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	5-Sep-14	12-Sep-14	WTD % Change Local	WTD % Change USD	YTD % Change Local	YTD % Change USD
Botswana	DCI	9445.57	9415.95	-0.31%	-3.39%	4.01%	-0.97%
Egypt	CASE 30	9650.43	9427.42	-2.31%	-2.45%	38.99%	34.56%
Ghana	GSE Comp Index	2217.25	2233.70	0.74%	5.39%	4.13%	-31.56%
Ivory Coast	BRVM Composite	248.66	248.53	-0.05%	-1.35%	7.12%	0.92%
Kenya	NSE 20	5160.32	5169.50	0.18%	-1.75%	4.92%	0.48%
Malawi	Malawi All Share	13737.30	13883.31	1.06%	1.76%	10.79%	18.34%
Mauritius	SEMDEX	2114.64	2125.64	0.52%	-4.85%	1.43%	-6.61%
	SEM 7	400.82	400.65	-0.04%	-5.38%	-0.74%	-8.61%
Namibia	Overall Index	1139.68	1105.26	-3.02%	-5.91%	10.86%	5.63%
Nigeria	Nigeria All Share	41160.62	40672.94	-1.18%	-2.54%	-1.59%	-3.65%
Swaziland	All Share	297.16	297.73	0.19%	-2.79%	4.22%	-0.69%
Tanzania	TSI	4409.49	4906.09	11.26%	8.91%	72.54%	61.80%
Tunisia	TunIndex	4665.99	4622.98	-0.92%	-1.89%	5.52%	-1.77%
Zambia	LUSE All Share	6230.63	6204.36	-0.42%	-1.72%	16.00%	4.27%
Zimbabwe	Industrial Index	201.28	199.85	-0.71%	-0.71%	-1.12%	-1.12%
	Mining Index	101.84	103.45	1.58%	1.58%	125.92%	125.92%

CURRENCIES

Cur-rency	5-Sep-14 Close	12-Sep-14 Close	WTD % Change	YTD % Change
BWP	8.80	9.08	3.19	5.02
EGP	7.13	7.14	0.14	3.29
GHS	1.87	3.59 -	4.41	52.15
CFA	499.32	505.91	1.32	6.14
KES	87.14	88.85	1.96	4.42
MWK	388.96	386.29 -	0.69 -	6.38
MUR	29.84	31.52	5.64	8.61
NAD	10.68	11.01	3.07	4.95
NGN	160.71	162.95	1.39	2.14
SZL	10.68	162.95	3.07	4.95
TZS	1,624.87	1,660.00	2.16	6.64
TND	1.74	1.76	0.99	7.41
ZMW	6.03	6.11	1.32	11.24

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

Egypt

Corporate News

Egyptian financial investment firm Pioneers Holding expects to buy Arab Dairy Products Co SAE in a deal worth 252 million Egyptian pounds (35.24 million dollars) this year, Pioneers' CEO said on Wednesday. "I expect the full completion of the transaction by the end of 2014," Walid Zaky told Reuters. Zaky said Pioneers was also expecting another acquisition this year, but declined to provide further details. Pioneers owns 25 percent of Arab Dairy and in August announced its intention to bid for the entire company at 56 pounds per share. Pioneers, which operates in Egypt, Bahrain and the UAE, invests in the real estate, industrial, and financial sectors. *(Reuters)*

Economic News

Egypt's foreign reserves rose to $16.836 billion at the end of August from $16.737 billion at the end of July, the central bank said on Sunday. Reserves fell sharply after a 2011 uprising that ousted President Hosni Mubarak but rose last year when Gulf Arab states gave billions of dollars of aid after the army deposed elected Islamist President Mohamed Mursi. Reserves stood at about $36 billion before the 2011 revolt. *(Reuters)*

Foreign direct investment into Egypt doubled to over $6 billion in the financial year that ended on June 30, Hassan Fahmy, head of Egypt's investment authority, told Reuters on Sunday. Egypt's economy has been battered by more than three years of political turmoil since the 2011 uprising that toppled Hosni Mubarak. The government is walking a tightrope in trying to increase revenues and cut its deficit while luring investors and tourists spooked by the uncertainty buffeting the whole region. After nine months of the 2013/14 fiscal year, FDI had stood at $4.4 billion. In the year ended June 2013, it totalled $3 billion -- almost $1 billion less than in the previous year. Egypt is aiming for foreign direct investment of $10 billion in 2014/15, as it seeks to attract investors by cutting bureaucracy and facilitating business. *(Reuters)*

Egypt's core annual inflation rate climbed to 10.07 percent in August from 9.57 percent in July, the central bank said on Wednesday. *(Reuters)*

Egypt has signed a $500 million loan with the World Bank to provide natural gas to Egyptian households, the government said in a statement on Thursday. The loan will help fund a Petroleum Ministry plan to connect 850,000 Egyptians, particularly in largely rural Upper Egypt, to a natural gas grid, Minister of International Cooperation Najla Ahwani said in the statement. Egypt will pay back the World Bank loan over 30 years, with a five-year grace period. The country is experiencing its worst energy crisis in decades, due to declining gas production, rising consumption and generous power subsidies. Foreign energy firms are wary about investing in the country as the government has decided over the past year to divert most gas earmarked for export to the power-hungry domestic market. The government also signed an agreement with the European Union for a 67.6 million euro grant to fund short-term jobs for unskilled workers who are unemployed. Egypt's unemployment rate is 13.4%, up from 9% in 2010 before the ouster of President Hosni Mubarak, the planning minister said last week. *(Reuters)*

Ghana

Corporate News

FirstRand, South Africa's largest bank by earnings and market capitalisation, hopes to set up a fully fledged bank in Ghana early next year and has R10.2bn in surplus capital to invest in its growing operations in countries such as Mozambique, Nigeria, Zambia and India. In an interview on Tuesday after the banking group's full-year results, CEO Sizwe Nxasana said FirstRand had received a provisional banking licence in the West African country and the regulator expected it to put in $60m as part of the capital requirements. "We have Nigeria that now continues to grow. We have Ghana where we have a provisional banking licence. We are hoping we are going to be up and running there early next year. Mozambique is doing very well for us. It needs a bit of support." Asked what the plan was in Ghana, Mr Nxasana said: "We want to do everything and have a mini-FirstRand." The group understood the Ghanaian economy and had deployed capital in the West African country's real estate, oil and gas, ports and power industries. The company was not actively looking for acquisitions, though. Asked whether FirstRand was still after Nigeria's Mainstreet Bank or Keystone Bank, Mr Nxasana was noncommittal, saying only: "The big focus is on growing our platform. We would rather focus on our own business." Mr Nxasana said an acquisition would be looked at only if it presented itself and met the group's criteria. In Nigeria FirstRand runs a merchant bank and is chasing after business from small and medium -sized enterprises through FNB Commercial. Commenting on the surplus capital held by FirstRand, Jihad Jhaveri, investment analyst at Kagiso Asset Management, said: "If management are confident that they can deploy the capital in high return on equity businesses, then we would back them. Otherwise, obviously the cash should be returned to shareholders. "FirstRand have taken a cautious approach to investing in the rest of Africa. Over the past two years they have seen considerable success from their established African countries, and newer businesses (such as Mozambique and Zambia), and I think this will give them confidence to deploy more capital into the region." In its full-year results to end-June, FirstRand posted a 21% rise in normalised earnings to R18.6bn, so far making it SA's largest bank by earnings. In its last full year Standard Bank delivered headline earnings of R17bn in its financial year to end-December 2013. *(Ghana Web)*

Economic News

Ghana will seek just $1 billion from a Eurobond this year as it heads into talks with the IMF aimed at restoring fiscal balance as part of a larger plan of economic reform, President John Mahama said in an interview on Friday. The West African country may look for further financing if it can secure an assistance deal with the International Monetary Fund (IMF), Mahama said, adding that former finance minister Kwesi Botchwey would lead talks due to start on Sept. 16. Ghana said in August it would seek an IMF deal to tackle fiscal problems including inflation, a stubborn budget deficit and a currency that has tumbled around 40 percent this year. Ghana has previously been a model for West Africa because of its sustained high rates of economic growth on the back of exports of gold, oil and cocoa and its track record of stable democracy. But its recent fiscal troubles are a sign of an unbalanced economy. The problems have also complicated plans for a third Eurobond to fund infrastructure and repay debt from the country's first Eurobond in 2007, potentially raising the cost of borrowing and making the debt less attractive to investors. Ghana's parliament has approved $1.5 billion of borrowing in this year's bond. "We initially had looked to bring in $1 billion to support the budget and then probably another $500 million to retire the earlier (2007) bond. What we are looking at is to suspend retiring the earlier bond until next year," Mahama said. Finance Minister Seth Terkper is in Europe this week leading a roadshow on that bond, which is set to be launched next week. Mahama said he had no immediate plans to change his key economic team, though he had brought in a few new people to strengthen it. He spoke to Reuters at his office in Flagstaff House, which is the presidential palace.

The government hopes to reach agreement with the IMF by November on a potential programme, Deputy Finance Minister Mona Helen Quartey said in London on Friday. Mahama stressed that the purpose of pursuing an IMF deal was not simply to dig the country out of a short term fiscal hole and the government didn't primarily want IMF cash. Instead, it wanted to work with the IMF, the World Bank and the African Development Bank on an ambitious set of institutional reforms, programmes to alleviate poverty and programmes to spur job creation through the private sector. "We are looking to work with the IMF, both to consolidate the fiscal but then also to carry out the kind of institutional reforms that would be necessary to sustain that macro economic stability so that going forward, hopefully, this country will probably not go into an IMF program again," he said. Key to success will be whether the changes can be sustained beyond 2016, when Mahama's ruling National Democratic Congress faces an election. "My eye is not on 2016. My eye is beyond 2016. This transformation agenda cannot be achieved in two years and so any actions and activities we'll start with regards to negotiations with the IMF will go beyond an election cycle," he said. Mahama is a former vice president who came to power in 2012 on the death through illness of his predecessor John Atta Mills. He went on to win a four-year term that December, defeating Nana Akufo-Addo in a tight election. The fiscal problems, which came to light in early 2013, stem from the implementation of a public sector pay policy. The government has struggled to bring down the deficit, which stood at 10.2 percent in 2013. It cut utility and fuel subsidies and pursued what it called a "home grown" package of measures. The government hoped to reduce inflation, which hit 15.3 percent in July, down to 11-12 percent by the end of the year, Mahama said, but he added that the plan had run into obstacles. "We haven't been able to create the turn around as quickly as we had hoped because of scepticism in the international community," he said. *(Reuters)*

The Securities and Exchange Commission (SEC) has resumed talks with the Volta River Authority (VRA) about using the capital market to raise funds for its on-going and future projects. A 10 percent year-on-year growth in electricity demand requires a sustained annual investment of about US$200million to bring an additional 200megawatts of power annually, but the Authority is unable to keep up with that investment from its under-par tariff. "We have resumed discussions with the VRA about coming to the capital market to raise funds for its projects," Mr. Adu Anane Antwi, Director-General of the Securities and Exchange Commission, told the B&FT. The genteel talks represent a new attempt by the SEC to convince VRA to turn to the capital market for raising funds following the change in hierarchy at VRA at the turn of the year. The VRA last year adopted the International Financial Reporting Standard (IFRS) as part of measures to streamline its operations to eventually issue US$500million of corporate bonds on the international capital market and raise funds for infrastructure projects. The electricity producer had hoped to raise the amount to finance four new projects that would generate about 700megawatts of electricity within three to four years. However, a change in hierarchy set the process few notches back.Current power generation at peak is about 1,770MW while demand is about 1,850MW -- leaving a deficit of about 80MW. Per the Public Utilities and Regulatory Commission (PURC) Automatic Tariff Adjustment formula, the Authority charges a tariff of about 14 pesewas per kilowatt hour for power it sells to ECG and Northern Electricity Department of the VRA. However, the weighted average tariff per kilowatt hour for the Authority is about 20 pesewas per kilowatt hour. This is attributable to the fact that the Authority sells power directly to some major mining companies for a slightly higher tariff per kilowatt hour. Out of the country's total installed capacity of 2,846.5MW, the VRA generates about 75 percent of it from hydro and thermal sources. The mix includes: VRA hydro, 47 percent; VRA thermal, 36 percent; VRA solar generation, 0.1 percent; IPP thermal generation, 12 percent; and Bui hydro, five percent. The SEC in recent years has been luring public companies, especially the utility companies -- VRA, ECG, Ghana Water Company -- to list on the local bourse or issue bonds to fund on-going projects. The Ghana Airports Company Limited (GACL), which announced a net profit of GH¢19.1million for the 2013 financial year, is one of such entities that has expressed its willingness to list on the local bourse in the future. *(My Joy)*

Ghana, the world's second-biggest cocoa producer, is set to price a benchmark-size dollar issuance today that's more expensive than its neighbor Ivory Coast's bond earlier this year. The West African nation may price the debt due January 2026 by the close of business today at about 8.5 percent, said a person with knowledge of the offering who asked not to be identified because they aren't authorized to speak publicly. Ivory Coast, which defaulted on Eurobonds after missing a coupon payment in December 2010, sold 10-year notes at 5.375 percent in July. A benchmark-sized issue typically raises at least $500 million. The sale "probably looks like a reasonable deal for Ghana because of the situation with the country and the fact that there hasn't seemed to be any serious policy rebalancing," Stuart Culverhouse, chief economist at London-based Exotix, said by phone yesterday. "It's a little bit wider than a 10-year would be." African nations from Senegal to Kenya have sold bonds this year as borrowing costs dropped to a 15-month low in August, according to JPMorgan Chase & Co. indexes. Ghanaian bonds returned less than the emerging-market average in 2014 as the country raised its budget deficit forecast.Inflation (GHCPALLY) accelerated for a 12th month and its currency weakened the most in the world after Ukraine's hryvnia. The premium investors demand to own African debt over U.S. Treasuries was 269 basis points yesterday, according to JPMorgan Chase indexes. The premium was 539 basis points for Ghana, the gauges show. Ivory Coast is the world's largest producer of cocoa. The International

Monetary Fund may sign a deal with Ghana on technical and possible financial assistance by November, Deputy Finance Minister Mona Quartey said in London on Sept. 5. Finance Minister Seth Terkper didn't answer two calls made to his mobile phone yesterday and didn't return a text message. Sam Mensah, a technical adviser at the Accra-based ministry, also didn't answer a call to his mobile phone. "Ghana's poor fiscal track record and no guarantees that it will consummate an IMF program later this year mean that they will probably need to offer a meaningful concession to their existing dollar debt," Alexander Moseley, senior portfolio manager in New York with Schroders Plc, said yesterday before the pricing information was released. Government spending including civil-servant pay increases and lower revenue from key exports such as gold weighed on the fiscal deficit, which was forecast in July to reach 8.8 percent of gross domestic product this year from an earlier target of 8.5 percent. The cedi slumped 35 percent this year against the dollar, pushing inflation to 15.9 percent in August. Ghana would seek $1 billion of bonds, James Klutse Avedzi, chairman of Parliament's finance committee, said by phone on Aug. 29. Lawmakers authorized the government to sell as much as $1.5 billion if rates were good, he said. The issuance will have three equal amortizations, with repayments in January 2024 and 2025 before the final one in 2026, according to the person. Ghanaian dollar debt returned 8.3 percent this year, less than the 9.3 percent average return among emerging markets, according to Bloomberg indexes. The country opted for the three-step plan "probably because it will reassure investors about Ghana's ability to repay the bond gradually, as opposed to a single big bullet payment in 2026," Exotix's Culverhouse said. "That is providing comfort to investors but also shows the concern investors have that Ghana may struggle to be able to repay this bond." *(Bloomberg)*

Ghana sold a $1 billion Eurobond on Thursday at a coupon rate of 8.125 percent, lower than analysts had expected given the fiscal difficulties faced by the West African producer of cocoa, gold and oil. The country is a rarity in West Africa due to its record of political stability and sustained strong economic growth, but it is wrestling with escalating inflation, a falling currency and a stubbornly high budget deficit. The bond was oversubscribed with orders of up to $3 billion, said Finance Minister Seth Terkper, who was in New York for the bond road show. Ghana sold Eurobonds in 2007 and in 2013, when the yield was 8 percent, but analysts expected a higher rate this time. The rate reflected the appetite for relatively risky sovereigns given lower yields in developed markets, they said. "Investors saw fundamental long-term value in the Ghanaian economy. We have always emphasized that the mid-term prospects for Ghana were bright and with the coming on board of the IMF, we hope to come out of our short-term challenges pretty soon," Terkper said in a statement. Ghana is set to begin talks with the International Monetary Fund on Tuesday on an assistance programme aimed at restoring fiscal stability and promoting economic transformation. The bond is a soft amortising bond, amortising in years 2024, 2025 and 2026 with principal repayment in three instalments of $333 million in 2024 and 2025 and $334 million in 2026, Terkper said. The timing of the bond is the subject of intense interest, given the imminent IMF talks. Ghana's currency, the cedi, fell around 40 percent against the dollar between January and August but has gained ground in the weeks since the IMF announcement, in part because of that and the expected Eurobond, traders said. The local unit closed higher at 3.500 to the dollar on Thursday after hitting a record low of 3.9000 in July.

The Eurasia Group political risk consultancy said the government was seeking to play investors and the Fund against each other. "Its (the government's) strategy is to use its recent IMF outreach to bolster investor confidence on the eve of its bond issuance while simultaneously leveraging the Eurobond to strengthen its negotiating position with the Fund," Eurasia said in a research note. Government officials have denied this. The bond is likely to be seen as successful, given that it was oversubscribed and sold at a lower rate than expected. This could buy the government some breathing room as well as a much-needed source of debt finance. "The yield that they sold at is quite good considering that they have all sorts of economic imbalances. There is a strong demand from developed economy investors that highlights how bad returns are for developed economy investments," said Angus Downie, head of economic research at Ecobank, a pan-African lender."It gives them a stronger negotiating position with the IMF," he said. Ghana's Eurobond will likely have little direct political impact but it could feed into economic calculations in the run-up to 2016, when President John Mahama may seek a second four-year term after a knife -edge vote in 2012.Opposition finance spokesman Mark Assibey-Yeboah attributed the lower-than-expected yield to the availability of cheap money globally rather than to the economy's underlying strength."Our troubles are not going away. People are still looking at our fiscal situation," Assibey-Yeboah of the New Patriotic Party told Reuters. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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Kenya

Corporate News

NIC Bank Ltd., the best-performing banking stock in Kenya this quarter, sold more bonds than it planned as demand for corporate debt in East Africa's biggest economy grows. The medium-term note offer, which started Aug. 21 and ended Sept. 3, saw the company sell 5 billion shillings ($56 million) at a yield of 12.5 percent, according to an e-mailed statement today. Demand amounted to 6.5 billion shillings and the Nairobi-based lender offered 3 billion shillings. The company's capital-raising plans include a 2 billion-shilling rights offer if it gets regulatory approval, it said. "There is an increasing appetite and acceptance of corporate bonds as an alternative source of funding for Kenyan companies," Maurice Opiyo, managing director of NIC Capital, the lender's unit that arranged the bond, said in the statement. NIC is raising money to boost lending to small- and medium-sized businesses and get more corporate clients, it said. The lender's stock is up 27 percent in the third quarter, the best among seven banking shares on the Nairobi Securities Exchange. *(Bloomberg)*

Kenya's Uchumi Supermarkets said on Monday that profit before tax in the year to June fell 7 percent, blaming competition and supply challenges in Uganda and the cost of investment in new branches in Kenya and Tanzania. It reported profit before tax of 452.7 million shillings ($5.11 million) compared with 485.9 million shillings a year ago, and posted earnings per share of 1.45 shillings against 1.35 shillings last year. It said total group sales grew less than 1 percent to 14.46 billion shillings, pointing to Uganda where it said sales growth fell 12 percent due to strong competition and supply chain challenges. It said it could move some outlets to better locations this year. Tanzania sales grew by 10 percent, while Kenya registered a 2 percent growth in sales, the firm said, adding that new branches took the total supermarket network in financial 2013/14 to 27 in Kenya, four in Tanzania and six in Uganda. The firm's shares trade in Kenya, Rwanda, Uganda and Tanzania. The firm said it expected business to grow, prompting the board of directors to recommend a dividend of 0.30 shillings per ordinary share. *(Reuters)*

Kenya's Mumias Sugar warned on Wednesday that projected losses for the year to June 2014 would be bigger than the previous year's pretax loss of 2.24 billion shillings ($25.3 million). "The company wishes to report that the projected loss for the year ended June 30, 2014, will be more than 25 percent compared to the loss reported for the same period in 2013," it said in a profit warning published in The Standard newspaper. It blamed "a significant drop" in sugar prices due to illegal sugar imports and a shortage of cane due to a poor harvest. The company also said it was restructuring management to address the challenges. Mumias said in June it had dismissed two top managers who were suspended in April while the company investigated what it had said at the time was "questionable sugar sale and importation transactions". Kenya has used high tariffs to protect its sugar farmers but the policy has encouraged smuggling of cheaper sugar imports. The firm's shares closed at 2.30 shillings on Tuesday, after hitting a year low of 2 shillings on Aug. 20. The year high was 4.20 shillings, which it reached in March. *(Reuters)*

Kenya's Mumias Sugar reported a wider loss before tax of 3.4 billion shillings ($38.31 million) in 2014, from 2.2 billion shillings last year, blaming weaker sugar prices. The company said in a statement on Thursday that in the year to the end of June, sugar prices fell due to an influx of illegal sugar imports and a shortage of cane following a poor harvest. *(Reuters)*

Economic News

The Kenyan shilling was steady on Monday and traders said they expected it to have a bias towards strengthening, helped by lower dollar demand from companies and possibility of further action by the central bank to mop up excess liquidity. At 0740 GMT, commercial banks quoted the shilling at 88.60/70 to the dollar, the same as Friday's close. Traders said they expected the shilling to trade in the 88.50 to 88.70 range during the session. "I do not expect much demand (for dollars)," said Sheikh Mehran, head of trading at I&M Bank, adding he expected the shilling to be supported by central bank activity. The bank mopped up 10 billion shillings on Friday, helping the shilling by making it more expensive for banks to hold long dollar positions. Mehran also noted an increase in central bank reserves. "So generally, the shilling might strengthen a bit," he added. The central bank said in its latest weekly bulletin that official usable foreign exchange reserves rose to $6.377 billion in the week ending Sept.4 from $6.257 billion a week before. *(Reuters)*

Kenya's central bank said on Monday it was seeking to mop up 8 billion shillings ($90.3 million) of excess liquidity. The central bank has regularly soaked up excess liquidity from the money market since last year, lending support to the shilling by making it more expensive for banks to hold long dollar positions.*(Reuters)*

Nairobi Securities Exchange Ltd., the second African bourse to sell shares to investors, almost doubled in its first day of trading in the Kenyan capital. The stock jumped 72 percent to 16.30 shillings by the close in Nairobi with 3.84 million shares traded. It earlier rose to as high as 18 shillings from an initial public offering price of 9.50 shillings. The NSE's IPO was 6.6 times oversubscribed, the most in the bourse's 60-year history, Chairman Eddy Njoroge said in a Sept. 2 statement. The exchange, which first announced plans to sell shares in 2009, is seeking ways to deepen trading and attract listings from companies in East Africa's largest economy. Many foreign investors got fewer NSE shares than they sought and fund managers are now building up their holdings, Eric Musau, an analyst at Nairobi-based Standard Investment Bank Ltd., said by phone. The bourse's shares are trading at 10 times the estimate for year-end earnings, he said. That compares with a ratio of 12.6 for the all-share gauge, data compiled by Bloomberg show. "The NSE's valuation is cheaper than the market and with plans to introduce new products, there will be growth," Musau said. The exchange's market capitalization is expected to almost double to 4 trillion shillings ($45 billion) in the next four years, from 2.25 trillion shillings, as the number of listed companies increases to 100 from 61, Njoroge told reporters today. The bourse will also seek to attract bond listings by county governments, he said. Nairobi county Governor Evans Kidero said his government is considering selling municipal bonds to fund development, without providing further details. Kenya's FTSE NSE 25 Index gained 20 percent this year led by Centum Investment Co., British American Investment Co. and CIC Insurance Group. Shares in Johannesburg-based JSE Ltd. (JSE), which operates Africa's biggest bond and equities exchanges, are up 18 percent in 2014 and trade at a multiple of 15.2.*(Bloomberg)*

The yield on Kenya's 364-day Treasury bills fell to 10.163 percent at auction on Wednesday from 10.233 percent, while that on six-months bills stayed steady at 8.550 percent, the central bank said. The central bank said it received a total of 9.8 billion shillings ($110.61 million) for the two papers on offer, and accepted 9.4 billion shillings worth of bids. *(Reuters)*

Malawi

Corporate News

Malawi central bank left its benchmark lending rate unchanged at 22.5 percent on Tuesday, citing mainly the uncertain outlook for inflation. "Some risks still remain to the inflation outlook," the Reserve Bank of Malawi said in a statement posted on its website, singling out uncertainty in the food sector and the country's budget. "The committee therefore noted that fiscal consolidation will be crucial to ensuring that inflationary pressures are contained." *(Reuters)*

Economic News

No Economic News this week

Mauritius

Corporate News

No Corporate News this week

Economic News

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Nigeria

Corporate News

The Group Managing Director, Flour Mills of Nigeria Plc, Mr. Paul Gbegedo, says the company plans to pay its shareholders a dividend of N5bn for the financial year ended March 31, 2014. The amount, which is five per cent higher than the dividend paid for the previous year, represents N2.10 per share to shareholders. Gbegedo, who spoke ahead of the group's Annual General Meeting, which is scheduled to take place in Lagos on Wednesday, said the dividend payment followed an annual performance, which was in line with Flour Mill's objectives. He said, "The FMN group performed in line with our objectives. Our sales went up by 10 per cent. The group profit for the year, excluding Golden Sugar Company, went up 22 per cent year-on-year. We have strong volume growths in our core divisions (food and agro-allied), while enhanced overhead expenses management impacted positively on our bottom line. Improved results mostly from UNICEM where we have about 30 per cent stake is also impacting positively on our group result." While the company recorded a revenue growth of nine per cent, profit before tax increase of 7.1 per cent and profit after tax increase of 17 per cent to N10.47bn, the group was impacted low commencement year results of Golden Sugar leading to a drop in both group PBT and PAT. Gbededo, however, said this was expected, stressing that Golden Sugar, which came on stream during the year, was nonetheless performing in line with expectations with volume now at 48 per cent capacity utilisation. He expressed the confidence that as the capacity utilisation increased, the company was bound to boost FMN's group profits.

Explaining why the $250m sugar company was quite toxic to the group performance, Gbadedo said, "For such a huge investment, you will not expect to make profit in the first year but we have positioned it for growth. We just commissioned the plant and the first year was difficult, we could not produce enough. "Again, we commenced production last year and sugar that was selling at N9,000 dropped to N5,500 but we are strong enough to stay in that business and we are looking beyond what we have today. We are currently at 48 per cent capacity utilisation and in the years to come, it will add proper value to all shareholders." The Flour Mills GMD also outlined the company's growth strategy, stressing that it was positioned to continue delivering superior returns, as it had invested heavily in enhancing its operations and correcting challenges noticed in the year, especially with regards to Golden Sugar. He said the company had moved from being just a flour mill company to focusing on food, agro-allied products and support businesses, among other things. According to him, in the course of the financial year, which he describes as one of transition and steady progress for the FMN businesses, the group increased its investments in research and development in support of its food processing businesses. Gbegede put FMN's capital expenditure at N40bn, stressing that the goal was to enhance profitability. Key projects according to him, include flour capacity expansion at its plant in Apapa, completion of the sugar refinery, investment in Sunti Golden Sugar Estate and acquisition of land and development of large scale commercial farming projects. Gbededo, who said the company had been growing for the last five year at 13 per cent, disclosed that it had sustained its performance with strong dividend payment. *(Punch)*

Ecobank Nigeria has sealed a deal for a $20 million credit line from the Brazilian Development Bank (BNDES). A statement from Ecobank Nigeria explained that the facility is expected to address special funding needs of customers and non-customers of Ecobank that import goods from Brazil. BNDES, also known as National Bank for Economic and Social Development, is one of the largest development banks in the world, with financial net worth of $27.40 billion and total assets of $353.37 billion as at 2013. Commenting on the deal, Executive Director, Corporate Banking at Ecobank Nigeria, Ms Foluke Aboderin said the partnership was driven by demands from customers and importers requiring competitive financing to purchase products from the international markets, particularly from Brazil. According to Aboderin, the partnership underscores Ecobank's pedigree in trade financing in Nigeria. "This partnership offers a seamless solution to companies that import goods from Brazil," she said. She added: "We encourage all goods importers to avail themselves of the opportunity that this funding arrangement provides by approaching Ecobank. We expect it to generate a sizeable boost in trade flows between both countries." Under the arrangement, the executive director explained, importers and exporters negotiate export terms and conditions, and once commercial negotiation is finalised, the exporter or agent bank in Brazil submits the transaction to BNDES for approval. The areas of interest for the import facility include agricultural products, engineering and construction equipment, oil and gas, industrial goods, electronics, and confectionary among others. "Ecobank has succeeded in providing solutions to corporate customers with subsidiaries across the region through Ecobank OMNI, an integrated e-banking platform that enables corporate clients to transact business from the comfort of their offices. "Ecobank is also part of the NEXPORTRADE, a private-public partnership institution formed to drive the volume of trade within the region," the statement added. Ecobank said it has also developed a regional business team, whose focus is to provide easy market access to its customers across Africa as well as offer a fast, convenient and reliable cross-border payment solution based on scale. This, it noted, has helped a lot of investors, exporters and importers, not only to gain access to international markets, but also assisted them in making payment for goods, and receive funds within the shortest period. *(This Day)*

Bharti Airtel Limited, India's largest mobile-phone carrier has agreed to sell more than 3,500 telecommunications towers in Africa to Eaton Towers Limited. Bharti Airtel will lease back the towers for 10 years, Bloomberg quoted the companies to have said in a statement yesterday. London-based Eaton bought the assets, located in six African countries, for almost $1 billion, according to a source. The deal may help Bharti Airtel reduce debt, which stood at 712.5 billion rupees (about $11.8 billion) at the end of June, data compiled by Bloomberg showed. The company agreed in July to sell more than 3,000 towers in four African countries to Helios Towers Africa, offloading infrastructure that can be more expensive to maintain compared with other parts of the world. After the purchase, Eaton Towers would own 5,000 towers in seven African countries, according to the statement. The deal does not include Bharti Airtel's infrastructure in Nigeria, Bloomberg quoted the unnamed source to have said. Spokesman for Bharti Airtel, Prem Subedi and Eaton Towers' Chief Executive Officer, Alan Harper declined to comment on the exact purchase price. Eaton Towers was advised by Moelis & Co. (MC) on the transaction. *(This Day)*

Following disporting revenue posted by Cadbury Nigeria Plc and other fast moving consumer goods companies, analysts at Renaissance Capital has lowered their Cadbury Nigeria Plc FY14 headline earnings per share (HEPS) forecast from N3.21 to N1.75 (-45 per cent). Renaissance Capital also reduced the company's revenue forecast from 15 per cent growth to a 5 per cent decline and operating margin from 18.8 per cent to 12.1 per cent. In 1H14 Cadbury reported a 50 per cent decline in HEPS to 67 kobo. According to analysts, "Nigerian consumer companies' 1H14results have been disappointing across the board. This, they said, was a continuation of the downtrend seen since FY12. Following the upward revision of Nigerian GDP, growth rates have been restated lower. According to new data from the IMF, GDP growth dipped to 4.2 per cent in 2012 from 5.3 per cent in 2011. "Growth accelerated to 5.5 per cent in 2013 and we forecast a further improvement to 5.7 per cent in 2014. Aside from slower GDP growth there has been an increase in competition in the market", said analysts. "YtD Cadbury reported a revenue decline of 12 per cent and its operating margin declined from 15.7 per cent in1H13 to 9.7 per cent. We reduce our TP from N91 to N53 on our revised earnings forecasts. With a one-year implied return of -1 per cent we maintain our SELL rating." On increased investment in selling and distribution, the analysts pointed out that most companies reported increases in selling and distribution costs in 1H14, greater than their revenue growth. "In our view, this is a combination of increased investment in selling and distribution and revenue growth falling short of most companies' targets. Cadbury reported a 17 per cent increase in sales, marketing and distribution expenses in FY13 and in contrast to other companies has reported a 3 per cent decline in sales, marketing, distribution, admin and other expenses in 1H14, but then it did report a 12 per cent decline in revenue, "they added. On why they maintained their SELL rating for Cadbury, they stated that, "In this challenging consumer environment, we prefer the more defensive consumer names in which we perceive the forecast risk to be lower. We value Nestle Foods Nigeria (BUY, TP: N1,200),on a one-year forward exit P/E of 30x and Cadbury at a 20 per cent discount to this as we believe there is a higher forecast risk in Cadbury and we have had no access to management. We have reduced our Cadbury target price from N91 to N53 due to our revised earnings forecasts. " *(This Day)*

Guinness Nigeria Plc has released its results for the year ended June 30, 2014, showing a total revenue of N109 billion and profit after tax of approximately N10 billion. Following the release of the results, the board of directors of the company has recommended, subject to approval at the next annual general meeting (AGM), the declaration of dividend of approximately N5 billion in respect of the year ended June 30, 2014, that is, 320 kobo per 50 kobo ordinary share. Speaking on the results, Managing Director/Chief Executive Officer of the company, Mr. Seni Adetu, said revenue and profit declined due to pricing disadvantage, growth in the value segment where the company is a relatively small player, competitor's aggressive trade practices and increased finance costs. He said: "On the positive side, the various innovations we have launched in recent times especially Orijin Bitters and Orijin Ready to Drink (RTD) have been quite successful, and we expect to further dial up our play in the value segment with Satzenbrau and Dubic Lager." He added: "In the period under review, Guinness Nigeria launched several innovation including Orijin Bitters, Orijin RTD and Alvaro. The company confirmed that sale of its innovation brands like Orijin Bitters, Snapp, Satzenbrau, Dubic and Orijin RTD were still growing, heralding a big boost for Guinness Nigeria's future performance. " On his part, Chairman, Guinness Nigeria Plc, Mr. Babatunde Savage, said: "Despite the challenges faced, we progressed in the key areas of cost containment achieving improved cost efficiencies and the upgrade our route-to-consumer, which is directly linked to volume growth recorded by brand Guinness in the second half of the financial year. " He said the "board of Guinness Nigeria is confident that we have the right people and capability to guarantee the delivery of our strategic priorities of driving out cost to invest in growth, turning the business around by strengthening and accelerating our premium core brands, innovating at scale to meet new consumer needs, and extension of our route-to-consumer advantage." Guinness Nigeria was established in 1950 and listed on the Nigerian Stock Exchange in 1965. The company is the custodian of household brands like Guinness Foreign Extra Stout, Guinness Extra Smooth, Harp Lager, Malta Guinness and Malta Guinness Low Sugar, Smirnoff Ice, Snapp, Dubic lager and the Orijin brands, amongst others. *(This Day)*

Dubai is building a minority stake in Nigeria's largest cement manufacturer as the Gulf state deploys its finances to develop its role as an investment gateway into sub-Saharan Africa. The emirate's state holding company is diversifying its portfolio by investing $300 million into the West African market through a minority stake in Dangote Cement, which has a market capitalisation of about $23 billion. Sovereign fund Investment Corp. of Dubai (ICD) bought a 1.4 percent stake in Dangote Cement, Nigeria's biggest company by market capitalisation, for $300 million, a Dangote spokesman said on Monday. Dangote Cement spokesman Carl Franklin confirmed the sale, but provided no further details. Stockbrokers in Lagos told Reuters 243 million shares of Dangote Cement were transferred to ICD, which holds stakes in some of the emirate's top companies, at N200 each, a 12 percent premium to Dangote Cement's price of around N223 on Monday. Dangote Cement, the largest firm on Nigeria's stock market and which controls two-thirds of the cement market, plans to expand production capacity from about 35 million tons a year to more than 60 million tons a year by 2018, as it grows domestically and across 12 other African countries. ICD, which controls Dubai's corporate crown jewels such as Emirates Airline and developer Emaar, is increasingly turning its attention to global investments after helping support the emirate through the aftermath of the 2008 real estate crash and subsequent recession. Dubai's property market has recovered – and is now threatening to overheat – as the emirate economy booms as a haven from regional unrest. ICD's debut investment is the latest of a string of acquisitions by state-owned groups and sovereign wealth funds in sub-Saharan Africa after years of shunning the region. Earlier this year, Temasek of Singapore bought a stake in an energy company in Nigeria, months after it acquired a stake in a gas field in Tanzania. Beijing's China Investment Corporation in 2011 paid nearly $250 million to take a 25 percent stake in Shanduka Group, a South African conglomerate founded by politician-cum-businessman Cyril Ramaphosa. The African Development Bank forecasts that the continent will see record foreign inflows of more than $80 billion this year. Portfolio flows, which include equity and bond investments, are expected to rise to nearly $25 billion, surpassing a peak set in 2006. As recently as 2001-03, Africa was registering negative portfolio flows as big investors withdrew their money.*(Business Day)*

Lafarge Africa Plc on Tuesday concluded the acquisition of 1.312 billion shares of Ashaka Cement Plc from Lafarge Nigeria (United Kingdom) Plc, the Nigerian Stock Exchange said. The deal, worth N30.95bn, which was executed as an off-market trade, is part of the ongoing merger of Lafarge Group's South African assets and its Nigerian assets. Lafarge Cement WAPCO Nigeria Plc had, on July 9, 2014, received the approval of its shareholders for the deal, which led to its transformation to Lafarge Africa Plc, a Nigerian-listed holding company that will consolidate all of the group's assets in Nigeria and South Africa. The consolidation involved the transfer of Lafarge Group's direct and indirect shareholdings in Lafarge South Africa Holding Limited (72.4 per cent) and its equity stakes in three other cement companies in Nigeria-United Cement Company of Nigeria Limited (35 per cent), Ashaka Cement Plc, (58.61 per cent) and Atlas Cement Company Limited (100 per cent), to Lafarge Cement WAPCO for a cash consideration of $200m and the issuance of some 1.4 billion Lafarge Africa shares to the Lafarge Group. The acquisition of Ashaka Cement shares brings to three the number of off-market trades concluded on the Exchange in the past days. On Monday, the Exchange announced its largest single trade since 1997. The trade was the acquisition of 243.540 million units of Dangote Cement Plc shares at N200 per share by the Investment Corporation of Dubai for N48.708bn. The Exchange said, "This remarkable trade between the seller, Dangote Industries Limited and the buyer, Investment Corporation of Dubai was executed by

Meristem Securities Limited. It is the largest single trade on the Nigerian Stock Exchange since 1997." Guaranty Trust Bank Plc acted as the banker for the deal. Also, on Thursday last week, the Exchange had announced that Qatar National Bank had acquired 1,767,612,630 ordinary shares and 732,277,056 preference shares in the capital of Ecobank Transnational Incorporated. According to the bank, this amounts to 12.5 per cent stake in ETI.*(Punch)*

Diamond Bank Plc has opened a flagship centre to cater for the needs of its retail customers. The branch, which is located at Ajose Adeogun, Victoria Island, Lagos, was inaugurated by the Group Managing Director/Chief Executive Officer of the bank, Mr. Alex Otti yesterday Otti while speaking at the event said: "This is a new generation Diamond Bank and this is what customers should expect in the future. "This is a flagship branch and there a couple of branches we have opened and we decided to showcase this today." He explained that the branch has a well-equipped electronic branch, which comprises an ATM gallery, telephone banking as well as internet banking. The Diamond Bank boss added: "This is banking of the future. This is a four floor building which has private banking, corporate banking and retail banking. "We are leading in terms of digital banking but you cannot rule out brick and mortar." Otti said, presently, Diamond Bank is among the industry leaders in terms of electronic banking. He noted that the recently launched MTN Yellow Account by the bank, has received a lot of accolades from the market would provide banking services to both the banked and unbanked population in Nigeria, thereby supporting financial inclusion. On his part, the Deputy Managing Director, (Retail Banking), Diamond Bank, Mr. Uzoma Dozie said: "This branch is not like the traditional bank, it is actually to make customers feel more comfortable and we are removing the theatrical branch layout and making it your home outside your home." He also disclosed that the bank is planning to roll out more branches, e-branches nationwide. Also commenting on the recent introduction on the MTN diamond yellow account, Dozie added: "We already have over 200,000 people who have subscribe in one week." *(This Day)*

Investors are still reflecting on results of companies for the half year ended June 30, 2014 with mixed feelings. Many investors were disappointed by results of some of the companies as their performances fell below expectations. Banks also reported results that were uninspiring to investors. Most of the banks posted reduced profit for the half year as they suffered from impacts of tightened regulation by the Central Bank of Nigeria. However, Access Bank Plc reported an impressive performance that reassured shareholders of a bountiful harvest at the end of the year. Access Bank did not only report an increase in profit, it also rewarded customers with interim dividend of 25 kobo per share. Licensed in 1988, Access Bank Plc has transformed from an obscure Nigerian bank into a leading African financial institution. The bank is today regarded as one of the five largest banks in Nigeria, in terms of assets, loans, deposits and branch network. Access Bank commenced operations in Apapa on May 11, 1989. It became a public limited liability company on March 24, 1998 and was listed on the Nigerian Stock Exchange (NSE) on November 18, of this year. The bank obtained universal licence from the CBN in 2001. In 2002, Board of Directors appointed Aigboje Aig-Imoukhuede as managing director/chief executive officer (MD/CEO) and Herbert Wigwe as deputy MD. At the same time, Mr. Gbenga Oyebode, who brought commendable and useful board experience gathered from some of Nigeria's leading companies, including MTN Nigeria, Okomu Oil Palm Plc, was also appointed to the Board. The bank gave them the mandate "to reposition the bank as one of Nigeria's leading financial institutions within a five year period (March 2002 – March 2007)." The new management team subsequently created a transformational agenda for Access Bank which represented a departure from all that characterised the bank in the past and became the road map for the conversion of the bank into its present leading position. Oyebode remains the chairman of Access Bank while Wigwe is the MD/CEO. Other executive directors include: Obinna Nwosu; Victor Etuokwu; Ojini Olaghere; Elias Igbinakenzua; Titi Osuntoki and Roosevelt Ogbonna. Non-executive directors are: Mosunmola Olusoga; Mahmoud Isa-Dutse Oritsedere Otubu; Emmanuel Chiejina; Anthonia Olufeyikemi Ogunmefun; Ernest Ndukwe; Ajoritsedere Awosika and Paul Usoro. Access Bank Plc has unveiled a five-year growth plan, which the Wigwe-led management is executing. The new vision is to make the bank the most respectable bank in Africa by 2018 and would be driven by what it called Speed, Service and Security (SSS). Speaking on the vision, Wigwe said in the last 10 years, Access Bank had focused on wholesale banking, adding that part of the new vision is to get embedded in retail strategy in order to take over that segment of the market. "In our five-year business plan, we have customers as the central focus. We have said going forward into the future, our customers will be taken along as true partners. We want to be all that Nigeria needs in financial services; we want to be the change that Africa needs. By 2018, we will be known as the most respected bank in the African continent."According to the CEO, the bank has identified 14 target sectors that would drive the new vision, noting that the bank's electronic transactions would be second to none globally. He said that going forward Access Bank would lay emphasis on growing the Small and Medium scale Enterprises (SMEs) as well as support women-owned businesses. He added that Access Bank would, in years ahead, be consolidating on its reputation to offer timely, improved and secured services to millions of customers. "We will be transparent. We will take time to understand you and your needs. We will develop the society in which we do business and most importantly, we will deliver on speed, security and service. This is our promise and we want you to hold us responsible for this promise." Wigwe assured stakeholders that the bank would also provide all the necessary support to the real sector such that the small enterprises could become big corporate, saying in order to do this, credit would be deployed to critical sectors like infrastructure in view of the critical roles in national economic transformation. Access Bank recorded gross earnings of N117 billion for the HI of 2014, showing an increase of about 16 per cent from N102.3 billion in the corresponding period of 2013. Operating income increased by 22 per cent from N68 billion to N83 billion, boosted by contribution from interest and non-interest income. Interest income grew from 16 per cent from N71.9 billion to N83.6 billion, while non-interest income increased by 28 per cent to N37.9 billion, from N48.7 billion. Fees and commission income equally rose from N16.4 billion to N19.4 billion, while other income improved from N13.3 billion to N14.6 billion. Despite the general increase in doing business in Nigeria, Access Bank contained its operating expenses growth through its focus on running its business more efficiently. For the second quarter 2014, operating expenses reduced by N1.8 billion from N27.1 billion at first quarter 2014 to N25.3 billion in June 2014. The Bank's cost to income ratio for Half year 2014 was 63.1 per cent compared with 75.9 per cent in the prior year 2013. Cost to income ratio improved by 280bps to 61.7 per cent in Q2 driven by revenue uplift and operational efficiency. Consequently, net interest margin improved from 5.7 per cent in the HI of 2013 to 6.9 per cent in H1 of 2014. The bank also recorded an improvement in cost to income ratio from 75.9 per cent to 63.1 per cent. Return on equity equally rose from 17.2 per cent to 18.3 per cent. Access Bank continued to enjoy high customers' patronage as reflected in the growth in deposits, which rose from N1.33 trillion to N1.45 trillion. Loans grew by 17 per cent, from N811 billion to N949 billion, indicating the banks' support towards the growth of the economy. However, cost of risk remained flat at 0.2 per cent in second quarter despite the growth in risk assets and credit quality was maintained in the first half of 2014. The percentage of non-performing loans (NPL) to total gross loans further improved to 2.5 per cent from 2.7 per cent at December 2013. Capital adequacy ratio improved by 200bps to 21 per cent in June 2014 from 19 per cent as at the end of 2013. The growth was driven largely by the issuance of $400 million Eurobonds classified as Tier II Capital to support business growth. In their assessment of Access Bank's results, analysts at FBN Capital Limited said they continued to believe that the bank will expand its ROE by over 400bps to around 19 per cent in 2014. "Management's reiterated guidance of a 20 per cent ROE implies a slightly stronger outlook. Drivers behind the improved 2014 earnings outlook include net interest margin expansion to close to seven from around six per cent in 2013, over 20 per cent loan growth in 2014 and double-digit growth in non-interest income. Yea-on-year improvements in 2015 earnings are unlikely to be as strong as 2014," they said. The analysts said there other contributing factors to the impressive results of the bank, citing the factors to include discontinued operations and other comprehensive income lines but their impact was modest compared with the change on the provisions line. FBN Capital analysts said with shares of Access Bank still trading on a 2014E P/B multiple of 0.8x, "we do not believe the market has fully priced in the improvements we are seeing. As we roll over our valuation to 2015, we have increased our price target to N12.3 from N10.5. We retain our outperform rating."*(This Day)*

Nigeria's state-owned rescue bank AMCON has selected HBCL Investment Services Limited (HISL), a private commercial bank, as the successful bidder to buy nationalised lender Enterprise Bank, AMCON said. Asset Management Company of Nigeria (AMCON) had sought bidders for the sale of its 100 percent stake in Enterprise Bank, one of three banks nationalised following a $4 billion central bank bailout that saved several Nigerian lenders from near bankruptcy in 2009. An AMCON statement released late on Thursday did not give details of the agreed price of the sale. It said Fidelity Bank had been chosen as the reserve bidder in the event the first choice HISL could not complete the transaction as agreed. AMCON said its decision followed a "rigorous and competitive bidding process" in which 24 foreign and local entities had initially shown interest. Citigroup and local investment firm Vetiva Capital had acted as advisors for the sale. Enterprise, with over 160 branches, is the first of the three nationalised banks to be put up for sale by AMCON, which was set up to help resolve the 2009 banking crisis, triggered by reckless lending and a stock market collapse in 2008. Afribank, Spring Bank and Bank PHB, were nationalised in 2011. AMCON then recapitalised them and changed their names to Mainstreet Bank, Enterprise Bank and Keystone Bank, respectively. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Economic News

Nigeria's economy grew at a faster rate in the second quarter this year than the previous three months because of a stronger performance in the non-oil sector, particularly pharmaceuticals, data showed on Sunday. Gross domestic product (GDP) in Africa's second-largest economy rose to 6.54 percent in the second quarter 2014, compared with 6.21 percent in the first quarter and 5.40 per cent in the same period of last year, the national bureau of statistics (NBS) said in a report. Africa's largest oil exporter pumped an average of 2.21 million barrels per day in the three months to June, up from 2.11 million barrels per day a year earlier, due to an increase in production. "The fastest growth continues to be recorded in the manufacturing sector," such as chemicals and pharmaceuticals, the NBS said, and added that the services sector contributed 53.15 percent to GDP in the second quarter. The non-oil sector grew 6.71 percent in the second quarter, which was lower than the 8.88 percent recorded in the same period in 2013. Nigeria rebased its GDP calculation in April, almost doubling its economy to $510 billion, making it the continent's biggest economy. *(Reuters)*

As inflation rate rose in the fifth consecutive month in July thereby posing a threat to price stability, the Monetary Policy Committee (MPC) may increase the cash reserve requirement (CRR) from 15 per cent to 18 per cent. The Managing Director/Chief Executive Officer, Financial Derivatives Company Limited (FDC), Mr. Bismarck Rewane predicted this in his latest monthly economic news and views presented at the Lagos Business School's executive breakfast meeting, a copy of which was obtained by THISDAY at the weekend. Headline inflation increased marginally to 8.3 per cent in July. Inflation has been on an upward trend since March this year. Data gathered from the National Bureau of Statistics (NBS) showed that the Consumer Price Index (CPI), which stood at 7.80 per cent in March 2014, climbed to 7.90 per cent in April, eight per cent in May, 8.20 per cent in June and 8.30 per cent in July. Therefore, Rewane argued that following the trend, the Central Bank of Nigeria's (CBN's) MPC which meets next week "could take another look at the CRR and increase private sector CRR from 15 per cent to 18 per cent."The CRR on private sector funds was increased to 15 per cent, from 12 per cent in the first quarter of the year. On the other hand, the CRR on public sector funds is presently at 75 per cent. But the FDC boss in the report pointed out that that underlying threats to inflation remains potent. The Boko Haram insurgency and the anticipated disbursement of funds to finance campaign by politicians as the 2015 elections draws nearer had been identified as some factors that would heighten inflationary pressure in Nigeria. In addition, the expected redemption of the Asset Management Corporation of Nigeria (AMCON) bonds this quarter was also expected to contribute to inflationary pressure. Rewane also anticipated an increase in mopping of liquidity from the system by the central bank. 'August inflation figures to weigh heavily on next MPCmeeting. FDC is projecting a jump to 8.7 per cent in August. This would represent a 6th consecutive month of increase. Trend is worrying but the rate is still within the comfort zone," the report stated. It added: "The primaries are in October and election motivated spending is expected to spike sharply. Oil prices (Brent) are expected to remain at the $102-$103 range through September down from $115n June "The revenue impact will coincide with an expansion in the fiscal deficit in November." However, the report showed that in August, the country's oil revenue declined as bonny crude oil prices dropped sharply to $100 per barrel, before recovering to $102 per barrel. It also revealed that economic activity in Lagos witnessed a sharp slowdown in August as a result of the delayed reaction to the Ebola outbreak. "Being cosmopolitan and a travel hub, Lagos is vulnerable to international sentiment," it added. The Nigerian PMI (Purchasing Managers Index) measured by FBN had also slowed to 54.6 from 56.2 in July. Inventory levels shrank as manufacturers reacted to the slowing of consumer demand. The Federation Account Allocation Committee (FAAC) funds disbursed also declined by 13.41 per cent to N654.6 billion. Although the CBN was yet to disclose the market opening position in the money market in the past eight weeks, itestimates that the average opening position in August was about N300 billion, while total mopping up of liquidity by the CBN in August was put at approximately N250 billion. Interest rates in the interbank market also shot up to 13 per cent per annum before dropping to 10.5 per cent per annum last month. *(This Day)*

Federal government Ministries, Departments and Agencies (MDAs) must return their annual operating surplus to the treasury, the Securities and Exchange Commission (SEC) and the Nigerian Ports Authority (NPA) failed to remit a combined N28.27 billion of such surplus funds. The Fiscal Responsibility Commission (FRC) disclosed this while meeting officials of the two agencies in Abuja, yesterday and insisted that the regulation be complied with. According to the News Agency of Nigeria (NAN), it said the breaches were made in 2007 and

2008 by SEC which failed to remit N10.34bn in 2007 and N11.61bn in 2008, amounting to N21. 95 billion. NPA had less figures of N3.79 billion and N2.53bn in 2007 and 2008, totalling about N6.2 bn. "For year 2007, 80 per cent of SEC operating surplus was supposed to be N11,152,535,000 rather than N808,736,586,40 which SEC had earlier remitted to the federal government as 80 per cent of its operating cash surplus. SEC has therefore been unduly withholding the balance of N10, 343,798, 413.60 due to the federal government. "SEC's 2008 audited financial report indicated an excess of income over expenditure of N14, 506,368,610. Eighty per cent of this sum is due the federal government and should thus have been remitted into the Consolidated Revenue Fund of the federal government before the end of April 2009. "In spite of all the reminders that this commission has sent SEC, there is no indication that SEC has made this due remittance after these years," the commission said, in a memo to capital market regulator. The commission added that SEC had equally failed to forward its audited account to it in spite of several requests, an indication that the unremitted figure could be higher it the trend was maintained between 2009 and 2013. "In spite of this commission's various requests, SEC has not availed the FRC of its three-year estimates of revenue and expenditure for 2010 – 2012, 2012 – 2014 and 2013 – 2015. SEC has failed to forward to the FRC its approved annual budgets for 2010, 2011, 2012, 2013, it said. Officials of the FRC said the problem of failure to remit operating surplus by MDAs would be addressed head-on **.** ***(****This Day)*

The bilateral trade between Nigeria and India has increased to $19.5 billion annually, the Indian High Commissioner, Mr. A.R. Ghanashyan has disclosed. Ghanashyan revealed this at the maiden edition of the Nigeria Leadership Initiative (NLI) diplomatic dialogue series held in Lagos yesterday. Ghanashyan said: "The last figure I have as trade between Nigeria and India is $19.5 billion and our relationship is growing and at the rate it is going, it may shoot up beyond $20 billion this year." Also, members of the Nigeria-India Chamber of Commerce, at the event urged the federal government to evaluate the issue of double taxation in Nigeria in order to improve bi-lateral trade between both countries. Ghanashyan who also spoke on the issue of multiple taxation, stressed the need to seriously look into the challenges posed by double taxation in order to improve economic growth and employment in both countries. He said: "We don't have a double taxation avoidance settlement, we don't have an investment protection agreement, but still we are the employer after the federal government. So imagine if we have this agreement what would happen to our relationship?" He revealed his plan to meeting with Nigeria's Coordinating Minister of the Economy/Minister of Finance on the issue of double taxation, and noted that the improved trade relation between both countries would be highly beneficial. "Nigeria is the largest trading partner with India and Indian owned companies are second highest employer in the country," he added. Also, the President, Nigeria-India Chamber of Commerce and Industry, Dr. Umo Itsueli said: "Nigeria is an emerging economy so is India, China and these are countries that if you look at projections made round the world over the next 20 to 30 years, are economies that would surpass the US. "So it is important we learn and start collaborating with such countries with similar backgrounds. The federal government is the largest employer of labour in the country, next to that is Indian-owned companies." The organiser of the event and CEO, NLI, Mr. Yinka Oyinlola explained that purpose of the monthly diplomatic dialogue is to foster better relations with ally countries. On the double taxation treaty, he said: "It is a shame that up till now at the policy level, there are still a lot to be desired in terms of relationship between the two countries but it was raised and recognised by the president of the India Chamber of Commerce and there is need to greater ties for better relations." *(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's tax authority has scrapped plans to review mining and gas contracts, after its announcement of the move last week rattled investors in the east African country's rich gold and natural gas resources. The Tanzania Revenue Authority (TRA) said last week it was seeking technical assistance to renegotiate mining development agreements (MSAs) and energy production sharing agreements (PSAs). This threatened to duplicate work by the Energy and Minerals Ministry, which earlier this year said it was in talks with miners to alter deals to give the state more revenue. "After our internal consultations with stakeholders, we found that there is no need to do any renegotiations and as such we have withdrawn the tender for expression of interest," the tax authority's commissioner general, Rished Bade, told Reuters. He did not say why policy had changed. A source at the finance ministry who declined to be identified said the government had decided the tax authority's work would duplicate that of the mines ministry. Investors in Tanzania, Africa's fourth biggest gold miner which has plans to develop huge new gas finds, have complained of shifting goal posts in contracts with the state. In the tender advertisement posted on its website on Thursday, the TRA said the main objective of the contract review was "to secure for the country an enhanced and fair share from the extraction of non-renewable natural resource." Mining and energy companies in Tanzania said they have come under increased regulatory pressure in the past few years as the government seeks to increase its share of revenues. Experts say the government, which last year tightened terms on new gas contracts, is under popular pressure to spread wealth swiftly from recent gas finds made in the poor east African country, even though it remains years away from big gas exports. Ami Mpungwe, chairman of the Tanzania Chamber of Minerals and Energy, said the pressure felt by companies was taking its toll on the industries and investment. "As a result of sustained policy, legal, fiscal and regulatory uncertainties and unpredictability, exploration activities and expenditure have significantly scaled down and the mining industry is on the decline," he said. In May, Tanzania received five bids for just half of the eight oil and gas blocks it offered in its latest bidding round. The country has 46.5 trillion cubic feet (tcf) of proven natural gas reserves, and expects exploration off its southern coast will result in more finds. Tanzania has so far signed at least 25 PSAs with about 17 international energy companies, including BG Group, Statoil, Brazil's Petrobras, Royal Dutch Shell, Exxon Mobil and Mubadala Petroleum. Miners operating in the country include the African Barrick Gold, AngloGold Ashanti, Petra Diamonds Ltd and Richland Resources Ltd. *(Reuters)*

The economy grew by 7.4 percent in the first quarter – January through March this year- up by 0.3 percent, the National Bureau of Statistics (NBS) has said. The rate is also higher than what the International Monetary Fund (IMF) projected last year. The fund had predicted that Tanzania's GDP would grow by between 6.5 percent and 7 percent from the 6.3 percent achieved in the first nine months of 2011. The growth was largely contributed by the industrial sector. This crucial sector recorded negative -1.8 percent in the corresponding quarter last year, but rose by over 100 percent to record 8.7 percent this year. The growth in the sector resulted from increased mining activities especially gold extraction. Releasing the first quarter of Gross Domestic Product (Q1GDP) report in Dar es Salaam yesterday, NBS director of economic statistics Morrice Oyuke said another sector that registered higher performance during the same period are construction, agriculture and financial intermediation. Morrice Oyuke said the quarterly GDP increased to 4.86trn/- in absolute terms compared to 4.52trn/- in the same period last year. Agricultural activity (crops, livestock, forestry and hunting) recorded a growth of 1.4 percent in the first quarter compared to 0.6 percent recorded in a similar period last year. Other sectors that registered high growth were hotels and restaurants, electricity, gas and water. Quarterly GPD measures the value of all products and services produced within a country out of economic activities in consecutive three-month periods in a year. Oyuke said during the period under review there was increased sale in gold minerals as moderate rains resulted to maximum agricultural productivity. "In the overall, the economy has a smooth start this year," he said. According to the Director, the current economy growth trend indicates that the government is addressing the challenges to increase improve people's income and boost development. While communication sector also grew by 16.5 percent, informal sector (mechanics, trade) recorded poor performance, with growth rate dropping to 8.0 percent from 10.0 percent previously. Other sectors which performed poorly were wholesale and retail trade, public administration, education, mining and quarrying, manufacturing, real estate and business services and health, social community and personal services. Despite the increased growth rate, citizens still suffer from economic hardships due to fast growing population. Dr Stephen Kirima, economist at the University of Dar es Salaam acknowledged that the positive growth rate in three sectors should be a challenge to policy and decision makers to overlook other sectors. He said the authorities should come up with concrete ideas that can boost other sector to contribute more in the country's economy. *(IPP)*

Zambia

Corporate News

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WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

THE Agricultural Bank of Zimbabwe Limited (Agribank) has narrowed its losses to $1,2 million in the six months to June 30 from $3,7 million in the same period as the prevailing liquidity conditions forced the bank to cut on lending. "The loss was mainly a result of the reduced level of lending due to the prevailing liquidity conditions and impairment charges," board chairman Siyabuliso Biyam said in a statement accompanying the bank's financial results. Net loans and advances declined by 4,7% to $86,1 million. The bank recorded a 36,6% increase in net interest income during the half year to $4 million compared to $2,95 million same period last due to the additional draw down of the Industrial Development Corporation (IDC) of South Africa second tranche facility. The bank started to draw down funds from IDC in 2011 after it concluded a $30 million facility with the corporation. "The bank also saved on interest expense as there was a decline in lines of credit and interbank deposits which attract high costs compared to the same period last year," he said. Non-interest income declined by 4,9% to $6,63 million compared to the same period last year due to reduced transaction activity. Biyam said the under capitalization of the bank was affecting funding and liquidity. He said this resulted in reduced trading and lending. Operating costs for the bank was reduced to $11,24 million during the period under review compared from $11,25 million in 2013. Biyam said the bank's core capital stood at $11,4million and was implementing initiatives to access credit lines and has budgeted $4 million allocated for capitalisation in the 2014 fiscal budget. "The process of securing a strategic partner as part of the overall capitalisation is on-going and government is committed to the recapitalisation of Agribank this is prerequisite for the bank to pay a critical role in agricultural recovery," Biyam said. *(News Day)*

BOTSWANA Stock Exchange-listed retail chain - Choppies - is set to continue expanding its foothold in Zimbabwe, with four more supermarkets set to be opened in Bulawayo and Harare before the end of the year, group chief executive officer, Mr Ramachandran Ottappath, said yesterday. Speaking after a board meeting in Bulawayo to review the performance of the stores in the last eight months, Mr Ottappath told Sunday Business that two stores each would be opened in Harare in the next three months and Bulawayo in a month before spreading to the rest of the country. "We are not confining ourselves to these cities only but in due course we will be expanding into the rest of the country. Our interest is in Zimbabwe as a whole and we have had a reasonably good performance for the period we have been operating here," said Mr Ottappath. The board meeting was attended by Choppies group chairman Mr Festus Mogae, Zimbabwe chairman Ambassador Phelekezela Mphoko and Zimbabwe director business development Mr Siqokoqela Mphoko. Group chairman Mr Mogae said they were satisfied with the amount of trade taking place in the country and that they were still on the spending stage as a group. "We are still developing the number of shops here in Zimbabwe and although we are operating in a competitive market, we have learnt to co-exist with the competition, as you will note, Choppies Botswana and South Africa are still growing as we offer better value for our customers," he said. Ambassador Mphoko said Choppies had contributed a lot to Bulawayo. The group had renovated buildings that they use, created employment and empowered indigenous companies in the city. He said Choppies was all about empowerment and development. *(Bulawayo 24)*

OLD Mutual Zimbabwe Limited has posted a two percent growth in adjusted operating profit to $32,4 million for the six months to June compared to the prior year driven by growth in revenue, the group reported on Tuesday. Revenues were up 12 percent to $120,6 million driven by the group's flagship unit. Old Mutual Life Assurance Company adjusted operating profit was up two percent to $16 million driven by growth in premium income despite a 23 percent decline in life sales. Operating expenses advanced by 25 percent to $45,8 million as the group embarked on the rebranding of its mortgage lender CABS and non-life insurance arm, the group said. Going forward, the group is seeking to grow business and consolidate its market position driven by its mortgage lender as well as an aggressive drive focused on the retail and informal sector. "We have areas that we are very dominant and we believe that we need to defend our market share and our position," group chief executive officer Jonas Mushosho told an analyst briefing. "We operate an integrated financial services model – we have spent so much time building that model – and we now want to harvest the benefits of working together as a group." Finance director Isaiah Mushinya said the group expects to grown funds under its management past the $2 billion mark after it increased by six percent to $1,7 billion during the period under review. CABS completed 1,186 low cost housing units at its Budiriro project, representing 52 percent of the target. The group's insurance arm contributed 57 percent of adjusted operating profit from 55 percent in the prior year. NPLs rose to 10,3 percent from 6,2 percent while the CABS loan book increased to $352 million from $297 million, buoyed by growth in deposits. Investment services and other units contributed 12 percent and nine percent. *(New Zimbabwe)*

INNSCOR Africa reported a 54 percent surge in revenue to become the first Zimbabwean business to record $1 billion turnover, but the conglomerate's management was left unimpressed after disappointing trading performances in some key units during the full year to June 2014. Innscor's bakeries and fast food units, distribution and SPAR retail business recorded declines in revenue, which were offset by the consolidation of grain and stockfeed processor National Foods (38 percent owned) as well as the country's leading chicken producer Irvine's (49 percent owned) for the first time in the group's results. This move, a result of changes in accounting treatment, has resulted in a fair value gain of $39 million. During the year under review, the Group recorded revenue of $1.01 billion, an operating profit of $80.56 million versus $67,4 million previously and an after-tax profit of $78,8 million (versus $48,6 million in 2013). However, Innscor's headline earnings, which strip away the fair value gain, were 4,11 cents in FY2014, down 35 percent from 6,36 cents the previous year. Bakeries and the fast foods subsidiary recorded a three percent decline in revenue to $261 million as demand for bread declined by 10 percent with 115 million loaves sold, compared to 128 million last year. The distribution business also recorded a one percent decline in revenue to $92 million while Spar recorded a $4,9 million operating loss during the period under review. However, National Foods recorded an eight percent volume growth, Colcom 16 percent while Irvine's registered marginal growth across its three core products - frozen chicken, day-old chicks and table eggs – as demand weakened considerably in the second half of the year. The milling and protein business recorded a nine percent revenue growth to $421 million. Colcom slaughtered 90,667 pigs compared to 87,116 during the comparative period. Irvine's saw a four percent growth in chickens sold to 13,170 tonnes while National Foods increased it production to 537,736 tonnes from 500,090. "These are not a great set of results," Innscor chief executive John Koumides told analysts on Wednesday. "After a number of years of good growth and profitability, 2014 has proved particularly difficult," he added, citing a change in environment, lack of disposable income among customers and competition as some of the challenges facing the group.The group incorporated National Foods and Irvine's into its financials. Koumides said the company was implementing strategies to return to profitability from 2015. "We have to make clear cut decisions and some have already been made," he said. The group has since closed its Spar Borrowdale branch and is planning to reduce costs through restructuring stores and reduction of capital expenditure. At its bakeries, Koumides said cost cutting measures such as restructuring the management team had been implemented as well as combining the pie and bread distribution. Without elaborating, Koumides said the company had come up with various strategies to stimulate growth. "We are currently at the final stages of reflection and reviewing where we play – the sector, country and target market," he said. *(New Zimbabwe)*

Econet Zimbabwe is prepared to work with Government in stimulating economic revival through spearheading investments that develops infrastructure and creation of jobs. The company expressed its commitment to contribute to the fiscus through payment of taxes. Group CE Douglas Mboweni unpacked the company's intention to grow and create value in the country. Econet has spent about $900 million in the local economy through payment of various taxes, duty and levies since dollarisation. The company has also invested about $94 million towards the purchase of equipment. Mboweni said more than 50 000 direct and indirect jobs have been created, more than 20 000 small business and has been sustained by the company and in excess of 25 000 young people are now employed selling airtime and other services. *(Bulawayo24)*

Economic News

Three counters — FBC, CBZ and Cottco — went live yesterday, 15 are joining next month, 10 in November and the remainder will be on the CSD by December 1. A CSD is a facility for holding and administering securities, as well as enabling transactions to be processed by means of book entry. Chengetedzai Depository Company chief executive officer Campbell Musiwa said the CSD would reduce settlement to T+5 (transaction plus five days) from the T+7 (transaction +7 days) that was in existence. He said the Securities Exchange Commission of Zimbabwe (SECZ) has mandated CSD to be on T+3 (transaction plus 3 days) by June next year. "Zimbabwe is the only country in the world with the T+7. Those who are lagging behind are at T+3," Musiwa said, adding that Asia was on T+2 and Europe, currently on T+3, had set a target of T+2 by October. He said the reduced settlement period would lure foreign investors like the American pension funds. "American pension funds are not allowed to invest in a country where there is no CSD. Now that we do have a CSD, American pension funds are going to be investing in Zimbabwe," Musiwa said.

SECZ chief executive officer Tafadzwa Chinamo said it was historic for the capital markets that CSD had gone live, saying it was a vital step "in building the infrastructure that we are working on". "We can now dream about transacting on our cellphones. In this fast moving world, you don't want a process which takes you seven days," he said. He said it won't be smooth, but a "learning process and certainly we are not going back". "The fact that we have started is an important thing. Over the next few days, we start to hear feedback from investors," Chinamo said. ZSE chief executive officer Alban Chirume said the bourse would work together with Chengetedzai to complete the initial project. He said the CSD was the back end whereas the Automated Trading System (ATS) the bourse is working on was the front end. "We are going to work together on the ATS which is the icing on the cake," he said. "Ideally all the shares must be on the CSD before the ATS starts operating. Musiwa said 500 accounts had already been opened. Zwelibanzi Ndlovu, Chengetedzai board chairman, said the company was looking at regional integration of exchanges and depositories. "That is something we should be thinking of going forward," he said. Asked how that company would fight off cyber manipulation, Musiwa said Chengetedzai had engaged a Russian firm, CMA, to implement the CSD. He said they had "buil[t] the necessary firewall to ward off outside penetration. In addition, the company has engaged a firm of chartered accountants to do penetration checks on the system." He said if there were weaknesses, the chartered accounting firm would provide the solutions. Chengetedzai Depository Company Ltd owns 49% of the CSD while government interests are represented by the National Social Security Authority with 13% shareholding, ZB Bank (13%), ZSE (15%) and the Infrastructure Development Bank of Zimbabwe holding 10%. Most countries with active capital markets have CSDs to provide custody and record-keeping services, which assists in attracting capital and making their economies more vibrant. The system also eliminates the risk of fake certificates, since only those certificates authenticated by the Transfer Secretary would be deposited. *(News Day)*

The advent of new communication technologies and mobile money transfer has forced banks to adapt or risk closure. ABC Holdings chief financial officer Beki Moyo said the bank was relatively quite advanced as far as IT is concerned but said priority is presently being accorded to mobile banking. "If you look at our mobile banking platform, we are a bit behind the curve but we will be rolling out in the next two quarters and it should be a very robust system," Moyo said. He said the bank had already done a Request for Proposal and would soon be choosing a service provider in the next couple of weeks. "Given that mobile as a platform has gone ahead of banks, Internet banking and others we think that it's a platform that we really need. ATM [automated teller machines] Card usage is very high, our target is to operate within 98% of uptime and in the last year or so we have achieved that," said Moyo. A substantial number of people in African countries remain unbanked, a situation which challenges banks on how best to access them. Consumers across the world are increasingly substituting physically visiting stores and banks for the convenience of online shopping and banking, as this has become a more popular and safe option. It is envisaged that as bandwidth costs decrease and internet usage improves in Zimbabwe, e-commerce will become an integral component of the economy. ZB Holdings plans to increase profit contribution to its portfolio through focusing on electronic channels, as more clients continue turning to e-commerce. The group noted that usage of electronic channels was on the increase as ATM card usage increased by 14%. Cards in circulation increased by 27% to 264 000. In its results for the half year ended June 30 2014, the bank said technology will play a key part in service delivery going forward and capital expenditure on technology would increase in the short term. The group has also deployed resources for a refresh of front facing technologies already and optimisation of current services to reduce service costs. ZB Holdings said it would also be facilitating integrated payments for an increasing number of business partners with several measures to increase operational efficiencies currently underway. The group noted that the impacts of these measures are expected in the medium term. *(News Day)*

BELGIUM has become the largest tobacco export market for Zimbabwean tobacco overtaking South Africa, statistics from the Tobacco Industry Marketing Board (TIMB) show. According to TIMB statistics, 18,4 million kg of the golden leaf had been exported to Belgium raking in $92,5 million as at September 5. The tobacco was sold at an average price of $5,03 per kg. China was the second largest importer after

10,6 million kg were sold at a value of $77,8 million. During the same period last year, South Africa bought 13,2 million kg of tobacco valued at $42,7 million. China imported 12,3 million kg worth $102 million. Figures provided by TIMB show that the country has so far earned $318,5 million from 64,8 million kg of tobacco exports. During the same period last year 68,5 million kg was exported raking in $330,6 million. The highest price per kg of $8,72 was offered by Malaysia. Last year, Japan offered the highest price of $10,03 per kg. TIMB said seasonal contract sales had increased to 165,4 million kg as compared to the same period last year when contractors purchased nearly 113 million kg. Seasonal purchases have therefore marginally risen to 216,1 million kg compared to almost 166,0 million kg purchased in 2013 during a similar period. According to TIMB, about 69 022 growers have registered for the 2015 season as compared to about 63 668 who had registered by the same period last year. Tobacco is one of the country's major agricultural exports, accounting for 10,7% of gross domestic product.*(News Day)*

Zimbabwe has spent $180 million in unbudgeted expenditure to service outstanding loans from China in an effort to improve relations and encourage new financial support, Finance Minister Patrick Chinamasa said on Wednesday. "In the first six months of this year we have had to cough up $180 million, which was not in the budget, just to make ourselves look good," Chinamasa told business leaders in Harare. Chinamasa last month accompanied President Robert Mugabe on a state visit to China where the veteran leader sought support to help a struggling economy.*(Reuters)*

Zimbabwean Finance Minister Patrick Chinamasa cut the government's revenue estimate for this year by 6.6 percent as economic growth slows. Revenue is estimated to reach $3.85 billion this year, down from a previous projection of $4.12 billion and compared with $3.74 billion in 2013, Chinamasa told lawmakers in his mid-term budget speech today in the capital, Harare. He halved the economy's growth forecast for this year to 3.1 percent. The southern African nation is facing an economic crisis a year after President Robert Mugabe, 90, was elected to office, with deflation, weak consumer spending and factory closures. "The first half of the year has been challenging in terms of revenue under-performance," Chinamasa said. "The slowdown in GDP growth is also reflected in reduced revenue collections, depressed exports and imports." Revenue in the first six months of the year totalled $1.7 billion compared with a target of $1.8 billion, while expenditure was $1.95 billion versus $1.8 billion estimated in the budget. Government wages account for 76.1 percent of total expenditure. Exports were 20 percent lower than projected at $1.2 billion in the first half, while imports amounted to $3 billion, Chinamasa said. Royalty fees for gold producers were cut to 5 percent from 7 percent to help spur production, he said. Taxes on gasoline and diesel were increased and a six-month tax amnesty was imposed for defaulters.*(Bloomberg)*

Zimbabwe's finance minister announced taxes on mobile phones and on the charges for using them on Thursday and raised the levy on fuel in an increasingly desperate bid to boost state revenues in the face of stagnating domestic growth. Finance Minister Patrick Chinamasa said economic growth would be dragged down by weaker performances in the mining, tourism and manufacturing sectors, although he kept his 2014 forecast at 3.1 percent. The southern African country's economy has been squeezed by a lack of foreign investment, power shortages and company closures, all of which has hurt government finances. "The slowdown in performance is also reflected in reduced revenue collections, depressed exports and imports," Chinamasa said during a half-year budget statement to parliament. To raise more funds for a government that spends more than 70 percent of its budget on salaries, Chinamasa said the state would impose a 5 percent levy on making mobile phone voice calls and sending data. A new 25 percent duty will also be charged on all imports of mobile phones, while the levy on fuel was increased to finance "inescapable expenditure", he said. "Government faces a challenge to raise additional revenue to finance non-discretionary expenditure," Chinamasa said. In one bright spot, he said agriculture had rebounded this year, with Zimbabwe producing enough maize to feed itself for the first time since 2003 and a tobacco crop of 215 million kg. Chinamasa said the government planned to spend $252 million on free seed and fertiliser for 1.6 million rural farmers to boost maize production in the summer season that starts at the end of next month. *(Reuters)*

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