SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change		YTD % Change	
Country	Index	2-May-14	9-May-14	Local	USD	Local	USD
Botswana	DCI	8848.28	8917.90	0.79%	1.01%	-1.50%	-0.85%
Egypt	CASE 30	8308.15	8370.57	0.75%	-0.01%	23.41%	21.54%
Ghana	GSE Comp Index	2255.27	2247.01	-0.37%	-1.91%	4.75%	-13.36%
Ivory Coast	BRVM Composite	229.85	232.35	1.09%	1.42%	0.14%	1.34%
Kenya	NSE 20	4959.91	4963.80	0.08%	0.04%	0.75%	0.03%
Malawi	Malawi All Share	13089.06	13103.58	0.11%	-0.24%	4.57%	11.07%
Mauritius	SEMDEX	2065.18	2033.87	-1.52%	-1.53%	-2.95%	-2.57%
	SEM 7	404.77	397.75	-1.73%	-1.75%	-1.46%	-1.07%
Namibia	Overall Index	1123.69	1124.39	0.06%	1.08%	12.78%	13.79%
Nigeria	Nigeria All Share	38572.20	38554.19	-0.05%	-0.74%	-6.71%	-6.94%
Swaziland	All Share	284.32	284.32	0.00%	1.02%	-0.47%	0.42%
Tanzania	TSI	3012.36	3021.87	0.32%	-0.12%	6.27%	2.45%
Tunisia	TunIndex	4506.71	4516.90	0.23%	0.04%	3.09%	5.59%
Zambia	LUSE All Share	5925.19	5950.38	0.43%	-2.80%	11.25%	-5.25%
Zimbabwe	Industrial Index	173.59	176.55	1.71%	1.71%	-12.65%	-12.65%
	Mining Index	29.64	29.03	-2.06%	-2.06%	-36.60%	-36.60%

CURRENCIES

Cur-rency	2-May-14 Close	9-May-14 Close	WTD % Change	YTD % Change
BWP	8.61	8.59 -	0.22 -	0.66
EGP	6.97	7.02	0.76	1.54
GHS	1.87	2.85	1.57	20.89
CFA	472.57	471.00 -	0.33 -	1.18
KES	85.66	85.70	0.04	0.72
MWK	387.08	388.45	0.35 -	5.85
MUR	28.90	28.91	0.02 -	0.39
NAD	10.50	10.39 -	1.01 -	0.89
NGN	158.82	159.93	0.70	0.25
SZL	10.50	159.93 -	1.01 -	0.89
TZS	1,607.86	1,614.84	0.43	3.73
TND	1.60	1.60	0.19 -	2.36
ZMW	6.25	6.45	3.32	17.42

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

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Egypt

Corporate News

Fixed line monopoly operator Telecom Egypt's board of directors agreed to pay 2.5 billion Egyptian pounds ($356.76 million) for a mobile licence, the firm said in a statement on Monday. The telecommunication's minister announced last month that Telecom Egypt was offered a mobile licence for 2.5 billion Egyptian pounds but that it would not include new frequencies, such as 4G mobile broadband services. "The firm's board of directors agreed in its emergency meeting on May 4 to obtain the mobile phone licence without frequencies in return for 2.5 billion Egyptian pounds," the statement said. The head of telecoms regulator Hesham El Alaily said last month that an auction of radio spectrum for 4G mobile broadband services would be held in June 2016. Until then Telecom Egypt will be able to offer mobile services through the networks of Egypt's three existing mobile phone service providers. *(Reuters)*

Egypt's Arabian Cement Company said it is planning an initial public offering worth around $120 million, with the proceeds set to go to existing investors selling their shares, the company said on Wednesday. The initial public offering would be the first major company to join the country's stock exchange since the overthrow of autocrat Hosni Mubarak in 2011. The company plans to offer 85.202 million shares at a maximum price of 9.85 Egyptian pounds ($1.40), it said. Last month, Arabian Cement Company set an indicative price range at between 8.45 and 9.55 pounds and said it was looking to sell a stake of between 22.5 and 30 percent. The cement company has said trading would start around May 21. The shares to be offered are all existing shares, Chief Executive Jose Maria Magrina said, adding that all the money will go to the existing shareholders. Last month, Magrina said that the IPO would facilitate the exit of some of the minority investors that have been with the company for more than 15 years. The group has production capacity of 5 million tonnes a year and a market share of around 8 percent. EFG-Hermes and CI Capital are joint bookrunners for the IPO, Arabian Cement said. *(Reuters)*

Economic News

Egyptian 91-day and 266-day treasury bill yields jumped to their highest in more than four months on Sunday as demand for government securities declined amid expectations of a central bank interest rate cut in the next quarter. The average yield at a sale of 2 billion Egyptian pounds ($285.41 million) of 91-day bills rose to 10.637 percent, its highest since November 26, from 10.423 percent at the last such auction on April 27. The yield at a 3.5 billion pound sale of 266-day bills rose to 11.161 percent, the highest since November 26, from 10.859 percent at a similar auction of 273-day t-bills on April 27. "I believe in the coming period we will have a cut in corridor rates, maybe next monetary policy meeting or the one after," one fixed-income trader said. "So I think that the uptrend we are seeing is just something temporary and will stabilise," he added. Last week yields for 182-day and 357-day treasury bill yields jumped to their highest in more than three months. The government has turned mainly to the local money market to finance its public deficit since a popular uprising in early 2011 chased away most foreign investors and put pressure on the local currency. Local banks have benefited from the high yields Egypt's debt offers. On Monday, the central bank kept its key interest rates on hold as it seeks to find a balance between stimulating the economy and keeping inflationary pressures in check. *(Reuters)*

Egypt's government approved a temporary 5 percent tax on wealthy individuals to fund social programs, the cabinet said in a statement late on Wednesday, less than three weeks before the country votes for a new president. The tax rise, which will apply to those earning over one million Egyptian pounds ($142,200) a year, still needs to be passed by Interim President Adly Mansour before it can be implemented and will only be applied for a temporary period. "In pursuit of the principle of social justice, the cabinet has approved the suggested amendment from the finance ministry on the income tax law with regard to implementing an additional temporary five percent tax on income more than one million pounds," the statement said. After the army's ouster of freely elected Islamist president Mohamed Mursi in 2013, a presidential election to be held this month is widely expected to be won by army chief Abdel Fattah al-Sisi. However, the new president faces severe economic challenges. Egypt's economy has been hammered for the past three years as turmoil following a mass uprising in 2011, calling for social justice and better distribution of wealth, drove foreign investors and tourists away. The country of 85 million has been struggling to curb a budget deficit that swelled to around 14 percent of GDP last year and is under pressure to cut subsidies that eat up around a fifth of its budget but risks triggering protests if it does so. Those subject to the temporary tax will be given some choice over which areas their funds can be spent in. "It will be allowed for the (tax payer) to use the amount of the tax to finance one or more service projects from the public projects in the education, health, agriculture, housing or infrastructure sectors in the various provinces and cities across the country," the statement said. *(Reuters)*

Egypt's financial crisis is hindering payments for food commodities as banks and traders say some of the funding problems which first surfaced early last year are re-emerging. Subsidised food is considered essential to heading off social unrest in the world's biggest wheat buyer, a nation that has seen protests lead to the removal of two Egyptian presidents in the past three years. Traders and bankers said tight foreign currency reserves, combined with the Central Bank taking a particularly cautious approach to allocating these funds, were slowing payment procedures for food bought by state entities. "Egypt's political turmoil since 2011 has affected the country's foreign currency reserves because of the fall in tourism and foreign direct investment," said Mohamed Tousson, head of structured trade finance at Ahli United Bank's Egypt subsidiary. "This forced the central bank to take drastic measures to direct its available funds to the strategic commodities, food-related items and medicine," he added. Some traders said a government election due later this month in the most populous Arab nation was also slowing down administrative processes across government. Bankers and traders said that although there were delays, there had not been any defaults. "We may face some delay to allocate sufficient foreign currency necessary to cover the clients' trading business, depending on the size of the transaction, but at the end of the day they are met," Tousson added. Egypt's foreign reserves were at $17.489 billion in April, down sharply from their pre-2011 revolution level of around $36 billion. Egypt imports around 10 million tonnes of wheat a year to feed its 85 million people with the cheap subsidized bread that they expect, but in 2013, shrinking foreign exchange reserves pushed imports to their lowest in five years. Imports have since returned to more normal levels.

While food commodities are top priorities for spending, traders are experiencing some delays with letters of credit being issued for goods they supply to state buyers, including the General Authority of Supply Commodities (GASC). GASC was not immediately available to comment. "There are now several shipments that are ready and waiting on their letters of credit that have been delayed for over a month in some cases," one Cairo-based trader with close knowledge of the matter told Reuters. When any of the state tenders are awarded, the firm selling the commodity asks for the issuance of a letter of credit from one of Egypt's state-owned banks, which is then confirmed with its own bank. Egypt's central bank provides the cover to the Egyptian state banks. Traders say that despite approvals by the finance ministry given to local banks to release money, on some occasions final Central Bank approval had not been granted within the usual timeframe. "They could be trying to prioritise what they will spend their foreign currency on but it's not clear why they are not giving approvals in time," a second Cairo-based trader said. Central Bank officials were not immediately available for comment. Traders do not usually ship wheat until they have opened importers' letters of credit.

Traders said there had also been delays after tenders by the state-owned Food Industries Holding Company and Meditrade, both of which bought vegetable oils on behalf of GASC. "Payments in some cases are seven to eight weeks later than would normally be expected," one European trader said. "The problem is delaying several ships and involves several large trading houses. No reason has been given and there are no visible problems with the commodities." Egypt's cash-strapped government spends around a quarter of its budget on food and fuel subsidies. The food subsidies cover sugar, rice and vegetable oils, as well as wheat. "We are continuing to confirm letters of credit selectively," said Karel Valken, global head of trade and commodity finance at Dutch bank Rabobank. "We have never experienced any delay in the repayment although we do sometimes (have the) experience that it takes more time to get the letter of credit issued." Rabobank is working with commodity trade houses supplying goods to Egypt's state buying entities. Should delays persist, some trading houses may choose to avoid Egyptian tenders, or they could add a risk premium to the prices they offer. "As Egypt is such a big importer of commodities, I think the risk premium will be the most likely course," the second Cairo-based trader said. *(Reuters)*

Ghana

Corporate News

No Corporate News This Week

Economic News

Bank of Ghana Governor Henry Kofi Wampah has predicted the cedi and the economy will stabilise in the second half of the year, when proceeds from Cocobod's 2014/15 dollar syndicated loan for cocoa purchases are received by the central bank. This year's loan deal, which is estimated to be US$1.8billion and the highest Cocobod has raised in two crop seasons, will be used to purchase beans during the 2014/2015 cocoa harvest. "This year we are expecting a bigger crop in terms of value because the price is higher than last year. It is going to be more than 50 percent higher than last year, so at least the second half of the year looks a lot better than what we have in the first half. I believe that we will see stability going forward," Dr. Wampah said in an interview with the B&FT. The local currency has fallen rapidly in the first four months of the year after Ghana's current account deficit worsened to unsustainable levels and the fiscal deficit remained high at 11 percent of GDP. Major import industries such as car dealerships have borne the brunt of the currency's slide, which has also pushed up inflation to a four-year record while damaging business confidence. The Governor said the cedi has seen some stability over the past few weeks, and that the BoG is still monitoring the impact of its extraordinary policies to stem its steep decline. The latest of the policies, announced last month, was an increase in the cash reserve requirement of banks from 9 percent to 11 percent of deposits. It followed an earlier hike in the central bank's policy rate and tighter regulations on the use of foreign currencies in domestic transactions.
"We will review [the measures] at our next meeting and see how developments are. Based on that, if we need to take any additional action, we will," said Dr. Wampah. Asked whether further tightening of monetary policy is on the cards, he replied: "I can't tell if there will be further tightening. It is not a decision by me alone but a committee that will meet and review all the issues". The BoG's next monetary-policy meeting is likely to take place in June. Last year's cocoa syndicated loan of US$1.2billion will purchase 850,000 tonnes of cocoa beans in the ongoing season which began in October 2013. Cocobod had previously estimated an output of 830,000 tonnes. *(Ghana Web)*

Kenya

Corporate News

The KCB Group stock hit an all-time high of Sh51 and a low of Sh48.50 on a volume of 15 million shares as the banking sector traded 45 million shares last week. The sector made up 26.50 per cent of the week's traded volume, but the telecommunications sector led in the number of shares traded at 48 per cent. Investors appeared to have been buoyed by KCB's financial performance. The firm recorded a 28.7 per cent growth in net profit to Sh3.9 billion in the first quarter of this year appearing to confirm another year of rich pickings. Shares of the second largest lender by profit and market capitalisation, Equity Bank, were up 6.21 per cent to Sh38.50, having moved 17 million shares. Equity reported a Sh3.87 billion growth in net profit, putting it neck and neck with its top rival. Barclays Bank, which is yet to release its first quarter results, moved 3.7 million shares and closed the week at Sh17. "Most banking counters were in the green with Equity Bank, CFC Stanbic and Housing Finance adding 0.7 per cent, 3.9 per cent and 0.7 per cent respectively," said Standard Investment Bank in an earlier note to clients. The banks improved share prices came as the turnover for the four-day trading week rose to Sh3.74 billion from the previous week's Sh3.6 billion, a statement from the Nairobi Securities Exchange noted. In telecoms, Safaricom touched a high of Sh13.20 and a low of Sh13.00 on a volume of 82 million shares. The bourse traded shares amounting to 170 million against 158 million posted the previous week. The NSE 20-Share Index was up 0.06 per cent during the week to stand at 4959.91 points while the All Share Index (NASI) was up 0.92 per cent during the week to settle at 151.85 points. The third most active sector in the course of the week was Energy & Petroleum Sector, which moved 24 million shares accounting for 14.11 per cent of the week's traded volume. KenolKobil moved 22 million shares during the week and closed at Sh8.90. *(Business Daily)*

Cigarette maker BAT Kenya has pledged to continue paying out its entire net earnings as dividend to shareholders, sweetening the deal for investors who got Sh3.7 billion last year. The Nairobi Securities Exchange-listed company's share price has become one of the priciest as the manufacturer has sustained hefty dividend payments over the past six years. British American Tobacco (BAT) Kenya's managing director Chris Burrell says it will continue paying out entire earnings as dividends. "It will continue to be our policy to distribute 100 per cent of profit after tax as dividends," said Mr. Burrell. Last year the company paid a record amount of Sh37 per share, and Mr. Burrell is signalling an even higher pay for this financial year. "We are confident of our ability to continue delivering growth," he told shareholders at the firm's annual general (AGM) meeting last week. Mr. Burrel was hired in June last year as managing director to succeed Gary Fagan who had served since 2008. READ: BAT pays out entire net earnings of Sh3.7bn as dividend after profit jump The generous dividend policy will be a boon for London-based multinational British American Tobacco plc. which has a 60 per cent stake in the Kenyan unit. The London Stock Exchange-listed tobacco firm earned Sh2.2 billion in dividends last year and Sh1.9 billion in 2012. In total, BAT plc. has minted a total of Sh12.4 billion in dividends over the last decade from its Kenyan subsidiary, making it the biggest beneficiary of the company's super-dividend pay-out.

BAT Kenya has shrugged off the Treasury's increased appetite to slap sin taxes on tobacco products and Kenya's stiff anti-tobacco regulations to nearly double sales to Sh31.9 billion last year from Sh18.7 billion in 2009. The dividend pay-out over the last five years has more than doubled to last year's Sh37 a share from Sh14.75 a piece in 2009. BAT Kenya exports its products to more than 15 regional markets, which accounted for less than half or 45 per cent of its revenue last year. Exports of semi-processed tobacco technically referred to as "cut rag" to the Egyptian market plunged 54.5 per cent to Sh1.3 billion from Sh3 billion in 2012 blamed on the civil strife and instability in the North African country. The company is banking on its local and regional cigarette brands such as Sportsman, Embassy, SM and Safari – which account for more than 95 per cent of sales – to grow its earnings. *(Business Daily)*

Power generator KenGen plans to woo manufacturers with cheaper power at five industrial parks that are to be built at the Olkaria Power plant in Naivasha over the next two years. The industrial parks have already been designated in five different parts of the expansive Hells Gate National Park. Kengen managing director Andrew Mugo says the power firm will sell power to the companies at a cheaper rate. "We have set the sites in areas that are easily accessible by road so that companies can send their goods to the market in Nairobi easily," said Mr. Mugo during a tour of the Olkaria plant by the press and financial analysts. An industrial park is an area set aside to host various industries manufacturing different products in the same area. "We will give the first priority to the local industries before we give slots to international companies. We want to build our local products first," said Mr. Mugo. The MD said KenGen will resettle the 105 Maasai families who were displaced to pave the way for the geothermal exploration in May. Three bedroomed houses constructed for them are complete and they were about to start the balloting process. "We intend to complete the process of giving them homes before mid of June. All the families have expressed satisfaction in the project," said Mugo. The 1,700 acres of land set aside for resettlement will also host a cattle dip, a hospital, a church and a school. Mr. Mugo added that the community would also get a bus to transport them to town every day. Chairman of the Maasai community Maenga Ole Kisotu admitted that they were now ready to move into their new homes. "We are comfortable with the arrangement. We hope that our children can now study in peace and move on with life," he added. Mr. Mugo said that testing of the 280 megawatts power plants is set to start next month. "We want to start testing the final capacity of the power plant. This will automatically translate to cheaper energy for the Kenyans and we will also start exporting the same. This will help reduce the tariffs and power costs in the country," he added. *(Business Daily)*

Parliament's recent decision to impose value added tax on large aircraft has left national carrier. Kenya Airways (KQ) with one of the largest tax bills ever for its planned purchase of Dreamliner jets. Tax experts say the airline could pay up to Sh14 billion in VAT for the six Boeing 787 Dreamliners and a Boeing 777-300 ER expected to arrive before the end of the year besides the one Dreamliner that was delivered last month. Each Dreamliner is priced at about Sh11 billion and paying 16 per cent VAT on the eight aircraft poses a new challenge to the airline's operations at a time it is struggling with high fuel costs, a dip in passenger numbers on some routes due to Kenya's security concerns and stiff competition in the market. The new law particularly hurts Kenya Airways' ability to effectively compete with key rivals such as Ethiopian Airlines and Middle East carriers, who are not carrying the extra cost that is likely to be passed on to passengers in the form of pricier airline tickets. "There will be a huge negative impact since all KQ aircraft if purchased are now taxable. Spares and engines are also taxable under this new legal regime," KQ said a statement, adding that the amendment "isn't good news for the business". Parliament last month introduced VAT on aeroplanes weighing more than 2,000 kilogrammes, removing the burden on operators of small aircraft as it shook up the operations of the large aircraft owners. The exempt aircraft account for about 46 per cent of the total Kenyan registered fleet. Helicopters are not affected by the law and do not attract VAT. Tax experts say the change in law should ordinarily have no impact on Kenya Airways' finances because all VAT payments are recoverable through the claims mechanism but the Kenya Revenue Authority's (KRA) huge refunds backlog means a huge amount of the airline's capital could be tied down with the taxman for years even as it struggles to keep its operations afloat in a difficult business environment.

"VAT is recoverable from the KRA, but the problem is the delay in refunds. It sometimes takes years before one gets back the money and this affects cash flow," said Rajesh Shah, a tax partner at PricewaterhouseCoopers (PwC). Kenya Airways chief executive Titus Naikuni said the full impact of the tax measure lies in the fact that the long delays may force the airline to take on expensive debt to fill the financing gap. "The refunds take so long that we're forced to borrow money to fill that hole," he said. Parliament rejected nearly a third of the items that Suba MP John Mbadi wanted to be exempted from Vat to ease the high cost of living burden on ordinary Kenyans. The decision left prices of many goods and services that increased after the government introduced a 16 per cent charge on hundreds of consumer goods last September unchanged. The Kenya Air Operators Association (KAAO), an industry lobby, said Parliament's choosing to cushion light aircraft owners that are mostly used by the rich for private travel while taxing big operators like KQ who employ thousands of people was discriminatory.*(Daily Nation)*

Customers of mobile banking will be able to transact in real time after Safaricom upgraded its systems to reduce the turnaround time for transactions that go through its mobile money transfer service M-Pesa. The telco said the upgrade of its Application Programmable Interface (API) has reduced the turnaround time to less than 30 seconds from the previous average of two hours. Safaricom chief executive Bob Collymore said most customers who use mobile banking services will begin to experience the reduced time since most major banks and saccos had complied with the new system. "Twelve leading banks and 26 saccos have already migrated to the new platform and migration is on-going for 30 other institutions," said Mr. Collymore in a statement. The number of customers who use the service has more than doubled since 2011 when the service was introduced. Customers who use mobile banking stood at 8.8 million by the end of 2013 from 3.35 million in

2011. Safaricom said it expects the number of customers to be around 13 million by the end of this year. Analysts say the drive for efficiency and innovation is the next step in the mobile money transfer services in Africa. "Almost all mobile operators now have a mobile money offering, although not as successful as M-Pesa of Kenya. Delivering more mature mobile banking services is what telcos may now be looking for," said a report on telecommunications by consulting firm Deloitte. Equity Bank is also investing in a mobile license as a cost-cutting measure and to improve efficiency. The bank said its newly acquired Mobile Virtual Network Operating (MVNO) licence is expected to cut transaction costs to Sh7 from Sh14 — the cheapest cost charged for transaction carried out through bank agents. *(Business Daily)*

Pre-tax profit at Kenya's NIC Bank rose 10 percent in the first quarter to 1.35 billion Kenyan shillings ($15.5 million) from a year earlier, helped by higher interest income, the mid-tier lender said on Wednesday. NIC, which also operates in Tanzania and Uganda, is benefitting from economic growth in the region which is stimulating home ownership and appetite for consumer goods. NIC, which says it leads the asset financing segment and also operates in Tanzania and Uganda, said net interest income - total interest minus interest expenses - for the quarter rose to 1.73 billion shillings from 1.68 billion shillings in the first quarter of 2013. It attributed interest income growth to growth in its net loans and advances to customers, which rose 21 percent to 85.45 billion shillings. Earnings per share rose to 1.79 shillings from 1.60 shillings previously. Other banks including Equity Bank and Kenya Commercial Bank have reported growth in their first quarter pretax profits. Kenya estimates its economy grew by 4.7 percent last year, from 2012's 4.6 percent, while Tanzania's economy is expected to grow by 7.2 pct in 2014 and 7.4 pct in 2015. In Uganda, the central bank projects the economy to grow by 6.0-6.5 percent in the 2014/15 (July-June) fiscal year from an estimated 5.7 percent in 2013/14 *(Reuters)*

Barclays Bank Kenya said on Friday its pretax profit for first quarter 2014 rose 16 percent to 2.84 billion shillings ($32.6 million), helped by growth in its interest income. The bank, a unit of Barclays Plc, said in a statement its net interest income - total interest minus interest expenses - rose to 4.76 billion shillings from 4.52 billion shillings, driven by higher lending to customers. Its net loans and advances to customers rose to 116.78 billion shillings in the period ended March from 108.21 shillings, while earnings per share rose to 0.36 shillings from 0.31 shillings. *(Reuters)*

Economic News

Kenya's main port of Mombasa handled 9 percent more cargo in the first quarter of this year helped by an expansion programme that had improved efficiency, the port's management said on Thursday. The Indian Ocean port of Mombasa, the biggest in east Africa and the region's trade gateway, handles fuel and consumer goods imports as well as exports of tea and coffee for landlocked neighbours such as Uganda and South Sudan. Shipments at the port were subdued in the year-ago period due to concern over election violence which put off importers, but the March 4 polls were peaceful. â€œThe election fever in the early part of last year affected our business volumes, especially in the containerized cargo, but we are determined to even out the difference before this year ends,â€� Danson Mungatana, the port chairman, told journalists. He said the port handled 5.56 million tonnes in cargo between January and March this year compared with 5.10 million tonnes in the same period in 2013. Last year container traffic through the port dropped to 894,000 twenty-foot equivalent units (TEUs) compared with 903,000 TEUs handled in 2012, as east African businesses sought alternative routes for their goods because of concerns about the election.

Kenya is building a $300 million second container terminal at Mombasa to handle increased trade within the region, driven by a boom in the construction industry, vast infrastructure development and an emerging middle class. Mungatana said the project was 60 percent complete. By 2016, the new terminal is projected to have a capacity of 450,000 TEUs and rise to 1.2 million TEUs by 2019. Mungatana said the port was seeking to attract more global shippers, to benefit from the recently completed expansion programmes at the port especially dredging. â€œWe are working closely with some of the major shipping lines to explore possibilities of deploying larger vessels to this region through the Port of Mombasa, he said. Kenya is also building a second port in Lamu, north of Mombasa, with a capacity of 23 million tonnes per year. *(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

Mauritius' inflation is expected to rise to 4.5 percent this year due to higher food and fuel prices, the International Monetary Fund said on Wednesday, a rise from its forecast in February but slightly below the central bank's projections. IMF had previously expected inflation to rise marginally to 3.8 percent on average in 2014 from 3.5 percent in 2013. While inflation expectations appeared to be well-anchored according to inflation surveys, pressures may arise from: higher imported prices (fuel or food); via exchange rate pass-through or adjustments of administered prices, IMF said in a staff report on the Indian Ocean island's economy. Mauritius annual average inflation was unchanged at 4 percent in April according to Statistics Mauritius. The year-on-year rate, used by the Indian Ocean island's policymakers to determine monetary policy, fell to 4.2 percent from 4.5 percent in March. Bank of Mauritius said in its inflation report it forecasts year-on-year inflation at between 3.9 percent and 4.3 percent in December. Mauritius's central bank kept interest rates unchanged at 4.65 percent last month, saying it expected economic activity to pick up as the island's main export markets recover, though some on the monetary committee argued for a rate rise. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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Nigeria

Corporate News

Transnational Corporation of Nigeria (Transcorp) Plc, the national conglomerate with 300,000 Nigerian shareholders, and the Nigerian National Petroleum Corporation (NNPC) signed at the weekend a production sharing contract for the exploration and production of OPL 281. Under the agreement, Transcorp is committing to a work programme to prove and develop an estimated 104 million barrels of oil reserves, an additional 335 million barrels of probable reserves, and approximately 4 trillion cubic feet (tcf) of natural gas reserves. The addition of OPL 281 to its portfolio of oil and gas assets is another milestone in Transcorp's strategy of creating Nigeria's leading integrated energy company, operating in production, refining, power generation, petrochemical and fertiliser production. The chairman of Transcorp, Tony Elumelu, said: "Integrating across the energy value chain is the foundation of Transcorp's strategy. OPL 281's gas reserves will be deployed directly into Nigeria's power generation industry, as we seek to transform the economy of our country." Transcorp's existing investment, the Ughelli Power Plant in Delta State, is undergoing extensive rehabilitation, adding 1,000MW to the existing 1,000 MW capacity, thus doubling the plant's electricity output to 2000MW over the next three to five years, in collaboration with GE and other partners. Ughelli is Nigeria's largest gas-fired power generation facility and will be powered directly by the natural gas delivered from OPL 281. "OPL 281 is rich with nearly 4 tcf of natural gas, and will support the newly-expanded Ughelli power plant for up to 25 years at 2000 MW per day," Mr. Elumelu continued, adding, "This volume of reserves also guarantees 15 years of feedstock supply for our future fertiliser and petrochemical plants, which will utilise the gas stores to bring value for Nigerians locally, instead of the wastage in flaring and environmental destruction that has historically characterised the industry."(*The Nation)*

Fidelity Bank Plc has received the approval of the Central Bank of Nigeria to establish 26 new branches across the country. The Managing Director/Chief Executive Officer of the bank, Mr. Nnamdi Okonkwo, said this in Uyo on Friday during the bank's Annual General Meeting. He said the bank established 13 new branches during the 2013 financial year to take its services closer to its customers. "We also received the approval to establish 26 additional new branches from the CBN, which will be fully implemented before the end of 2014 at targeted locations. During the year, 13 new branches were added to our physical distribution channels, which provide our valued customers with improved convenience for their business transactions," he said. Okonkwo stated that the bank's audited results for the financial year ended December 31, 2013 showed a profit before tax at N9.03bn; while gross earnings increased by 6.5 per cent to N126.92bn as against N119.14bn recorded in 2012. He explained that the bank's total assets went up by 18.2 per cent to N1.081tn in the year under review, from N914.36bn in 2012. Okonkwo noted that the total customer deposits increased by 12.5 per cent from N716.75bn in 2012 to N806.32bn last year, adding that the bank's net loans and advances grew by 23.3 per cent to N426.08bn in 2013 from N345.50bn a year earlier. He put the shareholders' funds at N163.46bn. The Fidelity Bank boss said by December 31, 2013, the bank had fully deployed and integrated 574 Automatic Teller Machines and 7,759 Points of Sale terminals. Okonkwo stated that the bank's shareholders had unanimously approved 14 kobo per ordinary share of 50 kobo as dividend payable to those whose names appeared on the bank's register at the close of business on April 12, 2014 as earlier proposed by the directors for the financial year ended December 31, 2013. *(Punch)*

Dangote Cement Plc has unfolded plans to commission additional nine metric tonnes of cement by July, 2014 as this would increase the company's production capacity by 45 per cent. Speaking at the company's 5th yearly general meeting, Alhaji Aliko Dangote, said, "Between eight to ten weeks, our company will pump in 9 million tons of cement representing a growth of 45 per cent to the market. We want to serve our shareholders by giving you better returns on your investment. Trading remains robust in the country, and we have experienced a solid start to the year with demand up in all regions. We have embarked on an initiative to improve the standard of cement sold in Nigeria and our belief is that 42.5 cement grade is the most appropriate for general use. We are working closely with industry consumers such as block makers to ensure widespread education as to its use." He expressed optimism that the current financial year would offer better returns to shareholders, adding that the company is already increasing it visibility in Africa in order to enhance profitability and increase shareholders' value. Group Managing Director of the company, Devakumar VG Edwin attributed the impressive results of the company in 2013 to high level of focus and strategic management. "Dangote Cement made excellent progress in 2013 with a turnover growth of 28.2 per cent to ₦386.2billion. Its profit after tax went up to N201.2 billion, while dividend payout increased by 133 per cent to N7.0 per share".*(Daily Times)*

Nigeria's Dangote Cement reported first-quarter pretax profit down 1.25 percent year on year to 53.01 billion naira ($331.73 million). Gross earnings rose to 103.56 billion naira compared with 95.42 billion naira in the same period last year, the company said on Monday. *(Reuters)*

Access Bank Plc has announced a profit before tax of N13.4 billion in its unaudited results for the three months ended 31 March 2014. This represents an increase by 20 per cent compared to the N11.1 billion recorded in the comparable period of 2013. The bank's gross earnings also jumped by nine per cent to N57 billion, in the period under review. Similarly, its operating income increased by 19 per cent to N42 billion supported by a 12 per cent increase in its non-interest income during the period. In the same vein, Access Bank's net interest margin rose to 6.2 per cent compared to the 5.4 per cent it attained in the first quarter of 2013. The results also showed that the bank recorded an eight per cent increase in its loan book to N871.8 billion from the N810.7 billion it stood in the fourth quarter of 2013, while it customer deposits climbed to N1.40 trillion. Commenting on the results, the Group Managing Director/Chief Executive Officer, Access Bank, Mr. Herbert Wigwe said: "I am pleased with the progress that the bank is making in delivering on a strategy we spent time explaining to our stakeholders. These results clearly demonstrate strong progress towards sustainable and profitable growth for our shareholders. "Business performance has improved across all key segments, as the bank lays out its medium term plan. Whilst our corporate banking division remains a stronghold for the Bank, significant potential is being shown by our Personal and Business banking divisions." *(This Day)*

Fidelity Bank Plc has gone into partnership with Ria Money Transfer Services in its bid to enhance diaspora banking an offer additional money transfer services to its customers. The agreement offers customers of the bank the choice to send money directly to designated accounts. Speaking in Lagos during the signing of the agreement yesterday, the Managing Director/Chief Executive Officer, Fidelity Bank Plc, Mr. Nnamdi Okonkwo, said: "In Fidelity, part of our area of focus in the new phase we are travelling is retail banking, financial inclusion and sustainability banking, while maintaining our strong play in corporate. This partnership is coming just at the right time." Okonkwo pointed out that further the bank has decided that this year it would strengthen its money transfer business. "We are going to play differently because we know the benefit of a strong money transfer business. I there say that Ria would benefit from our renewed focus of money transfer. "This means that Ria as it is today stands the chance to compete with the major ones we already have because we cannot say we are dominate in those existing ones. And if we are going to give all three our energy, I guess the consumer would be voting at the end of the day," he added. The Fidelity Bank boss however pointed out that the bank's drive for improved retail business does not imply that it would decrease its presence in other segments of banking. "Increased focus in another area does not mean decreased focus on the other. What we said was that in the long term we want our loan portfolio to be 50-50 between corporate banking and retail on the other side. We see an area of growth and we want help central bank of Nigeria financial inclusion strategy," he maintained. Also speaking at the event, the Executive Director Lagos and South-west of the bank, Mr. Ikemefuna Mbagwu said the money transfer product is such that anybody who wants to transfer money from abroad, can do it directly to a Fidelity Bank account. Speaking on the advantages Ria has against its competitor, the company's Business Development Director, EMEASA, Mr. Manuel Villena said: "We are experts in the money transfer business which is in cash pick up on their branches, bank deposit which is our top seller. "We also send money from bank to bank which is very easy for the customers which is the best option." *(This Day)*

As companies continue to announce their financial results for the first quarter (Q1) ended March, 31, 2014, Lafarge Cement WAPCO Nigeria Plc has reported a profit after tax growth of 34 per cent for the period. The company recorded a PAT of N8.1 billion, up from N6.1 billion in the corresponding period of 2013. Details of the results showed that Lafarge WAPCO recorded revenue of N27 billion, indicating an increase of 16 per cent from the N23 billion posted in the corresponding period of 2013. The high cost of doing business, shot up cost of

sales, administrative and other expenses. Specifically, cost of sales rose by 17 per cent from N13.2 billion to N15.5 billion, while administrative and distribution expenses recorded a higher jump of 22 per cent from N1.9 billion to N2.3 billion. Operating income rose 15 per cent to N9.385 billion, from N8.2 billion, while investment income soared by 168 per cent from N96 million to N259 million. The company was able to reduce financial charges by 22 per cent from N982 million to N764 million. Lafarge WAPCO ended the period with Profit before tax of N8.6 billion, up by 20 per cent from N7.2 billion. However, PAT rose by 34 per cent from N6.1 billion to N8.1 billion on the back of lower tax charges for the period. The company reduced its tax payment by 58 per cent from N1.123 billion in Q1 of 2013 to N472 million in Q1 of 2014. The company ended the period with an earnings per share of 271 compared with 204 kobo in 2013. Commenting on the results, the Managing Director and Chief Executive Officer, Lafarge WAPCO, Mr. Joe Hudson, said:
"The good performance in the first quarter is a reflection of the increasing demand for our quality products and an outcome of the implementation of various volume and cost improvement strategies. "We are especially pleased that the new line in Ewekoro continues to gain momentum and remain very optimistic about the rest of the year despite the challenging operating environment."

Speaking in the same vein, the Chief Financial Officer of the company, Anders Kristiansson, said: "Lafarge Cement WAPCO further strengthened its financial position during the last quarter and remains committed to delivering value to our shareholders and other stakeholders in 2014." As companies continue to announce their financial results for the first quarter (Q1) ended March, 31, 2014, Lafarge Cement WAPCO Nigeria Plc has reported a profit after tax growth of 34 per cent for the period. The company recorded a PAT of N8.1 billion, up from N6.1 billion in the corresponding period of 2013. Details of the results showed that Lafarge WAPCO recorded revenue of N27 billion, indicating an increase of 16 per cent from the N23 billion posted in the corresponding period of 2013. The high cost of doing business, shot up cost of sales, administrative and other expenses. Specifically, cost of sales rose by 17 per cent from N13.2 billion to N15.5 billion, while administrative and distribution expenses recorded a higher jump of 22 per cent from N1.9 billion to N2.3 billion. Operating income rose 15 per cent to N9.385 billion, from N8.2 billion, while investment income soared by 168 per cent from N96 million to N259 million. The company was able to reduce financial charges by 22 per cent from N982 million to N764 million. Lafarge WAPCO ended the period with Profit before tax of N8.6 billion, up by 20 per cent from N7.2 billion.

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Julius Berger Nigeria (JBN) Plc has declared a bonus of one new share for every 10 shares held for the financial year ended December 31, 2013. The construction giants disclosed the bonus issue in a notification to the Nigerian Stock Exchange (NSE), saying it is in addition to the dividend of N2.70 per share already announced. JBN had reported a revenue of N212 billion for the 2013 financial year, compared with N201 billion in 2012. Profit before tax stood at N16.2 billion, as against N12.3 billion in 2012, while profit after tax fell from N8 billion to N7.8 billion. The directors recommended a dividend of N2.70 per share for the year compared with N2.50 in the 2012. However, the company informed the NSE that it is also giving a bonus of one for 10 to the shareholders. According to the company, the bonus shares will rank parri passu in all respects with the existing ordinary shares of the company except that such shares shall not qualify for dividend recommended by the Directors in respect of the year ended December 31, 2013. Meanwhile, trading at the stock market remained bearish with NSE All-Share Index, declining by 0.34 per cent to close at 28,447.89. Similarly, the market capitalisation of equities shed N43.1 billion to close at N12.66 trillion. But analysts at Meristem Securities Limited said the negative trend, which has put the year-to-date (YTD) performance of the market at 6.9 per cent notwithstanding, the Nigerian bourse remains attractive with a P/E ratio of 12.81x compared with peers such as

Ghana (37.00x), Egypt (58.27x and South (18.45x), which have posted 5.24 per cent, 22.45 per cent and 5.59 per cent YTD returns respectively. Meanwhile, Transcorp Plc led the price gainers, rising by 7.0 per cent to close at N3.66 per share. University Press Plc followed with 5.0 per cent to close at N3.99. Conversely, A.G Leventis Plc led the price losers shedding 6.2 per cent, while FBN Holding lost 5.6 per cent.*(This Day)*

Guinness Nigeria Plc (GUINNESS), the West African nation's second-largest brewer, said a recent wave of deadly bomb attacks and kidnappings by Islamist militants may deter foreign investment in the continent's biggest economy. The fear is the impact on "potential foreign investors currently sitting on the fence and waiting for the right time to come to Nigeria," Chief Executive Officer Seni Adetu said in an interview in Abuja, the capital, in advance of the World Economic Forum in Africa. "Its massively of concern to me, first as a Nigerian and secondly as a Nigerian businessman." Executives from around the world are arriving at the forum as Africa's biggest oil producer faces one of the worst rounds of violence in the capital in recent history. More than 90 people have been killed in separate bomb attacks in the past month just miles from where the conference is taking place, while U.S. President Barack Obamahas pledged help to find more than 200 students who were abducted following a raid on an all-girls secondary school by gunmen on April 14. The spread of violence carried out by the Islamist militant group Boko Haram from its base in the northeast of Nigeria has raised the level of concern for local companies as well as foreign investors, according to Adetu. "Up until now you always thought that it was restricted to the northeastern part of the country," he said. "From a business standpoint, you just thought you could deal with that, but I think coming closer to Abuja, as we have seen in the last two weeks, has sort of changed the perspective around the insurgency." Nigeria, Africa's most populous country with about 170 million people, has enough economic potential to continue to attract some level of foreign investment, Adetu said. Lagos-based Guinness Nigeria, a unit of London-based Diageo Plc (DGE), remains committed to the market, he said. "I still believe that in totality, on account of the economic opportunity in Nigeria, it's still the right place to come and invest," he said.*(Bloomberg)*

Africa's biggest lender Standard Bank aims to take advantage of opportunities in Nigeria by expanding its existing operations and has no immediate acquisition plans, its group chief executive told Reuters. Sim Tshabalala also said on Thursday that the South African-based bank had not bid for Enterprise Bank, one of three banks held by state-owned Asset Management Corporation of Nigeria (AMCON). AMCON put Enterprise Bank up for sale last year and has attracted 18 bidders including foreign and local investors. Tshabalala cited growth and return on equity as the key criteria for any potential acquisition. "Assets that we have looked at will not meet those criteria, and that's why we have not done it," he said. "If anything that meets our investment criteria presents itself, we will look at it, but at the moment not," he added on the sidelines of a World Economic Forum conference in Abuja, Nigeria. Nigeria last month overtook South Africa as Africa's biggest economy. Corporate and investment banking accounts for most of the bank's profits in Nigeria. Retail banking, which has been rolled out more recently, carries a higher cost burden but over time should provide an increasing share of profits, Tshabalala said. Standard Bank, the biggest retail bank in South Africa with 11 million customers, currently has a market share of around 4 percent in Nigeria in terms of deposits and loans. It has expanded across Africa, but faces competition from other South African banks also looking to take advantage of opportunities in the fast-growing continent. *(Reuters)*

The recent successful capital raising exercise by Seplat Petroleum Development Company Plc with its dual listing on the London Stock Exchange (LSE) and Nigerian Stock Exchange (NSE) is encouraging more Nigerian companies to the LSE, THISDAY was told on Monday. Seplat recently raised $500 million from the international capital market and became the first Nigerian firm to get dual listing on LSE and NSE. Although there are now eight Nigerian companies listed on the LSE, the Seplat's listing is propelling more companies to be on the LSE. Speaking in an exclusive interview with THISDAY in Lagos, the Senior Manager, Primary Markets, LSE, Dr. Darko Hajdukovic, said they are having some positive discussions with a number of companies, especially in the oil and gas sectors. Some of them, he said, would soon get on the LSE. "We have eight companies already listed on the LSE from Nigeria. But that will increase soon and the next listing will come from the oil and gas space. And that will be very soon because Seplat has shown how successful a company can be. "The company successfully raised $500 million from the international market including Nigeria. Its shares on LSE have had positive after market performance. There are positive sentiments in both London market and others and we are hoping that the next listing will be very soon," he said.

Hadjukovic disclosed that the listing of Seplat on LSE has also led to the development of a new infrastructure that enables investors to trade the shares of the company seamless between LSE and NSE on T+3 settlement basis. "When the shares are traded and settled, it is done in such a way that is a seamless transaction between London and Nigeria so that investors in London and Nigeria can trade in between markets. This is a great testament as how Nigerian markets have developed and allow simultaneous trading between the two markets," he said. According to him, the new infrastructure is important for Seplat because the company is the first true dual listing in the market and it has can paved the way for future listings. "What is very important for Seplat is that they have established an infrastructure in London that other companies that want to pursue dual listing can use. That specific basic infrastructure was developed for settlement and custody side which can be replicated by other companies from Nigeria that want to raise capital from the international market and list in London," he said. Hajdukovic said dual listing makes a lot of sense for Nigerian issuers. "It makes a lot sense because we have always supported the local stock market. We do not want to come across somebody who wants to take over from Nigeria. Rather what we want for Nigeria is value added. "The company will attract additional investors, who cannot access Nigeria at the moment or those who can access the market but in lesser extent. But by embracing dual listing they will attract money from the portfolio of big investors," he said. .*(This Day)*

Economic News

MTN Group Ltd. (MTN), Africa's largest phone operator, said Nigeria's currency will probably be devalued after next year's election and the move will boost the company's import costs in its biggest market, Business Day South Africa reports. Declining oil exports and prices mean that the central bank of Africa's biggest crude producer will face difficulties in keeping the naira stable against the dollar before the Feb. 14 (2015) vote, Andrew Bing, chief financial officer of MTN's Nigerian unit, said in a May 5 interview in Lagos, the commercial capital. The official peg may have to be lowered by three or four percent, he said. Nigeria's foreign-exchange reserves declined 13 percent this year to $38.1 billion by May 2 as the central bank sold dollars to prop up the naira and as oil production missed estimates. Godwin Emefiele, who becomes the institution's governor in June, told the Senate in March that a devaluation of the naira is "not an option" and would be "devastating" for the economy. "No matter what Godwin wants, it has to happen, otherwise this economy in a year will be down the tube," said Bing, 49, who is leaving his position for a sabbatical at the end of this month. "I don't think it will happen this year," he said. A devaluation would be "politically unpalatable" and it may rather happen "after the election," Bing said. The central bank spent the most reserves this year in the foreign-exchange market since 2010 to shore up the naira after it tumbled to a record low in late February against the dollar. The suspension that month of CBN governor, Sanusi LamidoSanusi jolted investors, sparking the selloff. The bank targets a range for the naira 3 percentage points above or below 155 per dollar at its twice-weekly currency auctions. The currency gained 0.1 percent to 161.85 per dollar by 3:06 p.m. in Lagos. Theft and pipeline vandalism in the Niger Delta cut oil output to less than 2 million barrels a day in 2013 from the government's estimate of 2.5 million barrels. Production has averaged 2 million barrels this year, according to data compiled by Bloomberg, less than a 2014 estimate of 2.39 million barrels. Prices for Brent crude dropped three percent this year, while West Texas Intermediate rose 1.9 percent, compared with a 4.7 percent climb in the same period of 2013.

Changing the naira's peg would make imports more expensive for MTN, Bing said. The company has 57.2 million subscribers in Nigeria, which is Africa's most populous country and has its biggest economy. "We still import a lot of our services, diesel is imported," he said. "Our generators are imported, our handsets are imported, they are just so much." The Johannesburg-based company last year spent about N34 billion ($212 million) on diesel to power its base stations across the country due to a lack of regular electricity in Nigeria. Nigeria will hold elections on Feb. 14 next year, when the ruling People's Democratic Party (PDP) may face its toughest electoral challenge since it came to power in 1999 after a series of defections to the opposition All Progressives Congress, (APC) which is promising to create jobs and fight corruption. President Goodluck Jonathan hasn't declared if he will run for another term and the APC hasn't selected a presidential candidate. While the election campaign may lead to uncertainty over Nigerian politics, it may also boost revenue, Bing said. "Elections are good for our business because people talk." *(Business Daily)*

Development partners across the world are to inject about $2 billion into Nigeria's power sector in the next few years, the Country

Representative of the United Nations Industrial Development Organisation (UNIDO), Dr. Patrick Kormawa, has disclosed. The disclosure came as the Minister of Power, Prof. Chinedu Nebo, said federal government's target was to achieve 75 per cent access to electricity by 2020, connecting an average of 1.5 million households annually. Kormawa and Nebo spoke yesterday in Abuja at a breakfast forum on "Invest in Nigeria's Power Sector, organised by the Federal Ministry of Power, the Standard Bank Group/Stanbic IBTC and CNBC Africa at the ongoing 24th World Economic Forum on Africa (WEFA)." Nebo disclosed that expanding access to electricity (off-grid) to the remote and rural areas of Nigeria was essential in fulfilling the Millennium Development Goal (MDGs), but added that feasibility studies for 10 small and medium hydros had been completed and ready for concession with capacities ranging from less than one megawatt to 10 megawatts of electricity. In his remarks, Kormawa, who is also the Chairman of Multi-lateral Agencies in Nigeria, said Nigeria's power sector would receive about $2 billion up to 2018 from development partners across the world. He said Nigeria's privatisation of the power in sector was one of the best in the world recent times, noting that the development partners working in Nigeria, including the USAID , DFID,JICA , French Development Agency and UNIDO did not only provide policy advice to actualise that, but also brought in good practices, financial support and banks from various countries to invest.

According to him, without power, African countries cannot provide the necessary ingredient needed to boost their economies and provide jobs for the populace. The Minister of Energy, the Democratic Republic of Congo (DRC), Bruno Kanfanji, stated that his country was using 52 per cent hydro power, calling on African countries to invest in its 100,000 megawatts INGA project. He said the first line of power to be sold abroad would be to South Africa while the next would be to Calabar, Cross River State. The Permanent Secretary, Ministry of Power, Godknows Igali, said prior to privatisation, the power sector was bedevilled by inefficiencies, noting that Nigerians had more hours of darkness than light. According to Igali, "as Permanent Secretary, when I came in, we were paying N10 billion every month as salaries for 36,000 workers, besides other huge expenses, yet Nigeria did not have light. "Today, everything we set out to do has been achieved for the sector, the creativity, dexterity, and ability of the private sector to bring in new managerial skills and internationalisation of the sector had to take place," he said. He called on investors to not only focus on mega projects, but also look at small embedded situations that would increase the access to power for rural dwellers. *(This Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

No Corporate News this week

Economic News

Tanzania inflation edged up to 6.3 percent in the year to April from 6.1 percent in March, driven by a rise in food and energy prices, the statistics office said on Thursday. The prices of food and non-alcoholic beverages rose by 7.8 percent in April from 7.2 percent a month earlier, said Ephraim Kwesigabo, a director at the National Bureau of Statistics. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zambia

Corporate News

No Corporate News this week

Economic News

Zambia's maize production rose over 30 percent in the 2013/2014 season from the last annual harvest, booking its biggest volumes of the grain on record, the agriculture minister said on Monday. Maize output rose to 3.3 million tonnes, from 2.5 million tonnes in the 2012/2013 season, Agriculture Minister Wylbus Simusaa said. "This is the highest ever maize harvest recorded in Zambia's history and provides us with the opportunity to adequately feed the country and export," Simusaa told journalists at a briefing. "We plan to export slightly over 300,000 tonnes of maize to Zimbabwe, the Democratic Republic of Congo, Malawi and further up in Kenya." The maize planting season in Zambia usually begins with the rains in October or November and harvesting is mostly completed by the end of April or May. Simusaa said Zambia's maize stocks were currently estimated at 3.9 million tonnes, following a carryover stock of 597,000 tonnes from last year. The government through the Food Reserve Agency planned to buy 500,000 tonnes of maize from small-scale farmers for strategic reserves, he said. *(Reuters)*

Zambia's central bank left its benchmark interest rate unchanged at 12 percent on Friday, saying the weak kwacha currency posed an upward risk to inflation. "Given these considerations, the committee is of the view that the current tight monetary policy stance should be maintained," the bank's monetary policy committee, which raised rates by 175 basis points in March, said in a statement. The Bank of Zambia has cut the frequency of its policy meetings to once every quarter from every month, to allow for in-depth analyses of macroeconomic developments. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

Bindura Nickel Corporation is weighing options on the possibility of resuscitating Shangani Mine, but the eventual decision depends largely on nickel prices as the mine's deposits are low grade. Managing director Mr. Batirai Manhando said on Friday that the mine will for the moment remain on care and maintenance. He said they were still reviewing possible options to restart operations. "Shangani is a low grade mine and its resuscitation depends on the thresholds of prices (on international markets). "We are leaving the options open. Shangani and Hunters Road are options into the future. Shangani's future depends on prices," he said. Mr. Manhando would however not say what price threshold BNC was looking at in terms of what is required to make Shangani Mine viable if restarted, but said the review would look at the cost of the restart of the closed nickel mine. Shangani nickel mine has been under care and maintenance since November 2008 after it was closed at the height of Zimbabwe's economic crisis, which ended in 2009 after dollarisation. The mine, which was put on care and maintenance together with Trojan Mine as economic problems took a toll on their operations, was also weighed down by a plunge in nickel prices. It has remained closed since then as BNC is keeping eyes on prices before restarting operations. *(Herald)*

ZIMRE Holdings Limited Gross Premium Written (GPW) remained flat for the year ended December 2013 and profit declined to $1,7 million during the period under review. Latest trading figures released by the group indicate that its profit declined to $1,7 million in 2013 compared to $3,6 million in 2012. The group recorded a GPW of $76,89 million during 2013 compared to $76,86 million in 2012. GPW is the total premium written and assumed by an insurer before deductions for reinsurance and ceding commissions. In a statement accompanying the group's results, Zimre chairman Benjamin Kumalo said domestic operations contributed 57% of GWP compared to 53% in 2012. While Malawi, Mozambique and Zambia contributed 21%, 11% and 5% respectively to total GWP. The reinsurance sector GPW was 10% lower at $37,4 million during the period under review compared to the same period in 2012. Life and health reassurance GPW grew by 21% to $5,1 million in 2013 although an $1,3 million loss was recorded due to an increase in claims and an upward revision of the present value of actuarial liabilities. General insurance posted GPW of $39,2 million which was 7% higher than 2012 while operating profit was up 100% to $2,1 million from $1 million in 2012 due to the recovery in Malawi. During the period under review operating profit improved to $1,6 million from a loss of $2,2 million in 2012 due to favourable claims. "Group reinsurance operations adopted a deliberate strategy of writing only collectable and profitable business in order to improve liquidity and profitability," Kumalo said. The economic growth target of 5% was not achieved due to a number of challenges facing the economy which among others included diminishing consumer demand, liquidity constraints, high cost of borrowing, absence of significant foreign direct investment inflows and declining capacity utilisation. According to a report by the Insurance Pension Commission life companies in 2013 wrote $262 million in gross premiums with 92% or $250 million being made up of recurring business while the remainder was business streams due to employee benefits. The employee benefits products contributed 73% of the business portfolio. *(News Day)*

LISTED manufacturer and distributor of agro implements Zimplow Limited has recorded mixed trading patterns during the first quarter of 2014 with key agricultural divisions recording positive growth while the mining, construction and bolts and nuts business units experienced a downturn. Speaking at the company's annual general meeting in Harare recently, Zimplow chief executive officer Zondi Kumwenda said group profitability for the quarter was negatively affected by the downturn in Barzem and CT Bolts. Kumwenda said earthmoving machines, lift-trucks and generators at Barzem were 70% down from last year while tractor volumes from mechanical agricultural division of Farmec were 12,5% above last year. "The business unit has had a very unusually slow start to the season. Most construction and mining activities started late due to late rains, but even after the rains activity still remain subdued at the back of severe liquidity issues," Kumwenda said. "Additionally, service hours are down by 33% as most of our export labour has been placed." He said there was a further improvement in April which was pleasing and current statistics reflected that the company has regained its previously lost market share in the higher horse power range. Kumwenda said workshop hours were also up by 52% from prior year, Northmec tractor sales remained subdued although workshop hours were up 51% on last year. In the period under review, Mealie Brand total implements volumes were up by 38% over last year, but CT Bolts volumes were disappointing again, recording an overall reduction of 24% from last year. "We saw improvements in total volumes in April and we hope this positive trend continues, spares in total were up by 57% over last year," Kumwenda said. "CT Bolts volumes were disappointing again, recording an overall reduction of 24% from last year. Certain critical strategic alignments and adjustments are being pursued to turn around this division." He, however, said working capital remained the group desire to reduce current borrowings especially those brought about through the acquisition of minorities. "To this end the group is at an advanced stage of disposing some of its non-core assets. Particularly those retained from disposed business units additionally, an asset based finance structure that is in place will release cash that was being trapped in acquisition of whole goods. "Management is also fully focused on continued reduction of overheads throughout the group," Kumwenda added. *(News Day)*

Econet Wireless, Zimbabwe's largest mobile phone operator, reported a 14.7 percent drop in annual profits on Monday, hit by higher financing costs and depreciation, but said it would pay its first dividend in three years. Net profit fell to $119 million from $140 million in the year to end-February while earnings per share were flat at 0.08 cents, according to Econet's financial statement. The company is currently repaying $228 million in debts to various international banks, the remainder of a loan used by the firm to expand its network in the last four years. Econet, whose revenues were up 8 percent at $753 million during the period, said it would pay a dividend for the first time in three years. Income from data rose 62 percent to $72.4 percent while mobile money revenue surged 307 percent to $33.4 million. Nearly 800,000 new subscribers registered with the network during the year but this had little impact on revenue because the voice business had matured, Econet said. "We had long anticipated it and had begun to invest heavily in new services. We are beginning to see the fruit of that work," Chief Executive Douglas Mboweni said. Econet's shares closed up 3.97 percent at 64.50 cents, outpacing a 1.03 percent rise in the ZSE Industrial index. *(Reuters)*

STEWARD Bank Limited has recorded a $26,4 million loss for the year ended February 28 2014 due to non-recurring operating expenditure incurred during the ongoing business re-alignment process. During the period under review, net interest income declined to $3,8 million from $11,2 million while non-interest income stood at $5 million from $10,5 million. Operating loss relating to furniture loans stood at $16,7 million during the period under review. In a statement accompanying the bank's audited abridged financial statement, Steward Bank chairperson Oluwatomisin Fashina said net interest income declined in comparison to the previous financial period in light of reduced lending and a reduction of interest rates on outstanding loans. Fashina said this reflected the full impact of downward pricing revisions and suspended interest on prudential provisioning. Non-interest income declined because of reduced account activity and the resultant reclassification of inactive bank accounts, he said. "The bank experienced a loss of $26,4 million over the period, on the back of non-recurring operating expenditure incurred during the ongoing business model re-alignment process," Fashina. "The bank also incurred costs related to the rebranding exercise, closure of marginal bank branches as well as the de-commissioning of redundant information and communication technology infrastructure to pave way for new technologies aligned to the new business model." Commenting on the current operating environment, Fashina said the economy appeared to enter a deflationary cycle largely influenced by the prevailing liquidity crunch. He said the economy grew at a reduced rate of 3% while total banking deposits were $4,7 billion as at December 31 2013.
Fashina added that funds circulating in the informal sector were estimated at between $2,5 billion and $7,4 billion. *(News Day)*

Economic News

THE Infrastructure Development Bank of Zimbabwe has secured a $10 million loan from the Industrial Development Corporation of South Africa for on lending to tourism operators. Disbursement to successful borrowers is expected to commence no later than June this year, IDBZ chief executive Mr. Charles Chikaura told The Herald Business last week. "In its latest endeavours the bank has signed a six-year line of credit with IDC South Africa in the sum of $10 million targeting the tourism and hospitality sector," said Mr. Chikaura. "The facility is at very competitive rates in line with Government policy to lower lending rates for the productive sectors of the economy." Zimbabwe requires as much as US$1,5 billion over the next five years to fully recapitalise, according to the Zimbabwe Tourism Authority. Last week, Finance and Economic Development Minister Patrick Chinamasa emphasised the need to upgrade tourism facilities to boost arrivals and enhance the recovery of the sector. The industry demonstrated tremendous potential, particularly benefiting from the successful co-hosting of the 20th Session of the United Nations World Tourism Organisation General Assembly by Zimbabwe and Zambia last year. The sector however, still faces some challenges, key among them, perceived country risk, poor connectivity of local destinations and absence of a revolving fund to support hospitality industry especially Small to Medium Enterprises and Co-operatives in tourism. Under the Zimbabwe Agenda for Sustainable Socio-Economic Transformation, Government is targeting to grow the contribution of tourism to the gross domestic product from 10 percent to 15 percent next year.

Last year, tourists arrivals rose by 2 percent growth to 1,83 million from 1,79 million 2012, according to ZTA. Despite the increase, the arrivals are yet to reach the peak of 2,2 million tourists recorded in 1999. Mr. Chikaura said IDBZ has now spread its wings into the region to mobilise further funding for on lending to Zimbabwean firms to meet their working capital and capital expenditure requirements. IDBZ, a State-owned infrastructure bank, has been facing challenges in mobilising lines of credit as it remains under the sanctions list of the Office of Foreign Assets Control, an agency of the US Department of Treasury and the perceived country risk. However, despite the numerous challenges that the bank faces in the form of inadequate capitalisation and being an OFAC designated entity, it has recorded some positive achievements in the last three years. These include the successful capital raise by way of a bond issue to finance the Zimbabwe Electricity Transmission and Distribution Company's prepaid metering power project to the tune of $30 million. The bank also intends to float $100 million bond for housing development in the capital.*(Herald)*

Government and stockbrokers have agreed in principle, subject to cabinet approval, on the equity structure to be followed when the Zimbabwe Stock Exchange is demutualised. Demutualisation is the process through which any member-owned organisation becomes a shareholder-owned company. According to the agreement, Government and stockbrokers will have a 40:60 goodwill equity structure pre-demutualisation based on a valuation of $5 million. After demutualisation stockbrokers will own 34 percent of the exchange and Government 16 percent. A further $5 million will be raised through initial public offering (at $3 million) for 30 percent stake and $2 million for private placement for a 20 percent shareholding. Finance and Economic Development Minister Patrick Chinamasa said yesterday he had reached common understanding with stockbrokers over demutualisation of the ZSE following "cordial engagement". The meeting was attended by stockbrokers, Government through the Finance Ministry, the Securities and Exchange Commission and the ZSE. Minister Chinamasa told The Herald Business that Government acknowledged it had not contributed any money to the affairs of the stock exchange since 1946 but because it was a statutory body, it should have a stake post demutualisation. "This is just to provide the necessary leadership and regulation." According to historical narrations, the ZSE was formed in 1945 by a group of Stockbrokers and businessmen in Bulawayo who put up capital in return for shares in the Stock Exchange. The shares were referred to as Proprietary Rights (as they gave the holder the right to be a part proprietor or owner of the Stock Exchange). From 1945 to present day the equity capital of the Zimbabwe Stock Exchange has been held against the Proprietary Rights which are currently held entirely by Stockbrokers (members of the Zimbabwe Stock Exchange).
The Exchange was to be run as a mutual society in perpetuity. This was first captured in Section 3; Section 5(i); Section 6 and Section 8 of the Rhodesia Stock Exchange Act of 1974 and similarly carried in subsequent versions of the same Act. Although section 119 of the Securities Act (chapter 24:25) repealed the ZSE Act, (chapter 24:18) section 121 of the Securities Act contained the following provision that "Section 121 (2) of the ZSE as established by Section 3 of the repealed Act, shall continue as a body corporate and subject to this section, shall be deemed to be a registered securities exchange". As at June 30, 2013 the ZSE was valued at $5 million on a going concern basis.

The stockbrokers said given the active role they have played over the years such as going on road shows; investing in research and continuously lobbying over the years for a better market, they are entitled to 60 percent of the goodwill. "Members propose an allocation of 40 percent of the goodwill to the Government on the basis that they have been passive in the build-up of the current goodwill while it has benefited from activity generated by members in the form of the taxes and levies that have been charged on traded turnover," reads part of the stockbrokers' position paper. The split of goodwill on the basis of 40 percent to Government and 60 percent to members yields a

shareholding structure entitling members of the ZSE to 68 percent of the ZSE and the government to 32 percent of the ZSE. "It is our proposal therefore to split equity in the ZSE on this basis at demutualisation." Based on the same valuation, brokers will own 34 percent of the exchange, Government 16 percent, IPO funds (at $3 million) 30 percent and 20 percent ($2 million) for private placement, bringing the total capital to $10 million. The 20 percent earmarked for private placement is intended to attract a strategic partner for the ZSE.
Minister Chinamasa said a technical partner would only be sought with respect of management of the exchange not for ownership. Minister Chinamasa said the IPO funds will be mobilised from the general public including institutional investors like NSSA and the various pension funds that have always participated on the ZSE. Globally, the first stock exchange to demutualise was the Stockholm stock exchange in 1993. Today, all major stock exchanges around the world such as exchanges in India, Malaysia, Hong Kong, Singapore, Japan, Germany, Australia, USA and UK operate as demutualised exchanges.*(Herald)*

Zimbabwe may use gold and diamond export earnings to guarantee new and outstanding Chinese loans, according to two government ministers. Discussions between the two countries are under way, Deputy Mines Minister Fred Moyo said today in a telephone interview from the capital, Harare. "A third possible mineral is chrome, but we feel gold is more stable," Moyo said. Zimbabwe owes China about $1.5 billion in loans taken out since 2011, said Samuel Undenge, the southern African nation's deputy economic planning minister. Zimbabwe's government, facing deflation and a liquidity crunch, is trying to revive an economy that has shrunk by 49 percent since 2000, according to ZimTrade, a government organization that promotes trade and investment. Zimbabwe has the world's biggest platinum and chrome reserves after South Africa and it also has deposits of gold, coal and iron, all of which provide the country's largest source of foreign exchange.*(Bloomberg)*

Zimbabwe's new central bank governor said on Wednesday the government should balance its black economic empowerment drive with the need to attract foreign investment to boost the economy. In his first statement since taking up his post on May 1, John Mangudya conceded that "the Reserve Bank has no tools at the moment to influence the economy directly". But his comments came only a few weeks after the finance minister gave banks a temporary exemption from the requirement to be majority-owned by black Zimbabweans. The International Monetary Fund, local business leaders and investors themselves point to veteran president Robert Mugabe's black empowerment policy, known locally as "indigenisation", as an obstacle to foreign investment. In his statement, Mangudya called for "discipline enough to find an equilibrium position ... between the need to promote indigenisation and the need for foreign direct investment and the ability to synchronise the two". The government has projected 6.4 percent growth this year, but the World Bank expects 3.0 percent at best from an economy afflicted by lack of capital and investment, while company closures and job losses shrink the tax base. "The economy is weaker. The lack of liquidity and its limited circulation within the economy remains the biggest immediate challenge that the Zimbabwe economy is facing," Mangudya said, noting that high consumption and corruption must also be tackled. More than 70 percent of the national budget goes on salaries, leaving very little for health, education and developing public infrastructure. The government has already forced foreign mining companies operating in Zimbabwe including Impala Platinum and Anglo American Platinum to cede at least 51 percent of the shares of their local operating units to black Zimbabweans. Last month, Finance Minister Patrick Chinamasa said foreigners could retain majority stakes in banks for now because locals had no money to buy the shares. *(Reuters)*

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