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

Country	Index	20-May-16	27-May-16	WTD % Change Local	WTD % Change USD	31-Dec-15	YTD % Change Local	YTD % Change USD
Botswana	DCI	10190.08	10198.04	0.08%	0.84%	10602.32	-3.81%	-3.82%
Egypt	CASE 30	7499.49	7531.15	0.42%	0.42%	7006.01	7.50%	-5.26%
Ghana	GSE Comp Index	1777.05	1773.54	-0.20%	0.35%	1994.00	-11.06%	-11.25%
Ivory Coast	BRVM Composite	314.54	309.17	-1.71%	-2.56%	303.93	1.72%	3.85%
Kenya	NSE 20	3890.85	3867.50	-0.60%	-0.52%	4040.75	-4.29%	-2.85%
Malawi	Malawi All Share	12477.55	12793.72	2.53%	3.46%	14562.53	-12.15%	-16.22%
Mauritius	SEMDEX	1759.79	1749.33	-0.59%	-0.75%	1,811.07	-3.41%	-1.19%
	SEM 10	337.76	337.80	0.01%	-0.14%	346.35	-2.47%	-0.22%
Namibia	Overall Index	956.75	991.75	3.66%	5.36%	865.49	14.59%	13.11%
Nigeria	Nigeria All Share	27129.41	28902.25	6.53%	7.22%	28,642.25	0.91%	1.22%
Swaziland	All Share	357.65	357.67	0.01%	1.64%	327.25	9.30%	7.88%
Tanzania	TSI	3965.32	3959.33	-0.15%	0.10%	4478.13	-11.59%	-12.75%
Zambia	LUSE All Share	5000.36	4964.44	-0.72%	-2.17%	5734.68	-13.43%	-7.63%
Zimbabwe	Industrial Index	105.80	104.43	-1.29%	-1.29%	114.85	-9.07%	-9.07%
	Mining Index	25.19	25.54	1.39%	1.39%	23.70	7.76%	7.76%

CURRENCIES

Cur-rency	20-May-16 Close	27-May-16 Close	WTD % Change	YTD % Change
BWP	11.13	11.04	-0.76	-0.01
EGP	8.86	8.86	-0.00	-11.87
GHS	3.84	3.81	-0.55	-0.22
CFA	582.90	588.00	0.87	2.09
KES	99.11	99.03	-0.08	1.50
MWK	680.39	674.29	-0.90	-4.63
MUR	33.86	33.91	0.15	2.30
NAD	15.86	15.60	-1.61	-1.29
NGN	197.95	196.68	-0.64	0.31
SZL	15.86	15.60	-1.61	-1.29
TZS	2,149.66	2,144.24	-0.25	-1.32
ZMW	10.11	10.26	1.48	6.70

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Egypt

Corporate News

No Corporate News This Week

Economic News

The yields on Egypt's three-month and nine-month treasury bills rose at an auction on Sunday, central bank data showed. The average yield on Egypt's 91-day bill rose to 12.949 percent from 12.836 percent at the last sale on May 15. The yield on the 266-day bill rose to 14.125 percent from 13.981 percent at a similar auction a week ago. *(Reuters)*

Egypt's energy subsidies for the 2015-16 financial year will total between 45 billion and 48 billion Egyptian pounds ($5.07 billion-5.41 billion), Oil Minister Tarek al-Molla told privately-owned television channel CBC Tuesday. The government plans to list four public sector oil companies on the Cairo stock exchange "not before" September 2016, Mullah added. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Ghana

Corporate News

No Corporate News This Week

Economic News

The Bank of Ghana said the yield on its weekly 91-day bill edged up to 22.8071 percent at an auction on Friday from 22.7846 percent at the last sale on May 13. The bank said it had accepted all 619.44 million cedis' ($160.2 million) worth of bids tendered for the 91-day paper, which will be issued on May 23. *(Reuters)*

The Agricultural Development Bank Ltd. will ask Ghana's securities regulator for permission to reopen the country's largest initial public offering after the company said it wasn't satisfied with who bought the shares. The ADB, which raised 450 million cedis ($116 million) in an IPO that closed in March, is seeking to sell shares in another round after the government missed a second deadline this month to approve the transaction. The government is the largest holder and sold an undisclosed portion of its 52 percent stake. The Bank of Ghana owns the rest of the lender. "The anchor investors whom the transaction advisers sold shares to initially was not in line with terms of reference," Solomon Atefoe, a spokesman for ADB, said Monday in an interview in Accra, the capital. "We're now re-engaging to get our preferred anchor investors." The four largest participants in the initial sale bought about 72 percent of the shares that were offered, Atefoe said. ADB is in talks with the Ghana Cocoa Board and the Social Security and National Insurance Trust to buy shares, Atefoe said. The trust is the nation's largest pension fund. The bank wants to reopen the IPO next week and the process may last as long as two months, he said. Investors in the lender's initial offering will probably see their stakes reduced, Kenneth Mpare, general manager at Frontline Capital Advisors Ltd., said by phone from Accra. "A closed issue should've been a closed issue," Mpare said. "If they were not able to meet the target then there would've been reason to re-open it. With all intent this deal was closed." Michael Darko, executive director at IC Securities, which acted as the transaction adviser, and the Securities Exchange Commission's Director General Adu Anane Antwi didn't answer calls seeking comment. The Ghana Stock Exchange had hoped the sale would boost trading volumes, helping to spark a recovery after the benchmark index fell into a bear market earlier this year. The index dropped 0.2 percent Monday, bringing its loss this year to 11 percent. *(Bloomberg)*

Ghana's producer price inflation (PPI) slowed to 13.2 percent year-on-year in April from 14.3 percent the month before, the statistics office said on Wednesday. PPI is a major component of consumer inflation, which eased to 18.7 percent in April from 19.2 percent the month before. The West African country is under a three-year aid deal with the International Monetary Fund to restore fiscal balance. The local cedi currency rallied in April to nearly a year high on sustained forex inflows from offshore and local sources, including regular sales by the central bank. "The stability of the cedi in April led to appreciable declines in producer prices in the mining and quarrying sector, as well as the cost of utilities," deputy government statistician Baah Wadieh told a news conference in Accra. Year-on-year producer inflation for mining and quarrying fell most by 7.6 percentage points to -0.7 percent compared to 6.9 percent in March. Utilities decreased to 37.1 percent from 43.4 percent. Manufacturing increased by 1.9 points to 12.0 percent. The monthly change rate was 1.7 percent *(Reuters)*

Ghana accepted 303 million cedis ($78.1 mln) worth of bids for a three-year domestic bond and will pay a fixed yield of 24.5 percent, central bank sources told Reuters on Thursday. The bond, which was open to offshore investors, was undersubscribed, with total bids tendered of 341 million cedis, less than the 500 million cedis targeted, the sources said. Yields ranged between 23.7 percent and 24.95 percent and settlement is fixed for May 30. Proceeds from Thursday's sale will be used to roll over maturing bonds as the government makes renewed efforts to tackle its growing debt burden and at the same time provide resources for Ghana's huge infrastructure requirements. The major commodities exporter is implementing a three-year aid programme with the International Monetary Fund to fix an economy dogged by budget deficits and inflation. Ghana's total public debt is around 70 percent of GDP, while consumer inflation stood at 18.7 percent in April. That has raised concerns among investors and donors, including the IMF. Elections in November will see President John Mahama try to win another term against opposition leader Nana Akufo Addo and return a new parliament. Overall, the government plans to raise 5.5 billion cedis by selling short- and medium-term domestic securities this month, of which 5.23 million cedis will be used to refinance maturing debt, the central bank has said. Ghana paid a yield of 24.5 percent on a three-year bond sold last month through a syndicate of banks, with offshore buyers taking up 71 percent of allotted bids. Ghana's interest rates are among the highest in the region, reflecting the fiscal challenges facing the economy. The yield on the benchmark 91-day treasury bill, which is sold on Fridays, was 22.8071 at the last sale on May 20. *(Reuters)*

Kenya

Corporate News

Suppliers of Uchumi Supermarkets Ltd. agreed to resume stocking Kenya's only publicly traded retailer as the company's biggest shareholder said it would ensure they received payment. The 40-year-old company that was placed into receivership in 2006, from which it emerged in 2010, owes creditors including Nairobi-based lender KCB Group Ltd. a total of 3.6 billion shillings ($35.8 million). Over the past year, the company has closed down almost half its stores to cut costs and conserve cash. After a meeting between management and government officials on Friday, suppliers agreed to convert half of the company's debt into equity and to channel future payments through a jointly managed escrow account. In addition, Uchumi's biggest shareholder, closely held lender Jamii Bora Bank Ltd., offered suppliers invoice discounting, or short-term loans based on purchase orders from the retailer. "That has been sorted out so now we know that Uchumi will fly again," said Samuel Kimani, chief executive officer of Jamii Bora, which owns 15.2 percent of the retailer. "The revival of Uchumi is very important. It means the value of the shares should go up." The stock fell to a record low of 3.4 shillings on May 19, bringing its decline to almost 70 percent so far this year -- the most of any of the 25 companies ranked in the FTSE NSE Kenya 25 index. Shares of the 1.37 billion-shilling ($13.6 million) company gained 8.7 percent on May 20 after the company said it was in talks with creditors for more time to pay off its debts.

Uchumi, which stocks general merchandise such as groceries, household electronics and clothing, has only 20 stores left after it shut down 17 others, including in neighboring Uganda and Tanzania. It is now dwarfed by closely held retailers such as Nakumatt Holdings Ltd., Tusker Mattresses Ltd. and Naivas Ltd. The company plans to dispose off one of its biggest outlets to raise additional money and has also asked the government for a 1.2 billion-shilling bridging loan. Part of the proceeds will pay 800 of the smallest companies providing Uchumi with merchandise and owed a total 40 million shillings, according to Chief Executive Officer Julius Kipng'etich, who was appointed in September after his predecessor was fired. The biggest threat to the recovery plan is a commercial court case by seven suppliers seeking to wind up Uchumi over a 300 million-shilling debt, according to Kipng'etich. No lenders can extend any facility to the chain while the matter is still before a judge. "It is now a question of just unlocking that court case," said Richard Rugendo, the chairman of the Association of Kenya Suppliers, a lobby group for some of Uchumi's creditors. Uchumi went into receivership in June 2006 with debts of 2.2 billion shillings, of which 957 million shillings was owed to KCB and PTA Bank. The receivership ended on March 4, 2010, after most of the company's debts were cleared and others converted into shares. The company resumed trading on the Nairobi Securities Exchange on May 31, 2011. *(Bloomberg)*

The Kenyan government will convert 20.2 billion shillings ($200.4 million) of debt owed by the East African nation's biggest electricity producer into equity as part of a rights offer that's the largest in the region. The Kenya Electricity Generating Co. Ltd., known as KenGen, is asking investors for 28.8 billion shillings to help finance 720 megawatts of new production capacity over the next four years. Other shareholders apart from the government are expected to raise 8.6 billion shillings, Chief Executive Officer Albert Mugo said at the start of the cash call. "We're using that to take up our rights issue otherwise we'll be diluted," Treasury Secretary Henry Rotich said Monday in the Kenyan capital, Nairobi. The government holds a 70 percent stake in KenGen. The transaction will be East Africa's largest-ever issue of stock to existing shareholders and the biggest equity capital raise in the region since Safaricom Ltd.'s initial public offering in 2008, according to Renaissance Capital, the transaction adviser. The company is offering a total of 4.4 million new shares -- or two for every one held -- at 6.55 shillings. The rights offer results will be announced on July 1 and trading will begin July 6. The 42.8 billion-shilling company has production capacity of 1,618 megawatts, mostly from hydropower dams and geothermal wells. KenGen had debt of 150 billion shillings at the end of 2015, according to Finance Director Joshua Mudany. The rights issue will reduce the company's debt-to-equity ratio to about 44 percent from 56 percent, giving the company room to increase that to 70 percent in the future, Mugo said. "What the government is doing is helping them restructure their balance sheet," Silha Rasugu, an analyst at Exotix Partners, said. KenGen shares were down 0.8 percent by 2:06 p.m. in Nairobi, bringing its decline this year to 4.7 percent, compared with a 1 percent increase by Nairobi Securities Exchange's All-Share Index. *(Bloomberg)*

Kenya Airways said on Tuesday preliminary results of a forensic audit had helped it identify weaknesses in its systems and internal controls, and it was taking remedial action that included disciplining some staff. The statement, following the audit by Deloitte Consulting, did not give details about the actions taken by those staff. The airline has been working on a turnaround plan after more than three years of financial losses. *(Reuters)*

KCB Group Ltd., owner of Kenya's largest bank, more than doubled loan loss provisions as non-performing credit jumped by 43 percent. The bank with operations in seven African countries said bad loans increased to 26.4 billion shillings ($262 million) in the three months through March, from 18.5 billion shillings a year ago, according to a statement e-mailed by the Nairobi Securities Exchange Thursday. The lender posted a 6 percent rise in first-quarter profit to 4.63 billion shillings. As much as 90 percent of the bad loans had been extended to two main clients, who supply national and regional governments, Chief Executive Joshua Oigara told reporters in the capital, Nairobi. "Those two customers should be OK by the end of June," he said. "We have 3 billion shillings' worth of debt that we should be able to turn around in the second half." Kenyan central bank Governor Patrick Njoroge, who was appointed in June 2015, has told lenders that they have been provisioning insufficiently for bad debt in East Africa's biggest economy.

The central bank says the industry's non-performing loans were equal to 8.2 percent of total loans in April. Oigara said KCB is targeting 6 percent on NPLs by the end of the year. For the past five years, KCB's bad-loan recoveries have improved in the second half, according to Francis Mwangi, head of research at Standard Investment Bank, helping the lender to redeem about 2 billion shillings in non-performing credit. "It all depends on how their NPLs perform in the year and how much they can recover in the year as well," he said by phone from Nairobi. Rival Standard Chartered Bank Kenya Ltd. reduced provisions by 12 percent to 728 million shillings in three-month earnings announced on Wednesday. Its total non-performing loans and advances jumped 84 percent to 15.4 billion shillings.
KCB extended 345.9 billion shillings of credit during the three months through March, 16 percent more than a year ago. Net-interest income grew 24 percent to 11.5 billion shillings. KCB shares rose 2 percent to 40 shillings on Thursday, paring their year-to-date loss to 8.6 percent. *(Bloomberg)*

Economic News

Kenya's central bank cut its key rate by 100 basis points to 10.5 percent, the first reduction in three years, as the rate of inflation decelerates to within the government's target corridor. Only two of nine economists and analysts polled by Bloomberg expected the decision. Central bank Governor Patrick Njoroge said in an interview in Kigali, Rwanda, earlier this month falling consumer prices, which are now within the government's 2.5 percent to 7.5 percent target range, gave it space to "adjust from the tight monetary stance that was there." The rate was lowered from 11.5 percent, according to a Monetary Policy Committee statement e-mailed Monday from the capital, Nairobi. "The committee noted that overall inflation is expected to decline and remain within the government target range in the short-term," Njoroge said in the statement. "Therefore, it concluded that there was policy space for an easing of monetary policy while continuing to anchor inflation expectations." The central bank raised its benchmark interest rate twice last year by a total of 300 basis points to 11.5 percent, which helped curb inflation to 5.3 percent in April from a peak of 8 percent at the end of 2015. "It was a bit more aggressive than expected," Mark Bohlund, Africa economist with Bloomberg Intelligence in London, said in e-mailed comments. "This is in line with indications that Njoroge has taken some of the criticism of the CBK being slow to react under Njuguna Ndung'u to heart," he said, referring to the immediate former governor. Njoroge was appointed in June 2015.

There is potential for another 50 to 100 basis points in cuts by the end of the year, although an increase in excise duty in the second half and higher energy prices may lift inflation, Bohlund said. Kenya's government plans to increase excise levies on cars, fuel, cigarettes, alcohol and financial services in the new financial year starting in July. "It's a pre-emptive move, the CBK governor has underscored his reputation on inflation targeting," Jibran Qureishi, an economist at CFC Stanbic Bank Ltd., said by phone from Nairobi. "He has probably seen that there is limited upside risk to inflation and has a better handle on what treasury will do on excise tax come July." In recent weeks, the Kenyan yield curve has steepened in anticipation of formal policy easing, according to Gareth Brickman, an Africa analyst at ETM Analytics. The yields on Kenya's 91-day Treasury bills fell to 7.998 percent at a sale on May 19, from 8.189 percent a week earlier. The six-month paper returned 10.137 percent at the latest auction from 11.689 percent previously. The government expects economic growth of 6.1 percent this year after expansion of 5.6 percent in 2015 and for the shortfall on its current account, the broadest measure of trade in goods and services, to narrow to 6.3 percent of gross domestic product following stronger foreign-exchange inflows from agriculture and tourism. The shilling has gained 1.4 percent against the dollar this year. (Bloomberg)

Kenya's central bank governor said on Tuesday the economy was expected to expand by 6 percent in 2016 after 5.6 percent growth last year, while the current account deficit was expected to narrow to 5.5 percent of GDP in 2016 from 6.8 pct. Governor Patrick Njoroge was speaking at a news conference a day after the central bank cut interest rates by 100 basis points to 10.5 percent, saying falling inflation offered room for an easing of monetary policy. *(Reuters)*

Kenya's central bank governor said on Tuesday the economy was expected to expand by 6 percent in 2016 after 5.6 percent growth last year, while the current account deficit was expected to narrow to 5.5 percent of GDP from 6.8 pct in 2015. Patrick Njoroge was speaking a day after the central bank cut interest rates by 100 basis points to 10.50 percent, saying falling inflation offered room for an easing of monetary policy. Economists said the move would support growth. The Monetary Policy Committee (MPC) had held rates at 11.50 percent since last August. Analysts said easing would support growth. "The MPC thought that the dangers of overheating the economy are much more muted and as a matter of fact there was a negative output gap, meaning that GDP is below potential GDP, so there is room to increase GDP production," Njoroge told a news briefing. The agricultural sector was proving stronger than expected and tourist arrivals, another vital source of revenues that have been hammered by security concerns in the past three years, was picking up, he said. "(The) growth outlook for Kenya's main trading partners in the region remains strong, suggesting better prospects for export performance," he said in his presentation. He referred to better prospects for the Kenya's neighbours in the six-nation East African Community and more broadly in the 19-member COMESA bloc of African states, the market for about 40 percent of Kenyan exports. Inflation was "expected to decline and hence to remain within the government target range in the short-term," he said, referring to the preferred band of 2.5 percent to 7.5 percent. Inflation slipped to 5.27 percent in the year to April. Kenya, which has discovered oil reserves but for now remains a crude importer, has benefited from weaker global oil prices. Njoroge said the current account deficit, as a percentage of GDP, was expected to drop to 5.5 percent in 2016 before ticking up again to 5.8 percent in 2017. *(Reuters)*

Kenya has over-borrowed locally by about Sh100 billion in the current fiscal year surpassing a revised full-year target of Sh191.15 billion, numbers compiled by analysts show. Estimates by Kestrel Capital and Cytonn Investments show the Treasury has borrowed over Sh290 billion largely as a result of lower-than-expected donor disbursements and tax revenues. Kestrel estimated that the Treasury had by May 16 borrowed Sh275.2 billion, meaning the target had already been exceeded by nearly Sh84 billion. Since May 16, the date of their report, the State has borrowed more through Treasury bills and bonds. "We believe in the first 11 months of the 2015/16 fiscal year approximately Sh962.6 billion has been raised against maturities of Sh687.5 billion resulting in a new borrowing of Sh275.2 billion... indicating that the Treasury is way past their annual target," said Alexander Muiruri, fixed income researcher at Kestrel. The estimates revision was done early in the year before the full extent of the shortfall in cash needed to run the government until the end of the financial year next month was known. Cytonn said the Treasury would look to push for faster disbursements from the donors, even for amounts scheduled for the next fiscal year. "With one month left to the end of the current fiscal year, the government has surpassed its local borrowing target which will go towards plugging the deficit by the Kenya Revenue Authority (KRA) tax collection and will look to shift their attention to achieve the foreign borrowing target and start front-loading for the next fiscal year," said Cytonn.

The Treasury was running behind schedule in borrowing locally at the end of last December as it was not keen to get cash at elevated interest rates. This year has seen accelerated borrowing as interest rates have come down. Currently interest rates are coming down and investment analysts are forecasting that they are bottoming out and therefore advising investors to run for the available government securities before the honeymoon runs out. "With interest rates still coming down, but showing signs of bottoming out at the current levels, we advise investors to lock in funds in short- to medium-term paper for tenors between six months and one year as the rates are attractive on a risk-adjusted basis," said Cytonn. For the next fiscal year, the exchequer is targeting to raise Sh241 billion through domestic borrowing though this figure is also subject to change depending on the amount raised through taxes and releases by foreign lenders. Kenya also intends to raise some of the cash through a Eurobond, though the details are yet to be firmed up. Tax collections have been hampered by low corporate profitability, as many companies have made losses. The KRA commissioner-general John Njiraini recently said that the performance of the banking sector in the first quarter was an indicator that all was not well among corporate entities, which in turn would have a dampening effect on tax collections. *(Nation)*

Kenya's government has secured a $600 million loan from China to support the budget, the representative of the International Monetary Fund to Kenya said on Thursday. "They expect the money in the next two weeks," the IMF's Armando Morales told Reuters, adding that government officials had informed him that the deal had been finalised. He did not give further details. A senior Treasury official said in April that the loan would help fund the deficit for the year ending June 30. The deficit for 2015/16 is expected to be 7.9 percent of gross domestic product, down from the 8.7 percent originally forecast. *(Reuters)*

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 said on Tuesday its trade deficit widened 28.1 percent to 6.91 billion rupees ($196.59 million) in March from the same period a year earlier, hit by lower exports of machinery and transport equipment. Revenue from exports fell 21.1 percent to 6.93 billion rupees, with machinery and transport equipment declining to 257 million rupees from 1.93 billion rupees in March last year, Statistics Mauritius said in a statement. Imports to the Indian Ocean island nation fell 2.4 percent to 13.85 billion rupees, the data showed. Britain was the main buyer of goods from Mauritius in March accounting for 13.3 percent. India supplied 18.3 percent of Mauritius' imports. *(Reuters)*

The yield on Mozambique's restructured $850 million 'tuna bond' hit a record high on Thursday after the government confirmed another state-owned firm, MAM, had missed a loan repayment deadline, fuelling investor fears of a default. At 1301 GMT, the Eurobond was quoted at 17.156 percent, according to Thomson Reuters data. *(Reuters)*

Nigeria

Corporate News

Following a re-acquisition exercise that saw a buy back of 65.7 per cent stake in Dangote Flour Mills, the President of Dangote Group, Aliko Dangote, has staked N10 billion to restructure the firm for profitability, as well as to align with the group's investments strategy. Besides, Dangote has unveiled plans to invest in the production of wheat, using the milling firm to drive the agenda, with a target of 900,000 metric tonnes every year. Dangote also explained that his buy-back strategy is expected to save 3000 jobs that would have been lost due to lack of investments in the mill. He had sold the company to South Africa's Tiger Brands in 2012 for $200 million. However, the South Africans, despite injection of millions of dollars, claimed not to have recovered their investments in the company, which they rebranded in the last quarter of 2015, with Dangote and three other directors resigning from the board. Speaking at the commissioning of the plant in Kano at the weekend, Dangote assured stakeholders that the mill is back for production and will not be shut for any interest. "I will like to assure you that we are back for good and we will never close this mill again. It has always been my desire to increase our investments in Kano. We are also looking forward to venturing into farming in the State where we can create a lot of jobs and I think this flour mill will help us achieve this feat in Kano. "Kano is very strategic because most of our products, be it flour, sugar, pasta, enjoy a lot of patronage and support. I want to announce that we have successfully re-engineered Dangote Flour Mill so as to meet the emerging challenges in the market place and also to meet the ever changing demands of our esteemed and loyal consumers. "We decided to make this investment in November when Tiger Branded Consumer Goods decided to leave the country and we do not want over 3000 jobs to be lost. You can imagine these 3000 people going back into the job market in Nigeria. So we decided to seek ways to assist to ensure that these jobs are secured by injecting fresh cash of about N10 billion into the business.

"Our return to Kano is actually a sign of good things to come and it is our hope that by this move, we will create thousands of employment in the State and not just in flour but other products. "Very soon, we will start growing wheat in Kano and I want to assure our customers that we will continue to support them." "I am looking forward to you supporting the entire team to make sure the company surpasses its targets of 900,000 metric tonnes of wheat yearly. I want to assure you that with the new board we have, this company will definitely excel with or without my presence", he added. Chairman, Dangote Flour Mills Plc, Ighodalo Asue, noted that Kano remains one of the firm's biggest markets and the management is happy to be reinvigorating the plant. "We bought back Dangote Flour Mill from Tiger Branded and by this move, it means we have a stronger, better sophisticated and more focused Dangote Flour Mills. "Since the takeover, we have taken a lot steps to reposition the company through expansion to drive growth. We are also using this medium to restate our commitment to increasing our shareholders value and our dear customers.
Let me assure you that we will continue to invest in the State and other parts of the country and even beyond the country, because we believe in job and wealth creation. It is our hope that our return to Kano will create more job opportunities and impact positively on the economy of the State.

"I will like to commend Aliko Dangote for his investment in Dangote Flour Mills, a few months ago when Tiger Branded Company was going to leave the country, it appears that the fate of the company was in jeaopardy, but Aliko Dangote's decision to buy back the company has saved the jobs of about 3000 employees and the shares of over a million shareholders. More importantly, the multiplier effect of his investment in the country is immeasurable", he said. Group Chief Executive Officer, Dangote Flour Mills, Thabo Mabe, said: "We are using this opportunity to thank our loyal customers and distributors for their patience and understanding during our challenging moments. We have fully repositioned as a company to serve you better and to say we are here for a long hall. We do not only create jobs for people, but provide a lot of incentives to customers to encourage them to grow their businesses so that you can grow our business. "As our customers, you are critical stakeholders in our business and we will ensure that your needs are fully met. We will continue to count on your support as we also move to grow our market share in the industry. It is my hope that we continue to impact positively on your business and the entire economy at large". *(Guardian)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria has reportedly suspended discussions with MTN over the record US$3.9billion fine imposed on the mobile operator's subsidiary there while the country's parliament investigates the size of the penalty and the way in which it was imposed. Bloomberg reported yesterday that Nigerian lawmakers in the House of Representatives had instituted a probe and that further discussions with MTN are on hold until its outcome is made known. It quoted communications ministry spokesman, Victor Oluwadamilare, as saying that until the lawmakers "are through with their investigation, nothing can be done." The Nigerian Communications Commission (NCC) imposed a record-breaking $5.2billion fine against MTN Nigeria last year for failing to disconnect more than 5million unregistered SIM cards. That fine was later reduced to $3.9billion. The fine has exerted strong downward pressure on MTN's share price, which has fallen by 43 per cent year-on-year. MTN will hold its annual general meeting of shareholders on Wednesday afternoon, where the interim Executive Chairman, Phuthuma Nhleko, is expected to provide an update of developments not only in Nigeria but across the group, which operates in 22 countries across the Middle East and Africa. *(This Day)*

For increasing investment value through consistent dividend payout and adherence to corporate governance principles, shareholders of NASCON Allied Industries Plc at the weekend, commended the company's board on the 2015 performance, even as they approved a dividend of 55 kobo per share. The shareholders who spoke at the company's yearly general meeting in Lagos yesterday, applauded the appointment of the new Chairman of the board, noting that the company has continued to stick to its 'old tradition' in terms of appointing its board members over the years. They commended the management for the impressive performance and efficient running of the company, amid harsh economic environment Specifically, the President, Progressive Shareholders of Nigeria (PSAN), Boniface Okezie, commended the company for the dividend declared in spite of challenging environment. Okezie lauded the management for the improved performance achieved in 2015 financial year, urging fellow shareholders to support the new chairman. Reviewing its performance, the company's new Chairperson, Mrs. Yemisi Ayeni assured shareholders that the company would continue to invest in existing and new products lines to achieve its strategy of growing revenues within the context of improved profit margins and increase shareholder value.

She added that the company would focus on evolving strategies that would allow it to put the vegetable-oil and tomato paste plants back in operation to enhance profitability. "We will ensure we conclude ongoing plant upgrades that will enhance the efficiency of the production lines and guarantee consistently high product standards," Ayeni said. She added that the company would further strengthen its existing corporate governance framework to create long-term shareholder. The Managing Director, Paul Farrer said that the tomato paste business line which was affected by the foreign exchange policy restrictions and operations were suspended in October 2015 to arrest additional impact on account of overhead. "Tomatoes in not available in Nigeria and we do not want to buy outside because of the forex. We won't continue operation until we can source tomatoes locally. We intend to produce tomato concentrate from locally grown tomatoes and maybe able to provide us with raw material requirements," he stated.

Farrer stated that revenue from the sale of tomato paste was N0.54 billion in 2015, adding that the company was in discussions with Dansa Foods, one of its sister companies that had established a state-of-the-art tomato concentrate plant in Kano. "After sales of 6,537 metric tonnes in bulk tankers, we had to mothball the plant in October due to lack of sufficient amounts of crude palm oil. The local producers of palm kernel have not been able to provide enough raw materials for us to produce efficiently. We are confident that we will get this segment back in operation soon," he said. *(Guardian)*

South African consumer goods maker Tiger Brands said on Tuesday first-half earnings rose 14 percent, boosted by the sale of its Nigerian business, but warned tough trading conditions would persist for the rest of the year. Headline earnings per share (EPS) - including continued and discontinued operations - reached 974.6 cents from 852.9 cents a year ago, South Africa's biggest consumer foods maker said in a statement. Excluding the sale of Nigeria's Dangote Flour Mills headline, EPS was flat. Tiger Brands sold its 65.7 percent stake in Dangote Flour Mills last year after three years of failing to stem losses which were worsened by the oil price slump and export restrictions in Nigeria.
The company, which makes bread, breakfast cereals and energy drinks, bought the business as part of a plan to expand elsewhere in Africa to offset slow growth at home. Inflation pressures, a scorching drought and slow economic growth in South Africa are expected to continue to hurt demand, Tiger Brands said. "The outlook for the balance of the year remains challenging, with downside risk to the macro-economic

environment, both in South Africa and in a number of African markets, likely to add further pressure on consumers," it said. Most export markets were hit by local currency devaluations and foreign currency shortages in many African countries. The company operates in Mozambique, Nigeria and Zimbabwe, among others. It said total sales rose 9 percent to 12.9 billion rand. An interim dividend of 363 cents per share was declared. *(Reuters)*

The Senate on Tuesday asked the federal government to recover N42 billion grants as import duty waivers to six companies including Dangote Limited and BUA Sugar Refinery between 2013 and 2015. The upper chamber also asked the federal government to compel Olam International Limited, Popular Foods, a subsidiary of Stallion Group, and Milan Group to pay the import duty demand notice of N24 billion served on them by the Nigeria Customs Service (NCS) for exceeding the quota granted to them on rice importation during the period. The Senate resolution was the fallout of the adoption of the report of its ad hoc Committee on Import Duty Waivers, Concessions and Grants which investigated the indiscriminate use and abuse of waivers granted by the federal government to some organisations. Presenting the report, the committee's chairman, Senator Adamu Aliero, put the total amount to be recovered as grants for rice importation at N10 billion. He listed the organisations meant to repay the N10 billion rice waivers and the respective amounts they should refund to include: Dangote Limited (N1,031,038,848); Kersuk Farms (N1,927,800,000); BUA Group (N3,704,126,328); Elephant Group (N1,501,627,680); Golden Penny (N284,602,399.20); and Milan Group. He added that the sum of N31.7 billion, representing 5 per cent import duty and another 45 per cent levy for 2013, as well as 5 per cent import duty and 65 per cent levy for 2014-2015 grants for the importation of raw sugar, should be recovered from BUA Group for obtaining a waiver for the importation of raw sugar without what he described as the backward integration policy for local sugar production. He also said Mediterranean Nigeria Limited should be made to pay N82,101,866.10 as import duty for excess and under-invoicing 2,161,440 kilogramme of St. Louis cube sugar in June 2014.

In the same vein, the Senate resolved that the sum of N687,496,320, which the committee described as an illegal amount for the transfer of 100,000 metric tonnes of rice by JNI to Elephant Group, should be recovered. It also said Elephant Group and officials, who were involved in the transaction, should be sanctioned for alleged economic sabotage, noting that the waiver was offered as charity grants and not for commercial purpose, because the company only donated foodstuffs to secure the offer. The Senate also resolved that firms, which were illegally granted customs duty waivers and concessions through flagrant abuse of executive powers, must be made to refund such losses, as it described the amount as a huge loss of revenue to the federation account. It also said the companies should be sanctioned for economic sabotage. According to the committee, organisations such as Mc Sally Investment Limited, which it said was not a player in the sector, got a waiver and imported 250,000 metric tonnes of vegetable oil, adding that it was detrimental to the economy. In the same vein, the Senate said Elephant Group should be sanctioned for securing a waiver and importing 100,000 metric tonnes of parboiled rice without being a rice farmer or miller as provided for in the National Rice Policy. The Senate called on the federal government to ensure that the grant of multiple incentives in the form of multiple duty waivers, concessions, pioneer incentives and grants at the same time to the same beneficiaries should be stopped henceforth. It also asked the NCS to accept only bank indemnities and not corporate indemnities to avoid future loss of revenue to the government.

It advised the federal government to as a matter of urgency restructure and streamline the functions and responsibilities of the Budget Office of the Federation with a view to preventing abuses and excesses in support of duty waivers, concessions and grants. It also said in line with international best practices, the federal government should take appropriate steps to evolve a clear-cut policy on import duty waivers, concessions and transparent grants. The Senate further held that federal and state governments' contractors should no longer enjoy import duty waivers, just as it said institutional weakness in the system should be addressed through the review of all relevant laws such as Customs and Excise Management Act and Nigeria Export Promotion Council Act, among others. $2.9bn Lost Annually to Tax Waivers. Just as the Senate ad hoc committee presented its report, the House of Representatives yesterday also disclosed that Nigeria currently loses about $2.9 billion annually to indiscriminate tax waivers, with little evidence that the tax incentives have increased investments in the country. The policy of tax incentives and waivers, the House recalled, was originally designed to attract genuine investments, particularly foreign investors who were expected to bring in capital to support economic development and create employment. The policy has however been abused, the House said. The House therefore directed its Committees on Finance and Public Accounts to review the policy, which is implemented by the

Ministry of Finance, with a view to abolishing unproductive incentives.

The resolution of the House followed a motion sponsored by Hon. Kehinde Odeneye (Ogun APC), who emphasised that conditions for tax incentives should be clearly spelt out and directed at achieving specific social and economic objectives. Nigeria receives an average of $6 billion annually, Odeneye said, citing figures from the Nigeria Investment Promotion Council (NIPC). Hon. Herman Hembe (Benue APC) also lamented that the policy was abused to the extent that waivers were granted to oil exploration companies.He accused the Ministry of Finance of disregarding the recommendations on eligibility and duration of tax waivers. Hon. Nnenna Ukeje (Abia PDP) however noted that the issue of tax waivers could not be handled by a motion but by a bill, which has the potential of becoming a law. The majority leader, Hon. Femi Gbajabiamila, advocated that the investigation should include waivers granted to manufacturers and importers, not just foreign investors. "In Nigeria, tax waivers are the rule rather than the exception," Gbajabiamila said. The joint committee is expected to submit its report in four weeks. *(This Day)*

Seplat Petroleum Development Company Plc, has earmarked about $130 million for its 2016 operations, even as it reinstated commitments to fully exploit the nation's abundant gas resources. The company, in its fact behind the figures presentation to the Nigerian Stock Exchange recently, said: "Looking ahead throughout 2016, it has set full year production guidance at 41,000 to 48,000 barrels of oil equivalent per day (boepd) and expects its capital expenditures to be around $130 million". Presenting the details of Seplat's full-year 2015 performance, ahead of its yearly general meeting scheduled for June 1, the Chief Executive Officer, Austin Avuru and Chief Financial Officer, Roger Brown, said the company's 2P reserves at the end of 2015 had increased by 71 per cent year-on-year to 480 million barrels of oil equivalent (MMboe), with a further 98 MMboe recognised as 2C resources. Total reserves were reported as 578 MMboe, average working interest production during 2015 averaging 43,372 boepd, ahead of guidance and up 41 per cent year-on-year. Within this, oil and condensate production accounted for 29,003 bopd (up 20 per cent year-on-year) and natural gas production was 86 MMscfd (up 119 per cent year-on-year). According to the company, all of the natural gas production was supplied to the domestic market. Avuru said Seplat was committed to boosting gas supply to the domestic market.with gross processing capacity doubled to 300 MMscfd, while work is underway to increase further to 525 MMscfd.

"In a significant step forward for its gas business, during mid-year 2015, SEPLAT successfully completed and commissioned the Oben gas plant phase one expansion. "This expansion saw the company's overall gross processing capacity double to 300 MMscfd. The Oben gas plant phase II expansion is underway with additional processing modules ordered. Once installed, the additional processing modules will take gross processing capacity to an expected minimum level of 525 MMscfd," he stated. Alongside the significant increase in gas production, he said the positive financial impact of Seplat's gas business was evident as revenues from gas sales increased 185 per cent year-on-year to $77 million. Although production was up year-on-year, the significantly lower oil price realisation and downtime of third party operated infrastructure adversely impacted revenue, more than offsetting the increased contribution of the gas business. Consequently, gross revenue for the full-year stood at $570 million, down 26 per cent year-on-year. Net profit for 2015 was estimated at $67 million and cash flow from operations before movements in working capital stood at $190 million against capital investments of $152 million. *(Guardian)*

Shareholders of FBN Holdings Plc on Tuesday approved a dividend of N5.38 billion proposed by the board for the year ended December 31, 2015. The dividend, which translates to 15 kobo per share, was paid despite a major fall in the profit of the bank. The company posted a profit after tax of N 15.1 billion in 2015, down from N84 billion in 2014 due to N119 billion impairment charges. The shareholders, who spoke at the annual general meeting (AGM) in Lagos, commended the payment of dividend. For instance, the National Coordinator, Independent Shareholders Association of Nigeria (ISAN), Sunny Nwosu said they were not expecting any dividend from the company because of impairments. Speaking in the same vein, President, Association for the Advancement of the Rights of Nigerian Shareholders, Dr. Farouk Umar commended the company for its performance in spite of stringent regulatory policies and unfriendly operating environment. "Even in times of difficult, we are in good hands, paying dividend in spite of challenges witnessed in 2015," Umar stated. Responding, Group Managing Director, FBN Holdings Plc, Mr. UK Eke, said that the company's ultimate goal was to restore shareholders value. "We were trained by dividends FBN paid to our parents in the past and we will revert to those things that were in place then," Eke said. He also assured

the shareholders that they were committed to restoring shareholders values and would continue to carry them along in everythi ng. "Times are hard truly but we must ensure you don't suffer undue pain under my leadership.
"We have intensify our efforts to drive the contribution of non-bank subsidiaries to Group portfolio to 10 per cent through enhanced coordination and synergy realisation," he said. In his address, Chairman of the company, Oba Otudeko told the shareholders that 2015 was challenging but FBN made significant progress in the execution of its ambitious but attainable three-year strategic plan. "Given the performance of all operating companies, we are confident that significant opportunities for improved synergistic benefits exist within the group", Otudeko said. Looking into the future, he said the company will continue to focus on effective execution of its strategy and on delivering value to shareholders. *(This Day)*

Economic News

Nigeria's gross domestic product contracted by 0.36 percent in the first quarter of the year, the Nigerian Bureau of Statistics (NBS) said on Friday, as the worst crisis to grip Africa's biggest economy in decades continues to deepen. The contraction compares with growth of 2.11 percent in the fourth quarter of 2015 and 3.96 percent in the same period last year, heightening expectations that the central bank will take action when its Monetary Policy Committee (MPC) meets next week. Africa's biggest oil exporter has been hit hard by low world prices for crude, sales of which account for around 70 percent of national income. "This is probably the economy's worst performance since the mid-1990s," said John Ashbourne, Africa analyst at Capital Economics, in a note on the GDP figures. The central bank has imposed currency restrictions but maintained the naira's peg against the dollar. Investment has fallen, as foreign firms expect an eventual devaluation because of the slump in oil revenues. President Muhammadu Buhari has rejected calls by the International Monetary Fund for a more flexible exchange rate. "The biggest falls in growth came in the manufacturing sector, which is being squeezed by a complex and inflexible FX system," said Ashbourne. "It is now clear that these policies have – as we'd long argued – made a bad situation worse." Inflation has also been fuelled by pressure on the naira. Last week the NBS said annual inflation had quickened to a near six-year high of 13.7 percent in April.

nalysts in a Reuters poll predicted that the central bank will devalue the naira in the next few months and hike interest rates at the MPC meeting, scheduled for Monday and Tuesday, to control inflation. Speculation that the naira may soon be devalued has grown since the vice president said last week that currency policies needed to change to encourage investment. The NBS on Friday also said oil production stood at 2.11 million barrels per day in the first quarter of 2016, lower than the 2.16 million barrels recorded in the fourth quarter of 2015. The figures do not reflect the impact of the resurgence of attacks on pipelines and oil facilities in the southern Niger Delta region. The oil minister said this week that these had pushed production down to 1.4 million barrels a day, the lowest level for more than 20 years. The 2016 budget assumes oil production of 2.2 million barrels per day at $38 a barrel. *(Reuters)*

Nigerian policy makers may be about to loosen their stranglehold on the nation's currency. The central bank of Africa's biggest economy will decide Tuesday on whether to adjust borrowing rates as evidence mounts that arecession is looming. Barclays Plc, Goldman Sachs Group Inc. and Renaissance Capital Ltd. are among banks predicting it will also carry out a de facto devaluation of the naira, or even a gradual removal of capital controls that have choked the economy of dollars needed to pay for imports from fuel to milk. While President Muhammadu Buhari has opposed abandoning the naira's peg of 197-199 per dollar since coming to power a year ago, his deputy Yemi Osinbajo announced a policy review on May 11 that "may feature" a devaluation. On the same day, officials allowed fuel importers to buy dollars from the black market, saying the central bank couldn't provide enough. Foreign reserves have plummeted to their lowest in more than 10 years and the black market exchange rate has sunk to around 345, while naira forward contracts are pricing in a devaluation of about 24 percent to 247.50 in three months. "Will they devalue? On the back of what the vice president said, it seems likely," Ridle Markus, a Johannesburg-based analyst at Barclays' Africa unit, said by phone on May 19. "But they need to go full-out. That means not just devaluing and hiking the policy rate, but also dropping their restrictive foreign-exchange controls. That's the only way investors will regain confidence." Consumer inflation near a six-year high may also prompt Governor Godwin Emefiele to increase borrowing costs. Eighteen of 20 economists in a Bloomberg survey predicted an increase in the policy rate of between 50 and 250 basis points. Two forecast it will stay unchanged at 12 percent. The economy contracted in the first quarter for the first time since 2004, shrinking by 0.36 percent as manufacturing, oil output, financial institutions and real estate declined, data showed Friday.

Even before the figure was released, growth was forecast at 2.3 percent this year, the slowest pace since 1999, in large part because of the currency curbs, according to the International Monetary Fund. Foreign investment in Nigeria's stocks and bonds has slowed to a trickle as the prospect of a devaluation and currency-trading restrictions deter buyers. Nigerian equities are down 5.7 percent this year, compared with a 0.9 percent loss for the MSCI Emerging Markets Index of stocks. Local government bonds have lost 9.2 percent, making them the only local-currency securities not to have gained among 31 emerging markets monitored by Bloomberg. Last week's decision to increase gasoline prices by 67 percent to 145 naira ($0.73) a liter and give retailers more freedom when sourcing foreign currency was a sign the central bank is considering a multiple exchange system, according to Goldman Sachs and Renaissance. They believe it may announce plans to let some companies buy dollars at an exchange rate weaker than the official one. Vice President Osinbajo said the government used a rate of 285 per dollar to calculate the new gasoline price. "Following the deregulation in the fuel market, we expect a two-tier foreign-exchange regime of some sort," Yvonne Mhango, an economist at RenCap, said by phone from Johannesburg on May 19.

For that to work, however, banks will need approval to trade the currency outside the pegged interbank market, according to Dapo Olagunju, treasurer at Lagos-based Access Bank Plc. "Banks cannot sell at 285 today because that's not where the interbank rate is and they're not usually allowed to deal in the parallel market," he said. "We are still waiting for a formal announcement from the central bank." That may not come on Tuesday, according to Standard Chartered Plc. Buhari, who likened devaluation to "murder" in February, hasn't yet responded to Osinbajo's comments. "There has been little official indication of any change in thinking," Razia Khan, head of African research at Standard Chartered, wrote in a note. "We do not expect any big FX liberalization moves just yet." Time is not on Nigeria's side. Its reserves may start falling even faster given its oil production, the source of 90 percent of foreign earnings, has dropped to around 1.4 million barrels a day -- the lowest in more than 20 years -- as militant attacks in the Niger River delta region increase. Brent crude dropped 1.4 percent on Monday to $48.03 a barrel, down 27 percent from a year ago. "They'll try to delay for as long as possible," said Mark Baker, investment director at Standard Life Investments Ltd. in London, who added he's buying Nigerian dollar-bonds in expectation of an "inevitable" currency devaluation. "The difference now is that both oil prices and production are much lower than they have been over the medium term. Adjustment is unavoidable."*(Bloomberg)*

The Central Bank of Nigeria's Monetary Policy Committee will likely review the naira exchange rate regime by adopting a more flexible and market-determined rate as economic recession looms over the country, it has been learnt. Vice President Yemi Osinbajo had a few weeks ago said the nation was considering a more friendly and market-determined exchange rate policy. Economists and CBN sources said the probability that the MPC would review the exchange rate policy by tinkering with the forex market system was very high. They argued that the negative growth rate recorded by the nation's Gross Domestic Product would make the adjustment of the forex policy a priority decision by the committee, which began its two-day meeting on Monday. The National Bureau of Statistics had on Friday released its first quarter 2016 report in which the nation recorded its first negative GDP growth in decades. According to World Bank statistics, the negative growth of 0.36 recorded by the nation's GDP in the first quarter was last recorded in 1995. Experts said the nation would likely record another negative GDP growth in the second quarter, plunging it into recession.

The Chief Executive Officer, Cowry Asset Management Limited, Mr. Johnson Chukwu, said the MPC would not adjust the Monetary Policy Rate and the Cash Reserve Ratio. He, however, predicted that it would adjust the exchange rate policy, arguing that this was essential to stimulate growth and curtail a possible recession. Chukwu said, "I see the MPC adjusting the exchange rate policy by making some changes in the forex market system. I see the committee coming up with something like a Dutch Auction System in the forex market. "The exchange rate may no longer be pegged at N197 to the dollar again. The CBN may start selling forex to the public through banks in which a market-determined rate will be used." Some experts view the possible exchange rate policy review to a more market-determined rate as a de facto devaluation of the naira. However, President Muhammadu Buhari has repeatedly said he will not devalue the naira, because it will not benefit the poor. But Osinbajo announced a policy review on May 11 that "may feature" a devaluation. Barclays Plc, Goldman Sachs Group Inc. and Renaissance Capital Limited are among banks predicting that the MPC will carry out a de facto devaluation of the naira, or a gradual removal of capital controls that have choked the economy of dollars needed to pay for imports from fuel to milk, according to Bloomberg. The Head, Investment and Research, Afrinvest West Africa Limited, Mr., Ayodeji Ebo, said the negative GDP growth in the first quarter was a reflection of the economic challenges in the nation. *(Punch)*

The Securities and Exchange Commission on Monday said it would soon come out with fresh rules that would guide the conduct of Annual General Meetings. The Director-General, SEC, Mr. Mounir Gwarzo, disclosed this in Abuja during the inauguration of a study team on 'Voice and voting power: What role for the retail shareholders in the Nigerian capital market?' The broad mandate of the study team is to develop additional policies for strengthening the corporate governance framework with a view to creating greater awareness on the rights and responsibilities of the shareholders. It is also aimed at increasing the voice and voting power of retail shareholders for a robust capital market. The SEC DG said the commission would be coming up with the fresh guidelines in order to ensure that shareholders, particularly the retail investors, were given adequate representation in terms of participation during AGMs. Findings revealed that in most of the AGMs, only members of shareholders' unions were usually given opportunities to contribute during discussions, while those who do not belong to any union were usually ignored. Gwarzo said apart from the review of the conduct of AGMs, the commission would also be carrying out a review of the Companies and Allied Matters Act. He said, "This study is coming at a time when we are working towards restoring investors' confidence in the capital market. This study is not only good but timely, because before the end of this week, SEC has set up a team that will review the Companies and Allied Matters Act. "As at today, we have started working on rules that will guide the conduct of AGMs and so the timing is right and we need to move very fast, because I believe that some of your recommendations will be part of these laws that are being reviewed." The Minister of Finance, Mrs. Kemi Adeosun, who gave the keynote address at the inauguration, urged the study group to work towards ensuring the return of minority shareholders and retail investors who fled the market following the declines of 2008. In this regard, she said the National Investor Protection Fund set up by SEC should assist towards boosting confidence of such investors to not only return to the market, but also become more active in the affairs of their companies. *(Punch)*

Nigeria's forex reserves fell 2.7 percent to $26.56 billion by May 20 from a month earlier, central bank data showed, as analysts awaited a rate decision on Tuesday, which many believe could include a revamp of exchange rate policy. Analysts are expecting a rate hike to fight inflation and further support the naira, currently trading on the black market about 40 percent below the official market level.[nL3N18F4GH] The bank could also introduce a new parallel exchange rate, analysts say, after the government's move to use a lower, 285 naira per dollar rate for petrol imports rather than the pegged official rate of 197. A plunge in oil prices has eaten into the foreign reserves of Africa's biggest economy, forcing the central bank to introduce currency controls, which has frustrated businesses and caused the economy to contract. Nigeria's dollar reserves were down 10.7 percent from a year ago when they stood at $29.77 billion. *(Reuters)*

Tanzania

Corporate News

CRDB Bank is sitting on 7.0bn/- worth of uncollected dividends of its shareholders which accumulated in the last 20 years. The bank has called its shareholders to collect their dividends especially those using cheques payment system, where a number of unclaimed reached 60 per cent or change mode of payments. The largest bank in the land said main problem was seen on those receiving their dividends through cheque payment system as many were unclaimed. CRDB Managing Director Dr Charles Kimei said that the method was confronted with a number of challenges and the only way out is to use other means, such as bank accounts and mobile telephone payment systems. "CRDB has a special account, Busara, which cater for paying dividends only," Dr Kimei said. He, however, added "this account which previously served only CRDB shareholders have been upgraded to be used for all shareholders in various stocks." He said Capital Market and Securities Authority (CMSA) was planning to introduce a trustee account and called for shareholders to cash their cheques prior of the establishment of such account. "Once the trustee account is introduced it will be more difficult to get your dividends as the process will be complicated," Mr. Kimei said. The problem is wider as other listed firm, especially those listed before 2010 are facing the same phenomenal for uncollected dividends.

CMSA Principal Public Relations Officer, Charles Shirima told 'Daily News' that there is a regional initiative to address this problem. He said the problem was big as shareholders for one reason or another were not collecting their dividends due to a number of reasons including deaths, document processing by relatives, ignorance, not providing proper details or addresses. However, CRDB Bank has come up with a solution and has created a special account—Busara—that caters for dividends payment only. The account is free of any charge, such as ledge fee. CRDB Shareholders' Registration Manager, Emmanuel Ng'ui said Busara account offers 2.0 per cent interest rate for a deposit exceeding 200,000/- as incentive. "The simplest way is to pay dividends through (bank) accounts and we want shareholders to use this modal as it is instant," Mr. Ng'ui told CDB shareholders during a seminar prior to AGM. CRDB shareholders paid using cheque represent 60 per cent, Busara, 35 per cent and mobile the remaining per cent. The uncollected cheques at post officer at the end of 2014 were 11,152 representing 64 per cent of total number for the said year. "This is big problem and a big challenge for the bank…. (Worse) those collected are not claimed," Mr. Ng'ui said. Another challenge is the task of writing some 30,000 cheques, which is tedious and time consuming. On top of that it is expensive to print and posting them. The bank said incurred extra costs of storing cheques against all odds include stealing, fire and the like. *(Daily News)*

CRDB Bank is putting emphasis on consolidating improvements made on credit risk management processes to further reduce non performing loans. The bank said the emphasis was to lower NPLs that stands at 6.4 per cent to less than 5.0 per cent of industrial benchmark. CRDB Bank Managing Director Dr Charles Kimei said the bank continued focusing on achieving operational effectiveness and customer experience while maintaining its core business model. "We will keep on investing our resources, time and expertise in improving our service delivery standards while constantly upgrading our alternative banking channels," Dr Kimei, said in a statement. The bank envisaged to achieve the results by being more innovative and exploiting and aggressively executing on new business opportunities. The bank climbed from one of the lowest bank, which controlled only 5.0 per cent of the market share, to the largest bank in the country—in terms of balance sheet—in the last 20 years. According to Dr Kimei, the bank "will continue to offer quality products and services and ensure that banking with us is an ongoing enjoyable experience. " In 2015 CRDB's NPLs slowed down to 6.4 per cent from 7.0 per cent of 2014, but the ratio is still higher than recommended benchmark of 5.0 per cent. The bank NPLs climbed up mainly on the two fronts—after Bank of Tanzania introduced a new regulation that stipulates that for any probably bad loan a bank should put 1.0 per cent of the loan aside until four settlements are made. Also, last year General Election that reduced liquidity in circulation. The bank last year managed to open 40 government service centres after being awarded the tender for provision of banking services to many Local Government Authorities. "We also made deliberate efforts in expansion of our delivery system and started an upgrade of our core banking system in order to enhance efficiency," Mr Kimei said. *(Daily News)*

THE TBL Group has announced plans to construct a US $50 million (about 109bn/-) malting plant in Iringa Region to cater for increasing demand of malt at the Dar es Salaam and Mbeya Breweries. According to the Managing Director of the Group, Mr. Roberto Jarrin, the company has been spending 31bn/- each year to import 19,000 tonnes of malt, a key ingredient in manufacturing of beer. "At present, we are still discussing with the government on the possibility of granting us excise duty remission for locally sourced raw materials, particularly malt. "If the government gives us a green light on the remission the project will take 18 months to accomplish," Mr. Jarrin told journalists in Dar es Salaam yesterday when presenting an overview of the company's performance in 2015 and the outlook for the year 2016/2017. Mr. Jarrin stressed that the tax remission is crucial to make the envisaged malting plant commercially viable. "Other countries in the East African region have been doing the same to encourage local sourcing of raw materials," he stated. The TBL Group comprises three companies namely the Tanzania Breweries Limited (TBL), Tanzania Distilleries Limited (TDL) and Dar Brew Limited. "Our malting plant in Moshi (Kilimanjaro Region) has the capacity to produce 15,000 tonnes of malt which is used to produce beer at Arusha and Mwanza Breweries," he explained. He pointed further that the company had trained farmers in Iringa on cultivation of barley in pilot projects which will be scaled-up once the malting plant is constructed.

On the other hand, Mr. Jarrin said the Group has paid about 2.3trl/- in taxes during the past ten years, noting further that the company has created over two million direct and indirect jobs for people involved in the supply chain. The TBL boss complained however that per capita consumption of beer in Tanzania was low due to among others low incomes for majority of the people. "Studies have shown that it takes an average of 4.5 hours of work for a Tanzanian to buy one bottle of beer while in South Africa it takes 0.4 hour. That is to say beer is expensive relative to the incomes of the majority of the people," he explained. He added; "The other factors that have stagnated the beer business include prevalence of a large market for informal alcohol as well as lack of incentives to encourage local production of key raw materials such as malt." Mr. Jarrin complained further that increases on excise duty are not aligned with the rate of inflation, proposing that the government should peg the duty at 5 per cent in line with the existing inflation rate of 5.1 per cent. *(Daily News)*

TANZANIA Portland Cement Company (Twiga Cement) has announced a dividend increase of 15 per cent per share for last year. Twiga Cement, listed on Dar es Salaam Stock Exchange, announced during its Annual General Meeting held in Dar es Salaam yesterday that the dividend had risen from 267/- in 2014 to 306/- in 2015. The surge was the results of profit going up to 56.2bn/- despite depreciation of the shilling that had an impact on fuel, spares and quarry services. The Twiga Cement Managing Director, Mr. Alfonso Rodriguez, said 2015 was a year for consolidation for the company with especial focus on management control and cost reduction. "Focus on management control and cost reduction has led to an increase of net profit by three per cent," Mr. Rodriguez said in his presentation during the 24th AGM. The cement firm also reported an increase of 21.6 per cent in sales volume resulted in a boost of 18 per cent on the company's net revenue. The MD said Twiga plans to expand services to other countries inside and outside East Africa after remarkable successes in serving Rwanda, Burundi and Congo. This is a way forward to release pressure and dependency from the domestic market and increase its profit in the coming years through exports. In the field of environment, being the only cement industry using natural gas, TPCC promised with its mission of protecting the environment. "The Tree Nursery Project continued to be active with more than 110,000 grown and planted in our efforts for quarry reforestation," he noted. The MD also complemented the fifth phase government on tax collection saying the move will provide fair competition environment. The dividends raise expectation pushed up by Twiga Cement share price on Wednesday after appreciating by 12.5 per cent to 2,700 a stock. Last year the company targeted to produce 1.5 million tonnes up from 1.4 million tonnes produced in 2014. The increased capacity follows last year's commissioning of a new 700,000-tonne production line. TPCC is well placed to meet this growing demand after investing in expansion of its capacity, together with rehabilitation of the old clinker line. *(Daily News)*

Economic News

DAR ES SALAAM Stock Exchange (DSE) is expecting a hefty profit next year as the performance and activities of the bourse continues to increase. The bourse currently wants to raise 7.5bn/- through initial public offer, and the projections suggest the profit will cross 2.0bn/- mark next year. DSE Chief Executive Officer, Moremi Marwa, told the 'Daily News' that the projections of the remaining nine months of this

year suggest a profit of 1.4bn/-. "We anticipate a profit rise next year… since prospects are good," Mr Marwa said, without mentioning the actual estimated profit figure. DSE, in 2014/15, posted a profit of 1.94bn/-, while from July 2015 to March 2016 the bourse registered a net income of 1.74bn/- and revenue was 3.41bn/-. From March to December this year DSE assets are projected to grow by 130 per cent from 6.9bn/- recorded at end March to 15.9bn/- to December. The bourse, walking toward self-listing by July, changed its financial calendar from July to June to January to December after listing. The exchange offered 15 million shares to public at 500 each which went on sale last week.
The primary offer, among other things, transformed the bourse to a company guarantee by shares instead of trustees. The DSE has mainly three business segments namely listing fees, transaction fees and other Stock Exchange related services. In the first nine months -- July 2015/March 2016 -- the bourse generated 3.4bn/- compared to 4.1bn/- of 2014/15 from its three segments.

In the near future the bourse envisages introducing five new business products in collaboration with Capital Markets and Securities Authority (CMSA). The products, both for capital raising and for risk management purposes, are Real Estate Investment Trust, futures and derivative, Exchange Traded Funds (ETFs), closed ended collective investment schemes and municipal bonds. Currently, DSE earnings per share stands at 135/- and net asset value is 228/-. DSE was established by CMSA and incorporated on September 1996. The exchange became operational in April 1998 with TOL Gas Limited listing as the first company followed by TBL. Mid last year the bourse re-registered to become a public limited company. *(Daily News)*

TANZANIA plans to build a high-voltage electricity line to Zambia to meet the growing demand for power and related challenges in the neighbouring country, the Prime Minister, Mr Kassim Majaliwa, has said. Premier Majaliwa, who is in Zambia to attend the 51st Annual Meeting of the Board of Governors of the African Development Bank (AfDB) revealed the plans yesterday when contributing to discussions on Energy and Climate Change at the Mulungushi International Conference Hall in Lusaka. "The government of Tanzania will build a power line of 400 kilovolt (KV) from Iringa-Dodoma-Singida-Shinyanga, which is part of a much larger electricity project connecting Zambia, Tanzania and Kenya," he explained. He said feasibility study for the 400Kv from Iringa to Mbeya was done in 2012 as the government is currently sourcing funds for the purpose of linking a section from Mbeya to Zambia's national grid. Mr Majaliwa said to address energy challenges in the continent, African nations need to have enough funds, modern technology and experts, which is currently not the case.
The Premier added that Tanzania has been blessed with abundant natural gas currently at 57.25 trillion cubic feet (tcf), coal amounting to 1.9 billion tonnes, 4.7 gigawatts, where only 12 per cent is currently in use. He informed the meeting that Tanzania has uranium deposits of 200 million pounds, geothermal power that can produce 5,000Mw of electricity as well as wind and sun energy sources. *(Daily News)*

Zambia

Corporate News

No Corporate News This Week

Economic News

BANKS have maintained high interest rates on all their loan facilities despite improved liquidity conditions on the local financial market. But Bank of Zambia deputy governor for operations, Dr Bwalya Ng'andu, says high interest rates currently prevailing on the market are "a phase" which will eventually pass. According to the Bank of Zambia, liquidity conditions eased in April and May with an improvement in subscription rates on government securities. Commercial banks, however, have maintained high interest rates on existing and new loan facilities that were adjusted in March. Stanbic Bank's personal loans remain unchanged at 40 per cent while their home loans are pegged at 30 per cent, up from 27.5 per cent and 23.5 per cent respectively. Their vehicle and asset finance (VAF) loan facility also remains at 32 per cent for walk-in customers, and 30 per cent for those under a scheme, up from 27.5 per cent. FNB Zambia's interest rates on personal loans range from 43.5 per cent to 48 per cent while their hugely popular VAF loan facility was found ranging between 40 and 50 per cent. Ecobank, who also increased their lending rates in response to the tight liquidity conditions on the market in March, have also maintained their interest rates on their personal loans at 35 per cent from 27.5 per cent. BancABC, now part of Atlas Mara, also have their interest rates at 35 per cent on personal loans from 27.5 per cent that was offered to consumers in March.

A check at Zanaco Plc also found that their personal loan facility was maintained at 34 per cent, from 26.5 per cent in March, making the country's largest bank by customer base the most competitive among the banks surveyed. But Dr Ng'andu said the high interest rates currently prevailing on the financial market were a phase and that reduced rates were likely to be effected in view of the improved liquidity conditions. "I do take the point that the concerns over the lending rates in the market are genuine concerns and we do acknowledge the negative impact that they have on growth, and on the ability of business to thrive. But this is a phase that we are going through and we think that with the improvement in conditions, we should be able to see the rates winding down," said Dr Ng'andu during a media briefing in Lusaka on Tuesday where the central bank left their Monetary Policy Rate unchanged at 15.5 per cent. *(Post Zambia)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

The restructuring and network expansion programmes currently ongoing at State owned mobile services provider, NetOne are expected to drive the company to profitability and enhance capacity to compete with its peers. The network roll-out programme which has seen 2000 base stations constructed in the first phase will see a further 2 000 at about 600 sites next year. "With that topology of network we believe that we will be reaching out to everybody giving them our products. We are also coming up with value products that are well priced in the areas of data. "The type of technology that we are bringing, 4G and 4G LTE will enable faster speeds for those people that need data. This third phase will put us at par with our competitors," acting chief executive Brian Mutandiro said on Friday. Mr Mutandiro was addressing the Youth, Indigenisation and Economic Empowerment Parliamentary Portfolio Committee members who were on tour of the network service provider. LTE -Long-Term Evolution-, (commonly marketed as 4G LTE) is a standard for wireless communication of high-speed data for mobile phones and data terminals. "It is a requirement that the Postal and Telecommunications Regulatory Authority of Zimbabwe wants to see us in the next five years covering 100 percent of the country. And so one of the issues that we will look at is making sure that we rapidly deploy network 3G, 4G and LTE and then we will come behind with all the other value added products that we can put on that platform." Failure to follow up on infrastructure deployed around the country with value-added products in the past was one of the reasons why NetOne failed to make money and caused the parastatal to lag behind its leading competitors.

It is down to making business sense out of the infrastructure presence, according to Mr Mutandiro. "NetOne was focusing on putting the base stations. Business focus was not on the distribution of airtime. For example, you can have a base station that is launched today but there is no airtime in the vicinity. So then you have a lopsided situation where you spend money on infrastructure but you are not providing airtime. So we are addressing all those gaps. "For us these are opportunities, low hanging fruits that we can quickly convert to revenue. That is why I am confident that by the end of this year we will have a positive bottom and we will declare a dividend to Government," said Mr Mutandiro. Other projects expected to improve visibility include an aggressive strategy to position the network. To this end, NetOne teams will be in the communities with various product demonstrations and operational marketing. The changes implemented have already started paying dividends with the company now collecting more money per minute than in the past with collections surging to 8 cents per minute compared to 2,8 cents per minute realised at the beginning of this year. But this will result in customers foregoing some benefits and promotions the company has been offering ahead of its competitors. One major casualty is most likely the free calls promotion which has seen users enjoying free calls to other NetOne lines for a specific period after recharging for a dollar. "Basically we were giving a lot of our airtime for free. On the one hand it is a good thing but on the other hand where you have invested money it means that you are not going to recover or you are not going to get money to repay all those loans. "That can be very dangerous in that you actually go out of business. For us that will be sad because Government has invested in us and they have invested with one priority in mind that we make profit and contribute positively to the economy," said Mr Mutandiro. *(Herald)*

Hwange Colliery Co., the partly state-owned Zimbabwean coal miner, has started negotiations with Glencore Plc to renew a deal to sell the company its coke, a coal product used in steelmaking, after an initial agreement ended last year. "We are negotiating a renewal after the trial contract expired late last year," Hwange Colliery Chief Executive Officer Thomas Makore said in an interview Saturday in the north western resort town of Victoria Falls. Charles Watenpuhl, a spokesman for Glencore, declined to comment. The original deal, for the supply of 9,000 metric tons, was signed in March 2015. "The initial arrangement worked very well," Makore said. "We can't say when the negotiations will be completed, but we are hopeful it will be extended." The coal company is also seeking to expand. "We are also sourcing for funding for underground operations so that we can produce coking coal. Coke coal will provide raw material for coke which we can sell locally and export," Makore said. Hwange, which operates a mine in northwest Zimbabwe, is the country's largest coal miner after Makomo Resources (Pvt) Ltd. and a supplier of the fuel to state-owned power utility Zesa Holdings (Pvt) Ltd. (*Bloomberg)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe resources group RioZim says it gave up its pre-emptive rights to Murowa Diamonds ahead of the Midlands-based gem miner's sale last year because it could not afford the purchase price. Global giant Rio Tinto sold off its 78 percent stake to RZ Murowa Holdings Limited, along with its 50 percent shareholding in Sengwa Coal in June last year, but government last month said it was investigating the circumstances under which the ownership changed hands. RZ Murowa is an investment vehicle of major RioZim shareholder, private equity firm Global Emerging Markets (GEM Holdings). At the sale, RioZim, which controlls 22 percent of Murowa and 50 percent of Sengwa, assumed the overall management of both entities. "The relationship between RioZim and Murowa Diamonds (Private) Limited has not changed as a result of Rio Tinto Plc's sale of its interests in Zimbabwe last year," said RioZim in a statement to the Zimbabwe Stock Exchange on Monday. Reports suggested that RioZim shareholders were not offered an opportunity to exercise their pre-emptive rights over the sale of Murowa, in accordance with the shareholder's agreement with Rio Tinto, but the local miner said it had no money to fund the purchase. "On 10 June 2015, the Board of Directors of RioZim passed a resolution to irrevocably and unconditionally waive the Company's rights of pre-emption in connection with the transfer of the sale of shares to RZ Murowa Holdings Limited," said RioZim.

"The resolution was made in light of the financial challenges being faced by RioZim, its inability to raise the required financing plus the challenges faced by Murowa Mine which was closed down at the time and faced huge hurdles that required, amongst other things, substantial additional capital investment."The decision was also discussed and approved at the Annual General Meeting held on 28 August 2015, it said. The company kept authorities informed on the developments, it added. GEM's initial 2012 investment saved RioZim, one of Zimbabwe's biggest mining firms, from imminent collapse under the burden of debt. GEM has dominated subsequent capital-raising initiatives by the miner, as hard-up local shareholders struggled to follow their rights. RioZim early this year successfully completed a debt restructuring exercise early this year in which Zimbabwe Asset Management Corporation (Private) Limited 'Zamco', a division of the RBZ acquired some of its short-term debt of nearly $34 million and lowered finance costs by half, creating fiscal space for the resources group.
In the three years to June last year, RioZim had paid $36,3 million in interest charges but only reduced its core debt from $58 million to $43,1 million. The Zamco deal saw interest rates charges on the debt, which averaged over 21 percent, come down to nine percent. Zamco was set up by government to purchase non-performing loans from banks and clean their balance sheets. Apart from RioZim, it has said it intends to purchase bade debts of Cottco Holdings, Hwange Colliery, Cairns Foods, Border Timbers, Astro Motors and the Cold Storage Company.*(The Source)*

Turnall Holdings says it has secured $1 million from the Distressed Marginalised Areas Fund (Dimaf), but the company is still pursuing other financing options to recapitalise operations. Managing Director Caleb Musodza said in an interview that while the company is now in a position to sustain profitability, working capital still remains a necessity. "We secured $1 million from DIMAF early this year but we are also still pursuing other funding options as we seek to improve our working capital level," he said. Dimaf was launched in 2011 as a $40 million fund for ailing companies in Bulawayo and other cities. As at March 2016, a total of $29,5 million had been disbursed from the Dimaf fund, benefiting about 51 companies. At the company's AGM last week, Musodza said the company had challenges in payments of imported raw material, but the issues were now under control. The company was now poised for second half year recovery after a false start in the first quarter to March this year, he said. "We are exploring funding options to address our balance sheet issues, capex for product range diversification and output improvement and this will improve profitability and accelerate our turnaround process," saidMusodza. The group operates on a cash basis to generate operating income. *(Source)*

Zimbabwe's stockfeed manufacturing giants, National Foods and Profeeds are planning to set up a new stockfeed company which will be run as a separate entity. The move is expected to ensure that the groups utilise their capacity to the fullest while it will help boost against competition from impeding recapitalisation of two of its major competitors; AgriFoods and Blue Ribbon Industries.The company; African Feed Mills Private Limited will be 60 percent owned by Profeeds while National Foods will take up the balance. Under the arrangement the two stockfeed manufacturing companies will sell their respective stockfeed manufacturing assets and lease their immovable property to the new company for purposes of manufacturing stockfeed. The total transaction value is estimated at $10 million. According to documents seen by The Herald Business, both National Foods and Profeeds will shut down their stockfeed manufacturing units. "The proposed transaction is not a classical merger. The two entities National Foods and Profeeds shall not cease to be distinct. National Foods and

Profeeds shall remain separate, independent operating companies, effectively competing in the wholesale and retail market for stock feed," reads part of the documents. In the event that in the future, parties decide to exit the stockfeed business completely, the new company will manufacture as well as wholesale and retail stock feed. National Foods and Profeeds will also maintain their main line of business other than stock feed, independently of each other.

However, the merger is in that NatFoods and Profeeds shall sell their respective stockfeed manufacturing assets and lease their immovable property to the new company, for purposes of manufacturing stock feed. The shareholding, in each of t businesses shall remain the same and shall not be affected by the proposed transaction. On Profeeds, managing director Nigel Philp told The Herald Business in February this year that the company has plans to increase production from the current 10 000 tonnes of stock feed in 2016. He said the group is aware of the drought but has devised mechanisms that will enable the stock feeds business to run consistently. "Our biggest aim is to become a manufacturing conglomerate because the future of Zimbabwe hinges on the development of the agriculture sector and then moving into manufacturing. "There is hope in this country's prospects for the future and because of that hope we have trained about 8 000 small-scale poultry producers and empowered them as well," said Mr Philp. ProGroup has already invested about $6 million on constructing a new plant for Profeeds while an additional investment was put towards construction of fish feed manufacturing plant. *(Herald)*

The Zimbabwe Stock Exchange (ZSE) on Thursday lifted the suspension of CFI Holdings after the company complied with ZSE listing requirement to publish financial results. CFI's shares were suspended from trading on January 29 this year to allow for the publication of audited financial statements for the year ended 30 September 2015. In addition, a trade in CFI shares during a closed period, which was executed on the ZSE and reported to the Securities and Exchange Commission of Zimbabwe, also contributed to the decision to suspend trading in CFI's shares. "The Zimbabwe Stock Exchange hereby notifies the investing public of the lifting of the suspension in the trading of shares of CFI Holdings Limited (CFI) with effect from 26 May 2016," ZSE chief executive Alban Chirume said in a statement. "On 13 May 2016, CFI's audited financial statements for the year ended 30 September 2015 were published to comply with the ZSE Listings Requirements thus necessitating the lifting of the suspension." CFI has since dollarization experienced significant financial challenges largely caused by expensive borrowings, and the impact of ageing equipment and infrastructure on efficiencies and overheads, which are not adequately aligned to the low capacity utilisation at the firm. *(The Source)*

Construction firm, Masimba Holdings, says it expects to report a profit in the first half of 2016, having registered positive growth in income in the first two quarters. Chief executive Canada Malunga told shareholders at the company's annual general meeting on Tuesday that the company's focus is to grow the order book, which covers 72 percent of the company's annual turnover. "We are positive of achieving a profitable position at half year as well as at full year. The order book covers 72 percent of annual turnover and we are positive of achieving budget," he said. Malunga said in addition to growing the order book, focus will also be on cost containment. He added that the company would continue to streamline its asset base in order to create value for shareholders. At a recent update for the first quarter of 2016, Masimba Holdings said it had an active order book of $18,2 million for 2016, which is expected to return the group to profitability this year. Housing infrastructure accounts for $8,2 million of the $18,2 million order book. Mining accounts for $3,0 million, industrial $2,0 million, commercial $2,5 million while other orders account for the remaining $2,5 million. Meanwhile, Malunga said while there has been a lot of positivity in the business, foreign payments for key raw materials remains a big risk. The country's financial institutions are currently facing liquidity challenges in their nostro accounts, thus failing to settle international obligations on time. Malunga said the company hopes recent monetary measures by the Reserve Bank of Zimbabwe (RBZ) would bring stability to the financial services sector. *(The Source)*

Economic News

The African Development Bank (AfDB) supports measures announced recently by the Reserve Bank of Zimbabwe (RBZ) to ease the current cash shortages and to curb capital flight, the bank's president has said. Zimbabwe is currently experiencing cash shortages owing to a number of reasons including depletion of bank nostro balances and the dysfunctionality of the multi-currency system because of the pre

-dominant use of the USD. The USD has virtually substituted all the other currencies including the South African Rand, the Pula and the Euro that were in use at the adoption of the multi-currency regime in 2009. To ease the shortages, RBZ governor Dr John Mangudya announced a cocktail of measures which include a 5 percent export incentive, introduction of a foreign exchange priority list and bond notes, which will come into circulation soon. The bond notes, a continuation of the bond coins currently in use, will be backed by a $200 million African Export and Import Bank facility. AfDB president Dr Akinwumi Adesina said the measures would promote production and exports. "The country needs to retain its foreign exchange resources to develop its economy and to ensure that future resources from development partners and international financial institutions are retained and used appropriately to sustain growth," he said after meeting Finance and Economic Development Minister Patrick Chinamasa and Dr Mangudya on the margins of the bank's annual meetings in Lusaka, Zambia. He said the measures were also critical, especially now when Zimbabwe was on the verge of completing its re-engagement process with International Financial Institutions (IFIs). Zimbabwe has successfully completed an IMF supervised staff monitored program, and is now forging ahead with its plan to clear arrears owed to the IFIs. During the meeting, Minister Chinamasa updated the AfDB on the financial arrangements made by Zimbabwe to clear its arrears. Dr Adesina stressed the importance of a timeline for concluding the process with the IFIs in order to consolidate the gains made on the reforms. He also praised Minister Chinamasa for spearheading the re-engagement process, and reassured AfDB's continued support to Zimbabwe, including through its private sector window, in providing energy, feeding the population, rehabilitating the infrastructure and reviving the industry. *(Herald)*

Zimbabwe has exported 28 840 tonnes of chrome valued at $2 million since lifting the ban on the exportation of raw chrome in June 2015. In his keynote address at the 77th Chamber of Mines Annual General Meeting and Conference in Victoria Falls last week, Mining and Mining Development Deputy Minister Fred Moyo said to date six smelting companies had been granted licences to export chrome ore. "To date 28 840 tonnes have been exported at a value of $2 040 540. Under this framework local chrome smelting companies are allowed to export raw chrome based on installed capacities," he said. Deputy Minister Moyo said Apple Bridge Investments has since started facilitating chrome ore exports with shipments having commenced in November 2015 following the repeal of the 20 percent chrome non-beneficiation levy by Treasury. In addition to lifting of the ban, Government also reviewed royalty fees for chrome ore to 5 percent from 2 percent while the export tax of 20 percent was removed. Meanwhile, Government has started the process of establishing a computerised Mining Cadastre for the management of the entire mining industry throughout the value chain, that is from licensing, actual projects implementation and marketing including accounting of production by all mining and mineral entities. A Cadastre is a parcel-based, and up-to-date land information system containing a record of interests in land (for example rights, restrictions and responsibilities). Its creation will secure a mineral rights system and record the geographical location, ownership and time validity of mining rights, and for compliance with the payment of fees and/or other requirements to keep a concession valid. According to the Ministry of Mines and Mining Development, a mineral register would be the central database for storage of information on applications and licences. It is envisaged procedures will be streamlined, thereby reducing processing time for issuance of mining title and other services in line with best practice across the globe.

Deputy Minister Moyo said a successful mining industry is one that is supported by a computerised management information system. "Such an MIS will facilitate appropriate planning, co-ordination, communication, control and decision making in the ministry's efforts to manage the country's mineral resources. It will result in the modernisation of the mining title management system in line with regional and international best practices to provide for a faster and more efficient system which also offers security of tenure to investors," he said.
Deputy Minister Moyo said currently consultations are being done with the consultant hired for the job and work is being done to ensure that the Cadastre mining title management system becomes operational as soon as possible. As the country migrates from the old system to the computerised Cadastre system, he said there will be challenges of disputes due to overlapping of mining titles arising out of inherent inaccuracies. "Transitional measures will be put in place to address these challenges. Information will be required from mining title holders to ensure that the transition is smooth," he said. Currently, mining claims are marked on the ground by metal stakes, concrete beacons or similar fixed points that were surveyed by conventional methods using a theodolite or older methods involving tape and chains. Analysts say these methods are time consuming and demand a high level of skill to produce accurate surveys. In some cases the error in the locations of the points on the map and on the ground is considerable, up to a kilometre in some cases, mainly because of the inability to tie in the detailed survey to an accurately located, known base point on the map. Inaccuracies in the mapping can lead to frequent boundary disputes,

particularly where small scale working is taking place. Under a Cadastre system mining title will be granted in the form of a mining lease, where the title extends over four or more contiguous blocks. There is no limit currently. *(Herald)*

Imports into Zimbabwe will drop three percent this year as regional currencies recover against the US dollar, helping Zimbabwe begin to narrow its current account deficit, an advisory firm has forecast. The United Kingdom-headquartered BMI Research, which is a member of global ratings agency Fitch Group, said in a recent note that the slowdown in imports would ride on the appreciation South African rand, which has gained 14,1 percent against the greenback since January, as well as declining domestic demand. Zimbabwe predominantly uses the United States dollar is its medium of exchange. South Africa is Zimbabwe's largest trading partner, accounting for about 70 percent of imported goods in the southern African country. "The appreciation of the South African rand against the US dollar will add another headwind to import growth in Zimbabwe over the year. While we expect the rand's bull run against the greenback to come to an end and resume a depreciatory trend in H216, the 14,1 percent appreciation we have seen since January will weigh on the year-end figure for import growth. As a result, we expect merchandise imports to fall by three percent over 2016," said BMI. A weakening import bill would be good news for Zimbabwe, which has been relying on goods from South African and China following the collapse of its once thriving manufacturing industries. As a result, the country has reported widening trade deficits, as cash shortages currently rattling the markets have also been blamed on the massive exportation of greenback to other countries to pay for imports. However, a declining import bill, in the absence on a rise in domestic production and exports, could spell doom for the country due to potential commodity shortages at a time when food shortages have mounted following poor rains induced by the El Nino weather patterns affecting most of the region. "We expect the deficit to equal 24,6 percent of (gross domestic product) GDP in 2016, before decreasing slightly in 2017 to 24,3 percent. This marks the beginning of a steady narrowing of Zimbabwe's current account deficit over the next 10 years, as the economy moves away from the lull in commodity prices," said BMI.

It said currency shortages will also affect imports, while exports had been dealt a blow by weak international commodity prices, which have affected the value of mineral exports. Major mineral exports for Zimbabwe include gold, diamonds, platinum and chrome. "Zimbabwean exports are particularly reliant upon precious metals, notably gold and diamonds, which accounted for 31,3 percent of total merchandise exports in 2015. While our commodities team expects most commodity prices to stabilise over 2016, we do not believe this will be sufficient to offset a large and longstanding trade deficit (but) the current account deficit will be somewhat protected due to a fall in imports stemming from weak domestic demand and a shortage of US dollars," the report said. BMI said gold prices averaged $1,669/oz in 2012 and it is unlikely that the prices would rebound to these levels anytime soon. At the same time, the diamond market is expected to remain weak following developments in China, were a government crackdown on the spending habits by the elite could affect demand, said BMI, noting, however, that the biggest hurdle against exports would be drought. "While a climate of persistently low commodity prices will certainly weigh on Zimbabwe's export outlook, their impact will be relatively small when compared to the effects of an ongoing drought. The onset of El Nino in 2015 left much of Southern and Eastern Africa devastated by a lack of rain, ruining harvests across the region. As a result, tobacco production is expected to fall by as much as 15 percent over 2016." *(Source)*

Zimbabwe's economy will grow by 1.6 percent in 2016 but will improve in 2017, the African Development Bank (AfDB) said on Monday and noting the growth, though positive, will be lower than the continental average of 3.7 percent this year. AfDB, in its 2016 African Economic Outlook (AEO), released on the side-lines of its on-going annual meeting in Zambia, said Zimbabwe's economy will likely grow by 3,1 percent next year, but noted that it continued to face structural weaknesses which are constraining its ability to register sustainable growth. "GDP (Gross Domestic Product) growth declined from 3.8 percent in 2014 to an estimated 1.5 percent in 2015 but is projected to slightly increase to 1.6 percent in 2016," read the AEO. "This improvement is due to an anticipated expansion in the tourism, construction and financial sectors." The AfDB's prognosis for the year is largely in line with the government's own revised forecast of 1.4 percent from an initial forecast of 2.7 percent. The World Bank, on the other hand, has put the Harare's economic growth projection for this year at 1.5 percent citing adverse weather conditions as impacting on the key agriculture sector. The AEO, a joint annual publication of the AfDB, the Organisation for Economic Cooperation and Development and the United Nations Development Programme, analyses the state of affairs in Africa and provides a two-year forecast. According to the AEO, Zimbabwe's real per capita GDP for 2016 will be -0.4 percent and will rebound to 0.8 percent in 2017. The 2016 AEO is running the theme, "Sustainable Cities and Structural Transformation" in which it is argued that the rate at which Africa urbanises will be critical in determining its future growth and development. *(Source)*

Remittances into Zimbabwe fell 16 percent in the first quarter to $192,9 million against $231,4 million recorded in the same period a year ago. Remittances consist of both Diaspora and Non-Governmental Organisations flows. According to the Ministry of Finance, the slowdown is attributed to slow recovery in global and regional economic activity while the stronger US dollar also meant that remittances from countries such as South Africa would have a much lower value if converted. In January, remittances stood at $62,9 million only to drop slightly to $62,92 million in February. In March, there was an increase of 7 percent on the previous month to $67,41 million. Remittances however, continue to be one of the main sources of net financial flows not only in Zimbabwe but in Africa. Foreign Direct Investment also remains subdued with the latest available figures showing that the inflows into the country declined to $399 million. Meanwhile according to the African Development Bank's Economic Outlook released yesterday, in 2015, net financial flows to the continent were estimated at $208 billion, 1,8 percent lower than in 2014. The total sum is projected to rise again to $226,5 billion in 2016. In the period, official development assistance rose, but stability in remittances continued to be the main contributing source of Africa's net financial flows. Sovereign bond issuances rose despite higher interest rates, reflecting general resource starvation among issuing countries. However, direct foreign investment in the oil and metals sectors dropped, as the extractive sector was buffeted by falling commodity prices.

Net portfolio equity and commercial bank credit flows dried up, reflecting tight global liquidity conditions and faltering market sentiment.
In the wake of slowing growth in large emerging economies, bilateral trade credit suffered as well. Foreign investment into Africa increased by 16 percent from to $57,5 billion in 2015, according to IMF figures. Flows to North Africa reversed a downward trend, as investment increased by 20 percent from $17,2 billion in 2014 to $20,7 billion in 2015. East Africa has seen higher FDI since 2010. In 2015, the figure rose 16 percent to $ 8,9 billion in 2015 from $7,7 billion the previous year. For West Africa investment rose from $9,3 billion to $9,7 billion.
Central Africa saw a decline from $6,6 billion in 2014 to $5,4 billion. Southern Africa received $ 12,9 billion of FDI in 2015 against $8,7 billion in 2014, and $ 11,4 billion in 2013. The leading African investment destinations in 2015 were: Egypt ($10,2 billion), Mozambique ($4,7 billion), Morocco ($4,2 billion), South Africa ($3,6 billion), Ghana ($2,5 billion), the Democratic Republic of the Congo ($2,5 billion), Zambia ($2,4 billion), Tanzania ($2,3 billion), Ethiopia ($2,1 billion), Guinea ($1,9 billion), and Kenya ($1,9 billion). Africa has attracted foreign investment from many countries, notably from the United Kingdom, France, the US, and from the emerging economies China, India, South Africa, and the United Arab Emirates. *(Herald)*

Disclosures Appendix

This Publication is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of any jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject Securities Africa Limited, or its subsidiaries or affiliates to any registration or licensing requirement within such jurisdiction. Neither this Publication nor any copy of it may be distributed in any jurisdiction where its distribution may be restricted by law and any persons into whose possession this Publication comes should inform themselves about, and observe, any such restrictions.

The information contained in this Publication or on which this Publication is based has been derived from sources believed to be reliable and accurate however no representation or warranty, express or implied, is made as to the fairness, completeness, accuracy, timeliness or otherwise of the information or opinions contained in this Publication and no reliance should be placed on such information or opinions. The information contained in this Publication has not been independently verified by Securities Africa Limited. While reasonable care has been taken in preparing this document, no responsibility or liability is accepted as to or in relation to the fairness, completeness, accuracy or timeliness or otherwise of this Publication or as to the reasonableness of any assumption contained, nor for errors of fact or omission or for any opinion expressed in this Publication.

Past performance should not be taken as an indication of future performance, and no representation of any kind is made as to future performance. The information, opinions and estimates contained in this Publication are provided as at the date of this Publication and are subject to change without notice. Distribution of this Publication does not constitute a representation, express or implied, by Securities Africa Limited, or its advisers, affiliates, officials, directors, employees or representatives (the "Parties") that the information contained in the Publication will be updated at any time after the date of the Publication. The Parties expressly do not undertake to advise you of any information coming to any or all of their attention.

Any opinions expressed in this Publication may differ or be contrary to opinions expressed by other business areas or groups of Securities Africa Limited as a result of using different assumptions and criteria. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results.

All projections and forecasts in this Publication are illustrative only. The actual results may be materially affected by changes in economic or other circumstances, which cannot be foreseen. No representation or warranty is made by any of the Parties as to the achievability or reasonableness of any projection or forecast contained in this Publication.

This publication is provided to you for information purposes only on the understanding that Securities Africa Limited is not acting in a fiduciary capacity. It does not address specific investment objectives or financial situations, and any investments discussed may not be suitable for all investors. Prospective investors must make their own examination and evaluation of the merits and risks involved in the securities set out in this Publication including any legal, taxation, financial and other consequences of investment and should not treat the contents as advice relating to legal, taxation or other matters. This report is not to be relied upon in the substitution of independent judgment with respect to any investment decision. Investors should consider this Publication as only a single factor in making their investment decision, and as such, the Publication should not be viewed as identifying all risks, direct or indirect, that may be associated with any investment decision.

Foreign currency-denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of, or income derived from, the investment. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies, effectively assume currency risk.

Securities Africa Limited conducts designated investment business only with eligible counterparties and professional clients. To the extent permitted by law and regulation, Securities Africa Limited accepts no liability whatsoever for any loss howsoever arising, directly or indirectly, from any use of this Publication or its contents or otherwise arising in connection with that. This Publication is not intended for distribution to retail clients.

By receiving this Publication, the recipient agrees to keep confidential the information contained in this Publication together with any additional information made available following further inquiries. None of the material, nor its content, nor any copy of it, may be altered in any way, disclosed, published, reproduced or distributed to any other party, in whole or in part, at any time, without the prior written permission of Securities Africa Limited.

Nothing in this Publication constitutes or forms part of, and should not be construed as, an offer for sale or subscription of, or solicitation of any offer to buy, sell or subscribe for, the securities of the Company, nor should it or any part of, form the basis of, or be relied on in connection with, any contract or commitment whatsoever.

Securities Africa Limited and/or its associates and/or any of their respective clients may have acted upon the information or opinions in this Publication prior to your receipt of it. Securities Africa Limited and/or its associates may provide investment banking services to the Company and in that capacity may have received confidential information relevant to the securities mentioned in this Publication which is not known to the researchers who have compiled this Publication.

Securities Africa Limited and/or its associates and/or their officers, directors, employees or representatives may from time to time purchase, subscribe for, add to, dispose of or have positions or options in or warrants in or rights to or interests in the securities of the Company or any of its associated companies mentioned in this Publication (or may have done so before publication of this Publication) or may make a market or act as principal or agent in any transactions in such securities.

This report may not have been distributed to all recipients at the same time. This report is issued only for the information of and may only be distributed to professional investors (or, in the case of the United States, major US institutional investors as defined in Rule 15a-6 of the US Securities Exchange Act of 1934) and dealers in securities and must not be copied, published or reproduced or redistributed (in whole or in part) by any recipient for any purpose.

English law governs the issue, publication and terms of this Publication and any disputes arising in relation to any of them will be subject to the exclusive jurisdiction of the English courts.

By accepting this Publication, you agree to be bound by the foregoing limitations. No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of Securities Africa Limited.

SECURITIES AFRICA®