SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change			YTD % Change	
Country	Index	7-Oct-16	14-Oct-16	Local	USD	31-Dec-15	Local	USD
Botswana	DCI	9790.02	9710.83	-0.81%	-3.42%	10602.32	-8.41%	-5.21%
Egypt	CASE 30	8368.52	8505.12	1.63%	1.59%	7006.01	21.40%	6.77%
Ghana	GSE Comp Index	1768.04	1770.56	0.14%	1.35%	1994.00	-11.21%	-13.71%
Ivory Coast	BRVM Composite	279.99	274.36	-2.01%	-3.56%	303.93	-9.73%	-8.96%
Kenya	NSE 20	3261.34	3267.92	0.20%	0.18%	4040.75	-19.13%	-18.30%
Malawi	Malawi All Share	13634.16	13712.99	0.58%	0.64%	14562.53	-5.83%	-15.29%
Mauritius	SEMDEX	1837.69	1825.85	-0.64%	-1.33%	1,811.07	0.82%	1.99%
	SEM 10	351.40	348.83	-0.73%	-1.42%	346.35	0.72%	1.89%
Namibia	Overall Index	1034.72	998.98	-3.45%	-6.66%	865.49	15.42%	24.63%
Nigeria	Nigeria All Share	27835.22	27861.03	0.09%	0.00%	28,642.25	-2.73%	-38.26%
Swaziland	All Share	374.23	374.23	0.00%	-3.32%	327.25	14.36%	23.48%
Tanzania	TSI	3869.57	3869.57	0.00%	0.08%	4478.13	-13.59%	-14.49%
Zambia	LUSE All Share	4385.27	4368.44	-0.38%	-1.34%	5734.68	-23.82%	-15.96%
Zimbabwe	Industrial Index	101.09	112.03	10.82%	10.82%	114.85	-2.46%	-2.46%
	Mining Index	26.22	28.05	6.98%	6.98%	23.70	18.35%	18.35%

CURRENCIES

Cur-rency	7-Oct-16 Close	14-Oct-16 Close	WTD % Change	YTD % Change
BWP	10.39	10.67	2.71	3.49
EGP	8.87	8.88	0.04	-12.05
GHS	3.96	3.92	-1.19	-2.82
CFA	585.84	595.25	1.61	0.85
KES	99.48	99.51	0.03	1.02
MWK	715.29	714.82	-0.06	-10.04
MUR	34.05	34.29	0.70	1.17
NAD	13.79	14.26	3.44	7.97
NGN	310.53	310.82	0.09	-36.53
SZL	13.79	14.26	3.44	7.97
TZS	2,139.92	2,138.25	-0.08	-1.04
ZMW	9.83	9.92	0.97	10.33

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

Botswana's government will put its largest copper and nickel producer, BCL Mine Limited under provisional liquidation due to non-profitability, Mineral Resources Minister Sadique Kebonang said on Saturday. Kebonang said the government could not afford the cost of about 7.6 billion pula ($713 million) needed to keep the state-owned firm running. "A decline in the quality of copper over the years, which was made worse by the recent slump in commodity prices, has made the burden of keeping the mine operational unbearable," Kebonang told Reuters. "Pumping such kind of money into the mine would mean we suspend other government commitments such as providing Anti-retroviral drugs and educational funding." Kebonang said the government has applied to the high court to place the mine under provisional liquidation and will continue to pay the salaries of 5,000 workers, none of whom have lost their jobs yet. "The liquidator is the one who will make a decision to either shut it down or restructure the operations such as closing down some shafts that are now too expensive to mine and retrench part of the staff," Kebonang said. Copper gained more than five percent in September, its best monthly showing since February 2015, as the industrial metal played catch-up with other base metals after largely underperforming for most of the year amid expectations of rising supply. Copper mines in the world's biggest diamond producer, Botswana, have been struggling in the past two years with two others, African Copper's Mowana Mine and Discovery Metals, liquidated in 2015. BCL mine incurred a 1.2 billion pula loss in operating costs in 2015 due to a slump in commodity prices. Botswana had planned to sell its stake in BCL once the business returned to profitability, the government said in May. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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Egypt

Corporate News

Orascom Construction's offer to buy back 1 million shares at the price of 74.05 per share attracted 5.939 million shares, Egypt's stock exchange said in a statement on Monday. The share price closed 0.5 percent lower at 71.95 pounds on Monday. Shareholders approved the buyback and subsequent capital reduction at an Extraordinary General Meeting on Sept. 28. The company said the buyback offer will commence once final regulatory approvals are obtained.*(Reuters)*

Orange Egypt has presented a request to acquire a licence that will allow it to operate fourth-generation mobile phone services in the country of 90 million, an official at Egypt's telecom regulator said on Thursday. The official said the regulator was considering the request and would continue its deliberations until October 23.*(Reuters)*

Orange Egypt signed a licence deal on Thursday, paying $484 million to operate fourth-generation mobile phone services in the country of 90 million after the government agreed to offer it additional spectrum. Egypt is selling four 4G licences as part of a long-awaited plan to reform the telecoms sector and to raise money for stretched government finances. The country's three existing mobile phone operators - Orange, Vodafone and Etisalat - initially all turned down the 4G licences saying the amount of spectrum on offer was not sufficient to allow them to offer the service efficiently. The regulator then announced that operators which paid for the licence entirely in dollars would be given priority in buying additional spectrum. U.S. dollars are scarce in Egypt due to a long-running economic crisis. Orange Egypt, a subsidiary of French telecoms group Orange, said early on Thursday it wished to "renegotiate acquisition of a 4G license in light of new terms." The regulator said the company had until October 23 to submit a formal offer but the chief executive of Orange Egypt signed a $484 mln deal on Thursday, receiving 10 megaherz of spectrum instead of the 7.5 initially on offer. The head of Egypt's telecom regulator said Orange would pay half the licence fee in Egyptian pounds and had also acquired a licence to offer fixed line services for a further $11 million. Telecom Egypt, the state's fixed-line monopoly, was the only company to take up the original offer, buying a 4G license in August for 7.08 billion Egyptian pounds ($797 million) to enter the mobile market directly for the first time. The company later offered to buy additional spectrum not acquired by other operators. The regulator said it would reconvene on October 23 to discuss additional options for rolling out 4G services that include holding an international auction for the remaining licences and selling additional frequency to Telecom Egypt. Kuwait's Zain, China Telecom, Saudi Telecom and Lebara KSA have all expressed interest in acquiring Egyptian 4G licences if the established companies bow out. Egypt needs hard currency after burning through its foreign exchange reserves as political turmoil hit foreign investment and tourism since a 2011 uprising. *(Reuters)*

Economic News

Egypt has contracted for the import of 420,000 tonnes of sugar in coordination with the military in the "past few days" and will seek to import another 200,000 tonnes in the coming week, the government said on Saturday. "The Supply Ministry, in coordination with the National Service Products Organisation, has contracted to import 420,000 tonnes of sugar in the past few days in addition to contracting this week to import an additional 200,000 tonnes of sugar," the government said in a statement. The National Service Products Organisation is part of the Defence Ministry. It manufactures military and civilian products and provides contracting services. State grain buyer GASC is seeking 100,000 tonnes of raw sugar and traders said on Saturday it received two offers, both for 50,000 tonnes. Egypt said last week that it plans to build a six-month reserve of essential food items, adding to other recent purchases of commodities such as oil and wheat. Traders said the move was aimed at building up stocks ahead of a currency devaluation. GASC announced three separate tenders in the space of one day on Tuesday for wheat, vegetable oils and sugar. The Supply Ministry will also hold an international tender for rice with a minimum of 500,000 tonnes, the government said on Saturday. GASC has not announced any international tenders for rice yet. *(Reuters)*

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Egypt's Supply Ministry will hold an international tender for rice with a minimum of 500,000 tonnes, the government said on Saturday. The ministry has also contracted for the importation of 420,000 tonnes of sugar in coordination with the military in the "past few days" and will contract to import an additional 200,000 tonnes this week, the government said in a statement. *(Reuters)*

Egypt's debts to international oil and gas companies rose to $3.58 billion by the end of September, the oil minister said, from about $3.2 billion six months ago. The oil ministry said last year that it aimed to reduce its arrears to foreign oil and gas companies operating in the country to $2.5 billion by the end of 2015 and pay them off completely by the end of 2016. But the debts have risen significantly from about $3 billion at the end of last year. *(Reuters)*

Egypt received a $2 billion central bank deposit from Saudi Arabia in September, the prime minister told Reuters on Thursday, confirming it had been accounted for in the previous month's foreign reserves total, which stood at $19.6 billion. The timing of the deposit makes clear it was received before a suspension of petroleum aid by Saudi Arabia, which began on Oct. 1 and had raised questions over the fate of Saudi aid destined for Egypt. Egypt's central bank said late on Wednesday that it had received a $2 billion deposit that could bring it closer to clinching a $12 billion IMF lending programme aimed at plugging the country's deficit and balancing its currency markets but had not clarified when the money was received. Egypt secured a preliminary agreement for the loan in August, but head of the IMF mission in Cairo Chris Jarvis told Reuters at the time that Egypt would have to secure $5-6 billion in bilateral financing before the board grants final approval. The Saudi deposit follows an agreement by the United Arab Emirates in August to give Egypt's central bank a $1 billion deposit for six years. Egypt is also in talks with China. An IMF official said during its annual meeting last week that the IMF and Egypt had made "good progress" on securing the funding but did not specify how much might still be needed. (*Reuters)*

Egyptian stocks rose the most in more than two months on speculation the country is about to devalue its currency after receiving cash aid from Saudi Arabia. The pound slumped to records in black-market and futures trading. The EGX 30 Index climbed 3.9 percent at the close in Cairo, the most since July and more than about 90 major gauges tracked by Bloomberg, as MSCI Inc.'s Emerging Markets Index declined. Global Telecom, the only company on the benchmark gauge with zero revenue or assets denominated in Egyptian pounds, was the biggest gainer with an 11 percent spike. Egypt has received a $2 billion deposit from Saudi Arabia, a central bank official said Wednesday, paving the way for a $12 billion loan the nation has requested from the International Monetary Fund. The facility is seen by economists as critical to reviving the nation's crumbling economy, but some actions required to seal the accord -- including measures related to the exchange rate and subsidies -- are still pending, IMF Managing Director Christine Lagarde said on Saturday.

"The news overnight about the Saudi deposit is prompting investors to speculate that the devaluation is imminent," said Sherif Shebl, an equities trader at Pharos Holding for Financial Investments in Cairo. "People are acting according to their expectations of what the central bank will do." The pound tumbled in the black market to 15.58 per dollar, according to the average quote of four dealers in Cairo and Alexandria surveyed by Bloomberg on Thursday. That takes its loss this month to 17 percent and widens the premium people are paying for the U.S. currency to 75 percent over the official exchange rate, which has been maintained by the central bank since March at 8.88 pounds to the dollar. The currency's 12-month non-deliverable forwards plunged 4.7 percent to a record 13.7 per dollar. About 1.2 billion pounds ($133 million) of shares traded, the most since July and more than twice the market's one-year daily average. Global Telecom rose the most since 2012.*(Bloomberg)*

Ghana

Corporate News

No Corporate News This Week

Economic News

The United Kingdom (UK) has stopped funding projects and programmes that government wants to undertake. The UK, over the years, has been one of the biggest donors of development aid and budgetary support to the country. The disclosure is coming after a similar move by the European Union (EU), whose head of delegation, William Hannah said the Union now wants to focus on more sector-specific programmes. UK High Commissioner to Ghana, Jon Benjamin, explained that the decision was mainly due to Ghana's new status as a low middle-income country. "Being classified as a lower middle-income country is no longer a least developed country, and Ghana's economy is still developing. Budgetary support to Ghana is no longer on the cards because the government of Ghana is supposed to provide its own basic services," he said. However, he said the UK will still provide technical service and support private sector, particularly SMEs to grow and develop so they can become the motor of employment creation and growth in the future. According to him, the nature of the aid programme is changing and it has to change over time, adding that there won't be any budgetary support in any form again. "That era has come to an end, and of course if the Ghanaian economy under any government continues to grow four or five, six or seven percent, then 10 years from now, it would be such a bigger economy that it shouldn't be needing a huge amount of aid," the Commissioner said. "President Mahama has said himself in New York that what African countries need is not more aid but trade because ultimately it is the trade that creates the jobs and the spaces," he explained. The development could put pressure on government to look for alternate ways of funding most of its projects outlined in the budget. This could possibly lead to more taxes or hikes to address this challenge, or government has to cut its expenditure to help manage the situation. *(Peace)*

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Kenya

Corporate News

Kenyan private equity house Fanisi Capital is looking to raise $75-100 million for its second fund to invest in firms in East Africa, it said on Wednesday. Fanisi, which has already invested its first fund worth $50 million in healthcare, food processing and education, said up to $40 million of the new fund will be raised locally. "Several leading pension funds have already committed to putting money into the fund," Ayisi Makatiani, Fanisi's managing partner and CEO, said in a statement. Private equity is gaining popularity in the region as funds and wealthy individuals seek higher returns that may not be available in the stock and debt markets. *(Reuters)*

Equity Bank has announced a freeze on the opening of new branches, marking the lender's shift to digital banking services. Chief executive James Mwangi said on Tuesday the bank had moved most of its services away from the traditional across-the-counter branches to online platforms. The digital banking service will be supported by Equity's new IT platform set up over the years at a cost of Sh20 billion. Customers with the help of a mobile application will access services such as opening of new accounts, applying for loans and making utility payments via mobile devices. Mr. Mwangi said the bank has effectively reorganised its business model from a brick and mortar oriented lender to one that runs on digital channels. "We have all witnessed how rapid adoption of mobile and other digital channels have transformed how people bank. "Customers' banking trends have declared the death of the bank branch as transaction channel as we know it, as they increasingly embrace self-service technology platforms that give them freedom, choice and control," said Mr. Mwangi during yesterday's launch in Nairobi. Kenyan lenders that have lately faced intense pressure to increase efficiencies and reduce costs by embracing digital services to compensate for thinning profit margins caused by new legislation and competition. Mr. Mwangi said customers' changing lifestyles and a rise in disruptive financial technology innovations have pushed banks to strive to offer services in a non-traditional way by innovating convenient products and services. "With our new services time has been removed from banking and geographical space compressed. This is the banking of the future. It is plug and play, and banking as we know it has been redefined," he said. Terming it a customer-led revolution which could possibly see banks that fail to innovate perish,

Mr. Mwangi said more than 80 per cent of all loans in Equity are now accessed through the mobile phone. Equity's automation could lead to staff cuts or slow down fresh recruitment for the lender, whose staff numbers declined by 660 last year in what the bank attributed to natural attrition. Mr. Mwangi, however, maintained that the digital shift would not result in staff lay-offs. He said the bank would re-deploy staff to offer other support services. "It will result in zero redundancies, in any case we will require more staff," said Mr. Mwangi. Several studies have urged banks to embrace digital technologies to counter the disruption from financial innovations. A recent research report by SAP Africa for instance warned that failure to do so may expose them to a tough future marked by thin profits. According to SAP while the digital revolution represents a threat to the incumbent banks, they should be wary of focusing on maintaining traditional advantages and rather think of utilising technology to create new opportunities across the entire value chain. "The ability to embrace disruptive fintech products and services will allow banks to ride the wave of uncertainty and emerge strong and future fit," said Darrel Orsmond industry head financial services at SAP Africa recently. *(Business Daily)*

National carrier Kenya Airways will be forced to halt ticket sales unless its pilots rescind a strike threat that has prompted a spate of cancellations, the firm said on Thursday. The pilots' union has called for an indefinite strike from Tuesday to protest what it describes as poor management at the troubled airline. "The threatened action is already costing Kenya Airways significant losses as passengers have begun to make cancellations," the airline said in a statement. "If KALPA (pilots association) does not forthwith retract its statement, Kenya Airways will have to immediately stop selling tickets." *(Reuters)*

Kenya Airways Chairman Dennis Awori said he plans to leave Africa's third-largest airline after a pilots union called for a seven-day strike to protest against his employment and the position of Chief Executive Officer Mbuvi Ngunze. "'I see myself leaving, yes," Awori said by phone on Thursday. "I have begun the turnaround and honestly Kenya Airways needs somebody who has much more time than I have."

The Kenya Airline Pilots Association is demanding the resignation of the two executives, saying they aren't capable of executing a financial recovery of the unprofitable carrier, which is part-owned by Air France-KLM. Similar industrial action by KALPA in April cost Kenya Airlines $2 million in a day, the airline said. The strike is due to start Oct. 18. "The threatened action is already costing Kenya Airways significant losses as passengers have begun to make cancellations," the airline said in an e-mailed statement. The costs associated with selling flights and then not carrying passengers will be too great a financial burden, the carrier said, meaning it will have to halt ticket sales unless the strike is called off. The timing of Awori's planned departure hasn't been decided, the chairman said. He didn't comment on Ngunze's future. Halting ticket sales "means management would be preparing for an extended strike period," Eric Musau, an analyst at Standard Investment Bank, said by phone from the capital, Nairobi. "The best case is for them to agree on some sort of settlement. I'm not really sure it is for the pilots union to say whether management should go or not."

Kenya Airways first-half earnings to be released at the end of this month will show a reduction in net loss to 5 billion shillings ($49.3 million) from 12 billion shillings, the airline said, without referring directly to the CEO. In that context, the strike is "unjustified and uncalled for," it said. The company, which reported a wider full-year loss of 26.2 billion shillings on soaring finance costs, plans to cut 600 jobs and reduce the fleet by almost a third to return to profitability. "The government takes extremely seriously any actions from any quarter that have disruptive and damaging impact on the normal functioning of the country," Transport Secretary James Macharia said in a statement. The proposed strike is "economic and national sabotage and the government will use all the levers available under law to take action," he said.
The state owns almost 30 percent of the airline, according to data compiled by Bloomberg. KALPA's position hasn't changed since the strike was called on Oct. 11 and "there's room for negotiations about those two people going," union Secretary-General Paul Gichinga said by phone from Nairobi. "With every passing day, it becomes very clear that Kenya Airways's leadership lacks a clear vision, the right synergies and the willpower to lead the airline's recovery efforts," Gichinga said in an Oct. 11 statement. "A team with vital credentials in commercial aviation and business transformation urgently needs to be put in place to oversee Kenya Airways's recovery." *(Bloomberg)*

Economic News

Kenya will sell a 15-year infrastructure bond to raise up to 30 billion shillings ($296 million) this month to fund road, water and energy projects, the central bank said on Sunday. The bank said in a newspaper advertisement the bond will have a 12 percent coupon. It will take bids until Oct. 18 and auction the paper on Oct. 19. *(Reuters)*

Kenya has won a two-year extension of sugar import limits from a regional trade bloc to give it more time to overhaul its ailing sugar sector, a local daily newspaper said on Wednesday. The arrangement capping cheaper imports from the Common Market for Eastern and Southern Africa (COMESA) was scheduled to expire soon. The deal was struck at a meeting of COMESA in Madagascar, the Standard newspaper quoted a top official in the country's ministry of industrialization and trade as saying. The government is selling shares in some of its sugar factories, hoping to bring in capital and the expertise needed to pull the sector out of the doldrums. Kenya produces about 600,000 tonnes of sugar a year, compared with annual consumption of 800,000 tonnes. The deficit is covered by strictly controlled imports from COMESA. Experts have blamed the high cost of production for the problems facing Kenya's sugar industry. Poorly funded government factories have aging machinery that is prone to breaking down. The roads in most sugar growing areas are also in poor shape. The Kenya Sugar Directorate estimates the cost of producing a tonne of sugar at about $570 in western Kenya compared with $240-$290 in rival producers such as Egypt. *(Reuters)*

Kenya is expected to make about Sh3 billion in losses from the early crude oil trade. A civil society group has raised questions why the Government is aggressively pushing on with a loss making venture at a time when oil prices are at its lowest. According to the report, Early Oil from Turkana: Marginal Benefits and Unacknowledged Costs, the cost of producing oil under the proposed scheme far outweighs revenues expected to be earned. Under the plan, the Government is looking at transporting 2,000 barrels of oil per day to Mombasa.

There is a consideration to double this volume to 4000 barrels per day once the transportation system has been proven. The initial plan was to use trucks from Turkana to Eldoret, then transfer it to the Rift Valley Railways (RVR), where the oil will be moved by rail to Mombasa. Plan shelved This initial plan, however, appears to have been shelved after the Ministry of Energy hinted at change of plan and that the oil may be transported by road all the way to Mombasa, further pushing up the costs. But according to the Kenya Civil Society Platform on Oil and Gas (KCSPOG), these volumes are too low to make any economic sense at this initial stage of oil resource extraction. "In the absence of a significant increase in either oil price or export volumes, the Early Oil from Turkana is a money-losing venture," Mr Charles Wanguhu, the KCSPOG coordinator said when launching the report analysing the costs and benefits of the early oil pilot scheme. The Government had last week admitted that the country's venture would be profitable if crude oil prices are above $55 a barrel. Andrew Kamau, Principal Secretary at the State Department of Petroleum said the country will begin small exports of crude for a pilot project next summer, but acknowledged that the State does not expect the venture to generate profits. Kenya has an estimated 750 million barrels of recoverable reserves in onshore fields but lacks a pipeline to transport its crude from the arid northwest to an export terminal on the east coast. According to the report, road transport will be more expensive and suggest that the Government would rather wait until the pipeline is complete. The Government estimates to spend Sh200 per barrel more on road transportation costs alone than if it was on pipeline. "Our estimates show that the costs will be much higher," he said. Some of the costs include Sh220 per barrel on leasing the isotainers, a special containers used in transporting oil.

Road transport will also attract Sh1,050 per barrel compared to rail transport, which will cost Sh650 for every barrel moved to the port. There will also be another Sh225 cost on storage for every barrel. At the end of the scheme, the Government, according to the KCSPOG is looking at transporting about 900,000 barrels of oil. This will see the overall costs stand at Sh6.3 billion. With oil prices at Sh4,600 per barrel, the total revenue will be Sh3.4 billion. This translates to a loss of Sh2.9 billion. Assuming that the country fetches the best prices of Sh5,600 per barrel, which is unlikely, given that the Turkana oil is waxy and will be sold at a discount price, the revenues will increase to Sh4.3 billion. But even with this revenue, taxpayers will also be staring at a loss of Sh2 billion. "The scheme may also prove a distraction from the long-term benefits of working towards full field development and a pipeline from Lokichar to the coast," he said. The civil society group suggests that since the project does not have an economic value, the Government must be pushing it for political mileage despite the risks involved. "It would appear that matters external to economics are a significant driver behind the push for early oil. In an election year, the official launch of oil could be heralded as a key milestone for the government," the report notes. Other risks cited include managing the high expectation of the local community who expect to earn a share of the proceeds despite the venture initially being on a loss. The other risk is election that will happen next year. "The National Cohesion and Integration Commission identified 19 counties at risk of violence in 2017 and six of these are located on the proposed route of the early oil scheme," the report notes. There will also be logistical risks as the route chosen is complex and untested besides the risk of transporting inflammable cargo by road. *(Standard Media)*

German micro-lender, MyBucks, is eyeing a deposit-taking licence from the Central Bank of Kenya in a bid to grow its local clientele base. The Frankfurt Stock Exchange-listed financial technology company currently offers small loans to borrowers through mobile phones, but is not allowed to take customer deposits as it does not have a banking licence. MyBucks has just signed a share purchase agreement with Opportunity International, an aid organisation that gives funding to businesses across Africa that are regarded too small by traditional banks to qualify for credit. "Having a bank account is fundamental to ensuring financial inclusion in emerging markets. Our partnership not only ensures the existing operations we acquired from Opportunity International remain under the Opportunity banner, but also includes select new deposit-taking operations in our other countries as well," said MyBucks chief executive Dave van Niekerk in a statement, adding that MyBucks has access to capital and the resources necessary to meet the increasing banking regulatory requirements. MyBucks also signed a 15-year term agreement with Opportunity International where it will retain the brand's banking operations. The fintech company on Tuesday finalised a relationship and Trademark Licence Agreement with Opportunity International giving it the exclusive right to use the bank's trademark across Africa. Earlier in the year, MyBucks bought out six micro lenders owned by Opportunity International in sub-Saharan Africa.

The German firm intends to ride on its network to integrate digital and mobile banking technology to reach customers in remote areas. So far, MyBucks, has its footprint in 11 African markets that include Kenya, Uganda, Tanzania and Mozambique. It is also eyeing Zambia and other countries in Africa. "Not only will we provide more clients with our products and services, but we will also serve them in a more impactful way. "As important, our 15-year agreement not only promotes financial inclusion but will double the number of clients Opportunity International serves in three years," said Mr. Niekerk. Last month, GetBucks, a subsidiary of the firm, began remitting mobile-based loans to self-employed individuals in the informal sector in Kenya through the Haraka application. The product, GetBucks Kenya, advances loans of between Sh455 (€4) and Sh4,556 (€40) at 12.67 per cent interest rate with re-payment due in six days. Borrowers are required to have an M-Pesa account and an active Facebook account to help MyBucks to minimise customer fraud and credit risk.

Borrowers seeking the loan dubbed Nano will first access small amounts as they slowly build their credit history to guarantee them more money in the subsequent loan requests. *(Business Daily)*

Malawi

Corporate News

No Corporate News this week

Economic News

Malawi's consumer inflation braked slightly to 21.2 percent year-on-year in September from 22.8 percent in August, the statistics office said on Thursday. *(Reuters)*

Mauritius

Corporate News

No Corporate News this week

Economic News

No Economic News This Week

Nigeria

Corporate News

Nigeria's telecommunications regulator NCC said on Tuesday it has approved a request by internet provider Visafone to transfer its shares to MTN following its takeover by the South African firm. MTN bought Visafone in January to improve its broadband services in its biggest market Nigeria. "The NCC, in line with its procedure granted a Final-Approval to Visafone for the change in its shareholding structure," the regulator said in a statement. Visafone had also applied to transfer its licence to MTN but this had not yet been approved, NCC said. MTN come under public scrutiny in Nigeria and agreed in June to pay a fine of 330 billion naira ($1.09 billion) for missing a deadline to disconnect unregistered SIM cards, amid government fears that these may be used by criminals. Last month, Nigerian lawmakers also accused MTN of illegally transferring $14 billion out of Africa's most populous nation. MTN has denied the accusation. *(Reuters)*

The European Investment Bank and United Bank for Africa (UBA) have agreed a new EUR 60 million lending programme to support private sector investment across Nigeria. This represents the EIB's largest ever loan to UBA and will allow UBA to provide longer term loans than currently available to private companies in Nigeria. According to a statement from UBA yesterday, the new private sector lending programme was formally agreed on at the just concluded World Bank Annual Meetings in Washington DC. The Vice President of the European Investment Bank, Ambroise Fayolle and the Group Managing Director, UBA, Kennedy Uzoka, and Head of Global Financial Institutions, UBA, Sola Yomi-Ajayi. "Private sector investment is crucial for creating jobs and ensuring sustainable economic growth. The European Investment Bank is committed to unlocking investment across Africa and we are pleased to build on past success to strengthen our partnership with UBA that will benefit projects across Nigeria," Fayolle said. Speaking at the signing ceremony, Uzoka said "Our growing partnership with the European Investment Bank underlines our long term objective of facilitating the development and growth of African businesses. This facility will enable UBA bridge critical financing gaps for Nigerian companies and deepen our capacity to support their growth aspirations in the local and international market place."

Also, the Head of the European Union Delegation to Nigeria and ECOWAS, Ambassador Michel Arrion, described the programme as an example of the catalytic role the EU and its institutions like the EIB are playing to support Nigeria's economic development. "We look forward to more fruitful partnerships with Nigeria, and particularly with the private sector, which remains the engine of economic growth."
According to the statement, the deal represents the first Nigerian operation under the European Investment Bank's new dedicated Nigeria Private Enterprise Investment Facility, a wider million lending scheme intended to support private sector investment in the country. Under the new initiative private sector entrepreneurs and companies will be able to use loans with a longer tenor than traditionally available to invest and expand activities across a range of sectors. "The new loan will also fund capital expenditure by UBA to strengthen their support for private investment, through expansion of their branch network and improving information technology. The European Investment Bank has supported infrastructure and private sector investment in Nigeria since 1978. "The European Investment Bank is the world's largest international public bank and over the last five years has provided EUR 12.8 billion for investment across Africa," the statement added. *(This Day)*

United Bank for Africa Plc yesterday became the first bank to announce its nine months results ended September 30, 2016. Leveraging its expansive footprint, the pan-African banking group, reported a profit before tax (PBT) of N61.55 billion, showing an increase of 7.3 per cent above the N57.366 billion posted in the corresponding period of 2015. The results also showed significant efficiency gains with appreciable growth in operating income by 11 per cent to N183 billion, from N165 billion, while profit after tax rose by 7.6 per cent to N52.26 billion up from N48.557 billion in 2015. Though partly driven by the depreciation in the value of the naira, UBA also recorded a significant 21 per cent growth in deposits to N2.496 trillion and a similar 26 per cent growth in total assets to N3.478 trillion. The bank also ensured that cost-to-income ratio remained flat year-on-year at 65 per cent despite external cost pressures which masked the positive results of its cost efficiency initiatives. Commenting on the results, the Group Managing Director/CEO of UBA, Mr. Kennedy Uzoka, said: "I am pleased with our performance in the first nine months of the year.

Notwithstanding the negative economic growth in Nigeria, we maintained growth in earnings and sustained our asset quality. Increasingly, we are leveraging our unique pan-African platform to drive new customer acquisition and grow market share across our African subsidiaries." Also speaking on the results, Group Chief Financial Officer, Ugo Nwaghodoh, said: "The growth in deposits and total assets reflects the bank's increased share of customers' wallet and deepening banking penetration across all its chosen markets in Nigeria and Africa which again accounted for a third of the Group's earnings." Nwaghodoh assured stakeholders that UBA will continue to balance its appetite for growth and profitability with the strategy of sustaining strong liquidity and capital ratios. The bank maintained 43 per cent liquidity ratio and 17.6 per cent BASEL II capital adequacy ratio, well ahead of regulatory requirement. *(This Day)*

LAST week's decision of Diageo Plc, owners of Guinness Overseas Ltd, the parent company of Guinness Nigeria Plc, to reverse its planned acquisition of additional 15.7 per cent equity stake in the Nigerian operation has worsened returns on investments in the stocks of the Nigerian entity . Year-to-date, YtD, investment returns of the company's shares deteriorated further at close of market yesterday to -33.7 per cent from -18.6 per cent registered just before the announcement of the decision. The stock investment returns had seen significant underperformance since this year standing at -21.1 per cent just before it announced an abyssimal first quarter results on September 21, 2016. However, contrary to market reactions to what investment community saw as withdrawal of confidence signaled by the investment decision of Guinness Overseas, executives of the Guinness Nigeria think otherwise. The Nigerian executives also believe the company would weather the current storm and return to profitability soon. Director of Corporate Relations, Mr Sesan Sobowale, told Vanguard last weekend that the company has the right strategy to make this happen, urging the shareholders to remain steadfast. He stated: "Guinness Nigeria is committed to Nigeria for the long term and while, like other businesses, we are feeling the effect of the operating environment, we believe that we have the right strategy to reposition the business and return it to profitability as soon as possible.

"Some of the areas which give us hope is our unrivalled portfolio of beer, soft drinks and spirits and the fact that we are constantly focused on reducing operational cost to enhance our ability to run a profitable operation. "Our shareholders should therefore be encouraged by the fact that we are building a resilient business able to weather the temporary economic storm and return value to their investment". While communicating the decision of the foreign investors to backtrack their planned equity step-up, Company Secretary of Guinness Nigeria, Rotimi Odusola, had said that in the light of the challenging market conditions in Nigeria over the past 12 months, Guinness Overseas would focus its resources on continuing to support Guinness Nigeria. In the message to the Nigerian Stock Exchange last week, he stated: "Diageo has confirmed that it maintains positive outlook for Nigeria in the long term and that it expects the market to continue to grow. "Nigeria remains a key strategic market for Diageo which remains supportive of Guinness Nigeria, a company with a long and rich history of, its board and management and the action taken by Guinness Nigeria to mitigate the impact of challenging market conditions". *(Vanguard)*

The European Investment Bank and United Bank for Africa have signed an agreement to support private sector investment across Nigeria. The development will allow UBA to provide longer term funding to private companies in Nigeria. In a statement by UBA on Tuesday, the new private sector lending programme agreement was sealed on the side-lines of the World Bank Annual Meetings in Washington DC, the United States, by the Vice President, EIB, Ambroise Fayolle; and the Group Managing Director, UBA, Mr. Kennedy Uzoka. The statement quoted Fayolle as saying, "Private sector investment is crucial for creating jobs and ensuring sustainable economic growth. "The European Investment Bank is committed to unlocking investment across Africa and we are pleased to build on past success to strengthen our partnership with UBA that will benefit projects across Nigeria." Uzoka was quoted to have said, "Our growing partnership with the European Investment Bank underlines our long-term objective of facilitating the development and growth of African businesses.

This facility will enable UBA bridge critical financing gaps for Nigerian companies and deepen our capacity to support their growth aspirations in the local and international market place." The Head of the European Union Delegation to Nigeria and ECOWAS, Ambassador Michel Arrion, described the programme as an example of the catalytic role the EU and its institutions like the EIB were playing to support Nigeria's economic development. "We look forward to more fruitful partnerships with Nigeria, and particularly with the private sector, which remains the engine of economic growth," he added. Under the new initiative, private sector entrepreneurs and companies will be able to use loans with a longer tenor than traditionally available to invest and expand activities across a range of sectors.

The new loan will also fund capital expenditure by UBA to strengthen their support for private investment, through expansion of their branch network and improving information technology. The EIB has supported infrastructure and private sector investment in Nigeria since 1978. The EIB is the world's largest international public bank and over the last five years has provided EUR12.8bn for investment across Africa. *(Punch)*

Economic News

Nigerian pension funds have been selling equities and shifting to local bonds despite cheap valuations as illiquid currency markets limit foreign participation in the stock market. Dave Uduanu, who manages 220 billion naira ($724 million) for Pension Alliance Limited, said his fund had cut its exposure to Nigerian stocks to 10 percent this year, from 20 percent last year, and increased allocation to local treasury bills and government bonds. Nigeria, Africa's biggest economy, is facing its worst recession in 25 years, brought on by low oil prices, which has seen foreign investors flee its financial markets, causing chronic dollar shortages and creating risk aversion among local funds. Uduanu said investing in stocks had become unattractive because foreign investors, which used to dominate the Nigerian market, have stayed away amid concerns on how to repatriate funds. Corporate earnings have also been poor as firms struggled to source dollars to pay for imports, he said. "Asset allocation is getting more conservative so equity allocation has dropped. Pension fund investors have become more risk averse," Uduanu told Reuters on the sidelines of a pensions fund conference in Abuja. Local funds with no currency risk were preferring treasury bills offering yields of around 18 percent, Uduanu said. A fund industry source said most Nigerian funds' had probably made a return of around 10 percent so far this year, below inflation which is above 17 percent and less than an average return of 11.5 percent over the past five years. The Lagos stock index is down 2.2 percent in naira terms this year and has struggled to rise much above a 28,000 point resistance level. In dollar terms it is trading near a 15-year low, due to a weaker naira after Nigeria's economic problems forced it to abandon its dollar peg in June.

"We are doing equities less and less by the day and more of fixed income," said Adeniyi Falade, managing director of Crusader Sterling Pension, another pension fund. Falade, like Uduanu, has allocated 80 percent of his more than 100 billion naira pension fund to fixed income securities with the balance of 20 percent spread between cash, money market instruments and equities. Investors want to see liquidity returning to currency markets now that the currency peg has gone, analysts say. But the central bank has said it expects liquidity to remain tight this year. "There is a general aversion to risk at the moment hence low activity on the stock market, and investors, pension funds inclusive, have switched to fixed income securities which barely guarantee a positive real return," said Akin Adigun, Africa equity sales trader at Renaissance Capital. Adigun said he favoured banks due to low valuations and industrial stocks which would benefit from rising government spending. Nigerian banks have been trading at 0.6 times book value compared with 1.1 times emerging market peers. Uduanu said the weak economy would slow growth in the Nigerian fund industry's assets under management to 18 percent in 2016, from 30 percent last year. But his fund had managed to grow to 220 billion naira from 190 billion naira last year. *(Reuters)*

The Federal Government has reached agreement with the World Bank Group and other development partners for the release of 1.3 billion dollars for the take-off of Development Bank of Nigeria. The Minister of Finance, Mrs Kemi Adeosun, with the Governor of Central Bank of Nigeria (CBN), made the fact known at a joint press briefing in Washington on Sunday. The briefing was to announce the achievements of the Nigerian delegates at the 2016 IMF/World Bank Annual General Meetings. Adeosun re-empasised that creating the Development Bank of Nigeria was not a duplication of duty of any organisation, especially the Bank of Industry, because it was targeted at Small and Medium Enterprises. Minister of Finance, Mrs. Kemi Adeosun and Governor of the CBN, Mr.Godwin Emefiele, "The focus of DBN is SMEs and giving them low cost loans. We have been able to crowd in money to the tune of 1.3 billion dollars from the World Bank, African Development Bank and the European Investment Bank. " We have made a lot of progress now and ready to take off. ''We have advertised for the management position and when appointed, that would complement the work and build synergy with CBN intervention. "We need to get the money into the hands of smaller business that make 50 per cent of our GDP," she said.

Adeosun said that the Nigerian delegates were also able to secure investments into the 500 million dollars irrigation projects covering the Bakalori-Kano River and Hadejia Valley Irrigation. In the power sector, she said that the country had secured commitments from Japan International Co-operation Agency to invest in the Jebba Hydro project and also facilitate trade and investment in Nigeria. Commenting on illicit financial flows, Adeosun said that they had some high level discussions with a number of countries ''where we have Nigerian money domiciled''. " When we talk about illicit financial flows there is a number of issues involved- those from corrupt practices, tax evasion, tax avoidance and those who underpay tax. " But we are working hard to bring them back to the country," she said. With regards to Nigeria's foreign loans, the minister said that the country would once again patronise Eurobonds. "We are going to look into how we can refinance some of our existing naira debt into the international market to take advantage of the low international rate now. "We want to take advantage of the fact that there are negative interest rates in a lot of markets and we think we can significantly lower our cost of funds. "This would lessen the pressure on the domestic market. We have spoken with a lot of lenders and the market is really very attractive now," she said.

The minister also disclosed that the Federal Government would "consider restructuring, reallocating or even cancelling irredeemable project components. "We would strengthen our implementation capacity, including our capacity for monitoring and evaluation. "As a follow-up, the Federal Government has committed to regular monthly meetings now with the World Bank Group and there would be regular briefings of FEC and NEC on the performance of Nigeria's portfolios.'' On his part, the Governor of CBN, Mr Godwin Emefiele, commented on the allegation that there was disharmony between fiscal and monetary authorities on interest rates. "We feel that when people are able to access loans at low interest rates, it helps improve growth, reduce unemployment, boost industrial capacity and the rest. "Based on the data that was available, the MPC (Monetary Policy Committee) felt we can pursue growth through another angle. It has nothing to do with disharmony. " I feel it is important for me to also join the minister to confirm that there is no disharmony, we are all working together and I believe that in due course, we would achieve the growth that we badly desire for the country," he said. *(Van Guard)*

Nigeria's banking industry is experiencing a "full-blown financial crisis" as failed fiscal and monetary policies lead to a credit crunch, according to Arqaam Capital. Unity Bank Plc and Skye Bank Plc are close to being insolvent, while lenders FBN Holdings Plc and Sterling Bank Plc "will need a dilutive capital hike," Jaap Meijer and Tarek Sleiman, analysts at the Dubai-based investment bank and brokerage, said in an e-mailed note on Monday. Capital ratios are set to worsen because of currency depreciation and souring loans, they said. Calls to Unity weren't immediately returned and Skye didn't reply to questions. The central bank in July replaced the management of Skye after the lender breached liquidity thresholds, spurring concerns about the health of small- and medium-sized lenders, and reviving memories of bank rescues by the government after the financial crisis in 2009. Nigerian banks are grappling with a devaluation of the naira, rising bad loans and an oil-dependent economy that's set to record its first annual contraction in more than two decades. "Our acid test reveals seven under-capitalized banks" with a deficit of as much as 1 trillion naira ($3.2 billion) in the financial system, Meijer and Sleiman said. A stress test identified FBN as the most under capitalized lender with Unity, Diamond Bank Plc, Skye, FCMB Group Plc, Sterling and Fidelity Bank Plc also showing deficits if they were to fully provide for non-performing loans, according to Arqaam. "Our bank is strong," Ikechukwu Mike Omeife, a spokesman for Diamond Bank, said by phone from Lagos. "Our capital-adequacy ratio and non-performing loans are within the statutory requirements."

Moody's Investors Service said on Monday that Nigeria's five biggest banks share common credit challenges related to the economic slowdown. Moody's expects non-performing loans to increase to about 12 percent over the next 12 months. The ratio of non-performing loans to total credit rose to 11.7 percent at the end of June from 5.3 percent at the end of 2015, the Abuja-based Central Bank of Nigeria, which requires banks keep the measure below 5 percent, said in a report on its website. The five largest lenders, which together hold 57 percent of the country's banking assets, "are able to absorb all losses under our severe stress scenario," Moody's said. Guaranty Trust Bank Plc showed "the greatest resilience" and the other four banks were Zenith Bank Plc, Access Bank Plc, United Bank for Africa Plc and First Bank of Nigeria Ltd., the ratings company said. To create a capital buffer, Sterling Bank is planning to issue a 27 billion-naira bond and "if the interest rate looks better, we will do it this year," Abubakar Suleiman, the lender's chief financial officer, said by phone. "We will do it if the rate goes down to around 15 percent or 16 percent.

We don't want to raise it at a very high rate. If we do it, it will take our capital adequacy ratio to over 15 percent." Arqaam rates FBN, Skye, Sterling, Stanbic IBTC Holdings Plc, Unity and Ecobank Transnational Inc. as sell, according to the analysts' report. Zenith, Access and United Bank are rated buy. Central Bank of Nigeria's spokesman Isaac Okorafor didn't immediately answer his phone or respond to text messages. Diamond, Unity and Fidelity didn't answer calls. Moses Obajemu, a Lagos-based spokesman for Skye, didn't immediately reply to questions sent to him by text message, as per his request. Diamond, Fidelity, Wema Bank Plc, FCMB Group Plc, United Bank and Skye recorded declines in Lagos, with Zenith ranking as the most traded stock among the 171 securities on the Nigerian Stock Exchange All Share Index. Diamond Bank fell 5.5 percent, Fidelity dropped 4.3 percent, Skye Bank slid 4.6 percent and Unity slipped 4.1 percent. Union Bank Nigeria Plc, which is part owned by London-based Atlas Mara Ltd., was the second-biggest gainer, rising 5 percent. *(Bloomberg)*

Nigeria managed to raise only 55 percent of its six-month revenue target in the first six months of 2016, its budget minister said on Monday. "We have not been able to meet overheads (such as travel allowances) but have concentrated on capital expenditure," Udoma Udo Udoma told a business conference in the capital Abuja. Nigeria's 2016 budget has a volume of 6.06 trillion naira ($30.6 billion) but the government has struggled to fund it as oil production has fallen below the target of 2.2 million barrels a day due militant attacks in the Niger Delta. He also said Nigeria hope to get a loan "soon" from the World Bank, part of efforts to raise as much as $5 billion to fund a deficit of 2.2 trillion naira. Nigeria can expect a loan worth $1 billion to support its budget from the African Development Bank, its president said last week. Udoma also said Nigeria had not paid around $6 billion in so called cash calls, money budgeted to fund joint ventures with foreign oil and gas firms. *(Reuters)*

General Electric has a "keen interest" in acquiring a Nigeria railway concession worth around $2 billion, the U.S. company said on Monday. Nigeria has been looking for partners to upgrade its ageing rail network but GE did not specify which concession it was referring to. "Given the size and scope of the proposed project, it is likely that the debt and equity commitments required from lenders, consortium partners and other co-developers will be in the range of $2 billion or more," GE said in a statement. *(Reuters)*

Nigeria is planning to borrow more abroad than locally to fund next year's budget in a bid to benefit from lower debt costs and reduce pressure on its interest bill, Budget and National Planning Minister Udoma Udo Udoma said. "There is going to be a shift to foreign, especially concessional debt," Udoma said in an interview Tuesday in the capital, Abuja. "Lower interest rates from foreign debt will help us manage our debt servicing, and also free domestic credit for the private sector." The West African nation will probably boost its budget by 12.6 percent to 6.87 trillion naira ($22 billion) in 2017, according to preliminary budget documents. That's to stimulate growth after the economy contracted in the first half of this year as a drop in prices and production of crude oil squeezed government revenue, and shortages of power and foreign currency weighed on output. The International Monetary Fund forecast gross domestic product will shrink by 1.7 percent this year. The country's debt stood at $61.45 billion by June, of which $11.26 billion was foreign borrowing, according to debt office data. At 13.2 percent of GDP, Nigeria has one of the lowest debt ratios in sub-Saharan Africa, while its debt-service costs as a percentage of revenue are above 35 percent, according to budget documents. This means "we have to be keen on the cost of new debt we take on," Udoma said. "The Finance Ministry is finalizing a borrowing plan and will soon present figures of actual levels of debt and sources." Rates on Nigeria's local-currency bonds are more than 8 percentage points higher than on its dollar debt.

The nation's $500 million bond due in July 2023 yields 6.86 percent, while its naira securities have an average yield of 15.25 percent, according to Bloomberg indexes. Nigeria's Debt Management Office has said it plans to raise as much as $4.5 billion in the international market through 2018, starting with $1 billion of Eurobonds this year. The African Development Bank plans to lend Nigeria $4.1 billion over the next two years, and $10 billion by 2019, the lender's president, Akinwumi Adesina, said in a Sept. 26 interview. "All our debt will be invested in capital projects that will help boost growth and create jobs," Udoma said. "We expect that next year's reflationary budget will get us out of recession completely, and then from 2018, we will reduce taking on new debt." The government plans to raise as much as $15 billion by selling assets to help fund the budget, according to Udoma. So far, some of the presidential jets have been put on sale, and some railroads have been put on concession to General Electric Co., which will invest $2.2 billion to revamp, provide rolling stock and manage the existing lines. "A committee has been set up to identify the assets and soon we will list them," he said. "We are looking at everything, including bringing forward some oil-licensing rounds and putting airports on concession." In a bid to avoid the delays that saw the 2016 spending plans approved about four months into the fiscal year, Udoma has already started discussing the 2017 budget with parliament. "We have drafted it in consultation with lawmakers, and we will send the actual proposed budget to the House of Representatives this month," he said. "It's a document they will already be familiar with." *(Bloomberg)*

Nigeria's banks are facing economic challenges but have strong capital buffers to weather the crisis, a central bank official said on Wednesday following a meeting with lenders. Nigeria, Africa's biggest economy, is in recession with a slump in the oil revenues that make up the bulk of its foreign earnings having hammered public finances and the naira currency. In June the central bank dropped its peg of the naira against the dollar, prompting the local currency to depreciate by 40 percent, further hitting consumers' spending power. The non-performing loan (NPL) rate in the banking sector hit 11.7 percent in the first half of 2016, well above the central bank's 5 percent limit, and it has forecast a further rise in the second half. NPL's stood at 5.3 percent at the end of last year. Loans to the oil and gas sectors accounted for almost a third of total bank lending, the central bank said in its half-year financial stability report. The fall in oil prices since mid-2014 has forced Nigerian lenders, which have long focused on loans to the energy sector, to adapt their business models. "Banks have strong capital buffers," Tokunbo Martins, the central bank's director of banking supervision, told journalists after the meeting, which is held every two months. In July, the central bank sacked the management of Skye bank, Nigeria's eighth biggest, for failing to meet minimum capital requirements. "Banks are feeling the headwinds," added Martins, who said the supply of foreign exchange for manufacturers would be improved. However, she did not say how. *(Reuters)*

Nigeria's government is in advanced talks with its sovereign wealth fund and stock exchange to create a $500 million exploration fund and corporate mining bonds to attract investment, its mining minister said. Kayode Fayemi also told Reuters Nigeria had made a "promising" nickel discovery and was looking for investors for a moribund steel plant, part of efforts to reduce reliance on oil exports. The OPEC member has made boosting the mining sector a priority as a slump in crude sales, which provide 70 percent of government revenues, has pushed Africa's biggest economy into recession. "We are looking at a $500 million fund from their side which would primarily focus on exploration," Fayemi, minister for mining and steel development, said in an interview, referring to the sovereign wealth fund. The ministry was also discussing with the stock market selling "corporate mining bonds" in partnership with mining and other investors. He gave no details or timeframe for either project. Nigeria has been trying to attract foreign mining firms. Currently, the only significant foreign investor in the sector, where 80 percent of mining is carried out on an artisanal basis, is Australia's Kogi Iron. Nigeria has largely untapped deposits of 44 minerals, which include gold, iron ore, coal, tin and zinc, in more than 500 locations spread across Africa's most populous nation.

The minister wants to increase mining's contribution to gross domestic product (GDP) to 10 percent, from just 0.3 percent now, within a decade. He said a geologically "strange" discovery of nickel in the northern state of Kaduna seemed promising. The discovery of some 40 million tonnes of nickel with a depth of five metres over a 13 kilometre area, around the town of Dangoma, was announced in August by an Australian team registered as Comet Nigeria Limited. "It could also be that what they are telling us is an under-estimation of what it ought to be by the time we do core drilling," he said. Fayemi also said there was a need to get a grip on Nigeria's informal gold rush which he said is dominated by smugglers. "Clearly a lot is being taken out illegally," he said, adding that gold was being smuggled to neighbouring Cameroon and Niger, as well as Togo and is registered in those countries. Fayemi said his ministry did not have figures for gold production but the central bank had provided figures that his department was trying to validate. "They have given figures in the region of about 100kg of gold leaving the country on a daily basis," he said. "None of this gets accredited as gold from Nigeria," added Fayemi. The most recent official estimate of proven gold reserves is 300,000 ounces and dates from 2013 but Officials say it is likely to be more since no new research has been done for 30 years.

Nigeria also hopes to revive the moribund steel plant in Ajaokuta. In August, a deal was reached with Global Steel Holdings, an Indian firm, giving the government renewed control after four years of mediation and eight years of inactivity. Fayemi said PricewaterhouseCoopers' was conducting an audit which began on Aug. 1 and would last 150 days, followed by a public bid process. The minister said companies from China, Ukraine, Russia and Belarus had expressed an interest in operating the plant. "By the time we put it out on offer to everyone we will get the best bidder who can really do what we want done with the steel plant," he said. Fayemi said the priority was to "produce steel locally rather than from scrap metal". He estimated that steel production could begin as soon as March 2019. *(Reuters)*

The Director, Monetary Policy Department of the Central Bank of Nigeria, Mr. Moses Tule, has emphasised the need for exchange rate stability. He stated this in a paper entitled, 'Economic management and monetary policy: An assessment of the policy environment in uncertain times', which was presented at the 21st annual conference of the Association of National Accountants of Nigeria in Abuja. According to a statement by ANAN on Thursday, Tule expressed concern over the volatility of the exchange rate and rising inflation rate. The CBN chief pointed out that as long as liquidity was rising, too much money would be chasing fewer goods. According to him, in its quest for price stability, the CBN is looking at the interest rate, exchange rate and the prices of goods and services. He recalled that in 2014, the entire world was shocked by the drop in oil price from as high as $108 per barrel to as low as $40 per barrel. Tule said that the shock affected Nigeria's growth projections and that of many other countries. "The drop in oil revenue affected government's expenditure,'' the CBN chief said. The economic expert, therefore, blamed the woes on over-dependence on a single commodity (oil). He also said that activities in the states, like non-payment of workers' salaries, had affected monetary policy. Tule observed that expenditure kept on increasing because the nation's population was growing. "Until our income grows more than the population, we will keep on having economic problems; if you spend more money on capital projects, you are investing in the future, '' he added. The Head, Investigation Department, Independent Corrupt Practices and Other Related Offences Commission, Mr. Adedayo Kayode, spoke on the challenge of corruption in the country. Speaking on the topic 'Control framework against corruption', Kayode listed abuse of privileges, low level of transparency and bribery as forms of corruption. Others are act of misappropriation/diversion of funds, under and over invoicing, false declaration, advance fee fraud, and assets swapping. He urged accountants to improve on their capacity, increase human resources and funding in order to tackle corruption. Kayode also talked about critical challenges in fighting corruption such as lack of funding and political will, and subtle rivalry among judicial institutions.*(This Day)*

Tanzania

Corporate News

No Corporate News This Week

Economic News

Tanzania's energy regulator lowered maximum retail prices of fuel on Saturday, citing declining international crude oil and refined product prices, a move expected to exert downward pressure on inflation. Fuel prices have a big effect on the inflation rate in the east African country, which slowed to 4.9 percent year-on-year in August from 5.1 percent the previous month. With immediate effect, the Energy and Water Utilities Regulatory Authority (EWURA) cut the retail price of petrol by 0.66 percent and the price of diesel by 2.76 percent. Maximum kerosene prices were lowered by 0.91 percent. "To a large extent, these changes have been caused by changes in prices of petroleum products in the world market," EWURA said. *(Reuters)*

Tanzanian inflation continued to fall in September after food prices rose more slowly and fuel prices fell, the statistics office said on Monday. The state-run National Bureau of Statistics said inflation fell to 4.5 percent year-on-year last month from 4.9 percent in August. Month on month, the headline inflation rate was 0.2 percent in September. "The decline of the annual headline inflation rate in September 2016 was largely caused by slower rises in food and non-food items such as fuel," Ephraim Kwesigabo, a director at the National Bureau of Statistics, told a news conference. The price of rice, potatoes and fish had all risen more slowly, he said, and the prices of cooking gas, petrol and diesel had all declined. *(Reuters)*

THE quest to raise 139.5bn/- through treasury bills auction was met after attracting total bids worth 148.78bn/-, which is over and above the targets. Investors' appetite for treasury bills has started to pick up after weeks of poor performance largely due to easing liquidity squeeze in the circulation. In the short term government paper auctioned by the Bank of Tanzania (BoT) on Wednesday the two tenures 364 and 182 days contributed about 99 per cent of the total bids while 91 and 35 shared less than one per cent. The 364 and 182 days offer attracted bids worth 74.25bn/- and 74.47/-respectively against 75.5bn/-and 59bn/- offered to the market for bidding while the 91 days and 35 days offer attracted 8m/- and 50m/-. Yield rates for the 364 and 182 days offer were 15.97 per cent and 15.56 per cent compared to 15.86 per cent and 15.68 per cent respectively of the previous session held two weeks ago. For the 91 days tenure interest rate was 7.52 per cent while 35 days was 7.32 per cent respectively compared to 7.46 per cent compared to 7.54 per cent of the preceding session. The highest and lowest bid/100 for the 364 and 182 days offers were 86.84/ 84.00 and 93.01/ 92.21 respectively while for the 91 and 35 days tenor had 98.16/ 98.16 and 99.30/ 99.30. The minimum successful price/100 for the 364, 182 and 91 days offer were 85.14, 92.74, 98.16 and 99.30 respectively. The weighed average price for successful bid for the 364 tenure was 86.26, the 182 days offer was 92.80, 91 days offer was 98.16 and 99.30. Major investors in the one year treasury bills are commercial banks, pension funds, insurance companies and some microfinance institutions.*(Daily News)*

THE government has pledged to support Tanzania Agriculture Development Bank (TADB) initiatives of bolstering its capital in order to finance more farming activities as a strategy to foster industrialisation. Speaking at the inauguration of the new board of directors for the bank in Dar es Salaam yesterday, the Deputy Minister of Finance and Planning, Dr Ashatu Kijaji, said that the government was ready to support efforts of the bank to increase its capital in order to execute fully its objectives. "The government will continue supporting the agriculture bank through its budget but also the efforts to access new sources of capital from the private sector both within and outside the country in order to boost its capacity of lending and produce more raw materials for industries," she said. The bank started with an initial capital of 60bn/-. "Make sure that TADB remains to be farmers' bank by providing low cost loans that can help them implement profitable agriculture activities to transform their lives into improved standards.

Agriculture is a risk business for most commercial banks," She also urged the new board to observe good governance to make the bank an important development vehicle that can increase its support to over 70 per cent of the population engaging in agriculture and contribute to economic growth. Speaking earlier, the new board Chairperson, Ms Rosebud Kurwijila, said the bank has disbursed 4bn/- to more than 2000 farmers across the country and efforts are in place to reach more farmers given the initiatives to boost its capital. "Insufficient capital and business model as the best way of lending remain to be a big challenge for the bank to execute its objectives," she said. Apart from the new chairperson, the other board members are Johanes Kerenge, Rehema Twalib, Omar Bendera, Hussein Mbululo, Joseph Mutashubilwa, Dome Malosha and Migangala Simon. On his part, the TADB Managing Director, Mr Thomas Samkyi, said the bank has continued to lend small-scale farmers since when it started its operations a year ago and that the outreach will increase when bank's capital is increased. "International lenders particularly the African Development Bank (AfDB) have shown interest to lend the agriculture bank, the initiative that will boost its capacity to lend more farmers," he said. *(Daily News)*

DESPITE easing tight liquidity in the circulation, demand for the two years treasury bonds remained low making the targets to raise 128.6bn/- unachieved. According to the Bank of Tanzania (BoT) auction summary, a total of 95.94bn/- was fetched in the two years government note which is below the amount planned to be raised. The funds raised from the government notes are spent for infrastructure projects development. The NMB e-market report shows that liquidity tightness improved on Wednesday although banks are unwilling to rollover maturities. Overnights rates still about 15.93 per cent high. Similarly, the Financial Markets Highlights show that the interbank money market remained relatively tight on Wednesday with volume traded at 32.5bn/- down by 6 per cent from that recorded on the previous day. Borrowing rates kept trending on the high side at 15.94 per cent same level as the previous day. The weighted average yield to maturity increased to 17.66 per cent compared to 17.38 per cent of the previous session held in August this year. Similarly, the weighted average coupon yield rose to 9.31 per cent compared to 9.26 per cent of the previous two years treasury bonds auction. The weighted average price for successful bids was 84.36 while the minimum successful price/100 was 82.79. The highest bid /100 and 84.96 lowest bid/100. The number of bids received in the two-year auction was 93 and only 24 became successful. Some of the key players in the debt security instrument are commercial banks, pension funds, insurance firms and some microfinance institutions. *(Daily News)*

Zambia

Corporate News

No Corporate News This Week

Economic News

THE International Monetary Fund (IMF) says Zambia needs to quickly diversify its export base as falling commodity prices continue to take a toil on the economy. IMF chief economist Maurice Obstfeld said with falling commodity prices seemingly to be long-lasting, economies need to diversify their export base to mitigate the impact. Zambia's economy, mainly driven by copper, has experienced shocks on the back of falling copper prices on the international market. The price of copper on the London Metal Exchange on Friday declined by 0.7 percentage point trading at US$4,755 a tonne. Mr Obstfeld said, at the World Economic Outlook press briefing on the side-lines of the IMF-World Bank annual meetings last week. He said investments, favourable trade environment and investments in education and human capital remain key in ensuring that economies such as Zambia remain afloat amid challenges. "Falling commodity prices are likely to be long-lasting and it calls for commodity exporting countries to diversify their export bases. It will require a welcoming international trade environment because the negative consequences for the push of trade restrictions would hold back emerging countries and lower developing countries that rely on exports to grow," he said. Mr Obstfeld observed that global growth has been too low for too long, and in many countries, its benefits have reached too few—with political repercussions that are likely to depress global growth further. Global growth is projected to slow to 3.1 percent this year, with a recovery of 3.4 percent next year. "These concerns highlight the risks to our projections, which remain tilted to the downside… Outside of the advanced economies, emerging Asia has done better, whereas sub-Saharan Africa as a whole has not, dragged down by its big commodity exporters despite a number of smaller countries benefiting from lower commodity prices," he said. He said renewed commitment to lowering trade barriers is, especially, important, in contrast to current trends while governments must recognise the need to develop labour-market resilience and lower barriers to entry in product and service markets, and to ease adjustment for those most vulnerable to the dislocations from technology, trade, and structural reforms. *(Daily Mail)*

Zambia has told the International Monetary Fund (IMF) it will gradually cut subsidies amounting to about $1 billion as part of an economic recovery plan, Finance Minister Felix Mutati said. Africa's second-biggest copper producer will also boost funds for social welfare, Mutati said during talks with IMF officials at the lender's annual meetings, a finance ministry statement released late on Sunday said. The statement did not specify which subsidies would be trimmed. Zambian government subsidies include about $600 million annually for electricity and fuel. *(Reuters)*

Zimbabwe

Corporate News

DELTA Corporation Limited will commission its Masvingo plant this month and has also moved the commissioning of the Kwekwe plant to a later date due to delays in the delivery of equipment by suppliers. The two plants were undergoing a $14,5 million apiece upgrade. In an interview, the group's corporate secretary Alex Makamure said there had been delays from the suppliers of the equipment, but that has been sorted out. "We will commission the Masvingo plant on October 25 and Kwekwe will be a bit later. There were delays by the suppliers of the equipment and fears of the bond notes as they were trying to establish what was happening but they are okay now," he said. The upgrade will see Delta producing four million hectolitres annually of beer. The group invested $78 million in plants upgrade for Chibuku Super and this result in Chibuku Super contributing 60% of the opaque beer. Since Chibuku Super was introduced in 2014, volumes for Super have increased by over two million hectolitres. In the quarter ending June 2016, Delta said volumes for larger beer, sorghum beer and sparkling beverages declined by 1% from the previous year while revenues were down 11% from the previous year. Delta said the weakening macro-economic fundamentals exacerbated by declining per capita incomes, cash shortages and withdrawal limits, delays in salary payments and significant policy shifts made the business environment onerous. The group said the environment was depressed as demand for beer remained low due to low disposable incomes. The brewer has been reducing prices of its products to stimulate demand. The company's associate, Schweppes Zimbabwe Limited's volumes were up by 8%, while revenues were down by 5% due to higher contribution of water versus juice drinks. *(News Day)*

Clothing retailer Truworths reported a drop in revenue from $23,1 million to $19,6 million in the full year to July on the back of declining sales. Sales in the year under review were down 17,7 percent the company reported on Friday. The group's clothing retail chains, Truworths, Topics and Number 1 Stores — reported a decrease of 20,5 percent, 18,9 percent and 11 percent in sales respectively. "Late salary payments resulted in the late settlement of monthly installments, as a result 68.7 percent of the group's account holders were able to make purchases compared to 81,9 percent in the prior year," said chief executive officer Bekithemba Ndebele in a statement accompanying company results. Gross profit margin decreased from 47.2 percent in the prior year to 44,4 percent as markdowns were effected to stimulate sales. The company incurred a loss of $1 million from a profit of $88 000 last year. Trading expenses decreased by 4.4 percent to $9,9 million. The group did not declare a dividend. Going forward the company said it would focus on containing costs and managing the debtors book. *(Source)*

Blanket Mine, a 49 percent owned subsidiary of Canada-listed Caledonia Mining Corporation Plc, says gold production in the third quarter to September 30 was 7.4 percent up on the prior three months to 13,430 ounces. Caledonia said the mine remains on track to meet its production target for the year of 50,000oz and the long-term target of 80,000oz by 2021. Year-on-year, gold production was 23 percent up from Q3 2015 production of 10,927oz. The miner said in terms of the ongoing investment programme at Blanket Mine, a new ball mill has been installed and the commissioning process is proceeding as anticipated. The new mill will increase daily throughput at the Blanket plant by 20 per cent, from 1,500 tonnes of ore per day to 1,800 tonnes per day and will allow Blanket to meet its plan to double 2015 production by 2021. Chief executive Steve Curtis said production in the third quarter was in line with expectations. "Production in the Quarter includes production from higher grade material below 750 meters which is accessed via the No. 6 Winze and an additional decline development," said Curtis. "This is further testament to the investments Caledonia has made to increase production flexibility and capacity over the past 18 months, which are now beginning to bear fruit as production from below 750 meters continues to increase." *(Source)*

AGRO-INDUSTRIAL concern Border Timbers said revenue for the half-year to June 30, 2016 rose 47 percent to $26 million compared to the same period last year on increased volumes and regional demand. But, the loss for the period widened to $24 million from $4 million after a fire outbreak which resulted in an asset write down of $16 million. A total of $10 million was lost due to fire outbreaks on plantations which affected mainly mature trees. Border Timbers judicial manager Mr. Peter Bailey said volumes increased on the back of resilient demand in transmission pole business in the SADC region.

A slowdown in the Mozambican market together with the effects of the depreciating South African rand against the United States dollar had a knock on effect on the business. The company also said plantation yields were slowed down following poor rains as a result of the El Nino induced drought, poor compartment stocking levels, impact of baboon damages and settler invasions. However, these were offset by a steady pine products revenue as well as growth in local and Botswana markets. Treated poles production, which is the company's cash cow, was up 59 percent compared to last year. "A boon in regional demand for treated poles saw the company clinching lucrative contracts that sustained cash generation of the business. The company's pole order book remains full for the next 12 months," said Mr. Bailey. Lumber production for the period under review was 11 percent up from prior year while sawmill average uptime was more than 90 percent. Finance costs were down 54 percent due to the successful loan restructuring exercise which resulted in better priced and longer tenure loans being negotiated. Selling and distribution costs increased 199 percent on freight cost on poles business into the region which was driven by increased volumes through-put and better control of the distribution channel. Other operating expenses were down 76 percent due to non-recurring loss on disposal of property, plant and equipment included in prior year while administrative expenses were 11 percent higher on prior year levels. Although the depressed economic conditions are expected to remain in the near future, Mr. Bailey said the company will continue to scout for new markets especially in West and Central Africa as part of efforts to increase market share in the region. "Concerted efforts for production and market diversification are underway with the view to expand revenue base." The company did not declare a dividend. *(Herald)*

GOVERNMENT is contemplating disposing of its entire shareholding in the Zimbabwe Iron and Steel Company as part of renewed efforts to revive the company. Zisco, the state owned integrated steel firm stopped operations eight years ago after running into serious financial problems. Efforts to revive the company, which used to be one of country's biggest employer and a major economic force, failed after the deal with Essar Africa, which had committed to inject $750 million into the company encountered problems mainly due to huge debts and differences over mineral claims. The Government had agreed to sell 54 percent of its shareholding in Zisco and 80 percent of its equity in BIMCO, which holds the iron ore mineral rights, to Essar Africa. The collapse of the deal with Essar become the second major deal involving Zisco to run problems after another $400 million deal with Global Steel Holdings, also from India, failed under unclear circumstances in 2006. Zisco debts are estimated at $750 million. Some of the salient points contained in the invitation of expression of interest for investing in Zisco says the investor willing to invest in the company should buy the entire shareholding.

The legacy debts will be taken over by the Government and the incoming investor will not be affected by the legacy issues. "The Government is looking at a minimum investment of about $300 million and the disposal will also include some of the concession held owned by Zisco," said one source familiar with the developments at the company. The Government has since tasked the Engineering Iron and Steel Association the stake to look for interested investors, association's president Mr. Austin Tigere said last Friday. "I can confirm that the Government has approached us to help look for interested investors and that has been communicated to our members," said Mr. Tigere in an interview. "He said a meeting between the association and the Ministry of Industry and Commerce was held last week where some of the salient features were clarified. Zisco is among 30 state owned enterprise and parastatals the Government is targeting for restructuring. *(Reuters)*

It is understood more than 10 bidders had expressed interest to develop HCCL's Western Area and Lubimbi East and West concessions. Managing director of HCCL, Thomas Makore, said four bidders had been shortlisted but could not reveal their identities. Makore said the four bidders would be subjected to further evaluation in order to get the winning bidder. He said: "The process of selecting the winning bidder to develop the concessions is not complete; it's still under way. We now have four bidders but I cannot reveal their names. Part of the evaluation is that we select a funder as well. This is what is taking long. Maybe by end of October we would have completed the process." The Zimbabwe Stock Exchange listed resources firm, which also trades its shares on the London and Johannesburg stock markets, was in 2014 granted new concessions at Western Area and Lubimbi East and West by government. These are expected to increase the life of the mine by 70 years. It is understood that the new mining concessions hold deposits in excess of one billion tonnes of coal consisting of both coking and thermal coal at Western areas and Lubimbi West while Lubimbi East has coal-bed methane gas. Presently, HCCL's underground operations have a much longer mine life than its opencast concessions, which are on the verge of depletion.

However, the underground mine has not been functioning since early last year and US$6,4 million is needed to revive it. The underground mine is the main source of coke and coking coal. HCCL board chairman, Winston Chitando, said the company was working on resuscitating its underground mining operations. "The resuscitation of this operation requires approximately US$6,3 million for the refurbishment of the continuous miner and supply of new supporting equipment," said Chitando. "The suppliers agreed to be paid a deposit towards the refurbishment which is expected to take between three and four months. The company is engaged in discussions with a financial institution aimed at securing the required deposit." In its financial results for the six months to June, 2016, HCCL narrowed its loss by 36 percent to US$28 million, from US$44 million during the comparable period last year. Revenue fell by 30 percent to US$24,5 million as total sales registered a 15 percent decline to 585 689 tonnes due to working capital constraints. Administrative costs during the half year period went down by 79 percent to US$7,5 million, driven by cost containment measures. Chitando said the struggling miner was working on a scheme of arrangement to liquidate amounts owed to creditors and possibly return to profitability. "The scheme is due to be finalised with the company's creditors in the last quarter of this financial year. It is predicted that the scheme will ensure that there is a structured plan for paying the company's debts," said Chitando. He added: "The company is in the process of implementing comprehensive cost reduction initiatives that seek to return it to profitability in 2017. The cost reduction initiatives are targeted at ensuring that the company turns around from the current gross loss to a gross profit on its production." The company's borrowings stood at US$17 million from US$5,9 million while litigation cases amounted to US$44,9 million. *(Financial Gazette)*

Economic News

THE Zimbabwe Stock Exchange (ZSE) is awaiting final approval from Securities and Exchange Commission of Zimbabwe (SECZ) to establish a junior bourse for the small-to-medium enterprises, an executive has said. ZSE wants to establish the Zimbabwe Emerging Enterprise Market (ZEEM) where companies that cannot meet the capital requirements on the main bourse could list and raise capital. ZSE chief executive officer Alban Chirume told NewsDay in emailed responses that ZEEM was a good platform for SMEs to source investment at a time when the SMEs sector was contributing a significant amount to the gross domestic product. "The ZSE awaits regulatory approval of the ZEEM listings requirements ("rules"). Once approval is obtained, the rules will be forwarded to the Ministry of Finance and Economic Development to facilitate the gazetting process which precedes the launch of the market. Once ZEEM is launched, the SMEs which do not qualify for listing initially can also benefit from the product's existence," Chirume said. "ZEEM will provide the aforementioned SMEs with a template, which they can follow in order for them to also qualify to be listed on the Board at some stage. Part of that preparation is to ensure that the SME are not only formalised but have the relevant paperwork and financial records in place and have a long term business strategy that can appeal to investors."

The rules to list on ZEEM requires each applicant to have at least $250 000 (but not exceed $9,99 million) in share capital and provide audited financials for at least one financial period prior to listing. SME companies will also be required to have a minimum of 50 public shareholders, achieve at least 26% public shareholding and appoint a designated advisor. Efforts to establish ZEEM, which was supposed to be set up sooner have been hindered by the low performing economic activity and investment both locally and internationally. This came as the mid-term fiscal policy revealed the main bourse has experienced a 34% decline in market capitalisation since January 2015, a reflection of the contraction of the economy, which weakened share prices. "Foreign investor participation on the Stock Exchange declined, as reflected by an increase in net outflows of $1,1 million and $15,4 million in the first quarter of 2015 and that of 2016, respectively," Finance minister Patrick Chinamasa said in the mid-term fiscal policy. Analysts say the bourse was seeing subdued trading, disinvestment by mainly foreign investors, and weak local investment, also led to value erosion on the Zimbabwe Stock Exchange. Discussions to speed up the creation ZEEM come as a time when the ZSE experienced its worst daily turnover rate in seven years of just $105 in July. The total value of trades was $89,29 million in the first half of the year down from $137,73 million recorded in the same period in 2015. *(News Day)*

Companies that import second-hand cars to Zimbabwe are feeling the pinch of the central bank's measures to restrict the importation of non-essential products, with indications showing a decline in the volume of imported vehicles. In May, the Reserve Bank of Zimbabwe came up with a four-tier import priority list for the efficient use of foreign exchange resources, with a bias towards supporting the productive sectors of the economy and reducing the import bill. The two main second-hand car export companies into the country are Japan -based BeForward and SBT Japan. A source at BeForward told NewsDay yesterday the company was advising customers to register with a local bank [name supplied], whose processing time for payments was faster than other financial institutions. "You have to open an account with a local bank because that is the only bank sending money to Japan at the moment without any hassles. Other banks take longer, maybe up to five months," the source said. Due to growing cash constraints owing to the shortage of the United States dollar, the central bank came up with the import priority list to keep as much money in the country. The list was grouped into four parts, priority list one to three and non-priority, the latter is where imported vehicles fall under. With this list in place, those wishing to import vehicles now have to go through a rigorous process, which involves getting approval from the central bank, a process which can take up to five months. The process involves extreme vetting to ascertain the reason and nature of the purchase.

A source at SBT Japan also confirmed that customers were transferring funds to Japan through a local bank, which had provided less hassles. According to the sources, an invoice is issued in Japanese yen to a customer, who takes it to their bank, where United States dollars in the account are converted into yen and remitted to Japan. The sources said transfers were also being done from Zambia National Commercial Bank Plc in Zambia or FNB in South Africa. The Motor Industry Association of Zimbabwe president, Luckson Gwara said what this meant was that those wishing to own vehicles would be disappointed. "From a general public perspective, these are the only vehicles they (motorists) can afford and would obviously want to own a vehicle of their own. So if they cannot purchase it … you can just imagine," he said. "Ordinarily, if we were manufacturing cars now, it was going to be a good thing, but because our production has not taken off, you are looking at a scenario where people are having a bit of constraints in terms of movement." Players in the motor industry estimate about 42 000 second-hand vehicles were brought into the country between January and August this year. *(News Day)*

Zimbabwe's gold output is up 16 percent to 15, 3 tonnes in the nine months to September compared to 13, 1 tonnes last year, the central bank has said. Gold production in the south African nation has been on an upward trajectory since government decriminalized artisanal mining and embarked on an aggressive collection strategy, which saw the country's sole buyer of gold Fidelity Printers set up buying depots across the country. Speaking at the launch of the national economic competitiveness report, Reserve Bank of Zimbabwe deputy director of Economic Research, Nebson Mpanga on Thursday said gold production is expected to increase even further following the introduction of a 5 percent incentive scheme to miners. Reserve bank governor John Mangudya in May announced that miners would receive a 5 percent incentive on export receipts to spur exports. "Gold deliveries to Fidelity compared to last year where we had 13,1 tonnes, have increased to 15,3 tonnes from the central bank we are confident that this export incentive is bearing some fruit although we are yet to see the impact in the manufacturing sector," he said. The country is targeting output of 24 tonnes in this after achieving 21 tonnes in 2015. Speaking at the same event, Mines Minister Walter Chidhakwa said production in the diamond sector remained depressed. "Diamonds are doing just about 95,000 to 100,000 carats per month which is bad we should be doing about 300, 000 to 350, 000 carats per month," he said. "Mining sector is giving us as of last week $45 million a week but if it was really performing it would give us between $60 and $70 million a week." *(The Source)*

Zimbabwe's tax agency says gross revenue collections in the quarter to September at $919 million surpassed the target of $917 million on the back of enhanced enforcement. Taxes fund the southern African country's entire budget after multilateral funders like the World Bank and the International Monetary Fund said they would only resume lending if Harare clears debts to global lenders. The Zimbabwe Revenue Authority (ZIMRA) on Friday reported that the collections were up 6 percent compared to $866,96 million collected in the second quarter. Net collections amounted to $854 million after deductions of VAT and Customs refunds. Individual Tax and Excise duty were the major contributors of revenue at 23 percent and 19 percent respectively. VAT on Local Sales contributed 18 percent, while VAT on Imports contributed 10.51 percent. Mining royalties only contributed two percent to total revenue during the quarter. "The improved performance of VAT on Local Sales is attributable to automation, more enforcement and compliance checks and is expected to improve as compliance levels increase," said Zimra chairperson Willia Bonyongwe said in a statement. Bonyongwe said automation of the agency's systems had "unearthed significant irregularities relating to those who under-declared their revenues, and those who were not even registered.

Consequently 3,232 new taxpayers were registered and 106 cases were referred to audits." The tax debt remained flat at $2,6 billion with private business accounting for 77 percent of the amount owed. Councils and parastatals take up nine percent and 14 percent of the debt respectively. "Vigorous debt follow-ups resulted in debt reduction in Individual Tax by 4 percent and Corporate Tax by 5 percent."*(The Source)*

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