SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change		YTD % Change	
Country	Index	22-Nov-13	29-Nov-13	Local	USD	Local	USD
Botswana	DCI	8,825.74	8,850.85	0.28%	12.97%	17.85%	19.44%
Egypt	CASE 30	6,407.01	6,184.11	-3.48%	9.59%	13.21%	13.27%
Ghana	GSE Comp Index	2,132.01	2,123.75	-0.39%	16.17%	77.02%	73.74%
Ivory Coast	BRVM Composite	219.88	217.86	-0.92%	-9.19%	30.78%	21.84%
Kenya	NSE 20	5043.58	5100.88	1.14%	3.91%	23.42%	28.02%
Malawi	Malawi All Share	12,363.18	12,416.60	0.43%	41.88%	106.41%	147.55%
Mauritius	SEMDEX	2,038.59	2,031.87	-0.33%	-3.66%	17.31%	17.50%
	SEM 7	398.61	396.81	-0.45%	-3.78%	17.65%	17.84%
Namibia	Overall Index	971.00	983.00	1.24%	24.97%	-0.33%	2.71%
Nigeria	Nigeria All Share	39,119.88	38,920.85	-0.51%	0.65%	38.61%	38.44%
Swaziland	All Share	294.04	294.04	0.00%	24.07%	2.93%	6.39%
Tanzania	TSI	2,603.20	2,890.16	11.02%	13.26%	94.54%	98.32%
Tunisia	TunIndex	4,496.34	4,469.18	-0.60%	3.46%	-2.42%	-6.17%
Zambia	LUSE All Share	5,101.96	5,100.21	-0.03%	12.40%	36.91%	45.32%
Zimbabwe	Industrial Index	217.01	213.04	-1.83%	-1.83%	39.79%	39.79%
	Mining Index	49.20	47.02	-4.43%	-4.43%	-27.79%	-27.79%

CURRENCIES

Cur-rency	22-Nov-13 Close	29-Nov-13 Close	WTD % Change	YTD % Change
BWP	8.50	8.50	- 0.01	11.14
EGP	6.87	6.87	- 0.01	13.47
GHS	1.87	2.26	- 0.27	18.50
CFA	487.29	482.52	- 0.98	- 2.59
KES	84.78	85.59	0.95	- 0.01
MWK	378.12	406.96	7.63	26.78
MUR	29.48	29.19	- 0.97	- 4.44
NAD	10.15	10.21	0.62	20.52
NGN	158.12	156.41	- 1.08	0.20
SZL	10.15	156.41	0.62	20.78
TZS	1,576.15	1,572.90	- 0.21	- 0.13
TND	1.68	1.66	- 0.77	7.43
ZMW	5.49	5.47	- 0.37	5.54

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

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Egypt

Corporate News

No Corporate News this week

Economic News

Egypt's interim president on Sunday banned public gatherings of more than 10 people without prior government approval, imposing hefty fines and prison terms for violators in a bid to stifle the near-constant protests roiling the country. The new law is more restrictive than regulations used under the rule of autocrat Hosni Mubarak, overthrown in Egypt's 2011 uprising that marked the start of unrest in the country. Rights groups and activists immediately denounced it, saying it aims to stifle opposition, allow repressive police practices and keep security officials largely unaccountable for possible abuses. "The law is giving a cover to justify repression by all means," said Bahy Eddin Hassan, head of the Cairo Institute for Human Rights Studies, one of the local groups that had campaigned against the law. The military-backed government first floated the law in October. Interim President Adly Mansour approved a slightly amended version Sunday, which removed a proposed ban on sit-ins and a draft portion criminalising "insulting the state". The law requires three-day prior notice for protests. It grants security agencies the right to bar any protests or public gatherings, including election-related meetings of political parties, if they deem it a threat to public safety or order. Protesters can appeal the decision, but the law doesn't force judges to rule ahead of scheduled protests. The new law also bars gatherings in places of worship, a regular meeting place for all protests in Egypt and one heavily used by Islamist groups. The law also says the police have the right — following warnings — to use force gradually, including the use of water cannons, tear gas and clubs. Rights groups say the law also gives police unrestricted use of birdshot to put down protests, omitting an article that prohibited the use of force in excess.

Penalties in the law range from seven years in prison for using violence in a protest. It calls for one year in prison for covering the face in a country where many women wear full-face veils. It calls for a similar prison sentence for protesting in or around a place of worship. The law sets fines of $44 000 for being violent at a protest. It sets fines of $1 500 for protesting without a permit, a hefty sum in Egypt, where the minimum monthly salary for public employees has finally been raised to 1 200 Egyptian pounds ($175). The law comes 10 days after authorities lifted a three-month long emergency order that granted security forces sweeping powers. Rights groups and political forces campaigned heavily against the law. "The law is labelled one that regulates protests rights, but in essence it is regulates the repression of the right to protest," Hassan said. Hassan said government officials and supportive media outlets promoted the law as means to halt protests by supporters of ousted Islamist president Mohammed Morsi, who was removed by the military in July. Morsi's supporters hold near-daily protests that often turn violent, though the size of the demonstrations have dropped due to an intense security crackdown targeting Morsi's Muslim Brotherhood. Shaima Awad, a member of the Muslim Brotherhood's political party, said protests would continue, calling the new law "nonsense." "How can I notify them three days before the protests and give the names of organizers? It would be like handing myself in," Award said. The law "unifies revolutionaries afresh. ... We can now all agree that the military authorities are trying to strangle any voice that says no. We won't accept and others won't accept that either." The worst is yet to come" A similar law to regulate protests was hotly contested when Morsi was in office. It never passed.

Gamal Eid, a civil rights lawyer, said Mansour's approval of the law "wasted a right that was seized through much bloodshed" in the past three years. "I would have imagined that as a temporary president he would have issued a law that grants rights instead of denies them," Eid said. Hassan said the protest law, along with a proposal allowing for civilians to be tried by military courts and other legislation aimed at combating terrorism, "are all steps to reinforce the basis of the police state that was threatened after the January 2011 uprising." "The law can't be viewed separately from what happens in other domains," he said. "The worst is yet to come." Meanwhile Sunday, a public prosecutor referred Mubarak to a new trial on charges of embezzling some $18m worth of state funds to build and renovate family homes. The prosecutor also referred two of Mubarak's sons, two government officials and two contractors to stand trial with the ex-leader. No date for the trial has been set yet. Mubarak already faces a retrial for his alleged role in the killing of hundreds of protesters during the 2011 uprising against him and separate corruption charges. *(AP)*

Egypt's government will start cutting fuel subsidies before it leaves office next year, prime minister Hazem al-Beblawi said Sunday, but the ambitious reform hinges on an end to the country's turmoil. Beblawi's government, installed after the ouster of president Mohamed Morsi in July, contends with a determined Islamist protest movement that the prime minister accused in an interview with AFP of trying to create a "crisis" in Egypt. According to the government's timetable, a referendum is to be held on a new constitution within the next two months to be followed by parliamentary elections in mid-2014 and then presidential polls. Although long a demand of international lenders, no Egyptian government has sought to aggressively tackle the bloated fuel subsidy programme for fear of igniting unrest. "It is unsustainable, the kind of subsidies we are incurring," said Beblawi of the programme that eats up a fifth of the budget just on energy support. "It is not only high but it is increasing. We have to face it squarely and make drastic decisions," he said in the interview. "I would imagine that this government before its mandate in the last two months should arrive to a programme for the coming five or seven years and try to implement the first phase," he said. "But this phase should be reasonably moderate, acceptable." In a country with an unemployment rate of 13 percent, mostly men aged between 15 and 29 years, and where 40 percent of the population lives below the poverty line, reducing government support for basic goods could lead to further turmoil. "You need to go very carefully, because the success of such a programme will depend to a great extent on the implementation of the first phase," said Beblawi. "So the first phase must be real, but also acceptable. Because if it fails, no one will dare to do it again," he added. The initial phase would "not hit the lower strata of the population," Beblawi said.

Beblawi's government is scheduled to leave office after a new president is elected, with polls to take place sometime around June. "If we have a very smooth referendum, a successful one, and then parliamentary (elections), it will encourage the government to be bold enough." Egypt's economy has seen weak growth since the 2011 uprising that ousted longtime dictator Hosni Mubarak, and has been pushed to the edge with Morsi's overthrow. At least 1,000 people, mostly Islamists, have died in clashes with police and soldiers and thousands arrested since Morsi was toppled in July. Beblawi said Egypt, which is heavily dependent on tourism, has lost around $20 billion in tourism revenues and investment due to political instability and unrest. The Islamists have meanwhile continued their protests, which often turn violent in clashes with police or rival protesters. "This will continue for some time, but there is always an end when they see that it is not working," he said. Morsi's government, which lasted only a year in power, was deep in talks with the International Monetary Fund for a crucial $4.8 billion loan before the Islamist's overthrow. Beblawi's government halted the talks for now, partly to avoid the aggressive reforms demanded by the IMF, and opted for a Gulf-funded economic stimulus package of almost $3.7 billion.*(Ahram)*

Egypt's new constitution is still in the drafting stage but has already disappointed rights groups and activists who had hoped it would curb the military's wide-ranging powers and privileges. They have particularly objected to a provision which would allow military trials for civilians accused of "harming" the armed forces, which they fear could be interpreted expansively to target protesters, journalists and dissidents. The passing of the revised constitution through a referendum is the first milestone of a road map to elected rule offered by Egypt's military-installed authorities, who took office after the ouster of Islamist president Mohammed Morsi on 3 July. The army toppled Morsi after millions of Egyptians called for his resignation, citing among their chief grievances a 2012 constitutional decree that gave Egypt's first democratically elected leader extraordinary powers, which he later rescinded. Under Morsi, a new constitution was hastily drafted by a 100-member panel dominated by Islamists and boycotted by liberals, and was approved in a December 2012 popular referendum by a more than 60% margin. The military-installed authorities quickly suspended the constitution after his overthrow and appointed a 50-member panel to draft a new one. The panel includes just two Islamists and no one from Morsi's Muslim Brotherhood movement, which has been the target of a sweeping crackdown in recent months that has seen hundreds of protesters killed by security forces. "Where has the revolution gone? It has not [been] transferred into the document," Joerg Fedtke, professor at Tulane University Law School in the US city of New Orleans, said. Torture and police brutality "The paradigm has not changed since 1971" - the year when Egypt adopted an earlier constitution which undergirded decades of autocratic rule by President Anwar Sadat and his successor Hosni Mubarak, who was toppled by a popular uprising in February 2011. The revised text keeps the military's budget beyond any civilian scrutiny and also stipulates that members of the military be tried only in military courts, even in cases not related to their service, according to Heba Morayef, the Human Rights Watch representative in Egypt.

"The revised constitution also says that members of general intelligence services should also be tried by military" tribunals, said Morayef, calling it "an extension of the immunity" given to law enforcement agencies in a country with a long history of torture and police brutality. The end of such proceedings is the most divisive issue among members of the 50-member constitutional panel. On Tuesday, 10 of its members halted work to protest the arrest of demonstrators, including prominent activists, who rallied against this article, forcing the committee to suspend its work until the next morning. The panel only includes two representatives from the security forces, but the committee has heard from members of the armed forces who strongly advocated retaining provisions favouring the military. Egypt's military, and particularly its top general Abdel Fattah al-Sisi, has seen its popularity soar in the wake of Morsi's ouster, and the crackdown on Islamists has been allowed to proceed in part because of a spike in nationalist sentiment. Islamists have meanwhile been driven underground after the arrest of some 2 000 Morsi supporters, including nearly the entire leadership of the Brotherhood, Egypt's best-organised political movement. On Sunday, dozens of filmmakers slammed their representative on the constitutional panel, a noted movie director, for not objecting to the clause allowing military tribunals for civilians, which was adopted in the first reading of the document. Another intense debate inside the committee revolves around the place of religion in the constitution, with Muslim and Christian representatives regularly threatening to quit the panel. The revised text does not include section 219 of Morsi's constitution, which bolstered conservative interpretations of Islam, although the new document retains Islamic sharia law as the primary source of legislation, as did the Mubarak-era constitution. Alexis Blouet, a French researcher who is studying the draft of the new constitution, said removing articles that bolstered conservative interpretations of Islam is only "symbolic, with no legal consequences". Once approved by the panel, the revised text will be submitted to a public referendum expected in the second half of January. *(AFP)*

Ghana

Corporate News

The Accra Brewery Limited, a subsidiary of SAB Miller Plc will undergo a multimillion dollar expansion. The 100 Million Dollar project will give a facelift to the company's waste treatment plant. It also includes a new warehouse and two new state of the art package fine lines. Managing Director of Accra Brewery, Gregory Metcalf, told XYZ BUSINESS that the project will be completed by October 2014. He said a remarkable amount of work has been done already. "There are new facilities but the main investment is in production facilities. We have new warehouses and upgrades of our entire process of producing beer" ABL employs over seven thousand workers both directly and indirectly. It has increased its taxes to government from 16.4 million in 2009 fiscal year to 62.7 million in 2012. *(Ghana Web)*

Economic News

The United States Agency for International Development (USAID) has launched a five-year project in Tamale aimed at increasing the availability of appropriate and affordable farming technologies in Ghana. The Agriculture Technology Transfer Project is aimed at ensuring sustainable improvement and the competitiveness of maize, rice and soya value chains in Northern Ghana. The five-year project, known as Feed the Future, is being funded by USAID-Ghana with an anticipated budget of $22 million. According to USAID, the project will improve the performance of Ghana's agricultural research and extension systems by creating a private sector-led agricultural technology transfer mechanism, linking research, extension services and producers. It will advance the agric sector through a market-driven approach to technology development and dissemination. USAID-Ghana Deputy Mission Director, Andy Karas, said the project seeks to assist with the constraints of farmers to improved agricultural productivity and growth. He said over 100,000 maize, rice and soya farmers in Northern Ghana will be benefitting from the project through public and private sector partnership. International Fertilizer Development Center (IFDC) will lead in the implementation of the project with Savanna Agricultural Research Institute (SARI), Ministry of Food and Agriculture and other agencies relevant to private sector agricultural investment in Ghana. With the launch of the project, implementation is set to begin immediately. The Project Manager, Edo Lin, said the initiative will take steps to increase effective demand for quality seed and other technology packages in targeted value chains with potential for high impact on incomes, food security and nutrition. Main stakeholders include producers, agro-input dealers, farm services providers, private sector actors involved in seed and fertilizer production and distribution, research institutions and laboratories. Government and regulatory bodies responsible for creating and maintaining an enabling environment for a dynamic agriculture sector also stand to benefit from the project. The project launch also witnessed an exhibition with private and public sector partners with the project. The exhibitors showcased small planting and threshing machines, drip irrigation and market information tools that will all contribute to increasing agricultural productivity. *(Ghana Web)*

Ghana's Finance Ministry will seek approval from lawmakers to sell the country's third Eurobond and start a fund for infrastructure including power and transportation in West Africa's second-biggest economy. The plan to sell debt, to be presented to the Accra-based Parliament before the end the year, will allow the ministry to sell dollar bonds when market conditions are right, Deputy Finance Minister George Ricketts-Hagan said by phone on Nov. 22. Ghana will seek at least $1 billion in bonds to be used for roads, energy, railways, and ports, Ricketts-Hagan said. No time frame for the sale has been set, he said. "We need to raise our infrastructure to match our low middle-income status," Ricketts-Hagan said. "What we want to do now is to try and get approval early so that whenever we think we need to go to the market and when we get the right window, we do so." Ghana's slow approval process delayed the issuance of $1 billion of Eurobonds by two months, boosting yields on the debt to 7.875 percent when it could've paid 5 percent to 7 percent, according to a Finance Ministry document last week. Cabinet ministers gave approval for the July sale on April 2, while parliamentarians assented June 26, a week after Federal Reserve Chairman Ben S. Bernanke said the U.S. may this year taper stimulus that bolstered emerging-market assets.

Yields on African sovereign debt climbed 109 basis points, or 1.09 percentage point, between April and July, according to JPMorgan Chase &

Co. indexes. Rwanda sold debt at 6.625 percent in May and Zambia issued notes in September 2012 at 5.375 percent. Yields on Ghana's debt due July 2023 fell two basis points to 8.24 percent by 10:06 a.m. in Accra. Borrowing costs were "slightly more expensive than if we had gone in a little bit earlier," Ricketts-Hagan said. "We couldn't go in early because if you haven't got an approval from Parliament, you can't go and raise a Eurobond." In the ministry's document, it said a window for lower rates was missed "primarily because of our demanding internal processes," including public procurement rules for choosing an adviser and parliamentary approval. Ghana will set up a Capital Markets Committee to advise on debt sales and create an infrastructure fund next year, Ricketts-Hagan said. The fund will operate like a company with the ability to borrow on its own or work with private investors for infrastructure projects that can recoup the money, he said. Seed capital for the fund will be taken from the value-added tax, which was increased to 15 percent from 12.5 percent this month, he said. *(Bloomberg)*

The Finance Ministry will soon seek Parliament's approval to make a third appearance on the international debt market next year to raise at least US$1billion to finance capital projects in the 2014 budget. The debt will be sold when the ministry sees the right window to enter the market, Deputy Minister of Finance Kweku Ricketts-Hagan told the B&FT. He said the ministry will also try to get leeway from Parliament to sell more debt than offered for sale if excess bids are received, adding though that international capital market rules limit the extent to which this can be done. "The main idea is to finance infrastructure development - but if it makes sense to refinance some domestic debts because it is cheaper to borrow abroad at the time we sell the debt, we may do so," he said. Though no time-frame has been set for the issue, the ministry, according to Mr. Ricketts-Hagan, is seeking early authorisation from Parliament to enable it launch the debt anytime market conditions are favourable. "Going to the capital market is about timing; and in our system where you have to get Cabinet and Parliament's approval, by the time you get the approval you could have lost the opportunity in terms of getting a good price - and that's part of the reason that we went to the market later than we should have done last time. What the Finance Minister wants to do is get the approval so that when we think the opportunity is right, we'll do so." Ghana's 2023 Eurobond sold in July came shortly after the US Federal Reserve had hinted of a possible deceleration in its bond-buying programme, known as quantitative easing, which raised interest rates on emerging market debts. The coupon rate of 7.875 percent on the bond was well above issues by sub-Saharan African peers Nigeria, Rwanda and Zambia which had sold debts in the 12 months to Ghana's issue.

The prospect of quantitative easing tapering-off has not disappeared, and the ministry will be mindful of this as it considers the right time to enter the market, Mr. Ricketts-Hagan said. Plans for the bond also come in the wake of the lowering of the country's sovereign rating by Fitch in October. The agency cut the rating from B+ to B, which is five levels below investment grade - citing slow progress toward trimming the large 2012 budget deficit of 11.8 percent of GDP. An investment grade issue has a rating of BBB- or better and is an important rating factor as many investors could be restricted by regulation or private contracts to invest in investment grade assets. On Monday, Fitch stressed its B rating for Ghana in a statement that doubted the credibility of fiscal targets outlined in the 2014 budget by the Finance Minister. "We do not think [the budget] will effectively address the deterioration in government finances over the past two years that has substantially eroded Ghana's creditworthiness," the statement said, warning that next year's deficit projection of 8.5 percent of GDP could be breached again. Finance Minister Seth Terkper is however confident the sale will be successful - telling B&FT that unlike Fitch, the three other agencies that rate Ghana have not changed their assessment. Moody's rates the country four levels below investment grade at Bl, while both the Economist Intelligence Unit and Standard & Poor's rate the country B. *(Ghana Web)*

South Africa's First National Bank (FNB) CEO Jacques Celliers is hopeful the bank would finally expand its retail operations to Ghana and Nigeria by the end of next year. Judging by Mr Celliers' comments, there is a possibility that FNB will try to get a banking licence in Ghana, build up the brand organically and then make a small to mid-sized acquisition to build scale. This year, FirstRand's efforts to clinch a deal in Ghana did not materialise, leaving it with an option to apply for a banking licence or explore another acquisition opportunity. "We will approach it both ways, but you can't always wait for deals," Mr Celliers said. In Zambia, FirstRand has opted to build the FNB brand organically after efforts to acquire Finance Bank of Zambia failed to materialise in 2011. FNB Zambia has now grown its branch network from seven in June last year to 10 in June this year. The bank also opened an airport Slow Lounge in Zambia, the first outside South Africa. In Nigeria, FirstRand has a merchant banking operation in the form of Rand Merchant Bank (RMB). RMB previously had a representative office but was later awarded a merchant banking licence in Nigeria. The group has previously indicated that it is considering an acquisition of banks held by Asset Management Corporation of Nigeria, which holds Mainstreet, Keystone and Enterprise Bank.

But news agency Bloomberg reported earlier this month that FirstRand had narrowed its interest to Keystone and Mainstreet. In the rest of Africa, FNB has operations in Namibia, Botswana, Mozambique, Tanzania, Swaziland and Lesotho. Mr Celliers said FNB had ambitions to enter Kenya, but nothing concrete was planned at the moment. Following his appointment as FNB CEO, Mr Celliers, who was previously business banking CEO at FNB, said the bank had not yet appointed a CEO of business banking. FNB's business banking division will now be led by Ray Makanjee, who is currently FNB Wealth CEO, and Mike Vacy-Lyle, the CEO of FNB Commercial. Mr Celliers said the idea was to drive synergies between the wealth and commercial units. The idea was for FNB to be able to cater for the wealth needs of a businessman and the business plans of a wealthy individual in a much more efficient way. FNB's earnings constitute 53% of the FirstRand group's. In the year to June, FNB grew earnings by 22%. Mr Celliers said the economic climate had changed and South Africa's retail banking market was becoming more competitive. FNB would continue to produce market-leading innovative solutions to boost growth. The bank also appointed FNB chief economist Sizwe Nxedlana and FNB Africa CEO Jabu Khethe to the executive committee. *(Ghana Web)*

The Bank of Ghana left its benchmark interest rate unchanged for a third consecutive meeting after it said inflation pressures increased since its last meeting in September. The key rate was maintained at 16 percent, Governor Kofi Wampah told reporters in the capital, Accra today. That was in line with the forecasts of four of the eight economists surveyed by Bloomberg. The rest had predicted an increase of as much as 1 percentage point. Inflation accelerated to 13.1 percent in October, the fastest pace in more than 3 1/2 years, after the government ended subsidies for fuel and raised tariffs for water and electricity to curb abudget deficit. The central bank raised the interest rate by 1 percentage point in May to support the cedi, which has dropped 16 percent against the dollar this year. "The central bank believes at this stage that this is a temporary issue," Samir Gadio, an emerging-markets strategist with Standard Bank Group Ltd. in London, said in an e-mail before today's decision. "The CPI trend will improve next year." West Africa's second-largest economy will expand 8 percent next year, faster than the estimated 7.4 percent this year, Finance Minister Seth Terkper said last week in a budget speech. The government will target narrowing the budget gap to 8.5 percent of gross domestic product next year from 10.2 percent this year, he said.(*Bloomberg)*

The Ministry of Finance on Thursday disagreed with a Fitch Rating publication suggesting that consolidation measures in Ghana's 2014 budget may not address fiscal challenges of the last two years. The Ministry said the publication focused on headline numbers without commenting on policies outlined by the economic plan to achieve macroeconomic objectives, as the fiscal policy drawn in the budget aims at fiscal consolidation through improved revenue mobilization, rationalization of public expenditures and review of financing methods. A statement issued by the Ministry in Accra on Thursday said measures announced in the budget are credible to ensure that the country's fiscal deficit is reduced to a substantial level over the medium term. The Ministry stated that Ghana would not adopt abrupt measures that will affect the medium term growth prospects of the economy. It said though a fiscal deficit higher than what was estimated for 2013 is projected for 2014, significant progress has been made in addressing the issues that led to deficit in 2012. The statement said two areas that remained a challenge are wages and interest cost and that addressing those bottlenecks must be viewed with a medium term perspective as structural measures are needed to correct them, and the 2014 budget outlines clear measures to deal with those setbacks. It said the major cause of the fiscal slippage in 2013 is the significant shortfall in non-oil tax revenue, attributed to the decline in volume of imports and slowdown in economic activity during the first half of the year as a result of the energy crisis and the falling world market prices of gold and cocoa that affected industry, the service sector, economic growth and created significant shortfalls in corporate income taxes. The Ministry said the 2.5 per cent increase in the VAT rate coupled with other tax administrative measures would improve revenue generation and significantly expands the revenue base to ensure fiscal sustainability; contrary to the view by Fitch Rating that government's capacity to expand revenue as a percentage of GDP is questionable. It said with government's commitment to addressing the short-term fiscal drawbacks, Ghana's medium term prospects for fiscal sustainability and macroeconomic stability remain very strong. "Indeed, Ghana has bright medium term prospects exemplified by oil and gas production, political stability, increased investor confidence, and diversified economy with growing non-oil sector", the ministry said. GNA *(Vibe Ghana)*

Kenya

Corporate News

Kenya's I&M Bank Group, posted on Tuesday a 38 percent rise in its pretax profits for the first nine months of this year, helped by higher net interest income. The bank, which also has operations in Mauritius, Tanzania and Rwanda, said pretax profit rose to 5.40 billion shillings from 3.91 billion shillings in the same period in 2012. The bank, which listed on the Nairobi Securities Exchange in June, said its net interest income jumped 54 percent to 6.44 billion shillings, while its net loans and advances to customers rose by more than a quarter to 87.7 billion shillings from 69.3 billion shillings previously. I&M joins rivals like Kenya Commercial Bank, Equity Bank, Diamond Trust Bank and National Bank in reporting growth in pretax profit in the first nine months of the year. The increased profitability for the other banks was mainly driven by a drop in interest rates, which boosted demand for loans and cut interest expenses on deposits, as well as good performances in regional subsidiaries such as Rwanda. On Monday, I&M Holdings, the owner of I&M Bank, said it had received regulatory approval for a medium-term note of up to 10 billion shillings. *(Reuters)*

Kenyan agricultural firm Kakuzi Ltd warned on Wednesday that its full-year 2013 earnings would be at least 25 percent lower than last year, citing falling black tea prices and lower avocado production. Kakuzi, which also produces pineapples, had posted a full-year pretax profit of 479 million shillings in 2012, down 26 percent on the previous year. Earlier this month, two other tea companies, Kapchorua and Williamson Tea, said they were concerned by falling prices at the weekly tea auction, amid increased tea production. They said tea prices had hit a seven-year low at the end of September, down 30 percent on the same period a year before. Kenya is the world's leading exporter of black tea and the crop is a major foreign exchange earner in east Africa's largest economy, alongside horticulture and tourism. *(Reuters)*

Kenya's NIC Bank pre-tax profit rose 16.2 percent to 3.9 billion shillings in the first nine months of the year, boosted by higher net interest income, the bank said on Wednesday. Earnings per share rose to 5.19 shillings from 4.41 shillings a year ago. Most lenders in east Africa's biggest economy have reported a rise in profits due to a drop in interest rates from last year, which boosted demand for loans and cut interest expenses. NIC Bank, which also operates in Tanzania and Uganda, only said the outlook for 2014 was "promising", without elaborating. Net interest income in the nine months rose 36 percent to 5.4 billion shillings after a 16 percent increase in loans and advances to 77 billion shillings. *(Reuters)*

KenGen has announced a board shake-up with the exit of its chair as the power generator this morning informs investors of the first rights issue since listing and the potential sale of a significant stake to a strategic investor. The firm is seeking shareholder approval to create 7.78 billion shares of which up to 2.21 billion will be offered to its owners for a multi-billion shilling fund raising that could further cut the stake of the government in the utility. The 2.21 billion shares worth Sh35.1 billion will be set for the rights issue and are equivalent to its entire issued stock at the Nairobi Securities Exchange. KenGen did not explain how it intends to use the remaining 5.56 billion shares, but the firm earlier talked of plans to sell stakes to equity investors as it races to raise Sh467 billion ($5.5 billion) in debt and equity between now and 2018 to finance plans to double generating capacity. The firm also informed shareholders that its chairman, Titus Mbathi, and directors Musa Ndeto and Mary Michieka were quitting; deepening the board changes that begun with retirement of its CEO Eddy Njoroge. The appointment of new officials at Treasury and energy ministry after the March 4 Election has also ushered in Henry Rotich, the Treasury secretary and Joseph Njoroge, the PS in the energy ministry to KenGen's board. Mr. Mbathi, 85, Mr. Ndeto, 61 and Ms Michieka, 67, were some of the firm's longest serving directors. "That the authorised share capital of the company be and is hereby increased … by the creation of 7,784,072,472 new ordinary shares ranking pari passu in all respects with the existing ordinary shares in the capital of the company," says KenGen in a notice that will appear in the press Friday. Simon Ngure, KenGen's acting managing director, said earlier the electricity producer plans to generate additional 2,500 megawatts in the next four years and the firm needs Sh467 billion "The money will come from a split of equity and debt. We will maintain equity to debt ratio of 30:70," said Mr. Ngure. This means that Sh327 billion will be raised from commercial banks and development finance institutions and the remaining Sh140 billion will come from a rights issue, joint ventures and sale of shares to strategic investors. If the new shares are offered to strategic investors, it will dilute the State ownership in the firm and could make the firm a private entity should the government holding falls below 50 per cent.

"The government intends to defend its position in KenGen, but a final decision on the state's next move will be made by the cabinet," Davis Chirchir, the energy cabinet secretary told the Business Daily in an interview without giving details. The government owns 70 per cent and the remainder is held by retail and institutional investors who bought shares in the firm after its 2006 IPO. KenGen did not give time lines for either the share sales. The country faces frequent blackouts due to generation shortfalls and an ageing grid, forcing most businesses and wealthy people to have stand-by generators. The country's average daily electricity demand stands at about 1,700 megawatts, against supply of 1,600MW mainly from rain-fed hydroelectric generators. The government targets to add 5000MW to the national grid over the next 40 months and KenGen is working to increase its geothermal power generation. A tax credit has helped KenGen post a net profit of Sh5.2 billion in the year to June compared to Sh2.8 billion a year earlier as its sales grew 3.79 per cent to Sh16.4 billion. *(Business Daily)*

Economic News

The Kenyan shilling weakened slightly on Monday, driven by an expectation of higher demand for the dollar from the energy, telecoms and manufacturing sectors. At 0711 GMT, commercial banks quoted the shilling at 86.65/85 to the dollar, compared with Friday's close of 86.60/70. It had weakened to 86.80/90 earlier in the session. Traders said they expected the shilling to keep on a weakening trend in the days ahead due to importers buying the dollar before the holiday season in December. "There's some good corporate demand on the cards: energy, telecoms, manufacturing. Most corporates are buying at this time," Sheikh Mehran, a senior trader at Kenya Commercial Bank, said. The shilling is 0.6 percent weaker than the dollar in the year to date. Traders said they expected the shilling to trade in the 86.25 to 87.20 range in coming days, and were expecting it to weaken further after going past 86.50. *(Reuters)*

Kenya suspended issuing new licenses for wind farms and solar plants until 2017 as it prioritizes development of cheaper fuel-based sources to help cut electricity prices, Energy Secretary Davis Chirchir said. The East African government plans to add at least 5,500 megawatts of power supply in the 40 months from September, more than quadrupling output from current installed capacity of about 1,700 megawatts mainly from rain-fed hydropower plants. About 80 percent of that additional output will be tapped from facilities powered by coal, liquefied natural gas, and geothermal, Chirchir said in a phone interview on Nov. 25 from Nairobi, the capital. Wind and solar power will contribute a maximum of 15 percent of new supplies and projects already under way have filled that quota. Hydropower and diesel-fired sources will comprise the remainder, he said. "The planned energy mix is what will give us the tariff and reliability of supply we want," Chirchir said. Kenya plans to reduce average electricity prices by as much as 23 percent over the next three years, though industrial, mid-sized and large domestic users may initially see tariffs increase by as much as 12 percent. A surge in generation from more economical power sources is key to cutting bills for consumers, Energy Regulatory Commission Acting Director-General Frederick Nyang said on Nov. 19. The expansion in power capacity is needed to meet demand which is growing at a rate of 14 percent annually, according to the African Development Bank. Most of the four out of five Kenyans without grid power live in remote and rural areas.

Kenya Power Ltd., the country's sole electricity distributor, is obliged under the terms of purchase contracts to buy all power generated by wind and solar projects even if less expensive options are available, said Chirchir. The utility currently has 2.2 million customers in a country with a population of 43 million and gross domestic product of $37.2 billion, according to World Bank data. "Those contracts are structured like that because there is a risk of generation not happening in the absence of wind or solar energy, yet the investors have to get returns," he said. The government has approved new wind farms capable of generating a combined 630 megawatts, including the planned 300-megawatt Lake Turkana Wind Power project in northern Kenya, and solar plants that will provide another 200 megawatts. One megawatt of capacity is sufficient to supply 2,000 average European homes. "We will resume licensing new wind and solar power producers after this 40-month phase," he said. (*Bloomberg)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

The Kenyan shilling was stable against the dollar on Thursday as the market waited for November inflation data to get a reading on the potential direction of interest rates. At 0715 GMT, leading commercial banks posted the shilling at 87.00/10 per dollar, unchanged from the previous day's close. Under pressure from a surge in dollar demand last week, the currency weakened past its key support level of 86.50 to the dollar amid improved liquidity in the money markets that made it slightly cheaper for banks to fund dollar positions. Traders said there would be little movement until Friday when the government will issue consumer inflation data for this month. "We expect a slight dip in inflation," said Nahashon Mungai, a trader at KCB Bank, adding that could cause the shilling to remain soft, as it indicates dollar funding will continue to be within reach. The year-on-year inflation rate dropped to 7.76 percent in October after a big jump in the previous month due to the effects of a new law on sales tax. Banks were, however, shying away from taking substantial positions before the holidays, which could offer a reprieve to the currency, traders said. "If this sort of scenario was playing out in September, the move would had been much more drastic but there isn't much activity on the interbank market," Mungai said. *(Reuters)*

Malawi

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

Mauritius

Corporate News

No Corporate News this week

Economic News

Mauritius' trade deficit widened 48.2 percent in September from a year earlier to 8.01 billion rupees driven by the higher cost of imports of mineral fuels and lubricants, official data showed on Tuesday. The value of imports climbed 26.8 percent to 14.94 billion rupees with the cost of mineral fuels and lubricants increasing to 3.31 billion rupees from 2.24 billion a year ago. Exports rose 8.7 percent to 6.93 billion on the back of higher revenue from sales of food and live animals. Britain was the main buyer of goods from Mauritius in September, accounting for 14.5 percent, while India was the main supplier of the island nation's imports. *(Reuters)*

Borrowing costs for Mauritian 10-year debt advanced to the highest in 12 months after the central bank raised its inflation outlook for the Indian Ocean island nation. The Bank of Mauritius sold 918.1 million rupees ($30 million) bonds at 6.71 percent yesterday in Port Louis, 49 basis points, or 0.49 percentage point, more than a sale in September, according to data from the bank compiled by Bloomberg. Yields on South African rand debt due February 2023 were 7.85 percent at an auction on Nov. 26. The countries have investment-grade ratings of Baa1 at Moody's Investors Service. Inflation, which was 3.4 percent in October, may accelerate to as much as 4.9 percent by December, the central bank said on Oct. 31. Signs of an economic recovery in some of Mauritius' main markets for tourism arrivals prompted the bank to boost its estimate for visitors this year to 1 million from 980,000. "Interest rates may be rising sooner than later," Neeraj Umanee, manager of Anglo-Mauritius Stockbrokers, said by phone today. "There's strong upside for global growth with an inflationary environment." The Bank of Mauritius held its repurchase rate at 4.65 percent in September, with Governor Rundheersing Bheenick among three Monetary Policy Committee members proposing a 10 basis-point increase. The rupee has weakened 0.8 percent in the past month and pared the loss with a 0.3 percent gain by 1:16 p.m. in Port Louis to 30.25 per dollar. The central bank offered 1.2 billion rupees yesterday, with investors seeking as much as 1.45 billion, according to a statement. Bid yields were as high as 7.25 percent, it said. *(Bloomberg)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

Royal Dutch Shell closed its Obigbo gas plant in Nigeria on November 1 due to safety concerns, resulting in 40 million standard cubic feet of gas per day being shut in, the company said on Sunday. The gas processed at the plant is usually supplied to industrial consumers and power plants, Shell Nigeria said. "The company took the action ... on discovering that different types of buildings and structures have been erected on high pressure gas pipelines thereby exposing the occupants to considerable health and safety risk," it said in a statement. *(Reuters)*

The value of commercial paper (CP), an unsecured short-term debt instrument held by banks rose by 94.1 per cent to N29.1 billion at the end of the third quarter of 2013, compared with N15 billion at the end of the preceding quarter, a report has shown. The Central Bank of Nigeria (CBN) economic report for the third quarter of 2013, which revealed this, attributed the development to the increase in holding of CP by the banks during the review period. Thus, CP constituted 0.44 per cent of the total value of money market assets outstanding, compared with 0.23 per cent at the end of the preceding quarter. On the other hand, the report showed the value of bankers' acceptance (BA), a short-term debt instrument issued by a firm that is guaranteed by a commercial bank increased by 53.2 per cent to N24.5 billion at the end of the review quarter, compared with an increase of 58.1 per cent at the end of the preceding quarter. The development, it stated reflected an increase in investment in BA by the banks. Consequently, it stated that BA accounted for 0.37 per cent of the total value of money market assets outstanding at the end of the review quarter, compared with 0.24 per cent at the end of the preceding quarter. The report also indicated mixed developments in banks' deposit and lending rates during the third quarter of 2013. With the exception of the average savings deposit rate, which rose to 2.44 per cent from 2.04 per cent in the second quarter of 2013, all other rates on deposits of various maturities fell from a range of 5.69 – 7.72 per cent to a range of 4.92 - 7.55 per cent in the third quarter of 2013. Similarly, at 6.42 per cent, the average term deposit rate fell by 0.15 per cent point below the level in the preceding quarter. The prime and maximum lending rates fell by 0.01 and 0.35 per cent points to 16.61 and 24.21 per cent, respectively, in the third quarter of 2013. Consequently, the spread between the weighted average term deposit and maximum lending rates narrowed by 0.20 per cent point to 17.79 per cent from 17.98 per cent in the preceding quarter. "The margin between the average savings deposit and the maximum lending rates, also narrowed by 0.76 percentage point to 21.77 per cent from 22.52 per cent. With the headline inflation rate at eight per cent at end-September 2013, all rates, with the exception of the lending rates, were negative in real terms. "At the interbank funds segment, the weighted average interbank call rate, which stood at 11.69 per cent at the end of the second quarter of 2013, rose by 2.34 percentage points to 14.03 per cent in the third quarter of 2013, reflecting the liquidity condition in the banking system," it stated further. *(This Day)*

GlaxoSmithKline Plc (GSK), the U.K.'s biggest drugmaker, will probably agree to take a majority stake in its Nigeria business after suspending the plan four months ago, according to the head of the Lagos-based company. "Our focus is that if it has to be done and when it is done, it's done right," Chidi Okoro, chief executive officer of GlaxoSmithKline Consumer Nigeria Plc (GLAXOSMI), said in a Nov. 24 interview in Lagos, the commercial capital. "The plan is only suspended. It certainly will come up at some stage." GlaxoSmithKline in July postponed a $97 million move to raise its stake in the Nigerian business to 80 percent from 46.4 percent in order to further consult with shareholders and the country's regulator. The parties couldn't agree on a price for the shares after the market value increased during negotiations, Okoro said on July 23. Glaxo said in November 2012 it would pay 48 naira a share for the stake, compared with its value of 64.80 naira in Lagos yesterday, having gained 44 percent in 2013. GlaxoSmithKline London-based spokesman Simon Steel declined to comment further than a statement on July 22, which said Glaxo's proposal to increase its stake in the Nigerian business will be withdrawn. It said in November it would buy about 321 million shares for 15.4 billion naira ($97 million). A deal at 64.80 naira per share would cost 20.8 billion naira. Nigerian shareholders considered the price offered by Glaxo unfair and asked for a deal at the prevailing market value, Standard Shareholders Association of Nigeria, which represents minority shareholders, said at the time. Although the London-based company has yet to reach an agreement, "Glaxo has strong interest in investing in Nigeria," Okoro said.

Glaxo wants to increase its exposure to Nigeria to take advantage of rising consumer spending in Africa's most populous nation, where 2013 economic growth is expected to be 6.5 percent, according to the median estimate of 12 economists surveyed by Bloomberg. GlaxoSmithKline Consumer Nigeria plans to complete a deal with Tokyo-based Suntory Beverage & Food Ltd. (2587) to continue to manufacture and produce Lucozade and Ribena brands in the country, although an accord could lead to a 3 percent to 4 percent decline in operating margin over 2014 and 2015, according to Okoro. The brands accounted for more than half of GSK Nigeria's sales and operating profit in 2012, he said. Glaxo said Sept. 9 it sold Lucozade and Ribena to Suntory for 1.35 billion pounds ($2.19 billion) as the Japanese company seeks to expand outside its domestic market. "We need to get into the relationship to know how it impacts on our products and income," Okoro said. "Our priority is to make sure that consumers continue to get the two brands." Glaxo Nigeria may introduce new products next year to boost volume in sub-Saharan Africa's second biggest economy amid plans to increase sales of other brands including Sensodyne toothpaste, Horlicks drinks, and Panadol painkillers, Okoro said. *(Bloomberg)*

As a way of bringing the teeming percentage of the unbanked population on board the banking train, Skye Bank Plc has intensified efforts to provide financial services to this class of people through a range of product offerings. The Executive Director in charge of South South Business Development/Retail Banking, Skye Bank Plc, Ibiye Ekong, who disclosed this during an interaction with the press, said the bank had perfected plans to enhance opportunities in the retail segment of the market. "There are about 64 million unbanked adult people in the country, and another 16 million youth population that is unbanked. So, a lot of opportunities abound out there for players in the industry", she said. Ekong said the bank has customized products for various categories of people to take care of their peculiar banking needs. She also disclosed that the bank's customer loyalty programme known as Skye Dreams, has been enhanced with additional benefits for customers of the bank who win points based on the number of transactions they carry out. The bank director also spoke about her bank's activities in promoting businesses in the South South where she said the institution has empowered industrialists and entrepreneurs to grow their businesses. The bank has entered into strategic partnerships with both state and local governments in the region in revenue collection, infrastructure financing and others, she said.*(Business Day)*

Stiff competition and dominance of brewing business in Nigeria by the two major players, Guinness Plc and Nigeria Breweries Plc, have placed the world's second largest brewer in a quandary in the local market. According to a market analyst's report from Liberum Capital, the varied challenges impacting consumer spend dampened the hopes for a boost in the business of beer making in Africa's largest market, resulting in unimpressive performance from market leaders and putting market contenders like SABMiller in very difficult situation. "It has been declared that the company is still facing tough competition in Nigeria. This competition is held against the most established players like Guinness and Nigerian Breweries, majority of which is owned by the Heineken," the report said. A report on the brewing industry in sub-Saharan Africa (SSA) in 2013, from Renaissance Capital further added that the past 12 to 18 months have been characterised by soft volumes in most of the markets in SSA, with earning in the sector declining by 2 per cent. The Liberum report however noted that SABMiller reported an increase in earnings in Latin America and Africa. Being the second biggest brewer in the world, it has been reported that this growth is expected to continue in the field of developing markets.

The London-based company said there seems to be an increase in earnings to about seven per cent before interest, taxes and amortisation (EBITA). This increase has been stated after seeing the latest figures revealed in the month of September. The latest figures revealed that EBITA had gained a total of four per cent to about $3.27 billion. This has overcome the $3.2 billion median estimate earnings. The weakness of the currencies of South African rand and Australian dollar has been held responsible for suppressing the growth. SABMiller said it was expected to have no change in the business conditions. This, it pointed out, would be responsible because of the increase in prices and the people increasing interest towards more profitable brands. An analyst at Liberum, Pablo Zuanic said: "It is encouraging seeing the margin expansion and pricing trends in the company's key growth markets. Earnings trends should help support the stock." *(This Day)*

Lafarge Cement WAPCO Nigeria Plc (WAPCO), the country's second-biggest cement maker, plans to sell about 40 megawatts of excess electricity to help ease power shortages in Nigeria. The company, 60 percent owned by Paris-based Lafarge SA (LG), uses only 40 to 50 megawatts out of 90 megawatts generated by its local power plant, Michael Awanayah, the company's general manager of business transformation, said yesterday at the West African Power Industry Convention in Lagos, the commercial capital. "We are looking to be one of the first manufacturers to sell power and help reduce the power shortage," he said. Electricity demand is almost double the supply of about 4,000 megawatts in Africa's most populous country, forcing manufacturers to build their own plants to meet their electricity needs, Bloomberg reports. As much as 300 megawatts of that power lies fallow, according to Reginald Odiah, chairman of the infrastructure committee of the Manufacturers Association of Nigeria. Lagos-based Dangote Group, Nigeria's biggest cement producer, and chocolate-maker Cadbury Nigeria Plc (CADBURY) are also considering selling excess power, he said at the WAPIC conference. Nigeria, a country of more than 160 million people, handed control of 14 former state-owned power utilities to new investors in September in a bid to boost its output fivefold to 20,000 megawatts by 2016. Lafarge will be selling power to state-owned Nigerian Bulk Electricity Trading Plc, which serves as a clearing house between power producers and distributors, Awanayah said.

"We have a gap of almost 600 megawatts in generation at our company," Moses Jebutu, the assistant general manager of technical services at the Ikeja Electricity Distribution Company, said at the conference. "Manufacturers and distribution companies need to talk. We didn't even know they had bottled power." The Nigerian Electricity Regulatory Commission has taken on the role of mediator between the power suppliers and the industrial companies. "We are working with manufacturers to produce a database of all those willing to add capacity to the grid," said Abba Ibrahim, the regulator's commissioner of government and consumer affairs. "Manufacturers can contribute significantly. It's something we look forward to encouraging and promoting very quickly," he said. *(Business Day)*

Nigeria Breweries (NB) plc, a foremost brewing outfit in Nigeria, is set to commission an ultra-modern 'can line' at its Aba brewery plant, BusinessDay authoritatively can reveal. The can line is one of the projects being executed in the ongoing expansion of the plant, which is expected to scale up the production capacity of the plant from 1.2 million hectolitres (HL) to 2.4 HL per annum in 2014. The project is estimated to gulp about N17 billion. Ukeje Udah, Aba brewery manager in an interview with BusinessDay in Aba, revealed that the plant will start producing can products before the end of this year (2013). Also ready for commissioning is a new water treatment plant. According to Udah, the expansion that is going on in Aba brewery is huge and being done in section. "The canning line is currently on start up. We have carried out series of tests on it – including I.O test, water test and we are now fine tuning to get it ready for commissioning and very soon we will have can products coming out from that line and that will be before the end of this year," he said. Udah however stated that the new brewery house, which would have been commissioned alongside the canning line, will now be commissioned in the first quarter of 2014, a development he attributed to delays in getting materials from abroad.

Also to be commissioned next year is the waste water treatment plant. "We have gone a long way in the civil works and very soon all the machines will be in. By next year we will be commissioning that," he affirmed. On the rehabilitation of roads within industry road, site of the factory, Udah explained that the state government made a commitment to rehabilitate the Onyeador Road, noting that government had made good its promise by awarding the road to a contractor, but revealed that work on the project stalled along the line due to civil issues. He however revealed that the contractor and the state's commissioner for works had confirmed that work will soon start on the project. The Aba plant of the NB contributes 51 percent of products in the South-South area of the country and contributes 21 percent of the total volume of the company's products in the country. The plant brews the following brands -Star 60cl, Gulder, Legend Extra Stout, Multina, Amstel Malta and Farouz. *(Business Day)*

In order to enhance service delivery to its customers, Guaranty Trust Bank Plc (GTBank) has said the look of its internet banking platform will change from tomorrow. The bank said the move would ensure simplified navigation, optimisation for mobile devices as well as safe and convenient transaction by its customers. In addition, the bank explained the new look of its internet banking platform would retain Trusteer rapport, a "software that secures your online communication with our website/internet banking portal and protects your account details from fraudsters." Since the introduction of the cashless policy, GTBank had continued to develop its electronic payment channels. The Managing Director/Chief Executive Officer, GTBank, Mr. Segun Agbaje had said: "We have always sought new ways to serve our customers better. Operationally, these efforts centre on providing convenient and affordable services, without compromising quality. Many times, this has entailed the introduction of cutting-edge technology to ensure our customers can access banking service comparable with what is obtainable internationally." GTBank had introduced e-branches as part of efforts to facilitate the cashless policy. The branches are strictly for electronic transactions. Similarly, GTBank also offers a number of cards that allows customers access their account information and perform basic banking transactions quickly, safely, and conveniently without visiting any of its banking halls. "With internet banking, you can enjoy the convenience of managing your finances quickly and easily at a time that suits you. "You can bank safely and securely – at work, home or abroad. Some of its benefits include easy access to your account(s) from anywhere in the world, online real-time account monitoring facility, convenience of conducting banking transactions from comfort of home/office, guaranteed security for all your online transactions, easy access to bank information and products, effective, cheaper and easier way for our customers to communicate with banks," the bank had explained. *(This Day Live)*

Economic News

Nigeria's central bank hopes to meet its longer term inflation target of 5 percent by the end of 2015, but remains concerned about a possible surge in fiscal spending ahead of elections that year, Deputy Governor Kingsley Moghalu said on Tuesday. Inflation in Africa's top oil exporter is at a five-year low of 7.8 percent and the central bank recently lowered its inflation target for next year to between 6 and 9 percent. However, it held interest rates at 12 percent a week ago due to concerns about the inflationary impact of pre-electoral spending.
The bank had previously stated its goal of reducing inflation to 5 percent in the medium to long term but had not given a timeframe. "We certainly hope to reach the 5 percent target by the end of 2015 (or) 2016," Moghalu told Reuters on the sidelines of an event to launch his new book, "Emerging Africa". Moghalu said a rate hike was not inevitable but the bank wanted to leave the option open as Nigeria gets closer to the 2015 polls seen as likely to loosen the fiscal purse strings. "If we see huge pre-election spending, if we begin to see supplementary budgets, if we begin to see things that make it clear that money supply will increase...then we would have to consider the possibility of a rate rise," he said. While increased foreign portfolio investment has helped support the naira, the bank does not want these inflows to dominate Nigeria's foreign exchange reserves, Moghalu added. Foreign investors' holdings of Nigerian bonds swelled nearly fivefold to an estimated $5.4 billion in the year after the country's inclusion in JP Morgan's benchmark GBI-EM local currency bond index, according to figures obtained by Reuters. Holdings of Nigerian debt, including Treasury bills, by offshore investors reached $11.6 billion as of September 2013, while nonresident equity holdings stood at $10.3 billion. "We don't want too much of our foreign reserves to be portfolio flows but we are not opposed to portfolio flows because they have been helpful in backing up the exchange rate," Moghalu said.

The bank is studying mechanisms to mitigate the risk of significant capital outflows should the U.S. Federal Reserve start scaling back its quantitative easing programme, he added. He declined to give further details. Addressing journalists earlier he said monetary policy was made more difficult by Nigeria's singular dependence on oil. Exports of oil and gas account for around 80 percent of government revenues and 90 percent of foreign exchange. "The value of the currency is not backed up by the production of concrete manufactured goods," he said. "Continued reliance on oil just makes the country so vulnerable to exogenous macroeconomic shocks." Growing shale oil production in the United States and new oil discoveries in other African nations like Ghana, Kenya and Uganda would only make Nigeria more vulnerable, he suggested. *(Reuters)*

The Central Bank of Nigeria (CBN) has announced that the country will revert to paper banknotes before June 2014. The move has been described as a policy switch that bucks the growing trend around the world for tougher polymer-based currency. The central bank however said the policy would not be a drain on the country's finance and would be gradual. "Polymer has been on a test run since 2007. This explains why we did not go the whole hog by printing all the notes in polymer," the Director of Communication, CBN, Mr. Ugochukwu Okoroafor, told AFP. "We only used polymer for N5, N10, N20 and N50, while N100, N200, N500 and N1, 000 are in paper form. We soon discovered that the polymer notes easily fade out because of our peculiar hot climate in Nigeria making them look tattered when in use over time," he added. The CBN signed a deal in 2006 with Australia's Securency International to print lower more-circulated units of the naira in polymer, while higher denominations were kept in paper form. But six years down the line and after an allegation that the manufacturer bribed foreign officials to secure contracts, including in Nigeria, the CBN said it was being forced to reverse the policy. "What we have decided is to switch over to paper notes when we next want to print naira notes," Okoroafor said. "When the polymer notes in circulation become tattered and ready to be disposed of, we will start the printing of paper notes." The new paper banknotes would be printed locally by the Nigerian Security Printing and Minting Company rather than abroad, he added.

Experiment showed the polymer-based notes, which are in use in 23 countries around the world, including Australia, could last longer than traditional cotton-paper notes. But the CBN said there had been a public outcry about the poorer quality of some of the new currency in circulation. Securency International was reported to have supplied 1.9 billion of its Guardian brand polymer-based notes to Nigeria between 2006 and 2008. In the wake of the bribery claims, the Reserve Bank of Australia sold its 50 per cent stake in the firm. Innovia Security, which bought out Securency International earlier this year, said it did not comment on clients or their business but added that a number of countries with hot and humid climates used their product. "We have had no issues of premature ink wear or colour fading in these markets," a spokesperson said in an emailed statement. However, there are concerns that switching back to paper notes is a sign of a lack of a coherent policy. "My concern is that Nigeria is fond of policy somersaults," said a former banker, Moruf Akamo. Akamo added: "What becomes of the initial investment in the polymer technology, considering that the notes have been in circulation for only six years after their adoption in 2007?" Akamo said the CBN should have done more research to ascertain the feasibility of polymer notes before starting the project. "Why is Nigeria going back and forth? It's time our policy makers got their acts together and do what is right for this country," he said. Yemi Adegbola advised the central bank against spending money to print paper notes, which can degrade quickly with daily handling and the tropical climate. "I can't see any logic in going back to paper notes," said Adegbola, a treasury manager at a commercial bank in Lagos. "The trend worldwide is to embrace polymer. I wonder why Nigeria's case is different?" he added, claiming that polymer was less susceptible to forgery. "It's not easy to fake polymer notes like paper notes," he said. a business administration student, Ufoma Okeke, said the CBN should not waste scarce resources on paper banknotes. *(This Day)*

Nigeria will open a bidding round for 31 marginal oil fields to indigenous Nigerian companies next month, the oil minister said on Thursday. The competitive bidding process for fields that are too small to be of interest to oil majors is expected to take four months in total, Oil Minister Diezani Alison-Madueke said in a statement. She gave no estimate of the reserves involved. Sixteen of the fields are located onshore and 15 are in shallow water, Alison-Madueke said. "This exercise is geared towards opening up the oil and gas sector to a wider participation, with a view to creating a robust and virile industry," she said. Nigeria is Africa's biggest oil producer, exporting around 2 million barrels per day (bpd), and also holds the world's ninth largest gas reserves, which are largely untapped. The OPEC member's light, sweet crude is popular with U.S. and Asian buyers, although the U.S. shale boom has cut demand. Oil majors say uncertainty over changes in regulation in a proposed oil bill, which has been stuck in parliament since last year, and insecurity in the onshore Niger Delta are holding back new foreign investment.

Meanwhile, smaller domestic players are queuing up to buy assets from oil majors, which are shifting away from small and medium-sized onshore fields to larger offshore investments where they don't have to deal with oil theft or sometimes fraught community relations. The sale of the licences is going ahead despite the fact that the national assembly has still not passed the Petroleum Industry Bill, which will adjust the terms on these types of contracts. Alison-Madueke has said in the past that Nigeria should not let the bill hold up license bids or renewals. "Government encourages companies where possible to bid in consortia to enable the parties to leverage upon each other's strengths," she said in Thursday's statement. The last round of sales of marginal fields in 2003 left 24 fields in the hands of 31 local companies, which have since discovered more than 100 million barrels of oil and have contributed 1 percent to national output, she said. *(Reuters)*

About $5.4bn (N864bn) has so far been invested in the Nigerian bond market by foreign investors, the Director-General, Securities and Exchange Commission, Ms Arunma Oteh, has said. She said the huge foreign investments in the Nigerian bond were a demonstration of the confidence investors had in the nation's economy. Oteh stated this at the third edition of the capital market committee retreat on Thursday in Abuja. The retreat, with the theme, "Actualising Nigeria's potential through a world-class capital market," was a platform for the capital market community to interact with other stakeholders and the general public. She said the inclusion of Nigeria's domestic bond market in

Barclays' emerging market bond index as well as its admission into JP Morgan local currency bond index in October 2012 had put the country's local currency bond market within the radar of foreign investors. For instance, she said prior to the admission of the FGN bonds to any international bond index, foreign investors' holding of Nigerian bonds was approximately $1.2bn (N192bn). Oteh pointed out that even Nigeria's treasury bills, which had been popular among international investors, were equally positively impacted by this development with international investors' holding increasing from $3.9bn (N624bn) to $6.2bn (N992bn). The director-general also added that the state government and corporate segments of the bond market were benefitting from a favourable environment, reformed issuance procedures and renewed interest from investors to tap into the bond market. She said, "In April 2013, our domestic bond market got a huge boost following the inclusion of Nigeria's sovereign bonds in Barclays' Emerging Market Bond Index in addition to its admission into the JP Morgan local currency bond index in October 2012. "This has put our local currency bond market within the radar of foreign investors, who, year-to-date, have invested an estimated $5.4bn in Nigerian bonds." Oteh said going forward, the commission foresaw a bond market that would serve as a critical element in closing the country's infrastructure gap estimated at $350bn over the next 10 years by the African Development Bank.

The bond market, she added, held a lot of potential for growth that would rival or even surpass the equities market in size as it had been done in most advanced economies. But Oteh's disclosure about the huge foreign investments in Nigerian bonds came just as the National Economic Management Team was considering proposals on how to protect small investors in the capital market. The Minister of State, Finance, Dr. Yerima Ngama, said the move became imperative in order to address the issue of unclaimed dividends by retail investors. It was learnt that the amount of unclaimed dividends had risen from about N8bn a few years ago to about N60bn currently. He said, "Most of the unclaimed dividends belong to very small investors, some of them you can never trace. But these are funds that can be utilised to promote that group of investors. "With that, you do not have any class discrimination but if you take the money that belongs to the very low level investors and you use it for the benefit of very wealthy investors, then you are doing class discrimination. I wish to affirm that the Economic Management Implementation Team is taking this issue very seriously. "We have a lot of proposals and before long, we are going to come up with one that will actually boost this market and give confidence to small investors to pull their resources together in order to provide the investment that is critically needed." Ngama, who cautioned capital market operators and regulators against being caught in the euphoria of the celebration of "impressive growth" of the stock market, urged them to come up with strategies on how to broaden the market. For instance, while he admitted the 38 per cent growth recorded in the stock market this year, the minister said a lot of big companies had yet to be listed on the Nigerian Stock Exchange. He also said a lot of awareness was needed to educate the small investors on how to invest in the capital market. The Chairman, SEC Board, Mr. Suleman Ndanusa, said the issue of unclaimed dividends was a serious challenge that needed to be addressed urgently. He said, "One of the challenges that we still have today, which I am going to leave for the CMC, is the issue of unclaimed dividends."*(Punch)*

Tanzania

Corporate News

South Africa's Vodacom Group will pay 2.5 billion rand ($250 million) in cash to acquire an additional 17 percent in its Tanzania unit, increasing exposure to one of its few businesses outside its home market. A unit of Britain's Vodafone Plc, Vodacom is the most popular mobile operator among South Africans but is dwarfed elsewhere on the continent by rival MTN Group. Vodacom said on Tuesday it would indirectly raise its stake in Vodacom Tanzania to 82.2 percent from 65 percent by buying new shares in the company's minority shareholder. It will fund the purchase through cash and existing debt facilities. It said Tanzania had been its most successful sub-Saharan investment. It is the top mobile operator in the east African nation, with 10 million customers. The company also has a presence in Mozambique, Lesotho, Nigeria and the Democratic Republic of Congo. Shares of Vodacom were little changed at 121.76 rand at 16:52 SA time, compared with a 1.3 percent decline in the benchmark Top-40 index. *(Business Report)*

THE National Microfinance Bank PLC (NMB) has launched an account for Business Customers branded NMB Business Account Plus in Mwanza that would provide a wide opportunity for self service channels. The NMB Chief Finance Officer, Mr. Waziri Barnabas said at the event held in Mwanza on Wednesday that NMB Business Account Plus has been created to respond to the business account customer needs. Initially, he said NMB business customers were required to open NMB Business Account that was not offering access to NMB ATM Card or NMB mobile. "But with the launch of NMB Business Account Plus, business customers can now enjoy the flexibility of Self Service channels."Business customers can now use NMB ATM card and get access to more than 500 ATMs countrywide," said Mr. Barnabas. He said the Business customers through NMB Business Account Plus can be connected to NMB mobile services and initiate banking transactions from the comfort of their home or business place. Also with NMB mobile, NMB Business Account Plus customers can make transfers from their account to another person who has NMB account or to a person without NMB account also known as NMB PesaFasta or make deposits through over 40,000 Vodacom Mpesa agents countrywide.NMB has over 1.7 million ATM cards activated and the ATM network grew to over 500 ATM machines nationwide with NMB mobile reaching over 930, 000 active accounts in 2013. The Head of NMB Business Banking Mr. Filbert Mponzi, said "NMB lends to some 45,000 micro enterprises nationwide, and to some 10,000 SME's through its 150 branches and business centres nationwide."The launch of NMB Business Account Plus will allow business customers to use NMB ATM and Cheque Book. In addition, it has been embedded with NMB mobile facilities." NMB branch network of 150 branches continues to be the dominant network among banks in Tanzania, fulfilling a key role in empowering local communities, and thus having significant but often forgotten economic impact, especially in those previously unbanked communities and districts.Currently, NMB has over 1.8million customers, which means that up to 40 per cent of all Tanzanians who have a bank account actually are banking with NMB. *(Daily News)*

Economic News

No Economic News this week

Zambia

Corporate News

WYLBUR Simuusa says courageous decisions will be made by the government to end the mismanagement of Konkola Copper Mines and protect people's jobs. And Simuusa says the 10-man team that has been appointed by the government would only highlight the wrongs in the operations of KCM and make recommendations on how to protect jobs, as well as make the company viable again. Meanwhile the Economics Association of Zambia (EAZ) says there is need to come up with an optimal mineral tax system desirable to both the government and investors. In an interview yesterday, Simuusa, who is foreign affairs minister, said there was no doubt KCM had been mismanaged by the majority shareholders, Vedanta Resources. Simuusa, a mining engineer by profession, said it was poor management at KCM which resulted in high operational costs adding that the upper ore body at Nchanga had more reserves of copper that could increase the lifespan of the mine. "KCM has unnecessarily attracted more costs standing at US$7,500 per tonne, but if the company can reduce the costs to about $3,500 per tonne, production will continue," he said. Simuusa, who is also PF Nchanga member of parliament, said stakeholders in the mines, including the major shareholders in KCM, Vedanta Resources, needed to acknowledge that every decision over the running of the mine would be made in the interest of Zambians, the workers and their investments. "I am anticipating some hard decisions to be made for this situation at KCM. We need to protect people's jobs and we have made it clear as government and President Michael Sata said it, no one should be retrenched. We need to find other solutions and we all need to be courageous, explore other means of making KCM viable and we believe that this company would be viable again," Simuusa said.

He said KCM had the most de-motivated workforce because of the announcements of retrenchments and irregularities in the payroll system that had persistently rocked the mining company. Simuusa said there was no mine that could meet targets with a demotivated workforce. "Mining is the industry of targets, which requires proper care of the human capital which is the most valued asset of any country," he said. Simuusa said KCM owed contractors and suppliers huge sums of money, a situation which he said was killing local business. Meanwhile, Simuusa said the 10-man committee appointed by the government to look at impeding job losses at KCM was expected to do a professional job. "This committee for me will not be able to solve problems, but at least they will be able to crystallise and show where the problem is so that together, we can sit and find a lasting solution. We don't want our people to suffer and we will not allow that to happen," he said. Earlier this month, KCM announced plans to lay off over 1,500 workers in the next three years, as it migrates towards automation and mechanisation at Nchanga Underground, a move which displeased President Sata. And the EAZ has challenged members of the technicalcommittee appointed to help ZRA optimise policing of the mining sector, to beobjective. EAZ president Isaac Ngoma said the current tax system needed to be relooked at and find an optimal moderate tax that would create a win -win situation, both for the investors as well as for the government. He said going the route of the windfall tax immediately, was something that was contentious. "Ultimately, there is need for a study to be done and look at various operational issues of the investors in the mining sector and also look at government's position with regard to the sector. With good analysis, we would be able to come up with an optimal tax which is desirable and acceptable to both parties," he said. And Ngoma said there was need to ascertain the challenges facing the mining sector.

"We need to ascertain the challenges that the mining industry is facing as well as try and review the working relationship with KCM.It is very important that both parties have a clear understanding of the issues at hand so that there is a harmonious relationship between the government andthe investor," he said. Ngoma said EAZ hoped that the technical committee would work diligently in a timely manner and come up with solutions to issues that had been of concern. "If you constitute a committee that is going to do such kind of work, you have to look at people that have diverse skills depending on the nature of the undertaking. Those that have interest, it is important that they declare interest so that they don't compromise the task at hand. You cannot get someone who is maybe a supplier to the mine in question, whose contract has either been terminated or are looking up to something from the same, it will compromise the process," Ngoma said. He said there was need for an environment where government does not feel that the investors were cheating and investors do not feel that they were being ostracised or coerced by the government. "The investment must be rewarding to the nation. It is important that whatever is done is done in a professional manner and at the end of the day we come up with a win, win situation," said Ngoma. *(Post Zambia)*

Economic News

Zambia has raised its external borrowing threshold to 35 billion kwacha from 20 billion kwacha, clearing the way for the government to borrow 7.1 billion kwacha from abroad to finance the 2014 budget. The announcement by Finance minister Alexander Chikwanda late on Wednesday will heighten expectations that the southern African state could soon issue a second Eurobond after its debut sale was 15 times oversubscribed last year. Chikwanda told law makers the government needed to raise the external debt limit to finance infrastructure projects in Africa's top copper producer. A debt sustainability analysis conducted with the World bank and International Monetary Fund in 2012 revealed that raising the threshold to 35 billion kwacha was sustainable, he said. "If the external loans ceiling is not adjusted, it will limit the ability to finance government development programmes and constrain economic growth," Chikwanda added. *(Reuters)*

Zambia's headline consumer inflation quickened to 7 percent year-on-year in November from 6.9 percent in October, driven mainly by increases in the price of food and alcoholic beverages, the Central Statistical Office said on Thursday. On a month-on-month basis, prices increased by 0.3 percent in November after being flat in October. The southern African country's trade surplus fell to 43 million Zambian kwacha in October from 53 million kwacha in September, the statistics agency added. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

INNSCOR'S first quarter performance is not only signalling the slowdown of the economy, but is also pointing to a business which has reached maturity and perhaps suffering from an old conglomerate syndrome. Innscor's turnover in the first quarter grew 5 percent and group chief executive Mr John Koumides told the annual general meeting on Friday that the growth in turnover was almost similar to the one experienced by most of the companies such as OK and Delta. Mr Koumides said the growth rate was a common percentage "which shows what is happening in the country." He added: "The challenges are there and what is good to see is that the Government is beginning to realise that these challenges exist and reality checks are coming into play." Profitability in the quarter was down 19 percent weighed down mostly by the bakeries and SPAR Zimbabwe. Turnover at the bakeries was down 8 percent while Spar Zimbabwe's top line was also down 2 percent. Fast foods and bakeries have plateaued and have already reached their peak performance. Given the amount of capital that it has spent in its various business units since dollarisation it is really a period of gloom for the group. Whilst there was growth in revenues; this was as a result of capital expenditure aimed at growing capacity. This means there was really no growth in the group if you were to analyse its Like-For-Like sales. The group might now have run out of ideas and is basically following the old bygone way of doing things, non-strategic overexpanding done without proper planning, growing for the sake of growing. Hence the reason you see the sprouting of an outlet on almost every corner in downtown Harare, a mis- allocation of capital and potentially creating future white elephants.

Mr Koumides admitted there was some cannibalisation taking place through the proliferation of sites particularly in the CBD, but he noted it was necessary to close the doors on competition. At the fast foods and bakeries division how much of the current installed capacity of 450 000 loaves per day is actually being sold, and is increasing that capacity by another 160 000 in 2014 warranted, given the scarcity of capital in Zimbabwe? Regional fast foods recorded an increase of 5 percent in turnover and during the quarter they opened four new counters in Kenya while 17 outlets were in various stages of completion by end of September and all of these will open by the second quarter. Kenya also has growth opportunities, but had been slightly affected by the Westgate terror incident as the group had a site. Mr Koumides said it was difficult to find sites in the area. Ghana was doing "okay" while the Nigeria franchising would be discontinued with the group considering going into the country through a partnership. Mr Koumides stated that star performer for the group in the quarter was TV Sales & Home, with a 30 percent increase in turnover while the "profits are much more than that". Spar Zambia was performing well with a growth of 11 percent, but Zimbabwe was a problem as there were problems with the franchise stores. "If the franchise stores are not performing to expectations, the distribution side gets affected," Mr Koumides said. Turnover was 2-3 percent down. The company has to address its Spar division which seems to be the black sheep in the group. Since 2009 the unit is not performing to expectations and is struggling to make a decent bottom-line. Maybe the model does not really work in a Zimbabwean setting. Overall, however, Innscor is a great company and one of Zimbabwe's iconic brands. They have been creating capacity and can easily grow should consumer fundamentals improve. Going forward, Innscor should look at more spin-offs to unlock shareholder value and substantial investments should be made using its cash-flows, in a way that creates value for shareholders, by acquiring business that blend well with its businesses and strategically fit into its structure. *(Herald)*

OLD Mutual Zimbabwe will spend about US$100 million on property development in the next three years, group chief executive Mr Jonas Mushosho said last week. Some of the projects being implemented by the country's largest insurance company include an office park in Harare next to the Borrowdale Race Course and two low-income housing projects in Harare's high-density suburbs of Budiriro and Hatcliffe, which are expected to add about 4 000 housing units to the national housing pool. "The total investment of all our active construction projects scheduled for the next three years is close to US$100 million," said Mr Mushosho. In an economy facing challenges, the property sector is one of the safest investments in value preservation. It also has potential to attract long-term lucrative returns. The National Social Security Authority is establishing a micro-finance institution responsible for housing schemes and is targeting an initial investment of between US$30 million and US$50 million. Several other financial institutions have earmarked funding for property development, mainly housing, and these include FBC Building Society, Fidelity and ZB in what is demonstrably a vote of confidence about the prudence of property investments. Mr Mushosho added that Old Mutual has also committed close to US$20 million for private equity investments. "Private equity provides an opportunity for us to diversify our asset classes," said Mr Mushosho. "In doing so, we provide an avenue to raise capital for companies that are not listed on the stock exchange. In this regard, we have committed US$20 million to private equity investments and we continue looking for suitable businesses that we can partner with." Mr Mushosho said Old Mutual was committed to participate in the economic revival of this country and has so far come up with three funds – the Distressed and Marginalised Areas Fund, the Kurera/Ukondla Youth Fund and the Housing Fund. "To drive our participation, we have created investment vehicles in the form of funds," said Mr Mushosho. "These funds drive Old Mutual's involvement in sectors that we believe are key in the revival of the economy." DiMAF, which was launched in partnership with the Government, provides funding to companies through CABS. To date, DiMAF has disbursed loans amounting to US$23 million, with a further US$9 million pending approval. Kurera/Ukondla was set up to provide funds to viable projects run by the youth of this country. To date, the fund has disbursed just over US$5 million to 4 000 projects run by the youth. *(Herald)*

GRANT Thornton Camelsa is on the verge of sealing a deal that will result in the injection of over US$20 million in fresh investment into Cairns Holdings by South Africa's Vasari Global Limited. The prospective South African investor was short-listed as the preferred candidate to acquire the Reserve Bank of Zimbabwe's 67 percent stake in the food processing company which is under judicial management,. Other prospective investors angling to buy the stake are local firms Dairibord Holdings Limited and Judah Holdings Limited and another South African firm, Eastern Trading Company. Vasari Global is firmly on course to assume a controlling interest in Cairns, but sources said Grant Thornton has kept the other bidders waiting on the wings in case the unexpected happens. While Grant Thornton Camelsa was not willing to discuss finer details of the transaction, information gleaned by The Herald Business is that only a couple of issues remain outstanding. Negotiations have reached advanced stages with exchange control and minority shareholder consent issues being the main loose ends that the judicial managers are working to tie up. Vasari will also have to comply with indigenisation and empowerment laws compelling locals to hold at least 51 percent stake in local firms with expectations high its proposal will be accepted. Grant Thornton Camelsa advisory manager Mr Bulisa Mbano confirmed the deal was nearing finality, but would not be drawn into discussing specifics of the issues still outstanding. "We are finalising the transaction. As you are aware, there are various stakeholders that have to agree to the transaction. We are also finalising with the investor (the terms of the investment)," he said. While US$20 million has been bandied around as the amount the investor will inject into Cairns, sources say the figure could top US$30 million as the group inevitably needs new equipment. The company enjoys near monopoly in the corn- based snacks market, but is facing intense competition in other areas such as canning, where new equipment is needed most. Some of the old equipment and a new set of machinery have been procured with funding obtained under the Distressed Industries and Marginalised Areas Fund to raise capacity utilisation. Capacity utilisation, which had plummeted at the foods manufacturer, is now ranging between 20 percent and 30 percent with over 500 workers all back at work. Most of them had been put on unpaid leave while those that remained behind only worked two weeks in a month. Cairns might have run into financial difficulties, but this should only be viewed in terms of limitations the company faced in accessing reasonably priced adequate medium- to long-term capital. *(Herald)*

DISCUSSIONS on the progress of the International Monetary Fund (IMF), Staff-Monitored Programme (SMP) will continue until next month when the government will give a report, sources have said. According to sources privy to the goings-on, discussions between government and the IMF have continued after the visit of an IMF delegation early this month. "Progress was noted in some of the things that were set on the SMP, but the review is still on. The dialogue between the IMF and government will continue until December. After the review a publication will be made," the source said. The supervised economic reform plan, SMP, is supposed to end next month having run from June. The SMP is an informal agreement between a country's authorities and the IMF staff to monitor the implementation of economic programmes. The SMP was adopted this year after the inclusive government decided to re-engage the multilateral institutions. It is a key component of the Zimbabwe Accelerated Arrears Clearance, Debt and Development Strategy and Zimbabwe Accelerated Re-engagement Economic Programme. Speaking at the AMH Conversations held recently, World Bank Zimbabwe country manager Nginya Mungai Lenneiye said during the IMF meetings, Finance minister Patrick Chinamasa said the country was in a crisis although it had mineral resources. Lenneiye said Chinamasa asked the IMF to lend the country money through the private sector that would grow the economy and pay taxes to government. The country owes multilateral institutions $10,7 billion and it has no capacity to pay the debts. Zimbabwe through the SMP is expected to ensure that diamond revenue is remitted to Treasury and that the diamonds be sold through a government agent. *(News Day)*

ASTRA Industries Limited after-tax profit declined by 22% to $1, 2 million for the year ended August 31 2013 due to increased finance costs. Revenue increased to $28 million in the period under review as compared to $27 million in 2012. In a statement accompanying the group's audited results, Astra Industries chairperson Addington Chinake said operating profit declined to $1,5 million from $ 2,2 million in the same period last year. "Operating profit at $1,5 million was negatively impacted by increased selling and administrative expenses particularly wages, and was 29% down from last year," Chinake said. Chinake said sales volumes grew by 7%, but gross margins came under pressure, reducing from 35% to 33% due to increased competition and rising input costs particularly in the chemicals business. "The macro-economic challenges experienced in the previous years persisted this period, and were further aggravated by the focus on elections resulting in the period under review being characterised by significant slowdown in businesses countrywide," Chinake said. He said in operations, sales volumes for paints declined by 5% compared to last year owing to the fact that a number of construction projects were put on hold due to the elections while competition for the available small market was intense from local producers and imports. Chemicals sales volumes grew by 9% but at reduced margins. "Despite the growth in volumes, they were still below acceptable levels due to slow recovery of the manufacturing sector and liquidity challenges in the economy," he said. Chinake said a strategic alliance with Kansai Plascon which now has a significant stake in the business, offers opportunities in terms of introducing the Plascon flagship products, developing export markets and operational synergies in the paints business. He said the group would continue to focus on cost containment and efficient working capital management to create value for its shareholders. Meanwhile, Finance Trust of Zimbabwe disposed its entire stake of 63, 25% shareholding in Astra Industries Limited and the shares are now held by Kansai Planscon Africa Limited with 38, 25% and Hemistar Investment Limited 25%. Hemistar Investment Limited is an investment company owned 51% by Astra Industries Limited management and staff and 49% by Kansai Plascon Africa Limited. *(News Day)*

ECONET Wireless on Monday said its mobile savings platform, EcoCashSave account holders will soon be able to borrow money from the service as the company intensifies its efforts to tap into the unbanked population. "This is part of what will be called EcoCashCredit that Econet is planning to roll out early in the New Year," chief executive, Douglas Mboweni said in a statement. He said borrowing from EcoCashSave, launched last month, would include loans for school fees and housing and would be done through partner banks including its own bank, Steward Bank, which is hosting the accounts. Further details of the project would be revealed next year, Mboweni said. The savings accounts which are open to subscribers on the mobile money transfer service, Ecocash, allow subscribers to save as little as one dollar without any charges and attract interest of four percent per annum. The savings platform has seen its bank accounts swell to 900,000 compared to 850,000 held by all other banks. Zimbabwe has an adult population of 7,4 million but only has 853,000 bank accounts. The Ecocashmobile money transfer platform, which was launched two years ago, now has 2.7 million subscribers. Zimbabwe's bank crisis of 2004 - which saw the central bank forcing several financial institutions to close - and the country's hyperinflationary phase when inflation reached a staggering 500 billion percent in December 2008 left confidence in the financial system at an all-time low. It is estimated that $7.4 billion is circulating outside the formal banking sector due to high bank charges, high security risks and a declining saving culture. Total bank deposits are around $4 billion, according to central bank figures.*(New Zimbabwe)*

CALEDONIA mining has confirmed a 20% hike in the ordinary dividend for next year and a new quarterly payment policy. The Canada-based miner, which owns 49% of the Blanket gold mine in Zimbabwe, has announced a dividend of six Canadian cents for 2014 with a first quarterly payment of C1.5c to be paid in January. Caledonia announced a C5c payment for the 2013 trading year in April, which followed a C5c per share special payment in February. The special was the company's maiden dividend. Caledonia is currently debt-free and had gross cash of over C$25m outside Zimbabwe at the end of September. The company expects Blanket's production to expand to 48,000 ounces of gold in 2014 and 52,000 ounces of gold in 2015. Future dividends will depend on its performance and its capital investment requirements, it added. The planned pay-out represents a yield of 7.4% at current prices and it makes Caledonia something of a rarity among the junior miners; an income stock. "To increase the dividend is a major show of confidence, particularly in the current gold price environment," said one analyst.*(New Zimbabwe)*

WEEKLY AFRICAN FOOTPRINT

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TRADING

MEIKLES Limited's bid to swoop on Mwana Africa Plc's gold mining cash cow Freda Rebecca hit a brick wall after one of the group's major shareholders who was approached with an unsolicited offer spurned the gesture. Sources privy to developments said among Meikles Limited's newly formed mining subsidiary Meikles Centar Mining's targets was Mwana Africa's Bindura- based gold mining subsidiary, Freda Rebecca. "They tried to negotiate with some of the major Chinese shareholders of the group about the acquisition of Freda Rebecca, but were turned down." However, Meikles Limited this week vehemently refuted ever giving Meikles Centar Mining authority to make any moves for Freda Rebecca. "The board of Meikles Limited has not authorised Meikles Centar Mining, a subsidiary of Meikles Limited, to make any offer to Freda Rebecca Mine," Meikles Limited said in response to e-mailed questions. Efforts to get a comment from Mwana Africa were fruitless by the time of going to print yesterday. Mwana is listed on London's second tier exchange, AIM. Meikles Centar, a joint venture between Meikles Limited and Centar Asia Resources, was reportedly looking at acquiring gold and diamond mining assets in the country's mining sector and had even toured various mining assets in the country with a view to acquiring them. Meikles Centar Mining allegedly took advantage of its London links to make the bid for Freda Rebecca since one of the Centar Asia Resources founding directors was a high profile executive with a top UK bank Some of the developed mines it was allegedly eyeing included Caledonia Mining, New Dawn, African Consolidated Resources and Mwana Africa with a view to acquiring their gold, nickel and diamonds assets.

While it was public record that Meikles Centar Mining was targeting a number of established mines in Zimbabwe it was allegedly the manner they went about trying to snap up Freda Rebecca that raised eye brows. The nascent mining entity reportedly approached a number of major shareholders in Mwana Africa that include UK bank 9,1 percent shareholder HSBC Nominees and China International Mining Group Corporation. Having allegedly made progress on some of the significant shareholders things came to a head after the overtures were turned down by CIMGC and other shareholders who were never sounded out. After directors at Mwana allegedly discovered the secretive overtures by Meikles Centar Mining an arrangement was made for CIMGC to up its stake into a major shareholder in the group, a situation that made it difficult for suitors to make further surreptitious offers. Sources said had CIMGC swallowed the bait the situation could have become complicated for other significant shareholders in Mwana Africa that were not approached and were not interested in the offer. Centar Asia Resources was founded in June 2011 by Meikles Centar Mining director Ian Hannam, an ex-JP Morgan staffer fined by Financial Services Authority over allegations of market abuse and irregular share dealings in shares of London Stock Exchange-listed firms earlier this year and forced to step down from JP Morgan bank. Hannam holds 45 percent of Centar and has a number of other investors who collectively control close to 30 percent of Mwana Africa and have close links to Centar. Jan Kulczyk's Kulczyk Investments, owns 28 percent of Centar with him as chairperson. Another director, Richard Williams, who has been in and out of the Asian country touring various mining assets with a view to helping raise funding, acquire and add value to the mining companies the UK-based firm had identified, is a former high ranking British military officer. Mr Williams served with UK's Special Forces, the 7th Armoured Brigade (as the Brigade Chief of Staff), the paratroopers, infantry, and on the Directing Staff of the Joint Services Command and Staff College. Concerns were also raised about other directors who allegedly served in the Rhodesian army and the infamous Selous Scouts, raising fears among the mining industry executives at most of the companies Centar had approached. *(Herald)*

Zimplats yesterday said it held successful negotiations with government on the establishment of a refinery. Speaking on the sidelines of a tour of the Zimplats Mine in Ngezi by the Mines and Mining Development minister Walter Chidhakwa, Zimplats CEO Alex Mhembere said his company had submitted 4 proposals including the establishment of a platinum refinery. Mhembere noted that players in the platinum industry together with government need to ensure the issue of setting up a refinery plant be of significant value in order to achieve huge benefits as a country. Zimplats has earmarked $469 million for the opening of a new mine which is set to replace one of its operational four mines. The mining company currently has four mines namely Mupfuti, Rukodzi, Bimha and Ngwarati and the opening of a new mine is set to replace the Rukodzi mine, which is now old and unsustainable. Zimplats CE Alex Mhembere said the company is set to embark on a drive to explore new mining claims in the area to try and increase capacity utilization as well as expand the business. Zimplats is currently producing 180 000 platinum ounces, 145 000 palladium ounces, 16 000 ounces of rhodium and 20 000 gold ounces a year. *(Bulawayo24)*

PROPERTY investment holding company Dawn Properties Limited says the restructuring of lease agreements with its tenants is already in

progress while steady progress continues to be made in the development of land in Marlborough as the company works on increasing profitability. In a statement accompanying the financial results for the six months to September 2013, the company said the lease restructuring is expected to be completed in the second half of the financial year. The development of the residential estate at Marlborough is also anticipated to be launched during the first half of 2014. The company has been looking at lease restructuring as well as the development of land in Harare's Marlborough area and restructuring of its consultancy business to help reduce costs and boost profitability. The restructuring of lease contracts was necessitated by some clauses in its lease agreements which were causing problems in the management of the landlord/tenant relationships. Dawn chief executive Mr. Justin Dowa in September said the problem clauses in some of the leases were creating conditions where assets would not only continue to underperform but would gradually fall into a state of very serious disrepair. He also said an application to increase densities and achieve re-owning in Marlborough by way of an amendment to the Local Area Plan had gone through the public display stage. In the period under review, revenue remained flat at US$2,8 million. Operating profit went up 185 percent to US$874 791 in the period under review from US$306 653 in the prior year as a result of the rationalisation completed in 2012 that led to the discontinuation of non-performing businesses. This led to a decrease in the profit margin for the period. Profit after tax went down 24 percent to US$800 792. The group's total assets went up by about 1 percent in the past six months to US$88 million while total liabilities remained flat in the same period at US$2,7 million. Basic earnings per share went down to US0,033c from US0,041c in the prior year and headline earnings per share also went down from US$0,043c to US$0,022c in the period under review. *(Herald)*

AICO AFRICA LIMITED has written down a total of US30,2 million from the value of two of its units to reflect the decrease in their carrying amounts after a poor financial performance in the interim period to September 30, 2013. The reduction in the value of its subsidiaries, Cotton Company of Zimbabwe and Olivine Industries by US$24,6 million and US$5,6 million, respectively, also reflects the funding crisis that has hit the two companies. Cottco is borrowed to the tune of US$80 million and has been unable to service its debts. Refinancing the debt at intervals and haemorrhage from finance costs have affected its capacity to optimally carry its business. On the other hand, Olivine Industries also faces serious working capital and capital funding deficiencies and requires about US$25 million fresh funding to retool in order improve its production efficiencies. Cottco plunged to a US$16,2 million loss before tax while Olivine recorded US$1,3 million loss before tax, seed business US$13,7 million as the three units combined to consign Aico to a US$29 million loss. "Following the poor performance The Cotton Company of Zimbabwe and Olivine Holdings, after the balance sheet date, the directors of the company have impaired the investments in these units," Aico said in a statement. Aico said Cottco's operations have been negatively affected by lower seed cotton intake volumes, whereas lack of adequate working capital continues to hamper performance and recovery in Olivine Holdings Limited. Group sales volumes of 36 094 tonnes were 23 percent below the prior comparative period, consequently group revenue fell 6 percent to US$51 million. Operating loss came in at US$17,1 million, 6 percent below the same period last year while after tax loss improved marginally to US$27 million.

Seed cotton crop volume intake fell by 34 500 tonnes driven by low national crop size while market share dropped by 24 percent to 18 percent. Ongoing funding initiatives will be critical in revitalising the business. The first six months saw encouraging results for the seed business with volumes increasing by 17 percent on prior year while winter cereal sales rose by 34 percent over prior year with earnings seen ahead of last year. The fast moving consumer goods business, which is predominantly Olivine, was affected by working capital constraints, but improvement have been noted in efficiencies with volumes 57 percent higher than 2012. Aico is working on collapsing the group holding structure in what will result in three independent businesses after the unbundling of the group. Ongoing fundraising initiatives will see the proceeds being directed mainly into the Cotton Company of Zimbabwe to turnaround its fortunes. *(Herald)*

PUBLICLY-LISTED property firm Mashonaland Holdings' after-tax profit for the full year to September declined to $9,8 million from $17,2 million posted in prior year, the company has reported. Fair value investments for the period under review stood at $6,2 million relative to $13,8 million recorded in 2012. In a statement accompanying the company's results, group chairperson Elisha Mushayakarara said the fair value adjustments on the group investments properties stood at $6 million due to rent reviews in the market. "The 8%growth in investment properties was driven by rent reviews to the market," he said. Group revenue marginally rose to $7,7 million during the period under review from $7,4 million the previous year while operating expenses were 10% lower than last year at $0,84 million. Mushayakarara said property management cost and voids-related operating costs continued to be the key drivers of the expenditure. Administration expenses were at $2,2 million from $1,74 million in 2012 increasing by 27% from prior year. The administration expenses to income ratio increased to 29% from 24% in 2012. "Vacancy levels closed at 15% from 8% in 2012 as tenants continued to either downsize or relocate to cheaper premises outside the central business district. The arrears to revenue ratio grew marginally to 11% from 9% in 2012 as tenants struggled to meet their rent obligations, especially during the second half of the financial year," Mushayakarara said. He said during the period under review, the macro-economic environment was subdued with persistent liquidity constraints and low capacity utilisation levels impacting negatively on the economy. "During the year under review, the lack of affordable mortgage finance curtailed activity in the residential sector. "Moreover, the low participation of foreign investors exacerbated the liquidity challenges. The weakening economy put pressure on occupancy levels, resulting in marginal rental growth and low collections," he said. *(Herald)*

Economic News

FINANCE minister, Patrick Chinamasa on Wednesday said government needs $200 million to recapitalise the Reserve Bank of Zimbabwe to restore its lender-of-last-resort capacity in a bid to lower the cost of borrowing. Zimbabwe adopted the use of multiple foreign currencies – chiefly the United States dollar and South Africa's rand in 2009 after its own currency was rendered worthless by hyperinflation, ruling out central bank interventions through monetary policy. The tight liquidity conditions have resulted in high interest rates which the government hopes can be lowered by the resuscitation of an interbank market anchored by a well-capitalised central bank. "We need to restructure the financial services sector," Chinamasa told a meeting attended by representatives of banks and mining companies including Barclays Bank, Standard Chartered Bank, Zimplats, RioZim and Old Mutual. He said he was under pressure from Cabinet to address the high interest rates. "The cost of money in Zimbabwe is very high. You cannot borrow at less than 15 percent," he said, accusing banks of putting a mark-up for non-existing country risk. At 15 percent interest rate, borrowing in Zimbabwe is three times higher than regional rates, which average around five percent. In January, banks signed a Memorandum of Understanding (MoU) with the central bank to cut customer service fees, but interest rates have remained high, often reaching 25 percent in some cases. Despite the high interest rates, loans and advances from banks increased by 5.5 percent to $3.5 billion in the five months to May. Loans to individuals accounted for 22 percent of the banking sector loans followed by services with 18 percent, manufacturing 16 percent and agriculture 15 percent. *(New Zimbabwe)*

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