SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	8-May-15	15-May-15	WTD % Change Local	WTD % Change USD	YTD % Change Local	YTD % Change USD
Botswana	DCI	10323.09	10394.50	0.69%	1.55%	9.40%	7.82%
Egypt	CASE 30	8742.42	8303.00	-5.03%	-5.01%	-7.15%	-12.97%
Ghana	GSE Comp Index	2255.03	2307.71	2.34%	1.33%	0.89%	-17.23%
Ivory Coast	BRVM Composite	269.30	262.57	-2.50%	-2.09%	1.74%	-4.74%
Kenya	NSE 20	5070.75	4980.71	-1.78%	-2.77%	-2.58%	-8.19%
Malawi	Malawi All Share	16026.15	16048.80	0.14%	-1.02%	7.81%	14.52%
Mauritius	SEMDEX	1955.83	1975.98	1.03%	2.32%	-4.71%	-13.51%
	SEM 10	371.39	375.85	1.20%	2.50%	-2.58%	-11.58%
Namibia	Overall Index	1186.61	1185.23	-0.12%	1.41%	7.94%	5.68%
Nigeria	Nigeria All Share	34388.21	34439.40	0.15%	-0.40%	-0.63%	-8.89%
Swaziland	All Share	300.23	300.23	0.00%	1.53%	0.71%	-1.40%
Tanzania	TSI	4719.32	4703.54	-0.33%	-1.61%	3.89%	-9.70%
Tunisia	TunIndex	5585.19	5696.48	1.99%	1.53%	11.92%	9.06%
Zambia	LUSE All Share	5991.49	5950.33	-0.69%	0.03%	-3.41%	-14.96%
Zimbabwe	Industrial Index	154.00	154.03	0.02%	0.02%	-5.38%	-5.38%
	Mining Index	42.93	42.93	0.00%	0.00%	-40.13%	-40.13%

CURRENCIES

Cur-rency	8-May-15 Close	15-May-15 Close	WTD % Change	YTD % Change
BWP	9.64	9.56-	0.84	1.46
EGP	7.61	7.61-	0.01	6.68
GHS	1.87	3.88	0.99	21.89
CFA	578.77	576.34-	0.42	6.80
KES	93.54	94.49	1.02	6.11
MWK	430.87	435.95	1.18-	5.86
MUR	33.95	33.52-	1.26	10.17
NAD	12.03	11.85-	1.51	2.14
NGN	196.31	197.39	0.55	9.06
SZL	12.03	197.39-	1.51	2.14
TZS	1,931.96	1,956.96	1.29	15.05
TND	1.90	1.91	0.45	2.62
ZMW	7.26	7.21-	0.72	13.58

SECURITIES AFRICA

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Botswana

Corporate News

Botswana supermarket chain Choppies Enterprise has opened a Kenyan subsidiary ahead of a planned entry into the local retail market through an acquisition. Choppies has disclosed in its pre-listing statement at the Johannesburg Stock Exchange (JSE) that it has registered a dormant subsidiary in Kenya for future operations. The revelation by Choppies comes after it announced its expansion plans into Kenya, Tanzania and Zambia. The supermarket is listed on the Botswana Stock Exchange. The firm said it has been attracted by the low development of Kenya's formal retail market, estimated at about 30 per cent penetration. "Dormant companies have been established in each of Zambia, Namibia, Tanzania and Kenya, for the intended future operations in these jurisdictions," reads the pre-listing statement. "The constitutional documents of these companies are standard form documents and have not been tailored for the operations of Choppies." The supermarket's secondary listing on May 27 on the JSE anticipates to raise an estimated Sh4.6 billion ($48 million) for expansion and to clear outstanding debt. Choppies has a market capitalisation of Sh50 billion ($520 million). It reported revenue of Sh48 billion ($501.2 million) last year.

The Kenyan subsidiary called Choppies Enterprises Kenya Limited, whose registration number is 2015/179092, was incorporated on February 20. The retailer lists Parin Bharatkumar Patel and Birju Pradipkumar Patel as stakeholders with 75 per cent shares held in the local general retail unit. Choppies said it was assessing an entry strategy into Kenya, which it added that may include an acquisition of existing stores in order to establish a footprint and platform for growth. Choppies becomes the third global retailer to expand to Kenya after French Carrefour and South African Massmart Supermarket. Massmart initially wanted to acquire, Naivas — a family owned supermarket chain — but failed in its bid. New York Stock Exchange-listed research firm Nielsen in March ranked Kenya as Africa's second largest formalised retail economy after South Africa in a consumer report that studied five sub-Saharan African economies. Investment opportunities in the formal market have attracted a lot of activity in the retail sector. Local investors like CleanShelf Supermarket and Maithai Supermarket have also taken advantage of the vibrancy to expand to estates Nairobi. *(Business Daily Africa)*

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

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Egypt

Corporate News

Egypt's Edita reported a first-quarter net profit of 59.5 million Egyptian pounds ($7.8 million), up slightly from a year earlier, the foodmaker said on Thursday. *(Reuters)*

Juhayna Food Industries, one of Egypt's largest dairy product and juice makers, reported first-quarter net income of 65 million Egyptian pounds ($8.52 million), a 51 percent increase from the same period last year. The company's revenue rose 7 percent to 867 million Egyptian pounds in the quarter, it said.*(Reuters)*

Economic News

Egypt's annual urban consumer inflation and core inflation both slowed in April, a reprieve from rising prices after two straight months of increasing inflation. Egypt's urban consumer inflation slowed to 11 percent in April from 11.5 percent in March, the official statistics agency CAPMAS said on Sunday. Core annual inflation, which excludes volatile items like fruit and vegetables, eased slightly to 7.19 percent in April from 7.21 percent in March, the central bank said. Inflation accelerated in Egypt after the government slashed subsidies in July, pushing up fuel prices as much as 78 percent. The central bank kept its benchmark interest rates on hold at its last meeting in April, saying it had balanced improved economic growth in the second half of last year against accelerating inflation from volatile food items. The bank has now held rates steady following two consecutive meetings after surprising analysts with a 50-basis-point cut in January. *(Reuters)*

Egypt's planning minister said on Wednesday the country's average economic growth was expected to be 3 percent in the second half of the 2014/2015 fiscal year, compared with 5.6 percent in the first half of the year. Ashraf al-Arabi told reporters at a news conference that average economic growth for the current fiscal year would be 4 percent, or slightly above 4 percent. *(Reuters)*

Egypt's central bank kept the pound steady at 7.53 to the dollar at a foreign exchange auction on Thursday, while the currency strengthened slightly on the black market. The central bank has held the official exchange rate steady for more than three months since letting the pound weaken at the beginning of 2015. This step and other measures have helped reduce black market trading significantly. In Thursday's auction, the bank said it had offered $40 million and sold $37.8 million at a cut-off price of 7.5301 pounds per dollar, unchanged from Tuesday's rate. The rates at which banks are allowed to trade dollars are determined by the results of official auctions, giving the central bank effective control over exchange rates. The bank used to hold auctions four days a week but last Thursday reduced the frequency to three per week. On the black market, the pound was trading at 7.665 pounds to the dollar on Thursday, one trader said, slightly stronger than the 7.675 pounds quoted on Tuesday. Black market traders say volumes have fallen sharply since the central bank's drive to stamp out their transactions, including the introduction of a cap in February on the amount of dollars that can be deposited in banks. The authorities hope this will signal to foreign investors that the economy has returned to normal after four years of turmoil. But Egyptian importers and exporters say the cap on dollar deposits has reduced foreign exchange liquidity and stifled business activity.*(Reuters)*

Additionally, he said the depository had opened about 647,212 accounts for investors of the Government of Ghana (GoG) securities and 82,481 for shareholders in equity. "The value of GoG of Ghana securities outstanding in the depository totalled GH?28.16 billion at the end of 2014, of which foreign investors hold about 25 per cent. We supported borrowings among banks through repurchase agreements to the tune of GH?195.8 billion in 2014," he added. "In addition, we processed and paid a total of GH?50.7 billion to more than 1.2 million beneficiaries in interest and maturities of treasury bills and bonds," the CEO said. *(Ghana Web)*

Economic News

The European Union through its lending institution, the European Investment Bank (EIB), has provided 10 million Euros to UniBank Ghana to support private businesses across the country. The EIB's new lending agreement with UniBank Ghana is the third scheme to support investment in the country under an 80 million Euros credit facility launched in 2013 to improve access to finance by companies. Speaking at the signing, over the weekend in Accra, Mr Isaia Romolo, the Senior Loan Officer of the European Investment Bank said the bank had for the past 40 years supported private sector investment across Ghana. He said the new agreement would build on the success of similar cooperation with leading banks across Africa and support important new corporate investment across the country. "This significant new lending programme will increase investments by the private sector and strengthen the role of local banks," Mr Romolo said. "Today's support of 10 million Euros to Unibank, together with the facilities already provided to Societe General and Ecobank to improve access to finance for SMEs (small and medium scale enterprises) are crucial, since the SMEs are the backbone to Ghana's economy," he said. Mr Romolo said the new credit would allow UniBank to provide loans in both Euros and dollars, with tenure of up to eight years.

He said lending under the scheme would support investment in agriculture, manufacturing, construction, transport, education and healthcare as well as reinforcing long-term investments by Ghanaian companies crucial for supporting economic growth. He said UniBank Ghana, which is a wholly owned Ghanaian bank, was chosen after a thorough and diligent selection process. Mr Romolo said the EIB had provided nearly 600 million Euros to support public and private sector investment in Ghana since 1976 saying: "This has included direct loans, credit lines with local banks and investment in smaller projects by private equity or microfinance funds." He said the interest rate on the loans to SMEs, which would access the fund from UniBank is far lower than they would get on the Ghanaian market, adding that, in 2014, the bank invested about 2.5 billion Euros in Africa. Mr Felix Nyarko-pong, the Chief Executive Officer, UniBank Ghana, welcomed the EIB facility and assured clients of the bank's readiness to support their banking and financial needs. He appealed to the EIB to provide additional funding to enable the bank to support many more SMEs. Mr William Hanna, the EU Ambassador to Ghana, said the EIB is a bank with solid reputation in Europe and has triple 'A' ratings. He pledged the readiness of the EU to do all it could to support the socio-economic development of the country. *(Ghana Web)*

Foreign investors reduced their holdings in Ghanaian securities by GH¢362million within the first three months of this year -- making it the second consecutive time in six months that non-resident investors have cut their investments, figures from the Central Securities Depository have shown. The divestment of securities is about 5% of the total value of securities foreign investors held in Ghana in the last quarter of last year, and coincides with plans by the US Federal Reserve to raise its interest rates, which is expected to hold back huge inflows to emerging economies. According to data from the Central Securities Depository -- which records the holdings of all securities in electronic form, non-resident investors investment in the Ghanaian money market was about GH¢6.82billion in the first quarter of this year, which is less than the GH¢7.1billion made in the last three months of 2014. In the third quarter of last year, the value of securities held by foreign investors was about GH¢7.68billion. B&FT analysis of the data shows that the foreign investors cut most of their holdings in the 182-Day Government of Ghana Treasury bill, and the 2-year and 3-year Government of Ghana fixed notes. At the end of the third quarter of last year, the percentage share of securities held by foreigners was 28 percent, which dropped to 24.58 percent in January and 23.69 percent in March this year. The continuous decline in the share of securities held by foreign investors' means that government now depends largely on local investors to meet its domestic investment needs and to fund the budget deficit.

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Ghana

Corporate News

Ecobank Ghana posted a 45-per cent growth in 2014 revenue to GH? 857.7 million, compared with GH? 589.76 million in 2013. The bank also recorded 67 per cent increase in profit before tax after impairment charges at GH¢ 447 million. Mr Samuel Ashitey Adjei, Managing Director of the bank, made this known at a shareholders' meeting in Accra, adding the bank's results were achieved despite the challenging environment for the banking industry locally and worldwide. He said the Bank adopted various strategies during the year under review, to achieve sustainable credit growth, improve asset quality and maintain a well-established credit portfolio. "We were able to grow net income and tightly control expenses," he said, adding that the performance was reflective of the bank's consistent strategy of focusing on growing revenue and managing costs in the face of highly competitive business environment," he said. Ecobank Ghana also recorded total equity of GH¢ 798.4 million, one of the highest in the industry, and a capital adequacy ratio of 17.22 percent, above the regulatory requirement of 10 per cent. The bank's balance sheet saw significant growth of 23 percent to GH¢ 5.7 billion in 2014, compared to GH¢ 4.7 billi on the previous year, while customer deposits grew by 30 per cent to GH¢ 4.2 billion in 2014, compared to GH¢ 3.2 billion a year earlier. Total customer loans at the end of 2014 stood at GH¢ 2.7 billion, up by 27 per cent from the 2013 figure. This loan growth occurred across multiple portfolios, including SMEs, corporates, trade financing and consumer lending. Loan deposit ratio for 2014 stood at 65.5 per cent, the same as last year, while total income distribution showed 65 per cent net interest income and 35 per cent non-interest income.

Net interest income grew by 43 per cent to GH¢ 555.7 million on the back of a loan book growth of 27 per cent. Non-funded income continued to be a key income source for the bank's businesses and in 2014, its net fee and commission income saw a growth of 34 per cent, with trading income showing an impressive increase of 74 per cent. "We have to take risks but balanced with returns by ensuring that we have the right strategies and robust risk management systems in place to monitor and minimize these risks," he said. Mr Adjei said the bank's strong liquidity and capital position allowed it to make investments for future growth. "Our operational efficiency improved significantly in 2014, with significant improvements in Return Average Equity, Return on Assets, Efficiency ratios, non-performing loans and other key performance indicators," he said. He said the domestic banking segment grew its total revenue by 44 per cent to GH¢380 million from GH¢263 million in 2013, and contributed a total of 44 per cent to the bank's total revenue. Corporate bank and treasury also grew by 40 per cent and 55 per cent to end the year at GH¢270 million and GH¢208 million respectively, with a contribution of 32 per cent and 24 per cent to total revenue. The bank declared a dividend of GH¢0.79 up from GH¢0.43 in 2013, representing an increase of 83.7 percent. Corporate Social Responsibility figures increased by 70 percent from GH¢1.434 million in 2013 to GH¢2.441 million in 2014. *(Ghana Web)*

The decision by the Bank of Ghana and the Ghana stock exchange to merge their respective depositories into the existing Central Securities Depository Ghana Limited (CSD) last year has started yielding results, following a significant growth in the depository's operating income and total assets in the first year of operation. Its 2014 audited results showed that the depository's operating income rose from GH?5.4 million in 2013 to GH?11.2 million as of December, last year, representing a growth rate of 107.4 per cent within the 12-month period. Total assets, which stood at GH?8.5 million in 2013, also went up to GH?12.1 million in 2014. This represents a 42.4 per cent growth within the period. The Chief Executive Officer of CSD, Mr Stephen K. Tetteh, who disclosed these in Accra, said these developments led to a marked increment in the depository's profit levels. Net profit closed last year at GH?2.73 million compared to the GH?1.8 million recorded in 2013, representing a 50 per cent growth, he said at the news conference in the depository's headquarters in Accra. The press conference was to afford the depository the opportunity to explain its operations to the general public through the media. Mr Tetteh said the GSE, which used to own 18 per cent of the CSD now owns 30 per cent with the BoG stake also dropping from the initial 82 per cent to 70 per cent. Touching more on some of the success stories of the depository within its first year of operation, the CEO said the depository was also making gains in the conversion of paper share certificates into electronic ones.

Currently, Mr Tetteh said his outfit had converted 8.5 billion shares that were hitherto in paper certificates into electronic shares. The total share certificates converted into electronic, technically called dematerialisation, represents 85 per cent of all shares listed on the GSE.

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Some economists and investment bankers contend foreign investors' divestment of Ghanaian securities is encouraging, as it limits the exposure of the economy to certain risks at a time capital flight has been blamed for the decline of the local currency, which has depreciated by about 16 percent since beginning of the year. Others, however, believe the decline in foreign holdings suggests weakening investor appetite and loss of confidence for government's debt, because of lingering doubts about long-term macroeconomic stability and public financial sustainability. Derrick Mensah, Senior Analyst at African Alliance Securities Limited explained: "It has always been the foreigners who participated in the 2- and 3-year bonds, and based on the data over there this means that the foreign investors are not rolling over their matured bonds. This goes to confirm the view all of us hold that investor sentiment is very low and declining. "This is largely expected because investor confidence has waned, and waned considerably. The exchange rate hasn't been good at all. There is a lot of currency risk. For instance, if I (an investor) buy now, chances are that I am going to see a depreciation of about 10 percent before it matures for me to take up my returns. "Therefore, a lot of currency risk is in there; because later if you want to take your money with about 25 percent return, it doesn't reflect that true value. Obviously, you will look for a place that provides lower yields but has a more stable exchange rate. "The second thing is to do with the macroeconomy. Looking at the way the central bank is printing money, the deficit situation, and what we are currently going through, Ghana is not a very sweet spot at the moment.

"The rates are relatively higher, but coupled with the exchange rate we are experiencing it goes to erode the returns you are making. The macroeconomic situation is not great and investors shy away from such situations… we really need to get the macroeconomics right; if not, we are going to be in this position for quite some time." Another investment banker, Collins Appiah, who is the Managing Partner of Home Rent added: "The economy is still experiencing huge risks, and investors who are risk-averse will take decisions that will not go in our favour. That is why we are seeing foreigners move away. "Ideally, interest rates should have compensated; but rational investors know that the more interest rates go up, the more likelihood of default. Formerly, governments were thought of as never defaulting -- but looking at what has happened to Greece and other Euro-zone countries, government default is very likely." Government has served notice that it will borrow GH¢25.42billion from the domestic money market within the first six months of the year, which is twice the GH¢12.72billion it borrowed through the issuance of government securities in the same period last year. The data from the Central Securities Depository show that for the first three months of this year, the Government of Ghana issued 54 securities valued at GH¢13.4billion. However, the total face value of securities issued by the Government of Ghana, Bank of Ghana and Cocoa Board at the end of the first quarter was about GH¢16billion compared with GH¢10.3billion securities issued for the same period last year.

At the same time, in the first three months of this year, the Central Securities Depository processed and paid about GH¢16.19 billion to investors as interest and maturity proceeds; and this is six percent more than it paid to investors during the last three months of last year. This year, government has budgeted GH¢8billion as interest payment for domestic debts -- out of the total GH¢ 9.5billion -- raising concerns a debt overhang may cause government to be unwilling to implement adjustment programmes that will promote economic growth because a greater proportion of the benefits will end up as debt-service payments to creditors. Development experts have thus urged government to use borrowed funds judiciously -- in particular for productive purposes, so that sufficient growth can be generated to reduce the debt service burden and foster sustainability. *(Ghana Web)*

The Bank of Ghana will wait until economic reforms kick in towards the end of the year before cutting interest rates to resuscitate growth in the West African nation, a Reuters poll found on Monday. That will still make Ghana one of the few countries forecast to ease policy this year. Other emerging markets are expected to raise rates in preparation for contagion effects if the United States hikes interest rates in September as predicted. Economists and analysts surveyed in the past week expect the Bank of Ghana to hold interest rates at 21 percent on Wednesday. The poll forecasts the benchmark rate, which has risen 850 basis points in the past two years to try and stem a currency in freefall, will drop to 20 percent in the last monetary policy meeting of the year in November. The cedi has lost around three-fifths of its value since the start of last year as public debt ballooned to unsustainable levels, sending investors scurrying. Razia Khan of Standard Chartered said Ghana would rather hold off and focus on domestic economic reforms before taking advantage of an expected deceleration in inflation towards the end of the year.

Inflation in Ghana averaged about 15 percent last year and analysts say it might have peaked at 16.6 percent in March, but the bank is unlikely to give consumers a reprieve on interest rates just yet. "A combination of caution about the exchange outlook and a 'wait-and-see' approach to inflation's near-term path may deter an easing in the current tight stance," Barclays said in a client note. "Instead, we expect policy easing in the second half of the year when the decline in headline inflation becomes more pronounced." *(Ghana Web)*

Ghana is seeking advisers to value some state-owned companies for a possible sale and wants them to be liable for their own debt to preserve cash needed to fund the budget, Finance Minister Seth Terkper said. "We are doing an equity study" to determine the market value of some companies before deciding whether to sell, Terkper, 57, said in an interview at his offices in the capital, Accra. He didn't disclose which companies will be valued. Terkper is seeking to convince investors that the government can stick to an austerity plan agreed with the International Monetary Fund as part of a three-year loan program of about $900 million. Ghana was forced to turn to the Washington-based lender last year after ballooning debt and falling export earnings triggered a 27 percent plunge in the currency against the dollar. "We are moving from sovereign guaranteeing of loans to project loans and for the projects to pay for the facility," Terkper said. State-owned companies "have to strengthen their balance sheets and borrow on the strength of their balance sheets." Some of the nation's state-owned companies include Volta River Authority, the largest power producer, Ghana Ports and Harbours Authority, which operates and regulate seaports, and Ghana Airports Company Ltd. Terkper said he is optimistic the government can meet its budget deficit target of 7.5 percent of gross domestic product for this year. The shortfall was an average of about 10 percent in the past three years.

Ghana is West Africa's second-largest economy and the world's No. 2 cocoa producer. Oil is the country's biggest export by value after gold and the nation produces about 100,000 barrels a day from its Jubilee field that's operated by Tullow Oil Plc. The IMF loan commits the government to curbing its budget deficit as it heads into an election year in 2016. Ghana failed to stick to expenditure limits before the 2012 election, causing the budget deficit to widen at the same time that cocoa and gold prices came under pressure. "We wanted to remove that doubt and to show that we are committed to keep that discipline," Terkper said. "That period of consolidation will lead to robust growth."The main risk to the economy's outlook is a possible fall in commodity prices, such as oil and cocoa, he said. The government is forecasting 3.9 percent growth this year, little changed from 4 percent in 2014.

Ghana "lost fiscal discipline," Kojo Addae-Mensah, the chief executive officer of Databank Group, an investment bank and money manager with the equivalent of $232 million in assets, said in an interview in Accra on May 11. "We have to get fiscal discipline into shape. The will is there. If it wasn't, the government wouldn't have signed the IMF agreement in an election year. Big brother has been brought on board to ensure they do what they said they'll do." Gold has gained 0.8 percent this year, while cocoa has increased 3 percent. The cedi fell 1.7 percent against the dollar to a record low of 3.9550 as of 3:50 p.m. in Accra. The government plans to sell a second Eurobond in two years, with $500 million of the proceeds to be used to refinance debt due in 2017 and $500 million used to pay for capital projects. Ghana will use the same advisers as it did last year, namely Barclays Plc, Standard Chartered Plc and Deutsche Bank AG, Terkper said. Moody's Investors Service cut Ghana's credit rating twice in the past year to B3, six levels below investment grade, and warned in March of further downgrades as tumbling oil prices worsen the government's budget shortfall. *(Bloomberg)*

Ghana's currency weakened to an all-time low as a surprise interest-rate increase failed to stem the worst currency decline in Africa. The cedi dropped as much as 1.7 percent to 3.9550 per dollar, before paring losses to trade at 3.9150 as of 4:25 p.m. in Accra, the capital. That extended its 2015 slide to 18 percent, the most among 24 sub-Saharan African currencies monitored by Bloomberg. The Bank of Ghana raised its benchmark rate by 1 percentage point to 22 percent. All eight economists surveyed by Bloomberg predicted the rate would stay unchanged. The government is struggling to keep debt under control, prompting authorities to turn to the International Monetary Fund for emergency aid of about $900 million to help finance the fiscal gap and bolster the currency. Demand for dollars to pay for imports and speculative dollar purchases by companies expecting further cedi weakness is fueling the currency's drop, Celeste Fauconnier, an Africa analyst at FirstRand Ltd.'s Rand Merchant Bank in Johannesburg, said by phone. The rate increase "will not take away from the fundamentals that will push the depreciatory trend toward the end of the year," she said. The IMF agreed to lend Ghana cash in a three-year program that includes targets for curbing government wages and narrowing the budget deficit from last year's 9.3 percent of gross domestic product. West Africa's second-biggest economy is battling 24-hour power blackouts and is growing at the slowest pace in two decades. The currency's weakness is because of the "mismanagement of the economy," Michael Otu Fiaw, a research analyst at NDK Asset Management Ltd., which manages 420 million cedis ($107 million) in pension and corporate funds, said by phone. "People have lost confidence in the cedi." The government is optimistic it can meet its budget deficit target of 7.5 percent of GDP for this year, Finance Minister Seth Terkper said in an interview on Tuesday. The shortfall was an average of about 10 percent in the past three years. Ghana is the world's second-largest cocoa producer after Ivory Coast. Oil is the country's biggest export by value after gold and the nation produces about 100,000 barrels a day from its Jubilee field that's operated by Tullow Oil Plc. The government is forecasting 3.9 percent growth this year, little changed from 4 percent in 2014. A weaker currency has boosted inflation to 16.8 percent in April. The government's year-end inflation target is 11.5 percent. The currency's slide "is one of the factors that the committee considered," Bank of Ghana Governor Kofi Wampah told reporters in Accra. "Risks to both inflation and growth are elevated, but tilted more to inflation. It was therefore noted that a further moderate tightening, complemented with sustained fiscal consolidation efforts could rein in inflation and inflation expectations."*(Bloomberg)*

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TRADING

Kenya

Corporate News

Kenya Power company said it has acquired a $10million loan facility from the United Bank of Africa (UBA) to upgrade its infrastructure to distribute 5,000MW by 2017. The $10mn loan facility from UBA will boost the capacity of the power company's transmission lines. According to Kenya Power, the facility is part of a syndicated loan from a number of lenders to finance the planned infrastructure expansion. The company is Kenya's sole power distributor. The company said in a statement that the financing would be used to boost the capacity of transmission lines, upgrading existing substations and constructing 37 new ones, while also installing new equipment in the power grid. "Completion of these capital investments on time is critical for long-term viability of our company. It will also make Kenya attractive as an investment destination," said Kenya Power Managing Director, Ben Chumo. "In the recent past, industrialists have complained of power outages occasioned by aging infrastructure, leading to increased cost of production as companies have been forced to install stand-by generators. This has made locally produced goods less competitive in the regional markets. UBA, whose parent firm is in Nigeria, entered the Kenyan market five years ago and has now ventured into financing the local power sector. We remain committed to a continued relationship with Kenya Power and other key players in the public sector to take on similar or larger projects especially in energy and the infrastructure sector," noted the Chief Executive of UBA Kenya, Isaac Mwige. The bank has operations in 19 African countries and has international offices in New York, Paris and London. *(This Day)*

Kenya's Equity Bank plans to enter 10 more African countries in the next decade, in addition to the five it already serves, by building operations from scratch or acquiring existing lenders, its chief executive said on Wednesday. James Mwangi told Reuters the bank, Kenya's largest by number of customers, had extended his contract by 10 years in April, to steer the expansion. During his first 10-year term as CEO, Mwangi turned a specialist in small loans with 600,000 customers in Kenya into a full-scale commercial bank with 10 million customers, now also operating in Uganda, Tanzania, Rwanda and South Sudan. He said the bank's expansion strategy aimed at moving into Democratic Republic of Congo, Burundi, Zambia, Zimbabwe, Malawi, Mozambique, Botswana, Ghana and Nigeria. He also wants to enter Ethiopia, currently off limits to any foreign bank. "It involves seeking to raise the number of customers from 10 million to 100 million over the same period," Mwangi said. Equity will consider acquisitions in Nigeria, Democratic Republic of Congo and Ethiopia, once it opens up, he said, adding it planned new operations in other markets. "Our best experiences have been on greenfields, so for the small countries we know greenfield it will be," Mwangi said, referring to Equity's experience of expanding in east Africa. For bigger markets, he said "sometimes you need an engine to scale as opposed to a greenfield." With the exception of the move into Nigeria that may require a cash injection, the 10-nation expansion would be funded from operations, Mwangi said, citing Equity's return on assets of 5.5 percent and return on equity of 31 percent last year.

Equity has also committed to preserving its dividend policy of paying out 40 percent of available profit after tax even during the expansion, he said. The bank is testing a mobile phone-based banking service, Equitel, which it aims to formally launch in July and break even by September, he said. Equity has 768,000 active SIM card users after launching its network in partnership with telecoms operator Airtel Kenya, aiming to take on market heavyweight Safaricom's M-Pesa service. Equitel users can transfer money, access credit and make payments by phone. It also offers typical mobile services of calls, text messages and Internet browsing. Equity leases Airtel's telecoms infrastructure network, so it keeps all the revenue. "We have really focused on what we believe is the future infrastructure of banking," Mwangi said. *(Reuters)*

Economic News

Kenya's shilling weakened on Monday, with banks covering short dollar positions and traders said they expected the local currency seen

easing even further. At 0802 GMT, commercial banks quoted the shilling at 95.80/90 to the dollar, a new low last seen in November 2011, compared with Friday's close of 95.40/50. "Banks are covering short positions that they accumulated over the weekend. It's trading with caution," Chris Muiga, a senior trader at National Bank of Kenya said, noting that banks were buying dollars in anticipation that the shilling could weaken further. "The shillingâ€™s outlook still remains bleak, with the likelihood of the dollar/shilling pair breaching the key 96.00 mark during the week," Commercial Bank of Africa said in its daily market report. The shilling has been under pressure in recent weeks due to falling revenues from tourism and horticulture - leading sources of foreign exchange for East Africa's biggest economy - and by concerns about a rising import bill. Traders said they forecast the shilling, which has lost 5.3 percent to the dollar so far this year, to trade in the 95.50 to 96.50 range in the next few days. Technical analysis of the 14-day and 50-day weighted moving averages suggested the shilling would stay on a weakening trend in the near term. Kenya's central bank said it planned to mop up 13 billion shillings ($136 million) in excess liquidity. Mopping up liquidity makes it expensive to hold dollars, which in turn lends support to the shilling. *(Reuters)*

The marketing budget for ailing tourism has been increased six-fold to Sh7.1 billion as Kenya prepares to battle the effects of travel alerts that have crippled the industry. This will be Sh6 billion more than the Sh1.1 billion allocated in the current financial year. The increase comes after earnings fell by 7.3 per cent last year due to a decline in tourists. The decline was blamed on terrorist attacks, in parts of the Coast, which is popular with tourists. The decline in earnings, combined with the slow growth in agriculture and manufacturing contributed to the slow down of economic growth from last year, according to the Economic Survey published earlier this month. Increased spending in marketing Kenya as an attractive tourism destination is expected to woo more tourists to visit and reverse the decline that has also hurt the fortunes of local airlines. This allocation is expected to calm the nerves of hoteliers who have accused the government of doing little. Tourism employs about 150,000 people. Terrorist attacks, travel advisories by European governments and the spread of Ebola in West African nations were blamed by the government for the decline last year. Britain, the US, France and Australia last May issued travel warnings against visiting some parts of the Coast. This led to a decline in tourists and the closure of more than 40 hotels at the Coast. The countries have since lifted or revised the advisories. Mr Mohammed Hersi, a veteran Kenyan hotelier told Reuters last month that some of the workers and managers at the luxury Heritage Group hotels chain had recently taken pay cuts of between 20 and 30 per cent to avoid layoffs during the slump. "It seems we might have to go further and lay off staff, because we may not sustain even this reduced wage bill," he said. The Heritage Group is owned by the Kenyatta family. *(Nation)*

Kenya's central bank said on Friday it planned to mop up 6 billion shillings ($63 million) from the money market using repurchase agreements and term auction deposits. The bank said it put a cap for the term auction deposits at 250 basis points above the central bank rate of 8.50 percent. Absorbing excess liquidity makes it costlier to hold dollars, which in turn lends support to the shilling. (*Reuters)*

Kenya has approved the sale of the government's stakes in five sugar companies and expects to offload 75-percent stakes in transactions that will be completed in the next nine to 12 months, the Privatization Commission said on Friday. It will offload shares in millers Nzoia, South Nyanza, Chemelil, Muhoroni and Miwani, the commission said in a statement published in the Daily Nation newspaper. (*Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

Mauritius clothing group Ciel said on Tuesday its nine-month pretax profit rose 18.8 percent to 539.39 million rupees ($15 million) driven by a strong performance of its woven products. The supplier of woven, knitwear and fine knits to Britain's Marks & Spencer and Next along with Spain's Zara, said earnings per share rose to 4.03 rupees for the period to end-March, from 3.52 rupees in a the corresponding period a year earlier. Ciel, which is listed on Mauritius' secondary Development and Enterprise Market, said that based on its order books it expected full year results to improve on last year. *(Reuters)*

Mauritius conglomerate Ireland Blyth Ltd's nine-month pretax profit fell 1 percent on the back of lower revenue from its engineering, seafood and marine businesses in the nine months to end-March, it said on Thursday. The group said pretax profit fell to 518.33 million rupees ($14.94 million), while revenue dropped to 14.15 billion rupees from 14.60 billion a year earlier. Earnings per share fell to 4.54 rupees from 4.78 rupees a year ago, the company said. Shares in IBL closed at 114 rupees, down from 114.75 rupees. *(Reuters)*

Mauritius sugar producer Alteo's pretax nine-month profit rose to 1.48 billion rupees ($42.65 million) from 804 million a year earlier boosted by its property and hospitality business, it said on Thursday. Alteo, the largest sugar miller on the Indian Ocean island nation, said full-year results should be close to those of nine months to March 31 and significantly better than last year. Total revenue rose to 5.30 billion rupees from 4.52 billion a year earlier. Its property and hospitality business posted revenue of 877 million rupees, up from 262 million rupees a year earlier. Earnings per share rose to 1.97 rupees from 0.41 rupees. Shares in Alteo closed lower to 31.25 rupees from 31.30 rupees, the company said in a statement. *(Reuters)*

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

The Fidelity Bank Plc has offered for subscription, a N30 billion 16.48 per cent fixed rate subordinated unsecured bonds due 2022. The bank said the fund would be used to expand its support to the small and medium enterprises (SMEs) as well as retail segments of the market. The fund would also count as tier II capital in line with the guidelines of Basel II. The completion board meeting, for the signing of the transaction documents for the offer took place in Lagos at the weekend. Speaking at the event, the Managing Director/Chief Executive Officer, Fidelity Bank, Mr. Nnamdi Okonkwo said the offer had been firmly and fully underwritten, describing it as a measure of confidence the investing public has in the bank. Okonkwo, noted that despite the impressive performance recorded by the bank in its 2014 financial results, Fidelity Bank still has a lot to offer its stakeholders and investors in the future. "We are on journey to deliver a better and improved banking service. This is just one of the way through which we would get there. I will like to assure you that the confidence the investing public has placed in us will not be misplaced. We would justify the confidence by working together as a team. "Our capital adequacy ratio is 23 per cent, which means we are much capitalised because the regulatory requirement is 15 per cent. But we are also looking forward. We are a very strong SME bank. So, we have raised this bond to channel it to our SME banking and to improve our retail infrastructure.

"The kind of growth we witnessed in the SME sector last year tells us that if we properly provide the right infrastructure to that segment, it should be the new frontier to help us face the difficult environment that we are operating in," the Fidelity Bank boss explained. Fidelity Bank is a fully integrated commercial bank focused on building and maintaining a well-respected brand that caters for the needs of its growing corporate, commercial and consumer banking clientele. On his part, the Chairman of Fidelity Bank, Chief Christopher Ezeh said the bank has presence in major cities and commercial centres of Nigeria and is reputed for integrity professionalism, and for the quality and stability of its management. "The bank now seeks to raise the 7-year fixed rate subordinated bond from the Nigerian capital market by way of offer for subscription. As you may be aware, the bond qualifies as securities in which pension funds assets can be invested under the Pension Reforms Act 2014 and as securities in which trustees may invest under the Trustees Investment Act, Cap T22, LFN, 2004. The bonds are exempt from taxation in Nigeria which makes them even more attractive," he added. *(This Day)*

The Chairman of Ashaka Cement Plc, Mallam Suleiman Yahyah, has said the performance of the company in 2014 showed the resilience of the management and commitment of its parent firm, Lafarge Africa Plc to sustenance of investment in the north eastern part of the country. Despite losing N1.5 billion to insurgents attack last year, Ashaka Cement ended the year with a profit after tax of N4.566 billion, up from N2.824 billion in 2013. The company recommended a dividend of 45 kobo per share, which was approved by the shareholders last week at the company annual general meeting in Abuja. Explaining the performance of the company, Yahyah told THISDAY that said "security challenges in the north-eastern part of the country led to two insurgency incidents in the company. Despite these unfortunate events, the company's economic and social activities have continued," he said. Yahyah said the company is putting various strategies in place to ensure that shareholders and other stakeholders get better deal going forward. "We have embarked on the expansion of our cement production capacity to four million metric tones. The expansion in capacity will comprise debottlenecking of existing line and installation of new line," he said. He added that the company's target is to achieve 95 per cent coal substitution, just as it is introducing a major corporate social responsibility (CSR) that will help the community with agricultural development. "We have acquired 100 hectares of land. We have brought French experts to them the people modern ways of farming. Internally, we also driving efficiency by changing the our culture in the company. My vision for the company is stability, expansion, efficiency and performance," Yahyah said. *(This Day)*

Shell Petroleum Development Company (SPDC), Seplat Petroleum Development Company and four other Nigerian companies comprising Shoreline Resources Limited, Neconde, First Hydrocarbon Nigeria (FHN) and Nigerian Petroleum Development Company (NPDC), a subsidiary of the Nigerian National Petroleum Corporation (NNPC) have shut down some oilfields located in the western Niger Delta, THISDAY learnt at the weekend. This development, it was learnt, followed the vandalism of the Trans Forcados Pipeline (TFP), which conveys crude oil produced by these companies from the producing fields to the Forcados Export Terminal. Vandals had earlier damaged the pipeline, resulting to the shutdown of crude oil production by these companies from late December 2014 to the first week of January 2015, before they struck again in the first week of March and more recently, the last week of April to the first week of May. "Once Trans Forcados is down, all of us suffer. In 2014 we budgeted 35 days of outage but we ended up suffering 75 days of outage. In the first 30 days of this year, we have already suffered 15 days of outage. So, the Trans Forcados remains a huge problem for all of us, producers in the western Niger Delta, who deliver crude to Forcados. When it is down, everybody suffers; we have production outage and therefore, for the period, there is no production for the country," CEO of Seplat, Mr. Austin Avuru had told THISDAY. Shell had earlier declared force majeure on Forcados crude oil stream, effectively disrupting the export of 189,000 barrels per day, following what it described as "series of leaks" in the Trans Forcados Pipeline. THISDAY also gathered that Seplat Petroleum has shut down oilfields located in its three operated acreages in the Western Niger Delta.

It was learnt that the company shut down its flowstations at Oben in OML 4, Amukpe in OML 38 and Sapele in OML 41, because of a leak caused by sabotage on the Odidi axis of the pipeline. Shoreline Resources, Neconde, and First Hydrocarbon Nigeria were also said to have shut down OML 30, 42 and 26, respectively. OML 42 is also made up of Odidi, Ajuju and Jones Creek fields, which were vandalised during the militancy years, resulting in the sale of the 45 per cent stake to Neconde by Shell, Total and Eni. Investigation also revealed that NPDC also shut down about 100,000 barrels of oil equivalent per day, and also reported 592.91million standard cubic feet per day of gas production at the weekend representing, a shortfall of about 110mmscf/d due to the vandalism. Though marginal field producers such as Pillar Oil, Midwestern Oil & Gas, Platform Petroleum and Energia also convey their crude through the affected pipeline, it was gathered that these three companies have another alternative routes through the pipelines operated by the Nigerian Agip Oil Company (NAOC) to carry their crude oil to Brass Export Terminal. The closure of the Trans-Forcados oil pipeline earlier this year due to sabotage led to a drop in power generation by 1,500 megawatts. The pipeline is a crude oil facility, but gas fields that supply gas to power stations had to be shut down because the liquid condensate they produce together with gas is normally evacuated through the pipeline. *(This Day)*

A total fine of N312 million was paid as fine to Central Bank of Nigeria (CBN) by five banks for contravening the Banks and Other Financial Institutions Act. A report by the News Agency of Nigeria (NAN) listed the banks as GTBank, Zenith Bank, First City Monument Bank (FCMB), Access Bank and Sterling Bank. A breakdown of the figure as contained in the banks' annual reports showed that Access Bank paid the highest fine of N184 million for various contraventions in the period under review. The bank was fined N184 million for not obtaining approval from CBN for the additions to investment in properties of N5.15 billion, non-compliance to implementation of the recommendations of a financial services provider, PricewaterhouseCoopers. It was also fined for contravening the CBN's foreign exchange manual and weaknesses noted in internal control and know your customer procedures. A further breakdown of the fine indicated that Access Bank contravened the minimum documentation in the credit file and reporting of public sector deposit in line with CBN guidelines. Sterling Bank followed by paying N50 million for under reporting of public sector deposits as at August 29, 2014.

Zenith Bank was fined N48 million for non-disclosure of date of last lodgement on credit print out, appointment of a deputy general manager and incomplete reporting of all transactions of politically exposed persons. GTBank during the review period paid N24 million as fine for the appointment of top management without CBN's approval and infraction arising from anti-money laundering/combating the financing of terrorism spot checks among others. Similarly, FCMB Group was penalised N6 million for not implementing prior year's external auditors recommendations, incorrect returns to CBN and failure to comply with ATM operation standards. Speaking on contravention, Sunny Nwosu, national coordinator, Independent Shareholders Association, expressed concern about the various amount paid by banks for contraventions in 2014. Nwosu said the amount would have translated to higher dividend for shareholders, noting that banks should be very careful and avoid wastage of shareholders' funds. Nwosu said the board and management of banks should bear the cost because of their negligence and not the shareholders. *(This Day)*

Shareholders of Unilever Nigeria Plc have unanimously approved the 10 kobo dividend per share proposed by its Board of Directors, even as they laments over high cost of borrowing from the banks. The shareholders at the 90th Annual General Meeting, AGM held yesterday in Lagos approved a total payout of N378.3 million dividend for the financial year ended December 31, 2014. From Left: Mrs Hassana

Adamu ,Niger State Commissioner for Gender Affairs and Social Development, Alhaji Idris Kuta, Permanent Secretary, Federal Ministry of Women Affairs and Mr Thabo Mabe , Managing Director, Unilever Nigeria Plc at the Unilever Women Empowerment Programme launch recently. Speaking at the AGM, shareholders commended the company for declaring divided, even as they seek for higher amount in the next financial year. According to them "We really pity the manufacturing industry for the turbulent business environment they operate upon. Nevertheless, we advise the Board to reduce the high cost of carrying out its business. Expenses like marketing, administrative etc should be reduced . We are not happy that the company is spending so much servicing loans from the banks. Instead of borrowing from banks at high interest rate the company can seek fresh funds from the existing shareholders." In his remarks at the meeting, Managing Director, Unilever Nigeria Plc, Mr. Yaw Nsarkoh said "We really appreciate the contribution of the shareholders and are doing everything possible to reduce cost.

It is evident that the business environment will be more daunting in 2015, but we will remain focus in keeping on our priorities to satisfy our consumers. We are committed to stay and invest in Nigeria. Our ambition is to continue to deliver value to all ousr stakeholders and positively affect our communities by leveraging on the Unilever Sustainable Living Plan. Also speaking, the Chairman of the company, His Majesty Nnaemeka Achebe commended the shareholders for their useful contributions to the growth of the company. "The tough business decision taken in 2014 have evolved a Unilever Nigeria Plc that is better placed to thrive within the ever increasing volatile, uncertain , complex and ambigous operating business environment. We shall be more aggressive about driving down costs and actively finding savings throughout all facets of our value chain. We are confident that we will be successful in more sustainable way as we apply ourselves with energy and determination, to execute our strategy with rigour" the Chairman added. *(Vanguard)*

Flour Mills of Nigeria Plc (FMN), one of the leading industrial player in the food manufacturing sector said it recently introduced another product, Daily Delight, an instant cereal into the Nigerian market. The company said the new product was introduced in line with its tradition of boosting the nutritional needs of Nigerian children. Presenting the product, the Marketing Manager, Mrs. Ronke Osho, was quoted in a statement to have described Daily Delight, as a smooth, tasty and nutritious instant cereal made from composite whole maize and soya beans flour, which according to her, is also is rich in energy, calcium and protein. She said the new product is also fortified with vitamin A and iron. According to her, Daily Delight is a product of extensive consumer research carried out pan Nigeria among caring mothers who desire affordable and healthy nutrition to support the physical and mental development of their children. Osho further said an integrated marketing and communication campaign had been developed to support the new product. "The campaign, which was developed based on consumer insight would carry the message: 'Nourishing Kids, growing minds and bodies' to communicate the functional and emotional benefits of the product," the statement added. The New Daily Delight is an addition to the range of products in the Golden Penny Food Basket from the stable of FMN Group, makers of Golden Penny Flour, Golden Penny Semovita, Golden Penny Noodles and Golden Penny Sugar. FMN is Nigeria's foremost wheat milling company that has being feeding the nation with high quality nutrition since 1960. "Daily Delight comes in an attractive packaging and is available in 60g and 450g pack sizes. It is exciting, unique and promises to offer consumers a more nourishing experience. The instant cereal can be enjoyed by the whole family especially kids anytime of the day," she added.

As a part of efforts to promote savings culture among children, Skye Bank Plc has instituted an essay competition for children who own and operate the bank's Rainbow Account specially designed for them. According to a statement issued by the bank, the topic of the essay competition is "The Importance of an early savings habit," and is being organised to commemorate this year's Children's Day. The statement quoted the bank's Head of Retail Banking Group, Nkoli Okoli, as saying that the bank chose to stand out from the others this year by putting in place a special programme for the children to celebrate them. She said five winners would each receive the sum of N200,000, while other consolation prizes would also be presented. Okoli further explained that the competition would act as a customer reward programme as well as promote savings among children very early in their lives to enable them imbibe the culture of financial discipline. She said the competition was open to both new and existing 'Rainbow' account holders whose age ranges between seven and 12 years. In addition, she said the length of each entry must not be more than 200 words. However, any entry which shows parental input would be disqualified. According to the statement, the essay must show the child's good understanding and good presentation of the topic, the child's personal savings experience and creative ideas for savings. The essay competition which started on April 20, 2015, would end on May 18, 2015, while shortlisted winners would be announced on June 1, 2015. The Nigerian equities market closed positively after seven days of decline. The Nigerian Stock Exchange (NSE) All-Share Index appreciated by 0.27 per cent to close at 34,208.30 while market capitalisation added N31.5 billion to close at N11.33 trillion. However, the appreciation of ASI may not be sustained the days ahead considering the fact that there were more price losers than gainers yesterday. But the return of the bulls was propelled by gains recorded by top banking stocks such as Zenith Bank Plc and Guaranty Trust Bank Plc. Beta Glass Plc led the 20 price gainers, appreciating by 10 per cent Neimeth International Pharmaceuticals Plc and Seven-Up Bottling Company Plc rose gains of 5.00 per cent each. Great Nigeria Insurance Plc and Costain (W.A) Plc garnered 4.0 per cent and 3.8 per cent respectively among others. Conversely, Honeywell Flour Mills Plc led the 27 price losers declining by 5.0 per cent to close at N3.80 per share. Premium Breweries Plc, Jos Breweries Plc and Champion Breweries Plc shedding 4.9 per cent each. Fidson Healthcare Plc went down by 4.6 per cent. Three of the five NSE sectorial indices appreciated led by the Banking index, which went up by 1.26 per cent. The NSE Consumer index rose by 0.30 per cent, while The NSE Industrial Goods Index closed 0.07 per cent higher. On the negative side, the NSE Insurance index recorded the worst decline of 1.14 per cent , while the NSE Oil/Gas index went down by 0.08 per cent.

Investors traded 350.83 million shares worth N3.35 billion exchanged I 4,154 deals, compared with 525.931 million shares valued at N3.289 billion traded in 4,364 deals the previous day. According to analysts at Meristem Securities Limited, the market performance "may be a dead cat bounce, as we anticipate that market might be depressed in the period until next Monetary Policy Committee meeting given the consternation regarding probable policy decisions, particularly relating to the naira." The analysts had said the market fundamentals were being masked by low valuations and not-too-cheery investor sentiments. "Significantly low valuation prices, weakly supported by fundamental justifications are synonymous with a mispriced and undervalued market. Investors will eventually seek to capture the 'value gap', and with herd behaviour complemented subsequently by fund inflows especially from bargain hunters both foreign and domestic, the market will then gradually expand and boom. This will persist until prices climb above the canopy of their fundamentals and bubbles begin to emerge, thus creating the ambience for an imminent correction," they said. *(This Day)*

Fidelity Bank Plc says as part of the efforts to boost savings culture in the country, it has introduced a reward system with a total annual cash reward of N700m. The Executive Director, Lagos and South West, Fidelity Bank, Mr. Ikemefuna Mbagwu, stated this in Lagos during the presentation of N17.8m cash prize to the first set of winners in the savings loyalty scheme. He said, "We are presenting the first reward for our savings loyalty scheme called Sweeta Account and Fidelity Personal Savings Scheme of which N700m will be won annually. We have a regulatory approval for the exercise. "We are ensuring that the savings culture is promoted among Nigerians. It is not that the bank has so much money to throw around, but we want to encourage people to continue to save. As we make money, we also give out to the society that is banking with us. So, that's why we are doing this. It's open to both new and old customers but you must save with Fidelity Bank for you to qualify."Mbagwu said that out of the N700m, the sum of N17.8m had been earmarked for Lagos customers every month while N40m would be given to customers in other parts of the country. "So, what it means is that every month, we will be doing about N58m." According to the director, the scheme is not a promo but a reward system. While the Sweeta Account is targeted at children of school age, the FPSS is meant for the working class. The operator of the former is entitled to a sum of N150,000 while the latter receives N500,000. According to the lender, the two accounts have the features of a current and a savings account, for the purpose of convenience. The Head, Retail Banking, Fidelity Bank, Mr. Richard Madiebo, said prospective participants must keep their accounts active. Madiebo, who stated that some customers had been rewarded, said it would be done on monthly basis. The Head, Savings Group, Fidelity Bank, Mrs. Janet Nnabuko, said it was the culture of the bank to reward its faithful customers. "As a bank, from time to time, we come up with initiatives to reward our loyal customers like what we've done today. *(Punch)*

Skye Bank Plc has recorded gross earnings of N136.742 billion for the year ended December 31, 2014, up from N132.39 billion in 2013. The bank also reported total assets of N1.42 trillion, which represents a 26.8 per cent growth over the N1.12 trillion recorded in 2013. According to the bank's full year financial statements submitted to the Nigerian Stock Exchange (NSE) on Thursday, Skye Bank grew its loans and advances portfolio by 18.4 per cent from N549.9 billion in 2013 to N651.3 billion in 2014. Significantly, retained earnings grew by 71.1

to N33.7 billion from N19.7 billion recorded in 2013, which reflected the Group's pursuit of growth in a stable, strategic and an enduring manner. However, due to high impairment charges, regulatory payments, and higher operating cost, its profit before tax for the year declined from N19.6 billion to N10.5 billion during the review period. Also, its profit after tax declined to N9.7 billion as against N18.5 billion reported in 2013. Commenting on the results, Group Managing Director/Chief Executive Officer of the bank, Mr. Timothy Oguntayo, said that in spite of the challenging operating environment, the bank carefully grew its risk assets portfolio, attained a 15.7 per cent growth in deposits, supported customers in critical and productive sectors of the economy, and declared a fairly decent profit. Oguntayo said that the recent acquisition of Mainstreet Bank Limited, which has resulted into a much larger franchise of over 450 branches, provides the bank with enhanced capacity to provide easier access to its teeming customers, and explore various opportunities in diverse segments of the Nigerian economy. He assured shareholders and other stakeholders that the synergies and economies of scale expected from the acquisition will begin to manifest from the current financial year, while promising current and potential customers of consistent quality service on all electronic platforms and in the business locations. *(This Day)*

Economic News

The Central Bank of Nigeria (CBN) has started talks with banks and currency dealers on how to loosen foreign-exchange trading restrictions while still maintaining stability in the naira, people familiar with the discussions said. The Financial Markets Dealers Association (FMDA), a Lagos-based industry body, met this week to put a proposal together that may be presented to the regulator this week, two of the people, who asked not to be identified because the talks are private, disclosed this to Bloomberg. The FMDA will recommend ways to increase trading and liquidity in the foreign-exchange market, while at the same time avoiding speculative demand that might significantly weaken the naira, they said. The central bank of Africa's biggest oil producer has implemented several measures since December to bolster the naira, which has weakened 19 per cent against the dollar since the end of June, by limiting the buying of dollars in the interbank market. In February, it introduced a so-called order-based trading system in which banks can only buy foreign currency when they have matching orders from clients that need to import goods. The central bank hasn't made any decision to change the trading rules currently in place, CBN's spokesman, Ibrahim Mu'azu said. The president of the FMDA, David Adepoju, said he was on holiday and referred requests for comment to the vice-president, Adebayo Adeyemo, who didn't immediately respond to an e-mail. The restrictions have left the naira overvalued and stopped many foreign investors, including Morgan Stanley and Aberdeen Asset Management Plc, from buying local-currency bonds until the currency weakens.

The central bank probably won't make any changes to the foreign exchange regime until after the new government of Muhammadu Buhari, who defeated President Goodluck Jonathan in a March election, is sworn in on May 29, two of the people said. The regulator has also tried to prop up the currency by selling down its foreign reserves. They stand at $29.7 billion, the lowest in a decade, according to HSBC Holdings Plc. Nigeria's current account, a measure of trade in goods and services, will fall into a deficit this year for the first time since 1998, according to a Bloomberg survey of economists. The central bank will probably have to let market forces have a greater say over the exchange rate if Nigeria is to preserve its reserves, according to head of Africa economic research at Standard Chartered Plc, Razia Khan. "It makes sense to assume that there will be some adjustment in the regime to allow for greater flexibility," Khan added. *(This Day)*

The Nigerian equities market has recorded a highly impressive growth in the last 30 years despite its recent volatility, indicating that it has created many millionaires in the last three decades. The market grew by N11.174 trillion or 2,208 per cent in capitalisation between 1985 and last Friday. It rose from N506 billion in 2005 to N11.68 trillion. The Nigerian Stock Exchange (NSE) All- Share Index recorded a higher growth in percentage terms, jumping by 30,880 per cent from 111 points in 1985 to 34,277.21 last Friday. Commenting on this growth, analysts at Meristem Securities Limited, the equities market had undergone diverse episodes over the last three decades. "Some of the factors shaping the market trajectory include business cycles, technology, market regulation, financial literacy and innovation, degree of openness of the economy and financial markets, and demography among others," they said. Meanwhile, the MSL analysts have allayed the fears of a repeat of the 2008 market crash, saying the present reality in the Nigerian equities market does not appear to suggest such crisis.

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

In a special report made available to THISDAY, MSL said financial markets are an integral part of the economy, and thus are subject to market cycles, as the economy inevitably oscillates through cycles. "For every market bust, there would have been a boom which was overstretched into a bubble. A pertinent question to ask is therefore; 'When are the seeds of market booms sown?' Considering the 2007 financial crisis, whose immediate cause was the contagion from global markets, which brewed with an already overvalued domestic market, the following factors are pinned down as some of the remote causes of the crisis.

A too-accommodative global monetary policy environment, which fueled cheap credit and 'easy money, influx of foreign funds into emerging markets due to asset re- allocation to higher yield environments, domestically, Nigerian banks threw caution to the wind and took on exposures that contravened some prudential guidelines, leading to crystallization of concentration risk in the stock market, and the oil and gas sector (the first set of victims of the crisis) and eventually, high and rising Non-Performing Loans (NPLs) and weak regulatory oversight," they said. However, they said the present reality in the Nigerian equities market does not appear to wear such a face due to the significant headwinds on the radar. "Maybe that is the irony; the market fundamentals are being masked by low valuations and not-too-cheery investor sentiments. Significantly low valuation prices, weakly supported by fundamental justifications are synonymous with a mispriced and undervalued market. Investors will eventually seek to capture the 'value gap', and with herd behavior complemented subsequently by fund inflows especially from bargain hunters both foreign and domestic, the market will then gradually expand and boom. This will persist until prices climb above the canopy of their fundamentals and bubbles begin to emerge, thus creating the ambience for an imminent correction.From the above, most of the current headwinds are expected to wane by Q3:2015 but if stronger and newer headwinds emerge, it can be stretched further. Thus, the market might continue on this trajectory in Q2:2015, gain some stability towards the end of the quarter and early Q3, and then rebound thereafter. Thus, this period offers attractive buying opportunities for value investors. The probability of re- occurrence of the major headwinds suggests that this cycle might not repeat itself in this magnitude in the medium-term," they said. The analysts added that if from another perspective, "if valuation is indeed forward looking, then the medium-term outlook on the sectors on which the equities market is overweight will provide a good gauge of the adequacy of the current market valuations. Banking, consumer goods and industrial goods sectors currently account for 86 per cent of the market capitalisation and this composition is not expected to significantly change in the medium-term even with new listings." *(This Day)*

Nigeria's real Gross Domestic Product (GDP) growth rate further declined to 3.86 percent in the first quarter of the year (Q1 2015) compared to 5.94 percent the previous quarter, according to the National Bureau of Statistics (NBS). Also, the Consumer Price Index (CPI) which measures inflation rose further to 8.7 per cent in April compared to 8.5 percent in March. However, the country's GDP growth rate was lower by 2.25 percent points from the preceding quarter and by 1.98 per cent from the corresponding quarter of 2014. According to the GDP first quarter report released yesterday by the statistical agency, Quarter on quarter, real GDP was lower by 11.57 per cent. Nominal GDP in Q1 2015 was estimated at N21.04 trillion compared to N24.20 trillion in Q4 as well as N20.16 trillion in the corresponding quarter of 2014. The NBS stated that relative to the preceding quarter value of N24.20 trillion, nominal growth was lower by 13.07 per cent. It further noted that the depressed global oil prices, as well as challenges in supply in the country prevailed over the period under review as oil production stood at 2.18 million barrels per day (mbpd) in Q1 of 2015, remaining at the same level as it was in the preceding quarter, and 0.08mbpd lower than the 2.24mbpd recorded in Q1 of 2014. It said oil sector contribution to GDP was negative at -8.15ercent, representing further decline of 1.55 percent from -6.60 per cent in Q1 2014. "Nonetheless, quarter on quarter growth remained positive, at 3.08 per cent As a share of the economy, the Oil sector repre- sented 10.45 per cent of total real GDP, down 1.38 per cent points from the 11.83% recorded a year earlier, yet up 1.49 per cent from the 8.97 per cent recorded in Q4 of 2014," it added.

However, it stated that growth in the non-oil sector was largely driven by the activities of trade, crop production, other services, construction and telecommunications. The non-oil sector grew by 5.59 percent in real terms in Q1 2015, representing a decline of 2.62 per cent when compared to the 8.21 per cent recorded the previous year as well as a decline of 0.85 per cent from the value of 6.44 percent recorded the preceding quarter. Meanwhile, the NBS attributed the 0.2 per cent increase in headline index to faster pace of increases in the food and core sub- indices. Core inflation "increased at a faster pace for the fourth consecutive month. Prices rose by 7.7 percent (year-on-year), up by 0.2 percentage points from 7.5 percent in March with the strongest increases recorded in the Clothing and Footwear, Furnishings and Household Equipment Maintenance; and Restaurants and Hotels Divisions." It said:"On a month-on-month basis, the highest price increases were recorded in the potatoes, yam and other tubers, oils and fats and bread and cereal groups. The average annual rate of change of the food sub-index for the twelve-month period ending in April 2015 over the previous twelve month average was 9.5 percent. The twelve month rate of change has held steady for eleven consecutive months." *(This Day)*

Analysts at FSDH Merchant Bank Limited have estimated that Nigeria's consumer price index (CPI), which is used to gauge the level of inflation in the country will increase marginally in April 2015 to produce a year-on-year figure of 8.6 per cent. The projected amount would be higher than the 8.5 per cent recorded in March 2015. The National Bureau of Statistics (NBS) is expected to release the inflation rate for the month of April 2015 on May 18, 2015, based on the data release calendar available on the bureau's website as at the time of this report. The latest inflation rate for the month of March at 8.5 per cent, was higher than 8.4 per cent recorded in February 2015. The movement in food prices at the international level, as measured by the Food and Agriculture Organisation (FAO) Food Price Index (FFPI) for the month of April 2015, showed the index averaged 171 points, 1.2 per cent lower than the revised value in March 2015, and 19.2 per cent lower than the April 2014 figure. "Our analysis of the foreign exchange rate of the local currency indicated that the value of the naira depreciated against the dollar marginally by 0.06 per cent from $1/N199.11 by the end of March to $1/N199.23 at the end of April. The fall in the international prices of food helped to counter the effect of the depreciation in the value of the naira. "However, we still hold the view that the effect of the devaluation in the value of the naira in the month of February 2015 is an ongoing process that will continue to trickle down and reflect in the local prices," the FSDH report added. *(This Day)*

The central depositories of Nigeria and Kenya, have formed a joint venture with Altree Financial Group, with the African Development Bank [AfDB] providing $400,000 in seed equity capital to the new venture, tagged, Africlear Global venture. The partners are, the Nigeria's Central Securities Clearing System (CSCS), Kenya's Central Depository and Settlement Corporation (CDSC), and Altree Financial Group. The ventures aim at boosting the efficiency of African capital markets by supporting modernizing the infrastructure of the central securities depositories. The African Development Bank invested $400,000 in seed capital through the fund for Africa Private Sector Assistance in an agreement signed recently in Abidjan. This may inspire more investors to join in building the company. According to AfDB press release, Africlear will help the depositories to pool their resources and boost buying power on equipment. They will work together to identify, acquire and maintain critical systems and technology, for instance for corporate actions, recording shareholder votes and other investor support services.

The depositories will also share information and expertise. Africlear will use the money to improve the infrastructure used for post-trading processes such as settlements after a sale is done. AfDB Vice-President, Infrastructure, Private Sector and Regional Integration, Solomon Asamoah, Director, Africlear Global, Anthony Fischli, signed the Shareholder and Subscription agreements on behalf of the Bank and Africlear Global, respectively. The CEO of CSCS, Bukar Kyari, said Africlear will accelerate process standardization and promote system integration across the borders. In his words: "By employing industry best practices, Africlear will facilitate improved levels of transparency and corporate governance within the African capital markets. This will enable local market practitioners to effectively compete for domestic and international capital." *(Guardian)*

Tanzania

Corporate News

CRDB Bank has managed to mobilise 254.4bn/- deposits through agent banking which was an increase of over 700 per cent in 2014. The bank's FahariHuduma agent banking scheme was introduced in 2013 and in the first year managed to mobilise 31.7bn/- deposits. The agent banking though in its nascent stage has managed to recruit 1,067 agents compared to 491 in 2013, which was an increase of 117 per cent over a year. The CRDB, Managing Director, Dr Charles Kimei, said that the bank's agent banking was quite different as it depends on its own system unlike others. "Our training budget for agent banking is relatively high than our competitors," Dr Kimei said over the weekend during annual shareholders' meeting in Arusha. There are six banks which are offering agency banking in the country including DCB Bank, Tanzania Postal Bank, Maendeleo Bank and Kenya's Equity Bank. He said despite increasing competition, CRDB managed to retain its customers backed by good service offered on the bank network. The CRDB Senior Manager Agent Banking, Ms Jessica Nyachiro, said withdrawal transaction conducted by agent units increased by over 600 per cent to 34bn/- in 2014. "The agents managed to open 13,304 new accounts, an increase of 90 per cent over the preceding year (2013)," Ms Nyachiro said. She said despite its success in short span, FahariHuduma still faces some challenges, among them customers are yet to trust the services and low awareness because it is the newest service to the society.

Dhow Financials CEO, Prof Mohamed Warsame said going by the current pace of adding some 500 agents a year on CRDB system, it showed that CRDB was following the example set by Kenya's Equity Bank which has about 60,000 agents. CRDB statistics show that in total, the bank managed to connect 81 per cent or 863 agents to its systems and had recorded good volume transactions. At the end of 2014, CRDB had a total of 575 new FahariHuduma agents bringing the total to 1,067 agents, including 37 of Tanzania Posts Corporation. Additionally FahariHuduma agents started to facilitate account opening using Fast Account Opening (FAO) mobile application. The app enables capturing and uploading of customers' photo and documents by using mobile phone device. CRDB championed others to the role of the financial sector in mobilising savings and investing in the growth of the productive sectors while accessing to financial services for the poor to reduce their vulnerability and increase their income generation capacity. *(Daily News)*

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Zambia

Corporate News

ZAMBEEF Product Plc joint chief executive officer Carl Irwin says the company is considering exploiting the huge market in the Democratic Republic of Congo (DRC) for its food products. Dr Irwin said it is targeting Katanga Province in the DRC which provides a strong market for the company's products. He said in an interview on the side-lines of the Zambeef grand final draw for the Win K50,000 Competition last Friday that the company will continue to invest in areas that can help bring development to Zambia. "Our real focus now is getting our food, dairy and chicken products into the region. We have our focus on Katanga Province because we want Zambia to be the food basket for Katanga and other areas in that country. "We are putting our products into Katanga and the trade fair which we will attend soon Dr Irwin said the company will continue to position itself in the economy's trade by capitalising on the opportunities that the company has identified and drive its operational growth to achieve its long-term aim of becoming a major provider of food in the region. He said the company will continue to place greater focus on the retailing operations of the group. Dr Irwin also said Zambeef Product Plc has in the last four year grown its export earnings to US$30 million in 2014 from US$3 milllion in 2010 on account of continued expansion of production capacity to service buoyant and growing demand in the region coupled with Government's good policies. The company slaughters about 60,000 heads of cattle, process about six million chickens and eight million litres of milk per year. *(Daily Mail)*

KONKOLA Copper Mine (KCM) has started importing copper concentrates from Chile and Democratic Republic of Congo (DRC) for processing at its Nchanga smelter in Chingola as a result of low supplies at the refining facility. In 2008, KCM commissioned a new smelter at Nchanga with a production capacity of 311,000 tonnes per year. KCM vice-president Local Economic Development David Patersen said once Konkola Deep Mining Project starts running on full production, the firm will have enough concentrates for processing. Mr Patersen said the company's move to start importing copper concentrates will earn the country more revenue. "Bringing in concentrates for processing locally is good for Zambia and will benefit the country through generation of revenue," he said. Mr Patersen confirmed the development in an interview in Kitwe on the sidelines of the just ended Copperbelt Mining Trade Expo and Conference. However, he could not give the exact tonnage of copper that will be imported from Chile and DRC for processing at Nchanga smelter. Mr Patersen said other local mining companies were also supplying the concentrates for processing at the smelter.

He said imported concentrates of high grade will be blended with the local products to produce finished products. Earlier, sources at KCM said the company has started importing copper concentrates from Chile because the company is scaling up on mining. "Production at COP 3 open-pit mine has been scaled up as the company is now reprocessing the slug which contains high grade copper," the source said. The source, who sought anonymity, said production levels at Nchanga underground mine is not on full capacity. The source disclosed further that there is nothing much happening at KDMP in Chililabombwe, which he described as a "white elephant". "There is no development at KCM in terms of expansion of mining activities, it's like [they](management) want to concentrate on smelting of foreign copper concentrates as business on its own," the source said. *(Daily Mail)*

Economic News

THE increase in the copper price on the international market is expected to assist the Kwacha appreciate against the United States (US) dollar, financial market players have observed. Copper price on the market rose to its highest levels since November last Tuesday, buoyed by optimism about global demand for the industrial metal and is currently trading at US$6,436.50 per tonne. Access Bank says the local unit opened trading last Thursday at K7.35 and K7.37, the rate at which it closed. "The Kwacha has made some gains as global copper prices trade near four-month highs owing to increased supply from the mines," the bank says in its morning digest. Similarly, Finance Bank Zambia says reduced Kwacha liquidity remains the main stabilising factor in the short term.

In its market update, the bank says the local unit was relatively stable on Friday as intraday movements could only be found in the K7.30 and K7.40 band. It says after a strong start at the day's onset, the Kwacha leaped from K7.31 and K7.33 to hit an intraday low of K7.37 and K7.39 and the market later closed at K7.33 and K7.35. Zanaco Bank, in its daily treasury newsletter, also says the Kwacha is expected to maintain a narrow trading range and will be trading between K7.30 and K7.45 in the near-term. On Thursday, the local unit weakened after three straight days of gains and an ease in supply for the greenback by corporates and the interbank. In commercial banks, the Kwacha was quoted in the morning at K7.31 and K7.33, weaker than Wednesday's close of K7.30 and K7.32. Zanaco says the interbank demand for the dollar resulted in the Kwacha touching a low of K7.36 and K7.38 before closing the day one ngwee down of its low at K7.35 and K7.37 on the bid and offer respectively. *(Daily News)*

INTREPID Mines Limited, an Australian-based company is this year expected to inject over US$70 million in an underground copper mine at Kitumba in Mumbwa. Company consultant Geoffrey Mulenga said following a merger with Blackthorn Resources last year, the firm brought to the table US$71 million which will be used for feasibility studies and further drilling around the mine resource. Mr Mulenga, who is also Association of Zambian Exploration Companies president, said the mine's lifespan which is expected at 11 years, anticipates to produce 58,000 metric tonnes of copper annually. "Last year, the company was issued with a 25-year large scale mining licence… The mining development is going ahead with the project. "It has already been decided that it will be an underground mine, without a shaft but it will be hauled by trucks on an incline," Mr Mulenga told delegates at the just-ended Copperbelt Mining Trade Expo and Conference in Kitwe last week. In August 2014, Blackthorn Resources and Intrepid Mines Limited announced their agreement to merge by way of scheme of arrangement. Mr Mulenga said the merger puts the well-funded copper company in a strong position to realise the potential of the Kitumba Copper Project and add value to the broader Mumbwa Project licence areas in Zambia. He said the scheme, which was subject to the approval of shareholders of both companies, was approved by the Federal Court of Australia on November 26, 2014 and implementation was effected on December 11, 2014. Under the scheme, from December 11, 2014 Blackthorn Resources became a wholly-owned subsidiary of Intrepid Mines. *(Daily Mail)*

Portugal has said it plans to import grain from Zambia to meet the growing demand for grain production in that country. Portugal honorary consul to Zambia, Eric Marques said Zambia was becoming self-sufficient in maize production and was looking at ways of importing some from Zambia. Mr Marques said Zambia had in the recent years increased its maize and wheat production, thereby making it self-sufficient. "In view of the increase in grain production in the country, we plan and look forward to importing the commodity from Zambia, especially maize to feed into our production capacities," he said in an interview in Lusaka. Mr Marques said Zambia exports copper to that country and there was need to increase exports to Portugal for Zambia to gain more foreign exchange. He said it was important for Portugal and Zambia to accelerate trade and investments linkages for Zambia to benefit from agro electrical expertise. "We are assisting Zambia in terms of civil and mechanical engineering. We hope in due course when the agro electric needs increase we will be there to help Zambia… we have the best electrical setup in Portugal that can be of great assistance," he said.Mr Marques said a number of Portuguese companies had invested in Zambia and were involved in improving the road infrastructure in the country.

"We have more than 30 Portuguese investors in sectors including mining, agriculture, manufacturing and the road construction owing to the favourable business environment prevailing in the country. "There are Portuguese investors in the production of asbestos, while others are in the road sector. The road between Luangwa Bridge and Chipata is being done by the Portuguese. We have for a long time been supporting Zambia in various sectors and we want to accelerate this support," he said. He also pledged that country's support to Zambia's education sector especially promotion of girl-child education. "Our thrust is towards education of girls, especially now that Portugal has recovered from the economic crisis," he said.

Zambia on Wednesday increased the pump prices of petrol and diesel by 15 percent, its energy regulator said. "This adjustment is mainly due to the volatility of the kwacha, which resulted in significant depreciation of the kwacha against the United States dollar," the regulator said, referring to the local currency. *(Reuters)*

Zambia's kwacha firmed to a one-month high on Wednesday as foreign investors keen on buying government debt sold dollars to stock up on the local currency, one trader said. The kwacha added more than 1 percent to 7.260 per dollar but pared some of those gains to trade at 7.250 at 1246 GMT. "Some people offshore are selling to create kwacha for the bond purchase next week and for Treasury bills tomorrow," the trader, who did not want to be named, said. *(Reuters)*

Zambia's maize harvest will fall 21 percent to 2.6 million tonnes in the current 2014/2015 season versus the previous season, its minister of agriculture said on Friday, adding that the country had some surpus for export. Given Lubinda said results of a government crop forcasting survey had confirmed the weaker harvest, but the southern African country would still have a surplus of maize carryied over from the previous year's harvest of 3.3 million tonnes. "From the total expected harvest and carry-over stocks we have a maize surplus of 876,000 tonnes," Lubinda told Reuters. Lubinda had said in April that Zambia may review its plans for the export of maize depending on demand and the outcome of the government crop forecasting survey in May. Asked if the country would export maize following the release of the survey, Lubinda said Zambia still planned to export the surplus maize to neighbouring countries but could not immediately give any details. "The 876,000 tonnes is in excess of our local requirements and all of it is available for export," Lubinda said. A recent survey by the Zambia National Farmers'€™ Union (ZNFU) revealed that production of the staple would drop due to a long dry spell and because farmers were unable to buy key inputs such as fertilisers on time. Southern Africa faces possible food shortages over the next few months due to a severe drought in the 'maize belt' of South Africa, where a lack of rain had caused crop failure rates of over 50 percent, the World Food Programme said. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

CAFCA Limited posted an increase in profit after tax for the six months ended March 31 2015 due to the increase in sales during the period under review. The company posted an after-tax profit of $849 573 for the six month period compared to $779 578 during the same period last year. The group said in a statement that revenue for the six months was 41% above the same period last year due to exports and local market sales. Revenue for the group stood at $14,2 million compared to $10 million in March 2014. "In terms of volumes, we have pushed 72% more through the factory this half year against last year half year. The volumes have generated less revenue per tonne than in previous period for a number of reasons. Firstly, exports margins reflected in revenue per tonne 20% lower than in the local market. Secondly, sales in the local market were discounted 15% at the beginning of the year as a strategy to combat imports," the group said. The company said the sales on barter deal are minimum where aluminium per tonne sells for around a third of the revenue per tonne from copper. Cafca has a barter deal with Zesa whereby it recycles copper from the power utility.

During the six-month period operating profit for the group rose by 8% to $1,1 million compared to the same period last year at $1 million. The company increased its staff by 25 people for its shift system as a way to increase its output from 200 tonnes to 300 tonnes. Cafca Limited during the period under review recommissioned the melting furnace to improve the rate at which they process recycled copper. "This not only significantly increases the amount of electricity we use, but also has high operating costs in terms of consumables and running costs. Repairs and maintenance has also risen pro rata to the volume throughput," the company said. Going forward Cafca will maintain its export sales and continue locally with barter deals and focus on getting copper stocks converted to finished goods and sold to generate cash. *(News Day)*

CALEDONIA Mining Corporation is focused on disposing of its non-core operations and improving its flagship Blanket gold mine in Zimbabwe, company chairman Leigh Wilson said Monday. The Canada-based company is also proposing a new incentive plan for executives which is directly linked to the performance of the mine. In a speech he is set to deliver at the company's annual general meeting on Thursday, Wilson said 2014 was a "year of substantial change" for Caledonia. "2014 was a year of substantial change and significant progress for Caledonia. "It reflects a sustained effort by your board to sharpen the company's focus on its primary operation and to close and dispose of non-core operations, thereby reducing operating expenses," he said in a statement. The miner acquired a stake in the Blanket gold mine in 2006, and currently holds a 49% interest. In November, Caledonia announced a revised investment plan for Blanket mine to try to increase production to around 80,000 ounces of gold per year by 2021 following the investment of approximately US$70 million. "It is designed to increase production and extend the mine life of the Blanket," said Wilson. Successful implementation of the plan will also improve Blanket's operational efficiency, re-enforce its position as one of Africa's lowest-cost gold producers and create a platform for Blanket's long-term development." "Your board believes Caledonia can look to the future with confidence and we are gratified that the Blanket mine remains cash generative in the current adverse market conditions," he added.

Wilson said the company is also looking for other new opportunities and proposed a new omnibus incentive compensation plan for executive management. The incentive plan is "integral" to restructuring the company's compensation policy. "The board believes that incentivising management over the long term is clearly in the interest of shareholders," he said. "The performance objectives of the awards that the board intends to grant under the plan will be aligned strongly with long-term shareholder interests. "The board intends to grant awards that will reward management for specific and measurable performance objectives that are embodied in, and compatible with, objectives of the revised life of mine plan," added Wilson. No specific details about the proposed plan were released, but Wilson said the objectives would include increasing production, generating cash and growing the resource base at the Blanket mine. Shareholders will vote on the new plan on the meeting due to be held on Thursday. *(New Zimbabwe)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

DELTA Corporation Limited recorded increases in sorghum beer, maheu and dairy beverages during the full year ended March 2015 while larger beer and sparkling drink volumes were down. In a statement accompanying the group's financial results, the company said the slowdown in the economy resulted in a very difficult trading year. "Consumer spending declined significantly. The company continued to focus on taking measures to capture value and retain consumers in its portfolio of beverages while expanding and maintaining its facilities for future recovery. The weakening regional currencies have made this more challenging," the company said. Delta Corporation posted a profit after tax of $92,8 million for the full year ended March 31 2015 compared to $107 million same period last year. Revenue for the group was 4% down due to lower sales and volume in both lager beer and sparkling beverages."This was mitigated by significant increase in sorghum beer due to increased contribution of higher value Chibuku Super," the company said. "The supply of Chibuku Super improved in the last quarter of the year with the brand attaining a 50% contribution by March 2015. The new Chibuku Super production facility in Bulawayo is scheduled for commissioning by July 2015, which will assist in closing supply gaps."

Sparkling and alternative beverages were down 6% compared to the prior year, while maheu and dairy mix beverages were up 11% for the year. "This category is expected to benefit from the additional production capacity commissioned in October 2014, the refreshed Shumba Maheu packaging and the continued roll out of additional flavours," the group said. Operating income is down 14%, showing the changed mix in flavour of lower priced products and the impact of price reductions. Earnings before interest depreciation tax and amortisation was down 10% during the period under review compared to a decline of 14% in operating income. Cash generated from operations was $7 million lower compared to the same period last year due to lower profitability and reduced creditors. "The difficult economic conditions are forecast to continue. The company remains focused on delivering value to its stakeholders by optimising its operations and product innovations," the company said. *(News Day)*

DELTA Corporation Limited says its imports were affected by currency fluctuations brought about by the strengthening of the United States dollar. "The weakening currencies make imports more price competitive than we are and that is where the impact is," Delta chief executive officer, Pearson Gowero told an analysts briefing. "But also we have benefited where we were importing any of our raw materials be it machinery or otherwise because in dollar terms we are paying less depending on the source." The depreciation of the rand and pula affected Delta Corporation by making imports from regional markets cheaper, therefore putting pressure of local pricing. Gowero said Delta was in some cases forced to reduce prices to respond to the challenges. Delta company secretary Alex Makamure said the cost of certain agricultural commodities such as sugar, maize and barley were significantly higher in Zimbabwe compared to other regional economies. "We also import some beer brands and particular packs that we do not produce locally such as Miller Genuine Draft, Flying Fish and ciders (Redds & Sarita).

In addition we also import some canned soft drinks to supplement our production," Makamure said. Delta Beverages relies on some key inputs that are imported from the region mainly South Africa namely tin cans (Bevcan is the only supplier in Africa), PET used for plastic bottles, labels, and cardboard trays. "Sugar is sold to local producers at $780/ton compared to R5 800 in South Africa or international prices of $400 plus transport. Maize is sold ex-farm at $200/ton compared to the legislated price of $390 in Zimbabwe," Makamure said. "There is a dual impact arising from the strength of the US$ versus other currencies. The greater impact is on increased competition from imported beverages. "It is difficult to measure this impact as most of the imports are done by informal traders. There has been some decline in market shares particularly in border areas." Delta Corporation Limited produces soft drinks and beer brands that were common in the region. "Most Zimbabwean companies cannot compete with imported products due to relatively higher production costs obtaining in Zimbabwe," Makamure said. Delta Corporation was now relying on products that can be competitively priced to encourage a wider range of consumers such as sorghum beer sales that was up by 21% to $ 176 million.*(News Day)*

THE world's second largest platinum miner, Impala Platinum says it has seen mixed performances at its Zimbabwe units with tonnes milled at Zimplats going down 11 percent to while Mimosa went up by nine percent in the third quarter ended March 31. The South African company owns 87 percent of Zimplats while it shares 50-50 percent equal shareholding in Mimosa with another SA company, Aquarius Platinum. In a third quarter production report for the period released on Thursday, Implats said 1,26 million tonnes were milled at

Zimplats compared to 1,42 million tonnes in the prior corresponding period. At Mimosa, Implats said 622,000 tonnes were milled compared to 569,000 tonnes reported in the corresponding prior period. It said mill throughput at Zimplats over the nine-month period ended March 31 fell by 15 percent to 3,74 million tonnes, compared to 4,40 million tonnes in the corresponding prior period. "The lower throughput was directly attributable to the safety closure of the Bimha Mine in August 2014, mitigated to a large degree by the successful re-deployment of affected mining crews to other mining areas as well as the continued ramp-up of the Phase 2 expansion project. As a result, platinum in matte for the nine months ended 31 March 2015 was only 11 percent lower at 155,000 ounces, compared to 174,000oz platinum in the prior comparable period," said Implats. The group said the ramp-up of the Phase 2 expansion project remains on schedule for completion in 2015 with the Mupfuti Mine expected to deliver steady-state capacity of 90,000oz in the next financial year.

"All of the above interventions are expected to limit the production impact of closing Bimha Mine to less than 40,000 platinum ounces for FY2015 and for full processing capacity (six million tonnes per annum) to be restored in FY2016." At Mimosa, Implats said tonnes milled during the nine-month period ended March 31 increased by seven percent to 1,92 million tonnes, compared to 1,80 million tonnes in the corresponding prior period. "The increased throughput together with improved recoveries increased platinum in concentrate production by 11 percent to 88,000 ounces compared to 79,000 ounces platinum in the prior comparable period." Consultations with government over the 15 percent export levy on unbeneficiated platinum concentrate were still ongoing. Government introduced a 15 percent export levy on unprocessed platinum from January 1 this year, with a view to encouraging platinum mining companies to invest in smelting and refining capacity in the country. "The group in consultation with the Chamber of Mines, initiated active engagement with the government to highlight this risk and in an endeavour to secure a more conducive investment environment where current operations can be sustained and ultimately the industry grown in Zimbabwe. These engagements are ongoing, and further announcements will be made as soon possible," said Implats.*(New Zimbabwe)*

Economic News

Zimbabwe's state-owned electricity distribution company is considering selling $1 billion in debt owed to it by defaulting customers, its managing director said on Monday. A sluggish economic performance this year, marked by company closures and job losses has seen more people struggle to settle their utility bills. "We are thinking of selling our debt at a discounted rate," Julian Chinembiri, the power firm's managing director, said. "Our customers owe us $1billion. We need to negotiate selling the debt so that we can get our money early," he said without giving further details. The Zimbabwe Electricity Transmission and Distribution Company (ZETDC) purchases power from the Zimbabwe Power Company (ZPC) and sells it to customers. To improve revenue collection, ZETDC is in the process of installing pre-paid metres forcing customers to pay for electricity before they use it, Chinembiri said. On Monday ZPC said it was generating 1082 megawatts of electricity compared to 801 MW last week after shutting the Hwange plant due to technical faults. Hwange, which has a capacity of 920 MW was producing 392 MW. Zimbabwe has a peak electricity demand of 2,200 MW. Chronic power cuts lasting up to 18 hours a day are regular in Zimbabwe, forcing local industries to use costly diesel generators to keep operations running. Electricity shortages have been blamed for keeping away potential investors. *(Reuters)*

THE non-performing loans (NPLs) have been further reduced to 15% by the end of the first quarter of the year and the banking sector has submitted $383 million bad loans to Zimbabwe Asset Management Company (Zamco), an official has said. Central bank governor John Mangudya told NewsDay Business that the total bank deposits as of the end of the first quarter stood at $5,2 billion. "NPLs were 15% as at the end of March as some of the loans in the sector had been restructured. Seventeen banks in the banking sector have given Zamco their loans amounting to $383 million and Zamco is qualifying the loans so that disbursements can be done on a case by case basis," Mangudya said. The average NPLs to total loans ratio stood at 16% as at December 31 2014. This means that for every $1 that is borrowed, 15c would not be recovered. He said Zamco was an important tool for the restructuring of NPLs in the banking sector to avoid company closures. An NPL is the sum of borrowed money upon which the debtor has not made his or her scheduled payments for at least 90 days.

The country witnessed economic growth between 2009 and 2013 after the introduction of the multi-currency system due to the loans that were channelled to the various sectors of the economy. These loans are no longer available at the rate they were during the five-year period which has resulted in the credit crunch in the country. As a result, the banking sector is now conservative in their lending to avoid increasing the bad debts. Between 2009 and 2013, the country saw NPLs increasing from zero to 20% in September 2014. We are saying quid pro quo banks should revise their banking charges to ensure that companies continue to survive as their (banks) survival depends on the customers," he said. He said the special purpose vehicle, Zamco, was providing relief to banks as well as the interbank facility. The central bank introduced the interbank facility in March and it has nine banks using the facility and there is $100 million interbank Aftrades. *(News Day)*

DIAMOND exports fell by 34 percent to 5.9 million carats last year from the eastern Marange region after a slump in production, a junior government minister said on Wednesday. Zimbabwe is one of the world's top diamond-producing countries, and is believed to hold 25 percent of the world's reserves of opencast extractable diamonds, with Marange fields its major diamond source. The Marange diamonds are alluvial, lower quality stones compared with gems mined by Rio Tinto at its Murowa mine in south central Zimbabwe. Fred Moyo, the deputy minister of mines told parliament that Zimbabwe's exports were to Antwerp, Belgium and Dubai, while the government also held local auctions for foreign diamond buyers. "This volume drop in sales reflects a drop in production, which is a result of transition from mining loose gravels to hard rock mining of conglomerates," Moyo said. He did not give production figures for the period. In 2014 diamond export earnings stood at $350 million compared with $453 million the previous year, he said. The government owns half the shares in all the mines in Marange and is planning to merge all diamond mining companies, including the Rio Tinto unit. Moyo said the exercise to form one diamond company, in which the government would hold 51 percent shares, was expected to be completed later this year. *(New Zimbabwe)*

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