors after all preferent creditors have been paid. The dividend will be distributed on a pro-rata basis depending on the rate of recovery and disposal of assets," said Saruchera in an update to creditors on Wednesday. Auctioneer Hammer and Tongues on Tuesday said it will be auctioning commercial property inclusive of a double storey building and a service station located in Msasa, Harare on behalf of the DPC. The central bank in February 2015 cancelled the bank's operating licence after determining that the financial institution was no longer in a sound financial condition. This was after its shareholder AfrAsia Zimbabwe Holdings Limited voluntarily surrendered the banking licence and was liquidated in the following month. AfrAsia had 12 branches countrywide as at the time of its closure. *(The Source)*

Econet Wireless says its extraordinary general meeting to consider a proposed $130 million capital raise will go ahead as planned on Friday, setting itself on a collision course with the Zimbabwe Stock Exchange which directed the company to postpone it until 'certain technical issues' are clarified. The rights issue has generated some controversy largely due to its requirement that shareholders pay abroad to subscribe, a move that analysts say would disadvantage pension funds and other minorities who might not be able to follow their rights. Econet says it needs to raise the cash offshore to pay off its external debt, which it has increasingly struggled to amortise due to Zimbabwe's foreign currency crisis. ZSE chair Caroline Sandura said in a statement issued late on Wednesday the bourse asked Econet to defer its vote on the transaction. But Econet countered with its own statement in which it said it had, along with the central bank, put up a facility to allow local shareholders to participate in the rights offer.

It said a rights offer account has been opened with Econet's wholly-owned subsidiary Steward Bank, where local shareholders would deposit the proceeds of the rights offer in accordance with the timetable published in the company's circular dated 17 January 2017. The underwriter, Econet Global, will pay the equivalent of the amount contributed by the resident shareholder to the international receiving bank, Afreximbank. "Those resident shareholders who follow their rights by paying into the designated local account shall be deemed as having discharged their obligations as set out in the Rights Offer Circular and shall be entitled to the issue and allotment of their Rights Offer shares," said Econet. "In the circumstances, members are advised that the extraordinary general meeting shall proceed as published in the circular," it added, saying members should disregard "any notice to the contrary not coming from the company." ZSE's Sandura is yet to respond to the latest move by Econet. *(The Source)*

Economic News

The International Monetary Fund (IMF) says Zimbabwe should undertake bold reforms that include streamlining of the public sector wages to ensure the viability of the economy. At a Press briefing last week, William Murray, deputy spokesperson in the communications department, said a "comprehensive economic transformation plan will be important to ensure the viability of the dollarised Zimbabwean economy". "The authorities need to take action to streamline public sector wages urgently. They also are encouraged to accelerate public enterprise reform, improve public financial management, develop key infrastructure and to strengthen the rule of law and to improve governance," he said. Zimbabwe has been reluctant to undertake reforms on public sector wages, which continue to gobble a huge chunk of the budget. This has crowded out allocations to social sectors and infrastructure development. In the period January to October 2016, employment costs gobbled 91% of total revenue. For 2017, Finance minister Patrick Chinamasa projected employment costs of $3 billion, out of the $4,1 billion budget. This means that employment costs are projected to constitute 73% of the national budget. Analysts say divisions in the ruling Zanu PF party has spilled into government, where Chinamasa has been under threat from hawks in the party against his liberal policies. Last year, the government shot down Chinamasa's proposal to forgo bonuses and cut salaries. The government is struggling to pay 2016 bonuses and last week the civil servants rejected the proposed stands-or-bonus scheme. Zimbabwe has been mending its relations with international financial institution to unlock fresh lines of credit required to reboot the economy.

The country also cleared its overdue obligations to the IMF. This resulted in the removal of remedial measures by the fund. At the time, the IMF said removal of remedial measured was not an automatic ticket to getting financing, as the country has to resolve its arrears to

multilateral creditors, including the African Development Bank, the World Bank, and other multilateral institutions, bilateral official creditors and external private creditors (if any). It said Zimbabwe has to implement strong fiscal adjustment and structural reforms to restore fiscal and debt sustainability and foster private sector development. *(New Day)*

Farmers in Zimbabwe, emerging from the region's worst drought in at least two decades, are being threatened with a second year of losses as heavy rains damage corn and tobacco crops. A crop review is under way to assess the damage from the unseasonably heavy rain and farmers will probably need extra fertilizer to help harvests survive, Deputy Agriculture Minister David Marapira said in an interview on Monday. Farming output in the southern African nation was crippled by last year'sdrought and as many as four million Zimbabweans remain on food aid, according to the government. The heavy rains are expected to continue for at least another week, Zimbabwe's meteorological department said on state radio. The tobacco industry is seeing damage across all growing areas and carrying out its own crop assessment, said Andrew Matibiri, chief executive officer of the Tobacco Industry and Marketing Board. "There is a lot of false ripening on the crop because of the incessant rains and that puts severe pressure on the farmer to quickly harvest," he said. Humid conditions are also prolonging tobacco-curing time. False ripening is caused by the leaching of soil nutrients due to heavy rain. The leaf yellows, which looks like ripening, but is actually a nutrient deficiency. Tobacco was Zimbabwe's largest export earner after gold in 2015, the latest year for which data is available, according to the state's trading body, ZimTrade. The crop accounted for 21.1 percent of exports and the country's earnings from tobacco sales rose 7 percent to $914 million in the 12 months ending Dec. 8. The rains and related flood danger are likely to worsen between now and the middle of February, the Zimbabwe Meteorological Department said in an e-mailed statement.

While authorities are still assessing the extent of the damage to infrastructure, repairs to roads and bridges from flooding could cost millions of dollars, Sibusisiwe Ndlovu, the acting director of the government's Civil Protection Unit, said in an interview. The CPU is urging people in the worst affected areas to move to higher ground, she said. Zimbabwe's Civil Protection Unit, a government body, co-ordinates rescue efforts and preparation in the event of natural disasters like flooding, working with local and national authorities to minimize harm. The country's farms last experienced such high levels of rain during a growing season in 1999, said Wonder Chabikwa, president of the Zimbabwe Commercial Farmers Union. The situation is "hopeless," Stenford Chidakwa, a farmer in the Centenary district, about 100 miles (161 kilometers) north of the capital, Harare, said by phone. "My tobacco has turned yellow and my corn has been knocked over by heavy rain and wind." Zimbabwe produced 1.3 million tons of corn last year, short of its 2.2 million ton annual requirements, according to the Ministry of Agriculture. The country's farms have also been affected by an outbreak of armyworms, a caterpillar that eats crops including corn. *(Bloomberg)*

THE government has imposed a 15% value-added tax (VAT) on all meat products and cereals, in a move likely to trigger a sharp increase in the prices of most basic foodstuffs, as retailers are likely to pass on the cost to end users. The new tax regime, which becomes effective today, was introduced by Finance minister Patrick Chinamasa under Statutory Instrument (SI) 20 of 2017 and affects all meat products — including offals and fish — rice, maheu and margarine. Previously, products such as rice, fish and meat were exempt from the 15% VAT, which has largely made the prices of these basic commodities relatively cheap and affordable for low-income earners. The SI effectively lifts the tax exemptions on most meat products and cereals. Zimbabwe Congress of Trade Unions secretary-general, Japhet Ncube condemned the move, saying it was illogical for the government to impose additional taxes on basic commodities at a time salaries were stagnant, with most families struggling to put food on the table. "It is a very sad situation that the government has seen it prudent to tax basics, which the majority of our people survive on, especially at a time wages and salaries have not been increased in a very long time. They could have looked at other luxury products like cars, beer and cigarettes, instead of taxing basic commodities," he said. Opposition MDC-T spokesperson, Obert Gutu, said the imposition of VAT on basics commodities confirmed the notion that the Zanu PF government was "anti-people". "The Zanu PF regime has a sordid and cruel reputation of being anti-people. This regime takes a special kind of pleasure in seeing the majority of the people suffer. SI 20 of 2017 is meant to extort more taxes from the already overtaxed, poor and struggling consumer. This regime is desperate to raise money using both conventional and unconventional methods," he said. Gutu said President Robert Mugabe's government was broke and had run out of ideas to save the collapsing economy. "The Zanu PF regime is bankrupt and they are now scrounging all over to raise money to pay for Robert Mugabe's extravagant and wasteful lifestyle. It's just a matter of time before this regime completely fails to pay civil servants their monthly salaries," he said. *(News Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Zimbabwe's alternative trading platform (ATP), Financial Securities (Finsec) recorded an 86 percent decline in turnover for January from $553,589 in December to $75,883 as analysts decry lack of investment alternatives on a market that has one company listed. The ATP, which was designed to broaden and deepen capital market participation by smaller companies, so far has only Old Mutual Zimbabwe Limited (OMZIL) which listed 83,011 818 B Class shares. Volume of shares traded declined from 674,528 shares in December to 92,461 shares in January. The Finsec index remained unchanged at its base value, 100 points, with OMZ's B class shares unchanged at 82.07 cents since their listing on December 1 last year. Market capitalisation remained at $68,128 million. Officials said they were making progress in attracting new entrants to the market. "We do look forward to some new admissions and will make announcements to that effect as soon as we are able to do so," said the escrow group sales and marketing head, Eliah Sarayi in an emailed response. "We have a programme for new product deployment which is making due consideration of the market environment and obviously requires regulatory clearance before coming into effect. Announcements will be made as the process evolves," he said. *(The Source)*

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