SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	29-Nov-13	6-Dec-13	WTD % Change Local	WTD % Change USD	YTD % Change Local	YTD % Change USD
Botswana	DCI	8,854.83	8,851.83	-0.03%	12.60%	17.86%	19.45%
Egypt	CASE 30	6,184.11	6,332.13	2.39%	16.24%	15.92%	15.98%
Ghana	GSE Comp Index	2,123.75	2,129.69	0.28%	16.62%	77.52%	74.22%
Ivory Coast	BRVM Composite	217.86	218.62	0.35%	-8.93%	31.24%	22.27%
Kenya	NSE 20	5100.88	4946.77	-3.02%	0.59%	19.69%	24.15%
Malawi	Malawi All Share	12,416.60	12,454.53	0.31%	52.51%	107.04%	148.31%
Mauritius	SEMDEX	2,031.87	2,037.55	0.28%	-4.01%	17.64%	17.83%
	SEM 7	396.81	397.58	0.19%	-4.10%	17.88%	18.07%
Namibia	Overall Index	983.00	963.00	-2.03%	21.68%	-2.36%	0.62%
Nigeria	Nigeria All Share	38,920.85	38,738.15	-0.47%	-0.40%	37.96%	37.79%
Swaziland	All Share	294.04	294.04	0.00%	24.84%	2.93%	6.39%
Tanzania	TSI	2,890.16	2,844.51	-1.58%	0.20%	91.47%	95.19%
Tunisia	TunIndex	4,469.18	4,435.99	-0.74%	2.53%	-3.14%	-6.87%
Zambia	LUSE All Share	5,100.21	5,111.83	0.23%	12.28%	37.22%	45.65%
Zimbabwe	Industrial Index	213.04	211.17	-0.88%	-0.88%	38.56%	38.56%
	Mining Index	47.02	46.36	-1.40%	-1.40%	-28.81%	-28.81%

CURRENCIES

Currency	29-Nov-13 Close	6-Dec-13 Close	WTD % Change	YTD % Change
BWP	8.50	8.63	1.42	12.72
EGP	6.87	6.87	0.01	13.48
GHS	1.87	2.28	1.24	19.96
CFA	482.52	482.86	0.07	- 2.52
KES	85.59	85.24	- 0.41	- 0.42
MWK	406.96	402.65	- 1.06	25.44
MUR	29.19	29.19	- 0.00	- 4.44
NAD	10.21	10.45	2.29	23.28
NGN	156.41	157.02	0.39	0.59
SZL	10.21	157.02	2.29	23.55
TZS	1,572.90	1,571.29	- 0.10	- 0.24
TND	1.66	1.66	- 0.00	7.42
ZMW	5.47	5.54	1.28	6.89

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

Egypt

Corporate News

No Corporate News This Week

Economic News

Egypt promised on Wednesday to pay $1.5 billion of the $6 billion it says it owes oil firms, hoping the announcement will revive confidence in an economy battered by nearly three years of political upheaval. Egyptian officials speaking at an investment conference also sought to ease mounting concerns over everything from legal uncertainty to the black market for foreign currency. "There is approval to pay $1.5 billion," Prime Minister Hazem el-Beblawi told the gathering, designed to lure investment from Gulf Arab states and businessmen. He said the arrears had discouraged investment in the critical energy sector. The oil-producing countries rallied behind Egypt after the army ousted President Mohamed Mursi of the Muslim Brotherhood in July, pledging billions of dollar in financial support. Political uncertainty since a popular uprising ousted autocrat Hosni Mubarak in 2011 has frightened away tourists and investors, cutting tax revenues and foreign currency inflows. That has increased pressure on the government to get oil firms investing again in extraction and exploration and attract both Arab and Western investors. Egypt has repeatedly promised to repay arrears to the oil companies following Mursi's removal, which was welcomed by Gulf states fiercely opposed to the Muslim Brotherhood. Finance Minister Ahmed Galal, addressing the same conference, said the central bank would supply the dollars needed to pay the firms. Financial disclosures by firms including BP, BG Group, Edison SpA and TransGlobe Energy show Egypt owed them more than $5.2 billion at the end of 2012. In the week after the army takeover, Saudi Arabia, Kuwait, and the United Arab Emirates pledged a combined $12 billion in grants, interest-free loans and oil products. Now Egypt is hoping Gulf businessmen at the Cairo conference will also pump cash into the country, a U.S. ally which has a peace treaty with Israel and controls the Suez Canal. Egyptian government officials speaking at the conference said the country was on track to implementing a political roadmap that will lead to free elections and bring stability. But authorities have not managed to bring calm to the streets, where Mursi supporters stage regular protests against what they call a military coup that has brought widespread human rights abuses. The government says the Brotherhood is a terrorist group and a threat to national security. Political support from Gulf states has helped Egypt withstand criticism from Western allies who have questioned the country's democratic credentials since the army takeover.

Central Bank Governor Hisham Ramez said he expected more Gulf aid, but had no figure in mind. "Actually, we're not only counting on aid. We're counting on investments to come in." Asked if he anticipated more aid from Saudi Arabia, the biggest Gulf economy, finance minister Galal told Reuters: "I cannot tell beforehand. You go fishing, how many fish are you going to catch?" Egypt badly needs private capital. Foreign direct investment fell to $3 billion in the 2012/13 financial year, which ended in June, compared with more than $10 billion a few years ago. The United Arab Emirates appears especially enthusiastic for its companies to launch or resume projects in Egypt. An informed source close to major Abu Dhabi investment companies told Reuters nearly $5 billion had been committed in loans and investments over the last four months and there was still scope for further investment in Egypt. Kirill Dmitriev, CEO of the Russian Direct Investment Fund, a $10 billion Kremlin initiative, said he was encouraged by the UAE's presence at the conference. "We believe Egypt is becoming an attractive investment destination," he told Reuters. UAE Minister of State Sultan Al Jaber said sectors under discussion include agriculture, oil, gas and renewable energy. "We can't today define the size of investments. This we consider the beginning of a new page," he said. "The most important thing we'd like to see happen is the topic of the laws needed to assure investors and protect their capital ..." The government is preparing a law to reinforce the legal standing of past contracts with the state, Mohamed Abazeid, an adviser to Egypt's investment minister, told the conference. The business environment in Egypt has been clouded by court cases that have challenged past contracts concluded by the state. These have included rulings ordering the renationalising of public sector businesses sold off in the Mubarak era.

Qatar, which supported the Muslim Brotherhood, has been reluctant to invest in Egypt since Mursi's overthrow. Although Gulf Arab support is vital, Egypt is under pressure to come up with a long-term plan to revive the economy. The army-installed government launched a 29.6 billion Egyptian pound stimulus package this year after Gulf countries pledged aid. The economy grew a meagre 2.2 percent in the year to June 30, far too slow to make an impact on youth unemployment estimated at over 20 percent. Beblawi said the government aimed for economic growth of 3.5 percent in the current fiscal year. In a boost to the government officials trying to sell Egypt to Gulf Arab investors, Egyptian tycoon Naguib Sawiris, whose family controls the Orascom corporate empire, said he would invest $1 billion in the country in the first quarter of 2014. He told Reuters the investment would focus on construction, real estate, agriculture and microfinance. But it will take more than one heavy hitter to fix Egypt's finances. The Egyptian pound is being propped up by central bank dollar sales, introduced a year ago to help counter a run on the currency as the plunge in foreign investment and tourism caused a sharp fall in foreign reserves. Reserves, which stood at $36 billion before Mubarak fell, have been under pressure ever since. They totalled $18.59 billion at the end of October and Ramez told the conference they had dipped slightly last month. The November figure is due soon. Ramez said the black market for the Egyptian pound would "not last long", as two market sources said the currency had weakened against the dollar because of importer demand. *(Reuters)*

Egyptian tycoon Naguib Sawiris, whose family controls the Orascom corporate empire, said he would invest $1 billion in the country in the first quarter of 2014. He told Reuters on the sidelines of an economic conference designed to lure Gulf Arab investors to Egypt that the investment would focus on construction, real estate, agriculture and microfinance. *(Reuters)*

Egypt's central bank unexpectedly cut its key interest rates by 50 basis points each at a monetary policy committee (MPC) meeting on Thursday, saying it was more concerned about boosting growth than taming inflation. The economy has yet to recover from the popular uprising that ousted Hosni Mubarak in 2011. Gross domestic product grew just 2.1 percent in the year to June 30, too slow to make an impact on youth unemployment, estimated at over 20 percent. Urban consumer price inflation, meanwhile, hit 10.44 percent in October - its highest since July 2011 and up from 10.15 percent in September. "Given that the downside risks to the GDP outlook outweigh the upside risks to the inflation outlook, the MPC decided to cut the key CBE rates," the Central Bank of Egypt said in a statement. The bank cut its overnight deposit rate to 8.25 percent and its overnight lending rate to 9.25 percent. It also cut its discount rate and the rate it uses to price one-week repurchase and deposit operations to 8.75 percent. Seven economists polled by Reuters had expected the central bank to leave its rates unchanged. At its last meeting on Oct. 31, the bank kept rates on hold in view of inflationary pressure while the government moved to stimulate the economy. It had cut rates in August and September by a cumulative 100 basis points. "They're trying to aggressively stimulate the economy. This further complements the fiscal stimulus," said Mohamed Abou Basha, Cairo-based economist at EFG-Hermes.

The interim government launched a 29.6 billion Egyptian pound ($4.3 bln) stimulus package, aided by over $12 billion in aid pledged by Arab Gulf countries, after the army ousted Islamist President Mohamed Mursi in July following mass protests against his rule. Ministers have announced another stimulus package for the coming months, and central bank governor Hisham Ramez said at an Egyptian-Gulf Arab investment forum on Wednesday that Egypt expects to receive more aid from Gulf states. The central bank may be counting on more foreign aid, said William Jackson, economist at Capital Economics in London. "It still looks like the economy is pretty sluggish," he said. "We wouldn't be surprised to see more aid from the Gulf, which might have given the central bank more confidence that it can lower interest rates without causing further strains to emerge in the balance of payments." The central bank remains concerned about high inflation, however, which may eventually lead it to raise interest rates. "While upside risks to the inflation outlook continue to moderate as the possibility of a rebound in international food prices is unlikely in light of recent global developments, annual inflation could increase above their current levels in November and December," it said in its statement. The weak Egyptian pound is another problem for the bank, which had been under pressure to keep rates high to attract foreign investors and help fund the country's large current account deficit. The pound has slumped since the 2011 uprising, which chased away tourists and investors, two main sources of foreign exchange, and on the black market it has been trading even weaker than official rates. The deficit on the current account, the broadest measure of the country's trade with the rest of the world, widened in the April-June quarter to $1.70 billion, an increase of $160 million from the same quarter of 2012. *(Reuters)*

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Ghana

Corporate News

Fortiz Private Equity has announced today December 4, 2013 it has completed the acquisition of Merchant Bank Ghana. In a statement, the firm said it "has met the requisite and immediate conditions set by the Bank of Ghana". It thanked management and staff of Merchant Bank for their support through this process. Fortiz indicated that it is currently in the process of forming a strong executive team to execute the vision of the shareholders. It promised to "aggressively pursue all defaulters" and reinvest recovered bad loans into the bank to ensure a sizeable balance sheet to support the growth of the bank's business. *(Ghana Business News)*

Economic News

The Bank of Ghana says inflationary pressures have increased; with headline inflation rising from 11.5 per cent in August to 13.1 per cent in October. Dr Henry Kofi Wampah said non-food inflation was the main driver as it picked up from 14.2 per cent to 17.7 per cent while food inflation declined from 7.9 per cent to 6.9 per cent. Dr Wampah who was presenting the Bank's Monetary Policy Committee's (MPC) Report in Accra said the updated real Composite Index of Economic Activity (CIEA) data suggests a continued rise in economic activity in the third quarter of 2013. He noted that at the end of September 2013, the real CIEA grew by 7.5 per cent from the 5.8 per cent recorded in July. The Governor said the key drivers of economic activity for the third quarter were Deposit Money Banks (DMBs) credit to the private sector, industrial consumption of electricity, Social Security and National Insurance Trust contributions and port activity. He said: "The consumer and business confidence indices fell during the period. The overall consumer confidence index stood at 89.3 in October, down from 97.2 in August. Similarly, the business sentiments indicator dipped to 90.8 in September from 92.4 in June. "The surveys also indicated heightened inflation expectations by both consumers and businesses." He said provisional data on the execution of the 2013 budget for the first nine months of the year show that both revenue and expenditure fell short of their respective targets. However, the shortfall in revenue was much higher than the reduction in expenditure. Dr Wampah said total revenue and grants amounted to GH¢13.9 billion (15.9 per cent of GDP) falling short of the target of GH¢16.3 billion (18.4 per cent of GDP). He said the shortfall in government receipts was mainly the result of lower than budgeted domestic revenue collections on account of lower import volumes, decline in commodity prices on the world market and slowdown in economic activity during the first half of the year, due partly to the energy crisis.

"Total expenditure, including payments made for the clearance of arrears and outstanding commitments, was GH¢21.2 billion (24.3 per cent of GDP) compared with the budgeted ceiling of GH¢22.7 billion (26.1 per cent of GDP). "Compensation of employees of GH¢6.6 billion and interest payments of GH¢3.3 billion, represented 74.1 per cent of domestic revenue. "The overall budget deficit for the first nine months of 2013, was GH¢7.3 billion equivalent to 8.4 per cent of GDP, against a target of 7.2 per cent. The deficit was financed mainly from the domestic sector, resulting in a Net Domestic Financing of the budget of GH¢5.1 billion (5.9 per cent of GDP), compared with the budget target of GH¢4.7 billion (5.4 per cent of GDP), he stated. The Governor said the total public sector debt stock as at end of September 2013 was GH¢46.1 billion (53.5 per cent of GDP), up from GH¢35.1 billion at the end of December 2012. He said the total public sector debt was made up of a domestic debt stock of GH¢24.9 billion, up from GH¢18.5 billion in December 2012 and external debt stock of US.8 billion, up from US.8 billion as at the end-December 2012. The Governor said based on their MPC's report the bank had maintain its policy rate at 16.0 per cent, adding that the upside risks to inflation, though elevated, are mainly structural and therefore might not need to be addressed by a policy rate adjustment at this time. *(Ghana Web)*

The Electricity Company of Ghana (ECG) says it is confident of reducing its system losses to 21 percent --the benchmark set by the Public Utilities Regulatory Commission (PURC) -- by close of next year. ECG Managing Director William Hutton-Mensah, who was speaking at the West African Power Industry Convention (WAPIC) in Accra, said the power company has been able to reduce its system losses by 5 percentage points in one and a half years. System losses reduced from 27.2 percent in December 2011 to 22.48 percent in April 2013. This gain, the company said, was achieved through the introduction of multiple interventions including proper accounting and reporting procedures for street and public lights consumption. "We are very confident and hopeful that next year we will reach the PURC benchmark. Within the next two years, our projection is that we should be able to get to 17 percent; then in the next five years, we'll get to the international benchmark of 15 percent," Mr. Hutton-Mensah said. "It must be noted that a number of street and public lights were not metered; therefore consumption in the past was captured as part of system losses. By counting all the public and streetlights, ECG was able to calculate and confirm that the energy consumption of existing public lights is about 5% of total energy purchases, instead of 3% accounted for," he added. He said ECG has introduced an automated meter reading (AMR) system for its industrial customers that has enabled it to monitor customers' real-time energy consumption. "The company is also strengthening its Loss Control Unit (LCU) across all operational areas to unearth theft-related activities. The benefit is that more units of energy (which previously were included in system losses) are recovered, and billing is done according to retrieved funds belonging to ECG," he added.

Apart from partnering the Ministry of Justice and Attorney-General to establish the utility courts, ECG said its implementation of the System Losses Reduction Project in the Teshie District and Accra West District has been very successful. "The company is still intensifying its efforts and is ready to explore new and challenging systems that will lead to more meaningful reductions in both technical and non-technical losses," the MD said. This year's WAPIC, which was hosted and sponsored by the ECG, brought together experts from the sub-region to discuss how utility providers can further reduce system losses and boost revenue. *(Ghana Web)*

The Bank of Ghana (BoG) has affirmed that the country will not meet its end of year inflation rate target. Government set an end of year target of nine percent for this year. However, an increase in the price of petroleum products early this year saw inflation rate hitting double digits. From 10 percent in February, inflation rate is now at 13.1 percent. Early this year, the BoG asserted that based on its own econometric models the target was likely to be met. But Governor of the Central Bank, Dr Henry Kofi Wampah says the end of year rate will not be met and would be much higher than the target set. "We think it will still be around where it is now about 13.1% I don't think that it will be very different from this perhaps a little bit lower than that but definitely we believe that it will be higher than the nine percent. Of course it cannot come down to below 9% or the target of 9% or even the upper part, it is unlikely that we will see it falling within the upper limit of 11%." "So we think it will remain there but as we said the main reason we think is the tariff increases especially occurring very late in the year," he added. *(Ghana Web)*

The Netherlands Embassy has signed a seven million- Euro grant for a four-year Cocoa Rehabilitation and Intensification Programme (CORIP). The grant is expected to leverage additional private sector cocoa industry funding of 14 million Euros. The project managed and coordinated by Solidaridad West Africa was jointly developed by a consortium of cocoa sector partners and industry companies including international Fertiliser Development Corporation, Armajaro, Cargill, ECOM, Barry Callebaut, ADM and Continaf. The Dutch Ambassador, Hans Docter noted that the support from his country aims at developing economic, social and environmentally sustainable support for cocoa farmers in the main cocoa producing regions of the country. He said the programme is a good example of current Dutch policy of combining trade and development cooperation. "The programme shows that public and private interests can go hand in hand to add value, without the government having to take on additional burden increase export revenue, make production more sustainable and improve farmer's profit," he said. Mr Isaac Gyamfi, Managing Director Solidaridad said the programme would provide the necessary technical support for farmers to rehabilitate old farms and intensify existing cocoa systems. It will work with the Cocoa Research Institute of Ghana and Coco Board to boost availability of improved planting materials for the farmers, he said. He explained that the programme would target entrepreneurial farmers who really want to develop their cocoa farms into sustainable and viable business enterprises. Mr Gyamfi said CORIP would promote the establishment and operation of cocoa Rural Service Centres (RSCs) that would promote and upscale cocoa production in a sustainable self financing way. "RSCs would privately run entities that provide training, information, inputs and other technical support for improved cocoa production," he said, adding that the programme targets the rehabilitation and intensification of between 60-80 hectares. The Netherlands is the largest importer of cocoa from West Africa. Ghana is the second largest producer of cocoa in the world with total bean sales averaging $ 2 billion per annum. (*Business Ghana)*

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TRADING

Ghanaian legislators have approved the 2014 Budget in which the government plans to spend $15.5 billion next year. Parliament made the approval yesterday December 4, 2013. The estimated expenditure for the year represents 17.7% rise over the projected outturn for 2013, according to the country's 2014 Budget Statement presented in Parliament November 19, 2013 in Accra. Ghana raised its spending budget for 2014 fiscal year to $15.5 billion (GH¢34.9 billion) equivalent to 33.1% of GDP. Finance Minster Seth Terkper said the spending will also cover arrears and outstanding commitments. "…Of this amount, GH¢2,816.2 million, equivalent to 2.7% of GDP and 8.1% of total expenditure will be used for the clearance of arrears and outstanding commitments," he said. The government expect to raise GH¢26 billion, equivalent to 24.6% of GDP, in revenue and grants in 2014. "Based on the revenue and expenditure estimates, the 2014 budget will result in an overall budget deficit of GH¢8.9 billion, equivalent to 8.5% of GDP," Terkper noted. According to the Finance Minister, financing of the budget deficit will be from both domestic and foreign sources. *(Ghana Business News)*

Standard & Poor's Ratings Services revised on Friday its outlook on the Republic of Ghana to negative from stable following a deterioration in the country's fiscal and external position. "The negative outlook indicates at least a one-in-three possibility that we could lower the ratings on Ghana within the next 12-18 months, due to its weakening fiscal and external profile," the ratings agency said. For now, S&P has affirmed its 'B' long-term and 'B' short-term foreign and local currency sovereign ratings on Ghana. *(Reuters)*

Kenya

Corporate News

The ministry of Energy and Petroleum has been forced to postpone a meeting on how Essar Energy will give up its shareholding in the Kenya Petroleum Refineries Limited after the Attorney-General delayed to give a legal opinion. In a telephone interview with the Nation.co.ke, Energy cabinet secretary Davis Chirchir said that the government is planning to meet its partner, Essar Energy, to agree on the latter's terms of exit. "There is an exit procedure that we consulted the Attorney-General. We decided that it is not proper that we hold a board meeting without the correct legal opinion. We have asked Essar to set up a new date for the meeting this week," said Mr Chirchir. Early last month, the two shareholders met but failed to agree on Essar's terms of exit from KPRL. It is alleged that Essar is demanding that the government commits to take up all costs that will be associated with the closure of the refinery including staff salary arrears and outstanding bank loans. The move could see the economy shoulder a heavy financial burden should the region's only refinery shut down. Mr Chirchir said the government is keen on closing the refinery and converting it into an oil storage terminal to be run by the Kenya Pipeline Company. In doing so, jobs of about 200 KPRL employees would be put at risk. However, he noted that KPRL workers will be absorbed in other parastatals within the Energy ministry. "We intend to put up a new refinery at Lamu under the Lapsset project and if we did this it wouldn't make sense to have another refinery at Mombasa," said Mr Chirchir.

It has been argued that the current refining technology at KPRL is not sufficient to handle heavy crude bearing similar characteristics as the oil discovered in Kenya since March last year. Essar gave a notice of its intention to exit KPRL in October this year after questions were raised by the parliamentary committee on energy and public investments on how the firm acquired a 50 per cent stake at the refinery. The Indian giant paid $2 million to acquire the shareholding after cutting the amount from an initial commitment of $11 million, denying the Treasury $9 million. *(Daily Nation)*

Nation Media Group (NMG) and telecommunications firm Safaricom have launched an application that allows readers to get an e-version of its print publications using tablets. The application, which will initially allow NMG readers to access the Daily Nation using an alternative platform, comes with a three months free subscription exclusively on tablets bought at Safaricom shops. Safaricom said the adoption of e-paper is geared at taking advantage of the opportunities presented by technology to feed into evolving consumer needs and lifestyle. "This being the digital age, we cannot shut our eyes to the increased uptake of tablets as handy tools for business and social communication," said Morris Maina, head of Internet and content at Safaricom. The two companies are leveraging on their strong products in the market to come up with an ideal service for customers.

"We offer the fastest, reliable and affordable data bundles while the Nation Media Group offers it's credible and widely-read newspaper," added Mr Maina. The adoption of the e-paper serves to compliment NMG's hard copy and offers readers convenience and faster access to current news. Customers buying tablets from Safaricom shops across the country will be able access the service at no cost for a period of three months, after which they will be required to subscribe. "Our primary interest with this partnership is to make available our quality content to an even larger audience," said Agastee Khante, general manager Nation Digital Division. The offer is currently valid for users who bought tablets from November 1 onwards, but there are plans to introduce the service to smartphones as well. To access the e-paper from the tablet, users first need to install the Safaricom newspaper reader application by downloading it from the Safaricom website. The e-paper can be archived up to seven days after downloading, allowing the user more time to flip through the pages. The archiving service is a benefit to busy business personalities. The e-paper, which comes in high resolution PDF, is not prone to misplacing, tear or spills and will help readers catch up on news conveniently without having to buy the physical paper. The app also notifies the reader at 6am every morning that their Daily Nation e-paper is ready for downloading and reading. The technology has been developed and powered by NMG, which is the only mainstream media house that is offering its newspapers in an e-format.

NMG has been keen to capitalise on the growing uptake of technology to reach more readers. In the last one year, the company has developed a number of technologies for its customers, the most recent is NationHela. The money transfer service got NMG nominated in the Forbes Africa Magazine as one of the top 10 most innovative companies in Africa, primarily on its digital platform. This platform is closing in on eight million unique users monthly — making it one of the largest digital players in Africa, according to Google analytics. NMG also has a social fan base of four million Facebook users and 1.25 million Twitter followers. "With changing consumer habits and increased tablet and smartphone usage, it's a logical step for media and telecom firms to partner and offer services to consumers — which adds value to their digital experience," Mr Khante said. At the moment the app is available on the Android operating system. However, customers purchasing iPads from Safaricom shops will also be able to enjoy the service. The downloaded paper format can be read offline at no extra cost, saving users money. Upon expiry of the free subscription; readers can visit the dn.nationmedia site to register. Subscription packages range from weekly to annual rates and payments can be made through Visa credit cards and M-Pesa money. Safaricom clients who don't qualify for the offer can also subscribe for the e-paper. "There are more innovations in the pipeline and we have a full roadmap to execute," said Mr Khante.

Safaricom, in its most recent annual report, disclosed that smartphone sales accounted for 51 per cent of its products revenue up from 41 per cent in 2012, indicating the increased uptake of the technology among readers. The partnership will help the telecommunications firm boost the sale of tablets and other such devices, which consumers are increasingly using to access content. Safaricom had 2.3 million 3G devices on the network, according to its annual report for the period ended March 2013, of which 1.2 million are smartphones. NMG also offers other products such as the Business Daily on an e-format. Another of NMG's online publications is Africa Review, while other print publications include The EastAfrican, Taifa Leo, Nairobi News, Daily Monitor in Uganda and The Citizen in Tanzania. NMG promises to launch more innovations in future. "There are more innovations in the pipeline and we have a full roadmap to execute," Mr Khante assured readers. *(Daily Nation)*

Kenya's top telecoms operator Safaricom has bought extra capacity on an undersea fibre-optic cable, its CEO said on Wednesday, underscoring its need for more bandwidth as it expands in the fast-growing data segment. Safaricom is the most heavily traded stock on the Nairobi bourse, frequently accounting for two thirds of daily traded volumes, and investors watch its non-voice services keenly because they account for just over a third of revenue. The East African Marine Systems (TEAMS) cable, which links Kenya to the outside world through the United Arab Emirates, is partly owned by the Kenyan government and its landing in 2009 speeded up Internet connections in the east African nation. Chief Executive Bob Collymore told Reuters the capacity purchase, which gives the firm which is partly owned by Britain's Vodafone an extra 10 percent in the cable above its original 20 percent shareholding, had been concluded because "extra capacity can always be used". Collymore said Safaricom had paid the same as the seller, Essar Telecom's local unit Yu, had originally paid for it, without providing the exact figure. Data is one of the fast-growing segments for Safaricom, accounting for 8 percent of total revenue of 5.47 billion shillings in its first half through September. *(Reuters)*

Economic News

Kenya's year-on-year inflation rate fell to 7.36 percent in November from 7.76 a month earlier, raising the likelihood that the central bank will keep interest rates on hold when it meets in January. The central bank held its policy lending rate at 8.50 percent at its last meeting in November, saying inflation was within an acceptable margin of its medium-term target of 2.5 percent to 7.5 percent. "It's a good number, it is within the target range and if it remains flat in December it gives the central bank room to hold the central bank rate (CBR)," said Ignatius Chicha, treasurer at Citibank Kenya. However, some analysts said that given the economic recovery that is under way, a healthy credit growth cycle and positive outlook for demand, more inflation pressure is likely in the months to come. "Given the relative stability of the shilling, there isn't yet a need for tightening, although this may change around March next year, when we see a further rise in the CBR," said Razia Khan, head of Africa research at Standard Chartered bank. The food and non-alcoholic beverages index, which accounts for just over a third of the consumer price index basket weight, increased by 0.40 percent in November from the previous month, the statistics office said on Friday. The housing, water and energy index increased by 0.52 percent, the statistics office said, while transport costs fell 0.42 percent during the month after diesel prices dropped, and the price of kerosene fell by 2.55 percent. *(Reuters)*

Kenyan remittances were on course for a record high in 2013 after central bank data showed Kenyans living abroad sent home $112.9 million in October, 23 percent more than the same period last year. Remittances, a leading source of foreign exchange for east Africa's biggest economy alongside tea, horticulture and tourism, hit a total $1.06 billion in Jan-Oct of 2013, and will almost certainly exceed the record $1.17 billion received in 2012. The average monthly remittance inflow in the 12 months to October was $105.6 million. *(Reuters)*

The top price of Kenya's benchmark coffee grade rose to $402 per 50-kg bag at auction on Tuesday from $310 kg per bag at the previous sale, the Nairobi Coffee Exchange (NCE) said. Kenya's specialty coffee beans are sought after by global roasters who blend them with coffee of lesser quality from other producers. During the sale, grade AA fetched $402-$139 per bag from $310-$139 per bag at the last sale on November Grade AB fetched $239-$109 per 50 kg bag from $223-$142 at the previous sale, the NCE said in a market report. Some 16,804 bags were offered for sale at the auction and only 5,268 bags got buyers at an average price of $181.09 per bag for a total value of $1.17 million, the NCE said. Some 18,710 bags of coffee were offered at the last sale, with 4,417 bags sold at an average price of $182.06, fetching $985,974 in total. *(Reuters)*

The capital markets regulator is finalising works on a ten-year master plan it hopes will transform Kenya into an international financial hub. Speaking in Nairobi yesterday, Capital Markets Authority acting chief executive officer Paul Muthaura said the blueprint will introduce far-reaching reforms in the country's financial sector so that it becomes more attractive to local and foreign investors. ''The capital market is expected to play a pivotal role in the realisation of the development ambition of Kenya as captured in the Vision 2030, including the setting up of the Nairobi International Financial Centre, which is key in taking the country to the next level of double-digit economic growth,'' Mr Muthaura said. The Capital Markets Master Plan (CMMP), according Mr Muthaura, is expected to ensure that the Kenyan capital market is well positioned to support national economic growth and meet future challenges arising from regional competition and globalisation. Key pillars in the master plan include supporting developmental and economic transformation, the infrastructure of markets and the legal and regulatory environment.

The key areas of intervention were identified through stakeholder consultations led by a steering committee comprising of industry players, other regulators and government agencies. Stakeholder consultations were complemented by in-depth research, which included a comparative assessment of more than six International Financial Centre (IFC) models across the globe to determine the most relevant combination of strategies that would make an IFC work in Kenya. The new master plan is expected to be launched in the first quarter of next year. *(Daily Nation)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News This Week

Mauritius

Corporate News

No Corporate News this week

Economic News

No Economic News This Week

Nigeria

Corporate News

The Banker magazine, a publication of Financial Times of London, has named Zenith Bank Plc, the "Bank of the Year Nigeria 2013" at an award ceremony held at the Intercontinental Park Lane Hotel, London. The award ceremony, which was attended by leading personalities and institutions in business and finance from around the world, celebrates the achievements of the world's leading financial institutions. Nominees for the award were judged by their ability to deliver shareholder returns and gain strategic advantage in terms of market visibility and positioning. The award was also indicative of the level of trust and confidence on the brand and is a testament to the strong management, sound business model and prudent risk approach of Zenith Bank. According to The Banker magazine, Zenith Bank was selected based on the overall performance of the institution and the opinion of leading financial analysts from the world's financial markets. Receiving the award on behalf of the bank, the bank's Group Managing Director, Mr. Godwin Emefiele, dedicated the award to his bank's customers while commending management and staff for working excellently to build Zenith into a respectable global brand. He said: "The bank's competitive advantage as a financial powerhouse for value creation in Nigeria and the several achievements and successes of the brand are a result of a strategic combination of people talent, proprietary knowledge, strong brand equity, leadership, integrity and relationship management." Earlier in the year, Zenith Bank was named Nigeria's largest financial institution by The Banker Magazine. In its 2013 rating of the world's Top 1,000 banks, magazine listed the bank as Africa's 6th largest by Tier 1 capital having grown its Tier I capital to $2.969 billion within 12 months.

Zenith Bank has continually evolved through innovation, dynamism, insight and leadership and has ultimately become a brand respected globally for its tremendous success in the deployment of cutting-edge technology, niche marketing, competitive advantage, provisioning and unwavering commitment to providing best-in-class service to its customers. An eloquent attestation of Zenith Bank's best-in-class customer-centric service delivery was made by KPMG in its 2013 Banking Industry Customer Satisfaction Survey (BICSS). Zenith Bank Nigeria was ranked the best Customer-Focused bank in both the retail and corporate banking categories on the basis of a Customer Satisfaction Index (CSI) which took into account key factors like, Convenience, Product/Service Offering, Transaction Methods and Systems, Pricing and Customer Care. The survey covered more than 14,000 retail customers, 3,000 SMEs and 400 corporate/commercial organisations across Nigeria. The bank maintains a sound corporate governance culture in line with global best practices. The bank's core values include service excellence, investment in human capital development, superior asset quality and strong credit culture. It also prides itself as having good and sustainable earnings, strong capital base, unrivalled professionalism and community development. This reflects in the bank's consistent impressive growth pattern and performance, which have earned Zenith Bank excellent ratings from local and international agencies. *(This Day)*

Economic News

The value of retail trading in bonds on the Nigerian bourse has soared by 2, 400 per cent 10 months after the Nigerian Stock Exchange (NSE) launched the programme in the capital market. Retail trading of bonds on the Nigerian bourse was launched in February, thereby opening a widow for low networth investors to enjoy the benefits of investing in bonds. Before February, retail investors lacked access to and could not participate in the bonds market because of the huge capital requirement needed coupled with the non- existence of a secondary trading platform in bonds on the Nigerian bourse. These factors rendered trading in bonds the exclusive preserve of high networth individuals and capitalised institutional investors. However, the NSE launched the window for the retail trading, giving investors access the bonds market with a minimum of N10,000 and enjoy regular returns on investment among other benefits. THISDAY checks showed that 10 months after the introduction of the programme, value of retail bonds traded on the Nigerian bourse had risen to N200 million, compared with N8 million transacted for the whole of last year. The Head, Product Management, NSE, Mr. Dipo Omotoso, who confirmed this development to THISDAY said, it was an encouraging trend. "The introduction of retail bonds trading has had positive impact so far. We recorded N8million last year but so far, we have done about N200 million worth of trades this year," Omotoso said. Speaking on the commencement of the retail bonds trading the Chief Executive Officer of the NSE, Mr. Oscar Onyema, had expressed satisfaction that the exchange had been able to activate a platform that would allow retail investors participate in fixed income securities market.

He explained that the NSE retail bonds trading platform would exist alongside the existing over the counter (OTC) market. "The retail bonds trading is very complementary to the OTC market because the OTC market is very institutional and ticket prices are bigger. What we are doing (through the retail bonds trading) is to really try to bring the retail participants into the fixed income market," he said. Onyema explained that the days bonds were considered exclusive preserve of institutional Investors and high networth individuals were over, saying low networth investors would now have access to bonds on the floors of the exchange. According to him, investors buying the bonds would enjoy low risk, fixed and regular income, access to various types of bonds including governments and corporate bonds, capital appreciation and opportunity of free entry and exit. *(This Day)*

Nigeria plans a huge jump in domestic sugar production over the next six years to cut dependence on imports and satisfy growing demand from a population with rising incomes but still faces major challenges such as poor infrastructure. The government is eager to make Nigeria self-sufficient in sugar by 2020 to cut its $11 billion-a-year food import bill and has announced plans to spur investment in domestic output. It is targeting annual production of 1.7 million tonnes of sugar by 2018, a huge increase from the paltry 40,000 tonnes produced in 2012/13, a report by Ecobank said. Sugar production in Africa's second biggest economy has been neglected over the past half century as investors poured money into the oil industry, but the government's eagerness to revive the farming sector and reduce the country's dependence on oil could bode well for sugar. "Nigeria has abundant natural resources actually to support sugar growth, but it was abandoned down the line because Nigeria had too much (focus on) oil," Abdullahi Sule, Managing Director of Dangote Sugar Refinery, told an International Sugar Organization (ISO) conference. Nigeria consumed about 1.2 million tonnes of sugar in 2012/13 and consumption is expected to reach 1.5 million tonnes by 2020, according to the Ecobank report. But Edward George, head of soft commodities research at Ecobank, said consumption was rising fast and could well exceed his initial forecasts. "It's finger in the air stuff but I would not be surprised if it (consumption) was 2 million tonnes by 2020." Nigeria's growing urban population and rising income levels are likely to drive demand for sugar in the coming years, as urban populations tend to consume more sugar than rural ones. Some hope increasing Nigeria's sugar output could not only help the country meet domestic demand but also turn it into a major exporter.
"A lot of those countries (in west Africa) are going to be relying on Nigeria," Sule told Reuters after his speech last week. But George said this was ambitious, as meeting Nigeria's growing domestic demand was already likely to be a huge feat. "To suggest it would be the supplier of the region...I think that's very unlikely." There are investment plans in the pipeline, but it is not clear whether they will be enough to ramp up production to reach the government's targets. Dangote said in September it would invest $1.5 billion in sugar cane while its competitor Flour Mills of Nigeria also announced plans for investment in sugar production. However, Nigeria's poor infrastructure will remain a major barrier to the expansion of sugar production. "It will take long term and huge investment in public infrastructure and human/material resources for the country to catch up with the current and fast growing demand," the U.S. Department for Agriculture said in a report. *(Reuters)*

The decline in Nigeria's crude oil revenue this year may negatively affect the budget framework for 2014, a report has stated. The report noted that this might make the federal government to initiate policies such as an increase in taxation, subsidy removal or the enforcement of due process going forward. The Managing Director/Chief Executive Officer, Financial Derivatives Company Limited (FDC), Mr. Bismarck Rewane, stated this in a report presented at the Lagos Business School, a copy of which was obtained yesterday. The federal government last week said it was targeting N2.95 trillion in tax revenue from the non-oil sector in 2014 by tightening the noose around tax evaders. Coordinating Minister for the Economy and Minister Finance, Dr. Ngozi Okonjo-Iweala, said over 75 per cent of small-scale business operators had the penchant for tax evasion in the country. However, commenting on the events to watch in 2014, Rewane argued that there could be an oil price shock which may cause prices to decrease on increased supplies and relative calm in the Middle-east. This could translate to less revenue to the government. Furthermore, Rewane pointed out that there may be a depreciation of the naira and further hike in the Cash Reserve Requirement (CRR). He also noted that the anticipated hike in CRR would lead to mopping up of liquidity and thereby impacting on banks' profitability. Specifically, he argued that 30 per cent of banks' profit may be eroded. "Banks may remain attractive despite impact on profits. The Central Bank of Nigeria (CBN) targets a low-inflation rate of six to nine per cent in 2014. Further monetary policy tightening anticipated in January. Coordination between fiscal and monetary policy required to ensure stabili ty," he added.

According to Rewane, the rapidly-growing internet penetration in the country increases the use of smart phones and tablets. The number of active mobile GSM lines rose to about 118 million in September 2013, from 109 million at the end of 2012. Mobile internet data subscription also improved to 50 million subscribers in July 2013, from 31 million subscribers in 2012. He listed some of the challenges in the retail industry to include huge Infrastructure deficit estimated at $360 billion, lack of inclusive growth, weak productivity compared to global standards and inadequate access to finance. Others include high administrative cost, export performance which had been dampened by slowdown in commodity prices, regulatory pressure and political impasse. Rewane described 2013 as a year of mixed fortunes for the country, noting that while inflation, money supply, stock market capitalisation improved; government revenue, the parallel exchange rate, external reserves, excess crude account, aviation safety declined. "If oil prices fall below $100 per barrel and production is flat, there will be increased rate of depletion of external reserves, about 20-25 per cent revenue shortfall resulting in a wider fiscal deficit beyond benchmark of three per cent of GDP or $9billion. "Depreciation of the naira in all market segments. Increased domestic and foreign borrowing by two per cent and tinkering with exchange control regulations," he added. *(This Day)*

Tanzania

Corporate News

No Corporate News this week

Economic News

Energy firms Statoil and ExxonMobil have made yet another big gas discovery off Tanzania, Statoil said in a statement on Friday. The field discovered contained 2-3 trillion cubic feet (tcf) of gas (360-540 million barrels of oil equivalent or boe), bringing the total gas resources in the area where the companies have a joint license to 3.06 to 3.6 billion boe, Statoil said. *(Reuters)*

Zambia

Corporate News

No Corporate News this week

Economic News

Zambia's central bank left its benchmark lending rate unchanged at 9.75 percent for the sixth straight time on Friday, it said in a statement. The bank's monetary policy committee said while recent inflation outcomes were in line with expectations, it expected increased price pressures in December from holiday season consumer demand and the recent weakness of the kwacha currency. "However, these inflationary pressures are likely to be moderated by the effect of the relatively tight monetary policy stance that the central bank has taken," it added. *(Reuters)*

JAPAN and Zambia have tripled their bilateral trade volume to nearly 16 billion yen (US$156 million) over the last three years, says a Japanese envoy. Hideki Yamaji, the Japanese deputy chief of mission in Zambia, said the ties between the two countries have strengthened further over the years. "Investment in Zambia is also on the rise. In July this year, we witnessed the opening of Toyota Tsusho Zambia office here in Lusaka. Prior to this, Hitachi Construction Machinery started operating a re-manufactured parts plant, Japan Tobacco International also opened its office in Zambia," he said. Yamaji was speaking in Lusaka on Tuesday at a reception to celebrate the 80th birth Anniversary of His Imperial Majesty, Emperor Akihitoce of Japan. In the area of economic aid, he said the Japanese government had provided 213.9 billion (K11.6 billion) to Zambia up until the end of March 2012. This is in the form of grants, loans and technical assistance. "This year, we have continued to actively extend our assistance to Zambia, including grant aid projects for constructing the inner ring road (K150 million) and upgrading Lusaka health centres to district hospitals (K100 million)," Yamaji said.

Next year, he said, the Japanese embassy, together with the Zambia Development Agency and the Japan External Trade Organisation (JETRO), would co-host a trade and investment promotion forum in Lusaka to boost trade and investment between the two countries. And agriculture deputy minister Greyford Monde who officiated at the event commended Japan for its efforts in boosting private sector development in Zambia. He also noted that Zambia had been one of the top recipients of Japanese Official Development Assistance (ODA) in sub-Saharan Africa. Monde further said the Zambian government welcomed Japanese new country assistance strategy which would cover areas of technical assistance for expanding the areas of irrigation and diversifying food crops in the agriculture sector, development of the road network in the country as well as boosting power generation. *(Post Zambia)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Zimbabwe

Corporate News

ZIMBABWE Stock Exchange-listed Dawn Properties Limited posted an after tax profit of $800 792 for the six months to September, a decline from $995 492 reported in prior year weighed down by administrative costs incurred after the company's rationalisation exercise. Dawn Properties chairman Phibion Gwatidzo said revenue remained flat at $2,8 million while operating profit was up 185% to $874 791. Administrative expenses rose to $2,1 million from $1,8 million. "The hosting of the United Nations World Tourism Organisation positively impacted not only our revenues, but tourism in general and the benefits are expected to flow as tourist arrivals increase," Gwatidzo said. "The lease restructure initiative is in progress and completion is expected in the second half of the financial year. "The recent change shareholding is also expected to impact business performance positively." He said the hotel portfolio achieved a 3% increase in turnover to $1,3 million due to a 23% growth in revenue per available room at Elephant Hills resort which hosted the conference, while revenue per available room for Crowne Plaza Monomotapa grew by 1%. Dawn Property Consultancy business turnover increased by 6% from the prior year.

"Overally, the business has been negatively impacted by the adverse liquidity situation which has led to reduced rent collection rates, resulting in reduction in commission earned from rent collections and valuation mandates from clients," Gwatidzo said. Gwatidzo said operating profit for the period stood at $345 307 compared to last year $515 609 because of the once-off costs associated with branding. He said the steady progress has made towards the development of the residential estate at Marlborough and the project will be operation by 2014. *(News Day)*

The Agricultural and Rural Development Authority (Arda) plans to revive its tea plantations in the eastern highlands in February next year using proceeds from its Green Field ethanol project, an official said on Friday. Arda partnered Macdom and Ratings Investments to form Green Fuel, which owns the Chisumbanje ethanol plant and the authority receives a percentage from the profits generated through the joint venture. "We have secured relative revenue from the ethanol production (and) we decided to use the money generated from the partnership to fund agricultural programmes and tea plantations is one of them," Basil Nyabadza, the Arda chairman told The Source. This could see the return of the popular Katiyo Tea to the shop shelves, he said. "The revival of tea plantations is vital for us and we think it would help if we engage more out growers which would increase our output," he said. Nyabadza said the collapse of the tea plantations and poor prices had seen many farmers abandoning tea growing in favour of bananas. The number of tea growers fell by 60% to 1 200 from 3 000 in 2005. As of September, tea was selling at seven cents per kg. *(News Day)*

AFRASIA Kingdom Zimbabwe Limited (AKZL) shareholders have approved the group's $100 million capitalisation exercise despite initially raising concerns over the bank's bad loan book and name change. Speaking at the group's incident-filled extra-ordinary general meeting in the capital on Friday, which among other issues approved the repurchasing of shares owned by a company linked to founder Nigel Chanakira, some shareholders said management should up the gear in managing risk after the company incurred losses due to rising non performing loans. The repurchase of Crustmoon's 30% in the financial services group is expected to pave way for the group's two-pronged recapitalisation exercise involving a private placement and rights offer. Under this initiative, $5 million will be raised through a rights offer underwritten by AfrAsia Bank Limited (ABL) and $15 million via a private placement. The group will undertake subsequent phases of private placement to raise $80 million. Group chief executive officer Lynn Mukonoweshuro said Chanakira would get $2,5 million in cash and retain the Kingdom trademark , an arrangement some shareholders felt was prejudicial to them. She said there was no value attached to the Kingdom brand adding that the group remains optimistic that it will retain to profitability. "After research was done, it's very clear the trademark is closely associated with the founder, and the two brands are intricately intertwined, therefore there was no value ever placed on the trademark . . . The directors took a view that the founder of AKZL perhaps deserved a hand in refocusing his business strategy while allowing the group to move forward with our own business strategy," Mukonoweshuro said.

Some shareholders felt that renaming of the bank could affect business prospects since the AfrAsia brand is yet to be fully established in this market. Mukonoweshuro said some of the assets to be transferred to Chanakira were non-performing loans where prospects of recovery are limited. Minority shareholder John Pilgrim said he was unhappy over the bank's decision to enter into transactions without bankable security. The resolution on the issuance of preference shares had to be decided by a secret ballot after a request by one of the shareholders, Old Mutual. Old Mutual, through is life assurance arm and Old Mutual Zimbabwe Limited has 5,6% in AKZL which was inadequate to call for a secret ballot according to AKLZ's articles of Association. Two other shareholders supported Old Mutual. After a secret ballot, 93% voted in favour of the issuance of preference shares and the motion carried the day. AKZL non-executive director and a representative of ABL, Kamben Padayachy, said the Mauritius-based anchor shareholder would remain committed in the bank and would ensure that effective credit processes are in place. *(News Day)*

Global fuel company Puma Energy has acquired a significant shareholding in Redan Petroleum for an undisclosed amount. Puma Energy head of media relations Ms Victoria Dix said in an e-mailed statement to the Herald Business that her company had completed a transaction with Redan after obtaining all local regulatory approvals. "We can confirm Puma Energy has bought an equity stake in Redan Petroleum. The Redan management team will continue to run the business as usual," she said. "Puma Energy and Redan have obtained the necessary regulatory approvals." She, however, refused to disclose the value of the deal and the size of the shareholding they have acquired although initial indication were that Puma Energy was eyeing a 60 percent stake in Redan Petroleum. Initial indications were also that, if the transaction sails through, Puma Energy would pay between US$20 and US$24 million for the shareholding, according to an independent valuation done by a local advisory firm. Mr Tafadzwa Chigumbu, who owned 100 percent equity in Redan, confirmed reducing his shareholding to attract capital. "I can confirm that we closed the transaction early November after obtaining all regulatory approvals," he said. "We would like to thank the authorities for approving our transaction. We are now focused on growing Redan and participate in the growth of our country.:"

Puma Energy, which has operations in 33 countries, including neighbouring Zambia and Botswana, is a joint venture between Trafigura, one of the world's leading commodities traders, and Sanagol, an Angolan state-owned firm on a 55-45 percent shareholding basis. The Puma Energy investment has come at a time when there is a scramble for investment in Zimbabwe's fuel industry. Bulk fuel operators are now dominated by foreigners, some who once had operations before. Redan, suffering from fuel interruptions due to funding constraints, requires at least US$20 million "but it is always a moving target", Mr Chigumbu told The Herald Business in a recent interview. But Ms Dix said "we do not wish to disclose future plans" or how Puma Energy intends to recapitalise the business. Redan Petroleum, then co-owned by Mr Chigumbu and Mr Nigel Earle, started fuel imports in 2004. Mr Earle sold his 50 percent shareholding to Mr Chigumbu in 2010 for US$8 million. Since then, Redan has been pursuing various recapitalisation avenues including listing 40 percent of its issued shares on the Zimbabwe Stock Exchange. Investec of South Africa and Chinese oil company Sinopec also made offers for significant shareholding in the company. Redan sells an average 18 million litres of fuel per month and employs about 600 workers. It operates 67 service stations countrywide. *(Herald)*

MEIKLES Limited only managed to trade itself out of a possible significant loss in the interim to September 2013 due to a significant growth in interest income anticipated as yet unpaid investment deposit at the Reserve Bank of Zimbabwe.With revenue in the six months to September 30 remaining largely unchanged at US$190 million from US$189 million in the comparative period last year, the company appeared firmly headed for a loss considering trading activities had failed to yield positive returns. But US$42,7 million accrued interest income emanating from the deposit, the central bank lifted the conglomerate to a US$37,5 million profit for the period from a US$406 000 loss in the comparative period last year. Meikles finance director Mr Onias Makamba said the company has been in discussions with the RBZ regarding the terms on the RBZ deposit with retrospective implications and the aspect regarding the return on the deposit had been concluded as reflected in the interim financial statements. "Our interim results are prepared in conformity with International Financial Reporting Standards and are consistent in all material respects with the policies applied in previous financial periods," he said. However, he would not explain circumstances behind the non-trading income vaulting from US$3 million in the six months interim to September 2012 to US$42,7 million in the half year period to September 2013. Ostensibly, the company accounted for the anticipated income after getting assurances that the deposit at the RBZ will come through amid indications that a payment plan was being worked out was in sight. "There are indications that a solution to our longstanding deposit at the Reserve Bank of Zimbabwe may be forthcoming shortly," Meikles chairman Mr John Moxon said in a statement to the group's results. *(Herald)*

ANGLO American plc has invested US$350 million in its Zimbabwean unit, Unki Platinum Mines and will spend a further US$100 million next year as it consolidates operations. "The first phase of this development consists of a mine, concentrator and housing at a total cost of US$450 million," Unki Mine chief operating officer Mr. Colin Chibafa said. "The mine and concentrator, developed at a cost of US$350 million, have been operational since 2011, processing 120 000 tonnes of ore per month. The remaining component of the project relates to the construction of approximately 1 000 houses and related infrastructure to cater for employees at a total cost of US$100 million which will be completed during 2014. In the short term, Unki will focus on consolidating its operations and will maintain its current production levels for the immediate future." Anglo operations in Zimbabwe dates back to the early 1920s. The company's tradition lives on in historic towns such as Bindura, Hwange and Triangle in the Lowveld. As a result of major corporate restructuring, in line with its global strategy, Anglo American commenced in 1997 with the targeted disposal of its portfolio of assets in the country to mainly indigenous Zimbabweans. These assets included equity stakes Bindura Nickel Corporation, First Merchant Bank, Founders Building Society, Mashonaland Holdings, National Foods and Zimbabwe Alloys among others. Unki Platinum Mines is the only significant remaining asset in Zimbabwe, Mr Chibafa said. To stimulate the economic development and eradicate poverty in Shurugwi and surrounding communities, Unki has partnered with the local community in initiating, implementing and financially supporting sustainable projects that focus on poverty alleviation, education and skills development and safety, health and welfare development. Some of the projects implemented since 2010 include Tongogara Community Share Ownership Trust "Unki is the only mining company to date that has fulfilled its commitment to the community share ownership trusts by contributing the full US$10 million seed capital to establish the Tongogara Community Share Ownership Trust," said Mr Chibafa. *(Herald)*

Economic News

THE consumer basket for a family of six last month rose to $562,02 from $561,99 reported in October due to the increases in the food basket, the country's consumer watchdog has said. According to the Consumer Council of Zimbabwe (CCZ), the food basket increased by $1,07 to $150,76 in November from $149,69 in October, while detergents decreased by $1,04 to $12,26 from $13,30 due to festive promotions. During the month of November, the price of 20kg roller meal increased by 62 cents to $12,25 from $12,23. The price of tomatoes per kilogramme increased by 12 cents from 61 cents, while the price of beef gained 60 cents to close the month at $4,50. The CCZ report shows that the price of 500 grammes of margarine declined to $2,19 after it lost 17cents, the price of 2kg sugar also went down to $1,76 in November from $1,90 in October. Tea leaves went down by 14 cents to $1,75 for 150g, while bath soap went down by 20 cents to 65 cents. Laundry bar went down by 6 cents to $1,29. The prices of rice, fuel, bread, salt, flour, fresh milk, onion, cabbage and washing powder remained unchanged during the period under review. CCZ executive director Rosemary Siyachitema recently warned customers to brace for price increases driven by rent seeking behaviour by retailers. Siyachitema said the country had been recording single-digit inflation during the nine months to September, but the effect of this had not been felt by customers as retailers maintained their prices. The consumer basket includes food, clothes, rent, utilities and transport requirements for a family of six per month. She added that during the first nine months period the basket did not move significantly as fuel remained steady which is the major cost pusher in this market. Some retailers have indicated that their stock is not moving as fast as it used to in the past festive period as people do not have money in their pockets. *(News Day)*

GOVERNMENT is expected to complete consultations on the new mining policy draft in the first quarter of next year amid concerns that some investors are holding on to idle concessions for speculative purposes, a senior government official has said. Zimbabwe this year adopted the mining draft policy that proposes to establish an internationally competitive and stable and conducive business climate to attract investments. "We are still consulting on the mining draft policy and making our input on the policy. "After consultation, by the first quarter we will be done," secretary for mines and mining development Francis Kudyanga has said. Consultations on the draft policy began early this year before the elections and were undertaken in other parts of the country including Kadoma, Masvingo, Bulawayo among others. The draft policy ensures equitable distribution of benefits from mining activities to meet both current and future needs. "The current free mining colonial mineral regime based on claims is inappropriate for using national mineral assets to underpin wider development and industrialisation, " reads part of the draft policy. "A developmental mineral policy will cater for the varying levels of resource confidence of potential mineral properties by only permitting exploration licences over areas that have no known mineral occurrences by auctioning all known properties and by reserving partially known deposits for further exploration by State agencies." Zimbabwe is currently using a mineral policy that was used by the Rhodesian government. In terms of the regulatory framework, the government has resolved to overhaul the Mines and Mineral Act to introduce a new minerals development law that will maximise the impact of mineral assets on growth and development. The policy proposes to create an accessible web-based mining survey, information management system to enhance transparency in the award and monitoring of mineral rights. *(News Day)*

Mining companies are banking a mere 3 percent of the billions of dollars from their export proceeds with the balance kept in offshore accounts amid the crunching liquidity bite pervading the entire economy, banking sector sources said. Banks, through their umbrella body the Bankers' Association of Zimbabwe, are said to have made innuendos for Government to intervene through measures that compel miners to bring home export revenues. Efforts to get a comment from BAZ and Chamber of Mines presidents Mr George Guvamatanga and Mr Alex Mhembere, respectively, were fruitless yesterday as both were not answering their mobile phones. While mining firms bank only 3 percent of their export revenues locally, individuals contribute a staggering 16 percent of the total bank deposits. Tight liquidity in the economy is constraining efforts at rebuilding the economy after the hyperinflation battering of the decade to 2008. Banking sector sources questioned where the mining firms kept their money if they did not bank the export revenues with local banks. Last year, mining constituted US$2 billion of the US$3,3 billion total exports, meaning most of it oiled foreign economies. And this is particularly the case when you consider that the nature of material and equipment used in mining operations is by and large sourced in foreign countries. "BAZ has been talking to Government about challenges facing the economy and why the country is illiquid and one of the points they raised was that deposits are mostly demand deposits. "They said of the total deposits 16 percent comes from individuals, transport and distribution about 1,7 percent and mining 3 percent, yet mining accounts for close to 20 percent of our GDP," said a source. "The banks are also questioning how Government can account for the export proceeds from mining when the mines are not banking locally."

With Government relying on a thin revenue base due to a myriad of challenges affecting industry, which has seen quite a number of companies collapsing and thousands of people losing jobs, the economy needs to benefit a significant chunk of the billions of dollars generated from its natural endowments. Retaining export proceeds offshore as is being done by mining companies, banking sector sources said, was akin to externalising liquidity and sabotaging collective efforts to mend deep scars and rejoin detached limbs of an economy battered by sanctions during the largely forgettable decade to 2008. The behaviour does not help the cause for mining companies, who should offer a good explanation why it makes more sense for them to think their money is safer in foreign countries, after exporting a local commodity, than their investment back home. For a country in need of the collective might of its people and resources the practice does also not help miners' credibility amid already existent suspicions they understate their exports. Considering Zimbabwe does not print its own currency, but uses a basket of currencies dominated by the greenback, exports, foreign direct investment and donor support are critical in creating liquidity. But there have been little inflows in the form of FDI, donor support and international lines of credit to Zimbabwe over a decade, leaving export revenues the main avenue the country can manoeuvre for liquidity. Mining is central to Zimbabwe's economy, accounting for 65 percent of the country's total export earnings. Government anticipates the sector to anchor economic growth in the medium term period, 2014 to 2018. Against this background, sources said banks were considering lobbying parliamentarians and Government to adopt measures that compel mining firms to bank onshore their revenues to enhance liquidity.

The BAZ is also said to be concerned about issues regarding the high level of non-performing loans, which is now hovering around 15 percent in that is feared could limit the amount loans to productive sectors. The majority of borrowers said to be defaulting on bank loans are corporate, which could further whittle down loan advances to industry. Banks have also reportedly called on Government to define its priorities in terms of loan advances amid concerns that agriculture is not getting enough support. According to BAZ, the sector gets 25 percent of loans. In addition, BAZ has made representations for Government to expedite recapitalisation of the central bank to enable it resume its lender of last resort function as well as to demonetise the local currency balances held by banks to enhance confidence in the sector. "There also is concern about the role of the Reserve Bank of Zimbabwe as the lender of last resort. BAZ said they want the its lender of last resort to be restored and for its capacity to supervise to be rebuilt. The other issue relates to the Deposit Protection Corporation. Bankers feel that the Deposit Protection Corporation has taken over the legitimate role of the Reserve Bank and feel that its creation was not very relevant," the source said. Other issues said to be of concern to the bankers' lobby group include the fact that 65 percent of total bank deposits are controlled by a few big banks while the majority of banks, have the smaller share of the 35 percent balance making survival in an illiquid market close to impossible. *(Herald)*

ZIMBABWE is expected to register an increase in the number of mortgage lending applications for the year 2013 after the country surpassed the figure that it recorded for the whole year in the first 10 months of this year. Addressing delegates who attended a Real Estate Institute of Zimbabwe seminar on property investment which focused on mortgage lending, CABS general manager responsible for retail banking Ken Chitando yesterday said 1 512 applications totalling $60,7 million were made in 2012 for mortgage lending. "As of October this year a total of $65 million has been recorded for 1 127 mortgage loan applications in the country. The 2013 numbers are expected to be much higher than last year," Chitando said. He said the mortgaging sector in the country was operating in challenging times with lack of long-term mortgage finance and limited housing stock as the country had close to 1,5 million housing backlog. Chitando said 500 000 of the backlog was in Harare. "People are selling existing houses. The houses are just changing hands and property prices are still high relative to regional comparisons," he said. Chitando said CABS was working on two housing projects in Budiriro and the ZRP Hatcliffe Scheme. He said a total of 1 593 stands were due to be completed under phase one of the Budiriro project and works had already begun onsite. Under phase two, a total of 1 509 stands will be completed and tenders were being evaluated. Chitando said Zimbabwe's largest mortgage financier, CABS, is working towards the construction of 973 units and the project should commence next year.

Speaking at the same workshop, CBZ Bank Limited senior manager in charge of commercial and employer-assisted schemes Mncedisi Nyathi said shortage of finance and land were the major problems in housing market. "High-density areas are in private hands and they are expensive. We will continue to assist in terms of addressing the housing backlog if we get the land as a bank," Nyathi said. Nyathi said banks like CABS were offering mortgages with a 10-year tenure. He said the tenure had improved since 2009 where the mortgage tenure was two years. A representative from ZB Building society William Mukarwi said the mortgage sector was facing liquidity challenges and sanctions also affected the bank. He, however, said the bank was trying in its own way to finance mortgages. "New housing stock is still limited and our mortgage period is still three years," he said. ZB has stands in Springvale that they are currently selling at between $11 385-$22 000 for 300-600 square metres. In its recently released Africa Report for 2013, international property firm Knight Frank said the absence of long-term mortgage had restricted residential market activity. "Some financial institutions have been able to secure external lines of credit to support mortgages for private purchases, but the secured loans have been for relatively small amounts over short periods, eg 10 years at rates of 15-18% per annum," thus making them expensive for borrowers, the report reads in part. Last year, government announced plans to re-introduce paid-up permanent shares (PUPS) as Treasury sought to stimulate mortgage financing. Presenting the 2013 National Budget, then Finance minister Tendai Biti said the PUPS would enable building societies to raise long-term funding for periods of up to two years. PUPS are designed to mobilise private sector funds for housing by enhancing building societies' competitiveness in attracting deposits. The conditions were that at the end of each financial year, each building society had to make up a quarter (25%) of the mobilised funds available for low-income housing. *(News Day)*

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