SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	1-Sep-17	8-Sep-17	WTD % Change Local	WTD % Change USD	31-Dec-16	YTD % Change Local	YTD % Change USD
Botswana	DCI	8946,17	8985,48	0,44%	1,46%	9700,71	-7,37%	-1,92%
Egypt	CASE 30	13415,77	13432,69	0,13%	0,09%	12344,00	8,82%	12,16%
Ghana	GSE Comp Index	2389,01	2374,45	-0,61%	0,00%	1689,09	40,58%	35,25%
Ivory Coast	BRVM Composite	239,25	239,35	0,04%	0,83%	292,17	-18,08%	-7,00%
Kenya	NSE 20	3887,28	3839,99	-1,22%	-1,46%	3186,21	20,52%	20,60%
Malawi	Malawi All Share	20127,25	19955,52	-0,85%	-0,91%	13320,51	49,81%	48,01%
Mauritius	SEMDEX	2189,22	2165,95	-1,06%	-2,34%	1 808,37	19,77%	30,26%
	SEM 10	421,46	415,31	-1,46%	-2,73%	345,04	20,37%	30,90%
Namibia	Overall Index	1168,72	1140,51	-2,41%	-0,86%	1068,59	6,73%	13,71%
Nigeria	Nigeria All Share	35504,62	35953,44	1,26%	0,90%	26 874,62	33,78%	13,47%
Swaziland	All Share	395,59	395,59	0,00%	1,59%	380,34	4,01%	10,81%
Tanzania	TSI	3842,20	3842,48	0,01%	0,18%	3677,82	4,48%	-0,06%
Zambia	LUSE All Share	5001,16	4926,50	-1,49%	-2,15%	4158,51	18,47%	27,51%
Zimbabwe	Industrial Index	238,00	286,63	20,43%	20,43%	145,60	96,86%	96,86%
	Mining Index	74,05	82,20	11,01%	11,01%	58,51	40,49%	40,49%

CURRENCIES

Cur-rency	1-Sep-17 Close	8-Sep-17 Close	WTD % Change	YTD % Change
BWP	10,04	9,94	-1,01	5,89
EGP	17,61	17,62	0,04	3,07
GHS	4,43	4,40	-0,61	-3,79
CFA	551,98	547,67	-0,78	13,52
KES	101,27	101,52	0,25	0,07
MWK	719,33	719,71	0,05	-1,20
MUR	31,40	31,81	1,31	8,75
NAD	13,01	12,81	-1,57	6,54
NGN	356,02	357,30	0,36	-15,19
SZL	13,01	12,81	-1,57	6,54
TZS	2 221,79	2 218,07	-0,17	-4,34
ZMW	9,05	9,11	0,67	7,64

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TRADING

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

SECURITIES AFRICA

Egypt

Corporate News

Egypt's Pharos Holding investment bank is targeting deals worth 7.5 billion Egyptian pounds ($427.84 million) in 18 months, as well as breaking into non-bank financial fields in 2018, the company's Chief Executive Officer, Elwy Taymour told Reuters. Pharos Holding, an investment bank in Cairo with private equity, asset management, securities brokerage and bookkeeping operations, is seeking to increase its financial portfolio by up to 2 billion pounds in 2018. *(Reuters)*

Economic News

Egypt's tourism revenues jumped by 170 percent in the first seven months of 2017, reaching $3.5 billion, a government official told Reuters, in welcome news for an economy heavily reliant on the sector for foreign currency and jobs. The number of tourists visiting Egypt rose by 54 percent in the same seven-month period on an annual basis to reach 4.3 million, he said, attributing the increase to visitors from Germany and Ukraine. That number is still well below the 14.7 million who visited Egypt in 2010, ahead of the 2011 uprising that toppled long-time autocrat Hosni Mubarak and ushered in a prolonged period of political and social upheaval. Europeans made up 75 percent of visitors while Arabs made up 20 percent, said the official, who asked not to be named. Egypt hopes the number of tourists will reach 8 million in the whole of 2017, up from 4.5 million last year, he added. Tourist revenues should hit $6 billion in 2017, up from $3.4 billion in 2016, the official said, despite a continued flight ban from Russia, traditionally a major source of tourists, after a Russian plane crashed in the Sinai Peninsula in 2015, killing all 224 people on board. A group affiliated with Islamic State claimed responsibility for the downing of the plane, though officials have not confirmed this. Russians accounted for a large proportion of tourists to Egypt, especially to the Red Sea resort of Sharm El Sheikh. Egypt hopes that its investments in airport security and the cheaper Egyptian pound will help lure back more tourists, despite a series of militant attacks, including the fatal stabbing of two German holidaymakers at a seaside resort in July. *(Reuters)*

Egypt signed on Tuesday a memo of understanding with China worth about $739 million for an electric train to a new capital the north African country is building, the Egyptian investment minister said. Egypt also signed during President Abdel Fattah al-Sisi's visit to China an agreement for funding worth $45 million for a satellite project, Minister Sahar Nasr said. *(Reuters)*

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Egypt's non-oil private sector business activity shrank in August at the slowest pace since July last year amid a decline in new orders and a jump in exports, a survey showed on Wednesday. The Emirates NBD Egypt Purchasing Managers' Index (PMI) for the non-oil private sector rose to 48.9 in August from 48.6 a month before but remained below the 50 mark that separates growth from contraction. Output continued to decline in August, but improved from the previous month, with the related subindex standing at 48.8, compared with 47 in July, the survey showed. New orders declined in August, reaching 49.5 from 50 the previous month, when it briefly ended a 21-month trend of decline. For the fifth month in a row, new exports rose, with the subindex climbing to 53.7 from 50.3 in July, as the Egyptian pound remained weak. Egyptian exports have gained new markets since the central bank liberalized the exchange rate in November as part of a $12 billion International Monetary Fund reform programme. The pound has lost half its value since the float. The economy has been struggling to recover since a 2011 uprising scared tourists and investors away, two main sources of foreign currency, but the three-year IMF programme is expected to help restore confidence in the North African country. "Egypt's PMI improved further in August, although it remains in contraction territory at 48.9. New orders declined only marginally after stabilizing in July, and new export orders increased at the fastest rate since May," said Khatija Hague, head of MENA Research at Emirates NBD. Hague expected the inflation rate to remain high in August as a result of the hike in electricity prices. Egypt has raised fuel and electricity prices in an effort to cut its gaping budget deficit as agreed with the IMF. *(Reuters)*

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Ghana

Corporate News

MTN Ghana, one of the leading telecommunications companies, is investing a total of US$144.5 million to expand its operations in the country, to improve the quality of its services. Ms. Cynthia Lumor, Corporate Services Executive of the Company, who announced this said it involved increasing network availability and modernization, service innovation and operational efficiency. She was speaking at a stakeholders' and media forum held in Kumasi to keep the public adequately informed about its activities and future plans to sustain it on the path of continued growth. She indicated that MTN Ghana's contribution to the national economy had been substantial, employing about half-of-a million people. Within the last 10 years, the company had funded 142 major development projects to assist transform the lives of many across the country. She said these were in the areas of education and health infrastructure, provision of water and sanitation facilities, skills development and capacity building. Mr. Dickson Amoung-Yam, Technical Manager, complained about the growing theft of batteries at the company's cell sites. This, he said, had become a huge bother, having lost revenue of US$5.4 million over the last three years through these thefts. The batteries had been serving as a back-up for the smooth operation of the cell sites and appealed for public support and cooperation to rein in those behind the criminal activity. Mr. Amoung-Yam told the forum that, for last year alone, the company recorded 698 fiber cuts, resulting in the disruption of services to customers. For this, year, there had already been 494 such cuts, he added. The company, he said, was, stepping up work to add 54 new cell sites for its 3G network, while 33 new sites would also be installed for its 4G network. It was also going to deploy seven new SMART solution cell sites to ensure efficiency in its services. *(Ghana Web)*

Economic News

South African based research firm, RMB Research, has lauded the government's decision to agree an extension of the IMF bailout programme with Ghana, noting that it brings comfort and continuous fiscal discipline to the market. "The IMF's prolonged stay gives comfort to the market of continued fiscal market discipline. Given the West African giant's track record with expenditure overruns, life after the IMF programme would have introduced a higher sovereign risk premium," the research firm noted. The IMF approved an extension of its Extended Credit Facility (ECF) package for Ghana, initially worth $918 million, which will see the programmme continue for an extra year beyond its original April 2018 end date. The decision was made during a meeting of the Funds executive board that also approved a tranche of $94.2 million in balance of payment support following the fourth review of the programme. "The IMF's support and approval add vigour to the steady recovery of Ghana's economy; real GDP is growing at its fastest pace in more than two years; the central bank is cutting policy rates as inflation slows, and bond yields are falling to record levels," RMB added. RMB called for a further narrowing in the deficit in 2017 and 2018, due to a strengthening of the economy and planned fiscal consolidation, but noted that the 3 percent deficit target for 2019 is too optimistic given the ruling party's commitments to campaign promises. "The rate of decline in the fiscal deficit will not be enough to significantly improve debt levels. We expect the level to remain above 70 percent of GDP over the medium term. Debt sustainability will entail continuous fiscal consolidation and vigourous economic growth. "If passed, the planned legislation that sets to impose a statutory limit of not more than a 5 percent budget deficit will go a long way to limiting the risks of a fiscal blowout," it added. *(Ghana Web)*

The International Monetary Fund (IMF) has lauded the Bank of Ghana's (BoG) swiftness in the resolution of issues pertaining to two insolvent indigenous banks – UT Bank and Capital Bank, saying that such actions are needed to rescue the country's fragile banking system. The Executive Board of the Fund, commenting on the state of the country's economy after its completion of the fourth review of the ongoing IMF programme, singled out for praise the purchase and assumption transaction which saw GCB Bank take over the two distressed banks. The statement issued by the Washington-based lender said: "Directors commended the progress made in the strengthening the banking system, in particular through the approval of time-bound recapitalization plans for undercapitalized banks and the recent resolution of two insolvent banks." The purchase and assumption transaction with GCB Bank, according to the central bank, became necessary due to severe impairment of the capital of the two banks forcing the industry regulator to step in to prevent their collapse as well as protect depositors' funds. While the central bank announced the resolution of the two banks, it also revealed that a time-bound recapitalisation roadmap has been agreed with a number of banks facing similar challenges to that encountered by the two former banks. Despite the Fund commending the central bank over the adoption of the roadmap, it called on the bank, to as a matter of urgency, strengthen its supervisory and regulatory framework to address liquidity risks and rising levels of non-performing loans. The ongoing deceleration in inflation also excited the Fund; encouraging the Bank of Ghana (BoG) to remain vigilant and take action to bring it back to target should there be a sway. Inflation has declined from 17.2 percent in September last year to 11.9 percent as at July, 2017. They also called for measures to further strengthen the credibility of the inflation targeting framework, which would benefit from efforts in the development of the foreign exchange market and continuation of BoG's policy on zero financing of the government.

After approving a request by government to have the US$918 million Extended Credit Facility (ECF) extended by a year, the Fund spoke of a number of corrective measures that the country needs to put in place to have the programme brought back on track. For instance, the Fund cited the urgent measures needed to address revenue shortfalls witnessed in the first half of the year, while reiterating expenditure control measures to contain current spending and prevent the recurrence of domestic arrears accumulation. The Fund also welcomed the wide-ranging reforms in revenue administration and public financial management, noting that these will be essential to make consolidation gains sustainable over the medium term and create fiscal space for priority spending programmes. Addressing the shortcomings in spending controls will be essential to deliver lasting adjustment and anchor the credibility of government's budget policies, the Fund argued. "Directors emphasized the need to tackle energy sector inefficiencies, particularly improving the management of the state owned enterprises (SOEs). They also advised that ongoing debt restructuring efforts are helpful but are no substitute to stemming the SOEs' financial losses," the Fund said. *(Ghana Web)*

Ghana's 2016-17 cocoa output has exceeded its target for the year with cumulative purchases declared to industry regulator Cocobod reaching at least 940,000 tonnes by the end of August, two Cocobod sources said on Thursday. The world's second biggest cocoa producer had initially forecast that purchases would reach about 850,000 tonnes of beans by the close of the season at the end of this month. *(Reuters)*

Kenya

Corporate News

More than 100 KCB customers who have defaulted on their loans are set to lose their vehicles in auctions expected to fetch the bank over Sh304.4 million. KCB has put up for sale 119 vehicles at an average reserve price of Sh2.5 million each. The actual amount that the vehicles fetch will be known after closure of the sale on Wednesday this week. The seized vehicles were offered as collateral for loans, which the borrowers are now unable to repay. Banks have recently stepped up their pursuit of a burgeoning group of defaulters in a bid to clean up their balance sheet and boost their income statements. Besides KCB , NIC Bank has in recent months auctioned hundreds of vehicles and scores of land parcels and buildings held by struggling businesses and individual borrowers. Some of the defaulters, who have in the past relied on fresh bank credit to repay old debt, have blamed their circumstances on inability to get new loans in the wake of interest rate controls. Gross defaults in the banking sector rose 45.5 per cent to Sh214.3 billion in the year ended December, according to Central Bank of Kenya (CBK) data. The sharp jump in non-performing loans has eaten into the banks' capital and profitability as they impair or provide for the bad loans.

Nearly all the vehicles being auctioned by KCB are trucks, tippers and prime movers, indicating that a significant number of firms in transport, trade and construction sectors are in trouble. KCB's gross non-performing loans stood at Sh33.2 billion in the half year ended June, rising marginally from Sh32.9 billion the year before. The bank's loan loss provision however declined to Sh2.01 billion from Sh2.06 billion over the same period. The lender's net profit remained flat at Sh10.2 billion as a lower tax bill and reduced interest expenses cancelled out a drop in interest income and higher operating expenses. Sale of the vehicles is the latest effort by KCB to clean up its books. The lender has also sought to recover billions of shillings owed by big names including collapsed construction firm Spencon and the estate of the late tycoon Tahir Sheikh Said (TSS). KCB is also exposed to struggling retailer Nakumatt Holdings and is set to convert its Sh2 billion loan to Kenya Airways into equity after the national carrier defaulted on several local lenders. Loan recovery efforts received a new impetus following the capping of lending rates, currently at 14 per cent, against higher levels at which some of the bad debts were issued. *(Business Daily)*

National carrier Kenya Airways is set to reinstate its employees share ownership scheme (Esop) that was suspended, leaving the staff unable to access the 1.9 million shares. The announcement was made Sunday in a public notice calling for the company's 41st annual general meeting (AGM) to be held on September 22. The meeting is "to approve the establishment of the Kenya Airways 2017 Group Employee Share Ownership Scheme and the terms of the trust deed and the rules thereof," reads the notice. The group's Esop was set up during the Initial Public Offering (IPO) in 1996. The scheme has been inactive and currently holds 1,970,500 shares. Kenya Airways has in recent years been hit by labour disputes that have eroded the trust between shareholders and workers, including pilots. By owning stock in the company, staff members including executives are exposed to the ups and downs of their performance and decisions. Listed firms running Esops normally offer staff shares at a discount to the prevailing market price to encourage their participation in the scheme. Last June, shareholders of self-listed Nairobi Securities Exchange (NSE) also registered an Esop. Firms with Esops include ARM Cement , EABL , Equity Bank , HFCK , I&M Bank , KCB , KenolKobil , Safaricom , ScanGroup , Car & General and Standard Group . *(Business Daily)*

Kenyan firms accounted for deals worth Sh300 billion in the first eight months of the year led by the sale of a stake in Safaricom by UK firm Vodafone to its South African subsidiary Vodacom, a new report shows. An analysis of the African deals landscape by risk and research firm Stratlink Africa in the September market update shows that only South Africa has accounted for a higher value of deals than Kenya this year, at $4.5 billion or Sh464 billion. Egypt and Congo follow with deals valued at $2.2 billion (Sh227 billion) each. "The value of deals taking place in Kenya has been particularly high year-to-date buoyed by Vodafone Group's sale of a 35 per cent stake in Vodacom Group for $2.7 billion (Sh274 billion). As such, about 93 per cent of the value of deals in Kenya has been concentrated in the communications sector," said Stratlink senior research analyst Julians Amboko. The sale was concluded last month after receiving all the required regulatory approvals, having been made public for the first time in June.

The report shows that across Africa, the dominant deal type has been private sector secondary transactions at 50.3 per cent, followed by mergers and acquisitions at 11.1 per cent. Deals data compiled by I&M Burbidge Capital covering the first seven months of the year showed that there have been other large transactions in the country this year, including debt conversions and takeovers. In June, Kenya Airways announced an agreement that would see the government and 11 banks convert debt valued at Sh25 billion and Sh23 billion respectively to equity. In July, Washington-based Emerging Capital Partners (ECP) agreed to sell its 90 per cent stake in Java Coffee House to Dubai-based private equity fund Abraaj Group in a deal valued at Sh13 billion, which also saw Java founder Kevin Ashley part with his 10 per cent stake in the firm. While the merger and acquisition space has thrived recently, there has been a shortage of capital market deals such as IPOs and corporate bond issues. This year, only East Africa Breweries Limited has issued a corporate bond in Kenya — the Sh6 billion second tranche of its Sh11 billion medium term paper — while I&M Bank Rwanda and Vodacom Tanzania are the only firms to issue IPOs in the region. *(Business Daily)*

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ARM Cement's deeper losses have compelled it to embark on a new round of fundraising that will see the company sell a stake to a new investor in the short term, diluting existing shareholders. The company, which recently raised Sh14 billion by issuing a 42 per cent equity to UK-based CDC Group, says it requires additional funds to steady current operations and fund new investments. Chief executive Pradeep Paunrana told the Business Daily the amount to be raised from the sale is yet to be determined, adding that the company's existing major shareholders will provide debt funding in the interim period when it will also complete the sale of its fertiliser business. "We will first sell the non-cement business, take short term shareholder loans and then bring a strategic long-term investor," Mr. Paunrana said. "We will do what is right for all shareholders to restore the value. The value has been eroded because of our Tanzanian operations." Mr. Paunrana said CDC will remain a shareholder in the company and has opted not to pump in more capital because it has reached its limit as an institutional investor. ARM will prefer to get a cement firm to bring in capital, operational and technical expertise but other investors are also being considered. The fundraising was prompted by deeper losses in the half year ended June which Mr. Paunrana attributed to its Tanzanian business. The firm's net loss stood at Sh1.4 billion in the review period, widening 5.3 times from Sh266.7 million a year earlier. "We were selling cement at a price below cost in Tanzania for the past six months," Mr. Paunrana said, adding that the commodity's price in the Dar market fell from $88 per tonne in September last year to lows of $60 per tonne this year.

The price wars were sparked by the entry of Nigeria's Dangote Cement which is known to slash prices to gain market share, hobbling weaker players. Besides raising new funds, ARM is also planning to restructure its current debt to 10-year obligations to ease pressure on its cash flows. *(Business Daily)*

Listed financial services group Sanlam Kenya Plc is selling its five-storey headquarters building on Nairobi's Kenyatta Avenue, as it prepares to move to its new Westlands home. The Sanlam House — formerly Pan Africa Life House — is a preserved historic monument. The firm, which put the asking price for the iconic property that stands on 0.34 acres at Sh460 million, said it plans to vacate the premises latest April 1 next year. It is ready to get a short-term contract with the new owner pending relocation. The building whose construction began in 1928 and completed three years later was designed by Chudha International — then under the stewardship of architects Joginder Singh Chudha and Harpal Singh Pawa who parted ways in 1972 after the later retired from active service. According to the custodian the National Museums of Kenya, the building's grand style was intended to proclaim the permanence of "lofty ideals of the British rule". It once housed the Ministry of Agriculture headquarters before it became home to the Teachers Service Commission (TSC). Sanlam said it had retained real estate firm JLL to sell the old headquarters with September 21 set as the deadline for potential buyers to file bids. Sanlam has set up a Sh2.7 billion green building, rising 18 floors in Westlands. The building is expected to be ready for occupation by December 2017. Group chief executive Mugo Kibati said more office space at Sanlam Towers would enable them consolidate the wealth management, life and general insurance units into one outfit to be served by a soon to be established client service centre. Listed Sanlam is majority owned by South African Sanlam Group after it took over Pan Africa Insurance largely owned by indigenous investors. *(Business Daily)*

Kenya Airways has breached the terms attached to loans worth billions of shillings from the African Export and Import Bank (Afrexim) which could impose penalties or ask for early repayment of the debt. The multilateral lender provided the credit to help the national carrier acquire aircraft. KQ, as the airline is known, did not specify the broken covenants but said it is seeking waivers from Afrexim. "One of the facilities for the purchase of 10 Embraer E190 aircraft, contains some financial covenants, which are monitored against the annual audited financial statements," the company says in its latest annual report. "The group is not in compliance with all the financial covenants and is in the process of obtaining waivers from the financiers." The recent move by KQ to erase some Sh50 billion of debt by replacing the obligations with its own shares is expected to strengthen its balance sheet, improving compliance with the terms set by outstanding creditors. The company owed Afrexim Sh21 billion as of March. The multilateral lender is owned by 38 African governments and institutional investors including South Africa's Rand Merchant Bank. *(Business Daily)*

Kenya Airways has reported a Sh2.61 billion loss on the sub-lease of its aircraft, indicating the heavy burden that the national carrier continues to shoulder from previous years of rapid expansion that was not matched by proportionate growth in customer demand. KQ, in its freshly released annual report for the year ended March 2017, says aircraft recently leased out to reduce the airline's over-capacity were yielding less rentals than the cost charged by the primary owners from whom it bought the planes. During a similar period last year, KQ incurred Sh4.05 billion loss from aircraft sub-leasing contracts, which means the national carrier cut last year's loss by more than a third. The sub-leases were executed as part of the company's efforts to cut operating costs at a time when slow revenue growth and mounting liabilities have kept it in the loss territory. Former KQ chief executive and now board advisor Mbuvi Ngunze said the sub-lease deals were signed to mitigate even larger losses it would have otherwise incurred from cancelling the purchase contracts at a time when it could not fly the planes profitably itself. KQ says in the latest report it sub-leased two B787-8 Dreamliners to Oman Air, sub-leased three B777-300ERs to Turkish Airlines, sold one B777-200ER and returned two leased E170 aircraft to their owners following an agreement to terminate the leases early.

As such as at the end of 31 March, this year, the airline had 39 aircraft, either owned or on operating leases. These comprised one Boeing B777 wide-body jet, seven Boeing 787 wide-body jets, twelve Boeing 737 narrow body jets, fifteen Embraer regional jets, two Boeing 737 freighters; formerly passenger aircraft and two Bombardier Dash 8-400s.The loss-making leasing contracts however still represent a heavy cost to shareholders of unwinding the rapid expansion of yester years. The airline had earlier said the contracts would reduce the airline's fleet costs by an equivalent of Sh8.4 billion annually, indicating that sub-leasing at a loss is a lesser evil compared with maintaining a bloated fleet. Sub-leasing the aircraft, non-renewal of other leases and sale of several airplanes saw KQ's fleet drop to 39 units in the year ended March 2017, compared with 47 units the year before. The airline plans to further scale back its capacity in the current financial year to cut costs. "The coming year will see a more stable fleet with only one change planned – the sale of one B777-200ER. The focus will be on ensuring the cabin product offered to our guests across the fleet is consistent and of a high standard," says the airline. KQ has been targeting a reduction of its wage bill as part of a wider cost cutting drive in a bid to return to profitability after having reported the worst losses by a listed firm in Kenya in 2015 and 2016. These measures resulted in an improved bottom-line in the year ending March 2017 even as turnover fell during the financial year by Sh10 billion to Sh106 billion. "In the last one year and a half, Kenya Airways has taken some hard decisions including reducing the number of aircraft it has in operation, restructuring its network, as well as making substantial changes to other aspects of the business including the manner in which it is financed, with the objective of ensuring its financial and operating sustainability," says the airline. *(Business Daily)*

Economic News

Kenya's economy may pay the price of opposition leader Raila Odinga's successful bid to nullify the outcome of last month's election, as prolonged political uncertainty pending a court-ordered rerun weighs on growth and investor confidence. "There was a lot of exuberance that the elections were over," Kenneth Minjire, head of securities at Genghis Capital in Nairobi, said by phone. "Inquiries had shot up from private-equity firms, from foreign investors, who were holding off on investments. A lot of investors will hold off again just to see how this plays out. This writes off the second half as things slow down." Odinga's five-party National Super Alliance alleged the electoral commission's computer systems were tampered with and vote tallies altered to hand President Uhuru Kenyatta a second term in the Aug. 8 vote. The Supreme Court upheld its complaint on Sept. 1 and ruled a new election be held within 60 days, a shock decision that's unprecedented in Africa. The prospect of further political upheaval has spooked the financial markets, with the FTSE NSE Kenya 25 Index of stocks slumping 4 percent on Friday, the most in a year, while yields on the nation's foreign debt climbed the most in almost two months. Kenya has East Africa's largest economy, hosts the regional headquarters of companies including Google Inc. and General Electric Co. and several United Nations agencies, and is the world's largest shipper of black tea. While Kenya's economy has been one of the continent's star performers, expanding an average of 5.7 percent a year since Kenyatta took office in 2013, the growth rate eased to a three-year low of 4.7 percent in the first quarter as a drought curbed agricultural production.

Last month's vote spawned new challenges, as fears of a repetition of ethnic violence that claimed more than 1,100 lives after a disputed 2007 election curbed consumer and business spending and scared off tourists. Shops, restaurants and hotels in the capital, Nairobi, emptied for about a week around the election and the normally congested streets were mostly empty. While the results announcement did spark protests, violence was mainly confined to opposition strongholds in Nairobi's slums and the western city of Kisumu. The opposition said more than 100 people were killed, while the Kenya National Commission on Human Rights put the death toll at 24. "In the few days before the election, business was very good because customers were stocking up," said Mukeesh Jani, a manager at a Chandarana supermarket in Nairobi's western Lavington suburb. "After the voting day, business was very low. My workers couldn't come to work, even if they wanted to. There was no transport and we felt it was not very safe. Right now business is back to normal, but as for the coming election, I don't know what is going to happen." The fresh vote complicates Kenya's attempts to rein in runaway spending, with a fiscal deficit of 10.2 percent, and may weaken the government's bargaining position on new debt, said Lisa Brown, a risk analyst at Rand Merchant Bank. "This could see the government having to plug spending through an even more aggressive domestic and international debt uptake," Brown said by email.

"The delayed election will likely impact on how expensive this debt will be. Pushing debt beyond their own projections could raise concerns for rating agencies." Peter Attard Montalto, chief emerging-markets economist at Nomura International Plc in London, expects the economic impact of the rerun to largely be determined by how credible and peaceful it is. "We have to get through a difficult period of uncertainty until the second election is concluded," he said. "If this process can be completed with contained unrest in 60 days, then 2018 still looks rosy."The court ruling gives the authorities little time to address concerns about the integrity of the electoral commission and the counting process. Kenyatta said in a televised address that while he disagreed with the verdict, he would respect it. There's a risk the next vote outcome will also be challenged and the new administration will only be able to get down to work in January, delaying government projects and policy decisions needed to stimulate the economy, including a possible review of the state cap on bank lending rates that's choked credit, Securities Africa Ltd., a Bermuda-based brokerage, said in a research note. "I can't see major economic decisions being undertaken and cannot see credit growth picking up," said John Ngumi, chairman of state-run Kenya Pipeline Co. "Other than rain-fed agriculture, the sectors one should be anxious about are tourism, construction and retail. Banking is another where reduced economic activity, especially the impact of this on small business, is a real worry." Nairobi taxi driver Paul Njenga said he expects business to dry up for the rerun as it did last month. "How do you make money?" he said. "I just want this to get over and done with." *(Bloomberg)*

Investors last week preferred the 182- and 364-day Treasury bills over the 91-day paper even as market analysts noted improved liquidity. Central Bank of Kenya (CBK) figures released on Friday indicated the 91-day paper received less bids at Sh2.7 billion against a target of Sh4 billion. The three-month government paper subscription rate came in at 67.5 per cent. The 182- and 364-days tenor papers subscription came in at 145 per cent and 153 per cent. The 182-day T-bills attracted bids worth Sh14.5 billion against a target of Sh10 billion, while that of 364-days tenor attracted bids worth Sh15.3 billion against a target of Sh10 billion. "We view the improved liquidity situation (due to maturities and government disbursements trickling in the system) has swayed investors, mainly banks, to lengthen their duration hence preference of 182-day and 364-day tenors over 91-day," said Genghis Capital Ltd. CBK accepted Sh29.7 billion from the Sh32.6 billion worth of bids against a target of Sh24 billion during the auction. This represented a 135.8 per cent overall subscription rate. This is the third consecutive week the 364-days tenor is showing positive trends after it was uplifted by investor preference due to uncertainty over short-term rate direction. *(Business Daily)*

Electricity prices have hit a six-year high, piling pressure on households already grappling with rising food costs. Power bills for homes that consume 200 kilowatt hours (kWh), mostly middle class, rose from Sh3,642 in July to Sh3,944 last month – the highest cost since the government started making public the data in 2012. Users of 50 units of electricity paid Sh651 in August, up from Sh576 a month earlier, data from the Kenya National Bureau of Statistics (KNBS) shows. The higher costs came after the forex charge in power bills hit a six-year high last month to compensate Kenya Power and electricity producers for foreign currency costs as the shilling fluctuated against the US dollar. The Energy Regulatory Commission (ERC) more than doubled the forex levy to Sh2.35 per unit of electricity consumed in August, pushing up power bills. The ERC adjusts the levy every month to reflect the prevailing forex rate. Increase in electricity costs helped to drive up inflation from 7.47 per cent in July to 8.04 per cent last month, shooting above the Central Bank of Kenya's preferred ceiling of 7.5 per cent. Electricity prices have a direct bearing on inflation, being one of the items in the basket of goods and services whose pricing is tracked to measure the cost of living. Consumer bills also come loaded with a fuel levy, which is linked to the amount of power generated by diesel generators and injected into the national grid. The levy has remained at higher levels of Sh2.85 per unit since February due to a sustained use of expensive diesel generated electricity to compensate for a steep dip in hydropower production as the effects of drought bite. *(Daily Nation)*

Kenyan President Uhuru Kenyatta and former Prime Minister Raila Odinga will face each other in a new presidential election on Oct. 17, the electoral commission said, after the Supreme Court annulled last month's vote. Kenyatta and Odinga and their running mates will be the only candidates for the poll, the Independent Electoral & Boundaries Commission said in a statement in the capital, Nairobi, on Monday. "The commission is revising the operational and procedural requirements for the conduct of the fresh election and will share details with stakeholders" soon, it said. The authority is awaiting details of the court's judgment "to identify areas that require improvement in the management of the fresh election," it said. Kenya's top court on Sept. 1 upheld the main opposition's complaint that Kenyatta's victory in the Aug. 8 vote was aided by rigging in a shock decision that marked the first time a court in Africa has overturned the results of a presidential election. The country is the world's largest shipper of black tea and a regional hub for companies including Google Inc. and Coca Cola Co. Odinga waged unsuccessful presidential campaigns in 1997, 2007 and 2013. The Supreme Court threw out his allegations of rigging in the 2013 vote that propelled Kenyatta to power, a ruling Odinga has previously described as a "travesty of justice." Kenyatta said on Friday that while he didn't support the ruling, he will respect it. *(Bloomberg)*

National Super Alliance (Nasa) leader Raila Odinga has rejected the October 17 date set by the electoral commission for the repeat presidential poll. Mr. Odinga on Tuesday said he would not accept the date because the Independent Electoral and Boundaries Commission (IEBC) failed to consult him and other stakeholder as stipulated in law. The date, he claimed, was set by the Jubilee Party and not IEBC. He also demanded legal and constitutional guarantees from IEBC that the repeat poll will be free and fair before the commission carries on with its preparations. Speaking at Wilson Airport in Nairobi, Mr. Odinga also reiterated his call for staff and system changes at the at the commission before the election is held. *(Daily Nation)*

Kenya's private sector activity slumped in August, mainly due to worries over a tense presidential election held on Aug. 8, whose outcome has been invalidated by the Supreme Court, data from a survey showed on Tuesday. The Markit Stanbic Bank Kenya Purchasing Managers' Index (PMI) slid to 42.0 during the period from 48.1 in July, hitting a new low since the series began in January 2014. The PMI was well below the 50.0 level which separates growth and contraction in May. Jibran Qureishi, the economist for East Africa at Stanbic Bank, blamed the concerns around the election, in which incumbent President Uhuru Kenyatta faced off against veteran opposition leader Raila Odinga. "This angst is likely to extend over the coming months due to the recent decision by the Supreme Court to nullify the presidential election results," he said. The shilling and Kenyan shares and dollar bonds had plunged on Friday after the court backed a petition brought by opposition Odinga and declared Kenyatta's election victory invalid. Qureishi said the decision could be positive. "The decision by the court is indeed a reflection of Kenya's strengthening institutions and will certainly appease the foreign investor community," he said. A disputed presidential vote in 2007 descended into ethnic violence in which 1,200 people were killed although the next poll in 2013 passed off peacefully. A slowdown in private sector credit growth, mainly caused by a cap on commercial lending rates, has offered another drag to the economy in the run-up to the election. *(Reuters)*

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Commercial banks expect a rise in non-performing loans—which in June rose almost half a percentage to 9.91 per cent of total — in quarter three due to effects of slow economy, political uncertainty and poor weather, an industry survey shows. "The banks intend to allocate more resources on monitoring and recovery of loans as well as use of external parties in the recovery process," The Central Bank of Kenya (CBK) said in the report. The banks target to intensify credit recovery in eight of the eleven sectors of the economy affected. The marked high default risk sectors include tourism, agriculture, real estate, construction, financial services, manufacturing, trade, transport and personal and households. "The intensified recovery efforts in five sectors —manufacturing, trade, transport, personal/ household, real estate, and financial services sectors — aim at improving the overall quality of the asset portfolio. This is in line with the banks expectations that loan defaults in these sectors will rise during second quarter of 2017 due to slowdown in economic activity." Commercial banks are also seeking to pursue clients in the building and construction sector to enhance collections from contractor payments by the national government in the third quarter of the year. CBK said the ratio of gross non-performing loans to gross loans increased from 9.5 per cent in March 2017 to 9.91 per cent in June 2017. Despite the harsh business environment, the banking Sector recorded growth in the quarter ended June 30, 2017, compared to the quarter ended March 31, 2017, CBK data showed. The aggregate balance sheet grew by 2.86 per cent from Sh3.84 trillion in March 2017 to Sh3.95 trillion in June 2017 owing to an increase in investment in government securities during the period. Gross loans decreased by 0.84 per cent from Sh2.38 trillion in March 2017 to Sh2.36 trillion in June 2017. *(Business Daily)*

The Society for Worldwide Interbank Financial Telecommunication (SWIFT) says East Africa has outperformed the rest of the world, which is a reflection of a successful regional payments system. SWIFT data shows total regional message traffic volume grew by 20.1 per cent compared to 8.2 per cent growth worldwide. The data also shows that intra-regional FIN (the message exchange platform) payments traffic is up 19.8 per cent from 2015 and now accounts for 69 per cent of FIN payments traffic in the region. FIN is a message type that transmits financial information from one financial institution to another. The average daily number of messages has almost doubled since 2013 from 15,234 to 27,907 in 2016. "East Africa holds some of Africa's fastest growing economies and is a significant growth area for SWIFT," said Denis Kruger, head of sub-Saharan Africa on Wednesday in a statement. *(Business Daily)*

The matatu industry says it has been losing an estimated Sh75 million every day since last week when the Supreme Court annulled the declaration of Mr. Uhuru Kenyatta as president following the August 8 General Election. Speaking at a Nairobi hotel on Wednesday, Matatu Owners Association chairman Simon Kimutai said the sector's nationwide earnings, which translate to about Sh300 million per day, have shrunk by 25 per cent since the announcement last Friday. He said the sector has been witnessing a drop in revenue because many Kenyans are still living in fear while some operators have withdrawn their vehicles from the roads and adopting a wait-and-see attitude ahead of a fresh round of voting planned for next month. "The sector generates about Sh300 million per day in revenue and this has shrunk by about 25 per cent since the Supreme Court annulled the re-election of President Kenyatta,' he said. Mr. Kimutai said the economy is being held to ransom by politicians and as a result limiting business activities especially in the transport sector. He called on all political sides to give the Independent Electoral and Boundaries Commission (IEBC) the space needed to organise the election of the country's next president. Mr. Kimutai said the IEBC is the only independent body mandated by the Constitution to set a presidential date in any poll. "If October 17 has been declared as the date for elections, we will stand with you. Hold the elections on the same date. You should not be blackmailed and neither should you yield to any kind of pressure from politicians," said Mr. Kimutai.

Kenya's electoral body on Monday chose October 17 as the date for a new vote ordered by the Supreme Court when it annulled the August polls. The date for a repeat election has so far been rejected by Nasa presidential candidate Raila Odinga. Mr. Odinga said on Tuesday that he will not accept the date, arguing that the IEBC failed to consult him and other stakeholders as stipulated by law. The top court in the land found that the IEBC did not conduct the elections in accordance with the Constitution and the Elections Act. The matatu industry is one of the largest employers in the country, especially for young people, and contributes millions of shillings to the economy every day in the value chain. Garages, spare parts dealers and petrol stations are among the sub-sectors that directly earn from serving this sector. *(Daily Nation)*

Oman Air, the flagship carrier of the Sultanate of Oman, has inked a codeshare agreement with national carrier Kenya Airways (KQ) covering services between Muscat and Nairobi. The agreement which came into force from August 28 will make it easy for the Kenya Airways customers to access Muscat directly from Nairobi, the two airlines said on Wednesday. A codeshare is a business agreement between two or more airlines which allows them to sell seats on each other's flights and expand their network. Each airline publishes and markets the flight under its own designator and flight number as part of its timetable or schedule. Oman Air launched its flights to Nairobi in March this year targeting travellers to and from the Middle East. On the Nairobi–Muscat route, KQ will place its codeshare flight numbers on the Oman Air operation on Tuesday, Wednesday, Friday and Sunday. "Oman Air is very happy with the implementation of this codeshare agreement with Kenya Airways. Through this partnership, Oman Air extends its exemplary services to guests of Kenya Airways," said Oman Air chief executive Paul Gregorowitsch. *(Business Daily)*

Kenya's main opposition group said the head of the electoral commission requested an explanation from the chief executive officer about a series of failures in last month's annulled election, highlighting divisions within the body as it prepares a rerun in October. Independent Electoral & Boundaries Commission Chairman Wafula Chebukati asked CEO Ezra Chiloba to clarify issues, including why a username had been created in Chebukati's name without his consent. The requests are contained in a Sept. 5 memorandum sent to Bloomberg by the opposition National Super Alliance, whose chief executive officer, Norman Magaya, said the IEBC had authenticated the document. IEBC spokesman Andrew Limo said a copy of the memo forwarded to him by Bloomberg "looks authentic." He declined to comment further. Calls to Chiloba's phone didn't connect when Bloomberg sought comment Thursday. Four commissioners, including the electoral body's vice chairperson Consolata Maina said the memo hadn't been "discussed and sanctioned" by the IEBC's plenary and they only learnt about it through the media, according to a joint statement posted on the regulator's Twitter account. Allegations contained in the memo "are based on some report or information that has not been brought to the attention of the Commission", they said. "Most of the issues raised are not factual and could easily mislead if taken out of context." Kenya's Supreme Court on Sept. 1 canceled the election result, the first such ruling in Africa, and ordered a new ballot to be held. The Oct. 17 rerun has increased uncertainty in East Africa's biggest economy, where growth is already slowing.

Opposition presidential candidate Raila Odinga has demanded the electoral commission be overhauled and said he wants guarantees on fairness before his alliance agrees to participate in the rerun. The ruling Jubilee Party led by President Uhuru Kenyatta, who was declared the winner of last month's vote, has rejected any changes to the commission.The three-page memorandum seeks a response on why satellite phones bought by the commission at a cost of 848 million shillings ($8.2 million) and distributed to constituencies for results transmission failed to work. Chebukati also asked for an explanation about the absence of security features on ballot papers, the failure of the election-results transmission system and the commission's use of a "porous file server system" to transmit election results. Chebukati on Tuesday appointed six people to handle the rerun, excluding members of the commission who conducted the Aug. 8 vote. Kenya's Labour & Industrial Relations Court on Thursday declined to issue temporary orders restraining the commission from suspending or firing Chiloba and other secretariat directors, Capital FM reported. The Kenya Independent Commissions Workers Union earlier brought an application for the order because the officials had been publicly condemned without any investigation, the Nairobi-based broadcaster said. Chiloba said he hadn't instructed anyone to go to court on his behalf, Capital said. *(Bloomberg)*

The Kenyan shilling rose to its highest level against the dollar in more than five months on Friday after hard currency inflows caused banks to reduce their dollar holdings, traders said. The shilling hit an intra-day high of 102.65/75 per dollar in the first couple of hours of trading, a level it last traded at on March 27, Reuters data showed. It had closed Thursday's session at 103.10/20. Kenyan assets, including the shilling, were pummeled last week after the Supreme Court invalidated the re-election of President Uhuru Kenyatta and ordered a re-run. The shares have since started to recover, with the blue chip index on the Nairobi bourse finishing higher in the last two sessions after steep losses following the ruling. Currency traders said it was not clear where the dollar inflows which triggered the cutting of dollar positions were headed. "People are trimming their dollar positions," said a currency trader at a commercial bank. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

No Corporate News this week

Economic News

No Economic News This Week

Nigeria

Corporate News

Guinness Nigeria Plc, has posted a gross profit of N48.3bn for the full-year period of 2017, representing a growth of 16 per cent from the previous year. The company, in a statement, said its operating profit soared by 131 per cent year-on-year to N10.2bn. It also recorded a 23 per cent increase in revenue for the full year ended June 30, 2017, in the results released to the Nigerian Stock Exchange. In his comments on the results, the brewer's Managing Director/Chief Executive Officer, Peter Ndegwa, said the company's results were driven by a relentless focus on executing its strategy and keeping costs down. "Despite the challenging economic conditions, we have remained focused on executing our company's total beverage strategy which gained further traction with strong growth in our international premium spirits portfolio following our first full year of distribution," he said. In December 2015, Guinness Nigeria said it became the first total beverage alcohol company in Nigeria when it acquired the rights to distribute international premium spirits including Johnnie Walker Scotch whisky and Bailey's liqueur in Nigeria. This was quickly followed in January 2016 by the acquisition of the rights to distribute McDowell's, a United Spirits Limited whisky brand.

Ndegwa added, "Our gross profit of N48.3bn is as a result of volume growth, pricing benefit and a favourable sales mix as we continued to invest in our expanded brand portfolio during the year. Part of that investment includes the N4.7bn spirits line for locally manufactured spirits which we commissioned in Benin. "These strategic acquisitions and expansions have filled the gaps in the spirits brand base allowing us to compete across all categories of the alcoholic beverage market in Nigeria. We remain committed to executing our productivity agenda with a strong focus on cost reduction, distribution and operational efficiencies." Also commenting, the Chairman, Guinness Nigeria, Mr. Babatunde Savage, stressed the company's commitment to the Nigerian market. He said, "It is pleasing to see that the decisions we have taken in recent years have helped to position the company for sustained business growth. We are grateful for the strong support that our shareholders have afforded us over the years." *(Punch)*

The Securities and Exchange Commission has given approval to Oando Plc to conduct its Annual General Meeting hitherto slated for September 11, 2017. This came after the Special Task Team constituted by SEC to review petitions filed by Alhaji Dahiru Bara'u Mangal and Ansbury Inc against Oando, submitted an interim report, which cleared the oil major of the allegations. This was contained in a letter to the Group Chief Executive of Oando, Mr. Wale Tinubu dated August 31, 2017. In its interim report, SEC confirmed that it was unable to identify any material findings that would warrant the postponement of the company's 40th AGM. On July 10, there were reports that Oando was being investigated by SEC over observed malpractices in the company's financial statements. The investigation was reported to have been triggered by the petition filed by some foreign investors over the shareholding structure following the $1.65bn paid by Oando for the acquisition of the oil production assets of ConocoPhilips in 2014. Responding to the report then, analysts at Meristem Securities Limited said, "We expect this news to drag the share price performance of the ticker as investors flee for safety." In the past weeks, the company has been on the receiving end of media speculations. These were said to have happened as a result of alleged leaks by SEC on an ongoing investigation. As a result of the leak, traders had estimated the loss in the market, over a period of six days, to N20bn. *(Punch)*

Ecobank Transnational Incorporated (ETI), the Lome, Togo-based parent company of the EcobankGroup tuesday signed a five-year senior unsecured loan facility of $250 million from Deutsche Bank AG. In a notification to the Nigerian Stock Exchange (NSE) Tuesday, ETI explained that the Public Investment Company (PIC) of South Africa, which is one of the major institutional shareholders of ETI, is providing full credit support to Deutsche Bank in this transaction via a sub–participation of risk. According to the financial institution, this new facility of $250 million would be used primarily to refinance maturing facilities. ETI recently reported profit growth of 21 per cent for the half year (H1) ended June 30, 2017. In the H1 results, ETI recorded gross earnings of N389 billion, up 41 per cent from N273 billion in the corresponding period of 2016. Profit before tax rose by 11 per cent to N46.2 billion in 2017, from N41.6 billion in 2016, while profit after tax moved from N31.1 billion in 2016 to N37.7 billion in 2017, show a growth of 21 per cent. Customers' deposits stood at N4.235 trillion, while loans and advances ended at N2.899 trillion, compared with N2.82 trillion.

Commenting on the results, Group Chief Executive of ETI, Mr. Ade Ayeyemi, had said: "Our audited half year results demonstrated the benefits of our diversified business model. Despite a fragile macroeconomic backdrop in most of our markets, we still generated a 15.6 per cent return on tangible equity and further improved our cost-to- income ratio to 60.6 per cent, driven by our continued cost reduction initiatives across the network." According to him, revenues increased five in constant currency, and highlighted encouraging growth in our Trade and FICC, businesses, thanks to encouraging client activity and improving foreign-exchange markets. He noted that overall, the bank is making good progress on its strategy and continue to serve our customers diligently. We look forward to the second half of the year with excitement "We are also happy with the progress we are making on the digital front, particularly on our strategy to enable millions of unbanked Africans have access to financial solutions using our revolutionary Ecobank App and other digital channels. We have also recently announced the appointment of Eric Odhiambo as chief risk officer, to help drive our risk management objectives and improve our risk culture," Ayeyemi said. *(This Day)*

FirstBank of Nigeria Limited in partnership with Visa has introduced a mobile payment solution – mVisa. This mobile solution allows customers pay for goods and services by scanning a QR code using the FirstMobile App on their smart phones. A statement from the bank explained that under this platform, payment goes straight from the consumer's FirstBank account into the merchant's account and provides real-time notification to both parties. It explained that the launch of mVisa adds to the seamless multiple payment channels FirstBankcustomers enjoy and customers with the FirstMobileapp can now make payments from their FirstBankaccounts at merchants' locations where mVisa logo is displayed. According to the Group Head, E-Business, First Bank of Nigeria Limited, Chuma Ezirim, the bank would continue to put customers first by leading the industry in the use of technology to provide convenient and fast banking solutions. "mVisa further promotes our digital approach by delivering omni-channel experience to all our customers, while enhancing our existing offerings," he reiterated. Furtherore, the statement described mVisa as a payment solution fully integrated into the Firstmobile app to support business transactions and lifestyles of FirstBank customers."Existing users of the Firstmobile application can update their banking app from Google Play store, Blackberry World and Apple store to enable them access this service while FirstBank account holders who do not have the Firstmobile app yet can simply download the app and begin to enjoy this service instantly." *(This Day)*

PZ Cussons Nigeria Plc yesterday recorded a profit after tax of N3.886 billion for the year ended May 31, 2017, showing an increase of 73 per cent over the N2.129 billion posted in 2016. The audited results released by the company to the Nigerian Stock Exchange (NSE) indicated that the company posted a revenue of N79.65 billion, up by 14.5 per cent from N69.52 billion posted in 2016. In line with the high inflationary trend during the review period, cost of sales went up from N49 billion to N51 billion, while sales and distribution expenses rose from N8.825 billion to N9.09 billion. However, net finance cost fell from N387 million to N195 million. Consequently, profit before tax stood at N4.811 billion in 2017, up from N3.148 billion, while profit after tax grew to N3.886 billion, from N2.129 billion in 2016. The directors have recommended a dividend of N1.98 billion, which is 50 kobo per share for the shareholders. According to the company, it has adapted its management structures to create a truly customer care organisation, saying as part of a global organisation, it has benefitted from global innovations and initiatives of the group. "In this breadth, our supply chain processes and sales functions have been integrated as a single structure across the globe and across the region," it said.

PZ Cussons Nigeria noted that it is confident of its brands which are leading in the market segments they participate. "We are going to sustain the current initiatives that have proved to be positive and effective. We will also keep the focus on key brands," it said. Meanwhile, trading at the stock market was bullish for the first time in five days following the return of the bulls yesterday. The NSE All-Share Index appreciated by 0.58 per cent to close at 35,609.07, compared with the depreciation of 0.28 per cent recorded the previous day. Similarly, the market capitalisation appreciated today by 0.58 per cent to close at N12.27 trillion. The appreciation recorded in the share prices of Dangote Cement, Stanbic IBTC, Zenith Bank, Guinness, and Nigerian Breweries was mainly responsible for the gain recorded in the Index Investors traded 281.83 million shares worth N4.77 billion in 4,066 deals. The three most actively traded sectors were: Financial Services (249.05 million shares), Consumer Goods (17.41 million shares), and Conglomerates (5.85 million shares). *(This Day)*

In a letter filed with the Nigerian Stock Exchange on Thursday, Oando Plc confirmed to the bourse, shareholders and other stakeholders

across the country that its 40th Annual General Meeting slated for September 11, 2017, in Uyo, Akwa Ibom State would hold. Following the response of the Securities and Exchange Commission to petitions raised by Alhaji Dahiru Mangal and Ansbury Inc. objecting to the AGM, the management of Oando, led by its Group Chief Executive Officer, Mr. Wale Tinubu, stated that it remained committed to acting in the best interest of all its stakeholders. The company maintained that it would continue to fully cooperate with SEC in the discharge of its duties as the apex regulator of the country's capital market. Further commenting on the development, Oando's management noted that, "The Securities and Exchange Commission constituted a Special Task Team to review the petitions by Alhaji Dahiru Mangal and Ansbury Inc. To date the company has fully co-operated with SEC, availed it (SEC) of all documents requested, and provided clarification and appropriate rebuttals to the issues raised. "The company received a letter from SEC on Wednesday, August 23, 2017, requesting that Oando postpone its 40th AGM so that the commission could look into the shareholding positions contained in the company's 2016 audited financial statements as it was at variance with those alleged by the petitioners.

"Oando responded officially on Wednesday, August 23, 2017 addressing all the issues raised by SEC and concluded that it would not be in the best interests of the company or our shareholders to postpone the AGM." Furthermore, it stated that in a letter dated August 31, 2017, SEC wrote to the company and categorically stated, "Following the submission of an interim report by the Special Task Team, the commission is of the opinion that it is unable to identify any material findings that would warrant the postponement of the company's 40th AGM scheduled to hold on September 11, 2017. Consequently, Oando Plc can proceed with its 40th AGM as currently scheduled." It added that, "SEC's response is in line with the company's initial position that the request from SEC that Oando postpone its AGM, which was premised upon the allegations and claims raised by the petitioners, lacked merit. *(Punch)*

Economic News

There is a fresh anxiety among investors in the Nigerian stock market as they are apprehensive that more companies may exit following a renewed move by companies to delist from the Nigerian Stock Exchange (NSE). The NSE disclosed that two firms, Paints and Coatings Manufacturers Nigeria Plc, which got listed seven years ago and Avon Crowncaps & Containers Nigeria Plc have applied to exit the Exchange. Both companies have entered scheme of arrangements with their respective shareholders that would lead to the delisting of the entire shares of the companies from the NSE. THISDAY checks revealed that many investors are getting worried over the development, which they described as discouraging. According to them, more firms may follow the route since most of them are finding it highly challenging to meet the post listing obligations. "Besides, some of the companies have realised that one of the major reasons for listing, which is access to equity capital, is not forthcoming due to investor apathy amidst the current economic realities. I know of companies that got listed so as to raise cheaper funds. But that has not been achieved. Yet they are required to maintain certain minimum standards, which are quite expensive to keep. So instead of working only for the regulators, some of companies are seeing exiting as the better alternative," a leading shareholder told THISDAY. He expressed worries over the decision of Paints and Coatings Manufacturers that got listed seven years ago to delist, saying there must be some reasons for that decision.

"Paints and Coatings Manufacturers, for instance, may have found out that it is getting costlier to remain a listed firm without realising the initial objectives of its listing on the exchange. It is also worrisome that a company like Avon Crown Caps that has been in the market for a while is exiting the market," the investor added. Paints and Coatings Manufacturers listed 792,914,256 ordinary shares on the NSE at N3.90 each in 2010. However, the shares have plunged below N1.00 as at the close trade last Thursday. The company had ended its half year to June 30, 2017 with fall of 56.8 per cent profit before tax. Only recently, Ashaka Cement Plc voluntarily delisted from the NSE. According to the company, its delisting became necessary as it was violating the free float provision of the exchange. The directors explained that the Lafarge Africa Plc currently holds 84.97 per cent of Ashaka Cement, bringing the free float that is tradable on the NSE to 15.03 per cent as against 20 per cent stipulated by the exchange. They noted that was not improbable that given this free float deficiency, the NSE could take enforcement action and initiate a regulatory delisting, given that the free float deficiency is not likely to be remedied, hence the decision to delist and operate as an unlisted company. *(This Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Nigeria's economy grew out of recession in the second quarter of 2017, expanding 0.55 percent year-on-year, the statistics office said on Tuesday. Africa's largest economy shrank by 1.5 percent in 2016 for its first annual contraction in 25 years. It also declined in the first quarter of this year, due to lower oil revenues and a shortage of hard currency. Nigeria's economy had contracted 2.06 percent in the same quarter of 2016. *(Reuters)*

The Central Bank of Nigeria (CBN) tuesday injected of another $250 million into various segments of the interbank foreign exchange market. Figures obtained from the CBN indicated that the Retail Secondary Market Intervention Sales (SMIS) segment of the market received the highest intervention with a total of $100 million, small and medium scale enterprises (SMEs) window received a boost of $80 million while the invisibles segment, comprising Business/Personal Travel Allowances, school tuition, medicals, etc. was allocated the sum of $70 million to meet the demands of customers. Confirming the figures, the Bank's spokesman, Isaac Okorafor, noted with delight the recent Quarter 2, 2017 Report by the National Bureau of Statistics (NBS) which indicated that Nigeria has gotten out of recession and hinged part of this success to the regular intervention of the Bank in the forex market, to boost liquidity in the market, ensuring timely execution and settlement for eligible transactions and also make forex available to the real sector and industrial capacities, critical to the Nigerian economy.

The spokesman also reminded the public of the CBN Governor, Mr. Godwin Emefiele's prediction few months ago that the Nigerian economy would be out of recession at the end of the third quarter, 2017, which is largely due to the monetary policy stance of the CBN. This has been confirmed by the NBS Report. The Bank had last week injected a total of $547 million into the market. Emefiele had predicted on 23rd May, 2017 that at the end of third quarter 2017, Nigeria would be out of recession. Emefiele had confidently underscored the possibility of the exit based on the obvious positive economic indices such as downward trending inflation rate, improvement in the GDP growth rate, noting that negative growth rate had decelerated quite significantly, coupled with improvement in the quantum of foreign exchange going to the real sector and industrial capacities. In his prediction, Emefiele had said: "We've seen positive signs in various economic sectors, I am very confident that at the end of the third quarter, we will be out of this and I still hold that position". The development, coming at the heels of more stable exchange rate regime, coupled with declining inflation rate, from 16.10 per cent in June down to 16.05 per cent in July, 2017, it is believed that these factors will provide salutary macro-economic conditions for growth, as anchored on current monetary policy stance of the CBN. *(This Day)*

Nigeria's sovereign wealth fund stood at $2 billion this month with the investment agency seeking further growth through agriculture and the addition of asset management, its chief executive officer said. The government's contribution stands at $1.5 billion, with the rest including funds owned by the institution and those managed for several government agencies, Uche Orji of the Nigeria Sovereign Investment Authority said in an interview on Wednesday in Kazakhstan's capital, Astana. The authority has revamped 11 fertilizer-blending plants so far this year as part of President Muhammadu Buhari's initiative to boost farming output and reduce the economy's dependence on oil, which contributes two-thirds of government revenue. Africa's most populous country of more than 180 million people is also the continent's biggest oil producer. "At the moment, agriculture is our number one area of investment," Orji said, adding that the NSIA, as the investment authority is known, plans to rehabilitate another nine fertilizer-blending plants within a year. The 11 plants delivered 6 million bags of fertilizer at 30 percent below market prices, halting government subsidies, the information ministry said last month. The project created 50,000 jobs and saved the government 50 billion naira ($139 million) in would-be subsidies this year, it said. The wealth fund also wants to expand by going beyond government cash injections to undertaking asset management, according to Orji. "That's the major line of conversation we are having with various agencies and various arms of the government," he said. Orji said the fund will soon announce a joint venture in health care with a partner he declined to name, and is considering oil and gas investments. Nigeria's economy, which vies with South Africa's as the largest on the continent, expanded in the second quarter by 0.55 percent as agricultural and oil output increased, ending its worst slump in 25 years. *(Bloomberg)*

The country's telecommunications sector contributed N1.549tn to the Gross Domestic Product in the second quarter of this year, representing 6.68 per cent increase from the first quarter's figure of N1.452tn, the Nigerian Communications Commission has said. The

Executive Vice Chairman, NCC, Prof. Umar Danbatta, said on Thursday that the figures were derived from the recently released National Bureau of Statistics report on the economy. He said, "The NBS report has confirmed that the telecommunications sector, during the second quarter of 2017, contributed 9.5 per cent to the GDP in contrast to 9.1 per cent contribution in the first quarter of the year. "We are very proud of the remarkable contribution the sector is making. Even in recent times when the whole economy was facing challenges, the sector remained resilient and stable." Danbatta also said that the commission had noticed a "remarkable increase in data usage in the country," adding that the Chairperson of the Liberia Telecommunications Authority, Madam Angelique Weeks, and a team of administrators from the West Africa Telecommunication Regulators Association had noticed the development. "The monthly data usage is about 40 million terabytes." He, however, expressed optimism that the country would undergo a massive Information and Communications Technology transformation by the time the excess data capacity at the landing point in Lagos was deployed to the hinterland through licensing of infrastructure companies. On Internet access in the country, Danbatta said, "Broadband penetration in the country currently stands at 21 per cent, as Nigeria is inching toward 30 per cent penetration next year, which is in line with its national broadband target. "The commission has approved spectrum trading consistent with an item of the eight-point agenda, optimising the use and benefits of spectrum, to ensure that no acquired spectrum is left unutilised." *(Punch)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

Gold miner Acacia, which is locked in a dispute with the Tanzanian government, said it will have to reduce operations at its Bulyanhulu mine and cut its mostly Tanzanian workforce as it aims to return to profitability in 2018. Tanzania's largest miner, which is majority-owned by Barrick Gold, is in dispute with Tanzania over tax payments and caught up in sweeping changes to the country's mining industry spearheaded by President John Magufuli, who believes his country is not getting its fair share of profits. "As a result of the planned reduction in operating activity at Bulyanhulu, Acacia now expects annual production to be in the order of 100,000 ounces lower than the bottom of the previous guidance range of 850,000-900,000 ounces," Acacia said. "Regrettably, the implementation of this programme will lead to a significant reduction in the workforce from the current 1,200 employee and 800 contractor roles." Tanzania imposed a ban on exports of gold and copper concentrate in March, leading to a build-up of approximately $265 million of concentrate inventory in Tanzania, based on current prices. In its interim results, Acacia had said it would need to consider cutting operations if the concentrate ban was not lifted by the end of the third quarter. The ban has led to a negative cash flow of approximately $15 million per month at the mine and made ordinary operations at Bulyanhulu unsustainable, Acacia said. *(Reuters)*

ORCA Exploration has recorded a net income of 2.2 million US dollars in the first half of this year compared to a net loss of 4.2 million US dollars in the corresponding period last year. Orca, parent company of PanAfrican Energy, said in financial results that the improved results for the first six months of the year were primarily due to the lower provision for doubtful accounts for TANESCO. The provision was "partially offset by participatory interest costs on the IFC loan which started to accrue in Q1 2017 and higher indirect tax in 2017," Orca said in a statement. The natural gas supply firm said due to lower provision net cash flows from operating increased by 310 per cent to 20.8 million US dollars in H1 compared to 5.1 million US dollars in last year's H1. "The increase is primarily a consequence of the continued improved collections from TANESCO since the second half of 2016," the financial results showed. However, the firm's cash flows from operations, which include the net change in working capital in the period by 33 per cent for the six months ended June to 10.5 million US dollars compared to 15.6 million US dollars similar in period last year. "The decrease is primarily a consequence of the fall in the company's operating revenue due to the change in the TANESCO revenue recognition criteria together with lower sales of additional gas volumes and associated profit gas entitlement," the statement said.

Going by quarterly basis, Orca recorded a net loss of 0.6 million US dollars in the second quarter of this year against a net income of 1.5 milion US dollars in the similar period last year. On other hand the firm also reported a decrease in operating revenue by 13 per cent in H1 of this year after the management modified its revenue approach. The revenue went down to 23.7 million US dollars in this year H1 from 27.3 million US dollars similar period last year. "… The decrease was primarily related to management of the company modifying its approach to revenue recognition as it relates to TANESCO only," said Orca. Since last October, Orca recorded a percentage of the amounts invoiced to TANESCO for revenue recognition purposes determined by comparison of TANESCO's historical payment history to the amounts invoiced by the company over the previous three years. *(Daily News)*

Economic News

Tanzania's energy regulator raised the maximum retail prices of petrol and diesel on Wednesday, citing rising costs of petroleum imports, but cut the price of kerosene. Fuel prices have a big effect on inflation and the local currency in East Africa's second-biggest economy, which relies on oil imports for transport and power generation. The Energy and Water Utilities Regulatory Authority (EWURA) raised the retail price of petrol by 0.53 percent and diesel by 3.10 percent. Kerosene prices were cut by 1.04 percent in the latest monthly caps, which take immediate effect. "The increases in petrol and diesel local pump prices have been caused by increases in the world oil market prices and bulk procurement system (BPS) premiums," EWURA said in a statement. "The decrease in kerosene prices is mainly due to a decrease in BPS premiums despite an increase in the world oil market prices," it said. EWURA raised the price of petrol in the commercial capital Dar es Salaam by 10 shillings to 1,989 shillings ($0.89) per litre and that of diesel by 57 shillings to 1,887 shillings per litre. Kerosene in the commercial capital fell 19 shillings to 1,811 shillings per litre. Tanzanian inflation slowed to 5.2 percent year-on-year in July from 5.4 percent a month earlier, due to slower rises in food and fuel prices. (Reuters)

A Tanzanian deputy minister and a cabinet member resigned after President John Magufuli asked government officials implicated with wrongdoing in an investigation into the nation's diamond and Tanzanite mining industries to step down. Edwin Ngonyani, a deputy minister of Works, Transport and Communication said he'd resigned Thursday evening and declined to comment on the allegations. George Simbachawene, a minister in the office of the president in charge of regional administration and local government, who was also named in the probe, announced his resignation on a YouTube video posted by Azam TV. "I chose to resign because I have been implicated by the two reports presented to the president today so that the state organs can investigate freely," Ngonyani said by phone. Two committees formed in July to look into the sector found widespread irregularities that led to unfavorable contracts and loss of government revenue, according to a statement posted on the parliament's website on Wednesday. Between 2007-2017, Petra Diamonds Ltd.'s Williamson mine didn't pay corporate tax after reporting losses, according to Mussa Azzan, a lawmaker that led one of the committees. Instead, the company paid the alternative mineral tax of 1.96 billion shillings ($875,160) only. "The committee asks itself, if WDL has been making losses all this time, why is it investing heavily in mining instead of shutting down the mine and moving on," Azzan said in a video recording of a speech made in the capital, Dodoma, on Wednesday. "The committee believes, their continuing to operate for a long time as per their license to operate until 2033, means the company is making significant profits, and should pay the necessary profits."Petra Diamonds said in an emailed statement that its operations in the Williamson mine, in which it holds a 75 percent stake, are conducted in a "transparent manner and in compliance with legislation in Tanzania."

The committee also found contradicting reports between different government agencies on the real value of diamonds exports. Ministry data showed they generated $362 million over 2007-2016, while information from the Tanzania Minerals Audit Agency valued shipments at $374.6 million. The government received royalties worth $18 million during the same period, according to the ministry, while TMAA statistics indicate it got $15 million. The investigations revealed that mining companies have been "playing" with Tanzania, Magufuli said. "Tanzanians, we need to get to a place where we are pained by the lost resources from our country," he said. If the mining industry continues to be a "problem" for the economy that's East Africa's second-biggest, then the companies should consider leaving the resources to be developed by future generations, Magufuli said. "I heard others are reducing their workforce, I wish they would say they are leaving," he said. "Because if they leave, we can just take ordinary citizens who can go in there and mine." Tanzanite, a blue gem, is only found in Tanzania. The nation produces so-called "bubblegum" pink diamonds including a 23-carat stone from Williamson, according to Petra's website. *(Bloomberg)*

Zambia

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

Zimbabwe

Corporate News

Tanzania's energy regulator raised the maximum retail prices of petrol and diesel on Wednesday, citing rising costs of petroleum imports, but cut the price of kerosene. Fuel prices have a big effect on inflation and the local currency in East Africa's second-biggest economy, which relies on oil imports for transport and power generation. The Energy and Water Utilities Regulatory Authority (EWURA) raised the retail price of petrol by 0.53 percent and diesel by 3.10 percent. Kerosene prices were cut by 1.04 percent in the latest monthly caps, which take immediate effect. "The increases in petrol and diesel local pump prices have been caused by increases in the world oil market prices and bulk procurement system (BPS) premiums," EWURA said in a statement. "The decrease in kerosene prices is mainly due to a decrease in BPS premiums despite an increase in the world oil market prices," it said. EWURA raised the price of petrol in the commercial capital Dar es Salaam by 10 shillings to 1,989 shillings ($0.89) per litre and that of diesel by 57 shillings to 1,887 shillings per litre. Kerosene in the commercial capital fell 19 shillings to 1,811 shillings per litre. Tanzanian inflation slowed to 5.2 percent year-on-year in July from 5.4 percent a month earlier, due to slower rises in food and fuel prices. (Reuters)

Fixed telecoms operator, TelOne, says its legacy debt has grown to $374 million, putting off potential partners and attracting higher cost of borrowings. The company inherited legacy loans of $360 million after the unbundling of the then Postal and Telecommunications Corporation (PTC) in 2000, which has haunted it since then, despite being seen as one of the most efficiently run parastatals. "The legacy loan balance (now) sits just above $374 million. The legacy loans are negatively affecting TelOne's financial position leading to a net liability position," TelOne's spokesperson, Melody Harry, told The Source by email. "This represents a huge risk on the business as it puts off potential partners and invites stringent terms from suppliers when negotiating supply contracts. It also affects the company's income statement thus weighing down financial performance through interest, overdue charges and exchange losses." In the first five months to May this year, the company said interest charges arising from this legacy debt were $18 million and it incurred a further $1,4 million exchange loss on the debt. Harry said the company has drawn down $54 million from the China Exim Bank's $98 million facility, as it moves to introduce more services to counter the decreasing voice revenue. Last year, TelOne embarked on a National Broadband Project in which the company is targeting to increase broadband contribution to 48 percent of total revenue by 2020, up from the current 20 percent. Telecom firms have seen a drop in revenue due to the rise in over-the-top services like WhatsApp and Viber, which have resulted in a decline in voice calls. The company sees voice revenue contributing 43 percent to total revenue this year from 66 percent last year. TelOne will also bring in new product lines such as cloud services and value-added services, as the business model transforms to converged information and communications technology (ICT) services, Harry said. *(The Source)*

Economic News

ZIMBABWE's tobacco export earnings have risen 13 percent to $380,6 million from $334,8 million, but the average price has since come off marginally. The bulk of the tobacco to mainly South Africa and China since the beginning of 2017. Statistics from the Tobacco Industry Marketing Board's Week 35 Bulletin for the week ending September 1 show that China accounted for over 18,6 million kgs valued at US$148,8 million while South Africa bought 12,1 million kgs for $32,5 million. With an estimated 350 million smokers, China has been spending over $200 million per annum on Zimbabwean tobacco. Part of the TIMB bulletin reads, "As of September 1, 2017, 87,5 million kilogrammes were exported to more than 57 countries, generating $380,6 million into the local economy. "The golden leaf is presently being exported to these countries at an average price of $4, 35 a kg compared to $5,02 (in) the same period last year." Indonesia has spent $23,4 million on 5,4 million kg at an average price of $4,23 per kg and Belgium has bought 9,6 million kg valued at $22,5 million. Russia has purchased 3,3 million kg worth $10,6 million at an average price of $3,22 per kg. Other buyers include the United Arab Emirates, Bulgaria, Vietnam, Hong Kong, France, The Netherlands, Germany, Sudan and Tanzania. Tobacco farmers have so far grossed $557,1 million after delivering 188 million kg of tobacco to the auction floors.

By the same period in 2016, farmers had delivered 202,2 million kilogrammes worth $595,9 million. Average price per kg has remained flat at $2,96 against the comparative periods. Cumulatively, the country has so far earned $937 million compared to $929 million in 2016. The Zimbabwe Farmers' Union highlighted that the total area planted has increased this year due to good rainfall patterns. New growers increased by 103 percent to 54 806 in 2016 to 26 995 in 2016. A total of 16 617 growers have sold through the auction system and 48 896 growers through the contract system. Seed sales increased by 331percent to 33, 45kg in 2017 from 7,75kg in 2016. The e-marketing system has stabilised a bit; however, there is still need to increase the speed of the biding process and users training. Cash challenges continue as some banks are failing to meet the withdrawal limits set by RBZ. This year tobacco is likely to miss its projected target of 205 million kg. *(Herald)*

The Zimbabwe Stock Exchange industrial index advanced 15,64 percent in August to 235,03 points, the highest since dollarisation, driven by the gains in all heavyweights. The mining index was up 5,8 percent to close at 73,47 points, its highest since September 2014. In the year to date, both the mainstream and resource indices increased by 62,62 percent and 25,57 percent respectively. Market capitalisation also reached a new high since dollarisation after it increased by 15,63 percent to $6,66 billion from $5,76 billion in the previous month. Year-on-year, the market capitalisation has improved by 144 percent. However, total market turnover dropped 44,95 percent to $13,6 million from $24,7 million recorded in the previous month. A total of 115,9 million shares exchanged hands in the month under analysis, compared to 53,4 million shares in the previous month. In the eight months to August, total market turnover recorded on the local bourse amounted to $153,4 million, 41 percent more than $108,2 million recorded in the same period last year. The month of March recorded the highest market turnover in the year of $26,9 million, while the month of January recorded the least turnover of $8,6 million. The largest company by market capitalisation on the ZSE , Delta, advanced 10,86 percent in the month to close at 141,07 cents while telecoms giant, Econet gained 22,13 percent to settle at 48,85 cents. Simbisa and Padenga advanced 88 percent and 60,82 percent to close the month at 47 cents and 44,87 cents respectively.

Seedco and Hippo also added 25,29 percent and 10,34 percent to trade at 174,15 cents and 96 cents respectively. Innscor gained 7,9 percent to close at 78,5 cents. Old Mutual, which is trading at a premium compared to its price on the Johannesburg Stock Exchange (JSE) and the London Stock Exchange (LSE), advanced 4,64 percent to close at 411,25 cents. BAT and Natfoods slightly gained 0,55 percent and 0,39 percent to settle at 1,815 cents and 381,5 cents respectively. General Beltings was the best performer in August, after its share price increased five times to 0,55 cents. Medtech also added 150 percent to close at 0,05 cents in the month under analysis while CFI and Dairibord gained 84,56 percent and 57,14 percent to settle at 68,75 cents and 11 cents respectively. Zimre, Nampak and OK Zimbabwe also gained 46,99 percent, 45,45 percent and 37,75 percent to close at 6,6 cents, 8 cents and 14,05 cents in that order. NMB and Axia added 33,33 percent and 28 percent to trade at 5,4 cents and 16 cents respectively while Colcom and Powerspeed gained 21,85 percent and 20 percent to close at 50,25 cents and 6 cents in that order. ZB Financial Holdings, Pearl and Unifreight were also among the gainers after adding 18,18 percent, 17,65 percent and 17,12 percent to settle at 19,5 cents, 4 cents and 1,3 cents respectively.

Dawn also picked up 15,38 percent to trade at 2,1 cents while Meikles and Masimba added 13,21 percent and 13,03 percent to close at 21 cents and 5,9 cents respectively in the month under review. Edgars, Afdis and Mashonaland also gained 12,5 percent, 11,67 percent and 7,44 percent to close at 4,5 cents, 67 cents and 2,31 cents in that order. Only three counters ART, Willdale and Fidelity recorded losses on the local bourse, in the month under analysis, after their share prices declined by 23,64 percent, 2,44 percent and 1,82 percent to close at 4,2 cents, 0,4 cents and 13,5 cents respectively. The 5,6 percent increase in the resource index was on the back of Riozim and Falcon after their share prices advanced 8,33 percent and 20 percent to close at 65 cents and 1,2 cent respectively. Bindura and Hwange remained unchanged at 2,45 cents and 2,6 cents respectively. Foreigners were net sellers in the month, with purchases of $1,17 million against sales of $2,87 million, resulting in a net outflow of $1,7 million. *(The Source)*

The Zimbabwe Power Company (ZPC) has applied to set up three solar power plants in the country, in a move aimed at improving electricity supply. The power plants, each with 100MW capacity, will be located in Gwanda, Matobo and Munyati. "Notice is hereby given that the Zimbabwe Energy Regulatory Authority (ZERA) has received an application from the Zimbabwe Power Company (ZPC) (Pvt) Limited to construct, own, operate and maintain the proposed 100 MW Insukamini Solar Photovoltaic Power Plant at Valindre Farm of Matobo district in Matabeleland South Province," the Zimbabwe Energy Regulatory Authority (ZERA) said in a statement on Monday. Recently, ZPC sought permission from the State Procurement Board to cancel a $113 million contract for repowering of Munyati Power Station awarded in 2015 to an Indian firm Jaguar Overseas Limited, citing delays in securing funding for the project. ZPC is currently undertaking a multi-million extension of Kariba Power Station by a further 300 megawatts from the current capacity of 750MW. Chinese firm Sino Hydro is undertaking the expansion work, with China also providing the bulk of the $533 million funding. Zimbabwe's electricity demand stands at 1,400MW while actual generation is around 980MW with the balance augmented by imports from South Africa and Mozambique. The southern African nation also plans to upgrade its oldest coal fired power plant — Hwange — in a $1,3 billion project which is expected to increase generation capacity by 600MW. The project has stalled as talks for a $1,1 billion loan from China Exim Bank have dragged on since 2014 and missed several restarts. *(The Source)*

Zimbabwe's demand for maize seed has risen by 50 percent to 37,500 tonnes in the period between 2000 and 2017, Agriculture ministry permanent secretary Ringson Chitsiko said on Monday. The southern African nation is expecting to harvest more than two million tonnes of grain, which is more than enough to meet its demand estimated at 1.8 million tonnes. The country has in previous seasons failed to produce enough of the staple maize crop since a chaotic land redistribution exercise at the turn of the millennium. Chitsiko said demand for maize seed has remained high since 2000, with local seed makers able to supply regional markets. "The Zimbabwean seed industry has been meeting the local certified seed demand for the maize staple crop, which has increased from 25,000 tonnes before the land reform in 2000 to the current estimated annual requirement of at least 37,500 tonnes, enough to plant the annual target of 1.8 million hectares of maize," Chitsiko told a Common Market for Eastern and Southern Africa (Comesa) conference on harmonising seed trade regulations. "I envision that Zimbabwe will remain a surplus producer of major seed crops, in particular maize seed." The harmonisation will create regional markets for excess seed, he said. However, agriculture minister Joseph Made told Parliament in February that only 153,000 hectares of maize had been planted under the 'command agriculture' programme. *(The Source)*

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that Zimbabwe will remain a surplus producer of major seed crops, in particular maize seed." The harmonisation will create regional markets for excess seed, he said. However, agriculture minister Joseph Made told Parliament in February that only 153,000 hectares of maize had been planted under the 'command agriculture' programme. *(The Source)*

Zimbabwe's retailers have warned of possible food shortages as it becomes increasingly difficult for the country to process foreign payments to raw material suppliers outside country, with the backlog estimated at $180 million. Businesses have been struggling to make foreign payments since the banknote shortage intensified at the beginning of 2016. Zimbabwe dumped its inflation-ravaged dollar in 2009, adopting the use of the United States dollar and, to a lesser extent, South Africa's rand. However, a widening trade gap, on the back of declining local production, and illicit financial flows have left the country in a liquidity trap. Government has drawn up a priority list for foreign payments and imposed a ban on some imports it deems to be non-essential in a bid to manage the little available foreign currency. Over the past year, local retailers have resorted to buying foreign currency on the black market at a premium to facilitate imports, which they say comprise on average of 40 percent of their current stock. Confederation of Zimbabwe Retailers (CZR) Marketing and Stakeholder Relations Director, Alois Burutsa told a meeting with central bank governor, John Mangudya that most local shops were failing to import crucial product lines as local banks are failing to process international payments on time.

"Payments have not been going through fast enough for both the manufacturing and retailing sectors. We are afraid that shortages challenges have started to creep in driven by this," Burutsa said. "The problem is very soon we will be unable to supply certain imported lines because the cash premiums are just unsustainable. You will find that they (cash premiums) range from 10 percent to as high as 35 percent," CZR president Denford Mutashu told the same meeting. Mangudya said the apex bank was working to ensure the situation did not escalate further. "Naturally, (food shortages) are a possible outcome. However we have put measures in place to ensure that payments go through, albeit slowly, but go through all the same," said Mangudya. In a Monetary Policy Statement last month, Mangudya said the central bank was negotiating a $600 million nostro stabilisation facility from Afreximbank to manage the cyclical nature of Zimbabwe's foreign currency receipts. *(The Source)*

The Zimbabwe Stock Exchange (ZSE) industrial index on Tuesday advanced 3,02 percent to 251,07 points while the mining index gained 5,19 percent to 77,89 points. The local bourse recorded a total market turnover of $1,74 million in the day. Ariston led the gainers after picking up 27,27 percent to close at 1,4 cents. Afdis and Simbisa gained 19,40 percent and 12,91 percent to close at 80 cents and 53,07 cents respectively Axia also advanced 11,70 percent to trade at 19 cents. Losses were in Edgars, ART and CFI who dropped 8 percent , 4,76 percent and 4,76 percent to settle at 4,6 cents, 4 cents and 60 cents respectively. On the mining space, Bindura advanced 19,60 percent to settle at 2,99 cents. Other mining companies Falgold, Hwange and Riozim remained unchanged at previous trading levels at 1,2 cents, 26 cents and 65,25 cents in that order. Foreigners were net sellers during the day, disposing of shares worth $1,33 million compared to buys worth $62,184. *(The Source)*

Zimbabwe's foreign currency receipts rose 6,6 percent to $3,2 billion in the eight months to August from $3 billion in the comparable period last year, buoyed by mineral earnings, according to central bank governor, John Mangudya. "I can tell you that between January and end of August, the total receipts of foreign currency earned is about $3,2 billion. This was from exports, diaspora remittances and loan inflows," Mangudya told a meeting with retailers. "For a country in our position, this money is not small change but the expenditures tell a different story, take the public sector for example, it has actually recorded salary increases over the past few years, from $50 million per month in 2000 to the present $250 million." He said by comparison,Rwanda, which recorded a 5,9 percent GDP growth in 2016 against Zimbabwe's 0,7 percent in the same year, earned $1,2 billion from exports in 2016. "Zimbabwe's problem (is) because the increased demand for the United States Dollar (US$) is not matched by an increase in the supply of foreign exchange," said Mangudya. The southern African nation is in the throes of a cash crunch, and is relying mainly on mineral export earnings and remittances from the diaspora after poor tobacco sales while it lags regional counterparts in attracting Foreign Direct Investment. As at June this year, Zimbabwe had earned $1,6 billion from exports, $784 million in diaspora remittances, $140 million in FDI and $224 million in external loans according to central bank data.

The Tobacco Industry Marketing Board this week said as of September 1, 87,5 million kilogrammes had been exported, generating $380,6 million — much lower than the target of $551 million. Mangudya said despite rationing the little available foreign currency through the central bank-drawn import priority list, Zimbabwe was still struggling to control its expenditure. *(The Source)*

Zimbabwe's platinum production during the second quarter of 2017 fell 13 percent to 105,000 ounces year-on-year, but dropped 9 percent compared to the previous quarter. In its quarterly global production report, the World Platinum Investment Council (WPIC) said production from Zimbabwe for the full year is estimated to fall by 9 percent to 445,000oz.Zimbabwe, with the second largest reserves after South Africa, has three platinum-producing mines, Zimplats, Mimosa and Unki who are majority owned by South African companies. During the quarter, total global platinum supply was 2,035 million ounces which was 7 percent decline year-on-year. Global demand was 6 percent lower year-on-year at 1,960,000oz pulled down by weaker automotive (-45,000oz) and industrial (-70,000oz) demand, while jewellery and investment demand were unchanged year-on-year. Overall the market had a modest surplus of 75,000oz in Q2 17," WPIC said. Total platinum supply for the year is expected to go down 2 percent to 7, 795, 000oz as both primary and secondary supplies are expected to drop. *(The Source)*

Zimbabwean business leaders told President Robert Mugabe on Thursday that his government's expanding fiscal deficit was unsustainable and that financing it through local borrowing could destabilise the banking sector. At the first such meeting in 10 years, executives from the mining, manufacturing, banking and farming sectors and representatives of foreign airlines told Mugabe and his cabinet ministers they must exercise fiscal discipline. "The current levels of the fiscal deficit and the mode of financing, against diminished fiscal revenue sources, is measurably unsustainable," said Charles Msipa, who represented the business leaders at the meeting in Harare. "This scenario invariably leads to an unsustainable domestic debt build up, with significant adverse implications on the banking sector stability," Msipa said. Mugabe did not directly respond, but said there should be more meetings between his cabinet and business leaders. In July, Finance Minister Patrick Chinamasa said the budget deficit had risen to $1.4 billion in 2016, worse than previously estimated and equivalent to 10 percent of national output. Zimbabwe has not been able to borrow on international financial markets since 1999 after defaulting on repayments to the International Monetary Fund and other foreign lenders and must rely on domestic taxes to fund its $4 billion budget. The government is borrowing from banks by issuing Treasury Bills, which analysts say is a major cause of liquidity shortages in the economy. The central bank says the total stock of Treasury Bills in the market is $2.5 billion, but bankers and financial analysts say the figure is much higher. Msipa said foreign currency shortages meant businesses were struggling to pay for imports, echoing a warning by a retailers' association this week that problems importing could lead to shortages of basic goods. Last month, the central bank ordered platinum and chrome miners, the country's main foreign currency earners, to surrender 80 percent of their export earnings to it -- up from 50 percent -- to contain a crippling dollar note shortage. *(Reuters)*

Zimbabwe will next month commence repatriation of sale proceeds and dividends for foreign investors on the Zimbabwe Stock Exchange (ZSE), following establishment of the country's Portfolio Investment Fund (PIF). Reserve Bank of Zimbabwe (RBZ) governor John Mangudya yesterday said the central bank had identified three banks to manage the $5 million fund. "Three banks have been identified that are going to manage that fund: Stanchart, Stanbic and CBZ… If all goes according to plan, repatriations will start by October," Mangudya said at the State House on the sidelines of a meeting between Zimbabwe's business leaders and President Robert Mugabe. After the ZSE recorded huge outflows from foreign buyers as listed counters failed to repatriate dividend to shareholders outside the country, Mangudya put in place the PIF – which became effective last week – to prioritise sale proceeds for the initial investment, dividends and then capital gains. The central banker also pointed out that the RBZ and managing banks were now in the process of opening accounts and liaising with stock brokers regarding the dues to be repatriated. "The first part was to announce we had put the system in place, secondly, opening of accounts with the banks, thirdly, liaising with the stock brokers, asset managers and the banks so that we can see which ones to access because our proposal which we had given them was we would start with capital out then capital appreciation then giving them the funds," said Mangudya. Some of the companies struggling to repatriate dividend include Zimbabwe's largest cigarette manufacturer, British American Tobacco (BAT) which has failed to pay over $11 million in dividend to its offshore major shareholder, British American Plc, over the past year.

Foreign participation on the ZSE – which has been on a bull run driven by local institutional investors – has been very low in the last couple of year due to delays in paying sales proceeds and dividends to foreign investors. As a result, foreign investors' influence and activity on the bourse have been waning. *(The Source)*

Microfinance institutions say the move by the central bank to curb interest charges on lendings has hit their operations hard, with the majority of MFIs struggling due to the high cost of money. In March this year, the Reserve Bank of Zimbabwe (RBZ) pegged interest charges by MFIs at 10 percent per month. Prior to the directive, microfinanciers were charging between 20-30 percent interest rate per month, according to the executive director of the Zimbabwe Association of Microfinance Institutions (Zamfi), Godfrey Chitambo. He told The Source at a microfinance conference on Thursday, that small microfinance institutions, which account for 60 percent of the industry, are not operating profitably. "The 10 percent interest rate is a challenge especially to the small players although big players can afford it, but among the 183 registered microfinance, 60 percent are small players and they are finding it very tough," Chitambo said. "Those microfinance institutions who charge more than 10 percent are sued for breaching this command, which attracts a fine of about $3,800." Chitambo said microfinance institutions will lobby the central bank to review the interest rate. "On the 10th of October, we are going to bring all practitioners to hear their experiences under the 10 percent interest rate direction, before we lodge a complain to the RBZ, to ascertain whether they are affording it or if they are not closing branches or reducing their staff to meet their expenses," he said. *(The Source)*

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