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DAILY AFRICAN FOOTPRINT

Today's Breaking News Across the African Capital Markets

TRADING

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- Kenya private-sector activity rebounds in April, PMI shows

Morocco

- Morocco unemployment inches up to 10 pct after drought

Nigeria

- Wema Bank optimistic on dividend payment, posts N3.05b gross profit

Tanzania

- DSE IPO starts in next ten days
- Tanzania among Africa's mobile banking leaders

Uganda

- Govt owes Shs64b to Umeme in power bills

Zambia

- Zambia's 2016 fiscal deficit seen slightly below 8.1 percent of GDP

Zimbabwe

- Zimbabwe economy ravaged by drought, needs bold reforms : IMF
- Barclays keeps tight rein on lending to avoid bad loan nightmare
- Metallon Q1 output falls 15pct as power outages worsen
- Bank lending rates to decline to 15pc
- Econet launches massive consumer promotion

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Kenya

Kenyan companies expanded production and got more new orders in April as demand for exports grew in regional markets, a survey showed on Thursday. The Markit and CFC Stanbic Kenya Purchasing Managers' Index (PMI) rose to 54.8 in April, from 52.6 in March. Anything above 50.0 denotes growth; anything below, contraction. The PMI is one of the indicators watched by the central bank's Monetary Policy Committee. The rise in April's PMI was the fastest since the series began in January 2014. Jibran Qureishi, the regional economist for East Africa at CFC Stanbic, said respondents indicated exports to neighbouring Uganda had increased. "As regional infrastructure is bolstered, through developments such as the Standard Gauge Railway, we suspect this avenue will continue to show more promise in the coming years,"Qureishi said. Uganda concluded a presidential vote in February. Business activity had slowed during campaigning. Despite the rise, the latest Kenya PMI was the lowest reading during the month of April since the series started. The central bank took control of mid -sized Chase Bank on April 7,stoking worries about the health of the financial sector. *(Reuters)*

Morocco

Unemployment in Morocco stood at 10 percent at the end of March, up from 9.9 percent a year earlier, official data showed on Thursday, after a severe drought hit the agriculture sector that accounts for more than 15 percent of national output. The farm sector shed 28,000 jobs over the year to March, Morocco's planning authority (HCP) said, though this was partly offset by gains in forestry and fishing. Farm incomes are volatile in the semi-arid north African country. The government expects the 2016 cereal harvest to fall sharply after last year's record crop of 11 million tonnes due to bad weather and more farm job losses are expected in 2016. The government has been trying to develop new industries to cut reliance on agriculture, ease poverty and create more work for young people in urban areas. The woes of the farm sector have put further pressure on the Moroccan government, which is already facing protests over austerity measures. The industrial sector lost 14,000 jobs, the data showed. But construction and services added 6,000 and 10,000 jobs respectively, more than in previous years, a sign that the Moroccan economy has started to recover from years of recession caused largely by the euro zone debt crisis. The euro zone is Morocco's main trade partner. The Finance Ministry has forecast the economy will grow this year by 3 percent, slowing from 4.4 percent in 2015. However, the planning agency said the drought would drag growth down to 1.3 percent in 2016. Informal labour abounds in Morocco, making it hard to produce reliable employment figures. *(Reuters)*

Nigeria

Wema Bank Plc has assured that the bank is currently working out modalities that would facilitate payment of dividend to shareholders and increase profitability in the current financial year. The Chief Financial Officer of the bank, Tunde Mabawonku, while fielding questions from journalists during the bank's yearly general meeting, held in Lagos yesterday explained that the process of dividend payout to shareholders of the bank is on-going, adding that the bank's financials would be in a position to pay dividend by the end of 2016 financial year. "The process of paying dividend is on going, if you look at the balance sheet of the bank, there are some elements called negative retained earning that we have on the books, very soon we will be coming back again to seek shareholders consent to do some scheme of rearrangement to move some balance of the negative retained earnings to the share premium. "Until we do that, the bank will be on the position to pay dividend and I think we would do that this year, hopefully once we get the clearance from the regulators, we will come back again before the end of the year to get the shareholders consent and by the end of 2016 the financial will be in a position to pay dividend".
On the steps, taken so far to enhance profit and grow the bank's deposit, he said; "We are doing a lot in terms of cost efficiency and in the areas we can minimize cost , we would do so, but most importantly for us is to grow the retail business, so we are doing a lot in campuses and schools and we have seen improvement in the number of accounts and with this, performance will increase in 2016." Reviewing its performance, the Chief Executive Officer of the bank, Segun Oloketuyi explained that the bank was able to sustain its transformation drive

with total deposits for the period growing about 10 per cent over the prior year to N284.9 billion.

Gross earnings, according to him rose to N46.0 billion from N42.19 billion recorded in 2014, and closed the year with profit before tax remaining stable at N3.05 billion compared to N3.09bn in 2014. "Given the challenging outlook for 2016, the Bank has started the year with a renewed focus on its strategic aspiration of becoming a leading retail bank in Nigeria. "The continued implementation of Project L.E.A.P- (the Bank's Growth Strategy), narrowed our focus and channeled our efforts towards specific opportunities with great potential and symbiotic relationships. This strategy, in its final phase, will continue to guide the Bank's allocation of resources in 2016," he added. The shareholders commended the bank for converting its banking license from a regional bank to a national one, urging the bank to work out modalities that would enable it to boost its profitability in the current financial year. They also stressed the need for the bank to work more on its deposit, profit and non-performing loans in order to improve in its performance. Specifically, the Chairman, Ibadan Zone Shareholders Association of Nigeria, Shola Aboderin commended the bank for achieving a profit of N2.2 billion and four per cent rise in its assets. He, however, advised the bank to reduce its expenses, especially in administration and advertisement. Similarly, the National Coordinator of Standard Shareholders Association, Godwin Anono, who flayed the bank's non –payment of dividend in the previous financial year, urged the bank to do everything within its powers to increase shareholders' value in the current year through dividend payout. *(Guardian)*

Tanzania

DAR ES SALAAM Stock Exchange's (DSE) self-listing starts in the next ten days, with the initial public offer (IPO) that envisages raising 7.5bn/-. The IPO is expected to last for one month before the stock market joins two of its African counterparts, Nairobi Securities Exchange and Johannesburg Stock Exchange, to self-list on own bourse. Principal Capital Markets and Securities Authority (CMSA) Public Relations Manager Charles Shirima said the IPO kicks off next week or the week after. "The IPO will run for roughly one month, before self-listing," Mr Shirima said. He said the move seeks to increase transparency and efficiency as the bourse legal structure changes from limited by guarantee to limited by shares. "The change will eliminate any conflict of interest as DSE members were the trustees and stock brokers as well," he said. However, an industry source told 'Daily News' that the IPO was earlier scheduled to kick earlier, with DSE proposing to start May 2, 2016 but technical hitches delayed the process of approving the prospectus. "The prospectus was sent to the regulator early this year… but the approval took long than necessary, delaying the IPO date," the source said. The prospectus approval by CMSA means the ball is on DSE. After the prospectus, the bourse will start road shows on marketing the shares which are expected to be oversubscribed. DSE floats 15 million shares on the IPO at a share price of 500/-. Self-listing has many advantages including enhancement of corporate governance within the exchange for sustainable protection of all stakeholders. After completion of self-listing process, the DSE will be known as Dar es Salaam Stock Exchange Public Limited Company (Plc). Stock self-listing is a new drive, which started in 1993 when the Stockholm Stock Exchange was demutualised, followed by Helsinki (1995), Copenhagen (1996), Amsterdam (1997), the Australian Exchange (1998) and Toronto, Hong Kong and London stock exchanges in 2000. *(Daily News)*

TANZANIA is among the three East African states that lead the Sub-Saharan Africa in mobile banking, according to the International Monetary Fund (IMF). The Breton Wood institution said out of 28 countries in sub-Saharan Africa, for which information is available, the three countries have holders of mobile accounts exceeding 30 per cent of the adult population. The fund named three leading countries with their percentage in brackets as Kenya (60), Uganda (37) and Tanzania (35). The report, Regional Economic Outlook: Sub-Saharan Africa, issued yesterday, placed Rwanda on seventh position with slightly less than 20 per cent. Burundi was at the tail with about two per cent while South Sudan featured nowhere in the report probably due to lack of available data. "Kenya leads the region," the report shows, "But mobile money transactions are also growing rapidly in Tanzania and Uganda, where the transactions doubled in the last three years in terms of broad money, reaching about 30 percent in mid-2015". In several African countries, namely Côte d'Ivoire, Kenya, Niger, Tanzania, Uganda, and Zimbabwe, the number of mobile accounts has already exceeded the number of traditional bank accounts. "The developments in mobile money boost financial inclusion, complementing traditional bank services," IMF says in the report. It adds: "The number of banking transactions via mobile devices almost doubled in the region in the last two years. East Africa has led this trend, but mobile banking has also increased in other parts of Africa". Early this year, the central bank set new targets of financial inclusion after the previous one was surpassed ahead of deadline as 80 per cent of adult population using a financial access point. The BoT moved the target to 70 per cent by 2017 from 50 per cent set for 2014. *(Daily News)*

Uganda

Government owes electricity distributor Umeme Uganda Limited Shs64.17 billion for power used by some departments, Daily Monitor has learnt. Umeme needs the money to pay for the bulk of electricity it buys from the Uganda Electricity Transmission Company Limited (UETCL). On the other hand, UETCL needs the money to pay the different power generation companies. When contacted on Wednesday, Umeme's media manager Stephen Ilungole confirmed some government departments owe Umeme money. "Unfortunately, customer information and transactions remain confidential for both government entities and any other customers," Mr Ilungole said. "As a matter of policy, we don't discuss customer issues publicly." It is public knowledge though that over the last three years, the amount the government departments owe the utility company has oscillated between Shs89.5 billion (2013), Shs116 billion (2014) and Shs64.17 billion (2015). The departments that owe Umeme the highest amount of money are the Defence and the Health ministries, the Uganda Police Force, Uganda Prisons Service, Mulago National Referral Hospital and Uganda Broadcasting Corporation (UBC). Defence has a bill of Shs29 billion, Police Shs12 billion, Prisons Shs9 billion, Health Shs4.3 billion, UBC Shs2.2 billion and Mulago Shs1.4 billion. Other 170 departments and agencies owe Umeme the rest of the money.

It is baffling why these and other departments, which Parliament allocates money annually to,among other things, pay electricity and water bills; do not clear their debts in time. On April 28, 2016, the secretary to the treasury, Mr Keith Muhakanizi, reportedly directed the accounting officers in the affected ministries, departments and agencies to clear the electricity arrears for 2015 arrears. It is also not clear why Umeme, which the government requested two years ago to switch all government departments from postpaid metering and billing to prepaid, has not effected the arrangement. Mr Ilungole said, "With regard to conversion to prepayment metering, procurement has been completed and conversion is expected to start at the end of the year." He added that the company would next week, kick off meetings with suppliers as well as engage stakeholders over the matter. *(Monitor)*

Zambia

Zambia's budget deficit and economic growth are expected to remain largely unchanged this year as low commodity prices and electricity shortages continue hitting production, the treasury secretary said on Thursday. The fiscal deficit in Africa's second-biggest copper producer is seen reducing slightly in 2016 to below last year's level of 8.1 percent and then decline further in 2017 to around 4 percent of GDP, Fredson Yamba said in a statement. Growth will be restricted at around 3 percent this year from 3.2 percent last, he said. "We are expecting the challenges to remain in 2016 with the economy growing around 3 percent while inflation is expected to close the year still in double digits at about 15 percent," Yamba said. Zambia's inflation slowed to 21.8 percent in April from 22.2 percent year-on-year in March. GDP growth was expected to increase from 2017 when it is projected at around 6 percent as mining companies completed cost-reduction measures and power supply improved, he said. In February, Finance Minister Alexander Chikwanda had told parliament the 2016 budget deficit would be contained at around 3.9 percent of GDP. Zambia and the IMF began talks in March on an aid programme after agreeing that the country's budget deficit was not sustainable. *(Reuters)*

Zimbabwe

Zimbabwe's economic difficulties have deepened after drought weakened agricultural production and disrupted hydro power generation and the southern African nation needs bold reforms, the International Monetary Fund said on Wednesday. "Unless the country takes bold reforms, the economic difficulties will continue in (the) medium-term," the fund said in a statement after a consultation with Zimbabwean officials. *(Reuters)*

Barclays bank Zimbabwe says it intends to maintain its impressive loan loss ratio at less than one percent which is far less than the industry average of 11 percent, despite difficult business conditions. Manging director George Guvamatanga on Thursday told The Source that from last year the bank had manged to keep the ratio under one percent in the four months of trade to April. "The bank has maintained the loan loss ratio at less than 1 percent. This reflects a strong loan portfolio and going forward our focus on the quality of the loan book is to increase in view of the market conditions prevailing," he said. Guvamatanga said though transactional volumes were much lower, the bank had shown an improved performance recording a total income of $16 million in the four months to April. He said net interest income had increased 24 percent compared to last year, driven by a higher retail loan book as compared to last year. The bank has a loan book of $145 million. Barclays Bank Zimbabwe is the second oldest bank in the country. In March Barclays Plc, the bank's 68 percent shareholder indicated its intention to sell off its African assets, including the Zimbabwe operation. *(Source)*

Metallon Gold's first quarter production dropped 15 percent to 20,673 ounces due to increased power outages and machinery breakdown at its key How Mine, the company said on Thursday. Metallon, Zimbabwe's the largest gold producer, said it lost approximately 4,275oz to the outages, forcing the group to consider alternative power sources. How Mine produced 9,540oz compared to 13,680oz in the prior period last yearafter breakdowns at its Primary Mill and North Shaft Hoist in January and February,dragging down the group's overall output. Metallon's Shamva, Mazowe, Arcturus and Redwing mines all reported higher output comparatively. All the mines reported profits, chief executive Ken Mekani said without giving figures. Costs per ounce were higher at $1,160 compared to $962 in the same period last year due to production shortfalls and increased expenditure, but Metallonexpects these to come down as output and efficiencies improve with new equipment and improved capacity. Metallon said construction on the new Mazowe Processing Plant and the new Tailing Facilities at both Mazowe and Shamva Mine were progressing well, with commissioning expected in the third quarter. "The new Mazowe Processing Plant will increase capacity at the mine to 70,000 tonnes per month, therefore the mine will be producing approximately 22,000 ounces per annum," Metallon said. The new plant will create approximately 100 direct jobs and additional employment opportunities, it added. "This year we will be investing in our assets by refurbishing and upgrading operations and expanding capacity which will deliver economies of scale and significantly lower costs," said Mekani. "This investment and the exploration taking place will put Metallon on course to increased production over the next five years." Metallon has targetted to produce 120,000oz in 2016, up from 105,000oz last year. *(Source)*

The Reserve Bank of Zimbabwe will introduce non-negotiable certificates of deposit to re-direct idle funds to productive sectors of the economy. This comes after the apex bank noted decreasing lending activities by banks, resulting in excess balances reflected in real time gross settlement positions. Announcing measures to deal with cash shortages in the country RBZ governor Dr Mangudya said he had noted reduced lending activities by banks, leading to excess balances as reflected by high positions on RTGS. "This is not consistent with the quest to grow the economy. Accordingly, the bank is working on a framework of introducing non-negotiable certificates of deposit so as to direct idle financial resources towards productive activities," he said. A non-negotiable certificate of deposit is an investment in a financial institution where the investor decides on the amount of money to invest, terms, and interest rates and is only redeemable by the account holder. Once these factors are selected, investors then open a certificate of deposit account according to the agreement. Non-negotiable CDs cannot be transferred, sold, bought, or exchanged, except by the investor. They are not a huge gamble for investors, but are a safer way of investing money until the investor needs it. Investors know that no matter what happens they will walk away with the principal amount they invested. Announcing the measures to address cash shortage Dr Mangudya also said the lack of a savings culture has generally undermined growth of the economy, as excess funds could not be deployed to productive activities. "The traditional savings culture where the banking public used to deposit money for a specific return has been eroded over the years, thereby undermining potential growth of the economy as excess funds could not be deployed to productive activities," said the RBZ governor. To that end, the central bank has directed all banks to open special savings product accounts with minimum balance of $10 000, €10 000 or R20 000 with minimum term structure of 6 months.

Further, banks are required to give compounded interest rate of 5 percent on US$ and euro account balances and 10 percent interest on rand. He said that the special savings accounts should be free of any taxes. "In order to further promote financial inclusion, banks are urged to reduce maximum lending rates to 15 percent from 18 percent. Furthermore the RBZ has noted reduced lending activities by banks, leading to excess balances as reflected by high positions on Real Time Gross Settlement. This is not consistent with the quest to grow the economy," he said. In a bid to address cash challenges, the Reserve Bank of Zimbabwe is set to introduce bond notes to curb the flow of dollars from the country. The bond notes will be backed by a $200 million African Export and Import Bank nostro-support facility, which will cushion banks on the high demand for cash when local companies want to make external payments. Dr Mangudya said the facility is expected to provide an incentive of 5 percent to all foreign exchange earners, including tobacco and gold exports. Gold producers who sell their gold to the RBZ and other exporters will get an extra 5 percent on the proceeds of their bullion sales or exports proceeds. The money will be deposited into a US$ account through RTGS. As a control mechanism on how much incentive is due to qualifying foreign exchange earner, banks will get the RBZ information on qualifying account. Dr Mangudya said RBZ would then give the banks the equivalent in bond notes, physically to fund the 5 percent export incentive, instead of the dollar, which is susceptible to flowing out, creating liquidity gaps in the economy. When an individual now wants to purchase goods outside the country, they will then have their account debited and if the bank does not have dollars, they will redeem the bonds notes with the central bank and get dollars. The central bank would then draw dollars from its Afreximbank facility, which will have justification to go out of the national circulation system in what Dr Mangudya said would be akin to replenishing his bond notes. "This is a performance-based incentive scheme and is export driven. This will incentivise people to bring money back home rather than keeping it outside," he said, as they earn more interest than what they can get externally. *(Herald)*

Zimbabwe's biggest telecommunication service provider, Econet Wireless yesterday launched its biggest ever consumer promotion, 7X, which will see customers getting 700 percent free bonus airtime every day. Under the promotion, every Econet customer gets customised daily usage target and will get back seven times the talk time in the form of free minutes, SMS and mobile internet upon achieving the daily target. For example, if a customer has a daily usage target of $0,50 cents, then on achieving his daily target of $0,50c he will get 10 free minutes, 10 megabits of data, and 10 SMS and free bonus worth more than $3,50. The promotion will run for three months. "In developing the promotion, we were driven by the need to give our customers more value for their money. Today we are giving them an opportunity to talk more, SMS more and surf the internet more. Indeed Econet gives you more," said Econet Wireless Zimbabwe chief executive Douglas Mboweni while launching the promotion. "Realising that our valued clients' average daily spending trends are not equal, all offers are personalized. Customers can reach daily usage target by using Econet line by either calling or texting any other Econet customer as well as browsing the internet," Mr Mboweni added. On reaching the 7X bonus target at any point during the day, customers will get notification that they have reached their target and have been allocated 700 percent bonus. Under the promotion, customers can use the 700 percent airtime bonus to browse, SMS and make calls to any other Econet customers. "To confirm their 7X daily target, our customers need to dial *143#. To both our valued current and prospective customers, Econet is open for business," said Mr Mboweni.

Econet Wireless chief operating officer Fayaz King said the company came up with the after realising the difficulties that consumers are facing at the moment. He said under the promotion, customers will receive an offer to get an extra airtime for free on condition that they are able to meet the terms of the offer. Mr King said if a customer surpass his/her target, they will only be rewarded the value based on the target given that is if your target is $0,75 cents and you send a $1, you will only receive the bonus on the $0,75 cents target. The bonus airtime will expire at midnight and Econet employees and their immediate familiers, suppliers and advertising agents will not be allowed to participate in this promotion. Econet customers who do not wish to participate in the promotion will have an option to opt out such that they will not receive the offer by dialing *143#. Mr King said the promotion is open to all Econet prepaid customers. *(Herald)*

Disclosures Appendix

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