SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

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

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change			YTD % Change	
Country	**Index**	**25-Aug-17**	**1-Sep-17**	**Local**	**USD**	**31-Dec-16**	**Local**	**USD**
Botswana	DCI	8951,75	8946,17	-0,06%	0,49%	9700,71	-7,78%	-3,33%
Egypt	CASE 30	12926,40	13415,77	3,79%	4,25%	12344,00	8,68%	12,06%
Ghana	GSE Comp Index	2342,46	2389,01	1,99%	1,76%	1689,09	41,44%	35,25%
Ivory Coast	BRVM Composite	243,46	239,25	-1,73%	-1,04%	292,17	-18,11%	-7,77%
Kenya	NSE 20	4069,20	3887,28	-4,47%	-4,23%	3186,21	22,00%	22,38%
Malawi	Malawi All Share	19484,02	20127,25	3,30%	3,01%	13320,51	51,10%	49,36%
Mauritius	SEMDEX	2195,94	2189,22	-0,31%	1,32%	1808,37	21,06%	33,38%
	SEM 10	422,84	421,46	-0,33%	1,30%	345,04	22,15%	34,58%
Namibia	Overall Index	1166,61	1168,72	0,18%	1,50%	1068,59	9,37%	14,69%
Nigeria	Nigeria All Share	36575,86	35504,62	-2,93%	-1,59%	26874,62	32,11%	12,45%
Swaziland	All Share	395,59	395,59	0,00%	1,31%	380,34	4,01%	9,07%
Tanzania	TSI	3763,09	3842,20	2,10%	1,73%	3677,82	4,47%	-0,23%
Zambia	LUSE All Share	4869,00	5001,16	2,71%	1,65%	4158,51	20,26%	30,31%
Zimbabwe	Industrial Index	222,08	238,00	7,17%	7,17%	145,60	63,46%	63,46%
	Mining Index	70,17	74,05	5,53%	5,53%	58,51	26,56%	26,56%

CURRENCIES

Cur-rency	25-Aug-17 Close	1-Sep-17 Close	WTD % Change	YTD % Change
BWP	10,10	10,04	-0,55	4,82
EGP	17,69	17,61	-0,44	3,11
GHS	4,42	4,43	0,22	-4,37
CFA	555,84	551,98	-0,69	12,64
KES	101,53	101,27	-0,25	0,31
MWK	717,33	719,33	0,28	-1,15
MUR	31,91	31,40	-1,61	10,18
NAD	13,18	13,01	-1,30	4,87
NGN	360,92	356,02	-1,36	-14,88
SZL	13,18	13,01	-1,30	4,87
TZS	2213,73	2221,79	0,36	-4,50
ZMW	8,96	9,05	1,05	8,35

<u>Botswana</u>

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

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Egypt

Corporate News

No Corporate News This Week

Economic News

Egypt will lower its customs exchange rate to 16 pounds per dollar from 16.25, effective Sept. 1, Finance Minister Amr El-Garhy told Reuters on Monday. The new rate will be set for one month, he said. Egypt began setting a monthly fixed customs exchange rate in January following the flotation of its currency in November. The Egyptian pound traded at about 17.7 pounds to the dollar on Monday. Garhy said the customs exchange rate was being set at about 90 percent of the currency's market value and the reduction is "in line with the currency price's downward movement over the last period." The pound has gradually strengthened in recent weeks from about 17.95 to the dollar last month. *(Reuters)*

Egypt will hold several treasury bill sales on Wednesday, replacing auctions originally scheduled during the coming Eid holiday, when banks will be closed, the finance ministry said. Egypt is now scheduled to sell 91-day, 182-day, 273-day and 364-day bills on Wednesday and 3-year and 7-year bonds after the holiday on Sept 5, the ministry's statement said. *(Reuters)*

Egyptian Oil Minister Tarek El Molla has signed three oil and gas exploration deals for 16 new fields in the Western Desert worth at least $81.4 million in total with Royal Dutch Shell and the U.S.-based Apex Oil Company. The Petroleum Ministry said in a statement that the first deal would see Shell invest $35.5 million, and the other two would see Apex, which is operating in Egypt for the first time, invest a combined $45.9 million on two projects. Egypt, which used to be a net energy exporter, has become a net importer in recent years as consumption has increased while production has fallen. The government has been on a drive to lure back foreign investors to its energy sector in an effort to address a squeeze on public finances. In December, Egypt accepted six bids for oil and gas exploration worth up to $200 million. *(Reuters)*

Foreign borrowing and direct investment helped drive Egypt's economy up 4.9 percent year-on-year in the fourth quarter of its 2016-17 fiscal year, a Finance Ministry report showed on Wednesday. It compared with a 2.3 percent year-on-year rise in gross domestic product in the fourth quarter a year ago. The fiscal year runs until the end of June. Egypt last November signed a $12 billion three-year International Monetary Fund loan agreement tied to sweeping economic reforms such as tax hikes and subsidy cuts that the government hopes will lure back foreign investors who fled after the 2011 uprising. Foreign direct investment in the 2016-17 fiscal year jumped 27.5 percent from a year earlier, the report showed. Egypt's foreign debt meanwhile rose 38.4 percent, to $73.9 billion at the end of March 2017, up from $53.4 billion in March 2016. The cash-strapped country has been borrowing from abroad to fund its budget deficit and boost its balance of foreign reserves after a years-long dollar shortage sapped its ability to import and slowed economic activity. The budget deficit during the first nine months of 2016-17 narrowed to 9.5 percent of GDP from 11.5 percent in the same period a year earlier, the report showed. The government has so far received an initial $4 billion tranche of its IMF loan and sold $7 billion in five-, 10- and 30-year Eurobonds this year, returning to international markets for the first time since 2011. This borrowing has helped push up Egypt's foreign reserves, which hit a record $36.04 billion at the end of July 2017. Reserves stood at just $19.041 billion in October, just before the central bank floated the pound currency and the government kicked off its IMF-backed reform programme. *(Reuters)*

Egypt's M2 money supply was up 38.74 percent at the end of July from a year earlier, central bank data showed on Wednesday. Money supply stood at 2.94 trillion Egyptian pounds, the bank said. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

TRADING

This Week's Leading Headlines Across the African Capital Markets

Ghana

Corporate News

No Corporate News This Week

Economic News

The Ghana Stock Exchange (GSE) will from Monday, August 28, suspend the trading activities of five listed companies on the Exchange. The managers of the domestic bourse say the decision is due to the failure of the said companies to meet their continuing listing obligations despite several promptings to do so. The five companies are African Champion Industry Limited (ACI), Clydestone (Ghana) Limited as well as Golden Web Limited. The remaining are the Pioneer Kitchenware Limited and Transaction Solutions Limited (TRANSOL). A statement announcing their suspension and sighted by Citi Business News indicates that the five companies have failed to meet their continuing listing obligations in spite of several promptings to do so. The obligations; the GSE explains include; failure to submit financial reports, non-payment of annual listing fees, failure to conduct Annual General Meeting, among others. According to the Ghana Stock Exchange, the suspension of trading in the said companies will be in force until September 8, 2017 which is the deadline for the companies to rectify the anomalies. Failure to do so will attract further sanctions as per the GSE listing rules. The action by the managers of the GSE comes after the suspension of trading if UT shares due to the collapse of the bank. UT Bank had also been complicit in similar offenses which led to its suspension in January this year.

Even though many have criticized the Stock Exchange of not being proactive enough to reverse the situation, the Managing Director of the Exchange, Mr. Kofi Yamoah insisted that the management had been in constant talks with the relevant authorities on the matter. "We wrote to them and met them several times about their plans for providing the information that hadn't come… Anytime we write, we copy the Banking supervision of the Bank of Ghana because they are the first regulators of the sector that UT Bank was operating and the SEC was also kept in the loop of all these discussions." "The Bank of Ghana asked us to collaborate closely in this arrangement because they didn't want the stability of the financial system to be disrupted so we had to collaborate closely with the Bank of Ghana in all theses. There are several meetings we had with the Banking Supervision and with the hierarchy of UT Bank itself," Mr. Yamoah added. It is unclear what the impact of this move will mean for the stock market but some analysts have pointed to instances of panic reaction from other shares on the bourse. As at the close of trading on Friday, August 25, 2017, the share prices of the companies were as follows; African Champion Industry Limited (ACI) – 1 pesewa; Clydestone (Ghana) Limited -3 pesewas; Golden Web Limited – 1 pesewa. Pioneer Kitchenware Limited – 5 pesewas and Transaction Solutions Limited (TRANSOL) – 3 pesewas. *(Ghana Web). (Ghana Web)*

Ghana's President Nana Akufo-Addo is banking on good news from the International Monetary Fund after his predecessor nearly derailed an economic recovery plan through overspending. As the nation awaits the outcome of a review from the Washington-based lender, which may come as soon as Wednesday, on reforms since Ghana entered a $918 million credit program with the lender in 2015, gross domestic product is growing at the fastest pace in more than two years, the central bank is cutting borrowing costs as inflation slows and bond yields are falling. Ghana's economy had a soft landing under Akufo-Addo's New Patriotic Party, with Finance Minister Ken Ofori-Atta announcing tax cuts in March and pledging to reduce the budget deficit by more than half over the next three years. While fiscal shortfall for 2016 was almost double the initial target under the auspices of former President John Mahama, his administration did much of the groundwork to steady inflation and boost growth. "The old administration started implementing some good policies especially with the IMF program, the currency became stable, inflation and interest rates started trending downwards," Edem Harrison, a research analyst with Frontline Capital Advisors, said by phone from the capital, Accra. "They have continued this trend into the new administration." Still, after eight months some realities are now starting to show as Ofori-Atta said the government will have to cut spending due to weak revenue collection.

Ghana's budget deficit for 2016 was 9.3 percent of gross domestic product compared with an initial target of 5.3 percent under the IMF program. The government announced in January it discovered about 7 billion cedis ($1.6 billion) in unplanned spending by the previous administration. The shortfall is forecast to narrow to 6.3 percent this year. "The new administration's weakness is that their programs and promises to Ghanaians are a bit overambitious," Harrison said. "They abolished some taxes but we haven't seen any innovative ways to reintroduce tax nets and bring in more revenue." The Finance Ministry said last month GDP growth may accelerate to 9.1 percent next year, from a projected 6.3 percent in 2017. Many of the government's revenue and growth estimates in the March budget are based on projections of increased oil production and lower-than-expected crude prices could erode some of these gains. The world's second-biggest cocoa producer may also not enjoy the full benefit of its largest crop in six years as a global oversupply has caused London prices to drop by more than a third in the past year. The IMF will consider an extension of its program with Ghana when its board reviews the country's progress on reforms at a meeting on Wednesday, the lender said by email. The nation is set to complete the program in December 2018, eight months later than planned, and has no intention to extend it further, according to Ofori-Atta. "The hole in the budget and the missed program targets for end-2016 only emphasize the need for the IMF program extension to sustain investor confidence," Courage Martey, an Accra-based economist at Databank Group, said by phone. *(Bloomberg)*

The Ghana Stock Exchange(GSE) has lifted the suspension in trading of the shares of Clydestone (Ghana) Limited (CLYD) and Transaction Solutions (Ghana) Limited (TRANSOL) that was imposed on the two companies yesterday. In a press statement copied to the B&FT, the GSE stated that CLYD and TRANSOL, which were part of five companies suspended, have rectified all the anomalies that led to their suspension. On August 25, 2017, the Ghana Stock Exchange, per its press release no. 303/2017, announced that trading in the shares of some five companies be suspended from Monday, August 28, 2017 until September 8, 2017. The companies include African Champion Industry Limited (ACI), Clydestone (Ghana) Limited (CLYD), Golden Web Limited (GWEB), Pioneer Kitchenware Limited (PKL), and Transaction Solutions Limited (TRANSOL). The GSE explained that the obligations these companies failed to meet include: failure to submit financial reports, non-payment of annual listing fees, failure to conduct Annual General Meeting, among others. The suspension of trading in shares of the rest of the companies, according to the GSE, will be in force until September 8, 2017, which is the deadline for the companies to rectify the anomalies. "Failure to do so will attract further sanctions as per the GSE Listing Rules." *(Ghana Web)*

Government is set to meet the board of the International Monetary Fund (IMF) tomorrow to present its decision not to extend the programme. Finance Minister Ken Ofori-Atta in his mid-year budget review indicated that government's economic team will meet the board in August. Already, President Akufo-Addo has stated that government will not extend the programme when it ends in December 2018. The Executive Board of the International Monetary Fund in September 2016 approved the third tranche of $116.2 million under Ghana's three-year programme with the fund. The third approval brought the amount disbursed so far under the programme to $464.6 million. Ghana entered the three-year arrangement under the Extended Credit Facility (ECF) for about US$918 million on April 3, 2015. Speaking to Citi Business News, the Minister for Monitoring and Evaluation, Dr. Anthony Akoto Osei stated that the government economic team is ready to put its decisions before the board. "As far as I know, and I have no reason to believe otherwise, tomorrow is the day that was scheduled for the board meeting. Unless something has changed but I am not aware that anything has changed". Dr. Akoto stressed that government will complete the programme by end of the 2018 even though the programme was scheduled to end in April. He explained that it is important for the programme to end with the financial budget of 2018. "The programme is supposed to be completed by a certain time. It is not possible to finish it in April, so we have to go through our budget cycle of 2018 to finish it. That is the statement government put out. It is not possible to finish it in April of next year. We will do our budget through to the next end of next year to be able to complete the programme," he said. *(Ghana Web)*

Kenya

Corporate News

Cement manufacturer Bamburi has more than halved interim dividend payout to shareholders after it suffered a 36.21 per cent dip in half-year net profit for the period ended June 30. The firm, listed on the Nairobi Securities Exchange, attributed the profit drop to low demand from a softening construction industry and weak prices due to fierce competition by producers. The giant cement maker yesterday announced a net income of Sh1.85 billion in the six-month, down from Sh2.90 billion in the same period last year. This was on the back of a Sh1.57 billion decline in revenue to Sh17.54 billion from Sh19.11 billion attributed to a slowdown in construction activity ahead of the August 8 polls. Shareholders will get Sh2.50 interim dividend per share, 58.83 per cent less than the firm paid 12 months ago. Bamburi also owns Hima Cement Ltd in neighbouring Uganda. The company blamed the drop in sales on reduced private sector investment, especially in individual home builder segment, delays in some infrastructure projects and drought conditions which have persisted since the last quarter of 2016. The Ugandan business, however, "enjoyed good market conditions", posting "good performance" in domestic and export sales in the review period, Bamburi said. France's conglomerate Larfage controls 58.6 per cent of the cement maker. The firm kept a tight lid on operating costs which were flat, declining 0.53 per cent to Sh14.88 billion.

"While the underlying business remains solid in Kenya, the market faced softening demand," managing director Bruno Pescheux said in a statement. The firm, nonetheless, sees construction activity picking up from October when a new government is expected to have been sworn into office if the Supreme Court throws out the ongoing presidential petition by the Opposition, the National Super Alliance. The seven-judge bench is constitutionally required to deliver its verdict next week. "We expect the Kenyan market will rebound in the last quarter (October-December) while the Ugandan market is expected to continue performing well in line with the projected growth in both the domestic and regional markets," Pescheux said. The country's largest cement maker by market share is expanding grinding capacity at its Athi River plant and in Uganda by 1.8 million tonnes, a project it started in January and is set for completion mid-next year. Bamburi said increased capacity will "solidify" its position as the lowest cost producer in the region, giving it a pricing edge over competitors. "Though 1H17 (half-year 2017) performance has set the stage for revising FY17 (full-year) downwards, we do not see any immediate spill-over risk to our medium-term forecasts," Standard Investment Bank said in a note to investors. "In addition, we expect Bamburi's cash-rich position, compared to highly geared competitors, to offer downward protection against soft cement demand and intense competition." *(Daily Nation)*

Telecom operators have been collectively fined Sh311.6 million for poor service with market leader Safaricom taking the heaviest hit. Safaricom, Airtel and Telkom Kenya all failed to meet the quality of service standards for the financial year 2015/16. According to Communications Authority of Kenya (CA) data, Safaricom, which was fined Sh270 million, is the only company that has paid up its fines. Airtel and Telkom Kenya were each fined Sh26.6 million and Sh14.9 million respectively. "Safaricom has already paid. The other two licensees are yet to pay due to issues they have raised, which are being addressed," said the CA in a statement. The regulator did not elaborate on the nature of the outstanding "issues". Telkom Kenya chief executive Mr. Aldo Mareuse declined to tell Business Daily when and/or if the company would pay up the fines. He however said that his company had concerns over the transparency and the criteria used by the CA in testing compliance with quality standards. Airtel Kenya did not respond to queries on the issue. The fines levied are equivalent to 0.15 per cent of the gross turnover of the companies. The telcos paid a total fine of Sh190 million for the 2014/15 financial year, equivalent to 0.1 per cent of their turnover. Telecom operators have often complained about the methodology used by the CA to measure quality of service, with Safaricom even commissioning its own internal quality assessments. The CA is reviewing how it measures quality of service. The regulator has proposed a new framework that will expand the survey beyond voice services to also check SMS and data. The authority had in April advertised for a firm to administer the new standards. It now says that it expects to award the tender this month. Four firms expressed interest in the contract. These are Broadband Communications acting as a local agent of Germany's Rhodes & Schwartz; Sigos GmbH also of Germany; Lillybelle and Infovista TEMs both from France. The regulator tests quality of voice services on eight different parameters, including speech quality, completed calls, call success rate and drop rate. *(Business Daily)*

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Diamond Trust Bank's half-year net earnings dipped 5.78 per cent, weighed down by lower interest income due to the rate cap regime. DTB, whose market share recently rose to 6.44 per cent to be ranked the sixth largest lender in Kenya following the buyout of the local branch of Pakistani lender Habib Bank, made Sh3.41 billion in after-tax profit in the six months to June 2017 compared to Sh3.62 billion posted in a similar period a year earlier. Net interest earnings dropped by Sh74.2 million to Sh9.49 billion — highlighting the impact of the rate controls, which were not in place in the first half of last year. DTB's loan book expanded by Sh12.9 billion in the six-month period to close at Sh191.4 billion compared to Sh178.5 billion last June. Non-interest income from fees and commissions grew by 1.18 per cent to Sh2.5 billion in the period under review. Cash set aside to cover for bad loans dropped 21.6 per cent to Sh1.7 billion from Sh2.1 billion in June last year, despite a 24.6 per cent rise in non-performing loans. DTB's gross volume of toxic loans was recorded at Sh9.2 billion in June 2017 compared to Sh7.4 billion last year, a growth of 24.6 per cent. Customer deposits grew by 18.61 per cent to Sh256.3 billion in the period.

The bank's investment in government securities rose to Sh83.7 billion from Sh63 billion in June 2016, as it chased higher returns from Treasury bonds. The Nairobi bourse listed bank had a market share of 6.1 per cent while its newly acquired lender Habib's was 0.34 per cent as at December 2016, according to CBK data. "DTB continues to grow and expand its footprint in Kenya and is expected to open a few more branches and state-of- the-art digital lobbies within this year," the bank's chief executive Nasim Devji said earlier in a statement. Despite the acquisition, DTB said customers of Habib Bank will continue to transact at its six branches countrywide. Rebranding and integrating Habib into DTB's systems is expected to be complete in September. *(Business Daily)*

Standard Chartered Bank Kenya has allocated Sh10 billion to be issued as unsecured personal loans by mid-October, signalling a renewed risk appetite by the lender. The lender's plan runs against increased conservatism in the banking industry whose aggregate lending to the private sector slowed down to 2.4 per cent in the 12 months to April. Lenders have blamed the credit squeeze to the inability to price risk in the wake of interest rate controls, with implementation of greater prudential accounting standards from next year further deterring risk taking. StanChart says it has done its homework in terms of risk appraisal, giving it the confidence to issue up to Sh7 million to each borrower in the 45-day period running up to October 11. "In the past one year there was a remarkable slowdown in lending to the retail segment as we adjusted to the rate-cap regime," StanChart's CEO Lamin Manjang said in a statement. "During the period we have put in a lot of work in segmenting our customers and identifying their credit needs." Borrowers will enjoy a one-month repayment holiday before the bank effects loan deductions. The offer is available to salaried individuals and can be repaid over a period of up to six years. A customer borrowing the maximum Sh7 million over the six-year period will incur a total cost of credit of Sh3.57 million according to www.cost-of-credit.com, a website created by the Kenya Bankers Association (KBA) to improve transparency in the lending market. The cost includes monthly repayments of Sh144,240 and one-off charges amounting to Sh192,500. StanChart says it expects most of the loans will fund purchases of real estate and cars. StanChart expanded its loan book at a relatively slower pace of 6.4 per cent to Sh116.8 billion in the first quarter ended March when it ramped up its purchase of government debt by 40.1 per cent to Sh96.2 billion. *(Daily Nation)*

Insurance group Jubilee Holdings' net profit for six months ending June 30 rose 18.99 per cent largely helped by improved performance of the Nairobi bourse that helped to dampen a sharp jump in claims payments. The listed firm's net earnings in the period climbed to Sh1.88 billion from Sh1.58 billion as gains from investments at the Nairobi Securities Exchange, largely comprising government securities, increased four-and-a-half times. Net value gain from investments in government paper and equities stood at Sh1.3 billion from a loss of Sh364.91 million a year earlier, a growth of 455.6 per cent. Total income increased by 30.16 per cent to Sh14.89 billion, Jubilee reported, attributing it to a 13 per cent growth by the NSE after a two-year bear run. "These impressive results were realised in an unpredictable business environment, currency volatility both in the regional and global market, as well as regulatory changes," Jubilee Holdings chairman Nizar Juma said in a statement. Jubilee booked gross premiums of Sh18.6 billion, 8.2 per cent better than previous year, helping to boost net premiums income by 21.89 per cent to Sh10.19 billion. Net claims expanded by Sh2.9 billion, or 38.69 per cent, to Sh10.38 billion. "Fraud detection continues to draw additional focus of our management in our general insurance business line.... we continue to invest in systems and mechanisms that facilitate fraud prevention, detection and effective action when it happens," Mr. Juma said. The directors have recommended an interim dividend payment of Sh1 per share, same as last year's.

The company expects to wrestle market share from existing medical insurers in DRC, where it set up late last year through a partnership with state-owned insurance company, Sona, by offering "affordable" pricing. "A non-competitive insurance market in the DRC has exposed the citizens to expensive and overpriced policies and our decision to extend products into that market has been driven by the need to provide innovative and affordable insurance solutions," Mr. Juma said. Jubilee also operates in Tanzania, Uganda, Burundi and Mauritius. *(Business Daily)*

StanChart Kenya's net earnings for the six months to June dropped by more than a third weighed down by lower interest income as the interest rate cap narrowed the lender's earnings from loans. The British lender posted an after tax profit of Sh3.4 billion as at June 2017 compared to Sh5.2 billion made in a similar period a year earlier, a drop of 34.4 per cent. Net interest earnings reduced by Sh803 million to Sh9.1 billion from Sh9.9 billion in June 2016 – highlighting the impact of the rate caps which were not in place in the first half of last year. Chief executive Lamin Manjang attributed the performance to the capping of lending rates and introduction of a floor on deposit rates, slowdown in economic activity in the run up to the General Election and an increase in bad loans. "Though we entered 2017 with cautious optimism, pressure occasioned by external challenges particularly the Banking (Amendment) Act, 2016, is reflected in the performance as we continue to witness deceleration in credit growth," Mr. Manjang said in a statement. The bank's toxic loans surged by a tenth to Sh16.9 billion as at June 2017, equivalent to 15 per cent of its loan book. *(Business Daily)*

The developers of Lake Turkana Wind Power project have started billing Kenya Power every month for its failure to distribute their production due to lack of a transmission line. This is despite recent discussions between Energy ministry officials and the wind farm managers to delay the billing that would ultimately be passed on to consumers. "They have been billing Kenya Power," said an energy sector source who sought anonymity, adding that the government could be absorbing a Sh700 million monthly burden, piling the pressure on taxpayers. Energy principal secretary Joseph Njoroge declined to respond to the Business Daily's phone calls and text messages. The wind park general manager Phylip Leferink also did not answer our calls. Kenya Power managing director Ken Tarus said an inter-ministerial committee had been formed to address the matter, referring us back to the Energy ministry officials. The wind farm, the largest in Africa with a capacity of 310 megawatts — enough to power up to one million homes — was supposed to inject the first 50 megawatts to the grid last October and the whole capacity by July this year. But delays in construction of a Sh20 billion 428km high-voltage line has hampered electricity evacuation from the northern town of Marsabit to Suswa substation, the country's main interchange for power coming from different sources. This has left the wind farm developers with stranded power amid pressing cash needs such as loans repayment, an obligation that taxpayers look set to shoulder. The government had committed to link the mega wind park to the grid by January to allow the owners of the project to earn an income from power sales in time to pay bank loans in June.

The transmission line was approved in August 2014 and the government agreed to pay the owners of the wind project a monthly compensation of Sh700 million should there be delays in injecting power to the grid after January 2017. The fine is technically known as capacity charge and aims to compensate investors for their expense on energy projects when their electricity is not supplied to the grid for sale to end users. Kenya Power collects revenues from consumers for onward remission to power producers. Electricity from the wind park will cost Sh8.7 per unit (8.5 US cents), which is in a similar cost range as geothermal power, or three times cheaper than diesel-generated electricity. UK-based Aldwych is the single largest investor in the €623 million (Sh68 billion) wind project with a 30.7 per cent stake. Other investors in the consortium include Google, KP&P Africa B.V., Industrial Development Corporation of South Africa, Industrial Fund for Developing Countries, Norwegian Investment Fund for Developing Countries and Vestas Eastern Africa. At 310 megawatts, the wind power plant will account for 13 per cent of Kenya's total power capacity. Wind power now accounts for only one per cent of what the Kenyan economy consumes, led by geothermal at nearly half the energy mix, followed by hydropower and thermal sources. *(Daily Nation)*

East African Breweries Limited (EABL) has pegged a Sh11.4 billion loan from its parent firm Diageo Plc on the Kenya Bankers' Reference Rate (KBRR) which was discontinued last year, putting the pricing of the debt in limbo. The firm, listed on the Nairobi Securities Exchange #ticker:NSE, says in its latest annual report for the financial year ended June 2017 that the loan attracted an interest charge of two percentage points above the KBRR. The usage of the KBRR as a signalling rate was however discontinued by the Central Bank Kenya (CBK) in

January this year after the signing into law of interest rate controls based on the Central Bank Rate (CBR). The brewer in the previous year paid interest to Diageo, through the UK multinational's subsidiary Diageo Finance Plc, at 1.5 percentage point above the 364-day T-bill rate. "The related party loan issued in 2012 attracts variable interest rates at two per cent above Kenya Bankers' Reference Rate (KBRR) (2016: 1.5 per cent above the 364 day Treasury Bill rate)," EABL said in the report. The brewer did not say what impact the KBRR's suspension — in the middle of the financial year— had on the revised loan terms. KBRR was last set at 8.9 per cent, indicating that the brewer was paying interest on the loan at 10.9 per cent in the review period. While the banking sector regulator may have suspended KBRR for official use, non-bank private parties could adopt it to price credit among themselves since all the inputs are public information incorporating benchmark risk -free rates. KBRR is computed as an average of the CBR and the two-month weighted moving average of the 91-day T-bill to capture the monetary policy stance and the minimum return respectively. EABL took the Diageo loan in 2012 to regain full ownership of its subsidiary the Kenya Breweries Limited by buying out the 20 per cent stake held by rival SABMiller at the time. Interest expense on the loan and other debt stood at Sh3.2 billion in the year ended June, dropping from Sh3.5 billion the year before. *(Daily Nation)*

Cooperative Bank of Kenya has overtaken Equity Bank to hold the second largest gross loan book in the banking sector as at the end of 2016, reflecting the latter's shift to government securities following the rate cap. The Central Bank of Kenya (CBK) 2016 banking supervision annual report shows that Co-op Bank had issued gross loans of Sh241.4 billion last year, ahead of Equity's Sh221.03 billion. This is despite Equity being the second largest bank in Kenya by weighted market share of 10 per cent compared to Co-operative's 9.9 per cent. In 2015, Equity had a larger loan book at Sh229.4 billion to Co-operative's Sh212.7 billion. Equity Bank in 2016 saw its holdings of government securities double to Sh100 billion from Sh42.8 billion in 2015. It has justified the increased shift towards the fixed income market saying the rate cap has negatively affected yields on customer loans. "Yields on loans are now lower due to the interest rate caps. You have to place a bet where the probability of winning is highest," said Equity chief executive James Mwangi in the bank's half-year results presentation last week. Of the eight tier one lenders, only Equity and CBA recorded a fall in gross loans last year.

KCB maintained its pole position as the lender with the largest book at Sh373.03 billion, up from Sh324.3 billion in 2015. Barclays maintained its fourth position at Sh176.3 billion, up 18.5 per cent from 2015's Sh148.8 billion. DTB and Standard Chartered followed at Sh141.7 billion and Sh132.5 billion respectively, up from Sh128.3 billion and Sh122.9 billion. Stanbic Bank's loan portfolio grew by Sh15 billion to Sh118.5 billion as at the end of December last year. CBA's portfolio fell to Sh105.08 billion from Sh107.68 billion. The banking sector as a whole recorded a 5.6 per cent growth year-on-year in gross loans and advances to Sh2.286 trillion by the end of 2016. The annual growth rate in 2015 stood at 11.6 per cent, with the slowdown attributable to the rate cap and shift to government securities. Interest income from loans and advances accounted for 59.6 per cent of banks' total revenue which stood at Sh502 billion in 2016, but it grew at a much lower pace compared to revenue from government securities. CBK data shows the industry recorded a 2.4 per cent growth in interest income from loans last year. *(Business Daily)*

Economic News

Listed bank stock returns doubled quarter-on-quarter in the April-June period on what some analysts attributed to expectation of interest rate cap review and increased foreign investment flows. The debut banking index by Ecobank research team, which tracked performance of the 10 banks, indicates return rose to 14.9 per cent in three months through June 30 from 7.5 per cent the previous quarter. Ecobank said Friday it has introduced banking indices for publicly traded lenders in Kenya and Ghana, adding to the Nigeria Stock Exchange's Banking-10 index that is publicly available. The Ecobank-10 index on Kenyan lenders suggests the rally was driven by expectation that the administration will review the Banking (Amendment) Act 2016 or consider a "total repeal". "This expectation was further reinforced by the news that the National Treasury and the Central Bank of Kenya (CBK) had formed a committee to study the impacts of the law to the economy, with a view to presenting way-forward proposals to the 12th Parliament. This, in turn, created some air of exuberance among local investors," the note said. CBK governor Patrick Njoroge said on July 18 that the draft report of the technical committee on the impact of the law on private sector credit growth would be out in "a month or so".

He, however, maintained that the fundamental concerns (high interest charges) that led to the interest rate caps abound. The rate cap law, enforced last September, limited interest charges on commercial loans to a maximum of four percentage points above the Central Bank Rate, now at 10 per cent, and minimum interest of 70 per cent of the CBR on term deposit. Ecobank analysts said the rally was also helped by steady rise in gross foreign portfolio inflows into banking stocks of $70 million (Sh7.23 billion) in the second quarter from $57 million (Sh5.88 billion) in quarter one and $49 million (Sh5.06 billion) in last quarter of 2016. "Consequently, bank valuations also rose marginally-with average price-to-book multiples rising to 1.8x, from 1.6x and 1.5x in quarter one 2017 and quarter four 2016, respectively. However, we expect valuations to remain flat in quarter three as investors await clarity from the incoming administration," the researchers said. (*Business Daily)*

Kenya's central bank invited bids on Tuesday for a five-year Treasury bond worth 13 billion shillings ($126 million) in a tap sale. The bank said in a statement the bond will have an average yield rate and coupon of 12.465 percent and it will receive bids between Aug.29 and Aug.31. At its auction on Aug.23, the weighted average yield on the bond fell to 12.465 percent from 12.520 percent from the last sale of a five-year bond in June. *(Reuters)*

The Kenyan economy is expected to sustain growth irrespective of the outcome of a presidential election results petition in the Supreme Court. Experts, however, are of the view that the incoming administration must address the issue of mounting government debt, review interest rate cap law, and ease of doing business among other economic matters to boost expansion. Over the past years, the country's national budget has been growing with the total expenditures expanding at an average of 14.7 per cent to Sh2.2 trillion in 2016/2017 from Sh977 billion in 2010/2011 fiscal year. According to the Kenya Revenue Authority (KRA) tax collection has increased by 12.7 per cent to Sh1.4 trillion in 2016/2017 from Sh670 billion in 2010/2011. This implies that the difference has been funded through borrowing. This has led to an increase in the debt level from 40.7 per cent debt to GDP in 2011 to the current level of 54.4 per cent, which is 440 bps (basis points) above IMF's threshold for developing countries. Investment firm, Cytonn Investment Public Limited Company (Plc) in a weekly research report said the government should strive to manage the country's debt levels going forward. This is by enhancing tax revenue collection growth, which can be achieved by developing avenues that will allow the informal sector to be brought in and enforcing efficient cash netting methods such as requiring the use of iTax for remittances. "Involve private sector in development through public-private partnerships (PPPs) so that private funding reduces the need for public borrowing and also private funding enhances the self-sustainability of a project.""And, reduction of recurrent expenditure that currently accounts for 58.8 per cent of the 2017/2018 budget, compared to 54.3 per cent in 2016/2017 and 50.8 per cent in 2015/2016," the investment firm research team said.

The increase in debt levels has been driven by slow growth in revenue collection compared to that of the budget. Revenue collection has grown by an average of 12.7 per cent compared to the 14.7 per cent expansion in the budget. Also, significant investment in infrastructure projects such as Standard Gauge Railway (SGR) which are mainly financed through external borrowing have led to increase in debt. Similarly, review of the interest rate cap has dominated the financial sector for a while now since its introduction in September last year. Even though critics have accused banks of engaging in 'blackmail and economic sabotage to force amendments' to the capping law, financial analysts have been arguing that the ceiling is yet to achieve the desired effect. They said this is by locking out small and medium sized enterprises and retail borrowers from accessing credit. The new law has also been accused of leading to widespread restructuring and lay-offs in the banking sector. Strained small banks which have to mobilise expensive funds and can only lend out within the stipulated margins, continue to weigh down on private sector credit growth which stood at 2.1 per cent as at May 2017, the lowest in eight-years from a high of 17 per cent in 2016. "It is clear from the above that the effects of interest rate capping are more disastrous than productive with the cons far out-weighing the pros. While we are of the view that rate caps ought to be scrapped or at least radically reviewed, the review ought to be coupled with legislation that will make funding markets more competitive," read the Cytonn report.

It suggests that policy makers should instead put in place enabling regulation for the development of innovative and competing alternative sources of funding in order to bring down the 95 per cent funding dominance by banks as compared to more developed markets where banks funding accounts for only 40 per cent of total funding. It also notes that there is need to spur innovation and growth of alternative and capital markets funding and provide fundamental and strong consumer protections for Kenyan public and push more information sharing by banks. The government has also been urged to diversify the economy. This is by supporting the manufacturing sector through development of infrastructure such rail, upgrade of airports, roads and real estate. For real estate, this can be done through legislative steps that will ease approvals for plans and improve access to credit to both firms and homeowners through mortgages in order to better their contribution to the GDP. The experts point out that through diversification of the economy , more jobs will be created and the risk the economy is exposed to due to climate changes, reduced. And with the enhanced ease of doing business, the country will provide an attractive destination for foreign investors increasing the country's foreign direct investments. *(Daily Nation)*

Pension funds raised exposure to equities in the second quarter of the year as they looked to take advantage of a recovering stock market. A pension funds survey by Zamara (formerly Alexander Forbes Financial Services EA) shows the schemes on average raised equity holdings to 21.5 per cent at the end of June compared to 19.1 per cent in March, while cutting back their fixed income, offshore and property investments. The return to favour of equities came as the market regained some of the ground lost in a two-year bear run. The NSE 20 share index was up 15.9 per cent in the second quarter of the year after having shed 2.3 per cent in quarter one. The index has continued its upward trajectory in quarter three and is now 27 per cent up year-to-date. "The average scheme's exposure to equities increased over the second quarter. This was mainly driven by strong positive performance in this specific asset class. The fixed income and property exposure decreased over the quarter," said Zamara in the report. Fixed income investments fell to 72.9 per cent from 75 per cent in March, even though yields on government securities have largely held stable in the period. Property investment reduced to 4.3 per cent from 4.7 per cent. Allocation to offshore investments was up, albeit marginally, to 1.3 per cent from 1.2 per cent in March. Annualised returns from equities were up significantly in the quarter as a result of the recovering market, touching an average of 11.5 per cent by end of June from—11.6 per cent in March. Fixed income returns were relatively steady at 15.1 per cent from 14.7 per cent in March, while offshore returns rose to 19.6 per cent from 13.6 per cent. The survey covered 382 schemes with a total of Sh655.1 billion in assets under management. *(Business Daily)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

<u>Mauritius</u>

Corporate News

No Corporate News this week

Economic News

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WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

The planned merger between International Breweries Plc with lntafact Beverages Limited and Pabod Breweries Limited, has been approved by the Securities and Exchange Commission and the Nigerian Stock Exchange. The brewer confirmed the requisite pre-merger approvals in a letter submitted with the NSE. In June 2017, International Breweries announced plans to merge with the two firms subject to requisite regulatory and shareholders' approvals. The letter containing the approval was signed by the Company Secretary of International Breweries, Mr. Muyiwa Ayojimi. International Brewery advised shareholders and other stakeholders that under the terms and conditions of the proposed scheme of merger, all the assets, liabilities and undertakings of lntafact and Pabod, including employees, real property and intellectual property rights, will be transferred to it upon completion of the proposed merger. It further pointed out that the consideration to shareholders of lntafact and Pabod will be ordinary shares of International Breweries. "The share exchange ratio, as well as other terms and conditions of the proposed merger are provided in the Scheme of Merger Document which will be dispatched to all shareholders of International Breweries, lntafact and Pabod upon receipt of an order from the Federal High Court to convene separate Court-Ordered Meetings of the merging companies," the statement read in part. *(Punch)*

Nigeria's United Bank for Africa (UBA) said it had made a provision on loans made to 9mobile, the mobile operator formerly known as Etisalat Nigeria. The lender did not give details of the provision but said it had a 38 billion naira ($125 million) exposure to 9mobile. UBA said the exposure was secured, and part of a syndicated loan with 12 other banks extended to Etisalat Nigeria four years ago. Nigerian banks have agreed an extension to a $1.2 billion loan made to 9mobile, pending the mobile operator finding new investors. However, some lenders outside the syndicated facility are making provisions. "We have taken a general loan loss provision on Etisalat," UBA Chief Executive Kennedy Uzoka told an analysts call. "It's instructive to note that Etisalat has reasonably turned around in terms of subscribers and revenues," he said, adding that the bank was one of the lenders managing its receivables. Zenith Bank said this month it had made a 30 percent provision on its loan to 9mobile, the country's fourth-largest telecoms group. Nigerian regulators stepped in last month to save Etisalat Nigeria from collapse and prevent lenders placing it into receivership, prompting a board, management and name change. Last week UBA said its first half pretax profit rose 66 percent to 57.5 billion naira, while its non-performing loan ratio rose to 4.2 percent in the half-year, up from 3.9 percent a year earlier. Uzoka said Nigeria is its largest market, but that he expects the bank's African operation to contribute about 50 percent to group earnings over the medium term from 32 percent in the first half of the year. He said the lender had applied to British regulators for a banking license. UBA shares, which have gained 114 percent so far this year, dipped 0.52 percent to 9.58 naira on Tuesday. *(Reuters)*

Stanbic IBTC Holdings Plc, a member of Standard Bank Group, on Tuesday announced its audited results for the six months ended 30 June 2017, showing impressive growth. Gross earnings rose by 36 per cent to N97.198 billion in 2017, from the N71.320 billion recorded in the corresponding period of 2016.Net interest income jumped by 79 per cent from N22.8 billon to N41 billion. Credit impairment charges stood at N14 billion, showing an increase of 65 per cent compared with N8.5 billion in 2016. However, profit before tax (PBT) increased by 86 per cent to N29.169 billion during the period, from N15.682 billion last year, while profit after tax (PAT) grew faster, rising by 113 per cent from N11.317 billion to N24.112 billion. Total assets went up by 21 per cent to N1.273 trillion from N1.053 trillion in December 2016. Commenting on the results, Chief Executive Officer, Stanbic IBTC Holdings Plc, Yinka Sanni, said: "Income before impairment charges grew by 43 percent, driven by a sustained growth in yields from investment securities and trading activities. Interest income increased by 55 per cent and trading revenue grew by 81percent positively impacting PAT, which increased by 113 per cent year-on-year. The balance sheet grew by 21 per cent year-to-date as trading assets and financial investments increased by over 100 per cent and 19 per cent respectively. Our cost-to-income ratio continued to witness improvement, standing at 47.0 per cent at the end of H1 2017 when compared with 57.7 per cent in H1 2016. The growth in non-performing loan ratio is on account of some newly classified loans in line with economic realities. We are optimistic that this would moderate towards the end of 2017." According to Sanni, Stanbic IBTC's progress over the H1 of 2917, was impressive in many areas.

"And in particular, we are delighted with our ranking following the latest release of KPMG Banking Industry Customer Satisfaction Survey, which showed our retail banking business improving in ranking from the 4th position to the 3rd position and our corporate banking business improving from the 10th position to the 4th position. This is well-aligned with our strategy to drive customer centricity," he said. The CEO assured that the group will continue to explore opportunities to grow its business and market share responsibly through the adoption of an appropriate risk appetite and excellent service delivery. Sanni explained that the group maintained adequate capital to support its business and drive business growth in H1 2017. "The group's total capital adequacy ratio at the close of the period was 22.9 per cent and Tier 1 capital adequacy ratio of 19.2 per cent. These ratios are well above the 10 percent minimum statutory requirement. The group's liquidity ratio closed at 100.24 per cent while the bank's liquidity ratio was at 90.37 per cent at the end of H1 2017. This ratio is significantly higher than the 30 per cent regulatory minimum," he said. Following the adoption of the holding company structure in 2012, the operating subsidiaries of Stanbic IBTC Holdings Plc are Stanbic IBTC Bank Plc, Stanbic IBTC Pension Managers Limited, Stanbic IBTC Asset Management Limited, Stanbic IBTC Capital Limited, Stanbic IBTC Investments Limited, Stanbic IBTC Stockbrokers Limited, Stanbic IBTC Ventures Limited, Stanbic IBTC Insurance Brokers Limited and StanbicIBTC Trustees Limited. *(This Day)*

Germany's Allianz said on Wednesday it is buying control of Nigerian insurer Ensure Insurance Plc in a push for growth in Africa, where many people are uninsured. Foreign insurers are banking on growing premiums as the continent develops its infrastructure and a consumer class demands protection from risk. Allianz said in statement that it would acquire a 98 percent stake in Ensure Insurance from UK-based holding company Greenoaks Global Holdings. It did not disclose the acquisition value. Ensure Insurance offers life and non-life insurance to businesses and retail clients. It generated 11 million euros ($13 million) in gross premiums written in 2016. Allianz Group has operations in 17 African countries. "The acquisition of Ensure Insurance Plc gives us full access to this key insurance market in Africa and marks a major milestone for Allianz's long-term growth strategy on the continent," said Coenraad Vrolijk, Allianz's regional CEO Africa. Allianz expects the acquisition to close later this year. Allianz follows British insurer Prudential which last month bought a majority stake in Nigeria's Zenith Life to gain access to the African country's fast-growing insurance market. South African insurer Liberty Holdings, which bought remaining shares it didn't already own in Nigeria's Total Health Trust in August 2015, said in February it would acquire a 75 percent stake in an unidentified Nigerian long-term insurer for 160 million rand ($12 million). France's AXA acquired Nigeria's fourth-largest insurer Mansard Insurance three years ago. (*Reuters)*

Nigeria's Access Bank said on Wednesday it had booked a 4 billion naira ($13 million) impairment on its loan to troubled telecoms firm 9mobile, formerly known as Etisalat Nigeria. Access Chief Executive Herbert Wigwe said the bank had a direct exposure of 11 billion naira to 9mobile, as well as an exposure of 35-39 billion naira to the telecoms firm's suppliers. Wigwe told an analysts' call that Access hoped to recover the debt once 9mobile was sold to new investors. *(Reuters)*

Shareholders of Fidelity Bank Plc should expect a bounteous harvest at the end of the current year given its impressive performance for the half year (H1) ended June 30, 2017. The results released to the Nigerian Stock Exchange (NSE) Wednesday showed that Fidelity Bank Plc posted gross earnings of N85.8 billion in H1 of 2017, up 22 per cent from N70.2 billion recorded in the corresponding period of 2016. Interest income grew by 27.8 per cent, while interest expenses grew faster by 48 per cent to hit N38.2 billion compared with 25.7 billion in 2016. As a result, net interest income stood at N34.7 billion in 2017 compared with N31.2 billion, indicating a rise of 11 per cent. Impairment charges remained flat at N4.8 billion in 2017 as against N4.79 billion in 2016. Despite the high inflationary trend, the bank reduced operating expenses by 1.7 per cent to N30.9 billion, from N31.4 billion in the corresponding period of 2016. Consequently, profit before tax (PBT) rose by 66.6 per cent to N10.2 billion, from N6.131 billion in 2016, while profit after tax (PAT) improved by 65.6 per cent from N5.457 billion to N9.04 billion in 2017. Earnings per share similarly improved to 31 kobo as against 19 kobo in 2016.

When the Fidelity Bank opened the 2017 with similar double digit growth in the first quarter, its managing director/CEO, Mr. Nnamdi Okonkwo had attributed the performance to the disciplined execution of its medium-term strategy and a business model that enables the bank to continue to deliver improved performance in line with its 2017 financial year targets. "Gross earnings growth was driven by a combination of increased yields on earning assets and an absolute growth in the volume of earning assets which led to growth in interest income" he had said. Speaking on the cost efforts to reduce costs, he said the cost optimisation initiatives continued to deliver cost savings. "We will continue to optimise our cost profile without impacting service delivery through the disciplined execution of the initiatives from our recently completed business optimisation project," Okonkwo had assured. Meanwhile, trading at the stock market closed on bearish note yesterday for the third consecutive day as profit taking activities continued. The Nigerian Stock Exchange All Share Index (NSE ASI) depreciated by 1.48 per cent to close at 35,629.13 to reduce the year-to-date appreciation to 32.5 per cent. *(This Day)*

Economic News

Operators in the insurance industry and the Nigerian Stock Exchange are strategising on how to improve the value of insurance stocks and attract investors to the industry. The Director-General, NSE, Oscar Onyema, who was a special guest at the eight Insurers Committee meeting held recently in Lagos, urged the operators to leverage the platform of the stock exchange to boost their operations. Onyema also advised the operators to have investment relationship managers of insurance in the stock exchange. After the meeting, the Vice Chairman, Sub-Committee Publicity, Insurers Committee, Mrs. Ebelechukwu Nwachukwu, who spoke for the IICC, said that the NSE boss encouraged the operators to improve as an industry and work closely with the exchange. "We discussed on how to put some analysts together in the NSE that can also talk about insurance and increase the interest in insurance stock, because this will help us to drive activities on both sides," she said. Nwanchukwu said the industry wanted to be more visible by making the public to know what the insurance industry could offer and how to access its products and services. She therefore said that all the sectors making up the insurance sector such as the insurance companies, brokers, loss adjusters and agents, were strategising on how to kick-start the rebranding and awareness campaign in January next year.

The Group Managing Director, Cornerstone Insurance Plc, Mr. Ganiyu Musa, also said there was dearth of specialist insurance analysts in the stock exchange. He said, "There are no specialist insurance analysts on the stock exchange and because of the different nature of insurance, you don't get the same output if you just apply the same methodology to analyse a trading or manufacturing company. There is a common agreement that there is a need to now develop the competence for insurance value analysis." Musa said that the insurance sector would soon begin to have more engaging and rewarding activities with the stakeholders in the NSE. *(Punch)*

Annual inflation in Nigeria slowed for a sixth month in July, easing to 16.05 percent, but the rise in food inflation was the biggest in eight years, the National Bureau of Statistics (NBS) said on Monday. The rate of annual inflation was 0.05 percent lower than in June. A separate food price index showed inflation rose to 20.28 percent in July, up from 19.91 percent in June, the biggest year-on-year increase since 2009, the statistics office said. "The rise in the index was caused by increases in prices of bread and cereals, meat, fish, oils and fats, coffee, tea and cocoa, potatoes yam and other tubers and vegetables," the report said. Nigeria - which has Africa's biggest economy - is in its second year of recession and is contending with a currency crisis and dollar shortages brought on by low oil prices. *(Reuters)*

Nigerian President Muhammadu Buhari, back at the helm after prolonged sick-leave, said he was delighted by the way Africa's biggest economy was improving after briefings from ministers and the central bank, his office said on Monday. Nigeria, the continent's most populous country, is in its second year of recession and has been contending with a currency crisis and dollar shortages brought on by low oil prices, which is the OPEC member's mainstay. But oil prices have risen since the low prices of 2014, leading to increased receipts and peace talks have this year halted the attacks on energy facilities in the southern Niger Delta which in 2016 cut crude production by more than a third. The statistics office on Monday said annual had slowed for a sixth straight month in July, easing to 16.05 percent. And Nigerian stocks rose to a nearly three-year-high in August, largely on the opening of a market-determined FX trade window by the central bank in April that has prompted some foreign investors to return. Buhari, who last week returned to Nigeria after three months in Britain on medical leave for an unspecified illness, was briefed by the finance minister, central bank governor and minister of budget and national planning for nearly two hours about the economy and monetary policies. "A delighted president declared that he was pleased with the progress being made on different fronts," said the presidency in an emailed statement issued by Buhari's spokesman Femi Adesina. Buhari, who took office in May 2015, told the officials "reviving the economy was one of the major planks on which the campaign of his party, the All Progressives Congress, was based" and "expressed gladness that things were looking up after two years". *(Reuters)*

The Central Bank of Nigeria (CBN) on Monday continued its intervention in the interbank foreign exchange market to the tune of $250million in three segments of the market. In the wholesale segment of the interbank forex market, it sold $100 million and also uplifted the small and medium enterprises (SMEs) and invisible segments, with the sum of $85 million and $65million respectively. The acting Director, Corporate Communications Department, CBN, Mr. Isaac Okorafor, revealed that the Bank would pump even more liquidity into the market in the coming days, noting that the move by the CBN was necessary to enhance stability in the forex market. He reiterated that in a bid to improve liquidity and ameliorate challenges encountered by critical stakeholders at this time of the year, the Bank had ensured that pressures on the market from those seeking forex for school fees and vacations were eased. He said further that the Bank has kept faith with its resolve to ensure that there is sustained liquidity to meet genuine requests for forex. Meanwhile, the total turnover of $213.21 million was recorded on the Investors and Exporters' forex window yesterday, just as the naira appreciated to N359.58 to the dollar on that segment of the market yesterday, stronger than the N361.13 to the dollar it was the previous day. On the parallel market, the naira closed at N367 to the dollar yesterday. *(This Day)*

Following the move by the federal government to issue foreign bonds to refinance maturing naira-denominated treasury bills, Nigeria's external debt has been estimated to increase by about 46per cent to N6.31 trillion ($20.6 billion) by the end of 2018. PwC, a professional services firm stated this in a report in which it assessed the development. The Federal Executive Council (FEC) recently approved a plan to issue $3 billion worth of foreign bonds of up to three years' maturity to refinance maturing naira-denominated treasury bills. This decision was in line with the federal government's debt management strategy to rebalance its debt portfolio for domestic and foreign debt, from the current 69%:31% to a targeted 60%:40%. Although the plan was yet to be approved by the National Assembly, PwC estimated that if implemented, it would have a modest impact on broad debt sustainability indicators. "Although timelines are not clear, we suspect issuance is unlikely to be earlier than 2018, given the extensive preparatory work required in issuing international sovereign bonds. "Consequently, we assume the impact on public debt ratios would become evident as from 2018. We estimate that Nigeria's stock of treasury bills would be around NGN3.8 trillion by end-2017. "Refinancing $3 billion worth of maturing bills with dollar borrowing would result in a reduction in this stock by as much as nine per cent. External debt on the other hand would increase by about 46 per cent to N6.31 trillion ($20.6 billion) by end-2018," it added. Under this scenario, the firm projected that debt to GDP would rise by three percentage points, from an estimated 16 per cent in 2017 to 19 per cent in 2018.

Nonetheless, it stated that the impact on the cost of debt was likely to be muted. The Debt Management Office (DMO) reports the weighted -average interest rate on debt which takes into account the proportion of instruments issued. Treasury bills account for 16 per cent of total federal government debt, and the portion to be refinanced is about one-quarter of treasury bill maturities in 2018. "Thus, we estimate the weighted average interest rate could increase to 13 per cent, in 2018 from an estimated 12 per cent in 2017 and 11 per cent in 2015. "Our analysis of key debt sustainability indicators suggests that the probability of debt distress at this time is low. "We define debt distress as a scenario which requires a country to: incur substantial arrears on external debt; receive debt relief; and receive non-concessional balance of payments support from the International Monetary Fund (IMF)," the report added. Among the various indicators based on the level of debt stock, external debt to exports is cited as the most useful, as exports provide the basis for debt repayments. Furthermore, PwC estimated that Nigeria's external debt to exports could rise by seven percentage points to 34 per cent in 2018. This, they firm however said was well below the threshold of 100 per cent prescribed by the International Monetary Fund and the peak of 104 per cent recorded during Nigeria's debt crisis in 2004. But devaluation in the currency would be a key risk to external debt sustainability, they stated. "However, this risk is somewhat offset by the natural hedge provided by the high foreign currency composition of government revenues. "Under a scenario of an export shock similar to the episode recorded in 2015, we assume a 44 per cent decline in exports in 2018. Following this, we estimate external debt to exports will rise sharply to 71 per cent, up from 27 per cent in 2017. "While Nigeria's debt vulnerability worsens under this scenario, it still remains below the 100 per cent threshold level – at this level, Nigeria's external debt would need to reach $60.2 billion," the report added.

"While Nigeria's near term public debt ratios remain relatively comfortable, we are mindful of the trend in debt service ratios. We estimate that debt service to revenue ratio is likely to remain elevated at 50 per cent in 2018, breaching the recommended threshold of 25 per cent. "This represents the fourth consecutive increase since 2015. Given the outlook for lower oil revenues, we expect the government to do more in mobilising non-oil revenues to bridge the fiscal deficit, to meet the objective of reducing the "crowding out" impact of domestic borrowing. "There is room for tax mobilisation as Nigeria's non-oil tax to GDP at 2.3 per cent in 2016 remains well below the average of 16 per cent among sub-Saharan Africa countries. "Similarly, the policy framework for investment incentives should be periodically assessed against intended policy objectives and revenue forgone. This would ensure that the investment incentive framework is targeted, cost effective and sustainable," it added. *(This Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

CRDB bank has introduced a new mobile bank platform, SimAccount, that operates using mobile phones to simplify banking services. Launching the new mobile bank platform in Dar es Salaam on Saturday, the Vice President Samia Hassan Suluhu said the new mobile bank platform came at the right time as most women were saving their income in pig banks. "This SimAccount will be easy for most women to now shifting from big banks to mobile banking, " Ms Samia said during the launch of Dar es Salaam Women Empowerment Forum. She asked women to unite under their national women empowerment forum to enable banks follow up on them instead of them to following up banks. "The time has come for banks to come to us instead for us finishing our shoes soles looking for loans, " she said amid a loud-cheer from some 4,000 members of Dar Women Empowerment Forum. The Vice President challenged women to cultivate the culture of buying goods and services from one group to other in bid to increase marketing of their products. "This way we are creating our own market... But at the moment the situation is not so since most of you buy not among yourselves, " Ms Samia said. She also asked banks to be innovative and come up with product that would woo women entrepreneurs.

CRDB Managing Director Dr Charles Kimei said SimAccount operates similar to other mobile phone money platforms but backed with a bank account. "SimAccount is a bank on mobile phone and one can open an account using any mobile phone service operators," Dr Kimei said. The main difference between SimAccount and other mobile phone money services is that the former has a bank account that is either for an individual or a group-- Saccos, Vicoba or family member account. "The group account is like a WhatsApp account and any one in the group can deposit and ask for the account statement to see amount deposited or withdrawn," Dr Kimei said. CRDB believes that the SimAccount will increase banks financial inclusion, which at moment stands at 17 per cent of total bankable population. However, the country financial inclusion stands at over 75 per cent include with mobile money transaction. Dar alone has over 15,000 registered women under region empowerment forum coming from micro entrepreneurs to big investors. *(Daily News)*

Economic News

Treasury bills auction held on Wednesday bounced back to oversubscription after the previous two sessions ended up on a low note. The outstanding performance is an indication that investors in the government securities have sufficient liquidity. According to the Bank of Tanzania (BoT) auction summary, the session attracted bids worth 361.85bn/-, more than double the amount sought to be raised in the tender. A total of 169bn/- was offered to the market for tendering. BoT uses the short-term government note to mop excess liquidity in the circulation. Interest rates on the 364 tenure rose significantly to 11.96 per cent compared to 10.88 per cent and 10.27 per cent respectively of the preceding two sessions. Weighted average price for successful bid increased to 10.96 per cent compared to 10.25 per cent and 9.63 per cent of the last two sessions. The 364 days tenure attracted bids worth 196.63bn/- compared to 100bn/- offered to the market, that was retained at the end as successful amount. The 182 days offer attracted bids worth 165.16bn/- compared to 65bn/- offered to the market for bidding and was kept as successful amount. The two tenures, 364 and 182 days offer commanded 99 per cent to the total bid tendered to the market in the Wednesday auction. The number of successful bids was 150 out of 270 that participated in the one year treasury bills auction. The highest bid/100 and lowest bid/100 was 90.93 and 84.00respectively while minimum successful price/100 was 88.85and with weighted average price for successful bid was89.34. *(Daily News)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zambia

Corporate News

Zambian President Edgar Lungu has told Glencore's Mopani Copper Mines (MCM) unit to accept higher electricity prices caused by the removal of state energy subsidies, his spokesman said on Saturday. Copperbelt Energy Corp. (CEC), which buys power from the state-owned electricity company and sells it to mines, slashed the supply to Mopani to 94 MW from 130 MW following a dispute over the new tariffs. Mopani said on Friday the power supply restrictions had put its investments at risk, and has warned that it might lay off 4,700 staff as a result of the cuts. Presidential spokesman Amos Chanda questioned Mopani's decision to contest the higher tariffs, saying all other mining companies had accepted them. "We do not have problems with any other mining company other than Mopani and they are mining the same copper," he told reporters, calling Mopani's jobs warning unacceptable. Chanda said the government remained committed to the removal of fuel and electricity subsidies: "If those reforms have been accepted in the consumer sector by the poor, the president expects all sectors of the economy have to accept the reforms." The government in April announced a proposal introducing a flat tariff of 9.30 U.S. cents/kilowatt hour (kWh) backdated to January for mining companies, instead of individually negotiated rates that have averaged 6 U.S. cents/kWh. Negotiations over the proposed higher tariffs involving the government, power suppliers and mining companies have been going on since November last year. Mopani has a total workforce of 15,000 employees and produced 129,000 tonnes of finished copper in the year ended December 2016. *(Reuters)*

Zambian electricity utility Copperbelt Energy Corporation (CEC) and Glencore's Mopani Copper Mines have reached an agreement to restore full power supply to the mine from Wednesday, the president's office said on Wednesday. Details of the agreement, which was facilitated by the government, will be finalised over a six-week period, presidential spokesman Amos Chanda said in a statement. CEC, which buys power from the state-owned electricity company and sells it to mines, cut supply to Mopani to 94 megawatts (MW) from 130 MW after a dispute over new tariffs. Mopani last week said that the power supply restrictions had put its investments at risk and warned that it might lay off 4,700 staff because of the cuts. "Mopani will today inform labour unions that negotiations are taking place in good faith and therefore there was no cause for panic," presidential spokesman Amos Chanda said in Wednesday's statement confirming that power supply was being restored. The government in April announced a proposal introducing a flat tariff of 9.30 U.S. cents per kilowatt-hour (kWh) backdated to January for mining companies, instead of individually negotiated rates that have averaged 6 U.S. cents/kWh. Negotiations between government, power suppliers and mining companies over the proposed tariffs have been taking place since November last year. Mopani has a total workforce of 15,000 employees and produced 129,000 tonnes of finished copper in 2016. *(Reuters)*

Economic News

Zambia's improving growth prospects and greater liquidity in its banking system have prompted S&P Global Ratings to tweak its outlook on the country to stable from negative. The credit ratings firm said late on Friday, however, that this remained hostage to the government sticking to its budget plans and to outside factors over which Lusaka has no control - the international price of copper, and rainfall. It also based the move - which accompanied an affirmation of Zambia's non-investment grade B rating - on an expected deal with the International Monetary Fund by the end of the year. "Copper prices have risen by about 18 percent in 2017 and core liquid assets in Zambia's banks by some 44 percent over the same period," S&P said. The IMF visited Zambia in July and concluded that the economy was improving but that revenues were falling short of budget estimates but not spending. "The near-term outlook for the economy has improved in recent months," it said, citing a bumper harvest and increased hydroelectricity generation. It projected real GDP to grow 4 percent this year compared with 3.4 percent in 2016. Copper production remains key. The World Bank estimated in 2016 that mining accounted for 12 percent of Zambia´s GDP and 70 percent by value of total exports. Production is expected to rise to 850,000 tonnes in 2017 from 770,597 tonnes last year, according to the government.

Copper futures, meanwhile, were at their highest level in 33 months during the past week on the London Metal Exchange. Analys ts said the sharp rise in the price over the past few month could ease if the dollar rises and Chinese demand slows. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

TROUBLED coal-mining firm, Hwange Colliery Company Limited, says the plans by Government to resuscitate operations at Ziscosteel, a former top steel producer, would help turnaround its fortunes. Hwange has woven a turnaround plan anchored on ramping up underground mining to boost production, especially of coking coal, which can also be exported. Ziscosteel used to be the biggest consumer of Hwange's coking coal and it is envisaged that the proposed $2 billion investment into the Redcliff-based steel miner by a Chinese investor – R and F Company – would bring back the glory days to Hwange. Hwange managing director Mr. Thomas Makore told The Herald Business yesterday that reports suggesting a new investor had been found for Zisco is "very welcome news" for the 115 year old coalminer. "Ziscosteel was a big off-taker of our coking coal so it gives us a very significant off-take for our coking coal. It (revival of Zisco) will only support the turnaround plans that we are implementing at the moment. "Right now we are producing thermal and industrial coal and for Zisco we will need to supply coking coal; that is why we are resuscitating our underground operations. "We will also have to mine coking coal at our dragline operations; that is how we will respond to this demand," said Mr. Makore. The approval of the Scheme of Arrangement by creditors in which Hwange made arrangements to settle its obligations amounting to $352 million, is also seen as a milestone that would help Hwange turnaround its operations.

As part of plans to transform its operations, Hwange took delivery of its continuous miner that was being repaired in South Africa on August 13. The continuous miner is a critical tool used in underground mining, accounting for 45 percent of underground mining activities. It had broken down over two years ago. Other key pieces of equipment that are crucial in underground mining – which has been tentatively set for the last quarter of the year – would be delivered around mid-September. Said Engineer Makore: "Underground mining is where we produce high value coking coal, so it will be a good addition to our product mix. It will improve our profitability and add to our volumes." A continuous miner processes about five tonnes of coal per minute when operating optimally. Underground mining operations are primed to enhance the product mix offering of Hwange, thereby improving the overall profitability and quality of its revenue. Recently, Hwange selected an European company to conduct exploration and drilling at its new concession in the western areas of Hwange. Preliminary exploration results show that the new concessions have an estimated underground resource of about one billion tonnes. Underground operations, together with the return of Zisco, is expected transform Hwange's operations, particularly on profitability. For the full year to 2015, Hwange reported a net loss of $115 million. (*Herald)*

South African pharmaceutical group Adcock Ingram says its businesses in Zimbabwe and Kenya collectively posted a trading profit of R2.7 million ($200, 000) in the year ended 30 June compared to a trading loss of R3.5 million ($268, 000) in the prior year. The Johannesburg Stock Exchange (JSE) listed company has interests in flagging Bulawayo-based pharmaceutical manufacturer and distributor Datlabs, whose production capacity has been going down due to operational challenges. "The Group's non-South African enterprises comprise of operations in Zimbabwe and Kenya. The OTC Division has assumed management responsibility for the Kenyan operation, the purpose being to exercise better control over operations in that region," the company said in its audited group annual results for the year ended 30 June 2017 released on Thursday. "These foreign entities collectively posted a trading profit of R2.7 million, compared to a trading loss of R3.5 million in the prior year". Datlabs produces brands such as Cafemol, Panado, Solphyllex and Lanolene Milk under licence but has been facing serious competition from imports mainly from the Asian bloc. In 2013 it launched its own camphor brand, CamphaCare, following the termination of a 50-year contract to make Ingram's Camphor Cream by Tiger Brands of South Africa which divested from Datlabs in the same year. The company has been seeking close to $10 million to recapatilise its operations. *(The Source)*

Platinum production at Mimosa in the six months to June reached 60 879 ounces compared to 29 491 ounces during the same period in 2016 largely on improved mining efficiencies. In a trading update on Wednesday Mimosa's parent company Sibanye-Stillwater of South Africa said costs at the mine in Zvishavane and other two operations Kroondal and Platinum Mile were maintained within guidance. All-in sustaining costs at Mimosa was $655 per 4E ounce while the average PGM basket price for the period was at $910 compared to $822 in

2016. Tonnes milled at Mimosa at 681 000 tonnes more than doubled from 327 000 tonnes last year but yields declined to 2.78 g/t from 2.81 g/t. Plant recoveries during the period were marginally down at 77.60 percent compared to 78.54 percent in the same period in 2016. A total $7.9 million was spent as capital expenditure at the mine during the period which was an increase from $3.9 million in the same period last year. At Group level, chief executive officer Neal Froneman said despite the average 4E PGM basket price for the period remaining subdued the SA PGM operations recorded a R506 million ($38 million) operating profit, with Mimosa contributing an additional attributable R195 million ($15 million). *(The Source)*

Economic News

THE Reserve Bank of Zimbabwe (RBZ) says the production of about four tonnes of gold a month could help the country's economy become more self-sufficient. Speaking to guests at a fundraising dinner hosted by Industry and Commerce minister Mike Bimha in Harare last week, RBZ governor John Mangudya said artisanal miners were critical to the economy. "I am always proud when I talk about the artisanal miners of gold. In the month of July, the artisanal miners produced more gold than the large-scale producers at 1,2 tonnes which they produced in July versus 930 kilogrammes from large scale producers of gold, that is fantastic. Together, that is two tonnes in the month of July," he said at the fundraising dinner to raise funds for Bimha's constituency. "That is what we call entrepreneurship. Two tonnes of gold, by the way, is about $80 million because a kilogramme of gold is equivalent to about $40 000, so two tonnes is $80 million. So, if we have two, four or whatever tonnes every month, then this economy will become self-sustaining." Fidelity Printers and Refiners (FPR) is paying out $15 million on a weekly basis to over 300 000 artisanal gold miners. Trends from the central bank point to more gold coming from artisanal miners. The growth of artisanal miners has been reported as an improved gold output by these miners to increased mineral processing technology by its members. Gold is the country's main source of foreign exchange through exports followed by tobacco. Gold deliveries to FPR hit 10 tonnes during the first half of 2017, growing 3,9% compared to 2016's comparative period. As such, government expects more gold deliveries to FPR are expected in the second half of the year as producers continue to access the gold support facility. The central bank expects gold deliveries to FPR to reach the targeted 25 tonnes by year-end. In his mid-term monetary policy statement, Mangudya said the sector was benefitting from the $40 million Gold Support Facility availed by RBZ and administered through Fidelity Printers and Refiners. As at mid-July 2017, about $30,2 million had been disbursed under the facility. *(News Day)*

Zimbabwean banks have significantly increased their holdings of treasury bills (TBs) by 87 percent in the six months to June, results from reporting banks show as government continues to dominate borrowing at the expense of productive sectors of the economy. Statistics from the central bank show that the amount of TBs held by different institutions in the market, largely banks, increased by 20,25 percent to $2,5 billion as at June 30 from $2,079 billion held as at December 31, 2016. Of the total TBs held in the market as at June 30 , $843,2 million (representing 33,7 percent) were issued to finance government expenditure. This shows that treasury bills issued for government budgetary support increased by 87 percent in only six months from $450 million in December 2016. Zimbabwe government turns to borrow money from the domestic economy as its revenue collection fall short to cover expenditure, owing to a poor performing economy and inability to receive financial assistance from multilateral lenders due to its huge debt overhang. This explains why on average, a sample of largest banks by asset base, that have reported their half year financial results show that their holdings of treasury bills have increased by 33,64 percent compared to the same period last year while loan and advances to productive sectors of the economy have on average slightly increased by 0,52 percent. The sample includes Barclays bank Zimbabwe whose loan and advances have decreased by 10,27 percent to $113.5 million, while TBs holding has increased more than 8 times to $ 57,9 million from $ 6,7 million held in the comparable period last year, representing 12 percent of total assets.

For CBZ, while loan and advances have increased by 4,23 percent to $911 million, TBs holding has increased by 8,36 percent to $814,5 million from $751,6 million held in the comparable period last year, representing 41,4 percent of its total assets. Additionally, for CABS, while loan and advances have increased by 11,53 percent to $594,33 million, TBs holding has increased by 48,8 percent to $131,57 million from $88,42 million held in the comparable period last year, representing 12,23 percent of total assets. Ecobank's balance sheet shows that loan and advances increased by 23,63 percent on prior year to $164,2 million while TBs holding has increased by 48,41 percent to $90,7 million from $132,8 million held in the comparable period last year, representing 22,85 percent of total assets. For FBC Bank limited, while loan and advances have decreased by 8,61 percent to $184,9 million, TBs holding has increased by 41,25 percent to $76,6 million from $54,3 million held in the comparable period last year, representing 14,6 percent of total assets. State owned bank POSB's balance sheet as at June30, shows that loan and advances have slightly increased by 1,94 percent to $74,4 million, while TBs holding has increased by 21,36 percent to $55,5 million from $45,7 million held in the comparable period last year, representing 29,39 percent of total assets. Another state owned bank, Agribank's balance sheet shows that the amount of TBs and loans and advances are almost equal , with loan and advances amounting to $80,3 million against TBs holdings worth $76,6 million, TBs represents 35,63 percent of total assets. The position that all banks are increasing their TBs holdings, with some reducing their loans and advances to customers, shows that TBs are crowding out the private sector, a position which is not health for economic development.

Although the issuance of treasury bills for acquisition of non performing loans (NPLs), capitalisation of institutions and RBZ debt assumptions, are welcome developments to resuscitate some institutions, what remains a concern is the level of TBs issued towards supporting government expenditure, which now constitute the larger chunk. Even the minister of finance, Patrick Chamisa said in his mid term national budget review, it is critical, that an equilibrium position of a sustainable fiscal deficit is ascertained to ensure that 'TBs do not crowd out foreign exchange in the market'. The governor of reserve bank, John Mangudya also utter the same sentiment. CABS managing director, Simon Hammond told The Source on the side-lines of Old Mutual analyst briefing that government should manage the amount of public debt to avoid crowding out other productive sectors, in particular, the private sector. "Collectively at a macro scale, government should not be crowding out the private sector in terms of borrowing. As an economy we shouldn't be borrowing particularly to finance the recurrent expenditure at the expense of the private sector," Hammond said. Banks seem to prefer TBs, which they view as safer relative to loans, given the high credit risk in the market, but a leading research firm and stockbroker, MMC Capital warned that TBs are not sustainable in the medium to long-term. "Despite the surge in profits, the sustainability of banking sector earnings make us less enthusiastic given that interest income was chiefly boosted by the rediscounting of Treasury Bills, a development which we see as unsustainable," MMC Capital said in its economic report. *(The Source)*

The Zimbabwe Stock Exchange's main industrials index advanced 4,19 percent to close the week on 222,08 points, pushed by gains in heavyweight counters. The mining index however eased 5,23 percent to close on 70,17 points. Market capitalisation increased by 4,05 percent to $6,29 billion from $6,05 billion recorded in the previous week. The local bourse recorded a total market turnover of $3,37 million in the week. Beverage maker Delta gained 3 percent to close at 132,11 cents in the week while Padenga and Simbisa gained 28,82 percent and 12,87 percent to close at 40 cents and 35 cents respectively. Econet and Old Mutual gained 5,85 percent and 2,21 percent to close at 45,25 cents and 404 cents respectively. Seedco and Innscor picked up 2,16 percent and 1,33 percent to close at 155 cents and 76 cents in that order. BAT and Hippo advanced 0,55 percent and 0,27 percent to settle at 1,815 cents and 94,5 cents respectively. Leading the gainers pack were General Beltings and NMB whose share prices rose 150 percent and 27,06 percent to close at 0,55 cents and 5,4 cents respectively. Zimplow, Powerspeed and ZB Financial Holdings gained 22,45 percent, 20 percent and 15,25 to settle at 6,6 cents, 6 cents and 19,5 cents in that order. Additionally, Axia and Unifreight advanced 14,94 percent and 13,04 percent to close at 15 cents and 1,3 cents while OK Zimbabwe and Pearl added 13,04 percent and 10,8 percent to close at 13 cents and 4 cents respectively. PPC, Afdis and CFI also gained 9,62 percent, 7,88 percent and 6,8 percent to close at 71,25 cents, 65 cents and 65,15 cents respectively. Partially offsetting the gains recorded by the industrial index were Bindura and Edgars whose share prices fell 16,39 percent and 3,85 percent to close at 2,5 cents and 5 cents respectively. Masimba, Willdale and Proplastics also eased 3,28 percent, 2,44 percent and 1,76 percent to close at 5,9 cents, 0,4 cent and 6,7 cents respectively. Foreigners remained net sellers in the week, disposing of shares worth $591,097 compared to buys of $227,289. *(The Source)*

Chinese firm R&F will invest $1 billion in Zimbabwe Iron and Steel (Ziscosteel), a Minister said on Monday, the latest attempt to revive the moribund steelmaker, once the largest integrated steel works in the region which shut in 2008. Industry Minister Mike Bimha said steel output is expected to start within 18 months once negotiations have been completed. "We are looking at an initial injection of over $1 billion and it will probably come to $2 billion when we proceed but it's not a small project, it's a huge project and a lot of work to be done…," Bimha told journalists at State House where the R&F founder Zhang Li — whose net worth is $3.3 billion — met President Mugabe. Ziscosteel was once Africa's biggest integrated steel maker but folded operations in 2008 due to what analysts say was gross mismanagement and a failure by the state-owned firm to upgrade its equipment. Essar, the African unit of India's Essar Group in November, 2011 agreed to buy 54 percent in the steel maker in a deal worth $750 million. But the deal collapsed in 2015 due to squabbles between the partners over ownership of mineral claims.

Bimha said nothing of the debt overhang on the steelmaker which haunted the Essar deal. Ziscosteel's foreign and local debt stood at $450 million as at March 31, 2014. It revival would also provide a boon for another state-owned company, National Railways of Zimbabwe, as 60 percent of its business came from transporting coal to Ziscosteel. The steelmaker's latest angel investor is one of China's richest businessmen, Zhang Li, who heads the Guangzhou-based R&F Properties. R&F has been in the news recently — last week the company said it had teamed up with another Chinese firm — CC Land — to buy Nine Elms Square in London in a deal worth £470 million. It also recently bought 77 hotels from Wanda — another Chinese firm — as part of a $9 billion deal. R&F is listed on Stock Exchange of Hong Kong and is often referred to as one of the "Five South China Tigers." It has an estimated market value of $6,7 billion. If R&F's deal goes through, it would be the largest single foreign investment into Zimbabwe's troubled economy. Details of the deal were not made public but the scale of investment suggests R&F would have control's Ziscosteel's stock, making it the first state-owned company to be privatised. *(The Source)*

The pensions industry achieved a net surplus of $30,96 million in the first quarter to March driven by rental and investments income of $105.65 million, a report by the regulator has shown. According to the latest sector report by the Insurance and Pensions Commission (IPEC), rental and investments income accounted for 94.22 percent of the industry's $112 million total income. The industry had 1,297 registered private occupational pension funds with total membership of 560,528 at the end of the quarter. Total benefits incurred during the quarter amounted to $59,47 million accounting for 67 percent of expenditure which came out at $89, 13 million. Total assets amounted to $3,35 billion. "It is commendable that 74 percent of the asset base was made up of assets that which are suitable to match pension funds liabilities namely investment properties, cash and money market investments, equities and prescribed assets," reads the report. In the report the regulator raises concern over the fact that 15 percent of the assets are tied up in contribution and rental arrears at $462.99 million and $49.41 million respectively. The National Railways of Zimbabwe Pension Fund, Mining Industry Pension Fund and Local Authorities Pension Fund were the largest funds in terms of total assets during the quarter. *(The Source)*

Zimbabwe's trade deficit narrowed by 21 percent to $1,2 billion in the first seven months of the year, latest trade data from the statistics agency shows. Figures from the Zimbabwe Statistics Agency (Zimstat) show that between January and July imports amounted to $3,1 billion while exports trailed at $1,9 billion. Major exports included semi-processed gold worth $468 million, nickel mattes $305 million, flue cured tobacco worth $282 million, nickel ores and concentrates worth $201 million and ferrochrome worth $184 million. Imports included diesel ($463 million), unleaded petrol ($225 million), electricity ($108 million), crude soya bean oil ($62 million), among others. Zimbabwe's reliance on imports remains high despite government measures to control imports as the local industry remains in quandary. During the same period last year, the country's imports were $2,9 billion against exports of $1,3 billion, giving trade deficit of $1,5 billion. Finance Minister Patrick Chinamasa has forecast a $1,5 billion trade deficit for 2017. Last year Zimbabwe's trade deficit narrowed to $2,3 million from $3,3 million in 2015. *(The Source)*

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