SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change		YTD % Change	
Country	Index	8-Aug-14	15-Aug-14	Local	USD	Local	USD
Botswana	DCI	9409.27	9419.22	0.11%	-0.33%	4.04%	2.10%
Egypt	CASE 30	9152.95	9443.81	3.18%	3.05%	39.23%	34.79%
Ghana	GSE Comp Index	2266.48	2216.52	-2.20%	-12.73%	3.32%	-36.68%
Ivory Coast	BRVM Composite	241.84	244.22	0.98%	0.50%	5.26%	1.84%
Kenya	NSE 20	5003.78	5042.90	0.78%	-1.24%	2.35%	-1.20%
Malawi	Malawi All Share	13539.73	13621.15	0.60%	0.77%	8.70%	15.81%
Mauritius	SEMDEX	2106.17	2098.06	-0.39%	-4.51%	0.11%	-5.15%
	SEM 7	404.65	401.15	-0.86%	-4.97%	-0.62%	-5.84%
Namibia	Overall Index	1118.77	1124.62	0.52%	2.09%	12.80%	11.99%
Nigeria	Nigeria All Share	42598.46	41379.49	-2.86%	-4.04%	0.12%	-1.43%
Swaziland	All Share	297.16	297.16	0.00%	1.55%	4.02%	3.27%
Tanzania	TSI	4007.27	4229.42	5.54%	2.75%	48.74%	39.15%
Tunisia	TunIndex	4664.71	4655.23	-0.20%	-0.42%	6.25%	1.52%
Zambia	LUSE All Share	6225.92	6225.07	-0.01%	-0.42%	16.38%	4.17%
Zimbabwe	Industrial Index	194.91	195.33	0.22%	0.22%	-3.36%	-3.36%
	Mining Index	83.65	97.28	16.29%	16.29%	112.45%	112.45%

CURRENCIES

	8-Aug-14	15-Aug-14	WTD %	YTD %
Cur-rency	Close	Close	Change	Change
BWP	8.77	8.81	0.43	1.90
EGP	7.13	7.14	0.12	3.29
GHS	1.87	3.85	12.06	63.17
CFA	490.29	492.66	0.48	3.36
KES	86.38	88.15	2.05	3.60
MWK	387.89	387.26 -	0.16 -	6.14
MUR	29.36	30.63	4.32	5.55
NAD	10.73	10.56 -	1.53	0.73
NGN	160.08	162.05	1.23	1.58
SZL	10.73	162.05 -	1.53	0.73
TZS	1,619.89	1,664.00	2.72	6.89
TND	1.71	1.71	0.22	4.66
ZMW	6.12	6.14	0.41	11.73

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Egypt

Corporate News

Egyptian real estate company Amer Group posted a 27.9 percent rise in net profit for the first half of 2014, it said in a bourse statement on Tuesday. The firm, which owns hotels, restaurants and malls, among other businesses, made a net profit of 44.4 million Egyptian pounds (6.21 million US dollar) in the sixth months to end-June compared with 16.5 million pounds in the same period a year earlier. *(Reuters)*

Fixed-line monopoly Telecom Egypt posted 1.02 billion Egyptian pounds ($142.66 million) in net profit in the second quarter, up 14 percent from a year ago, driven by growth in its international networks business. On the back of its increased profits, Telecom Egypt proposed a $0.05 cash dividend for 2014. The dividend is subject to shareholder approval. "Every one of our business units has delivered revenue growth when compared to both the previous year and the previous quarter, allowing us to record the highest quarterly revenue result in the history of the company," it said in a statement. Telecom Egypt is waiting for the government to approve a unified license for mobile and landline services that would allow it to offer mobile services and boost earnings. Egypt's three existing mobile service providers, Vodafone Egypt, Mobinil and Etisalat Egypt, have been eating away at Telecom Egypt's fixed-line services as more Egyptians opt to use mobile phones and the internet instead. Telecom Egypt has been relying on its data business to boost revenue and has been waiting to launch a new mobile operation that would complement its existing joint venture with Vodafone and rival the sector's two other players. *(Ahram)*

Medinet Nasr Housing and Development's Tag Sultan project was the main driver of the firm's increase in profits. Egyptian real estate developer Medinet Nasr Housing and Development (MNHD) reported on Tuesday net profits in the six months to July of LE98 million, representing a three percent increase from the same period a year earlier. The company's top line rose ten percent in the first six months of this year compared to the same period last year to register LE220 million. Middle and upper-middle class housing project, Tag Sultan, was the main driver for the developer's boost in total sales which climbed 19 percent to LE494 million in the first half of 2014. "We are particularly pleased with the performance of our ambitious Tag Sultan project," said Ahmed El-Hitamy, managing director of MNHD. The Tag Sultan project, built on an area of 300,000 square metres, achieved 40 percent growth in sales to LE436 million in the first half of 2014 due to the sale of 380 units. In the second quarter of 2014, standalone net profits were LE46.9 million, a six percent increase quarter on quarter, while revenues were LE107 million. The board of directors also approved a donation worth LE25 million to be paid over the next five years to the Long Live Egypt fund which was launched by President Abdel-Fattah El-Sisi to support the Egyptian economy The buyout fund, Beltone Investment Group, owns a 23 percent stake in MNHD while 54 percent of the developer's shares float in the stock market at LE46.66 per share on 12 August.*(Ahram)*

Economic News

Egypt's stocks started the week in the red as investors sought profits following last week's record gains. The benchmark index EGX30 declined 0.39 percent to record 9,117 points on Sunday as daily stock turnover registered LE433 million. "The index fell as investors were making profits as they were discouraged by the low turnover," Eissa Fathy, vice head of the securities division at Cairo Chamber of Commerce, told Ahram Online. Egypt's main index achieved record levels last week, reaching 9,152 points, the highest level in six years, following the announcement of a new national project in the Suez Canal by the country's President Abdel-Fattah El-Sisi. Non-Arab foreign investors continued as net buyers to the tune of LE27.7 million while Egyptian investors were net sellers to the tune of LE14 million. Only a third of traded stocks were in the green while half were decliners. The most significant decliners were Heliopolis Housing, Egyptian Financial Group-Hermes (EFG-Hermes), Amer Group Holding, Talaat Moustafa Group (TMG) holding and Ezz Steel. Heliopolis Housing dropped 1.65 percent to LE52.4 per share, EFG-Hermes declined 1.45 percent to LE16.93 per share, Amer Group was down 1.41 percent to LE1.4 per share, TMG decreased 1.22 percent to LE9.74 per share and Ezz Steel fell 0.9 percent to LE17.66 per share. Sidi Kerir Pharmaceuticals, Juhayna Food Industries and Global Telecom Holding were able to achieve gains, rising 1.55 percent to LE19.85 per share, 0.97 percent to LE10.4 per share and 0.2 percent to LE5 per share respectively. *(Ahram)*

Egyptian Prime Minister Ibrahim Mahlab said on Saturday the government planned to buy local wheat from farmers "at a fair price no lower than last year," in comments broadcast by state television. The government purchased wheat for 420 Egyptian pounds ($58.74) per ardeb (150 kg) in the most recent harvest season which ended in June. Egypt pays domestic farmers more than $100 per tonne above the world market price for their wheat to encourage sales to the state.*(Ahram)*

E**gypt's annual core inflation rose to 9.35 percent in July from 8.76 percent in June, the central bank said on Sunday.** Earlier, the official statistics agency CAPMAS said annual urban consumer inflation rose to 10.6 percent in July from 8.2 percent in June. Annual inflation reached its highest rate in nearly four years in November but has since been falling. Analysts had expected it to rise again after the government increased fuel prices in July. *(Reuters)*

Egypt's annual urban consumer inflation jumped to 10.6 percent in July from 8.2 percent in June, the official statistics agency CAPMAS said on Sunday, after the government introduced a fuel price increase last month. Egypt's economy has been in turmoil since a popular uprising ousted autocrat Hosni Mubarak in 2011, deterring tourists and foreign investors and straining the country's finances and foreign reserves. Annual core inflation, which strips out subsidised goods and volatile items such as fruit and vegetables, rose to 9.35 percent in July from 8.76 percent in June, the central bank said in a statement later on Sunday. Annual inflation reached its highest rate in nearly four years in November but has been falling back since then. Analysts expect it to rise again after the government raised energy prices by up to 78 percent in an effort to ease its budget deficit. Gas subsidies were also cut, lifting prices by 30 to 75 percent, and sales taxes on alcohol and cigarettes rose as well in July. CAPMAS head Abu Bakr al-Gindy said last month he expected inflation to rise in July due to the price increases but that the effect would plateau after July. Despite billions of dollars in aid from Gulf states and two stimulus packages, economic recovery in the most populous Arab nation has been slow . *(Reuters)*

Russia will supply at least 5-5.5 million tonnes of wheat to Egypt this year and will increase agricultural goods imports from the North African country, Russian President Vladimir Putin told reporters after meeting with Egypt's President Abdel Fattah al-Sisi. Egypt is ready to increase agricultural goods exports to Russia by 30 percent and is discussing the creation of a free trade zone with the Moscow-led Customs Union of Russia, Belarus and Kazakhstan, Putin added. In the previous 2013/14 marketing year, Russia supplied 3.6 million tonnes of wheat to Egypt.(*Ahram)*

Egypt's main index rose slightly on Tuesday, buoyed by gains in the financial services and real estate sectors. The benchmark index EGX30 gained 0.4 percent to 9,274 points while the broader indices declined slightly – the EGX70 lost 0.07 percent and the EGX100 declined by 0.08 percent. Daily stock turnover was relatively high with LE931.7 million ($131.2 million). Egyptian Financial Group-Hermes Holding Company – the biggest market cap of financial services excluding the banking sector – gained 2.37 percent to close at LE17.71, while in the same sector, Pioneers Holding gained 0.76 percent to LE15.96. Smaller market caps Egyptians Abroad for Investment & Development and Prime Holding lost 1.22 percent to LE7.31 and 0.51 percent to LE3.93 respectively. In the real estate sector, TMG Holding gained 0.61 percent to LE9.90 per share. Palm Hills Development Company and Six of October Development & Investment (SODIC) gained 0.7 percent to LE4.33 and 5.58 percent to LE41.23 respectively. Market bellwether Commercial International Bank (CIB) gained 0.73 percent to close at LE45.23.The telecom sector ended the day on a mixed note, with the sector's two leading shares diverging: Telecom Egypt gained 0.58 percent to LE13.85 while Global Telecom Holding lost 1.99 percent to LE4.92. Foreign investors were the only net buyers to the tune of LE56.2 million ($7.9 million) while Egyptian investors and Arabs were net sellers to the tune of LE37 million ($5.2 million) and LE19.2 million ($2.7 million) respectively. Out of 185 shares traded over the day, 63 gained in value while 103 lost. *(Ahram)*

Egypt's stocks hit their highest level in almost seven years thanks to foreign buyouts, as brisk trading continued at the week's end despite expected protests to mark last August's violent dispersal of two Cairo protest camps that killed hundreds of supporters of ousted

president Mohamed Morsi. The market's benchmark EGX30 rose 1 percent to reach 9,386 points in a session that saw a significant total daily turnover of listed securities worth some LE904.5 million. Foreign investors were net buyers of some LE67.5 million worth of shares – however, Egyptians were net sellers for LE36.8 million. "Foreign investors (mainly institutions) have been net buyers of LE1.4 million worth of shares so far in 2014, compared to being net-sellers in the last three years," Eissa Fathy, vice head of the securities division at Cairo Chamber of Commerce, told Ahram Online. Fathy said that foreigners prefer the long-term strategy to earn profits since they can see Egypt's economic recovery and better investment conditions, which explains them being buyers for nearly 17 consecutive sessions. "As most Egyptian traders are individuals, they see it better to make profits in the short term," Fathy added. The broader index EGX70 also posted a 1.2 percent rise. Listed bellwether Commercial International Bank (CIB) rallied 2.8 percent to register a high share price of LE46.86. Property developers Talaat Moustafa Group (TMG) and Palm Hills Development (PHD) declined 0.5 percent and 0.2 percent to close at LE9.82 per share and LE4.43 per share respectively. TMG said on Thursday that its net profit was up 12 percent for the first half of 2014. The company's after-tax-profit was LE351.543 million in the six months to 30 June, compared to LE312.76 in the first half of 2013.However, real estate developer Six of October Development and Investment (SODIC) rose 2.3 percent to register a five-year high in its share price on Thursday, reaching LE44 after seeing significant net profits of LE91 million in the first half (H1) of 2014.Orascom Telecom Media and Technology Holding (OTMTH) did not record a change, registering LE1.32 per share as the company's profit fell 22.7 percent in the second quarter to LE351.68 million.*(Ahram)*

Ghana

Corporate News

No Corporate News This Week

Economic News

It did not help matters that Ghana did not treat her neighbors such as Nigerians kindly during their years of abundance. I recalled all the obstacles the Ghanaian government put along the way to dissuade potential Nigerian investors. I'm sure now they wish they hadn't done so, but again, the damage is done, for I can't see those Nigerians rushing out to rescue Ghana from herself.Not so long ago Ghana was the poster child of everything that could go right about sub-Saharan Africa, and this wasn't anything new, the country has always been ahead of the pack. In spite of the works for agitation of independence by people like Herbert Macaulay and Nnamdi Azikiwe both of Nigeria, Ghana managed under Nkuruma to obtain her independence from Britain in 1957, three years ahead of Nigeria and most other African countries. In recent years, Ghana became the place to be in Africa. Their economy was booming, the country was stable with successive peaceful and transparent democratic successions. They had steady light, low inflation, and new offshore oil discoveries that portends vast riches. Ghana became the number one destination for black Americans and Jamaicans for resettlement and for investment. Even Nigerians began flooding the streets of Ghana for business and leisure, while many more simply sent off their children to schools there. In the past few days, however, Ghanaians have taken to the streets in protest about the state of their economy, rising inflation, and the declining value of their local currency. The Ghanaian President, John Muhama, recently indicated that Ghana is about to seek financial bailout from the IMF. Isn't it amazing how times have changed for Ghana, and rather suddenly because just a couple of years ago Ghana was still recognized as the shining example of stability in West Africa. Only last year the country celebrated ten years of uninterrupted power supply, something most Nigerians can only dream about. About six months ago I heard of the first signs that all was not well with Ghana's economy. At first I thought it might be just a minor hiccup, perhaps a small or rather soft landing of an overheated economy, or maybe that it was only an unfounded rumor without any merit. Unfortunately everything I heard turned out to be true, and even worse. I have since wondered what happened to Ghana, how could a well-managed economy with seemingly less corruption than their Nigerian neighbors suddenly take a nose dive? The answer is still blowing in the wind, but there are a few pointers that might lead us to where the problem began. First, sometime ago Ghana decided to revalue their currency, the cedi.

Their central bank applied a reverse split that ultimately brought the formerly weak currency to par with the US dollar. For example, if one had one million cedi in the bank, after the reverse split the person may now end up with a thousand cedi, but that cedi will have the same purchasing parity with the US dollar. I recalled publishing an article in the US when Ghana did this, warning them that they are embarking on a never-ending slippery slope. At the time I sighted countries like Mexico that have tried doing this with their Peso and how they have revisited that valuation more than once. In 2007 Nigeria's Central Bank Governor, Chukwuma Soludo attempted a similar revaluation of the Naira, and I published an article (Go East, to China, young man) in which I cautioned against that move. I reposted that same article in March last year, cautioning Sanusi. Fortunately for Nigeria, but for political reasons, the Yar'adua's government stopped Soludo from carrying on the revaluation. I believe that Ghana has revalued their currency more than once since the first time, and currently the cedi has lost 50% of its value this year alone, making it the worst performing currency in the world so far in 2014. As the cedi depreciates, so does the cost of buying products from overseas, which is passed on to the consumers and consequently inflation in Ghana has now topped 15% this year. As mentioned Ghana celebrated ten years of uninterrupted power supply last year. It was as if Nigeria, which has failed to achieve even a day of uninterrupted power supply, decided to rain in on their parade. Nigeria supplies most of the gas used to power the electric plants in Ghana, and lately as Nigeria experienced stoppages due to gas pipeline vandalism, their supply to Ghana was finally affected. And suddenly Ghana began to experience rolling blackouts and just downright power failures that sometimes lasts for weeks in some neighborhood.

Well, I say to them, welcome to the Nigerian world. Surely lack of power must have accounted for significant drops in manufacturing and other business activities, especially for people that have grown accustomed to steady power supply through the years, and some might have failed to make necessary provisions for alternative source of power as most Nigerians do. But the major measurable source of decline is about the price of gold. Gold represents about 45% of Ghana's export, and gold prices have declined in recent times, undoubtedly affecting that nation's income. Cocoa has equally been on the decline though Ghana has significantly reduced their dependency on cocoa export since it was the dominant foreign exchange earner for them back in the fifties and sixties. Apparently overreliance on one product as it is with gold in this case has come to bite Ghana harder than they expect. As bad as it is for Ghana that gold represents 45% of their export, can you now imagine what could happen to Nigeria if and when oil prices crash as oil represents well over 90% of our export revenue. The potential outcome is simply unfathomable yet no one in Nigeria's government has taken out time to think seriously about its potentially devastating effects. A few years back Ghana discovered oil in their offshore waters and they have spent quite a bit of money to develop those oil wells. Their planning on what to do with the oil revenue was more structured and acclaimed to be something of a forward thinking approach. But in the end, the amount of oil being tapped have falling far short of expectation. Amid all these shortages here and there, the government of Ghana has become highly stretched, and are now desperately struggling to make up for these shortfalls, but it appears that the damage has been done, and anything short of a major bailout would mean doom for the country. Ghana has come a long way; in 2007 it became the first country in sub-Saharan Africa other than South Africa to issue international bonds.

Today, it's unlikely that issuing more international bonds would be part of the solution as those international investors are now fleeing in droves. It did not help matters that Ghana did not treat her neighbors such as Nigerians kindly during their years of abundance. I recalled all the obstacles the Ghanaian government put along the way to dissuade potential Nigerian investors. I'm sure now they wish they hadn't done so, but again, the damage is done, for I can't see those Nigerians rushing out to rescue Ghana from herself. The bottom line is that Ghana is not quite Nigeria. The economy of Lagos and Akwa Ibom combined is greater than that of Ghana, and its population is under 30 million. But there are lessons here for Nigeria. If this can happen to Ghana it surely can happen to Nigeria. Our over reliance on oil for export revenue is one thing that makes Nigeria overexposed to the risk of price fluctuations or worse a crash in price. Our inability to provide constant power supply continues to be a drain on the cost of doing business in Nigeria. Our cost of supporting the Naira is unaffordable to this economy, and I have written about this issue before. There is no doubt that corruption has played some role on what is going on in Ghana, I am certain that we have far greater corruption in Nigeria. And finally, we must always keep our doors open, this is America's best kept secret. Open doors means a constant flow of hungry immigrants that are willing to work harder than the otherwise settled population. We have repeatedly flaunted how Nigeria is growing at 7% annually, it is no longer true. Last year, Nigeria's economy grew at just under 6% but I am sure that your political leaders won't tell you this. And finally, as the Champaign begins to flow in Abuja and across most state capitals in anticipation of next year's election, I hope we still keep our eyes on the ball…on the economy of Nigeria before we suddenly hear stories as it is happening in Ghana today . *(Ghana Web)*

The Central Bank has announced that owing to certain implementation challenges it encountered after the introduction of rules on foreign exchange operations, it has revised some of its policies. In a statement issued on Friday in Accra, it said the limit of $1000.00 on over-the-counter foreign exchange cash withdrawal had been removed. Again, it said exporters shall continue to repatriate in full export proceeds in accordance with the terms agreed between the trading parties, adding that such proceeds shall be credited to FEAs and converted on need basis. "FEAs and FCAs will continue to be opened and operated as they were before the Notices of February 4, 2014. Except for transfers from foreign exchange accounts (FEAs) to foreign currency accounts (FCAs) which are still prohibited, all other transfers between accounts are permitted." The Bank of Ghana further noted that FCAs shall be fed only with unrequited transfers such as transfers from abroad for investment or embassy transfers. "FEAs shall be fed with foreign exchange generated from activities in Ghana such as proceeds from exports of goods and services.

The threshold for transfers abroad without initial documentation remains at $50,000.00. "Where documentation in respect of a transfer remains outstanding, any subsequent import transaction by an importer, irrespective of value, shall only be made on prior provision of documentation required for the current import transaction." By the foregoing, it said importers, who used non-cash instruments (plastic cards), might continue to load up to $50,000 to meet their legitimate needs abroad subject to the necessary documentation requirements. Furthermore, it mentioned that foreign currency denominated loans may be granted by resident banks to their customers subject to their own internal procedures and processes and in compliance with the risk management guidelines of the Bank of Ghana. Cheques and cheque books may also be issued by banks to holders of FEAs and FCAs. It would be recalled that the Bank of Ghana, on February 13, 2014, issued a notice to clarify the aforementioned notices. On June 16, 2014, it also issued another notice to amend the rules on foreign exchange operations. It said the Ghana cedi remained the sole legal tender in Ghana and therefore pricing, advertising, invoicing, receiving and making payments for goods and services should be done in Ghana cedis unless otherwise authorized by the Bank of Ghana. "Existing measures, which are not amended by this notice, shall continue to remain in force." *(Ghana Web)*

Businesses in the country are holding back on their expansion plans, cutting down investments in their operations and contemplating job cuts in anticipation of tougher economic times in the coming months. Already, their confidence in the economy has dropped to an all-time low of 22.42 in the second quarter of the year because "signs of recovery do not look immediate." "What this means is that the dynamics with investments will slow down and we will not expect to see growth in the rest of the year," the President of the Association of Ghana Industries (AGI), Mr James Asare-Adjei, told the GRAPHIC BUSINESS moments after the release of the association's Business Barometer Indicator (BBI). Reasons for the grim sentiments on the economy are not far-fetched given how badly the economy has performed. Inflation is at a four-year record of 15 per cent, and since the year began, prices of petroleum products have been raised four times. In fact, petrol costs 53 per cent more today than in January, contributing in the general increase in inflation. The cedi's performance against the dollar particularly has been disappointing (by almost 30 per cent) which has impacted negatively on working capital of many businesses. For many of them, they had forecasted between GH¢2.1 and GH¢2.5 to the US dollar.

However, the cedi has depreciated further to GH¢ 3. 5. As if that was not enough, the Bank of Ghana's stern monetary policy stance has led to high interest rates with government paying 25 per cent to borrow for 91 days. The implication for business is that interest rates are around 30 per cent or more depending on the borrower's risk profile. These factors, together with the unstable power supply, dampened businesses confidence on the economy, causing them to predict a gloomy future as captured in the BBI. The Barometer Indicator is an initiative of the AGI used in gauging business confidence while predicting short-term business trends in the economy. Its latest survey of business performance and confidence in the economy showed the sentiments of the business community fell from 90.13 in the first quarter of the year to the current 22.42, making it the lowest since the BBI was introduced in the second quarter of 2009. The next six months also looked bleak as some 93 per cent of the chief executive officers (CEOs) of businesses interviewed for the survey said the business environment was not likely to improve. That contrasted sharply with the seven per cent who were optimistic of an improved business climate in the second half of the year. Employment expectations from the business community in the second quarter of the year also worsened by some 15 per cent as over 93 per cent of business owners dismissed chances of hiring new hands in the coming months. "Basically, business owners are saying that they don't see an end to the current challenges in sight and because of that they don't expect to employ more people. Some of them are even contemplating downsizing and laying off some staff in the next three to six months," Mr Asare-Adjei, who is the Chief Executive Officer (CEO) of the Asadtek Group, explained. The survey mentioned the cedi depreciation, unstable power supply, taxation and the Bank of Ghana (BoG) measures on foreign exchange usage as the major factors influencing their grim outlook on the economy. It is instructive to note that this is the first time, since the Business Barometer report was introduced some five years ago, that business leaders are pessimistic that the economy will improve.

The grim sentiments from most CEOs in the business climate within the second quarter of the year are consistent with the findings of a similar survey conducted by the Bank of Ghana (BoG) on business confidence in the economy. The bank's July 2014 Monetary Policy Committee (MPC) report revealed that the Business Confidence Index (BCI), which also gauges the confidence levels of businesses, declined to 82.8 in March this year from the 99.0 recorded in December last year. The decline was attributed to (anticipate) slowdown in industry growth, sales, revenues and capital outlays arising from exchange rate depreciation and cost of operations. That steep fall in the value of the cedi had fuelled consistent increases in prices of goods and services in the country, leading to an overall rise in the cost of operations of businesses. Unilever Ghana Limited, which manufactures consumables for the local and export market, posted a Ghc6.5 million loss in the first half of the year as the cedi depreciation and its attendant consequences lowered demand for the company's products while raising its cost of operations. However bad that may be, the President of AGI said more businesses would be reporting similar losses in the remaining half of the year should government fail to initiate and implement policies that would ensure immediate turnaround in the economy and the fortunes of businesses in particular. "The situation is not limited to one company or institution alone; it is an industry-wide issue and so the long-term effect will be that businesses will be reporting losses, and because of that government won't get more corporate taxes and by extension revenues will experience shortfalls - some of these businesses will stop investing and some may even shutdown if the situation does not improve," Mr Asare-Adjei added. On the concerns that need immediate attention to help restore confidence, he said government should work at creating a stable macroeconomic environment that would make it possible for businesses to plan. "The whole issue is about lack of economic stability. So, we welcome anything that will help create efficiency in the system and ensure that we get stability," he added. *(Ghana Web)*

Ghana's annual consumer price inflation rose to a four-year high of 15.3 pct percent in July from 15.0 percent in June, the West African nation's statistics office said on Wednesday. The rise pushes the rate further past Ghana's revised 2014 target of 13.0 percent plus or minus 2 percent set in last month's mid-year supplementary budget. *(Reuters)*

The Bank of Ghana on Thursday unveiled a comprehensive road map document that it believes will lead to an enhancement in existing payment systems in the country. The goal of the Strategic Payments Roadmap for Ghana, a paper commissioned by the central bank, is to build on current payment systems infrastructure engineered by the Ghana Interbank Payment and Settlement Systems (GhIPSS) to reduce the dependence of cash for transactions. The paper, put together by Standard Chartered Bank, was presented to the central bank at a ceremony attended by BoG's Deputy Governor, Millison Narh as well as Mona Quartey, Deputy Finance Minister among other dignitaries from the financial services industry. The paper makes recommendations on various issues that the BoG needs to tackle to ensure a successful migration to a cash-lite society. Among recommendations to pursue include the establishment of a Payments Council which is expected to address the diversity in the country's payments system as well as lead in the execution of the road map strategies. According to Mr. Narh, the promotion of a cash-lite economy is the collective responsibility of all stakeholders involved in the development of the payment ecosystems. "This will require appropriate policies that promote investment and innovation and also smart plans from both the private and public sectors," he added. The Payment Systems Act, 2003, empowered BoG to play a pivotal role in establishing, operating and promoting payments systems. *(Ghana Web)*

The Abossey-Okai Spare Parts Dealers Association has dismissed suggestions that latest revision of the forex rules by the Bank of Ghana (BoG) will have an immediate positive impact on their operations. The spare parts dealers have been on a crusade to force the complete reversal of the forex rules since its introduction in February. The BoG on Friday, August 8, further revised some of the Forex rules, the third time, after some clarifications on February 13 and revision on June 16. According to the chairman of the Abossey-Okai Spare Parts Dealers Association Siaw Ampadu, the spare parts dealers will respond cautiously to the latest move by the bank of Ghana. "The harm has been caused already; we are entertaining fears that after making that wrong decision things might even get worse before some stability later…we welcome the decision but this decision cannot change anything ", he said. Meanwhile some forex bureau operators are confident of improved business in the coming months. A Forex Bureau operator who spoke to Citi Business News said "before this, people normally bring a lot of dollars and pounds but after the instruction by the Bank of Ghana it reduced totally but now it's normalizing". According to another operator there has been some recovery in their operations in the last two months but the immediate impact of the scrapping of some of the rules will be properly felt in the coming months. In a related development the Ghana Chamber of Commerce and Industry has also expressed optimism, that the move will gradually restore business confidence in banking. President of the Chamber, Seth Adjei-Baah said 'it is in the right direction… let's hope people will have confidence in the directives'. *(Ghana Web)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Kenya

Corporate News

Cement maker Bamburi has tripled its interim dividend pay-out despite reporting a plunge in half-year net profit on the back of increased costs and competition. The Nairobi bourse-listed cement producer has declared an interim dividend of Sh6 per share for the six months to June 2014, compared to Sh2 in a similar period last year. Bamburi's after-tax profit for the first half of the year dropped by nearly a third (28.1 per cent) to Sh1.6 billion compared to Sh2.3 billion earned in June last year. The cement maker said the dividend windfall is a gift to shareholders to mark Bamburi's six decades of operations in Kenya, despite margin pressures and higher power costs that have hit its profit. "The board of directors resolved to declare an interim dividend of 120 per cent per ordinary share (Sh6 per ordinary share) totalling Sh2.1 billion in celebration of 60 years of operation in Kenya," said Bruno Pescheux, its managing director. "Competitive pressure in the Ugandan market coupled with higher costs resulting from significant power tariff increases in Kenya ate into the company's operating profit." Mr Pescheux, formerly chief executive of Lafarge Cement Syria, was appointed last month to succeed Hussein Mansi, who had served a five-and -a-half-year stint in Kenya. Bamburi saw cement sales grow by a tenth to Sh17.2 billion from Sh15.8 billion last year.*(Business Daily)*

Beer maker EABL is set to terminate supply contracts with at least 20,000 sorghum farmers, in a pointer to wider economic losses expected from the sharp drop in sales of the low-end Senator Keg beer. East African Breweries Limited (EABL) last week reported a five per cent growth in after-tax profit to Sh6.85 billion, but announced that sales of the previously fast-growing Senator Keg, which was hit by a tax increase, had plunged by 75 per cent. The brewer revealed that it is sitting on 13,000 tonnes of sorghum, the main raw material used in production of the Senator Keg – an amount that it said is enough to sustain production for three years at current sales levels. "This year, we will not be renewing a majority of 26,000 contracts simply because we do not need all that raw material at the moment," said EABL managing director Charles Ireland after announcing the company's performance. Senator Keg had recorded quick growth since its introduction as a cheap beer meant to lure low-income earners from consuming illicit and in most cases unhealthy brews. The growth, however, took a nosedive after the Treasury introduced a 50 per cent excise duty on the previously tax-free beer, which more than doubled the cost of the drink. The government had targeted to collect Sh6.2 billion from introduction of tax on Senator Keg. Soon after the increase, over a quarter of the 12,000 outlets that used to sell Senator were closed due to low sales. EABL reacted by introducing new, low-cost spirit brands to plug this gap, spent Sh1.6 billion on laying off staff and also reduced the brewery schedule to five days from seven. The impact of the drop in Senator Keg sales is now set to be felt by farmers in Western and Eastern Kenya who have since 2008 been supplying EABL with the cheap grain. "This year, we had entered into contracts with farmers to supply 20,000 tonnes of sorghum because we thought we would need it. "The company honoured these agreements and bought the grains even when Senator Keg volumes reduced. If these farmers choose to plant the crop this year, they will have to secure alternative buyers," said Mr Ireland. Sorghum has increasingly become a raw material of choice in the brewing industry since it is resistant to climate change and its cost is lower than that of barley or malt. Barley is largely sourced from international markets exposing brewers to high and volatile prices of the commodity. EABL has been shifting focus to sorghum to save on production costs. The regional brewer's purchase of 20,000 tonnes last year was double what it had sourced the previous year, highlighting the crop's high demand and its value to farmers as a key source of income. Even listed companies like agribusiness firm Kakuzi have announced plans to venture into large-scale growing of sorghum for sale to breweries in the region, highlighting the attractiveness of the crop. In the year to June 2012, EABL posted Sh11.1 billion in net profit, which the brewer is yet to hit again. Sales grew by four per cent from Sh59 billion to Sh61.3 billion during the period driven by premium beer brands such as Guinness and Tusker, which recorded double-digit growths. *(Business Daily)*

Barclays Bank of Kenya's first-half pretax profit rose 12 percent largely due to a surge in customer loans and net interest income, the bank said on Tuesday. Jeremy Awori, the managing director for the bank that is controlled by Barclays Plc, said in a statement that profit came in at 6.1 billion shillings ($69.36 million), with the loan book growing by 20 percent to 128 billion shillings. Analysts said improved performances from subsidiaries in nearby countries were also a factor. The bank's profit lagged its rivals Equity Bank, the countries biggest by deposits, and KCB, the largest by assets. Barclays said its net interest income grew by 5 percent to 9.7 billion shillings, while non-interest income fell by 5 percent mainly due to a decline on foreign exchange income following a stable currency market. The bank said it will not pay an interim dividend to enable it to meet new capital requirements set by the Central Bank of Kenya and raise capital for investment. It paid an interim dividend of 0.20 shillings per share in the year-ago period. Barclays announced plans to open a mortgage centre to help increase lending to home buyers, as well as an investment banking arm to play a bigger role in the debt and equity capital markets as well as mergers and acquisitions. *(Reuters)*

Kenya's NIC Bank said on Tuesday it had received regulatory approval to issue 8 billion shillings ($91.06 million) worth of bonds to fund its expansion plans. The lender, which also operates in neighbouring markets such as Tanzania, wants to use the funds to increase its capital base in order to boost personal and business loans. "We expect to be in the market with the first tranche this month," John Gachora, NIC's chief executive, said in a statement, adding the notes will be issued over five years. NIC Capital Limited, a subsidiary of NIC Bank, will act as the lead arranger for the issue. NIC also plans a cash call to raise an additional 2 billion shillings. *(Reuters)*

Co-operative Bank of Kenya's said it would expand into Ethiopia and Uganda after reporting a rise in first-half pretax profit due to higher fees and net interest income. Co-op Kenya said on Wednesday that pretax profit rose 15 percent to 6.7 billion shillings ($76.18 million) in the period to the end of June, compared with a year earlier. The bank - Kenya's third-biggest by assets - said that, following a successful entry into South Sudan late last year, it would now target Ethiopia and Uganda. Its two bigger rivals KCB, the country's largest lender by assets, and Equity Bank, have been expanding in the east African region, exploiting growing trade ties between countries and buoying their earnings. "Our South Sudan subsidiary, which started operations in September 2013 is on the verge of breaking even and contributing positively to our profitability this year. Ethiopia and Uganda remain our new frontiers," Gideon Muriuki, Co-op Kenya's managing director said in a statement. The bank's fees and commissions increased by 18.4 percent to 1 billion shillings while net interest income rose 12 percent to 9.9 billion shillings, it said. Co-op Kenya, which mainly serves co-operatives and individuals in east Africaâ€™s biggest economy, said its loan book grew by 32.7 percent to 165 billion shillings, mirroring a rise in lending across the country's banking sector. KCB, Equity and Barclays Kenya, have all reported a surge in lending for the first half of the year. Analysts have said the steady interest rates prevailing in the market have buoyed lending. Kenya's government says it will cut the government's local borrowing requirement in the second half of the year to help reduce interest rates even further after it successfully issued its first sovereign bond in June worth $2 billion. *(Reuters)*

KCB's growing non-funded income will help cover for any drop in interest margins over the next four years, analysts at Old Mutual Securities said. The stockbroker says a reduction in costs due to investment in technology will also keep the bank's compound annual growth rate at about 10 per cent in the next four years. In the first half of this year transaction-based income from the lender's 1.7 million deposit accounts saw non-interest earnings grow by 30.8 per cent to Sh10.4 billion. The income came from forex trading, ledger fees, ATMs, agency and mobile banking. On the other hand, its net interest income grew by a slower seven per cent to Sh17.1 billion in the same period against the backdrop of Sh1 billion increase in deposit expenses. The bank paid a total of Sh4.9 billion, contributing to the slower growth relative to non-interest income. "We are concerned by declining interest margins from 11.2 per cent in 2013 to an estimate of 8.5 per cent in 2017 driven by possible intentions by the government to bring down interest rates and rising inflation rates which will likely squeeze the bank's net margins," said Old Mutual researchers Maureen Moraa and Eric Munywoki in the note. "The bank's anticipated growth in both agency and mobile banking remain the key drivers of non-funded income where we forecast a compound annual growth rate of 8.8 per cent to 2017." Continued improvement in its mobile banking services is set to improve the bank's efficiency levels, lowering the cost to income (CTI) ratio from the current 58 per cent to 54.4 per cent by 2017, according to the analysis. The projections are based on estimated growth of 150 per cent in M-Benki accounts to one million by the end of this year from 400,000 in 2013, and the expected reduction in expenses associated with setting up brick-and-mortar branches. Banks are integrating mobile money services into their offerings to take advantage of the mass market reach of the service. Commercial Bank of Africa saw its loan accounts grow to 897,000 last year from 89,000 in 2012 when M-Shwari was launched. According to CBA, M-Shwari has over seven million customers who have transacted more than Sh156 billion in the past two years. KCB and Safaricom last month unveiled the Biashara Smart suite of services targeting SMEs. It includes bank account opening, website domains as well as talk-time and text messaging. Combining the existing Safaricom Business and KCB's M-Benki services, the product gives SMEs access to M-Pesa, insurance, business tips and payroll processing services among others. It is expected to bring more transaction earnings for the two partners. Equity Bank is betting on increasing non-interest income after acquiring a mobile virtual network licence with an eye on the mobile money transfer market currently dominated by Safaricom's M-Pesa. KCB has also ventured into near field communication (NFC) services, partnering with Kenya Bus Services to issue a cashless commuter cards *(Business Daily)*

Kenya's Diamond Trust Bank increased first-half pretax profit by 17 percent year-on-year, helped by growth in net interest income and fees, it said on Thursday. Banks in east Africa's biggest economy have reported higher half-year earnings so far in 2014, buoyed by rising lending on the back of steady interest rates and economic growth. Diamond Trust Bank, which focuses on services to small and medium-sized businesses, said its pretax profit rose to 4.1 billion shillings ($46.56 million) in the six months to the end of June. The bank, which has subsidiaries in Kenya, Burundi, Tanzania and Uganda, said lending rose 27 percent to 120 billion shillings. Net interest income for the period rose 20 percent to 6.1 billion shillings. Earnings per share for the group climbed to 11.93 shillings, from 11.14 shillings in the same period last year. The bank did not pay a dividend for the first half, having not paid a dividend for the same period last year. The bank said on Wednesday it had raised 3.6 billion shillings in an oversubscribed rights issue to expand its branch network in the region and support lending. Diamond Trust Bank is following a trend by its bigger rivals KCB, the country's largest lender by assets, Equity Bank and Co-operative Bank of Kenya, to expand in the east African region, exploiting growing trade ties between countries and buoying their earnings. KCB, Equity, Barclays and Co-op Kenya have all reported a surge in lending for the first half of the year, which has buoyed their earnings. *(Reuters)*

Kenya's Diamond Trust Bank has raised 3.6 billion shillings ($41 million) in an oversubscribed rights issue to expand its branch network in the region and to support lending. The bank, which focuses on services to small and medium-sized businesses, plans to use the funds to expand its retail banking services in Kenya, Burundi, Tanzania and Uganda. The bank said it received a total of 16 billion shillings or a 440 percent subscription for the 22 million additional shares it had offered at 165.00 shillings a share in June. Alkarim Jiwa the general manager for finance and planning said the new funds will also be used to explore new investment opportunities in new markets for the bank. "We plan to expand into Rwanda, the Democratic Republic of Congo, South Sudan, Mozambique and Madagascar. We are doing feasibility studies in two of these countries, and based on the outcome we could enter one of those markets in the next 18 months," Jiwa told Reuters via telephone. Diamond Trust is following a trend by its bigger rivals KCB, the country's largest lender by assets, Equity Bank and Co-operative Bank of Kenya, to expand in the east African region, exploiting growing trade ties between countries and buoying their earnings. The bank's shares closed at 230 shillings. *(Reuters)*

Strong performance by DTB subsidiaries in Uganda and Tanzania lifted Diamond Trust bank's half-year net profit by 10 per cent to Sh2.94 billion. The bank reported a 48 per cent jump in the net earnings from its subsidiaries in Uganda, Tanzania and Burundi to Sh770 million, which group managing director Nasim Devji attributed to a strong performance from small and medium sized enterprise (SMEs) lending across the region. The subsidiaries in these three counties now account for 33 per cent of the lender's balance sheet, compared to 30.9 per cent a year ago. DTB's loan book went up by 27 per cent year-on-year to Sh120 billion, resulting in an increase of 26 per cent in the interest income to Sh8.3 billion. "Across the East Africa region we play in the SMEs market. It is they who were mainly taking up the loans, in sectors such as trade, construction and transport," said Ms Devji. The growth in the lender's interest income outpaced that of the non-funded income, which went up by 8.2 per cent to Sh1.84 billion. The bank reported that its non-performing loan ratio to the loan book stood at 1.2 per cent in June this year, keeping it well below the industry average of 5.7 per cent at the same point in the year as per Central Bank of Kenya reports. DTB's provision for loan losses, however, increased by 28 per cent from Sh995 million in June 2013 to Sh1.27 billion in June 2014, with total non-performing loans standing at Sh1.48 billion from Sh1.03 billion last year. Increasing returns from regional subsidiaries have helped DTB to increase the pace of its expansion into neighbouring countries, keeping with the trend of local banks looking to the region for more business. Ms Devji said DTB is looking to complete its feasibility studies for expansion into Madagascar and Democratic Republic of Congo (DRC) with a view to establishing a presence in one of these countries within the next 15 months. *(Business Daily)*

Standard Chartered Kenya posted a 23.6 percent rise in first-half pretax profit year on year thanks to higher net interest income, in line with rival banks that have also benefited from steady interest rates and economic growth. The bank, which is a unit of Standard Chartered Plc, said in a statement on Thursday that profit rose to 8.1 billion shillings ($92.01 million). StanChart Kenya, which caters mainly to high net-worth individuals and corporate clients in east Africa's biggest economy, said net interest income increased by 9 percent to 8.8 billion shillings during the first half of the year compared to the same period last year. Lending rose by 11 percent to 132 billion shillings. However, non-performing loans grew to 14.6 billion shillings in the half year from 3.8 billion shillings compared with the same period last year. Earnings per share rose to 19.54 shillings in the first half from 14.58 shillings in the comparable period. The bank's profit came off a low base after falling interest rates and increased provisions for bad debt kept profit flat in the first six months of 2013. StanChart's profit stands ahead of rivals KCB, the largest by assets, second-ranked Equity Bank, third-ranked Co-operative Bank of Kenya, and Barclays Kenya, all buoyed by rising lending. Commercial lending rates in Kenya have come down since inflation fell and the central bank began a cycle of monetary easing in mid-2012, which has more than halved key interest rates to the current 8.5 percent. *(Reuters)*

Kenya Reinsurance Corp reported a 6 percent rise in first-half pretax profit to 1.7 billion shillings ($19.4 million) on Thursday as revenue increased from its businesses in Kenya and other African markets. Gross written premiums climbed 23 percent to 4.9 billion shillings in the first six months of the year. Investment income rose to 1.3 billion shillings from 1.2 billion shillings. Net claims incurred also rose, however, to 2.1 billion shillings from 1.6 billion shillings. *(Reuters)*

Economic News

Market intermediaries say the Nairobi Securities Exchange initial public offering (IPO) set to close today is likely to be oversubscribed given the small number of shares available and institutional investor demand. Stockbrokers reported increased retail customer traffic from Friday, which they said mirrors previous IPOs characterised by a last-minute rush to buy shares. “We have had good interest from the retail investors. We can also see support coming in from our institutional investors who have been firming their commitments to buy and given that there are only 66 million shares available, it would be a surprise if there was no full subscription at least,” said a manager at an investment bank. Brokers have been shy in commenting on the IPO after the Capital Markets Authority (CMA) cautioned them to disclose interest as shareholders of the NSE. The bourse is seeking to raise Sh627 million from the IPO that will see the public take up 31 per cent shareholding in the bourse. In an interview with the Business Daily last week, NSE chief executive officer Peter Mwangi said the exchange has been targeting local institutions in its road shows to sell the IPO. “We have targeted those who are already in the market and who know our business well,” said Mr. Mwangi. A minimum subscription of 68.8 per cent of the offer is required for it to be declared successful, according to the IPO offer document, translating to 45.4 million shares. However, in the event that this minimum amount is not attained, NSE has indicated it will seek approval from CMA to self-list on the Growth and Enterprise Market Segment of the bourse. Stockbrokers are, however, unlikely to be among those adding to their stakes during the IPO given that they need to reduce their collective stake at the bourse to 40 per cent two years after the listing. Market analysts say stockbrokers who buy the shares at the IPO risk having to sell them at a discount if the share price were to fall below the offer price by the time they need to reduce their stake further. In their investor advisory notes, the stockbrokers have sounded an optimistic note on the prospects of the stock, giving it an upside of between 20 and 50 per cent on the share price. The advisories were, however, the subject of a caution by CMA on the lack of disclosures of the stockbrokers’ vested interests in the bourse, both as shareholders and trading participants. The market intermediaries normally issue explicit disclaimers on the advisory notes they issue to clients concerning capital market issues in which they have an interests in. *(Business Daily)*

Malawi

Corporate News

No Corporate News this week

Economic News

Malawi consumer inflation braked to 22.3 percent year-on-year in July, its slowest since October last year and compared with 22.5 percent in June, the National Statistics Office said on Friday. Non-food inflation slowed to 24.9 percent from 25.7 percent in June, the NSO said. *(Reuters)*

Mauritius

Corporate News

No Corporate News this week

Economic News

Higher passenger figures helped Air Mauritius trim its first-quarter pretax loss to 6.67 million euros ($8.93 million) from 8.08 million a year earlier, the airline said on Thursday. Mauritius is a popular holiday destination, but the fragile European economy has hurt the airline and the island's tourism industry. Air Mauritius said in a statement it flew 298,624 passengers in the April-June quarter, up 7.0 percent. Its loss per share fell to 0.07 euro from 0.08 euro a year earlier, it said. The company said although industry passenger data was showing signs of improvement, competition was also rising. IATA forecasts continued improvement in passenger and cargo revenues worldwide. The company however, continues to face increasing competition on major routes, the airline said. The results were released after markets closed and shares in Air Mauritius had traded unchanged at 17.50 rupees. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

Forte Oil PLC (formerly AP Plc) Friday in Lagos announced its audited results for the half-year ended June 20, 2014, showing sustained growth across its bottom-lines. Analysis of the results released by the Nigerian Stock Exchange (NSE) showed that its profit before income tax increased 152 per cent to N4.19 billion compared to N1.66 billion recorded in H1 2013. Similarly, its revenue grew 33 per cent to N79.61 billion as against the N59.96 billion recorded in the same period in 2013. So far, the company has achieved a 111.05 per cent year-to-date (YTD) share price appreciation in the period under review, moving from N92.87 per share at the beginning of 2014 to N206.30 per share at the close of business last Friday. Following the company's excellent performance, the NSE recently promoted it to the league of 'Highly Priced Stock.' The company was also recently listed in the Morgan Stanley Capital International (MSCI) Frontier Market Index, one of the world's leading equity index provider. Commenting on the company's performance, its Group Chief Financial Officer, Julius Omodayo-Owotuga, said the company's successful launch of its newly repackaged lubricants and aggressive consumer engagement activities enhanced its market share. He added that the company's continued expansion of its retail network at strategic locations helped to improve market dominance. According to him, "We also embarked on aggressive growth and expansion of our industrial/commercial customer base to meet our objective of being the supplier of choice. Another factor that enhanced our performance was the strong performance from Geregu Power Plant despite operational challenges. "The company's traditional product lines continue to boost revenue with increase sales recorded in fuels, such as Premium Motor Spirit (PMS; petrol), Automotive Gas Oil (AGO; diesel) and Aviation Fuel. Power generation and provision of Upstream Services also contributed significantly to the group's revenue and profit as Forte Oil's diversification strategy continues to yield positive income streams." On his part, Group Chief Executive Officer, Forte Oil PLC, Akin Akinfemiwa said: "We are very pleased with our audited H1 results for 2014, which exhibits consistent and sustainable growth for both revenue and profits. This performance is an affirmation of the resilience of our businesses and a true test of our business transformation strategy despite the adverse impact of petroleum product scarcity experienced in the first quarter of the year. "Superior contributions from our power and upstream services divisions continue to strengthen our market dominance in our quest to be the foremost energy solutions provider. As we enter the final phase of our business transformation we are confident of building a long term successful company and making Forte Oil Plc the investment of choice through positive actions that boost investor confidence at all times."(*This Day)*

Diamond Bank Plc has advised operators of small and medium scale enterprises (SMEs) to list on the Nigerian Stock Exchange (NSE) and take advantage of the opportunities inherent in the capital market. The bank specifically stressed the need for the operators to grow their small scale businesses to a level where they can be listed on the stock exchange. Speaking at a forum organised by the bank for SME operators in Lagos at the weekend, the Executive Director, Lagos Bank, Diamond Bank Plc, Mr. Victor Ezenwoke, said the essence of the seminar was to make entrepreneurs to think outside the box. "When we say listing, what people would think about is if they are going to be flour mills or other big companies. It is not. There are lots of benefits when you open up your channels and business for people to throw in ideas," he said, adding that "Pascal Dozie set up Diamond Bank and he is no where near the bank today, but the business is growing. I don't think Mr. John Holt is still around? So there are chains of businesses today running without core ownership control in it." He urged SME operators to develop tenacity of purpose and be focused on their business. Furthermore, he stressed the need for consistency in their line of business. "The problem we have in business, especially when we are at the development stage is that what we look for is profit. I am not saying you should not go for profit, but endeavor to sustain what you are doing so that you will remain in business. "Honesty is also very important. Have you collected credit from somebody? If you are not able to meet the deadline to pay, reach out to the person and tell the person the truth. They say a good name is much better than money," he added. According to the Chief Executive Officer and Founding Partner, Wild Fusion Limited, Mr. Abasiama Idiarest, who was the speaker at the event, technology plays a very important role in business development. He said technology works in every business, adding that the participants must always choose the right technology. "There is something for everyone in technology. It has permeated the society such that whoever you are considering, such as young, old or the uneducated, you can always reach them with technology," he explained. *(This Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

In order to support the growth of one of its key customers and partners in the African market, General Electric (GE) has announced the conclusion of the GE-Dangote Framework Agreement for distributed power solutions. According to a statement, under the agreement, GE would supply aero-derivative gas turbines to the Dangote Group for captive power requirements, while Dangote Group would generate reliable and efficient power for the operation of its manufacturing assets within Nigeria and other African countries where its industries operates. In January 2013, both companies concluded a strategic collaboration agreement firming up GE's commitment to boost development of Dangote Industries in four key sectors, one of which is distributed power. GE Nigeria's President/Chief Executive Officer, Dr. Lazarus Angbazo expressed his excitement in joining forces with leading manufacturing conglomerate Dangote Industries to enter new realms of African business success. Angbazo said he believed that the framework agreement had the potential to be an essential part of the African business success story. "We are very excited about the opportunity to work with Dangote Group on this project. Insufficient and unreliable grid power is widely recognised as one of the key impediments to economic development. "We therefore see distributed power as one of the answers for quickly addressing the power challenge faced by many of our customers: to deliver power where the traditional power grid cannot," he said. On his part, the Chairman of Dangote Group, Alhaji Aliko Dangote highlighted the importance of the partnership with GE to the growth and development of business in Nigeria. "I'd like to thank GE for laying the foundation for fast delivery of the power needs of Dangote Group across various industrial activities, especially cement production. "With development projects running in more than 13 countries across Africa, we are changing the dynamics of the cement business and rapidly becoming a global player," he said. Dangote Group is a key customer and partner for GE in the African market. GE has accompanied Dangote Industries in its growth across Africa with special emphasis on the Nigerian market for many years. GE's Distributed Power business covers power generation, mechanical drive and heat recovery applications from 100kw to 100mw, featuring fast, flexible and reliable aero-derivative gas turbines, gas engines and diesel generators. *(This Day)*

President of Africa's largest conglomerate and Africa's richest businessman, Aliko Dangote has joined Jeffery Immelt, CEO of General Electric (GE), American multinational giant, to call for further integration in Africa, saying it is a crucial factor for economic growth across Africa. The both CEOs made the plea at the just concluded US-Africa Business forum sponsored by Bloomberg Philanthropies and the US Department of Commerce. Immelt has pledged investment of $2 billion in Africa by 2018, saying ''business and investors would benefit from a well integrated Africa, given that what is offered by a group of countries would be better thought through than that of a single country and thus be more attracting to investors.'' Dangote, who also spoke on the panel of Expanding Business Opportunities, agreed with Immelt by highlighting the bottleneck of doing business across Africa without strong integration. ''I need about 37 visas to move around in Africa, suggesting there must be integration within Africa,'' he said. Africa is a big market, Dangote said, "and obviously, I don't expect GE to go there and open up factories all over the place. But if they go to West Africa and they open in Nigeria, then there should be free movement of goods and services, either within, not even within the region, but within the continent itself." Immelt conceded that for so long the US businesses left Africa, business wise, to the Europeans and Chinese primarily because the American market "was so good." "If you're an American of my age, really for a long period of time you didn't have to travel much. And so, we kind of gave Africa to the Europeans first, and to the Chinese later. But today, it's wide open for American's but getting local is the first step." However, Immelt, who is at the forefront of the call for the extension of the charter of the US Exim bank, called for risk-based financing, describing it as one of the main gaps in "getting local" in Africa. "We need more risk capital… What we need is a good coordination of US government, OPEC, Ex-Im, World Banks, people like that along with real investors were willing to put skin in the game to get that first investment in," said Immelt, who also called for better standards by African governments with regards to investment attracting strategies. The remarks were made at a panel on Expanding Business opportunities in Africa, which was moderated by former US President Bill Clinton. *(Business Day)*

Despite having to weather a combination of economic and socio-political challenges in 2013, MRS Oil Nigeria plc recorded a significantly improved performance in the year. Year-on-year performance comparison shows that profit before tax significantly increased by 250 percent in 2013, from N400 million in 2012, to N1.4 billion. Also profit after tax witnessed the same significant improvement from N200 million in 2012, to N600 million in 2013, reflecting increase of 200 percent. The company recorded a turnover of N87.8 billion in 2013, against N79.7 billion in 2012, which translates to a 10 percent increase. This improvement in turnover was spurred by increase in premium motor spirit (PMS) and automotive gas oil (AGO) sales resulting from the implementation of strategic initiatives aimed at capturing market share, the company said. Expenses which include selling and distribution expenses, administrative expenses and net finance cost stood at N4 billion in 2013 representing a decrease of 37 percent of N6.3 billion in 2012 occasioned by Petroleum Products Pricing Regulatory Agency (PPPRA) reimbursement on interest and foreign exchange differential cost claims. Total comprehensive income for the year stood at N600 million in 2013 as against N200 million in 2012, translating to an increase of 200 percent. In 2013, N901 million was expended on capital items, against N340 million in 2013, which translates to a 165 percent increase. The addition in 2013 cut across land and building, plant and machinery, computer and office equipment and automotive equipment, according to the company. Sayyu Dantata, chairman, MRS Oil, commenting on the outlook for 2014, at the company's annual general meeting on recently, said: "In the fiscal space, the outlook remains bright as oil prices are expected to maintain their high levels given the gradual recovery of major oil consumers like the US and China from the impact of the recent global financial crisis, thereby pushing up crude oil demand. "The passage of the Petroleum Industry Bill (PIB) in 2014 will usher the sector into another growth path. I see. Possible removal of subsidy; post 2015 elections which will increasingly bring about more competition and firm repositioning in the downstream oil and gas sector." MRS Oil is a fully integrated and efficient downstream player with leading position in the Nigerian oil industry. *(Business Day)*

Honeywell Flour Mills Plc (HFMP) has reported a profit after tax (PAT) of N3.5 billion for the year ended March 31, 2014, showing an increase of 18 per cent from the N2.8 billion recorded in 2013. According to the results presented to the Nigerian Stock Exchange (NSE) by the company, HFMP recorded a 21 per cent growth in its turnover to N55.1 billion from N46 billion in 2013. Speaking on the result, the Managing Director of the company, Mr. Lanre Jaiyeola, said it reflects the company's increased output capacity and aggressive push to meet rising demand across its product categories. "Despite the challenge of input cost pressures caused by increases in wheat prices, HFMP was still able to achieve a 32 per cent increase in gross profit from the N8 billion recorded last year to N10.4 billion in the period under review, due to deft management of raw material sourcing and efficient control of production cost," he said. He explained that the sheer challenge of operating in the Nigerian business environment was evident in the rising profile of HFMP's operating expenses as it incurred costs to deepen its trade, marketing and sales activities to further develop hitherto under-served sectors of the Nigerian market. "Growing the top line is our number one priority, even as large industry capacity remains a constant threat. We are committed to the development of higher margin products and from our results, you can see that investments in brand equity are beginning to yield fruits as sales of our value added products like semolina, wheat meal and noodles contributed more to our portfolio mix than in the past. This is a trend that we plan to sustain and even grow as we embark on a new phase in our corporate existence," Jaiyeola added. HFMP is currently at advanced stages in the development of a new Pasta plant and an Integrated Animal Feed Mill in Sagamu, Ogun State. Both projects, which are to be completed in year 2016, according to the company, will create thousands of jobs and support several agriculture value chains in Nigeria, focusing on local raw material inputs. Operating from two locations, Apapa and Ikeja, in Lagos, HFMP is one of the largest foods focused companies in Nigeria and is a member company of the Honeywell Group. *(This Day)*

Nigeria's fuel retailer Conoil said on Monday its 2013 full year pre-tax profit rose 301 percent to 4.57 billion naira($28.12 million), compared with 1.14 billion naira in the previous year. Revenue also climbed to 159.53 billion naira against 149.99 billion naira in the same period of the previous year. The oil firm, which is majority owned by billionaire oil and telecoms tycoon Mike Adenuga, said it will pay a 4 naira dividend per share to shareholders on its book by Aug. 25, 2014, compared with 1 naira paid the previous year. *(Reuters)*

PZ Cussons Nigeria said on Tuesday pretax profit fell 9.3 percent to 6.94 billion naira ($42.8 million) in the year ended May 31 from 7.65 billion naira the previous year. The local unit of British soap and shampoo maker PZ Cussons said it will pay a dividend of 0.61 naira per share to shareholders on its book by Sept. 26, compared with 0.56 naira in the previous year. Revenue rose to 72.90 billion naira from 71.34 billion naira a year earlier. *(Reuters)*

In what could be termed a leap forward for the real estate business in particular and the real sector of the Nigerian economy in general, Dangote Cement plc says from this August it will add 6 million tons (MTs) of cement per annum (pa) from its newly built lines C and D at Obese plant to the cement market. With this, the Nigerian cement market will get 12MTs pa of cement from Dangote Ibese Cement factory only, equivalent to about 24 million bags of 42.5R cement type. With this also, its installed combined capacity (from all its cement plants) will be about 29MTs pa, about 55 million bags of cement. This was disclosed by Sunday Adondua, deputy general manager, production and process, at Dangote Ibese Cement plant, when he took the media through a tour of the recently built lines C and D of Obese Cement plant, which just came into operation August 8. "Lines A and B have installed capacity of 6MTs of cement pa, and the coming up of lines C and D, also with installed capacity of 6MTs, amounts to 12MTs pa of cement," according to Adondua. This means that Dangote Cement will be giving the Nigerian cement market about 55 million bags of cement annually from all its plants. It is worthy of note that the older lines – A and D – presently employs 7,400 staff (direct and indirect), it is expected that when these new lines are fully operational the number would be doubled.

It could be recalled that February this year at a media briefing, the company promised to increase its cement production substantially before the end of the year. This has become a reality with the coming on of these two new lines at Obese plant. These new installations are designed to run as a versatile plant operation on multi fuels – as it can run on coal, natural gas and HFO – in order to have continuity of operation in case of scarcity of a particular fuel. It power consumption is presently put at 90KwH/T and fuel consumption at 770Kcal/kg. Depending on the scope of work, the machines are shut down after every six months of operation for routine maintenance for between 10 and 15 days, Adondua said. According to Armando Martinez, the managing director of the new lines C and D, Aliko Dangote, president of the Dangote Group, is committed to long-term investment; an investment that could last 50 years. "With this, Dangote is building the future of Nigeria, and Africa in general. The investment is helping to create employment, helping to better Nigeria and the world at large. "With five of him (Aliko), Nigeria will be the frontier for industrial revolution," he noted. It could be recalled also that from commissioning to the present stage of these new lines, it took the Group, which has consistently produced the 42.5R cement type, less than two and half years to bring it to fruition, making it Africa biggest cement manufacturer. *(Business Day)*

Fast moving consumable goods company, Dangote Sugar Refinery (DSR), has had its first half (H1) revenues decline on gas supply shortage, analysts say. For the first six months of the year, the company's revenue fell by 9.86 percent to N49.60 billion, from N55.03 billion the same period of the corresponding year (HY) 2013. The decline in sales is explained by a plant upgrade that lasted two weeks in May, according to FBN Capital, in a note released on August 7. "It was also affected by gas supply disruptions for another two weeks in June, low pour fuel oil (LPFO) provided an alternative energy source during that period," said Uwadiae Osadiaye, analyst at FBN Capital. The bottom-line also slowed as a result of the internal challenges confronting the company. Profit before tax (PBT) reduced by 5.43 percent in HY 2014, to N10.26 billion compared with N10.85 billion as of HY 2013. Profit after tax (PAT) also slid by 2.56 percent to N6.83 billion, as against N7.01 billion as of HY 2013. Nigeria's biggest producer of the sweetener with 70 percent share of the market plans to almost double refining capacity to 2.75 million metric tons by 2017, as it expands its Lagos plant. The future is stellar for the industry as the Federal Government last year removed duties on imported machinery and spare parts for sugar processing companies.

It also granted a five-year tax exemption for sugarcane to sugar investors and imposed import duties of 60 percent on raw sugar, and 80 percent on refined sugar. The usage of relatively more expensive LPFO resulted in cost margins increasing to 73.87 percent in 2014, from 71.96 percent in 2013, while gross margin reduced to 26.13 percent in 2014, compared with 28.01 percent in 2013. Net margin, a measure of efficiency and profitability, remained flat at 13 percent. Operating expenses margin (OPEX margin) reduced to 5.88 percent in 2014, from 11.93 percent in 2013, while operating expenses reduced by 55.55 percent to N2.92 billion. The FBN Capital also went further to say that the 2014/2015 harvesting season for Savannah Sugar Company (SSC), DSR's first farm project, is likely to be slightly delayed till January 2015, as management plans for improved sugarcane yields. The company's share price closed at N9 – August 12, on the floor of the Nigerian Stock Exchange, while market capitalisation closed at N108 billion. "We believe management's end 2015 break-even target is achievable. In the short term, we expect a recovery in earnings in Q3 2014," said Osadiaye. *(Business Day)*

Income generated from other sources outside normal business has contributed to catapulting Conoil's profit, analysis of the financial statement of the company that sells gasoline, shows. For the year ended December 2013, the company's net income soared by 329.97 percent to N3.07 billion from N714.01 million same period of the corresponding year (FY) 2013, while sales increased by 6.36 percent to N150 billion. Earnings per share (EPS) spurted by 329.12 percent to 442k in 2013, from 103k in 2012. The growth at the bottom-line level burgeoned as a result of 853.77 percent increase in other operating income to N2.55 billion in (HY) 2013, from N266.1 million as of (HY) 2012. Other operating income comprises of income from outside the normal activities of the company such as investment interest, foreign exchange gains and rent income. The downstream giant has seen ballooning profits after rebounding from the 2012 subsidy gloom that hampered growth of firms operating in the sector. A lot of companies in the downstream oil and gas sector had their subsidy payments delayed by the Ministry of Finance over a potpourri of scams that rocked the industry. Consequently, these firms were unable to settle debts owed to banks to finance the importation of petroleum products, thus leading to huge finance debt in their capital structure. Steady cash flow has helped reduce finance cost by 45.89 percent to N2.25 billion in FY 2013, as against N4.16 billion as of FY 2012.

Furthermore, the company has also reduced debt in its capital structure as debt ratio dropped to 65.55 percent in HY 2013, from 189.088 percent as of HY 2012. The company has upgraded and expanded its lubricant blending plants at its depots at Apapa, Lagos, Port Harcourt and Kano, with a view to meeting and surpassing customers' ever increasing demand for its quality engine oil brands. The board of directors of the oil marketing firm recommended a total dividend payment of N2.78 billion for its 2013 financial year at N4 for every 50 kobo share. The dividend payment is expected to be rectified by the shareholders at the annual general meeting of the company to be held in September. This represents a 300 percent increase over the N1 paid in 2012, and also translates to a dividend yield of 5.33 percent. Return on average equity was (ROAE) was 18.23 percent, while return on average assets (ROAA) stood at 3.71 percent, respectively. The company's share price closed trading at N75.54 August 12, 2014, on the floor of the Nigerian Stock Exchange, while market capitalisation was N52.42 billion. *(Business Day)*

The board of directors of Transnational Corporation of Nigeria Plc (Transcorp) yesterday announced the appointment of Mr. Emmanuel Nnorom as President/CEO of the company. Nnorom, who will formally take over the running of the highest capitalised company in the conglomerates subsector of the NSE on September 1, will succeed Mr. Obinna Ufudo, who has been leading the company since 2011.Transcorp said in a statement that the appointment represents a further important milestone in its transformation as it moves from stabilisation. The Chairman of Transcorp, Mr. Tony Elumelu, thanked Ufudo for delivering on the company's objectives under phase one of the turnaround programme. He said the with the implementation of phase two of the company's strategic intent, they expect accelerated growth in all spheres of business with a clear objective of $1billion in profit by 2018. According to him, his three years as CEO of the Transcorp Group, Ufudo laid a strong foundation of good governance, achieved significant financial returns for the company and played a key role in transforming an ailing enterprise into an emerging investment powerhouse, with a market capitalisation of over $1.2 billion. "He will be handing over a transformed business to Nnorom. With the implementation of phase two of our strategic intent, we expect accelerated growth in all spheres of our business, with a clear objective of $1 billion in profits by 2018," Elumelu said.

According to the company, Nnorom's key role will be to lead the acceleration and deepening of the company's investments in its four strategic business sectors of hospitality, power, agriculture and oil & gas and to build on Ufudo's achievements in repositioning Transcorp for growth. Nnorom is currently chief operating officer of Heirs Holdings and served as a non-executive director of Transcorp earlier this year. Previously, he was an Executive Director of United Bank for Africa Plc (UBA), occupying a number of senior roles leading the group's African subsidiaries. He is an alumnus of Templeton College, Oxford University and a Fellow of both the Institute of Chartered Accountants of Nigeria (ICAN) and the Chartered Institute of Bankers of Nigeria (CIBN).*(This Day)*

Economic News

Nigeria and the United States have commenced plans to leverage on US President Barack Obama's $14bn investment pledge in Africa, for an effective financing structure for infrastructure in Nigeria. The Minister of Industry, Trade and Investment, Olusegun Aganga, and the US Commerce Secretary, Penny Pritzker, agreed during a bilateral meeting at the just-concluded US-Africa Summit that increased investment in the area of infrastructure would further improve the Nigerian business environment, noting that Obama's focus on power was particularly encouraging. While the two countries agreed to work on the financial structure for infrastructure within the next few weeks, Pritzer noted that US companies were eager to do business in Nigeria due to the ongoing reforms in critical sectors, adding that they could also leverage on the US export assistance facilities scattered around the country. Aganga said apart from the investment commitments and MoUs that were signed during the summit, most investors agreed that Nigeria had the most robust, clear and friendly policies on power, which other African nations should try to emulate. He said; "This means we already have an enabling environment that will encourage more investors to come and invest in the sector. In fact, what these investors are saying is that most of our sectoral policies, which we have put in place have already encouraged them to come and invest in Nigeria. "That was why when we met with the American automotive manufacturing giant, Ford, during the summit, they said they wanted to come to Nigeria as quickly as possible because of our new automotive policy. If the new auto policy was not in place, Ford would not be talking about coming to invest in Nigeria. That is the value you get as a country when you have a proper industrial plan and a well articulated sectoral policy." The minister added, "Also, the World Bank made a pledge of $5 billion for risk capital, preparation of projects and to invest in Nigeria overall. Most of these investments will be going to the power sector. This is coming into Nigeria because the country is ready to receive investors. "On our plans going forward, we are looking forward to the re-formulation and re-modernisation of the Africa Growth and Opportunity Act (AGOA). We are working on a national AGOA strategy in addition to raising the awareness of Nigerians to fully understand the benefits and opportunities that exist therein for them. Also, we will continue to engage with the United States under the Trade and Investment Framework Agreement (TIFA) in order to build and sustain the present momentum." Aganga said that the United States was keen on boosting trade with Africa and Nigeria in particular, noting that the interests cut across all sectors of the Nigerian economy. "If you look at the people who participated in the summit, they cut across the different strata of the economy. The United States, especially President Obama, is focusing on power. So, overall, I see the major sectors of the Nigerian economy benefiting from Obama's initiative. In the real sector, for example, we expect more investments coming into the agro-industrial sectors, textile and garment, palm oil, sugar and food processing generally," he said. On the Economic Partnership Agreement (EPA), the minister insisted that Nigeria had not shifted its position, saying EPA must meet the country's expectations and must be "in our overall best economic interest as a nation." "Nigeria will not and cannot sign, any agreement that will lead to loss of jobs, income and investments. These are our major priorities and concerns as a country and until EPA addresses these priorities and concerns, we will not sign any agreement with the European Union," he reiterated.(*This Day)*

Nigeria's total merchandise trade increased by 6.8 per cent to about N5.51 trillion in the first quarter of the year (Q1 2014) compared to about N5.16 trillion recorded in the fourth quarter of 2013, according to the National Bureau of Statistics (NBS). When compared to the corresponding quarter of 2013 (Q1 2013), the value of the total merchandise trade also increased by N406 billion or 8.2 per cent, it added. The NBS, in its Foreign Trade Statistics, Q1 2014, which was released yesterday said there had been rising exports and declining imports which resulted in greater trade surplus for the country. It said trade surplus increased by 34.3 per cent or N618.6 billion in Q1 2014 following a decline in imports by 6.2 per cent while exports increased by 15 per cent when compared to the Q1 2013 figures. The report stated that the total trade was dominated by crude oil exports which accounted for about N3.23 trillion, representing 81.5 per cent of total exports while the non-crude oil accounted for N735.9 billion or 18.5 per cent of total exports. Conversely, total imports in Q1 2014 was valued at about N1.54 trillion, representing a 8.3 per cent decline compared to about N1.68 trillion recorded in the preceding quarter. When compared to the corresponding quarter of 2013, the value of imports dipped by N101.3 billion or 6.2 per cent, according to the NBS. It stated further that the structure of Nigeria's import trade was dominated by the imports of boilers, machinery and appliances, which accounted for 23.7 per cent of the total value of import trade in Q1, 2014. The value of export trade amounted to about N3.96 trillion in Q1 2014, representing an increase of N492.6 billion or 14.2 per cent over the value recorded in the preceding quarter. Crude oil component of export trade grew by 8.4 per cent from the preceding quarter, contributing 51.1 per cent of the total growth in exports while the non-crude oil component of trade grew by 48.6 per cent and accounted for 48.9 per cent of the total export growth from the previous quarter. Further analysis of the trade statistics showed India as the country's major trade partner with exports to that country valued at N544 billion followed by the Netherlands, Brazil, Spain and France, whose values stood at N461.5 billion, N376.8 billion, N346 billion and N310.9 billion of total exports respectively. On the other hand, import trade by country showed that Nigeria imported goods mostly from China, United States, India, Belgium and Netherlands, which accounted for N368.1 billion, N164.7 billion, N93.2billion, N91.7 billion and N76.4 billion respectively.*(This Day)*

WEEKLY AFRICAN FOOTPRINT

TRADING

This Week's Leading Headlines Across the African Capital Markets

Cocoa prices/quotes received by farmers in Nigeria have declined as mold induced by heavy rains reduced the quality of the chocolate ingredient, Socodevi, an organisation working on improving crops in the country has said. Farmgate prices in the Cross River belt dropped eight per cent to N440,000 a metric tonne, compared with N480,000 at the end of July, the country coordinator for Socodevi, Neji Abang, told Bloomberg in an interview. "High mold caused by heavy rains affected crop quality, leading to lower pricing of beans by exporters," said Neji, who is training farmers in the country how to raise output and bean quality. "The mold level is as high as 21 per cent compared with three per cent that is internationally acceptable. " The Cross River region produces about 75,000 tonnes of cocoa annually, out of a national output of 300,000 tonnes. Cocoa exports from Nigeria rose 41 per cent to 8,990 tonnes in July compared with a month earlier, the nation's Federal Produce Inspection Service, which certifies exports said. Socodevi is training farmers "on best pruning practices, to reduce the effect of mold. We are asking farmers to reduce unwanted branches to enable sunlight to penetrate their farms for the main crop harvest." The main crop harvest in the southern Edo state, accounting for 15 per cent of the nation's output, has been slowed by mold of up to 30 per cent owing to the rains, spokesman for the Cocoa Farmers Association of Nigeria, Aminu Yakubu said. The rainy season, which runs from May to October in the area, has brought heavy precipitation this month, he said. In Ondo state, the highest producing state, which is responsible for as much as 40 per cent of the nation's output, mold levels are up to 20 per cent, making it difficult for farmers to dry beans, chairman for the farmers' association said Adeola Adegoke. Farmgate prices in the area are between N450,000 and N500,000, he said.*(This Day)*

Bodmos Foundation is to organise a yearly 'Dividend Payment Awards (DP-Awards)' to reward and encourage listed companies that have been paying dividends to their shareholders regularly. The foundation said in a statement yesterday that the maiden edition of the award is slated for November 2014 in Lagos. Explaining the significance of the awards, Chairperson of Bodmos Foundation, Mrs. Priscila Kuye said: "The award shall enlighten the Nigerian public on the massive wealth pool that dividend payments constitute for investors in the Nigerian capital market every year as we publish every detail of dividend payment achieved by each listed company in Nigeria to their shareholders beginning from the start of the Nigerian Stock Exchange(NSE)." According to her, the annual dividend payments by Nigeria's listed companies account for a significant pool of national wealth outside the government. "This pool of wealth invariably spreads over to the larger Nigerian population by the beneficiary-investors through their numerous economic activities in the Nigerian economy. The annual DP-Awards presentation shall afford the public the opportunity of measuring the annual sizes of this great wealth pool," she said. Kuye assured stakeholders in the capital market in particular of the ability of Bodmos Foundation to present each edition of DP-Awards with utmost diligence. She therefore solicited for the cooperation of stakeholders in the onerous task. She noted that the Board and management of the DP-Awards would track records of dividend payments by all Nigeria's listed company on a yearly basis and add up each listed company's records cumulatively for the awards beginning from a company's year of listing on the NSE as published in any edition of their annual reports. Some capital market stakeholders have hailed the plan of Bodmos Foundation, saying it is a good move that would impact the market positively. "This is an idea that is very good for the market. The foundation must be commended for this move and I believe the awards would spur other companies that are doing well to always reward shareholders with dividend payment," Moses Igbrude of Independent Shareholders Association of Nigeria said. Dividend is one of the benefits shareholders enjoy when they stake their money on shares. They also enjoy capital appreciation. Besides, dividends and capital appreciation, shareholders also stand the chance of enjoying bonus issue. This is always given by companies that do not want to give cash dividends.*(This Day)*

The Federal Government of Nigeria's (FGN) domestic debt at the end of June this year now stands at N7.42 trillion or $46.1 billion, equivalent to 9.2 per cent of the rebased 2013 gross domestic products (GDP), the quarterly data released by the Debt Management Office (DMO) has revealed. Analysis of the numbers shows an increase of N240 billion in the second quarter out of which new issuance of FGN bonds by the DMO accounting for N200 billion. A further analysis of the numbers shows that the debt burden rising to 11.0 per cent when the FGN's external debt is included. Reacting to the development, analysts at FBN Capital noted that the indebtedness ratios owe much of course to the rebased national accounts published by the National Bureau of Statistics (NBS) recently. "These are the sovereign obligations excluding the debt of Assets Management Corporation of Nigeria (AMCON) held by the CBN, the Nigerian National Petroleum Corporation (NNPC) and other public agencies, as well as state governments. We estimate the latter at N2.50 trillion (bonds and loans combined) and the burden for the widest measure of public debt at 25 per cent of revised 2013 GDP, said FBN Capital. The above calculations, according to the analysts, is very much the worst case scenario, assuming, for example, that AMCON achieves no more recoveries. They added: "The FGN's external debt includes the issuance by state governments, which it necessarily guarantees, and it is mostly loans from the donor community on concessional terms. We note that the FGN has a medium-term target of a 60/40 mix of domestic and external obligations in its debt profile. However, we estimate the blend at end-June at 84/16. An issue on the Eurobond market this year would have pushed the ratio towards the target but the FGN plans only a diaspora bond of up to $300 million." With a total bid of N70 billion every month for at least five years, amounting to N840 billion a year, the federal government of Nigeria has received a total of N4.2 trillion in five years. The Nigerian bond market has witnessed massive expansion in the past few years following huge interest from pension fund administrators (PFAs) and a few offshore investors. DMO helds its sixth monthly auction of FGN bonds of the year recently, and has an unchanged target of raising N70 billion ($430 million) from the sale of two staple reopened issues, the 13.05 per cent Aug '16s and the 14.20 per cent Mar '24s. Data from DMO show that domestic issuance for the year is well advanced with the raising of N385 billion (gross) from the sale of FGN bonds in the first five months. *(This Day)*

The recent adjustment of the modalities for computing banks' regulatory capital by the Central Bank of Nigeria (CBN) will bring about increased capital-raising for financial institutions. The Managing Director/Head, Africa Research, Standard Chartered Bank, Razia Khan, who stated this in a note yesterday, pointed out that tier-2 debt issuance had already increased, with an increasing number of banks that raised dollar. THISDAY findings showed that five banks - Zenith Bank, Access Bank, Diamond Bank, First Bank and Ecobank Nigeria - have so far raised a total of $1.750 billion from the dollar denominated debt market this year. The CBN had announced the exclusion of non-distributable regulatory reserve and other reserves in the computation of regulatory capital of banks and discount houses. According to the latest policy, 'regulatory risk reserves' would be excluded from any assessment of capital adequacy, while tier-2 capital would be limited to 33.3 per cent of tier-1 capital. Also, impaired loans and receivables would be deducted from capital. In addition to these announced measures, the capital adequacy ratio for systemically important banks has increased. "More forex-denominated issuance is still anticipated. Moreover, the cap on tier-2 capital will mean, potentially, more equity capital raising, encouraging more long-term, 'stickier' inflows. "The overall effect of the new regulation will be to increase the capital-raising of banks. Tier-2 debt issuance has already increased, with an increasing number of banks able to raise their US dollar funding," Khan argued. However, she noted that the supportive role of increased inflows may need to be balanced against other factors. Furthermore, she stated that the easy liquidity conditions domestically will need to be monitored carefully, especially as the election cycle (and party primaries) gets underway. "Global risk appetite and any adverse market reaction to Fed guidance on policy normalisation pose an additional risk. For now however, we see higher inflows and some reduction in domestic forex demand as key factors supporting the naira," she added. Nigeria's trade report for the first quarter 2014 revealed a 14.2 per cent quarter-on-quarter rise in exports, and an 8.3 per cent quarter-on-quarter fall in imports. As a result, the trade surplus increased in the first quarter of 2014, according to the National Bureau of Statistics (NBS) data. Also, CBN data for the first quarter of 2014 had shown some recovery in crude exports over the fourth quarter of 2013 levels, although the price of Bonny Light softened over this time. Despite the increase in Nigeria's trade surplus, the naira was largely pressured in the first quarter of 2014, reflecting sentiment-driven outflows. But, forex reserves have recorded some accretion in the past two months. "While officials suggest that the rise in forex reserves is because of continued recovery in crude exports, we believe that improved sentiment towards Nigeria, some recovery in risk appetite, and increased inflows have played a key role. "The reduction in BDC activity given the increased capital requirement for this sector and consequent reduction in local forex demand has also helped the recovery in forex reserves," Khan maintained. *(This Day)*

Poor gas supply to power companies for the generation of electricity and for manufacturing concerns to fire their factories is crippling the economy, THISDAY has learnt. In the last six months, gas to power disruptions has been the concern of power and manufacturing companies, and it is estimated that manufacturing capacity plummeted, affecting employment and prices of products like cement and others which require heavy duty machines. The situation is such that operations of small to medium companies are gradually grinding to a halt. For the power generating companies it has worsened to the extent that repayment of loans taken to acquire the assets of the defunct Power Holding Company of Nigeria has been hampered. THISDAY specifically learnt that some of the banks heavily exposed to power companies are already planning to approach the Assets Management Corporation of Nigeria (AMCON) to get their loans refinanced as the companies are not meeting their repayment obligations due to gas supply disruptions to their plants for generation and subsequent selling of electricity to the distribution companies. However the prospect of the loans being taken over by AMCON may not be realised as the corporation has severally reiterated that it would not buy anymore non-performing loans in the meantime. The gas supply-demand gap is also compounded by shortages of low pour fuel oil (LFPO), which used to be obtained easily from the nation's refineries which are now working far below capacity. However some manufacturing concerns like Dangote are making contingent and remedial efforts to meet the power demand of their factories.

Dangote specifically is investing about $250 million in coal-based power plants to fire its cement factories in Ibeshe, Obajana and Gboko. The company is also importing LFPO as an interim measure to keep its operations running. The Managing Director of Dangote Cement, Devakumar V.G. Edwin, said yesterday the company could not afford to fold its arms and wait endlessly for the gas supply situation to improve. To this end, it has decided to take contingent measures so as to keep its factories running. "If we do not have power and fuel, our business cannot survive," he said, adding that: "You can have the best machines and the best of skills to operate them but if you do not have power you cannot produce." He said based on preliminary study of the gas situation, it will take several years for it to improve, adding that Dangote has started importing coal from South Africa for use in the coal-based power plants in the company's factories in Ibeshe, Obajana and Gboko. "The gas supply situation will take time to improve since there are no real gas pipeline infrastructure in the country," he pointed out, adding that there is enough gas production, especially at deep offshore oil production which are often flared because of lack of infrastructure to evacuate it to consumers.

Edwin also pointed to the fact that there was also no assurance that the pipeline infrastructure would not be tampered with by militants and or other aggrieved persons seeking government attention. On why Dangote is importing coal from South Africa while there is huge coal deposit in the country, he said the importation is in the interim as there are plans to explore coal mining by the company to ensure that nothing is lost in the value chain. He also said that South African coal is cheap and of high quality. "The calorific value is high with a higher ash content," he pointed out. He said the first six months of the year was harrowing enough for most manufacturers, that Dangote Cement lost on the average 10 per cent capacity due to shortage of gas and fuel. "The real cost of gas shortage should be looked at not only from the company's perspective but from the general economy. Our producing below capacity affected the cost of the product in the market. The retail price went up despite the fact that we did not increase factory prices," he said. Edwin however announced that the company was increasing production capacity this month (August) with two new cement lines at Ibeshe and three million tonnes capacity each. He said the company's production capacity currently stands at 20 million tonnes and that the additional nine million tonnes due to the expansion would represent an almost 50 per cent increase. According to him, the nation's cement consumption has been increasing at three million tonnes annually, saying that total installed capacity of local cement factories is currently estimated at 30 million tonnes with actual production hovering around 25 million tonnes. *(This Day)*

The Debt Management Office (DMO) has sold N100 billion worth of bonds with maturities ranging between three and 20 years at an auction that fetched higher yields than previously. The DMO said yesterday that N15 billion of 3-year debt notes were sold, fetching 11.12 per cent, higher than the 11 per cent they got at the July auction, while N50 billion of 10-year debt was sold at 12.22 per cent against 12.19 percent previously. A total of N35 billion of the 20-year note was sold at 12.38 percent, compared with 12.14 percent at last month's auction. All the debt notes, according to Reuters, were reopening of previous issues, while total demand fell to N174.01 billion, as against 263.91 billion naira last month. Meanwhile, the Nigerian Interbank Offered Rates (NIBOR) were steady on Wednesday as the market stability reflected lower funding pressure, in addition to anticipated liquidity improvement from treasury bills open market operations. The inflow of about N134 billion was expected to hit the system yesterday, from treasury bills repayment on 14 August. The overnight and one-month NIBOR were: 11.79 per cent and 12.75 per cent respectively on Wednesday. The inter-bank secured lending (Open Buy Back) also slowed to 11.46 per cent to underscore market liquidity status. The CBN remained active, supported by its monetary policy stance. "However, assuming no significant change to key indicators, the monetary policy rate will likely be held at 12 per cent through out the third quarter of 2014 before any cuts are made due to reasonably strong liquidity growth, fiscal expansion prior to the February 2015 elections, and the potential risks to Nigeria arising from the normalisation in US monetary policy," analysts at Ecobank argued. The naira appreciated 0.2 per cent against the dollar in the interbank. Recent appreciation continued to reflect increased dollar supply at the CBN's Retail Dutch Auction System, inflows from oil companies and expected supplies from the NNPC. Specifically, the naira closed at N161.82 to a dollar at the interbank. "Meanwhile, demand pressure has risen, and might be heightened at the BDC segment due to supply gap created by the CBN re-capitalisation exercise. "On a separate note, there are high expectations that the rebased national accounts, in addition to stable forex reserves and CBN's tight monetary stance, would help support naira," Ecobank added. Nigeria's per capita income had risen by 73 per cent to $2,976, reflecting higher productive base.*(This Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Tanzania

Corporate News

Swala Oil and Gas Tanzania listed at the Enterprise Growth Market (EGM), a segment of the Dar es Salaam Stock Exchange (DSE) on Monday to become the first oil and gas company in East Africa to go public. Immediately after the ringing of the bell by the former president, Ali Hassan Mwinyi to officiate the event and traditional symbol signifying opening of Swala's first day trading, the shares started to trade at 600/-, up from 500/- offered at the Initial Public Offering (IPO). The Oil and Gas company listed on the EGM, that caters for start-up, small and medium growth companies, with 99 million shares after a successful IPO that raised 6.65bn/-. The IPO was oversubscribed by around four million shares, equivalent to 38 per cent, raising 2bn/- more than the maximum subscription of 4.8bn/-. Former president Mwinyi said the listing of Swala Oil and Gas firm presents unique investment opportunity for local investors to participate fully and reap the plentiful benefits present at the equity market. "The oversubscription signifies a great investment appetite amongst Tanzanians in investing in their economy and growing confidence in the equity market," he said. The Chairperson of the Capital Markets and Securities Authority (CMSA), Ms Grace Rabambey, said an overly subscription reflects excess liquidity searching for investment opportunities in the capital markets in the country. "It reflects high demand for capital market products, thus calling for concerted efforts in implementing market development strategic initiatives that will bring new products to cater for the ever growing appetite," she said.

The DSE Chief Executive Officer, Mr. Moremi Marwa, said Swala is the second company to list on the EGM within a year of its launching in October 2013 to enable small and medium sized business to access capital market. "Swala has made a right decision to join the family of companies aiming to be open and transparent to their shareholders, the public and world," he noted. The Chairman of Swala Oil and Gas Company, Mr. Ernest Massawe said the listing has opened a new chapter and step forward in realising the ambition to achieve successful venture based on private and public partnership. Swala is an affiliated company to Swala Energy Limited, a company in turn listed on the Australian Stock Exchange (ASX) with ticker 'SWE'. It holds assets in the world class East African Rift System with a total net land package of 17,500 km2. The Australian parent company owns 65 per cent of the shares and 35 per cent by local investors. *(Daily News)*

THE National Microfinance Bank (NMB) has posted net profit of 44.33bn/-during the quarter ended June this year, compared to 33.14bn/- registered in the corresponding period 2013, thanks to the increased lending activities issued to customers. According to the NMB Bank financial report published yesterday in Dar es Salaam, the amount issued as loans, advances and overdrafts increased to 1.89tri/- from 1.72tri/- during the first quarter of 2014. Net interest income reached 97.99bn/- compared to 97.14bn/- of the previous quarter. Apart from lending, which is the core business banking NMB Bank registered remarkable successes in foreign currency dealings and translation as well as fees and commission. The gains from the foreign currency dealings and translation jumped to 4.10bn/- in the quarter under review, compared to 1.83bn/- of the period ended June 2013. Similarly, fees and commissions increased to 33.63bn/- compared to 25.61bn/- of the corresponding period a year before. Customer deposits during the quarter recorded an increased to 2.61tri/-, a slight decline of 1.8 per cent compared to an increment of 2.66tri/- in the preceding period representing 4 per cent growth.

Also the period witnessed differences in assets growth that grew by 1.2 per cent compared to 4.7 per cent of the quarter ended March this year. The bank's total assets increased to 3.47tri/- compared to 3.43tri/- registered in the first quarter. Although it is below the 5 per cent put as market standards, the banks non performing loans to total grow loans slightly went up to 2.7 per cent in the period under review compared to 2.5 per cent of the preceding quarter. The impairment losses on loans and advances in the period were 4.66bn/- compared to 4. 65bn/- in the first quarter 2014. The NMB Bank outstanding performance is what made it to be named for the second time by Euromoney as the Best in the country. Every year, the prestigious Euromoney institute globally compares banks in the respective markets on financial indicators reflecting performance and strengths. *(Daily News)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Economic News

This paper has reported that some 50 projects with about 12 billion US-dollar investment requirement were presented to US investors last week for possible partnership. It noted that they included three railway projects with an investment requirement of over 8 billion dollars and three airport ventures that need more than 600 million dollars. According to the 2014/15 Tanzania National Budget presented by Finance Minister Saada Mkuya, real Gross Domestic Product (GDP) of Tanzania is projected to grow by 7.2 per cent in 2014 and continue growing at an annual average of 7.7 per cent in the medium term. In addition, the country also has an economically active labour force whose cost is relatively low in comparison to many parts of the world. The population of Tanzania has more than tripled from 12.3 million in 1967 to 44.9 million in 2012, and this number is expected to double in the next two decades or so. The United States of America and the rest of the world are paying attention to the fact that Tanzania, under the leadership of President Jakaya Kikwete, is making efforts to improve its business, legal and regulatory environment as an approach to attract more Foreign Direct Investments (FDIs). One of the key trade and investment drivers is the stable democracy that exists in the country. The 2014 World Bank 'Ease of Doing Business' report showed that changes and developments in Tanzania's domestic policy improved the process of getting credit and resolving insolvency, among other areas.

Likewise, a World Bank survey carried out in November 2013 revealed that 55 per cent of the business managers of Tanzania's top 100 mid-sized enterprises view the economy as performing better than in previous years. Multilateral international institutions such as the IMF and the World Bank as well as U.S. federal government agency, USAID, have done their bit by working with American investors and the Tanzanian government to improve the country's business environment. Also, the Corporate Council on Africa (CCA) has been working with American enterprises to help them increase their investment in and trade with Tanzania. With urbanisation in the country occurring faster, Tanzania must now become competitive. The greatest infrastructure need exists in roads, railways, ports and airports, schools, hospitals and electricity. "Tanzania needs to invest USD 2.4 billion every year for ten years in order to meet its infrastructure targets," says Maria Shkaratan, in a World Bank Policy Research Working Paper entitled 'Tanzania's Infrastructure: A Continental Perspective' published in February 2012. "The current spend stands at USD 1.2 billion a year. About 56 per cent of total spending comes from the public sector, the biggest source of finance for infrastructure in Tanzania," she adds. This means that there are enormous opportunities for America's private sector companies to either invest alone or in partnership with the Tanzanian Government. It needs to be underscored that Tanzania's extractive resources such as ores and minerals and natural gas are in demand. Agriculture and tourism remain the largest sectors in the economy, and food security issues in Tanzania's six (6) landlocked neighbours make its large tracts of uncultivated fertile land, a very critical resource. Due to the speedy rate of urbanization, a new middle class is rising in Tanzania driven by strong consumerism.

This is boosting productivity, demand and investment. It is not surprising; therefore, that the Tanzanian Government formulated an Urban Development and Environmental Management (UDEM) framework to embrace the power of urban centers as agents and engines for development. The boom in Tanzania's telecommunications industry has increased internet users to 9.3 million in 2014 up from only 115,000 users in 2000 as the number of Tanzanians using mobile phone services has now grown to about 28 million, according to statistics from the Tanzania Communications Regulatory Authority (TCRA). "the completion of the National ICT Broadband Backbone project and the 3 submarine cables (Eassy, C-Com, and SEACOM)", providing rapid bandwidth growth that delivers Internet access to American investors. The banking and financial services industry is also experiencing dramatic expansion with growing incomes, and the Government has created an enabling environment for mortgage financing and finance leasing by enacting two laws in 2008; namely, the Mortgage Financing (Special Provisions) Act and the Financial Leasing Act. There's also an emerging capital market and a stock exchange is already in operation. The Bank of Tanzania has, over the years, eased foreign exchange controls after the enactment of the Foreign Exchange Act in 1991. This means that Tanzania's trade and exchange system is attractive for American investors, because they can freely make payments and transfers for current account transactions.

To prove that truly successful large-scale capital projects can be undertaken in Tanzania, the Government has recognised the critical role the private sector plays in economic growth. In order to enhance private sector participation and fast track implementation of Public- Private

Partnerships (PPP) projects, the Government has already submitted to Parliament a Bill to amend the PPP law passed in 2010. Further, the Government intends to establish a PPP Facilitation Fund, the PPP Technical Committee, and establish the PPP Centre. All of these will open new opportunities for American investors. At USD 1.872 billion, Tanzania's FDI inflows during 2013 were greater than the inflows of its East African neighbours, according to new data released by the United Nations Conference on Trade and Development (UNCTAD) World Investment Report 2014. The country's improved performance is partly due to the increased investments in "gas and electricity, mining and quarrying as well as manufacturing and services," said Ms Juliet Kairuki, executive director of the Tanzania Investment Centre (TIC) in a recent interview. I believe there are many American companies that can look to Tanzania for opportunity. Some of these include companies that operate with little or no growth, need to discover fresh ways to expand, ignite their growth, search for intra- Tanzania trade prospects, or those operating elsewhere in Africa but are looking to extend their footprint in Tanzania. We also recognised natural resources and tourism, infrastructure projects, as well as consumer and industrial products and services as the key sets of opportunity in Tanzania for American investors. While reflecting on the opportunities and challenges in Tanzania, it is imperative to recall that Tanzania is one of the 54 countries that lie on the African continent. Of course, Tanzania's social, political, cultural, economic and environmental landscape is different from those of other African countries. Tanzania also has its own ambitious aspirations for a better country. Still, Tanzania belongs to continental, regional and sub-regional blocs, the main ones being the African Union (AU), the East African Community (EAC) and the Southern Africa Development Cooperation (SADC). Therefore American investors setting up in Tanzania can benefit from various cross-border connections between many countries of Africa. Most importantly, through these blocs, Tanzania is not secluded and is instead, an integral part of the now interlinked global economy. This is why whatever happens in America could affect Tanzania, and the economic issues in America could impact Tanzania. Ultimately, before American investors can make any investment, there's a need to understand the risks and potential rewards of investing in Tanzania. Although some countries are less risky than others, all countries have same level of risk – it's never possible to diversify away all risk. This is a fact for all countries. Irrespective of the business sectors in which American investors operate, Tanzania continues to offer numerous opportunities in the new, post-crisis economic world.*(Daily News)*

The recent growth of Tanzania's economy by 7 per cent has trigged rise in importation of goods from European countries including Spain whose exports have now doubled. This is due to the country's attractive investment climate as well as strong economic ties between the two countries. Spanish Ambassador to Tanzania told this paper over the weekend that the investment environment in Tanzania pushed the Spanish government to shift their exports in 2007 from Latin America, which was Spain's major export destination to Africa particularly Tanzania. "Africa's economy is growing so fast. There are a lot of investment opportunities for Spanish Companies to invest in Tanzania," he noted. Cuesta revealed that last year, the Government of Spain increased its exports to Tanzania by 13 per cent, as many of its companies claimed business interest in the country. He cited tourism, energy, infrastructure, oil and gas sectors as the companies' main investment targets. Besides, the diplomat said Tanzanian populous is peaceful and hospitable; factors which he believes have largely contributed to its economic expansion. "Our close relationship with Tanzania has opened investment doors to Spanish companies," he said. Currently, Spanish Company is in talks with Tanzanian Petroleum Development Cooperation TPDC on the possibility of investing in extraction of oil and gas to be used in the households. He pointed that last year a Spanish company namely ISOLUX won a tender from TANESCO to invest in power supply in the country. The company has already built four power substations and transmission centres in Tanzania. However, Cuesta urged Tanzanians to utilise their resources effectively. He noted that, the country should use its own experts in science and technology to in curbing the low levels of technology in Africa. *(IPP)*

Zambia

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

Exotix Ltd. rates Barclays Bank of Zimbabwe Ltd. as a sell and CBZ Holdings Ltd. a hold as lenders in the Southern African nation report falling or below-forecast profits in the first half of the year, the company said. While Barclays Zimbabwe's income increased in the first half, it was 24 percent less than what London-based Exotix estimated for the period. CBZ, the nation's biggest bank, by assets posted a decline in profit. "The quality of the results was weak," Exotix, a London-based investment bank, said today in an e-mailed note to clients. The first half results are "much to worry about." Commercial banks in Zimbabwe are threatened by bad loans as economic growth slows in the southern African nation. The International Monetary Fund forecasts economic growth of 3.1 percent this year after an average of 10 percent between 2009 and 2012. There are 22 banks operating in Zimbabwe, including units of London-based Standard Chartered Plc (STAN) and South Africa's Standard Bank Group Ltd. *(Bloomberg)*

CBZ BANK says it will contain the level of non-performing loans at around eight percent by year-end, from the current 6,1 percent, and welcomed plans to set up a special purpose vehicle (SPV) for bad loans as well as a credit bureau. Chief executive Never Nyemudzo told journalists and analysts at a briefing on Wednesday that the bank would, in the second half of the year, employ effective credit control measures to contain bad loans which peaked 15,92 across the sector last year. The central bank last month said it was considering setting up an SPV and credit bureau, which would be key in containing NPLs, he added. CBZ Bank, he said, was vigorously trying to recover at least half of the $66,6 million in bad loans by year end. "We are targeting our NPLs to remain below eight percent. We are currently sitting at about 6,1 (percent). What we are going to do to be able to that is to do what we call early identification," Nyemudzo said. "Once we have identified that a customer is struggling, you have two options that you have - you sit down with the customer and show them the trend of how their account has been behaving. "In most cases we have had situations where customers say gentlemen, where I am going the best thing for me to do now is to sell the security that you are holding. "That is voluntary disposal. The other issue is also to collect early. Because of these two initiatives, we are able to continue containing NPLs." Commenting on the $200 million market instrument with the African Export and Import Bank (Afreximbank), Nyemudzo said negotiations were progressing well, adding that the funds would ease the liquidity constraints affecting productive sectors. Afreximbank has committed to underwrite the bond, which would have a coupon rate of seven percent, he said. *(New Zimbabwe)*

Cairns Holdings is close to reaching an agreement with Vasari Global of South Africa who plans to inject fresh capital and assume its $25 million debt, a source close to the developments said yesterday. Vasari, which is set to acquire the Reserve Bank's 67% shareholding in the company, would assume Cairns' debt of $25 million which would be paid over time, the source said, adding that negotiations over the debt were the "biggest hurdle" in the process. "We are finalising the terms of the structure of the agreement with the new investor. They are doing assessments on the company's requirements," said the source. He, however, declined to give a timeline saying the deal would be finalised in the "short-term." "It takes time because there are various shareholders involved. The investor also wants to see if they can meet the payment plans (for the debt). "There is need to rearrange payment and a scheme of arrangement for creditors and shareholders is being finalised," he said. The source said the new investor would also bring in working capital to replace antiquated equipment and acquire delivery trucks for the company. "We also need to revamp and bring in modern equipment," he said. Last year, the company, which has been under judicial management since November 2012, accessed a $1 million bailout under the Distressed and Marginalised Areas Fund (Dimaf), a joint government and Old Mutual facility for troubled companies, but requires a further $8 million to get on the path to full recovery. It acquired new plant and machinery for chips and snacks production after accessing the Dimaf funds. Increased productivity has seen the firm recalling the bulk of its 667 employees. Established in 1947, Cairns is one of the country's oldest food manufacturing companies. Its fortunes took a nosedive after adoption of multi-currencies subsequently applying for judicial management and delisting from the Zimbabwe Stock Exchange.*(News Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

BINDURA Nickel Corporation (BNC) revenue is forecast to grow to $98,6 million for the full year ending March 2015 from $65 million in 2014 on the back of improved higher head grade and cost reductions, local analysts have said. In 2015, total nickel production is targeted at 8,920 tonnes as compared to 7,027 tonnes of nickel in concentrates which was recorded in 2014, ABC Stockbrokers said in a latest report. Profit before tax is expected to be at $34,9 million and profit after tax at $25,9 million. ABC Stockbrokers said the full year performance for BNC will also depend on the average cost of power for the year anticipating that BNC would be able to negotiate for an average price inside 0,10 cents per kilowatt in line with the current model. In the first quarter ended June 30 2014, BNC nickel production dropped by 14% on the back of a marginal 4% decline in tonnes mined and 3% decline in tonnes milled from first quarter last year. Tonnes mined in first quarter ending June 30 2014, however, improved significantly by 35% compared to 2013 period, while tonnes milled were relatively flat due to millions of accumulated stocks on the same period last year. "The cost of production is expected to drop once efficiency levels are restored at the re-commissioning of the underground mobile equipment. This if coupled with an expected improved higher head grade, will see the company back on track to achieving its budgeted performance," ABC Stockbrokers said. In the period under review the cost of production grew by 29% for the first quarter ending June 30 2014 as compared to a marked decline of 27% on the same period in 2013 due to the rise in nickel price on the back of the off-take agreement that the company has with Glencore. "The increase in costs was, however, attributed to the rise in nickel price on the back of the off-take agreement that the company has with Glencore. Lower production levels due to the decommissioning of the underground mobile equipment for refurbishment also added to the increased costs as efficiency levels were compromised," the report reads. ABC Stockbrokers said despite the seemingly lower statistics in the first quarter to June 2014, BNC was still ahead of its year on year performance on all statistics. It however said the challenges in the rise in all inclusive cost of production was temporary and significantly below the levels recorded in the first quarter of 2013. When Trojan resumed operations in 2013, average costs were over $21,000 per tonne due to carried over legacy expenditures through retrenchment costs. *(News Day)*

HWANGE Colliery Company Limited (HCCL) expects monthly output to reach 500 000 tonnes by year end on the back of delivery of new equipment and output by a contractor. HCCL's current monthly output is 150 000 tonnes and was expected to double after the company receives additional mining equipment worth $33 million. A Portuguese mining and construction company, Mota-Engil, was contracted to mine coal for HCCL and is expected to start mining by the end of the month. The company will produce 200 000 tonnes per month. "Total aggregate production will be 500 000 tonnes per month by the end of the year," HCCL managing director Thomas Makore said. He said HCCL was doing paperwork on the delivery of new equipment. HCCL is set to get loading and drilling equipment worth $15 million from BEML of India. The deal would be financed through a loan from Export and Import Bank and supported by Zimbabwean government. Disbursement of the facility was expected mid last month. HCCL wants to procure additional mining equipment from BELAZ of Belarus worth $18,3 million. The equipment was supposed to be on site this month or September at the latest. "We expect paperwork to be finished by the end of the month," Makore said. HCCL believes the recapitalisation through new equipment coupled with the resolution of the $150 million legacy debts would return back to profitability. In a May 7 2014 letter to shareholders, HCCL board chairman Farai Mutamangira said the company was targeting to produce at least 450 000 tonnes of coal per month. "This will assure HCCL of a monthly turnover of not less than $18 million. At this level, and assuming costs are contained below $9 million a month, HCCL will have sufficient turnover and gross margin to not only grow the business but also, to service its legacy debt which currently stands at about $150 million," Mutamangira said. All has not been well at the coalminer. In the full year ended December 31, HCCL posted a $30,9 million loss attributed to low production volumes and reduction in the coke price locally and abroad. During the same period in 2012, HCCL had posted a profit of $3,1 million. HCCL was recently dislodged as the biggest coal miner by Makomo Resources. But Mutamangira told shareholders that with achievement of normal production capacity, "HCCL will be able to regain its market dominance and also aggressively venture into new export markets". *(News Day)*

Zimbabwe Stock Exchange-listed group Meikles Limited's retail arm, Meikles Mega Market will soon open a branch in Gweru as it looks to extend its forays further into the lower end of the market. The group recently opening another branch in Masvingo while seven additional sites will be opened across all cities in the country. In an interview with the Herald Business yesterday, MMM general manager Mr Panganai Ngorima said the holding company has set sights on expanding its retail business to cater for the lower end of the market. "The move is part of the group's strategies to boost revenue and unlock shareholder value. "Already two units have been opened in the capital where we want to cater for all classes of the society and the other branch was opened two weeks ago in Masvingo," said Mr Ngorima. "We are eyeing the

Gweru market and plans are still in the preliminary stages but that is our target at the moment and this new concept will service and support the lower end of the market." More units are set for Mutare among other cities, as the company rolls out strategies to cater for workers who were almost retrenched at the department stores division last year. There will be further rationalisation of the departmental stores together with a drive to create greater values in the group's properties. "Our mass market concept has been performing very well despite disposable income challenges faced by our consumers and we will not stop to invest," said Mr. Ngorima. Last year, Meikles Department Stores announced its intention to retrench about 55 workers a decision which was later reversed after the new Meikles Mega Market accommodated the workers. In a statement last year, Meikles Limited chairman Mr. John Moxon said that due to liquidity constraints, capital expenditure and working capital requirements the group will continue to roll out new units to unlock shareholder value. Mr. Moxon said substantial funding requirements were put in place to make sure MMM becomes a great success in the highly competitive retail industry. *Herald)*

Economic News

Farmers have welcomed the new grain prices set by Government saying the new prices will bring viability to grain production. Statutory Instrument 122 of 2014 gazetted last week sets the price of maize and sorghum at $390 per tonne. The new prices are with effect from April this year. Under the SI, the Agriculture Marketing Authority (minimum Grain Producer Prices, 2014), the Minister (of Agriculture, Mechanisation and Irrigation Development) may announce the minimum producer price of maize, sorghum, pearl millet, wheat and finger millet at the beginning of the marketing season. Zimbabwe Commercial Farmers Union president Mr Wonder Chabikwa said unions had been advocating for protection from unscrupulous buyers and the regulatory framework was a victory on the part of farmers. He said some buyers were buying maize at prices below $200 per tonne. "We welcome the development as it will bring back viability to grains," said Mr Chabikwa. "Farmers were no longer willing to produce grains because of the poor prices. "The issue of poor pricing is the one that is affecting the cotton industry and it was slowly encroaching to grains. Most farmers are moving away from maize and this is not healthy considering that it is staple crop." Mr Chabikwa said since long back, producer prices used to be gazetted with authorities taking into consideration farmers' viability. "Buyers were guided by the prices announced by Government," he said. "Producer prices should enable farmers to go back to the land the following season." Zimbabwe Indigenous Women Farmers Association Trust Mrs Depinah Nkomo said the move taken by Government was good, but the challenge was in the implementation. "This is a positive development, but who will monitor the buyers when they buy maize from farmers?" she said. "Buyers are aware of the GMB's incapacity to pay farmers instant cash and will continue to offer less money. Farmers on the other hand will continue to sell the grain for unviable prices because they will be desperate for cash. "GMB should be recapitalised so that the parastatal is able to buy grain and offer cash to farmers." *(Herald)*

Disclosures Appendix

This Publication is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of any jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject Securities Africa Limited, or its subsidiaries or affiliates to any registration or licensing requirement within such jurisdiction. Neither this Publication nor any copy of it may be distributed in any jurisdiction where its distribution may be restricted by law and any persons into whose possession this Publication comes should inform themselves about, and observe, any such restrictions.

The information contained in this Publication or on which this Publication is based has been derived from sources believed to be reliable and accurate however no representation or warranty, express or implied, is made as to the fairness, completeness, accuracy, timeliness or otherwise of the information or opinions contained in this Publication and no reliance should be placed on such information or opinions. The information contained in this Publication has not been independently verified by Securities Africa Limited. While reasonable care has been taken in preparing this document, no responsibility or liability is accepted as to or in relation to the fairness, completeness, accuracy or timeliness or otherwise of this Publication or as to the reasonableness of any assumption contained, nor for errors of fact or omission or for any opinion expressed in this Publication.

Past performance should not be taken as an indication of future performance, and no representation of any kind is made as to future performance. The information, opinions and estimates contained in this Publication are provided as at the date of this Publication and are subject to change without notice. Distribution of this Publication does not constitute a representation, express or implied, by Securities Africa Limited, or its advisers, affiliates, officials, directors, employees or representatives (the "Parties") that the information contained in the Publication will be updated at any time after the date of the Publication. The Parties expressly do not undertake to advise you of any information coming to any or all of their attention.

Any opinions expressed in this Publication may differ or be contrary to opinions expressed by other business areas or groups of Securities Africa Limited as a result of using different assumptions and criteria. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results.

All projections and forecasts in this Publication are illustrative only. The actual results may be materially affected by changes in economic or other circumstances, which cannot be foreseen. No representation or warranty is made by any of the Parties as to the achievability or reasonableness of any projection or forecast contained in this Publication.

This publication is provided to you for information purposes only on the understanding that Securities Africa Limited is not acting in a fiduciary capacity. It does not address specific investment objectives or financial situations, and any investments discussed may not be suitable for all investors. Prospective investors must make their own examination and evaluation of the merits and risks involved in the securities set out in this Publication including any legal, taxation, financial and other consequences of investment and should not treat the contents as advice relating to legal, taxation or other matters. This report is not to be relied upon in the substitution of independent judgment with respect to any investment decision. Investors should consider this Publication as only a single factor in making their investment decision, and as such, the Publication should not be viewed as identifying all risks, direct or indirect, that may be associated with any investment decision.

Foreign currency-denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of, or income derived from, the investment. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies, effectively assume currency risk.

Securities Africa Limited conducts designated investment business only with eligible counterparties and professional clients. To the extent permitted by law and regulation, Securities Africa Limited accepts no liability whatsoever for any loss howsoever arising, directly or indirectly, from any use of this Publication or its contents or otherwise arising in connection with that. This Publication is not intended for distribution to retail clients.

By receiving this Publication, the recipient agrees to keep confidential the information contained in this Publication together with any additional information made available following further inquiries. None of the material, nor its content, nor any copy of it, may be altered in any way, disclosed, published, reproduced or distributed to any other party, in whole or in part, at any time, without the prior written permission of Securities Africa Limited.

Nothing in this Publication constitutes or forms part of, and should not be construed as, an offer for sale or subscription of, or solicitation of any offer to buy, sell or subscribe for, the securities of the Company, nor should it or any part of, form the basis of, or be relied on in connection with, any contract or commitment whatsoever.

Securities Africa Limited and/or its associates and/or any of their respective clients may have acted upon the information or opinions in this Publication prior to your receipt of it. Securities Africa Limited and/or its associates may provide investment banking services to the Company and in that capacity may have received confidential information relevant to the securities mentioned in this Publication which is not known to the researchers who have compiled this Publication.

Securities Africa Limited and/or its associates and/or their officers, directors, employees or representatives may from time to time purchase, subscribe for, add to, dispose of or have positions or options in or warrants in or rights to or interests in the securities of the Company or any of its associated companies mentioned in this Publication (or may have done so before publication of this Publication) or may make a market or act as principal or agent in any transactions in such securities.

This report may not have been distributed to all recipients at the same time. This report is issued only for the information of and may only be distributed to professional investors (or, in the case of the United States, major US institutional investors as defined in Rule 15a-6 of the US Securities Exchange Act of 1934) and dealers in securities and must not be copied, published or reproduced or redistributed (in whole or in part) by any recipient for any purpose.

English law governs the issue, publication and terms of this Publication and any disputes arising in relation to any of them will be subject to the exclusive jurisdiction of the English courts.

By accepting this Publication, you agree to be bound by the foregoing limitations. No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of Securities Africa Limited.

SECURITIES AFRICA®