SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change		YTD % Change	
Country	Index	18-Oct-13	25-Oct-13	Local	USD	Local	USD
Botswana	DCI	8,665.77	8,711.53	0.53%	11.48%	16.00%	17.56%
Egypt	CASE 30	5,986.80	6,171.21	3.08%	17.08%	12.98%	13.03%
Ghana	GSE Comp Index	2,088.92	2,094.70	0.28%	12.48%	74.60%	71.36%
Ivory Coast	BRVM Composite	207.32	207.30	-0.01%	-9.08%	24.44%	15.94%
Kenya	NSE 20	4948.77	4935.91	-0.26%	0.95%	19.43%	23.88%
Malawi	Malawi All Share	12,001.52	12,049.49	0.40%	35.94%	100.31%	140.23%
Mauritius	SEMDEX	1,980.84	2,006.23	1.28%	-2.16%	15.83%	16.02%
	SEM 7	387.92	394.44	1.68%	-1.77%	16.95%	17.14%
Namibia	Overall Index	1,008.00	1,009.00	0.10%	19.78%	2.31%	5.43%
Nigeria	Nigeria All Share	37,342.73	37,461.94	0.32%	1.68%	33.42%	33.25%
Swaziland	All Share	293.68	294.04	0.12%	20.43%	2.93%	6.39%
Tanzania	TSI	2,219.64	2,341.29	5.48%	7.80%	57.60%	60.66%
Tunisia	TunIndex	4,468.27	4,471.50	0.07%	1.73%	-2.37%	-6.12%
Zambia	LUSE All Share	4,992.85	4,925.95	-1.34%	6.12%	32.23%	40.35%
Zimbabwe	Industrial Index	213.36	209.71	-1.71%	-1.71%	37.60%	37.60%
	Mining Index	51.87	47.48	-8.46%	-8.46%	-27.09%	-27.09%

CURRENCIES

Cur-rency	18-Oct-13 Close	25-Oct-13 Close	WTD % Change	YTD % Change
BWP	8.37	8.28 -	1.09	8.23
EGP	6.87	6.87 -	0.00	13.52
GHS	1.87	2.17 -	0.14	14.13
CFA	483.45	475.76 -	1.59 -	3.96
KES	83.52	83.37 -	0.19 -	2.60
MWK	362.39	361.15 -	0.34	12.51
MUR	29.46	28.99 -	1.61 -	5.10
NAD	9.84	9.77 -	0.73	15.27
NGN	158.42	157.27 -	0.73	0.75
SZL	9.84	157.27 -	0.73	15.52
TZS	1,578.90	1,568.45 -	0.66 -	0.42
TND	1.64	1.62 -	0.78	4.90
ZMW	5.25	5.27	0.22	1.57

Botswana

Corporate News

No Corporate News This Week

Economic News

Botswana on Tuesday cut its economic growth forecast for this year to 4.4 percent of GDP, from 5.9 percent seen in February, because of slower expected output from both the mining and non-mining sectors. "Demand for our exports, particularly diamonds, has been affected by the uncertainty in the Eurozone and the USA. This has knocked down our forecast for the growth of the mineral sector," Economic and Financial Policy Secretary Taufila Nyamadzabo told Reuters at a budget planning meeting. *(Reuters)*

Egypt

Corporate News

Eastern Company, Egypt's top cigarette maker, posted a 41.5 percent drop in net profits for the three months to end-September on Thursday. Eastern said in a statement it made a net profit of 96.86 million Egyptian pounds, down from 165.45 million pounds in the same period last year. However, revenue fell just 4.9 percent to 1.17 billion pounds, the company said. *(Reuters)*

Economic News

The Gulf Arab state of Kuwait will allow Egypt to repay a $2 billion central bank deposit over five years instead of the current one-year timeframe, Egypt's interim prime minister said on Sunday. Kuwait agreed to give Egypt the extended repayment period for the deposit, Prime Minister Hazem el-Beblawi said in an interview aired late Sunday night on a private television channel. Egypt's central bank received the $2 billion deposit from Kuwait on September 26. It was part of a $4 billion aid package pledged by Kuwait after the Egyptian army overthrew Islamist President Mohamed Mursi on July 3. Egyptian officials had asked the Gulf Arab oil producer for the five-year repayment period, consistent with the terms of the recent aid packages from Saudi Arabia and the United Arab Emirates. Kuwait had matched pledges by the other two nations, showing Gulf Arab approval of the Egyptian army's ousting of Mursi. The total promised aid to Egypt is worth $12 billion. *(Reuters)*

Egypt hopes to start repaying debts to oil firms within two months, a top state executive said on Monday while adding his firm was still in talks with the government, snowed under by other requests, on how and when exactly it could repay $6 billion. "By hook or crook we will get them something fixed by the end of this year ... (in) two months maximum," the chairman of state-run Egyptian General Petroleum Corporation (EGPC), Tarek El Molla, told Reuters in an interview. Molla said EGPC was still making "the required business case" to the finance ministry and the central bank and that the government was in the "discussion phase" over repayment details as EGPC has to compete with other sectors for government funds. "We have not reached a final date or final amount." Egypt has struggled to meet soaring energy bills caused by high subsidies on fuel products for its 85 million people. It owes oil companies $6.2 billion, the petroleum minister said earlier this month. The country has been delaying payments to oil and gas firms because political upheaval since the overthrow of President Hosni Mubarak in 2011 has battered its economy, frightening away tourists and investors, and cutting into tax revenues. Some of the debts were incurred even before the 2011 revolt. Authorities have repeatedly promised to repay arrears since the army toppled Islamist President Mohamed Mursi on July 3 and after oil-producing Gulf Arab states, which fiercely opposed to his Muslim Brotherhood, promised financial support to Egypt. In the week after the army takeover, Saudi Arabia, Kuwait, and the United Arab Emirates pledged a combined $12 billion in grants, interest-free loans, and oil products. Egypt's finance minister said last month oil debt repayment was a complex issues as it could mean restructuring the entire oil sector, but said repayments would begin soon. "The repayment is definitely our objective, it's our priority," said Molla, adding that "satisfying" foreign partners was essential for increasing production and adequately supplying the local market. Molla said Egypt was targeting short-term investments to increase its refining capacity to 30 million tonnes by the end of the fiscal year in June, up from 27 million last year. *(Reuters)*

Egypt will spend 29.6 billion Egyptian pounds ($4.30 billion) on a stimulus package to get its moribund economy going, a third more than previously planned, according to a Finance Ministry statement on Monday. The original plan announced in August had provided for around 22.3 billion pounds in additional spending on a variety of projects, but the ministry said the increases would not push this year's budget deficit above the previous goal. "This financial package will not increase the budget deficit of the state from the government target of 10 percent due to the success of reforms taken lately and the effects of the Arab aid packages," the statement said. The economy of the Arab world's most populous country has been crippled by social and political turmoil since Hosni Mubarak was ousted in 2011 but has been helped in recent months by funding from several Gulf Arab States. Saudi Arabia, Kuwait and the United Arab Emirates promised a combined $12 billion in loans, grants and fuel shipments after the army, prompted by mass protests, overthrew the country's first democratically elected president Mohamed Mursi on July 3. The statement also said that the government plans to implement a minimum wage early next year which would cost the country 18 billion pounds annually. "The government is committed to implementing the minimum wage starting from next January which will cost the public treasury around 9 billion pounds during the second half of the current financial year, rising to 18 billion pounds annually," the statement said. Egypt's Trade and Industry Minister told Reuters earlier this month that Egypt plans a second stimulus package by early next year that will likely be equal or larger than the 22.3 billion pounds announced in August. *(Reuters)*

Egypt will begin repaying the more than $6 billion it owes to foreign oil companies within two months, the chairman of state-run Egyptian General Petroleum Corporation (EGPC) said on Monday. "By hook or crook we will get them something fixed by the end of this year ... (in) two months maximum," Tarek El Molla told Reuters in an interview. Egypt has been delaying payments to oil and gas firms as its economy has been hammered by almost constant political upheaval since a 2011 popular uprising toppled autocrat Hosni Mubarak. Molla said EGPC was making "the required business case" to the Finance Ministry and the Central Bank to organise repayments. He said the government had not yet finalised a timeline for the repayment of arrears to the firms. Egypt owes oil companies $6.2 billion, the petroleum minister said earlier this month. Most firms hope to recoup the debts in full, but they acknowledge it could take years. "The repayment is definitely our objective, it's our priority," said Molla. *(Reuters)*

Egypt is not interested in importing gas via pipeline from Israel and instead is focusing on a plan to import liquefied natural gas, a top Egyptian state executive said on Wednesday. Israel's energy and water minister said this week that it could supply Egypt with gas through a pipeline that already links them. To receive LNG shipments, Egypt must rent a floating terminal, which it aims to have in operation by April after issuing a tender earlier this month. "For importing the LNG we are working with companies, not with countries," Taher Abdel Rahim, chairman of state-run Egyptian Natural Gas Holding Company (EGAS), told Reuters. "Companies like BP, Shell, BG - those are the companies working on importing LNG," he added. Egypt's LNG plan is likely to be more expensive than piping gas from Israel due to the cost of erecting the terminal and the higher prices LNG fetches in the global spot market. Spot LNG in the east Mediterranean region is currently priced around $12.00 per million British thermal units, and pipeline deliveries from Israel are likely to be cheaper. The pipeline was originally built to carry Egyptian gas to Israel and Jordan.

In April Egypt terminated a 20-year deal to supply gas to Israel, citing a business dispute. The deal, signed when President Hosni Mubarak was in charge, was unpopular with many Egyptians. The pipeline has been attacked more than a dozen times since the 2011 uprising that toppled Mubarak. Since the deal was first signed, Egypt's gas output has declined, while large reserves of gas have been discovered off Israel's Mediterranean coast. In August, Avner Oil & Gas said the group of energy companies that found the gas was studying options to export it to Egypt as well as to Jordan, the Palestinian Authority and Europe via a pipeline to Turkey. Silvan Shalom, Israel's energy and water minister, said on Tuesday that Egypt was "showing interest in buying gas from Israel. "If they will indeed want gas and (their interest) is real, then I don't see any reason why not," he told Israel's Army Radio. EGAS's Abdel Rahim said, however, "There is no negotiation, no communication, nothing at all between us and them." He added, "What we are working on now is to get the FSRU", which is a floating terminal used to import LNG. *(Reuters)*

Ghana

Corporate News

Produce Buying Co., Ghana's largest buyer of cocoa beans from farmers, postponed a sale of shares until the first quarter of 2014 as it waits for approval from the government, Managing Director Kojo Atta-Krah said. "The rights issue is at cabinet level, we are expecting approval to come in November," he said in an interview in Accra on Oct. 18. The offer will be for at least 150 million cedis ($68 million), Atta-Krah said. The West African nation, including the state pension fund, owns about 75 percent of the company. The remaining 25 percent of investors approved the share sale, initially pegged at 200 million cedis, of new shares in March, pushing the stock to the highest in more than a year. The offer, scheduled to have started in July, would have been the first by a member of the Accra-based bourse this year. The shares fell 50 percent since the peak after the company reported a loss. PBC lost 2.2 million cedis in the nine months through June 30, compared with profit of 12.4 million cedis a year earlier, the company said on July 30. Its net debt climbed to 2.94 times earnings before interest, taxes, depreciation and amortization in 2012 from 1.98 times a year earlier, according to data compiled by Bloomberg. Deputy Finance Minister Cassiel Ato Forson said he didn't want to pre-empt the cabinet's decision when called on Oct. 18. Michael Atiboly, acting general manager for Investment and Development at the Social Security and National Insurance Trust wasn't immediately available to comment, said a man who answered the phone at his office on Oct. 18. PBC's shares were unchanged at 18 pesewas by the close in Accra on Oct. 18. The company plans to boost cocoa bean purchases by 3.8 percent to 270,000 metric tons in the harvest season that started on Oct. 18. Ghana Cocoa Board, the industry regulator, targets a total crop of 830,000 tons after output reached 837,000 tons in the year that ended on Sept. 30. Farmers will be paid 3,392 cedis a metric ton for their beans by buyers including PBC in the 2013-14 period, the same as last year, Forson said on Oct. 18. *(Bloomberg)*

Oil giant Tullow Oil Plc has reaffirmed its long term commitment to the country as discussions are ongoing with government to expand its assets in the Jubilee Oil Field Investor Relations and Communications Officer, Chris Perry disclosed this at the Ghana Stock Exchange organized "Facts Behind Figures Programme" today. The oil explorer and producer presently generate 50 percent of its cash flows from Ghana. It is now producing 110,000 barrels of crude oil in Ghana. It interest in the West Cape Three Points is about 26.4 per cent while that of the Jubilee field is 36.5 percent. Mr. Perry said Tullow's operations have been significant in Ghana and hope to replicate it in Ivory Coast and Sierra Leone where it has concessions. Every year, the company spends about one billion dollars on exploration activities across the globe which has generated 200 million barrels of crude oil for the next six years. Mr. Perry added the future is bright with respect to Kenya and Uganda as it hopes to produce more crude from these two countries. Tullow Oil listed on the Ghana Stock Exchange in July 2011. It presently has about 20,000 shareholders. *(Ghana Web)*

Economic News

Ghana will target a budget deficit of less than 9 percent of gross domestic product next year after rising government worker wages and falling gold prices made that goal unreachable in 2013, Finance Minister Seth Terkper said. The gap will be 10 percent this year, before narrowing to below 9 percent in 2014, Terkper said by phone on Oct. 19. He declined to provide an exact number because the budget details haven't been completed. Fitch Ratings last week cut Ghana's sovereign credit rating to B, five levels below investment grade, because public worker wages and falling revenue from gold will prevent the government from meeting budget goals after posting a 12.1 percent deficit last year. A 21 percent drop in the price of the gold, Ghana's biggest foreign-exchange earner, sapped government revenue and made it harder to meet the target. The country also exports cocoa and oil. "Ghana is still credible," Terkper said. "We have a second oil field coming up and are confident of our medium-term growth prospects. We will bounce back to even more improved ratings." While the government's cutting of subsidies for fuel, water and electricity have reduced spending, it has been unable to adequately curb public salary increases, Fitch said. The wage bill accounts for about 70 percent of tax revenue. The rate of increases will slow next year after surging this year because of one-time payments, Terkper said. "The current wage trajectory is not sustainable," he said. "That is why we need a more moderate stance." The nation cut subsidies for utilities and fuel, introduced new taxes and will start selling more five- and seven-year bonds to lock in lower borrowing costs. A committee is reviewing salary increases, Terkper said. The cedi has dropped 13 percent this year against the dollar, the second-worst performing currency in Africa after the South African rand, according to data compiled by Bloomberg. *(Bloomberg)*

Ghana continues to attract a significant share of total Foreign Direct Investment (FDI) flows to Sub-Saharan Africa (SSA), a survey conducted by the Bank of Ghana (BOG) has shown. The BOG's 2012 Foreign Private Capital flows survey which was launched in Accra on Wednesday by the first Deputy Governor, Mr Millison Narh, indicated that in 2012, Ghana was ranked as the third highest recipient of FDI flows in SSA during 2011 by the World Investment Report on account of the newly developed Jubilee Oil field. However, FDI inflows to Africa in general, declined for the third successive year, though at a much slower pace to 42.7 billion US dollars in 2011 from 43.1 billion US dollars. The overall FDI inflows were dragged down mainly by lower inflows to North Africa, particularly Egypt, Libya and Tunisia due to social and political unrest. Excluding North Africa, however, FDI inflows to Sub-Sahara African increased to 37 billion dollars in 2011 from 29 billion dollars in 2010. The survey sample was selected among entities in all the regions except the two upper regions with the objective of capturing Ghanaian enterprises with foreign direct investment and borrowing. At the launching of the survey, the findings, together with data obtained from monetary and financial sources for private cross border liabilities, showed that the economy recorded total external liabilities of 27.9 billion dollars in 2011, from 24 billion dollars in 2010. "This reflected an accumulated inflow liability position of cross border capital of 3.9 billion dollars in a year".

Mr Narh indicated that the private flows to developing countries since 1990 had greatly facilitated their rapid growth at a time when most developed economies were passing through recession. He said for instance, since the five years that Ghana commenced the annual private foreign capital flows survey, inward direct investment had increased by an average of 35.5 per cent per annum while portfolio inflows into private sector had also increased by 20.6 per cent. Foreign loans contracted by the private sector have also increased by an average of 37 per cent annually from 2006 to 2011. He said, however, significant areas of risk with capital flows still deserve attention from governments of developing countries, international financial institutions and business entities as major recipients of private capital flows were vulnerable. The Deputy Governor noted that financial market development would be an important driving force of growing capital flows and that Ghana had to position herself to attract the huge investment funds for looking for safe havens to migrate to.

He said the gradual liberalization of capital transactions had helped in the attraction of foreign capital but had brought along some risks which "we will continue to monitor and ensure that they do not derail our efforts at ensuring both internal and external stability. Mr Seth Terkper, Minister of Finance, said Government places a lot of premium on attracting capital inflows into the country to the private sector, particularly, because of the falling trends in official inflows. "As Government, our role is to ensure that the enabling environment is created to facilitate these flows. And on that score, the main issues that come to mind are macroeconomic stability, competitive fiscal and investment regimes as well as the liberalization of financial transactions". The Minister said Government was also aware of the systemic risk and vulnerabilities that may arise from the explosion of private capital flows attributable to the inadvertent opening of opportunities to criminals and increased cross border criminality and was doing everything possible to address that. "We will continue to work with Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) in the fight against money laundering and financial terrorism by adopting rigorous regulations at regional level to fight the menace and also equip our local law enforcement institutions to help in preventing sure tendencies". *(Ghana Web)*

COCOBOD has denied reports that cocoa from Ghana face an imminent ban on international market. The assurance follow reports in sections of the media that cocoa from Ghana will would be prohibited from entering the international market due to high incidence of pesticide residue in the beans. But according to a statement issued by COCOBOD, all pesticides used in the industry meets all international standards. According to COCOBOD, it places premium on the health of consumers of cocoa and, therefore, has put in place quality control mechanisms to ensure that Ghana's cocoa is free from all foreign matter as well as chemicals. *(Ghana Web)*

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TRADING

Kenya

Corporate News

Kenya Power says it will resume paying dividends next year after failing to reward shareholders for the first time since 2004 when profits fell by a quarter in the period to June. The listed electricity distributor said it expects cash flow to improve in the current year on reduced reliance on medium and short-term loans and increased revenues from higher tariffs and rising connections. The company's finance costs for the year more than doubled to Sh2.5 billion on the short loans it borrowed to revamp its ageing grids and support increased customer connections, particularly in rural areas. This resulted in a negative cash position of Sh2.1 billion compared to a positive Sh800 million last year, denying the firm the muscle to pay dividends — which was a blow to shareholders who have seen the value of Kenya Power's stock shed a third of its value over the past year. "It is a momentary stop for this year only. We hope to be in a better cash position and resume dividend payments next year," said Lawrence Yego, Kenya Power chief finance manager. For years, Kenya Power along with firms like East Africa Breweries Limited and BAT have been sought after at the Nairobi Securities Exchange due to the ability to consistently pay dividends. The firm declared a dividend of Sh0.50 per share for the year ended June 2012 and Sh0.45 the year earlier. But the power distributor reckons that the connection of customers, especially in rural Kenya, lowered its ability to pay dividends.

"This put huge financial pressure on the company and the programme was halted in January 2013 due to unsustainable liquidity challenges," Kenya Power said in a statement. The firm said it received Sh2.7 billion from the government, which owns half of it, to support the connection of more Kenyans to the national grid and hence reducing its appetite for expensive short-term financing. It was also optimistic it will receive the nod to raise tariff, which will power its revenues together with the new demand for electricity which the firm forecast to rise by six per cent by June next year. The company's sales grew six per cent to Sh47.9 billion in the period compared to Sh45 billion the year before and it was looking to raise tariffs from March but the government stopped the move. The power distributor had sought to raise the fixed charge and consumption tariff by 21 per cent starting March 1 to cover for rising cost and boost sales. But Deputy President William Ruto intervened to maintain electricity charges at their current levels, citing the need to protect consumers from inflationary pressure. *(Business Daily)*

Kenyan industrial gases firm Carbacid said it would carry out a bonus share issue and share split as it reported a near 19 percent rise in pretax profit to 634.69 million shillings for the year ended July. Revenue increased to 952.84 million shillings from 921.75 million shillings in the previous period, the producer and supplier of pressurised carbon dioxide and dry ice said on Tuesday in a statement. Its earnings per share rose to 13.99 shillings from 11.46 shillings a year before. It proposed the payment of a final dividend of 3 shillings per share, bringing the total dividend for the year to 6 shillings per share. It also recommended the payment of a bonus share issue of 2 for every five held and the split of shares into five for every one held. The bonus share issue, which will be preceded by the creation of extra authorised share capital, is subject to shareholder and regulatory approval, Carbacid said. *(Reuters)*

Shelter Afrique's Sh3.5 billion bond started trading at the Nairobi bourse yesterday with the proceeds expected to fund the low-cost housing projects across the country. The Pan African housing financier issued the bond in September through the Nairobi Securities Exchange and has received a 43 per cent oversubscription totalling to Sh5 billion. Yesterday, Shelter Afrique's managing director Alassane BÂ said the funds be instrumental in bridging the ever widening housing gap in the country. "Already, we are working with about 2,000 families through the Makau Mashinani project to help them improve their homes. Additional funding will enable us roll out more projects," said Mr BÂ. Speaking at the bell ringing ceremony, Cabinet Secretary for Lands, Housing and Urban Development Charity Ngilu challenged developers to use cheaper construction materials to make houses affordable to majority of Kenyans. "For a long time, the housing sector has not attracted adequate investment to meet the ever increasing demand. This has been due to various constraints in the housing development and delivery process, particularly for the lower middle and low-income groups," Ms Ngilu. She also called on developers to consider alternative sources of funding to boost the government's effort to improve housing. *(Daily Nation)*

WEEKLY AFRICAN FOOTPRINT

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Economic News

The Kenyan shilling held steady on Tuesday, with traders expecting it to remain supported by tightening liquidity due to this week's payment of the annual tea bonus to small-scale farmers. At 0708 GMT, commercial banks quoted the shilling at 84.65/75 per dollar, barely changed from Friday's close of 84.60/80. Kenyan markets were closed on Monday for a holiday. It was still close to a four-month high of 84.50 touched on October 8, lifted by strong foreign investor demand for Kenyan debt and shares. Bank of Africa said in a daily note that liquidity was tight as a few big banks were preparing to pay out tea bonuses worth a total 51.3 billion shillings, forcing other banks to borrow at high rates on the interbank market. Tea bonuses are customers' annual bonus to small-scale farmers, usually paid in mid-October, "This (has) left many banks looking to borrow and pushed the lending rate above 11 percent, providing psychological support to the shilling," the bank said. The weighted average interbank rate rose to 11.0672 percent on Friday from 10.8224 percent on Thursday, having risen gradually from 6.9383 on September 17. Tight shilling liquidity makes it more expensive to hold long dollar positions. The east African nation is the world's biggest exporter of black tea and the crop is one of its largest foreign exchange earners, bringing in $1.2 billion in 2012. But traders said the shilling could be weighed down in the days ahead as importers buy dollars to meet supply payments, that usually fall around the end of each month. "End-month customer orders (for dollars) have started coming in, so we see the shilling under some pressure," said John Muli, a trader at African Banking Corporation. *(Reuters)*

The Kenyan shilling was steady on Wednesday, underpinned by a tightening liquidity in money markets caused by this week's annual payments of bonuses to tea farmers. At 0726 GMT, commercial banks posted the shilling at 84.70/80 to the dollar, barely changed from Tuesday's close of 84.70/90. Tea bonuses, usually paid to small-scale farmers in mid-October, shift liquidity to a few big banks used for disbursements, leaving other banks with little liquidity. Tea farmers will receive 51.3 billion shillings in bonuses, paid by their national co-operative, the Kenya Tea Development Agency. Traders said the outlook for liquidity was poor. "I don't think it will improve soon because on Monday we expect 16 billion shillings to go out in bond payments," said Nahashon Mungai, a trader at Kenya Commercial Bank. Payments for a 12-year infrastructure bond auctioned this month are due on October 28. The liquidity squeeze has pushed up overnight lending rates, with the weighted average interbank rate rising to 11.1241 percent on Tuesday from 11.0672 percent previously, having risen gradually from 6.9383 on September 17. Tight liquidity supports the local currency by making it slightly more expensive for banks to hold long dollar positions. Traders said they expected the shilling to firm towards a four-month high of 84.50 against the dollar, last touched on October 8, before the end of this week. *(Reuters)*

Kenya is in the final stages of mandating JP Morgan as lead manager for a debut Eurobond of up to $2 billion in size, the country's finance minister said on Wednesday. Plans for the east African country to sell an international bond have been delayed several times since 2007, mainly due to political turmoil at home and financial crises abroad. "We are negotiating a mandate letter with JP Morgan with a view of course to sign a contract," Henry Rotich told Reuters by telephone. The deal is likely to be signed in a week, he said. The minister said among the points being finalised with JP Morgan include co-arrangers, an issue that the government has left to JP Morgan's discretion. "The negotiations is to agree on the partners they are bringing on board and also to sign the contract with them," he said. The contract was likely to be signed as early as next week, Rotich added. Kenya is rated B1/B+/B+. *(Reuters)*

The average price of top Kenyan tea edged down for the fourth straight week to $3.74 per kilogramme from $3.90 at last week's sale, market participants said on Wednesday. The east African nation is the world's largest exporter of black tea, an important source of foreign exchange for it. Africa Tea Brokers (ATB) said in a market report the Best Broke Pekoe Ones (BP1s) fetched $2.65-$4.82 per kg from $3.00-$4.80 per kg attained at last week's sale. Brighter Pekoe Fanning Ones (PF1s) sold at $2.00-$2.68 per kg, compared with $2.08-$2.75 per kg at the last auction. ATB said there was less demand for 118,979 packages offered for sale with 29.4 percent unsold. Last week, about a quarter of all packages, or 6.97 million kgs on offer went unsold. *(Reuters)*

The International Criminal Court's Appeals Chamber has declined to excuse Deputy President William Ruto from continuous attendance at his trial. In a majority decision, the court reversed the June 18 decision by the ICC Trial Chamber that conditionally excused Mr Ruto from being physically present during the sessions. The court's Prosecutor Fatou Bensouda had appealed the decision. In setting aside the earlier ruling, the The Appeals Chamber noted that it found the Trial Chamber to have exceeded the limits of its discretionary powers to grant Mr Ruto the conditional excusal. It said the Chamber excused Mr Ruto without exploring alternative options, and did not exercise discretion to excuse him on a case-to-case basis. This amounted to a "blanket excusal" even before the trial had started, the judges noted. From the ruling, it now means that Mr Ruto will have to remain at The Hague for the rest of the court proceedings at his trial. However, the Appeals Chamber recommended that he can apply for excusal on a need to need basis, including to attend Cabinet meetings. *(Daily Nation)*

Dollar buying by importers brought a slight weakening of the Kenyan shilling on Friday, though traders said the African currency is likely to play in recent ranges after a month-long squeeze on liquidity. The shilling was posted at 84.85/95 to the dollar at 0804 GMT, against Thursday's close of 84.70/80. "We've seen some interbank guys buying (dollars) on the back of customer demand," said Duncan Kinuthia, head of trading at Commercial Bank of Africa. The currency has been hemmed in the 84.50-85.00 range this week as tight liquidity on money markets makes it expensive for banks to hold long dollar positions. Heavy demand for Kenyan government debt as well as equities from offshore and local investors this month has drained shillings from the market. Payment of annual bonuses to tea farmers this week has also increased the tightness. On the money market, the overnight weighted average interbank rate rose to 11.1706 percent on Wednesday from 11.1706 percent on Tuesday, having risen gradually from 6.9383 on September 17. "As long as there is tightness in the money markets the shilling will play back and forth in this range," Kinuthia said. *(Reuters)*

The International Criminal Court's Appeals Chamber has declined to excuse Deputy President William Ruto from continuous attendance at his trial. In a majority decision, the court reversed the June 18 decision by the ICC Trial Chamber that conditionally excused Mr Ruto from being physically present during the sessions. The court's Prosecutor Fatou Bensouda had appealed the decision. In setting aside the earlier ruling, the The Appeals Chamber noted that it found the Trial Chamber to have exceeded the limits of its discretionary powers to grant Mr Ruto the conditional excusal. It said the Chamber excused Mr Ruto without exploring alternative options, and did not exercise discretion to excuse him on a case-to-case basis. This amounted to a "blanket excusal" even before the trial had started, the judges noted. From the ruling, it now means that Mr Ruto will have to remain at The Hague for the rest of the court proceedings at his trial. However, the Appeals Chamber recommended that he can apply for excusal on a need to need basis, including to attend Cabinet meetings. *(Daily Nation)*

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Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News This Week

Mauritius

Corporate News

No Corporate News this week

Economic News

Mauritius trade deficit narrowed 20.7 percent in August to 6.07 billion Mauritius rupees from a year earlier as higher sales of food and live animals increased the value of exports, official data showed on Monday. The value of overall exports rose by 18 percent to 7.73 billion rupees as revenue from exports of food and live animals rose to 2.59 billion rupees from 2.17 billion a year earlier, Statistics Mauritius said in a statement. Imports fell 2.8 percent to 13.80 billion rupees with the value of imported fuel falling to 2.64 billion rupees from 3.5 billion a year ago. Britain was the main buyer of goods from Mauritius in August, accounting for 15.3 percent, while India supplied 21.9 percent of the island nation's imports. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

Julius Berger, Stanbic IBTC and Lafarge Cement WAPCO outperformed other large capitalised stocks on the Nigerian Stock Exchange (NSE) in the third quarter (Q3) ending September 30, 2013, BusinessDay trend watch has shown. Performance indicators at the Nigerian bourse showed that Julius Berger opened the year 2013 with a share price of N34.65 kobo which rose to N76.99 kobo after nine months, thereby outperforming other large cap stocks with a 122.19 percent level of price appreciation. Also, Stanbic IBTC Holdings plc, which opened the year (January 2, 2013) at N11, rose by 74.55 percent to N19.20 kobo at the close of transactions in the third quarter (September 27), while Lafarge Cement WAPCO plc with a share price of N57.50 kobo grew to N98.50 kobo at the end of September 2013, thereby making the list of top performing stocks among the largely capitalised stocks category. By implication, many speculative investors (foreign and local) whose major investment objectives are to take profits while monitoring stock price movement northward may have had a field day by placing their monies in these stocks. Other stocks in the 'top 30' basket in terms of capitalisation and liquidity where investors made money in the Q3 period are Dangote Sugar plc, United Bank for Africa plc and Cadbury Nigeria plc. Dangote Sugar's share price rose by 67.96 percent, having moved from N6.43 kobo to N10.80 kobo; United Bank for Africa plc recorded 62.28 percent growth in its share price from N4.56 kobo to N7.40 kobo; while Cadbury Nigeria plc rose from N29 to N45.50 kobo, indicating 56.89 percent growth in the nine months to September.

As Nigerian equities continue to outperform peers across the continent, considering the increasing level of foreign portfolio inflows in favour of equities, the possibility of witnessing further price appreciation in these stocks in the remaining quarter of this year remains not in doubt. Amid analysts' expectation that most of these stock prices still portend reasonable entry point, many investors in the stock market today with the intent of increasing their portfolio pick in favour of equities – are consciously awaiting the third-quarter (Q3) results of large cap companies to shape their decision in favour of equities. Looking at the performance of the market last week, the All Share Index (ASI) recorded a year-to-date (ytd) growth of 31.74 percent, while the NSE -30 grew by 29.92 percent. The share price of Nigerian Breweries plc grew from N148 to N168, a 10.81 percent growth rate in the nine months to September; UAC Nigeria plc recorded a 39.29 percent appreciation in its share price after moving up from N42 to N58.50 kobo; while GlaxoSmithKline Consumer Nigeria plc witnessed a 52.99 percent growth in its share price from N45.10 kobo to N69. Also in the 'top 30 basket', International Breweries plc recorded 17.59 percent growth from a year-open level of N16.20 kobo to close the third quarter of 2013 at N19.05 kobo; the share price of Ecobank Transnational Incorporated (ETI) plc recorded 19.64 percent growth rate after moving up from N11.25 kobo to N13.46 kobo; while Access Bank plc was high at 7.73 percent after its share price rose from N9.31 kobo to N10.03 kobo at the close of deals in the third quarter to September. BusinessDay trend watch also revealed that Ashaka Cement plc rose by 13.59 percent after its share price rose from N18.40 kobo at the beginning of this year to N20.90 kobo at the close of Q3, 2013.

Nestle Nigeria plc witnessed 41.43 percent growth rate in the period under review after its share price rose from N700 to N990.03 kobo, while Unilever Nigeria plc was up by 28.96 percent in the nine months to September from N47 to N60.61 kobo. Zenith Bank plc recorded a 2.57 percent growth after its share price rose from a year-open level of N19.40 kobo to N19.90 kobo; Flour Mills of Nigeria plc also recorded 27.69 percent growth from N65 to N83; while the share price of Total Nigeria plc rose from N120.57 kobo to N156.51 kobo, a 29.81 percent increase. Fidelity Bank plc grew by 9.36 percent from N2.35 kobo to N2.57 kobo; Dangote Cement plc rose by 48.32 percent from N128.10 kobo to N190; PZ Cussons Nigeria plc recorded a share price growth of 35.71 percent from N28 to N38; while Diamond Bank plc's share price was 12.96 percent higher at the close of Q3 at N6.10 kobo, from a year-open price level of N5.40 kobo. The share price of Union Bank of Nigeria plc appreciated by 37.86 percent from N7.37 kobo to N10.16 kobo, while Dangote Flour Mills plc recorded share price appreciation of 10.23 percent from N8.21 kobo to N9.05 kobo. Further checks in the 'top 30' basket show that investors who had in the past nine months held the stocks of Oando plc, FCMB plc, Skye Bank plc, FBN Holdings plc and Guinness Nigeria plc were not favoured in the market in the review period as our trend watch shows they declined. Oando lost 12.97 percent of its share price in Q3 from N12.41 kobo to N10.80 kobo; FCMB declined by 7.31 percent from N4.10 kobo to N3.80 kobo; Skye Bank plc dropped by 28.96 percent from N47 to N60.61 kobo; FBN

Holdings plc dropped to N16.40 kobo, losing 4.1 percent of its share price value when compared with the year-open level of N17.10 kobo; while Guinness Nigeria plc was down by 7.64 percent from N275 to N254 at the close of deals on the Nigerian bourse in Q3. *(Business Day)*

PZ Cussons Nigeria Plc last Friday reported a growth of 37 per cent in profit after tax for the first quarter ended August 31, 2013. The unaudited results, showed a growth of 5.4 per cent in turnover from N15.1 billion to N14.4 billion. However, profit after tax rose by 37 per cent from N672 million to N921 million in 2013. Market operators said this performance was commendable considering the challenging environment. Shareholders of the company had last month approved N2.22 billion in dividends that translated to 65 kobo per share for the year ended May 30, 2013. And the chairman of company, Prof. Emmanuel Edozien, assured shareholders of a bright future last month. Speaking at the 65th annual general meeting (AGM) in Abuja, Edozien said the company would deliver on its targets. Edozien said the company's strategic direction of investing in volume growth and improving cost structure had paid off in better profitability, giving the company the confidence that it would sustain on the right footing for profitable growth in the future. "In line with the strategic plans and direction in the forthcoming financial year, we are optimistic that we will deliver the targets. The company has continued to invest in strengthening the supply chain and improving operational efficiency, to optimize the cost base and improve the consumer experience," Edozien said. According to him, the detergent and soap manufacturing processes have been further improved to drive efficiencies and meet the increasing demand adding that these initiatives and other such investments aimed at optimising the supply chain and overall overheads will ensure a flexible and competitive cost structure for the company going forward.

According to him, inadequate infrastructure translates into high conversion costs which means that the local manufacturing facilities are not cost competitive with goods manufactured in other countries. Speaking in the same vein, Managing Director, PZ Cussons Nigeria Plc, Mr. Christos Giannopoulos, said the company was able to record appreciable success as a result of increase in product range. He restated the use of local contents in the line of production, adding however, that the company relied on imports where certain raw materials were not available locally. PZ Cussons recently launched palm oil refinery, constructed as part of the joint venture with Wilmar, a development that has continued to increase production levels on a monthly basis. As a direct result of the refinery, a new consumer brand, Mamador edible oil - was introduced into the local market during the quarter. Year-to-date, PZ Cussons Nigeria shares have outperformed the broad market index, the Nigerian Stock Exchange (NSE) All-Share Index (ASI). The shares have gained 41.1 per cent compared with 33 per cent for the ASI. *(This Day)*

Zenith Bank plc, Nigeria's third-largest lender, rose to the highest level in four months as its valuation made it more attractive to investors, according to Renaissance Capital. The lender gained 2 percent to N22.06 in Lagos, on Friday, the highest since June 12. About 110 million shares traded, or 5.7 times the three-month daily average. The stock is trading at a price-to-book value of 1.5 times, according to data compiled by Bloomberg. That is "cheap compared to its peers in the Nigerian banking industry and emerging market banks," Adesoji Solanke, a Lagos-based banking analyst at Renaissance Capital, said. "We rate the stock a buy, at a target of N25.30." Nigeria's largest lender, Guaranty Trust Bank, has a price-to-book value of 2.7 times. Zenith looks attractive even as Renaissance Capital reduced its full-year 2013 estimated profit by 7 percent to N91 billion ($569m), Solanke said. Zenith Bank said on Aug. 15 first-half net income was little changed at N45.4 billion, compared with N42.4 billion a year earlier, as the central bank ordered a reduction in fees charged by lenders. Revenue rose 13 percent to N171 billion. The Central Bank of Nigeria told banks in sub-Saharan Africa's second-biggest economy to lower fees and commissions starting April 1 to minimise conflict with clients. The cash reserve requirement for federal, state and local government deposits was raised to 50 percent from 12 percent, the regulator said July 23. Bigger banks like Zenith are more likely to withstand tight market conditions owing to the size of the balance sheet, Renaissance Capital said last week. Zenith Bank's shares have risen 13 percent this year compared with a 20 percent increase for the Nigerian SE Banking Index, which tracks the 10 largest banks in Africa's biggest oil producer. *(Business Daily)*

Nigerian fuel marketer Forte Oil said on Monday its nine months pretax profit more than tripled to 3.22 billion naira, compared with 898.33 million naira in the same period of last year. Forte Oil's revenue rose to 92.12 billion naira in the nine months to September 30, from 71.42 billion naira in the same period last year, the company said in a filing with the Nigerian Stock Exchange. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Unilever Nigeria said on Tuesday its nine-month pretax profit fell 12.82 percent to 5.03 billion naira compared with 5.77 billion naira in the same period a year ago. Turnover at the Nigerian unit of London-listed Unilever however rose to 45.61 billion naira in the nine months to September 30, against 41.66 billion naira in the same period last year, the consumer goods firm said in a filing with the Nigerian Stock Exchange. *(Reuters)*

Tiger Brands Limited, a leading South African fast moving consumer goods company, is seeking to increase its stake in Dangote Flour Mills (DFM) to 70 per cent. Tiger Brands currently holds 63.35 per cent, following Dangote Industries Limited (DIL)'s divestment of 3.67 billion ordinary shares to the South African firm last year for $181.9 million. However, a regulatory filing at the Nigerian Stock Exchange (NSE) by Tiger Brands indicated that the company wants to buy additional 332.5 million ordinary shares of 50 kobo each at a N9.50 per share from minority shareholders of DFM. The deal has already received the provisional approval of the exchange, although details remained sketchy. Additional 332.5 million shares would bring the total holdings of Tiger Brands to 3.5 billion shares, which 70 per cent of the 5.0 billion paid up shares of DFM. THISDAY checks revealed that at the conclusion of the proposed transaction, DIL will retain its hold 10 per cent, Tiger Brands 70 per cent, while other investors will have 20 per cent. When DIL sold 63.3 per cent stake to Tiger Brands last year, the share purchase agreement provided that DIL retained a strategic 10 per cent, while President of the Dangote Group, Alhaji Aliko Dangote, also retains his chairmanship of the board of the flour mills. Dangote Group had explained that the decision to divest was in furtherance of DIL's optimisation and diversification objective and relates specifically to its going forward strategies for DFM. DFM has been struggling with declining bottom-line in recent times, posting a loss of N3.8 billion for the first half of 2013 to June 30. Speaking on the acquisition of the 63.3 per cent last year, the Chief Executive Officer of Tiger Brands, Mr. Peter Matlare, said: "We are especially pleased with the successful conclusion of this transaction. We believe it will present growth opportunities for both organisations and be mutually beneficial. Dangote Flour Mills will add significant scale to Tiger Brands' existing Nigerian businesses." He had added that the company would go up to 70 per cent after the initial acquisition last year. "We will go up to a maximum of 70 per cent in total, leaving the balance in Nigerian hands," he said. Tiger Brands, a maker of bread, breakfast cereal and energy drinks, expanded outside its home base last year with acquisitions in Nigeria and Ethiopia.*(This Day)*

With N564 million as profit for the third quarter, Wema Bank has consolidated on its return to profitability and raised the hopes of shareholders to reap the returns at the end of 2014. The last time shareholders of Wema Bank Plc, a financial institution reputed as the longest surviving and most resilient indigenous Nigerian bank, were paid dividends, was in 2004. Apart from poor financial performance, the bank was affected by series of board room crisis which made the Central Bank of Nigeria (CBN) to appoint an interim Management. However, the current management led by Mr. Segun Oloketuyi as managing director/chief executive officer took over the running of the Wema Bank in 2009. This followed the successful acquisition of a majority stake in the bank by SW8 Investment Limited. Although the SW8 came into the bank during the period the financial sector was going through regulatory induced reforms, the management put in place a strategy to ensure that Wema Bank return to profitability and begin to deliver returns to shareholders once again. On assumption of office in 2009, Oloketuyi emphasised that the immediate challenge was the institution of corporate governance and best practices in the bank. He said while those challenges would be tackled, the new team would also pursue a strategic and sustained transformation plan, which will reverse the fortunes of the bank. The plan, according to him, would be in three phases - stabilising the bank, preparing the bank for growth and finally growing the bank to take its rightful place at the fore front of the financial services industry. The financial results of the bank for the third quarter (Q3) released last week- the first Q3 result by any of the quoted banks- showed that harvest time for shareholders is near. Going by the results, the bank will end the current financial year with a profit as against a loss of about N5 billion last year.

Incorporated in 1945 as Agbomagbe Bank Limited, Wema Bank commenced banking operations in Nigeria the same year. It later transformed into a public limited company (PLC) in April 1987 and got listed on the Nigerian Stock Exchange (NSE) in January 1990. The bank got a universal banking licence from the Central Bank of Nigeria (CBN), to provide the Nigerian public with diverse financial and business advisory services. In 2009, Wema Bank underwent a strategic repositioning exercise following the acquisition of 25 per cent stake by SW8 Investment Limited. However, apart from SW8 Investment Limited, Odu'a Investment Company Limited owns 10 per cent of the bank's shares. The remaining shares are held by other private investors and staff of the bank. Its board is led by Mr. Adeyinka Asekun as the chairman while Oloketuyi is the MD/CEO, Nurudeen Adegbenro is executive director, South-West Bank; Ademola Adebise, executive director (Lagos and South-South Bank) and Moruf Oseni, Abuja Bank. Other non-executive directors of the bank include: Ope Bademosi, Abubakar Lawal, Ramesh Hathiramani, Samuel Durojaiye, Ayodele Awodeyi and Tina Vukor-Quarshie.

Wema Bank has the vision to maintain and sustain an adaptive, responsive corporate culture in all facets of its operations. It is committed to improving overall asset and liability management, asset quality and achieving lower cost of funds, in order to achieve and sustain superior financial returns. Also as service-oriented institution, the bank said it was determined to continually upgrade its service delivery quality through steady investments in human capital development, business process improvement and technology enhancement. Wema Bank has both financial and non-financial subsidiaries which have been fully integrated into the corporate objectives and culture of the bank. Despite operating as a regional bank, Wema Bank has business alliances with various correspondent banks around the world that has positioned it to offer efficient banking services to its valued customers within and outside Nigeria. These correspondent banks include Citibank, HSBC, Standard Chartered Bank (London), Lloyds Bank, ANZ Banking Group, BHF Bank (Frankfurt) and Union Bank Plc (London). In the last three years, Wema Bank's brand has remained driven by a desire to develop an intimate relationship with its customers, by recognising their requirements and priorities. The bank's approach is hinged on mutual respect, service, innovation and efficiency. In line with its core ideals and values, Wema Bank seeks to understand its customers' businesses and objectives, such that it is able to meet and anticipate its customers' needs.

Having ended 2012 with a loss of N4.9 billion due to additional impairment charges on bad loans among others, things have started looking up for Wema Bank. It had returned to profitability in the half year (H1) ended June 30, 2013, recording a profit of N465 million. Last week, the bank released its Q3 result, consolidating on the H1 year performance by posting a profit of N564 million compared with a loss of N1.785 billion in the corresponding period of 2012. The bank ended the period with revenue of N26.3 billion compared with N21.5 billion in 2012, while net income rose from N7.7 billion to N8.2 billon. Similarly, net fee and commission income increased from N3.16 billion to N3.7 billion, just as other income grew from N878 million to N1.72 billion. After deducting taxes and other expenses, Wema Bank posted a profit after tax of N479.2 million as against a loss of N1.875 billion in 2012. The bank also ended the nine months with positive earnings per share (EPS) of five kobo, compared with a negative EPS of 15 kobo in the corresponding period of 2012. Non-performing loan (NPL) improved to three per cent, from 14 per cent in the corresponding period of 2012. Customers' deposits rose from N174 billion to N185 billion, while total assets leapt from N246 billion to N302 billion. A further analysis of the results showed that Wema Bank could have made a higher profit in Q3 but for the high operating expenses. While personnel expenses rose by 7.8 per cent, from N5. 1 billion to N5.5 billion, other expenses rose by13 per cent, from N7.1 billion to N8.03 billion in 2013.

Also while interest income grew by 18 per cent from N17.1 billion to N20.2 billion, interest expenses witnessed a higher growth of 27 per cent, rising from N9.4 billion to N12 billion. Speaking on the results and the bank's future plans, Oloketuyi, expressed optimism that Wema would sustain the growth trend into the foreseeable future. According to him, despite the capital constraints experienced in the first three quarters of the year, Wema Bank had been able to successfully utilise available resources for best value to the bank and all stakeholders. "We are particularly pleased with our Q3 performance, recording profits for the second consecutive period in 2013 in line with our initial projections. We have also seen improved performance across our business units whilst leveraging the efficiency of the bank's treasury, retail and corporate business segments within a sound risk management framework," he said. Already the bank's shareholders' funds have increased to N40.57 billion in Q3, 2013, largely from the successful special placing which the bank undertook this year. And Oloketuyi said the effect of this significant rise in total equity would be felt in the coming months as additional working capital provided by the capital raise would be deployed to profitable use within the bank's target business.

The CEO further added that the bank intended to obtain national banking authorisation in order to exploit the business opportunities within certain locations outside Lagos, Abuja, the South-South and South-West regions, whilst still maintaining its retail banking focus in its areas of strength. Oloketuyi, who outlined the bank's growth strategy, said the transformation of the bank from a regional to a national bank would help it to consolidate on the gains of the past three years where the management had been able to strengthen the balance sheet and return to profitability. Having raised N40 billion, the CEO said the bank intends to raise an additional sum of N16 billion in tier-2 capital as a buffer to its capital and to increase working capital. Speaking on the plan to go national, Oloketuyi said this would become effective by January 2014. "We plan to go national by January 2014. We already have enough capital to apply for a national licence. However, we intend to first of all gain traction within our defined geography before going national. It is also instructive to note that the South-south and South-west regions account for 80 per cent of Nigeria's non-agricultural GDP," he said. According to him, the decision to go national would not affect the bank's performance negatively. "We intend to carry out an organic expansion strategy with selective branch openings in key retail hubs where there exist potential of incremental value to the bank as a whole," he said. He said shareholders should expect dividend payment at the end of 2014 financial year. "In accordance with our current strategic plan, the bank intends to declare dividend payments by the end of the 2014 financial year," he said.*(This Day)*

The International Finance Corporation (IFC), a member of the World Bank Group Wednesday pledged to provide advisory services to Diamond Bank Plc to help the lender increase access to finance in Nigeria's agricultural sector by up to $33 million in the next two years. A statement said the move would help strengthen the country's vital but severely under-financed agric sector and also support small businesses. Agriculture accounts for 40 per cent of Nigeria's Gross Domestic Product (GDP) and 60 per cent of employment, but the sector currently only receives 1.4 per cent of total commercial bank lending in the country. The projected lending would be extended to small and medium enterprises across the sector, including livestock farmers, producer groups, distributors, processors, traders and retailers. It will also target almost 2,000 small holder farmers. Under the arrangement, the IFC will provide Diamond Bank with advisory services on strategy, product development and risk management, and help develop a financing model to viably lend to small and medium agri-businesses.

The Group Managing Director/Chief Executive Officer, Diamond Bank, Mr. Alex Otti, said: "Diamond Bank has always demonstrated market leadership in the provision of innovative financial services and solutions to all segments of the society. "Through this partnership with IFC, we are better positioned to serve a faster growing share of Nigeria's newly emerging bankable population in the agricultural sector, and create more growth opportunities for the players as well as the economy." On his part, IFC's Financial Markets Manager in Sub-Saharan Africa, Ian Weetman, said: "Increasing growth and employment in the agricultural sector is a critical objective for IFC in Nigeria and Sub-Saharan Africa. To this end, IFC's Advisory Services aim to increase access to finance throughout the agricultural and food supply chain. "We are very pleased to be working with our longstanding partner, Diamond Bank, in the pursuit of these objectives." *(This Day)*

Stanbic IBTC in partnership with Mobile Media Info Tech Limited (MMIT) has introduced a new platform which allows mobile money customers shop internationally online without using a credit card. The platform is a operated through mobile money wallet. The bank explained in statement that customers who operate Stanbic IBTC Bank's *909# mobile money wallets would be able to shop on foreign online sites such as Amazon, Android s0tore, Playstation and other gaming sites. Customers, according to the bank, would also be given the option of making cardless payments through their mobile money wallets; and with this option, any customer with a smart phone would be able to make purchases on these online sites regardless of where they reside in Nigeria. The Head of E-Business at Stanbic IBTC Bank, Mr. Thabo Makoko, described the partnership as another step towards financial inclusion for those that are not able to shop online because they do not have credit cards. He added: "We want to provide more opportunities for the under banked in every part of Nigeria especially the small business owners; and we want to be known as the financial service partner that opens doors for our customers; empowering them to grow their businesses and lives." The Chief Executive officer of MMIT, Mr. Jide Akindele, also said: "We are excited about our partnership with Stanbic IBTC Bank. We see this as a great opportunity for Stanbic IBTC MobileMoney subscribers who will be able to make more financial decisions. *(This Day)*

Guaranty Trust Bank Plc (GTBank) has announced a profit before tax of N82.36 billion for the nine months ended September 30, 2013, indicating a 7.12 per cent increase over N76.89 billion recorded in the corresponding period of 2012. The bank's profit after tax stood at N69.24 billion as against the N63.734 billion earned in the comparable period of 2012. The results released by the Nigerian Stock Exchange

(NSE) yesterday showed that the bank's gross earning rose to N181.96 billion from N166.48 billion the previous year. A further analysis of the results showed that the bank's total assets stood at N1.875 trillion in the review period, compared to the N1.73 trillion it stood as at December 2012. Also, its customers' deposit increased to N1.271 trillion in the period under review, compared to N1.148 trillion as at the end of December 2012. Also, GTBank's earnings per share increased to N2.44, from N2.25. The Managing Director/Chief Executive Officer, GTBank, Mr. Segun Agbaje had attributed the bank's success to the continued support of its customers, hard work and strong corporate governance standards.

Agbaje stressed that a major objective for the bank this year was to add value to its stakeholders through excellent customer service delivery, innovative products and value adding services. "It is the bank's belief that success on these fronts would enable it deepen its share of market across all sectors and improve profitability, despite today's extremely challenging business environment, "he had said. GTBank recently acquired 70 per cent stakes in Fina Bank of Kenya to enable it extend its reach to East Africa. The bank's recent service introduction were the GTBank social banking platform - a service offering, which allows people on social networks such as Facebook have banking relationships as well as perform basic banking transactions every day. *(This Day)*

Economic News

The Nigerian Stock Exchange will target 500 companies for initial public offerings over the next five years as Africa's second-largest bourse seeks to reach a $1 trillion market capitalization by 2016, the regulator said. The exchange expects five companies to start trading their shares by year-end, Arunma Oteh, director-general of Nigeria's Securities and Exchange Commission, said in an interview in London Oct. 18, without identifying the businesses. The bourse needs oil and gas, power and telecommunications companies to list stock to meet its market-value objective, she said. "There are a number of large, significant companies that are preparing to come to the market," Oteh said. Power producers needing to raise money to cover spending needs are expected to list "at some point," while talks are being held with telecommunication companies on encouraging them to trade their shares, she said. The Nigerian Stock Exchange All Share Index (NGSEINDX) gained 33 percent this year, compared with a 1.3 percent decline in the MSCI Emerging Markets Index, for a marketcapitalization of $74 billion, excluding exchange-traded funds and depository receipts. Nigeria's economy, the continent's second-largest after South Africa, which also has the largest stock and bond markets, may expand 6.75 percent next year, compared with an estimate of 6.5 percent in 2013, Finance Minister Ngozi Okonjo-Iweala said in an interview in Washington Oct. 11.

While Nigeria's Lagos-traded stocks also rallied last year, rising 35 percent, the gains didn't translate into more initial public offerings. The number of listed companies declined to 194 in 2012, from 198 in the previous year, according to stock exchange data. The benchmark equities gauge of Africa's largest crude producer is the 10th best performer among 94 benchmark indexes tracked by Bloomberg this year and fourth best in Africa after the key measures of Ghana, Kenya and Zambia. Improved corporate governance standards and a consistent approach to market regulation will encourage more companies to sell shares, Oteh said. A dual-listing planned by an oil exploration and production company will be "defining" and may encourage others to follow, she said. The Nigerian regulator approved the listing and is expecting consent by next month from the other exchange, Oteh said, declining to give details other than to say that the company has a track record of acquiring fields from international oil producers and making them viable.

Seplat Petroleum Development Co., which bought assets in the Nigerian Delta from Royal Dutch Shell Plc, plans a dual listing in Lagos and London, Lagos-based BusinessDay reported June 27, without saying where it got the information. Raising funds through the stock market is one of the options being considered by Seplat, Chioma Nwachuku, general manager of corporate affairs for the company, said by phone from Lagos yesterday. The bourse's $1 trillion target includes equities, ETFs and bonds, Oteh said. The stock exchange moved to Nasdaq OMX Group Inc. (NDAQ)'s trading platform at the end of last month, which will allow the bourse to trade options and futures. The goal of increasing the number of listings from the 193 securities on the all-share index is only attainable if "there are incentives,'" Bismarck

Rewane, chief executive officer at Financial Derivatives Co., said by phone from Lagos yesterday. That includes "bringing down transaction costs, reducing taxes and also ensuring there's enough investor funds," he said. Africa's most populous country ranks 139rd out of 174 in Transparency International's Corruption Perceptions Index, where lower scores signal increased graft. *(Bloomberg)*

Bank lending to domestic businesses fell by 4.6 per cent to N13.1tn in August, according to the Central Bank of Nigeria's monthly report for September 2013. The report said the development was a sharp contrast to the four per cent growth in bank lending recorded at the end of July. The CBN linked the drop to claims on Federal Government assets. The report read, "At N13.18tn, aggregate banking system credit to the domestic economy decreased by 4.6 per cent, on month-on-month basis, in contrast to the growth of 4.0 per cent at the end of the preceding month. "The development reflected, largely, a decrease of 47.4 per cent in claims on the Federal Government (net), attributed to the 14.2 and 0.8 per cent decline in banking system's holding of treasury bills and FGN Bonds, respectively. "Over the level at end-December 2012, aggregate banking system credit to the domestic economy rose by 3.9 per cent, due largely to the increase of 6.3 per cent in claims on the private sector." Also, the report showed that bank lending to the Federal Government in August fell by 47.4 per cent. However, banking system credit to the private sector rose by 1.9 per cent to N16.1tn. The CBN report stated, "Banking system's credit to the Federal Government, on month-on-month basis, contracted by 47.4 per cent to negative N2.91tn, in contrast to the growth of 17.6 and 2.4 per cent at the end of the preceding month and the corresponding period of 2012, respectively. "Over end-December 2012, credit to the Federal Government fell by 18.8 per cent, reflecting, largely, the 25.8 per cent decrease in the banking system's holding of FGN Bonds. "Banking system's credit to the private sector, on month-on-month basis, grew by 1.9 percent to N16.1tn at end-August 2013, compared with the increase of 0.7 per cent at the end of the preceding month. "Relative to the level at end-December 2012, banking system credit to the private sector rose by 6.3 per cent, compared with the 4.3 and 3.7percent increase at the end of the preceding period and the corresponding period of 2012, respectively.

The development reflected, largely, the 6.2 per cent increase in claims on the core private sector." According to the report, foreign assets in the banking system increased by 0.9 per cent to N8.9tn at the end of August compared to a decline of 1.2 per cent at the end of July. The CBN attributed the development to the 3.5 per cent increase in banks' holdings of foreign assets. The report, however, said, "Other assets of the banking system, on a month-on-month basis, rose by 4.5 per cent to negative N7.5tn at the end of the review period, in contrast to the decline of 17.83 per cent at the end of the preceding month, reflecting the increase in other assets of the CBN. Over the level at end-December 2012, other assets (net) of the banking system fell by 20.8 per cent at the end of the review period." According to the CBN, the introduction of 50 per cent Cash Reserve Requirement on all public sector deposits in August 2013 precipitated volatilities in most financial market indicators. As a result, the report said there was a reduction in the level of liquidity due to the sterilisation of N896.43bn and the delay in the release of fiscal allocation, which it said did not impact on the banking system liquidity until August 26, 2013. Following this, Federal Government bonds and treasury bills were issued at the primary market on behalf of the Debt Management Office for the fiscal operations of the Federal Government, according to the CBN. *(Punch)*

A refinery in Nigeria's oil producing state of Warri caught fire for several hours on Tuesday, the state oil company said, and sources at the refinery said it was caused by a gas leak. It was unclear what, if any, impact there had been on the refinery's operations from the fire, which was extinguished. "The fire was however promptly brought under control through the combined effort of the Fire Department and other staff of the Warri Refinery," the statement from the Nigeria National Petroleum Corporation said. Sources at the 125,000 barrels per day (bpd) refinery, who declined to be named because they were not authorised to speak, confirmed that the fire was now out. "We were initially frightened by the explosion but the prompt intervention of the MD actually saved the situation," a worker at the refinery said. He said it was anyway running below capacity by nearly 50 percent. Nigeria's refineries are in poor shape and few run at full capacity, which results in Africa's top oil producing being one of its biggest refined fuel importers. *(Reuters)*

Contrary to the raging debate that the country was over leveraged, a report has shown that with an infrastructure deficit of $360 billion, a 40 per cent debt cap will be insufficient to grow the Nigerian economy. Nigeria's Debt to Gross Domestic Product (GDP) recently climbed to 35 per cent and had renewed the debate over the optimal debt level. The Fiscal Responsibility Act of 2007 set a 40 per cent ceiling for

Nigeria's public debt to GDP, but the International Monetary Fund (IMF) raised the threshold to 56 per cent in 2013. But the Financial Derivatives Company Limited (FDC) in its bi-monthly economic and business update obtained yesterday, pointed out that since the economic wellbeing of a country should be seen through the prism of a sound business entity, there ought to be a distinction between "bad debt run up" and "good debt build up". "For a country like Nigeria that has an infrastructure deficit of $360 billion, according to the African Development Bank (ADB), a 40 per cent debt cap is insufficient in getting the job done. "An overhaul of the infrastructure gap would cost approximately $350 billion for an economy with an estimated GDP of $282 billion and an annual GDP growth rate of approximately 6.8 per cent," the Lagos-based financial advisory firm stated in the report.

Furthermore, it argued that the establishment of a debt ceiling was arbitrary at best since there are many variables that should determine optimal debt level that were not included in determining the ceiling. According to the report, two crucial and often missed points are: the causation of increase in debt/GDP ratio and the use of debt raised. In addition, it maintained that the practice of using the debt/GDP ratio as a measure of the health of an economy was questionable, describing it as a tool designed for advanced countries and not developing economies. "Therefore, instead of focusing on the rate of increase in debt to GDP ratio in Nigeria, what should be of utmost concern is the direction of the naira. Since most of the recent debt issuance is foreign currency denominated, depreciation of the naira would prove costly, and if sustained, threat of default becomes imminent therefore jeopardising Nigeria's strong BB- rating," it stated. *(This Day)*

Tanzania

Corporate News

No Corporate News this week

Economic News

Tanzania's economy grew 6.7 percent year-on-year in the second quarter of 2013 from 6.4 percent in the same period a year ago, but weakened compared with the first quarter, official data showed on Wednesday. The economy grew by 7.5 percent in this year's first quarter, according to the state-run National Bureau of Statistics. East Africa's second-largest economy is targeting GDP growth of 7 percent this year, slightly higher than the 6.9 percent achieved in 2012. Growth in the second quarter was driven by growth in financial services and communications sectors, while the fishing sector lagged, NBS said in a report. Financial services grew fastest at 15.2 percent, from 11 percent in the same quarter in 2012. Tanzania's economy has been growing at more than 5 percent a year for nearly a decade but infrastructure spending has lagged, with poor transport links and energy shortages blamed for uneven growth. Transport and communication grew at 14.8 percent compared with 13.6 percent in the same period in 2012, but was at a slower rate than the 22.2 percent it attained in the first quarter of this year. Construction grew by 12.3 percent, compared with 4.3 percent in the year-ago period, while mining and quarrying in Africa's fourth-largest gold producer rebounded to 4.3 percent from a negative growth rate of 5.1 percent a year ago. Gold output fell to 9.827 tonnes in the second quarter of 2013 compared to 9.963 tonnes a year ago. "The growth rate (of the mining sector) was attributed to increased production of diamonds and Tanzanite," NBS said. Tanzanite is a blue/purple mineral found only in Tanzania. *(Reuters)*

Tanzania has signed contracts worth $1.7 billion with Chinese companies to construct power plants and housing units in east Africa's second-largest economy. The new investment deals mark China's growing economic presence in Tanzania, which has made big discoveries of natural gas off its southern coast. "The government has today signed seven agreements with six Chinese companies worth $1.7 billion, which will be invested in power plants and construction of residential and commercial housing projects," the Tanzanian prime minister's office said in a statement on Thursday. The signing of the investment deals was witnessed by Tanzanian Prime Minister Mizengo Pinda in Guangzhou, China. The deals include a $692.7 million contract awarded to Tebian Electric Apparatus Stock Co Ltd, China's largest manufacturer of high-voltage transformers, for the construction of a 400 kV power transmission line. Tanzanian state-run National Housing Corporation signed deals worth $700 million with the China Railway Jianchang Engineering Company Ltd (CRJE) and China Poly Group Corporation to develop residential and commercial property. Tanzania signed a framework agreement in May with China Merchants Holdings (International) Co Ltd for the construction of a new port, special economic zone and railway network that could involve more than $10 billion. China, which built a railway linking Tanzania and Zambia in the 1960s and 1970s, is also financing a $1.2 billion 532-km (330-mile) natural gas pipeline from the south east of the country to the commercial capital Dar es Salaam. In 2011 China's Sichuan Hongda Co. Ltd signed a $3 billion deal with Tanzania to mine coal and iron ore. Chinese companies are also eyeing Tanzania's natural gas reserves and are expected to bid for oil and gas blocks in the country, according to the African country's energy ministry. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Zambia

Corporate News

No Corporate News This Week

Economic News

Eight Swedish companies are currently in the country to explore on agricultural and rural energy sectors. Swedish ambassador to Zambia Lena Nordstrom says the delegation, which is led by the Swedish state secretary for rural affairs Magnus Kindbom, is interested in exploring the Zambian markets for their products and services. Mrs. Nordstrom said the purpose of the visit is also to look at Swedish and United Nation (UN) co-operation efforts in agriculture and rural energy apart from gaining knowledge about agriculture and energy development in Zambia. She said in an interview that once a market is established, they will be able to contribute positively to the economy through job and wealth creation. "Mr. Magnus Kindbom, State Secretary for Rural Affairs from Sweden is visiting Zambia together with a delegation of staff from the Ministry as well as a number of Swedish companies in agriculture and rural energy. The purpose of the visit is to gain knowledge about agriculture development in Zambia and look at Swedish and UN cooperation efforts in this area," she said. She said the delegation is expected to have a field trip to Chongwe and are currently organising for a seminar ahead of the trip. *(Daily Mail)*

Zambia has suspended a 10 percent export duty on exports of unprocessed metals after mining firms said they had accumulated too much stock because of limited local smelter capacity. Finance Minister Alexander Chikwanda said in a notice dated October 4 that the suspension of the tax would take immediate effect on exports of resources such as copper, iron, cobalt and nickel. "These regulations shall cease effect on 30th September, 2014," the notice stated. The government introduced the export tax on raw metals in November 2011 in a bid to encourage the development of local industry to add value to the economic chain in Africa's top copper producer. Mooya Lumamba, acting mines permanent secretary, told Reuters on Tuesday that mining companies had asked the government to waive the tax so that they could export excess concentrates to other countries with enough smelter capacity. Foreign mining companies operating in Zambia include Canada's First Quantum Minerals, London-listed Vedanta Resources and Glencore. *(Reuters)*

ZAMBIA has recorded positive investment inflows worth US$3.6 billion as of June 2013, Minister of Commerce,Trade and Industry Emmanuel Chenda has said. Meanwhile, Government says it is on track to sustain the growth of between 7.7 percent and 7.9 percent for 2013 and 2014. Mr Chenda said the country has continued to register positive investment inflows in all sectors of the economy including mining, tourism, manufacturing and agriculture. Mr Chenda said the investments are expected to be actualised over the next few years as projects are being implemented. He was speaking at the Zambia and Poland Business Forum organised by the Zambia Development Agency and Polish Information and Foreign investment Agency and other stakeholders in Lusaka on Monday. Mr Chenda said the country's economic performance remained robust in 2012, with gross domestic product (GDP) growth rising to 7.3 percent from 6.8 percent in 2011.
The growth was supported by the manufacturing, agriculture and services while mining and tourism continue to perform beyond Government's expectations. "We are on track to sustain this growth of between 7.7 percent and 7.9 percent for 2013 and 2014," he said.
He urged entrepreneurs from Poland to come and invest in Zambia's priority sectors as currently only a few Polish investors are in the country. Mr Chenda said Government has also stepped up public investments and is committed to invest US$ 6 billion over five years in a road construction programme aimed at transforming the country into a truly land linked country. He said Government is also making efforts to revamp and reposition the railway sector to support the economic development. The minister also said Government is promoting the development of new power generation projects in various parts of the country such as the US$1.4 billion Kafue Gorge Lower project with 750 megawatts output. Other projects include Batoka Gorge project with 750 megawatts output which has a requirement of US$3.5 billion and Zambia Tanzania interconnector which has a requirement of US$260 million. He also encouraged investors to develop and set up smelters and refineries for value addition to gemstones.

Mr Chenda called for increased Zambia and Poland partnerships in the development export oriented multi facility economic zones. "Zambia is one of the most politically stable countries in Africa which has enjoyed peace and tranquility since its independence in 1964," he said.
He said Government will continue to foster a conducive environment for investments to flourish by implementing economic reforms and improving infrastructure. Speaking at the same event, Poland Prime Minister Donald Tusk called for increased cooperation between the two countries. "I am happy to undertake this ambitious programme in Zambia, we want the country be an optimal partner in doing business. The relationship between us can be enhanced through cooperation," he said. He said Poland is interested to be a loyal partner for Zambia due to political stability and conducive investment climate. *(Daily Mail)*

WEEKLY AFRICAN FOOTPRINT

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Zimbabwe

Corporate News

BINDURA Nickel Corporation's revised mining plan has started bearing fruit after a marked increase in recoveries and a decline in costs, figures from parent firm Mwana Africa Plc' latest trade update show. "Recoveries have increased markedly to almost 89 percent from 69,7 percent previously, while costs have dropped to US$9 689 a tonne from US$19 251 in the previous quarter," Mwana said. Sales from Trojan Mine – BNC's flagship nickel mine – for the quarter to September more than doubled to 1 505 tonnes of nickel concentrate sold to global commodity trader Glencoe International. BNC's new mining plan for Trojan involves targeting of the mine's high-grade ore deposits know as massives towards increasing sales while reducing per unit cost of production. Mwana chief executive Mr Kalaa Mpinga said that the BNC team completed a new mine plan to maximise returns and improve cash flows by targeting the higher grade "massive" zones. He said the results so far have been very pleasing with record production months being recorded in this quarter. Experts have confirmed that the new mine plan is "realistic and achievable". The positive production performance augurs well for Mwana Africa as the AIM-listed company has continually relied on its other Zimbabwean unit, gold miner Freda Rebecca, for profitability. During the quarter under review the gold producer sustained its positive performance with 17 536 ounces from the mine, representing an increase of 19 percent over the previous quarter. Cash costs of US$837 per ounce for the quarter were down from US$949/oz in the previous quarter while recoveries of 84 percent were achieved, being the highest average recoveries to date in 2013. "This has been a very pleasing and positive quarter for the company. At Freda Rebecca, the company has enjoyed a significant 19 percent uplift in gold production compared to the previous quarter," Mr Mpinga said.

While Freda Rebecca remains the cash cow, developments at BNC should be encouraging with all initiatives pointing to brighter prospects that could turn around the nickel miner's fortunes. BNC successfully raised US$23 million through a rights issue and share placing to restart mining at Trojan in September 2012 since placing all assets under care and maintenance in 2008. Africa's only integrated mining company had earlier completed restructuring which resulted in downsizing of the head count and settlement of some creditors while payment for other was deferred. The restructuring and recapitalisation set the nickel mining giant's Trojan Mine on course to resumption of full-scale production through a phased process before global prices affected its plans. A sharp drop in global prices of nickel from a high of US$17 000 per tonne to about US$13 per tonne forced BNC to reconsider its plans to boost cash inflows and reduce operating costs. *(Herald)*

Economic News

ZIMBABWE investment of as much as $5.3 billion and stable mining policies if the country is to boost platinum output to rival Russia as the world's second-biggest producer of the metal, an industry organisation said. To increase production to the more than 500,000 ounces per annum needed to justify the construction of base and precious metal smelters and refineries, investment of $2.8 billion is needed in mines. In addition, as much as $2 billion in processing plants and between $200 and $500 million to ensure adequate power supply, the Chamber of Mines said in a report. "It's evident from 2017 onward Zimbabwe's production of platinum will be approaching that of Russia," the Chamber said. "This growth projection, however, requires significant investment." While mines operated by Impala Platinum Holdings, Anglo American Platinum Ltd and Aquarius Platinum will this year produce about 365,000 ounces of the precious metal, investment has been hindered by power shortages and a government demand that control of assets be ceded to the state or black Zimbabweans. Russia produced about 800,000 ounces of platinum last year, according to the Chamber. Added to expansions planned by existing producers companies including Todal, which is 60 percent owned by Eurasian National Resources Plc (ENRC), Global Platinum, Ruschrome Mining, Amari Platinum and ACR, could start mines, the Chamber said. Todal "is likely to be the next Zimbabwe producer," the Chamber said. Expansion would generate as many as 4,000 jobs and 115 megawatts of additional power would have to be provided, the group said. Of that Todal would need 50 megawatts, the Chamber said. Zimbabwe currently accounts for about 6 percent of world platinum production. South

Africa is the biggest producer.*(New Zimbabwe)*

TREASURY reported a $74,4 million deficit for the month ended July as recurrent expenditure continues to rise, crowding out key government projects, official figures have shown. According to the latest consolidated statement of financial performance of the consolidated revenue fund for the period under review, total expenditure stood at $397,7 million compared with an income of $ 323 million. The statement showed that while total income outpaced the projected target, recurrent expenditure continued to gobble the trickling revenues, further limiting fiscal space. Employment costs were up 7,56% from the budgeted $142,5 million while goods and services more than doubled the initial forecast of $13 million. This development comes at a time when the public sector wage is this month further expected to grow on the backdrop of annualised bonuses. Critics say a bloated government formed after the July 31 elections is also going to pile more fiscal pressure. Value added tax and taxes on income and profits, the report showed, continued to be the main sources of revenue despite concerns that revenue inflows could have flattened due to subdued business activity. During the period under review, no customs duty was collected from oil products despite an initially projected $960 000. Excise duty on fuels, however, surpassed Treasury targets. Turning to other taxes, government collected $8 million in mining royalties against $21 million budgted for. The issue of royalties, generally seen as too high compared with regional peers, has been widely debated in the industry, forcing government to consider revising them should mining companies beneficiate the minerals. According to the World Bank, the mining sector has to date been the most dynamic sector of the economy, leading the 2009-2011 rebound with average annualised growth of 35,5% and contributing 3,7 percentage points to overall GDP growth of 8,4% during the period under review.*(News Day)*

Zimbabwe Mining Development Corp., a state-owned company, plans to start metal production with Eurasian Natural Resources Corp. (ENRC) and a Chinese company on concessions taken from Anglo American Platinum Ltd. (AMS) and Impala Platinum Holdings Ltd. A venture with ENRC, controlled by businessmen from Kazakhstan and the government of the former Soviet Union country, is due to start producing platinum in the first quarter of next year. An exploration report from an alliance with the Chinese company, previously identified as Norinco International Cooperation Ltd. (000065), is due by year-end. "Everything is on course" for the venture with ENRC, , to start production in the African country by April, Jerry Ndlovu, managing director of the state-owned Zimbabwean company, said in an interview in Harare, the capital, yesterday. ENRC declined to comment when called yesterday. Zimbabwe, which has the world's biggest resources of platinum after South Africa, is trying to expand its mining industry to help the country recover from a decade of economic contraction between 2000 and 2009. Failed land reform programs slashed production of tobacco and roses, increasing the country's reliance on metal.

The country will produce about 365,000 ounces of platinum as well as metals found in the ore alongside the metal this year from mines owned by Anglo American Platinum, Impala and Aquarius Platinum Ltd. (AQP), according to the country's' Chamber of Mines, an industry body. Those companies, the rest of whose assets are in South Africa, are the only producers of the metal in Zimbabwe. Mining companies operating in Zimbabwe are compelled by law to cede or sell control of their assets to the government or black local citizens. ENRC holds 60 percent of Todal Mining Ltd., which owns a 4,500-hectare (11,120-acre) concession near Shurugwi, 233 kilometers (145 miles) south west of Harare, according to its last annual report. ZMDC owns the rest. ENRC acquired the interest when it took over Central African Mining & Exploration Co., known as Camec. Camec paid $120 million in cash and shares to Zimbabwe for the stake in 2008 and agreed to lend the government of President Robert Mugabe a further $100 million, it said in a statement at the time. The concessions were formerly held by Johannesburg-based Anglo American Platinum.

In 2008 Camec said a mine on the Bougai and Kironde concessions would be built at a cost of $200 million within 18 months months and would produce as much as 150,000 ounces of platinum annually. ZMDC also has an equally owned venture, Global Platinum, with a Chinese company, Ndlovu said, declining to give the identity of the company. The venture will operate as Shin-Zim Ltd., he said. In 2006 the ZMDC said it formed Global Platinum with Norinco, a state-owned Chinese engineering company, on concessions taken from Impala. "We have spent $40 million on exploration for that project," he said. "The final report for exploration shall be with us before the end of the year." Global's concessions are in Selous 69 kilometers (43 miles) south west of Harare. "We are still at the exploration stage," Richman Ncube, a spokesman for Global, said in an interview. Results are "favorable, these things take time. The chamber listed other potential producers as

RusChrome, Amari Platinum and ACR, in a report this month. In August Russia's Kommersant newspaper reported that Vi Holding, Rostech and Vnesheconombank, a state-owned development bank, were considering buying 40 percent of RusChrome Mining for $300 million to gain access to the Zimbabwean deposit. Kommersant cited two unidentified people close to the talks. *(Bloomberg)*

Fuel prices are expected to go down after the deadline for fuel industry players to clear their stocks and pave way for mandatory blending of anhydrous ethanol, an official from the country's energy regulator has said. Mandatory blending of anhydrousethanol will result in the production of E10, E15 and E20 fuel to be used by motorists. Zimbabwe Energy Regulatory Authority (Zera) chief executive officer Gloria Magombo told NewsDay yesterday that the statutory instrument had been gazetted and implementation will begin on Thursday. "The new prices will only take effect after the fuel industry players have cleared their stocks, but the prices for service stations will be different for a while," Magombo said. "We are expecting the fuel prices to come down except if the international fuel prices go up." Zera last month gave a 60-day ultimatum to all fuel industry players to clear all their unleaded fuel stocks and put correct labelling of all ethanol blends, failure of which licences would be revoked. The regulatory authority said it was currently investigating what was currently happening on the international market to control fuel prices. "There is always lagging behind on time, but there is a time as a regulator we expect people to clear their stocks, so we then start to expect a change." Magombo said on mandatory blending, Zera had put November 10 as the actual implementation date. Government has amended energy laws to give effect to mandatory blending of anhydrous ethanol with unleaded petrol. Government last Friday gazetted a statutory instrument giving legal effect to the new blending policy. Zimbabwe's petroleum players are expected to comply with new mandatory blending levels by April next year as government pushes to contain the country's import bill. The $600 million Green Fuel ethanol project in August resumed production of anhydrous ethanol for blending with unleaded petrol at its plant in Chisumbanje, two years after it went idle as government contested its ownership structures. Production of ethanol at the plant was stopped in February 2011 over the company's shareholding which was not in sync with the country's indigenisation laws. Ethanol uptake, according Zera, more than doubled to 2,2 million litres in September from July's consumption spurred by the introduction of E5 mandatory blending, E5 contains 5% ethanol and 95% petrol. *(News Day)*

STATE-OWNED Telecommunications Company TelOne has so far recovered $20 million out of the targeted $50 million through a debt collection campaign which started in August this year. TelOne managing director Chipo Mutasa said the company was aiming to recover the remaining $30 million by year-end. "We have recovered $20 million so far since we started the exercise of debt collection. Our debts are being collected from residents and part of the debts being collected are also from private businesses and the government," Mutasa said.
Mutasa said the recently-announced $80 million debt relief to customers would not affect the $50 million target for the debt collection campaign. "The $50 million is still our target and the $80 million bill relief was targeted for long-standing bills which backdated 2009 — which were deemed irrecoverable," Mutasa said. She said the long outstanding bills which backdated to 2009 totalled $100 million and the company decided to write off $80 million from the bill. Mutasa said for the remaining $20 million, consumers should now be able to settle their remaining balances.

Last week, TelOne announced a debt relief strategy of $80 million to its customers in view of cash flow challenges currently facing consumers across the market. The bill relief will be effected on October 2013 statements. The debt relief strategy by TelOne follows a move by government to write off all city council bills which include the debt cancelling of rentals, unit tax, development levy, refuse charges, water and sewer fees, while Zesa Holdings announced a debt relief of $160 million per household. In a statement by Telone, each residential account will be credited with $257,82, giving a total relief of $80 million to the market. "In view of the cash-flow challenges currently facing our clients across the market, TelOne is pleased to announce a relief package granted to all its clients." TelOne, however, urged its customers to settle their remaining balances promptly to ensure uninterrupted services. *(Reuters)*

Zimbabwe on Thursday increased to 10 percent the mandatory amount of local ethanol to be blended with petrol, the country's energy regulator said, as President Robert Mugabe's cash-squeezed government seeks to reduce its fuel import bill. Official figures show the southern African country spends some $45 million each month to import fuel. The latest move is expected to yield some $4 million in monthly savings and lower fuel prices. The savings are critical in a country that is in the midst of an economic slowdown and which narrowly missed third quarter budget revenue targets. Fuel retailers operating in the country have 10 days from Thursday to clear stocks and comply with the regulations. "Ethanol blending contributes towards energy security of the country, reduces the fuel import bill, creates employment and has potential for power generation," Gloria Magombo, head of Zimbabwe Energy Regulatory Authority, said in a statement. Magombo said her agency would monitor and carry out surveillance at all fuel retail outlets to ensure compliance. Zimbabwe has a $600 million ethanol plant in the southeast of the country which is jointly owned by a state company and private investors. It has capacity to produce 250,000 litres of ethanol a day. The government has previously said it plans to make it mandatory to blend petrol with 20 per cent ethanol in future. Before independence from Britain in 1980, the then white minority government of Rhodesia used to blend petrol with ethanol as a way to deal with global economic sanctions. *(Reuters)*

Zimbabwe narrowly missed third-quarter budget revenue targets as economic growth slowed and mineral royalties fell, underlining the tough task that President Robert Mugabe's government faces to lift the economy. Mugabe, 89, and Africa's oldest leader, returned to power with a thumping victory in a July 31 vote disputed by his rivals and has promised to turn around the economy and create jobs while pursuing a controversial policy of forcing foreign-owned firms to hand over majority shares to black nationals. The Zimbabwe Revenue Authority (ZIMRA) said on Thursday it collected $897 million between July and September against a target of $905 million. It said many companies were scaling down operations or had totally shut down. "The economy continued to face challenges such as erratic power supplies, liquidity constraints, depressed industrial capacity, among other challenges," Stanford Moyo, the ZIMRA chairman said. Manufacturers have been the most hit, operating at a third of capacity and battling high financing costs and demands for higher wages from restless workers. Moyo said company tax collections were 3 percent short of target and mining royalties were 39 percent below projections, blaming this on fluctuating mineral prices and failure by some diamond mines under Western sanctions to sell their stones. The European Union last month indicated it would remove sanctions on the state-owned Zimbabwe Mining Development Corporation, a joint shareholder in four diamond mines. This could boost future government revenues. Zimbabwe is also a significant platinum producer. Individual tax collections rose 23 percent after the tax agency extended its net wider, but the troubles facing local companies would see a decline in future, said Moyo. Zimbabwe's economy is expected to grow by 3.4 percent this year, down from earlier projections of 5 percent. New Finance Minister Patrick Chinamasa is expected to present the 2014 national budget next month. *(Reuters)*

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