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	1-Apr-16	8-Apr-16	WTD % Change Local	WTD % Change USD	31-Dec-15	YTD % Change Local	YTD % Change USD
Botswana	DCI	10202.05	10276.40	0.73%	0.24%	10602.32	-3.07%	-1.51%
Egypt	CASE 30	7524.99	7403.77	-1.61%	-1.61%	7006.01	5.68%	-6.87%
Ghana	GSE Comp Index	1909.51	1905.93	-0.19%	0.24%	1994.00	-4.42%	-4.46%
Ivory Coast	BRVM Composite	315.03	314.59	-0.14%	0.26%	303.93	3.51%	7.81%
Kenya	NSE 20	3996.38	3999.33	0.07%	0.01%	4040.75	-1.03%	-0.14%
Malawi	Malawi All Share	13419.95	13407.30	-0.09%	1.20%	14562.53	-7.93%	-11.05%
Mauritius	SEMDEX	1795.99	1791.76	-0.24%	0.56%	1,811.07	-1.07%	1.62%
	SEM 10	344.18	346.61	0.71%	1.50%	346.35	0.08%	2.79%
Namibia	Overall Index	972.28	949.32	-2.36%	-4.42%	865.49	9.69%	11.56%
Nigeria	Nigeria All Share	25507.09	25328.07	-0.70%	-0.98%	28,642.25	-11.57%	-11.36%
Swaziland	All Share	335.09	345.37	3.07%	0.90%	327.25	5.54%	7.34%
Tanzania	TSI	3959.93	3942.69	-0.44%	-0.39%	4478.13	-11.96%	-12.93%
Zambia	LUSE All Share	5526.48	5303.12	-4.04%	2.82%	5734.68	-7.53%	-3.09%
Zimbabwe	Industrial Index	97.80	97.92	0.12%	0.12%	114.85	-14.74%	-14.74%
	Mining Index	19.53	20.16	3.23%	3.23%	23.70	-14.94%	-14.94%

CURRENCIES

Cur-rency	1-Apr-16 Close	8-Apr-16 Close	WTD % Change	YTD % Change
BWP	10.81	10.86	0.49	1.61
EGP	8.86	8.86	-0.00	-11.87
GHS	3.82	3.81	-0.43	-0.05
CFA	578.67	576.35	-0.40	4.16
KES	99.57	99.63	0.06	0.89
MWK	674.21	665.59	-1.28	-3.39
MUR	34.04	33.78	-0.79	2.72
NAD	14.82	15.14	2.15	1.70
NGN	196.27	196.83	0.29	0.23
SZL	14.82	15.14	2.15	1.70
TZS	2,140.52	2,139.59	-0.04	-1.11
ZMW	11.19	10.45	-6.67	4.79

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

Egypt

Corporate News

Egypt's Oriental Weavers, the world's biggest machine-woven carpet maker, will pay a dividend of 0.5 Egyptian pounds ($0.0563) per share, the company said on Sunday in a statement on the bourse. The company paid a dividend of 0.4 pounds a year earlier.
Last month, Oriental Weavers reported a fourth-quarter net profit of 66 million Egyptian pounds, up from 55 million a year earlier. Sales rose by four percent. *(Reuters)*

Economic News

Egypt's General Prosecution is investigating around 15 exchange bureaus after the central bank reported them for hoarding dollars and contributing to Egypt's currency crisis, two prosecution sources told Reuters on Sunday. Central Bank Governor Tarek Amer is battling against a black market which is sucking up hard currency liquidity from the banking sector and hurting the pound, which has weakened to record lows of 10 per dollar versus an official rate fixed at 8.78 per dollar. Amer met the general prosecutor on Saturday and requested an investigation be opened targeting around 15 exchange bureaus which he accused of fuelling a dollar crisis, prosecution sources said. "Based on his request the prosecution ... requested from the unit in charge of public funds to investigate these (bureaus)," one prosecution source said. "(Amer) accused them of causing the dollar crisis by hoarding dollars and refusing to sell, which caused a rise in the price of the dollar," he said. Market sources say traders at exchange bureaus often do not sell at official rates, saying they do not have the dollars to sell. They then offer dollars at higher rates, unofficially, outside the exchange bureaus. The central bank does not have an official spokesperson and officials are not available for comment. Egypt, which relies heavily on imports, has been facing a dollar shortage since a popular uprising in 2011 drove away foreign investors and tourists, both major sources of hard currency.

The country's foreign reserves had tumbled to around $16.5 billion in February from $36 billion in 2011. On March 14 the central bank devalued the pound to 8.85 per dollar from 7.73 and announced it would adopt a more flexible exchange rate. Two days later it strengthened it to 8.78 per dollar and has held to that rate since. Bankers and traders on the black market say the devaluation is failing to narrow the gap between official and unofficial rates because the demand for hard currency is high and the banks do not have the dollars to meet it. In previous attempts from the central bank to narrow the gap between official and unofficial rates, officials from the central bank met with exchange bureaus and agreed on a range to curb prices on the parallel market. In February, the central bank revoked the licences of four exchange bureaus after the first meeting failed to cap the price of the dollar at 8.6 per dollar. *(Reuters)*

Business activity in Egypt shrank for the sixth straight month in March, a survey showed on Wednesday, as declines in new orders and output caused the biggest contraction in the survey in over two and a half years. Egypt has been struggling to revive its economy since a popular uprising in 2011 and subsequent political upheaval that have driven both investors and tourists away, depriving it of the foreign currency it needs to import raw materials. The Emirates NBD Egypt Purchasing Managers Index (PMI) for the non-oil private sector fell to 44.5 points in March from 48.1 points in February, remaining below the 50-point mark that separates growth from contraction. Egypt's central bank had devalued the pound to 8.85 per dollar from 7.73 on March 14 and announced it would pursue a more flexible exchange rate. It later strengthened the pound to 8.78 per dollar. Economists say the pound is still over-valued. "The deterioration in business conditions is not entirely surprising as the survey took place at a time of elevated uncertainty that coincided with the devaluation of the Egyptian pound," said Jean-Paul Pigat, senior economist at Emirates NBD. "Looking ahead, we believe that the move to a more competitive exchange rate has now reduced a key source of risk, and could therefore set the stage for a broader economic recovery in the second half of 2016," Pigat said. New orders tumbled to 42.3 points in March from 48.2 pounds in February. The decline was the sixth consecutive drop and the fastest in two and a half years.

The output subindex also fell for the sixth month in a row, to 40.7 points in March from 47.4 points in February. Purchasing costs rose to 78.8 points in March from 61.5 points the month before. "According to panellists, the devaluation of the Egyptian pound relative to the US dollar led to a steep rise in purchasing costs during March," Markit, which compiled the data, said in a report. In February, Egypt's annual urban consumer price inflation eased to 9.1 percent from 10.1 percent the month before, the official statistics agency CAPMAS said earlier this month. March inflation rates are due on April 10. The survey showed an increase in the pace of layoffs, with the employment subindex contracting to 45 points in March from 47.7 the month before. President Abdel Fattah al-Sisi has pledged to reduce the jobless rate to 10 percent over the next five years. It stood at 12.8 percent in December, according to the government. Analysts believe it may be much higher. The economy grew around 4.2 percent in 2014/15 and is expected to grow around 4.4 percent in 2015/16. *(Reuters)*

Saudi businessmen are investing $4 billion in projects including the Suez Canal, energy and agriculture, and have already deposited 10 percent of that sum in Egyptian banks, the deputy head of the Saudi-Egyptian Business Council told Reuters, two days before Saudi Arabia's King Salman visits Cairo. Egypt has been struggling to attract foreign investors since an uprising in 2011 drove them away and left it short of the dollars that it relies on for imports of everything from food to medicines and petroleum products. "Ten percent of the capital has been deposited in Egyptian banks, they will complete 25 percent within three months," Abdallah bin Mahfouz said in an interview. He said there would also be investments in the medical sector. Bin Mahfouz said the government had been making efforts to resolve difficulties faced by nine Saudi-owned firms in securing official permits for their projects, and that he expected to see progress soon. "A positive meeting took place on April 2 with Investment Minister Dalia Khorshid and the Saudi commercial attache ... along with representatives of the companies facing hurdles," he said. Bin Mahfouz said the Egyptian market was an attractive one, and any short-term instability would not have a major effect on the sentiment of the new Saudi investors, whose investments were for the medium to long term. At the end of 2015, there were 3,302 Saudi-owned companies in Egypt, with a total capital of $27.9 billion, Bin Mahfouz said. Egypt's foreign currency reserves have fallen from $36 billion in 2011 to $16.56 billion last month. It says it is aiming for foreign direct investment of around $8-10 billion in 2015/16. On Thursday, during King Salman's visit, Saudi Arabia is expected to sign a $20 billion deal to finance Egypt's petroleum needs for the next five years and a $1.5 billion deal to develop its Sinai region, two Egyptian government sources told Reuters.*(Reuters)*

Egypt's central bank will hold an additional foreign exchange auction on Thursday, the bank said, ahead of a visit from Saudi King Salman to the country. The bank regularly holds one foreign currency auction on Tuesday when it sells $120 million. Bankers said the central bank described the auction as a regular auction on their screens, however. Egypt has been starved of hard currency since a 2011 uprising ousted autocrat Hosni Mubarak from power and drove away tourists and foreign investors - major sources of hard currency. *(Reuters)*

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Ghana

Corporate News

Access Bank Ghana has released results of its financial performance for the 2015 financial year which show growth. The Bank's performance is a "reflection of the general industry outlook for 2015, which, according to the Bank of Ghana's Financial Stability report, recorded a negative growth of 5.4%", Access Bank said in a statement. Unlike in previous years where the Bank's profits soared year-on-year, Access Bank's Profit Before Tax in 2015 remained at Ghs123 million, matching the same figure recorded in 2014. The Bank's results, nonetheless, continued to show a positive and sustainable growth trajectory over the past seven years across its operations. Highlights of the 2015 financial performance include: • An increase in the Bank's Total Assets by 41% from GHS 1.7 billion in 2014 to GHS 2.42 billion in 2015, which underscores its improved lending capacity to critical sectors of the economy. •Significant growth in Total Deposits, increasing by 44% to GHS 1.726 billion in 2015 from GHS1.2 billion in 2014. •Increased earning Capacity as Gross Earnings increased by 35% from GHS 312 million in 2014 to GHS 421 million in 2015. •Reduction in the Non-Performing Loans ratio from 8.6% in 2014 to 5.4% in 2015. Analysing the key performance indicators in the financial statement, industry players have commended Access Bank for recording a decent performance in the face of macro-economic instability, currency depreciation, the energy crisis and tight fiscal environment that characterised 2015.

Commenting on the Bank's 2015 performance, the Managing Director, Mr. Dolapo Ogundimu noted: "We are pleased with the results, which have been achieved in the midst of a challenging economic environment. The lessons learned in the 2014 financial year for instance contributed in helping us make the right decisions and putting in place stringent measures that cushioned the Bank during the shock waves experienced by the Ghanaian economy". Mr Ogundimu further reiterated that the underlying trend in the Bank's results reflects the huge strides the Bank has made in improving its retail market share and becoming a key player as it deploys innovative products and services for specific segments of the market. "I'm confident about the potential of Access Bank and in achieving our objective to become one of Ghana's top banks. As our banking business continues to grow, we shall continuously renew our focus to improve our growth indices". Since its inception seven years ago, Access Bank has consistently demonstrated strong financial performance across key indicators earning it the recognition as one of the fastest growing banks in Ghana. With over 45 locations spread across the country, Access Bank Ghana is leveraging its geographical network to showcase its expertise in Trade Finance, Treasury and technology driven pay and receive solutions. The Bank is also leading the way with investments in key sectors of the economy including Telecommunications, energy, oil and gas, Manufacturing and Agriculture. *(Ghana Web)*

Ecobank says it does not intend to cut lending this year despite difficulties with getting back loans advanced to some of its customers. Ecobank, like other banks, ended last year with over 200% jump in loans it fears might go bad. According to the Bank of Ghana, defaults in bank loans increased more than 300% to 4.2 billion Ghana cedis for 2015, prompting decision by some banks to cut lending aggressively. But speaking to Joy Business on its 2015 financials, Chief finance officer of Ecobank, Edward Botchwey says his bank will not cut lending. "At the end of the day it comes down to a particular client and the business case for a particular loan need," he said. Ecobank ended last year with a 3% jump in profit before tax to reach 458 billion Ghana cedis, while revenue crossed the one billion Ghana cedi mark. The bank ended last year standing out as one of the banks in the country so far with the highest profits. *(Ghana Web)*

Economic News

The cedi demonstrated a rare performance to survive the seasonal first-quarter blues by losing only 1.4 percent of its value against the dollar as compared to 14.6 percent in the same period last year. The local currency's performance is a departure from previous years' weak performance when the cedi gained notoriety for its consistent depreciation. In the first quarter of 2014, the cedi depreciated by close to 18 percent in a year that saw the central bank introduce a raft of forex messages which were later repealed after a severe backlash from the public. With Ghana going to the polls in November, some analysts feared government's fiscal imprudence could translate into poor cedi performance amid poor forex inflows, especially due to lower prices for commodities. The cedi has however stood its ground, nearly eroding all gains the dollar has made since the turn of the year. At the beginning of the year, a dollar cost GHC 3. 7823. The local currency closed the quarter trading at GHC3.8365 to a dollar, indicating a depreciation of a little above I percent. Dr. Kofi Wampah, the immediate past Governor of the central bank, was widely criticised for his inability to keep the cedi stable. *(Ghana Web)*

Ghana's presidency appointed Abdul Issahaku as governor of the central bank on Monday, promoting the deputy governor to replace Henry Kofi Wampah, who is ending his four-year term early, a statement said. The bank has worked to reduce inflation that has been persistently above government targets, just one of the problems facing a country following an International Monetary Fund aid programme to stabilise its economy. *(Reuters)*

Total mineral exports increased to $4.516 billion in 2014 from $3,192 billion in 2013, according to the Extractive Industries Transparency Initiative (EITI) report. The 2014 report on the mining sector, which was launched in Accra recently, put mining revenue accrued to government, including royalties, corporate taxes, dividends and rights fees at GH₵1.25bn, representing 5.0 percent of the total government revenue in 2014. It said the minerals sector accounted for over 16 percent of fiscal receipts by the Ghana Revenue Authority (GRA) in 2014, while mining and quarrying accounted for about eight percent of total Gross Domestic Product (GDP) in 2014 from 9.4 percent in 2013. However, the report said Bauxite and Manganese exports recorded a decline of 12 percent and 11 percent respectively. Gold mining remained the highest contributor in the sector, with large-scale gold mining accounting for over 80 percent by value of the total income from the sector. Mona Quartey, Deputy Minister of Finance and Economic Planning, in a speech read on her behalf, said that the mining and oil and gas sectors have contributed significantly to the country's economy. She said the recommendations from previous EITI reports led to a wide range of reforms in the mining and oil and gas sectors. They include review of the fiscal regime under which mining industry operates and development of guidelines for the use of mineral royalties at the sub-national level. Ms Quartey noted that effective implementation of the EITI would ensure that less money is lost to corruption, as people can access the information needed to hold governments and companies to account. "Transparency will help to demystify the oil industry. Oil and gas companies must be open about their contributions or payments. This is key to managing expectations and building trust with government, civil society and communities," she said. Ms Quartey said government will support the Ghana EITI process to provide regular information on all material revenues received by government from the extractive sector (mining and oil/gas). She commended GHEITI for the excellent work, urging them to turn their attention to the gas sector. *(Peace)*

Kenya

Corporate News

Jambojet, the low-cost carrier owned by Kenya Airways Ltd., plans to add seven routes in east Africa in the next five years to expand in the region. The airline, which says it controls 37 percent of Kenya's domestic aviation market, is considering starting its first international route this month, Chief Executive Officer Willem Hondius said in an interview in Nairobi, the capital, declining to give more details. It will also add at least one more aircraft this year to its existing four as it gradually boosts the fleet to 10, he said. "We want to be a greater Eastern African operator, flying to Rwanda, Burundi, Tanzania, Uganda, the Comoros, South Sudan and Goma and Kisangani in eastern Democratic Republic of Congo," Hondius said March 31. Economic growth in the countries that Jambojet is targeting, along with its home market of Kenya, is expected to average 5.2 percent this year, outpacing the 4.3 percent expansion in sub-Saharan Africa that's forecast by the International Monetary Fund. Rival budget carrier FastJet Plc, which was founded with the ambition to become a pan-African carrier, last month said it's closing routes on the continent after sales failed to meet expectations. Jambojet's parent company, Kenya Airways, last year reported the biggest loss in Kenyan corporate history and is currently in the midst of a $690 million reorganization in which it plans to reduce the number of aircraft it operates and cut at least 600 jobs. The stock has dropped 43 percent over the past year. Jambojet has no plans to become a pan-African operator, nor will it seek to target other markets outside the continent, Hondius said. "The target is to grow the market and increase passenger frequencies at a controllable pace," he said. "We will never fly intercontinental -- you cannot make money there."

Jambojet reported a 57 million-shilling ($561,577) profit in the first half of 2015 after posting a 237 million-shilling loss a year earlier. Full-year results are expected to be announced in June. Hondius said the airline carried half a million passengers in the whole of 2015 at a 75 percent load factor, which measures the number of seats sold. It's targeting 20 percent more passengers this year with an 80 percent load factor. The airline plans to add a 78-seater Bombardier Inc. Q400 to its fleet this year, enabling it to add more routes in Kenya, where it currently flies to six destinations. It currently flies Boeing Co. 737-300s and a Bombardier Q400. "We want one additional aircraft, which means we can do four to five more flights a day," Hondius said. "We would like to fly to Wajir as soon as it ready safety-wise. Isiolo airport is under construction and it is close to Nanyuki and other destinations, so there are good reasons to fly there." Isiolo is in central Kenya, close to game reserves that draw foreign tourists, while Wajir is in northeastern Kenya and serves as a transit route for flights to neighboring Somalia.*(Bloomberg)*

Kenyan bank CFC Stanbic has secured a $135 million dual tranche loan to be used for general corporate purposes including trade finance, it was announced on Monday. Dubai-based Emirates NBD, the investment banking arm of Emirates NBD, and Mashreq, another Dubai lender, were the initial mandated lead arrangers and bookrunners for the financing, according to a statement from Emirates NBD. CFC Stanbic Bank is an affiliate of South Africa's Standard Bank. In October 2015 the bank secured a $155 million dual tranche loan to fund its business activities. Emirates NBD was the sole book runner for that financing. Al Ahli Bank of Kuwait, AfrAsia Bank, Bank Muscat, Commerzbank Aktiengesellschaft, Filiale Luxemburg, Investec Bank, SBM Bank (Mauritius) and United Arab Bank also joined the latest deal as lead arrangers. *(Reuters)*

More than half of the listed financial institutions struggled to reach profitability as core earnings per share (EPS) declined, according to a new report. EPS is the portion of a company's profit credited to each of the firm's listed share. It is usually a marker of overall profitability registered by the listed firm. National Bank of Kenya (NBK), Standard Chartered, Housing Finance Group, CFC Stanbic, NIC and Barclays Bank of Kenya are six of the 11 listed companies whose core earnings were negative, according to the Cytonn Investments' Banking Sector Report for year 2015. Cytonn surveyed 11 listed commercial banks. I&M Bank, Co-operative Bank, KCB, and Equity Bank posted positive growth with I&M Bank scoring the highest EPS growth at 26.2 per cent. The average EPS growth for the whole banking sector was 2.8 per cent. In the financial year 2015, loan growth exceeded deposit growth with a number of banks contending with a surge in non-performing loans. Generally, a restrictive macro-economic environment meant that lenders struggled to mobilise deposits and borrowers to furnish their loans. Kenyans pay more for banking services Banks are free to share your credit information, rules court The report which also ranked the performance of the banks for the year under review placed the embattled NBK at the tail-end of the log following the bank's poor financial run, which saw the mid-tier lender register a loss of Sh1.2 billion. NBK, which has since sent its CEO and five other senior managers on compulsory leave, also scored the lowest on governance. Housing Finance Group continued its poor run taking the second last position, although it moved up one place in the ranking. KCB moved up two places to unseat Equity Bank at the top. The report attributed KCB's improved performance to robust franchise value-financial results it reported in the review period as well having the best corporate governance rating among the listed banks. However, the most improved lender was I&M Bank which moved up three places to sit at position four as the lender upped its operating efficiency and had efficient distribution channels. Barclays Bank of Kenya was another poor performer, dropping four places from position three in the previous ranking. The lender, which has been rocked by claims that Barclays Plc would be withdrawing its stake from Barclays Bank of Africa, suffered low deposits per branch and reduced efficiency. The report predicted a tough future for foreign banks. "These banks (foreign banks) have not been willing to adapt African dynamics," said Shiv Arora, the head of equity at Cytonn. *(Standard Media)*

Kenya's central bank on Thursday placed Chase Bank Ltd. under receivership for 12 months to protect depositors, creditors and the public. Chase Bank Ltd. experienced liquidity difficulties following "inaccurate social media reports" and the departure of two directors and was not able to "meet its financial obligations on April 6", the Central Bank of Kenya (CBK) said in a statement on its website. "In light of the above, CBK has appointed the Kenya Deposit Insurance Corporation to assume the management, control and conduct of the affairs and business of the institution and to exercise all the powers of the institution to the exclusion of its Board of Directors," the central bank said. Chase Bank Kenya, a privately owned mid-sized lender, said on Wednesday its chairman, Zafrullah Khan, and group managing director, Duncan Kabui had left the bank, but gave no reasons for their departure. Chase Bank Kenya could not be reached for comment by Reuters.
The receivership of Chase is the third by the central bank since the second half of last year. Dubai Bank, a smaller lender, was taken over by the central bank followed by another mid-sized lender Imperial Bank. The collapse of Imperial caused jitters in the market as investors fretted about the health of the country's financial sector in East Africa's top economy. On Wednesday, central bank governor Patrick Njoroge said there were no "systemic problems" in the sector. *(Reuters)*

Stiff competition among telcos has seen smaller operators eat into Safaricom's mobile subscription market share, according to the latest Communications Authority of Kenya (CA) data. CA quarterly 2015/2016 (October-December) report states that Safaricom lost its lead by 1.6 per cent, to settle at 64.7 per cent in the period under review. "The mobile telephony sub-sector experienced a marginal drop in the number of mobile subscriptions during the quarter under review," says the CA report. Airtel gained 0.1 per cent market share to stand at 19.2 per cent, Orange gained 0.8 per cent to settle at 12.4 per cent, while Finserve Africa Ltd (Equitel) acquired 0.8 per cent market share to stand at 3.7 per cent. The authority has attributed the overall drop in the number of mobile subscriptions to the SIM box raids carried out in the period covered. However, Airtel, Orange and Equitel have, in the same period introduced alluring voice and data products into the market, tapping into the unserved population. The majority of products target youth who are first-time phone users and are attracted to affordable data and voice offers.

Airtel's UnlimiNet, for instance, has posed quite the competition, allowing users to enjoy minutes, voice calls and SMSs to any network. It is at the moment the most affordable cross-network voice call in Kenya with rates as low as Sh1.7 per minute. The product offers free WhatsApp, Facebook and Twitter, making it more popular. It caused stiff rivalry between Safaricom and Airtel, with the former poaching Mr Charles Wanjohi, the marketing director of Airtel to head its consumer segment department. While at Airtel, Mr Wanjohi had led a team in coming up with the UnlimiNet data plan. The poaching, therefore, pointed towards the data price war between the two operators. Orange has also been attracting new users to stay hooked to its network. Last year, it launched a firefox operating system smartphone priced at Sh4,000, along with a dual SIM with 3G capacity. *(Nation)*

WEEKLY AFRICAN FOOTPRINT

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TRADING

Economic News

Kenya could become the first African country to tap global debt markets this year as it begins a bond roadshow this week, but Eurobond financing is likely to remain out of reach for most of its peers on the continent. Bond sales from sub-Saharan Africa, which had previously been booming, are yet to start in 2016 after a stormy start to the year for commodities and currencies that has left some countries on the brink of crisis. Despite the difficulties, some African Eurobonds have been outperforming, thanks in part to the bounce in oil and metals but also on the back of some potential turnaround stories, something all investors love. Back in January investors were demanding record premiums of 620 basis points to hold African bonds rather than U.S. debt. That has now fallen back to 550 bps, with oil importers Kenya and Ivory Coast topping the list of winners as this chart shows: reut.rs/1MZUrYz . An investor-friendly debt swap by Mozambique's state-run fishing firm has also helped sentiment, as has struggling metal miner Zambia starting talks with the International Monetary Fund. Now some countries could leverage the improved mood. Kenya's presentation, led by finance minister Henry Rotich, is billed as a 'non-deal' roadshow but it is likely to be at least a test of the waters. "(Kenya) could probably issue. Aside from the 8 percent budget deficit, it's a pretty good story," said Kevin Daly, a portfolio manager at Aberdeen Asset Management. "The currency is stable, domestic rates are coming down, inflation is starting to fall and growth is in the 5-6 percent range."

The World Bank this year singled out Kenya as an African bright spot, with economic growth accelerating thanks to cheaper oil, a solid agriculture sector, and infrastructure investment. The yield on its existing 2024 dollar bond is down to around 7.75 percent from it 9.8 percent January high. But to warrant the extra cash, any new 10-year bond will need to have a premium of up to 50 basis points on that, investors say. But other African countries will have to pay much more. Countries such as Ghana, which is also holding a roadshow next week, could find itself having to pay double-digit percentage coupons. Once considered a rising star on the continent, the commodity-reliant west African nation is dogged by inflation of almost 20 percent, slowing growth and public debt of 80 percent of GDP. Desperate for cash, it paid 10.75 percent last October to raise $1 billion. That bond even came with a partial World Bank guarantee. It is now at just over 11 percent
The government has got its eyes on another $1 billion bond this year, but investors are likely to want another World Bank guarantee at the very least. "At 12 percent, Ghana should not be coming to market, they should be doing more to convince people they are serious about reform," Exotix head of research Stuart Culverhouse said. Such yields can easily deter countries - Ivory Coast has said it will not sell Eurobonds this year - and Aberdeen's Daly predicts sub-Saharan African issuance could effectively halve to $3.0 billion-$4.0 billion this year.
Angola, which has turned to the World Bank for assistance, and Nigeria could also try their luck. The latter has budgeted for a $1 billion Eurobond. But the oil collapse had left these countries with big budget deficits and economies growing at less than 3 percent. Their currencies are also seen as overvalued, with black market rates significantly weaker than official exchange rates. Nigeria especially has steadfastly refused to devalue and Reuters reported it recently dropped bond roadshow plans and would turn instead to China for cash. *(Reuters)*

Kenya's private sector expansion slowed in March as firms reported possible loss of clients and a slowdown in new orders, data showed on Tuesday. The Markit CFC Stanbic Kenya Purchasing Managers' Index (PMI) fell to 52.6 percent in March from 55.2 percent in February, but still above the 50.0 mark that denotes growth. "Though still signaling growth, the latest reading pointed to a second successive loss of momentum since January," Markit said. The reading for March was the third lowest since the index was started 27 months ago, it added. But the average reading for the first quarter of this year of 54.7 was still the strongest since the second quarter of last year. Firms responding to the survey said they may have lost clients during the month while others cited sluggish incoming orders. "Expansions of output and new orders eased sharply and we suspect this is chiefly due to subdued global growth rather than soft domestic demand," said Jibran Qureishi, regional economist for East Africa at CFC Stanbic. Hiring continued but at a slower pace than in February, data showed. *(Reuters)*

Kenya's central bank governor said inflation could fall further in coming months and that a proposal by lawmakers to cap commercial lending rates would be "extremely harmful". Governor Patrick Njoroge told a news conference on Wednesday commercial banks lending rates still needed to come down and that the current account deficit in East Africa's top economy was expected to come to down 8 percent of gross domestic product. *(Reuters)*

Kenya's shilling weakened slightly against the dollar on Thursday due to market jitters after the central bank placed mid-tier lender Chase Bank Ltd under a 12-month receivership. By 0720 GMT, the shilling was quoted at 101.35/45 to the dollar, a touch weaker from Wednesday's close of 101.30/40. The shilling has appreciated about 0.7 percent against the dollar so far this year. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

No Corporate News this week

Economic News

Mauritius will sell a Twenty-year Treasury bond worth 1.5 billion rupees ($42.86 million) next week, the central bank said on Wednesday. The Bank of Mauritius said in a statement it would receive bids on April 16 and auction the bond on the same day. It said the coupon rate for the paper, which will mature on April 15, 2036, will be set equal to or higher than the lowest accepted yield. *(Reuters)*

Mauritius' inflation year-on-year to March rose to 0.9 percent from -0.5 percent in February, the statistics office said on Thursday. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

Ecobank Nigeria Limited has urged the Supreme Court to set aside a Court of Appeal verdict on its winding-up petition against Honeywell Flour Mills Plc over an alleged 3.5billion debt. Justice Mohammed Yunusa of the Federal High Court in Lagos last December 4 froze Honeywell's accounts following an application by Ecobank's lawyer Mr. Kunle Ogunba (SAN) of the Insolvency Forte. The judge later varied the order by allowing Honeywell to withdraw N15million per week pending hearing of the suit, which Honeywell appealed against. The Court of Appeal ruled in Honeywell's favour and discharged the restraining order. But Ecobank has urged the Court of Appeal to grant an order of injunction retraining Honeywell from taking advantage of the order discharging the interim/varied order pending the determination of the case by the Supreme Court. The bank said the interim order was made to preserve Honeywell's funds in some banks, namely Zenith, Access, Citibank, Stand Chartered, Wema, Guarantee Trust, Fidelity and Ecobank until the case is determined. "There is an urgent need to preserve the res (subject-matter) of the appeal to avoid foisting a situation of helplessness on the Supreme Court, a superior court of record," Ecobank said. The bank is urging the Supreme Court to set aside the entire judgment/decision of the Court of Appeal on the ground that the appellate court erred in law in setting aside the ex-parte orders made by Justice Yunusa.

The Court of Appeal, in the judgment delivered by Justice Abimbola Obaseki, set aside Justice Yunusa's order on the ground of abuse of Order 4 of winding up rules. But the bank is urging the Supreme Court to hold that the Winding-up Rules did not outlaw the issuance of ex-parte orders, among other ground. Besides, it said the Winding-up Rules did not provide for ex-parte orders, adding that it was provided for in the court's Civil Procedure Rules. "The Winding-Up Rules is a subsidiary legislation and not elevated to the rank of a statute. Rule 4 of the Winding Up Rules only provided for applications inter-parties and thus created a lacuna as it relates to ex-parte applications which can only be filled by the Civil Procedure Rules of the court," the bank said. Ecobank also appealed against the dismissal of its appeal challenging the jurisdiction of Justice Mohammed Idris of the Federal High Court in establishing a customer banker's relationship **in a** related case. The Court of **Appeal** had held that there was a banker-customer relationship between the parties. Bur the bank is praying the Supreme Court to hold that the Court of Appeal occasioned a gross miscarriage of justice by allowing the respondents the benefits of an "in-principle" agreement they were never party to.

Ecobank is also praying the Supreme Court to decide whether it was wrong to seek redress before other courts and whether it amounted to contempt of court. "The learned justices of the Court of Appeal erred in law and occasioned a gross miscarriage of justice by failing to determine whether the learned trial judge, Justice Mohammed Idris, had power to even hear or consider the committal proceedings," the bank said. Ruling in favour of Honeywell, Justice Obaseki-Adejumo of the Court of Appeal had held that Justice Yunusa made the ex-parte order without notice to Honeywell. She said it violated the rules guiding winding-up petitions. According to her, the rules state that every application in such a petition shall be by motion on notice to the person against whom the order was to be made. "Justice of the case demands that both side be heard. The ruling of the Federal High Court is hereby set aside. The petition shall be assigned to another judge for necessary action. Parties shall bear their costs," she held. Justice Idris had last August 10 made an order of interim injunction restraining the bank from publishing the plaintiffs' name as debtors and ordered parties to maintain status quo pending hearing of the plaintiffs' suit. But Honeywell said while the suit was pending, Ecobank filed other suits before other judges in a bid to recover its debt from Honeywell Group and its chairman Oba Otudeko. Honeywell's lawyers, therefore, filed Form 48 and Form 49, urging the court to hold the bank in contempt. But Justice Idris struck out the contempt proceedings on the basis that no proper service was effected on the alleged contemnors. Ecobank is praying the Supreme Court to hold that the Court of Appeal was wrong to have failed to consider whether Justice Idris had the vires to sit as judge in his own case. "The Court of Appeal occasioned a gross miscarriage of justice by failing to decide whether the learned trial judge ought to be allowed to hear and/or determine the committal proceedings even before the issue of improper service," Ecobank said. *(This Day)*

WEEKLY AFRICAN FOOTPRINT

TRADING

This Week's Leading Headlines Across the African Capital Markets

Nigeria's Access Bank plans to seek shareholder approval this month to raise up to 100 billion naira ($505 million) in debt capital via a public offering or a private placement, the bank said on Monday. The shareholder meeting on the proposed debt sale has been fixed for April 27. Access Bank raised 41.7 billion naira last year through a rights issue to fund expansion of its branch network and lending. The amount raised was less than the 52.6 billion naira targeted, with analysts citing difficult market conditions. *(Reuters)*

French telecommunications company Orange is to invest 75 million euro ($85 million) in Nigerian e-commerce group Africa Internet Group (AIG) and become a shareholder, the two companies said on Tuesday. AIG, which was founded in Nigeria in 2012, already counts Goldman Sachs, South African telecoms group MTN and Germany's Rocket Internet among its shareholders. It owns several technology firms across 26 African countries including online retailer Jumia, delivery app HelloFood, hotel booking platform Jovago and online real estate marketplace Lamudi. "With this strategic investment, Orange now has the capacity to play a leading role in the fast-growing e-commerce market in Africa," Stéphane Richard, chairman and CEO of Orange, said in a joint statement with AIG. "This investment will enable us to significantly develop our ability to market products and services developed by Orange Middle East and Africa over the Internet," he added. Orange said last week that it plans to grow in Africa, among other regions, after its talks to buy French peer Bouygues Telecom collapsed. "We are thrilled by Orange's equity investment and are eager to translate our strategic partnership into unique offers for our customers," said AIG founders and co-CEOs Sacha Poignonnec and Jeremy Hodara. Last month AIG announced additional funding worth a total of 225 million euros. *(Reuters)*

As Nigerians continue to bear the brunt of the economic downturn and the debilitating cash squeeze in the country, the shareholders of two of Nigeria's largest banks – Guaranty Trust Bank (GTBank) and Zenith Bank Plc – were able to smile yesterday when both banks held their respective annual general meetings (AGMs) on Tuesday and Wednesday, and got approval to pay a whopping N110 billion to them. The N52.33 billion approved by GTBank's shareholders and another N57.6 billion approved by the shareholders of Zenith Bank would go a long way in releasing cash to millions of shareholders of both banks at a time most Nigerians are broke and reeling from the cash squeeze in the economy. At its AGM held in Lagos on Tuesday, GTBank rewarded its shareholders with a total dividend of N52.1 billion for the year ending December 31, 2015. The dividend translated to N1.77 per share. GTBank posted gross earnings of N298.8 billion, showing an increase of 8.1 per cent compared with N276.4 billion in 2014. Net interest income grew by 12.3 per cent from N142.4 billion to N159.9 billion. As was expected for most banks, GTBank's impairment charges also grew by 74.8 per cent from N7.1 billion to N12.4 billion, while its operating expenses remained almost flat at N96.4 billion, compared with N94.7 billion in 2014. The bank's profit before tax rose marginally by 3.7 per cent to N120.7 billion from N116.4 billion, while profit after tax grew by 5.3 per cent to N99.4 billion, up from N91.4 billion. The directors recommended a final dividend of N1.52 per share, having paid an interim dividend of 25 kobo, bringing the total dividend to N1.77 per share or N51.33 billion. A further analysis of the results indicate that despite the implementation of the Treasury Single Account (TSA) by the federal government, the bank's customer deposits remained relatively stable with a marginal decline from N1.62 trillion in 2014 to N1.61trillion in 2015.

Commenting on the performance, the Managing Director/CEO of GTBank, Mr. Segun Agbaje said: "The bank's financial performance in 2015 was an indication that we have earned the loyalty of our customers and was an attestation of the hard work and dedication of our staff, management and the board. The group has delivered a respectable profit before tax of N120.7 billion despite an extremely challenging business environment in 2015. "As a bank, we will continue to actively partner with our customers and grow our business in a sustainable manner that is not only driven by profit objective, but with an increased focus on empowering our customers with a view to growing Nigerian economy. "Also, we remain committed to maximising shareholders' value and delivering superior and sustainable returns whilst actively expanding our franchise in select, high growth African markets where we believe we have a competitive advantage." At Zenith Bank's AGM, its shareholders approved a dividend of N57.6 billion for the year ending December 31, 2015. The bank recorded a profit before tax of N125.61 billion for the year, compared to N119.7 billion in 2014. Profit after tax also rose from N103.275 billion to N105.66 billion. From its PAT, Zenith Bank directors recommended a total dividend of N57.6 billion, which translated to N1.80 per share, up from N1.75 paid the previous year. Shareholders of the bank, at the AGM in Lagos Wednesday, unanimously approved the dividend and commended the bank for the improved performance despite the challenging operating environment.

The National Coordinator, Independent Shareholders Association of Nigeria (ISAN), Mr. Sunny Nwosu, said the bank had done well in 2015 by paying its shareholders dividends. He encouraged the management to maintain its good corporate governance principles, which he said impacted on the bank's profitability. Similarly, Chief Timothy Adesiyan of Nigeria Shareholders Solidarity Association (NSSA) hailed the efforts of the board and management of the bank at recording growth in the year under review. Another shareholder and National President, the Progressive Shareholders Association of Nigeria, Okezie Boniface, urged the management of the bank to implement better strategies that would sustain the impressive performance going forward. "The concern of shareholders is to get returns on their investment and Zenith Bank met our expectations even in a better way. The returns we get from Zenith Bank are the best in the industry," he declared. In his address, Chairman of Zenith Bank, Mr. Jim Ovia, said: "The bank remains committed to delivering superior returns to our shareholders as we declared an interim dividend of 25 kobo per share and a final dividend of N1.55, bringing the total dividend for the period to N1.80 as against N1.75 per share paid the previous year." He noted that owing to a number of domestic and external factors, 2015 was a very challenging year for operators in the banking industry. He noted, however, that the total deposits was N2.33 trillion for the year ending December 31, 2015, representing an increase of three per cent over the previous year's figure of N2.27 trillion. *(This Day)*

Economic News

Nigeria's state oil company has offered to talk to an international watchdog that says it failed to hand over billions of dollars in oil revenues despite government promises to tackle mismanagement and corruption. President Muhammadu Buhari last year fired senior staff at the Nigerian National Petroleum Corporation (NNPC) and approved a revamp of its structure last month. But in a report published this week, the Natural Resource Governance Institute (NRGI) said NNPC withheld around two thirds of the $6.3 billion of oil proceeds in the second half of 2015. NRGI said that was an increase of 12 percent from the proportion kept under the administration led by Buhari's predecessor, Goodluck Jonathan, in 2013 and 2014. The NNPC has previously said such accusations failed to account for its costs. The oil sector in Nigeria, Africa's top crude producer, accounts for about 70 percent of national income.

The constitution requires NNPC to hand over its oil revenue and money is then paid back based on a budget approved by parliament. But the act establishing the company allows it to cover costs before remitting funds to the government. On Friday NRGI posted a statement on its website in which it said NNPC had offered to hold talks. "NNPC has invited NRGI to meetings where NNPC will clarify its position. NRGI appreciates NNPC's open doors and willingness to engage, and will post further updates based on these discussions," it said. NNPC posted the text of the statement on its Twitter feed but a spokesman could not immediately be reached to confirm the details or say when the meetings would take place. Last month, Nigeria's auditor-general and the Revenue Mobilization Allocation and Fiscal Commission both said NNPC failed to remit billions of dollars to the public purse during the Jonathan era. The NRGI report said that until there are agreed rules governing how much money NNPC can keep, and how it must spend the money, it will continue to "leak" out of the system. "NNPC spending on this scale raises questions about fiscal responsibility, especially at a time when public finances are stretched and the federal government is looking to fund more of its budget with debt," the report said. NRGI praised Buhari's work to reform oil sales, notably efforts to cut out "passive, well-connected middlemen", and reforms of crude for oil product swap deals that have been replaced with revised agreements directly with oil refineries. *(Reuters)*

The treasury bills maturity worth N179 billion and refunds to Deposit Money Banks (DMBs) for unfulfilled bids at the foreign exchange (forex) auction last week, doused tensions caused by tightened liquidity in the money market. The developments, which raised the liquidity levels as they hit the system, pared the Open Buy-Back and Overnight rates that had already trended in double digits to 5.6 per cent and 6.4 per cent respectively on Thursday and 3.8 per cent and 4.3 per cent, down 8.9 per cent and 9.0 per cent week-to-date. Meanwhile, the treasury bills market was broadly bearish last week as average rates increased on all trading days, reflecting market expectation of tightening monetary policy. The rates, which started the week at eight per cent on the back of low system liquidity had reached a high of 8.4 per cent, despite the Open Market Operations maturity worth N179 billion on Thursday. It ended the week higher as it inched up by 0.2 per cent on Friday to close at 8.6 per cent, a 0.9 per cent week-to-date increase. Meanwhile, the nation's foreign exchange reserves rose by 0.21

per cent to $27.88 billion in March from $27.82 billion, as the Central Bank of Nigeria intensifies is battle in defense of the Naira. Specifically, the foreign exchange reserves rose by $59.9 million during the period under review despite depletions arising from the weekly interventions of the apex, in efforts to stabilise exchange rate. Although the reserves' profile have shed $1.91 billion from $29.79 billion record in the last one year due to plunge in oil prices that cut deep into Nigeria's foreign exchange earnings, the recent resurge of the reserves' profile has been attributed to measures by the CBN and renewed rally in the price of crude oil, although still at lower levels. Activities in the foreign exchange market last week were stable, as the official exchange rate remained unchanged at N197/$ at the CBN and N199.50/$ at the interbank market. However, at the Bureau-De-Change segment, the naira appreciated against the dollar marginally on all trading days of the week, with the Naira/Dollar rate trending lower from N322/$ on Tuesday to close at N320/$ at the weekend. The parallel market was also stable as Naira/Dollar traded for N323/$ on all trading days save for Wednesday when it rose marginally to N324/$. *(Guardian)*

The Nigerian stock market shed N1.1 trillion in the first quarter of 2016 as banking stocks bled following investors' negative reactions to profit warnings and huge impairment charges recorded by banks for the 2015 financial year. The market, which opened January with a value of N9.8 trillion, closed at N8.7 trillion at the end of March, showing a dip of N1.1 trillion or 11. 2 per cent. Similarly, the Nigerian Stock Exchange (NSE) All-Share Index declined by 10.9 per cent in the quarter, falling from 28,335.01 to 25,306.22. Although the market grew by 3.0 per cent in March boosted by relatively attractive dividend yield, losses by the banking sector led to a massive dip in market value. Investors have remained on the sidelines due to lull in the economic activities following continual fuel scarcity, sliding value of naira and dwindling federal government revenue. However, the Banking sector remained under pressure, shedding 6.3 per cent in March 2016 and recorded highest sectoral decline of 19.25 per cent in Q1 of 2016. Market analysts said this was not surprising given the number of profit warnings and un-inspiring performance scorecards submitted during the period as most players in the sector booked huge impairment losses amid tougher economic environment. Five banks sent profit warnings to the market, saying they would record lower earnings. The banks are FCMB Group, FBN Holdings Plc, Diamond Bank Plc, Ecobank Transnational Incorporated and Skye Bank Plc. Investors' reactions to the profit warnings were highly negative as indicated in the performance of the stocks in Q1.

For instance, the shares of Diamond Bank shed dipped 47.8 per cent while FCMB went down by 47.4 per cent. Skye Bank lost 42.4 per cent of its value, while FBN Holdings closed the quarter 36 per cent lower. ETI shed 9.5 per cent. FCMB Group was the first to send a profit warning to the market. The banking group had said earnings and profitability for the third quarter ended September 30 ,2015 would be lower than the figures of same period in corresponding period of 2014. The Managing Director of FCMB Group Plc, Peter Obaseki, had said the lower earnings would result from spike in impairments particularly in the energy sector and the significant reduction in trade finance-related revenues due to foreign exchange illiquidity. And when the bank released its audited results for the full year ended December 2015, last week, profit after tax (PAT) fell by 78 per cent from N22.1 billion in 2014 to N4.8 billion in 2015. Commenting on the performance, the Group Managing Director/CEO, First City Monument Bank Limited, a key subsidiary of FCMB Group Plc, Mr. Ladi Balogun, said: "The commercial and retail banking arm of the group saw a significant drop in profitability for the full year to N6.5 billion PBT, following the impairments from two significant defaulting obligors reported in our Q3 audited results. The full year's performance was also adversely affected by a 44 per cent drop in foreign exchange income and a 12 per cent drop in net interest income, largely caused by foreign exchange policy and impact of cash reserve requirement ratios till Q4." *(This Day)*

Nigerian President Muhammadu Buhari will sign a loan deal with China during a visit next week, his spokesman said on Wednesday, helping to finance badly-needed infrastructure projects. "I can't tell you how much until the day the loan will be signed," spokesman Femi Adesina said. "Both countries will also be signing some bilateral agreements to strengthen their relationship, that is all I can say now." Nigeria, which has been hit hard by a slump in oil prices, has been in talks with China's state export import bank for a loan for months. A financial source said the loan would fund construction works of Chinese firms for infrastructure projects in Nigeria. In February, financial and government sources said the loan could be as high a $2 billion but officials have not provided an update since then. Nigeria has said it wants to raise about $5 billion abroad to cover part of its 2016 budget deficit which could be as high as 3 trillion naira ($15 billion). Buhari has not signed the 2016 budget bill yet as he still awaits details from parliament which passed it last month.

Chinese Foreign Ministry spokesman Lu Kang had earlier said in Beijing that Buhari would visit China from April 11-15 to sign "cooperation agreements" and attend a business forum. He gave no details. Buhari, who was elected in March 2015 on a promise to fix mismanagement and corruption, wants to turn around the economy by investing in power plants, transport and infrastructure. Chinese construction firms have been upgrading Abuja airport and building several railway projects in Nigeria, Africa's biggest economy. In November, Nigeria's agriculture minister said he hoped China would to set up 40 rice mills as Buhari wanted to expand the farming sector. Nigeria has said it wanted to raise $1 billion from Eurobond investors but no deal has publicly emerged. Analysts say Nigeria's reluctance to devalue the naira currency, which has plunged on the black market, might discourage investors which expect such a move to happen eventually. *(Reuters)*

Nigeria's parliament on Wednesday submitted the long overdue 2016 budget bill to President Muhammadu Buhari for additional checks at his request, with lawmakers blaming delays on the government for its "sloppy" work on the bill. Buhari withdrew his original budget bill in January because of an unrealistic oil price assumption and flaws in the draft. Lawmakers approved an amended proposal last month but only submitted highlights, rather than the whole document, to the president's office. This prompted Buhari to say he would only sign the bill after checking it "ministry by ministry", and requested lawmakers to submit the document in its entirety. Nigeria, Africa's biggest economy, is facing its biggest crisis for years after oil revenues, which make up about 70 percent of national income, slumped along with global oil prices. Abdulmuminu Jibrin, who chairs the budget committee in the lower house, told reporters late on Wednesday that the bill had been submitted the executive. He later issued a joint statement with his counterpart from the upper house, Danjuma Goje, in which they said that "most of the figures simply did not just add up". The task of balancing projected revenue and spending was "made very difficult by the sloppy manner in which the 2016 Appropriation Bill was prepared by the executive," they said. Last month the information minister said there was no rift between the executive and legislature on details of the budget. Nigeria has said it wants to raise about $5 billion abroad to cover part of its 2016 budget deficit which could be as high as 3 trillion naira ($15 billion). The president's spokesman on Wednesday said Buhari will, during a visit to China next week, sign a deal for a loan to help fund infrastructure projects. He did not disclose the sum involved. Nigeria has also said it wants to raise $1 billion from Eurobond investors, however no deal has been announced. *(Reuters)*

Nigeria plans to split state oil company NNPC into two to help ease a planned stake sale and wants to sell at least 40 percent of a newly created National Petroleum Co (NPC) in coming years, according to a draft of a long-awaited oil bill seen by Reuters. The bill envisages the sale of at least 10 percent of NPC over five years and is targeting 40 percent or more over 10 years, as Africa's top oil exporter seeks to fix a cash shortage that is hampering investment at NNPC and end graft. Parliament is to start debating within days the amended Petroleum Industry Bill, in the works for a decade and designed to change everything from taxes to environmental rules and revenue sharing, as well as overhauling NNPC. Lawmakers have not previously been able to agree on the 200-page bill, but President Muhammadu Buhari has made its passing a priority as he seeks to overhaul the oil and gas sector, which accounts for 70 percent of state income. NNPC's output has een stagnant at around 2 million barrels a day for years as the company struggles with graft, bureaucracy and funding problems. To accelerate the reform process, the West African nation is breaking up the bill, with the first part dealing with the reform of NNPC, a pet project of Buhari. "Divestment of shares ... may include the sale or transfer of shares to institutional or strategic investors," the draft said, without giving more details. A sale of at least a 10 percent stake in NPC is to take place within five years, with the rest to happen within 10 years, the bill says. The previous draft had called for a 30 percent sale within six years.

It gave no reason for the longer timeframe but a source involved in the draft said selling a larger stake was intended to raise more funds and help minimize the risk of corruption, because of the greater influence of outside investors and private firms. "Bidding is open to international investors," the source said. Part of Nigeria's output comes from joint ventures with foreign and local companies in which NNPC holds the majority stake. However, NNPC is always behind on covering its share of costs owing to the slow pace of government approvals, explaining the need for outside funding. The act that created NNPC decades ago contained legal gray areas which allowed mismanagement to go unchecked and billions of dollars in revenue to go seemingly unaccounted for. NPC will look after joint ventures mainly wi

- ts and service agreements, a second source involved in drafting the bill said. The draft bill already lists 26 licences but the source said there would be many more. The second source involved in the drafting also said that the other bills which would be part of the overall reform of the energy sector have not yet been finalized. *(Reuters)*

Nigeria will get $200 million in badly-needed hard currency from oil majors to pay for fuel imports and ease petrol shortages hitting the OPEC producer, the head of state-run oil firm NNPC said. Africa's top oil producer, which needs to import most of its fuel needs, suffers from hard currency shortages due to a slump in vital oil revenues. For weeks, motorists have been queuing at petrol stations. "For the first time in this country I have been able to convince the upstream companies to provide some FX buffer over the next one year for those who are bringing in products," Emmanuel Ibe Kachikwu said in a video to NNPC staff posted on his Facebook website. The agreement included Total, and Shell which would work with local fuel importer Conoil and ENI cooperating with Oando, he said. "I had to box my way through the CBN (central bank) to get a bit of (foreign exchange) allocation," he said, blaming the fuel shortages also on a surge in pipeline attacks interrupting crude flows to refineries. Last month, Kachikwu, who is also state petroleum minister, said Africa's top oil producer was in talks with Chevron, Total and ENI to get help revamping its ailing refineries. Kachikwu also said in the video crude flows had been resumed to the Port Harcourt, Warri and Kaduna refineries. President Muhammadu Buhari fired the NNPC board and appointed Kachikwu last year to overhaul the company, whose opaque structures have allowed corruption and oil theft to flourish. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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TRADING

Tanzania

Corporate News

A Tanzanian government tax tribunal has accused Acacia Mining, formerly known as African Barrick Gold, of tax evasion and ordered the London-listed company to pay $41.25 million to the African nation. Acacia denied the allegations and said it would appeal against the ruling, which comes against the backdrop of a tax crackdown instigated by Tanzania's new president John Magufuli. The Tax Revenue Appeals Tribunal said in a ruling seen by Reuters on Wednesday that it had evidence that Acacia was engaging in "a sophisticated scheme of tax evasion" in Africa's fourth-largest gold producer. The March 31 ruling read by Fauz Twaib, a Tanzanian high court judge who is the chairman of the Tax Revenues Appeals Tribunal, said that Acacia paid dividends to its shareholders worth $412.5 million between 2010 and 2013 but evaded a 10 percent withholding tax by declaring losses. Acacia, which owns three gold-producing mines in Tanzania, said on its website that it believed the tribunal's judgment to be "fundamentally flawed" and that it would appeal against the ruling in Tanzania's Court of Appeal. "Acacia and its subsidiaries fully comply with all international and domestic tax legislation and have not and never will undertake any form of tax evasion or tax avoidance schemes," the company's statement added. Mining and energy companies in Tanzania have said they have come under increased regulatory pressure in recent years as the government has sought to boost its share of their revenue. *(Reuters)*

Economic News

DAR ES SALAAM Stock Exchange (DSE) public offer and self-listing has reached a final stage and waiting the capital market regulator approval. DSE is set to join the only two others in Africa, Nairobi Securities Exchange and Johannesburg Stock Exchange which are selflisted in their respective exchanges. The self-listing or demutualisation is a process through which any member owned organisation becomes a shareholder-owned company. The DSE Chief Executive Officer, Mr. Moremi Marwa, said the bourse top priorities in this quarter are to encourage more listings, public education and awareness. "The DSE IPO and selflisting is now at the final stage of approval by the Capital Markets Regulator," Mr. Marwa said. Previously, the CEO told the 'Daily News' that other exchanges in Africa are also seriously considering this option. "Out of the current 25 exchanges in Africa, more than dozen are positively considering to initiate the process of demutualisation," Mr. Marwa said. On the listings side, in the first quarter, DES, in addition to government bonds listings, had three listings namely Yetu Microfinance (shares), Exim Bank (Bonds) and Maendeleo Bank (rights issued shares). Self-listing has many advantages including enhancement of corporate governance within the exchange for sustainable protection of all its stakeholders. And an access to the efficiently priced source of funds to finance the exchange's growth and capital markets development in the country, including capital investments in trading technologies as well as introduction of new products and services. Also demutualisation is responding to the increased competitiveness within regional financial markets centres in relation to finance and investment choices and allocations. "Consequently, across the globe stock exchanges are now re-thinking their business strategy and models in order to find ways of how best to survive," analysts said. After completion of selflisting process, the DSE will be known as Dar es Salaam Stock Exchange Public Limited Company (PLC). Stock self-listing is a new drive, which started in 1993 when the Stockholm Stock Exchange was the first exchange to demutualise, followed by Helsinki (1995), Copenhagen (1996), Amsterdam (1997), the Australian Exchange (1998) and Toronto, Hong Kong and London stock exchanges in 2000. In Africa, the first to make a self-listing move was the Johannesburg Stock Exchange in 2005, followed by the Nairobi Stock Exchange 2014. Others, such as Mauritius Stock Exchange have started the process. *(Daily News)*

Tanzania plans to raise spending by 31 percent in the next fiscal year, focusing on infrastructure and industrial projects, a new draft budget proposal showed. The draft presented by the Finance Ministry to Parliament on Wednesday and seen by Reuters on Thursday proposes spending of 29.53 trillion Tanzanian shillings ($13.53 billion) in fiscal year 2016/17, which starts on July 1. In Wednesday's presentation, Finance and Planning Minister Philip Mpango said: "Some 17.71 trillion shillings will be allocated to recurrent expenditures, while 11.82 trillion will be set aside for development spending." In the previous draft budget, released in February, the government said it planned to spend 22.99 trillion shillings in 2016/17, up from 22.49 trillion shillings in 2015/16. The final budget for the new fiscal year is expected to be presented in parliament in June. The revised budget outlook is an indication of spending plans under President John Magufuli, who was elected in October. The former public works minister promised to improve the African nation's creaking infrastructure and create more jobs. "To speed up construction of infrastructure projects, the government plans to raise 2.101 trillion shillings from external non-concessional borrowing," Mpango said. The government will borrow 5.37 trillion shillings from domestic lenders to settle maturing government treasuries, finance development projects and service arrears.

Development partners are expected to contribute 3.6 trillion shillings in loans and grants, equivalent to 12 percent of the total budget. Tanzania, one of Africa's biggest per capita aid recipients, has recently faced aid delays and cancellations due to western donor concerns about corruption, the slow speed of reforms and disputed elections in the semi-autonomous Zanzibar archipelago. The government said it plans to cut foreign aid dependency by boosting revenue collection. "It is important to be independent in budget funding and thus avoid the risks of trying to implement development plans that are overly dependent on foreign aid which is unpredictable," Mpango told parliament.
He said the government plans to collect 15.1 trillion shillings in taxes in 2016/17, equivalent to 17.3 percent of the country's gross domestic product. The government said it plans to cut the deficit to the equivalent of less than 3 percent of GDP in 2016/17 from 4.2 percent in the fiscal year ending this June. Growth in east Africa's second-biggest economy is expected to rise to 7.2 percent in 2016 from 7.0 percent in 2015, Mpango said in his budget draft, while average annual inflation is seen stable at 6 percent in 2016. *(Reuters)*

DEMAND for the treasury bills has continued to be impressive after papers were oversubscribed by 87.78bn/- with yields across all tenures taking a downward trend. The Bank of Tanzania (BoT), summary for the one year treasury bills auctioned on Wednesday shows that it attracted bids worth 220.78bn/- against 133bn/- offered to the market for bidding. Comparatively, the total amount tendered declined to 220.78bn/- compared to 386.21bn/- of the previous session and at the end the government retained 126bn/- as successful amount. Some of the investors in the one year treasury bills are namely commercial banks, pension funds, insurance companies and some microfinance institutions. The two tenures, 364 and 182 days have continued to be the most attractive after contributing about 99 per cent of the total bids while 91 and 35 shared less than one per cent. The 364 and 182 days offer attracted bids worth 108.58bn/- and 111.09bn/- respectively against 75bn/- and 50bn/- offered to the market for bidding while the 91 days offer attracted 1.09m/- Yield rates for the 364 and 182 days offer were 16.63 per cent and 15.97 per cent respectively compared to 17.32 per cent and 16.76 per cent of the previous session held two weeks ago. The 91 days tenure interest rate was 8.29 per cent compared to 8.24 per cent. The highest and lowest bid/100 for the 364 and 182 days offers were 86.49/ 83.37 and 92.94/ 91.76 respectively while for the 91 and 35 days tenor had 98.00/ 97.81. The minimum successful price/100 for the 364, 182 and 91 days offer were 85.40, 92.40 and 97.95 respectively. The weighted average price for successful bid for the 364 tenure was 85.77, the 182 days offer was 92.62 and 91 days offer was 97.98. *(Daily News)*

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Zambia

Corporate News

INVESTMENTS in securities by Zanaco Bank reduced from about K1.4 billion in 2014 to about K1.1 billion recorded last year mainly due to the upward reversion of the statutory reserve ratio by the central bank, managing director Bruce Dick has said. But Zanaco's total income grew to slightly above K1 billion, representing a 10 percent growth although the depreciation of the Kwacha pushed costs upwards resulting in the profit before tax declining to K 283 million during the 2015 financial year. Giving highlights of the 2015 financial year ended December 31, Mr Dick said investments in Government bonds and treasury bills recorded a decline to K1.18 billion from K1.44 billion the previous year. "The bank invested a lot in securities previously but the increase in the statutory reserve ratio to 18 percent has resulted in the bank increasing the money it takes to the central bank reserves," he said on Thursday after the bank's annual general meeting. In April last year, the Bank of Zambia (BoZ) implemented a four percent upward adjustment to the statutory reserve ratio from 14 percent to cushion the Kwacha against depreciation. On the bank's overall performance, total revenue grew from K973 million to over K1 billion mainly driven by the size of the loan book (which stood at over K3.4 billion from K3.1billion), re-pricing the loan book and growth in fees and commissions due to increased transactional volume. "Nevertheless, the steep depreciation of the Kwacha against major currencies pushed up operational costs…Consequently, profit before tax was K283 million from 367 million, down by 23 percent," he said. Operating expenses also grew by 30 percent from K606 million in 2014 to K785 million. Meanwhile, the bank notes that the economic outlook, and market conditions will remain fragile due to election pressure, continued inflationary pressure and power challenges. Mr Dick also said tight liquidity will continue to affect the market. *(Daily Mail)*

PUMA Energy Zambia Plc posted reduced revenue of K3.1 billion in 2015 as overall sales volumes were hit by lower demand in the commercial business segment. According to a statement of profit and comprehensive income for the 2015 financial year ending December 31, 2015, Puma registered a drop in its revenue of K3.1 billion in 2015, from K3.2 billion recorded in the prior period on account of lower demand in the commercial business segment. "Overall sales volumes were lower by 9.35 per cent compared to the previous year. The commercial business segment was impacted by lower demand following reduction in activity of some major customers," Puma stated. "However, volume growth was recorded in retail, aviation and lubricants. Fuel supply was sustained by the company for its customers through both imports and locally procured products from the terminal at TAZAMA." The company did, however, see a jump in its profit last year to K72.2 million from K58.8 million recorded in the prior period. And Puma announced that K95.4 million was invested in developing the company's retail network last year. "During the period under review, the company invested a total of K95.42 million in developing the company's retail network, maintaining the existing assets and construction of its new head-office. This level of expenditure demonstrates the strong commitment of the company in its growth strategy in Zambia," stated Puma. "With the company's new business prospects in some of its business segments, sales volumes are expected to increase in 2016. Due to its strong investment programme, the company is confident that it will continue to grow and remain a key player in the energy sector." *(Post)*

Economic News

Zambia's kwacha strengthened 1.6 percent against the dollar on Wednesday, extending sharp gains to the second straight session as copper prices cruised higher. By 0643 GMT the kwacha had gained 1.12 percent to 10.64 per dollar, after strengthening to as much as 10.61. Zambia is Africa's second biggest producer of copper, which saw its prices tick higher on Wednesday. *(Reuters)*

Zambia's government is talking to mining companies to try to resolve a dispute about higher electricity prices introduced at the start of the year, an industry official said on Wednesday. Zambia increased the price of electricity for miners by 26 percent on Jan. 1 as part of a bid by Africa's second biggest copper producer to attract more investment in power generation. But the increase has been disputed by miners in

Zambia - which include Glencore, Canada's First Quantum Minerals, Vedanta Resources and Barrick Gold - as they are already grappling with a slump in commodity prices. The ministry of energy had told mining companies they would have to pay 10.35 U.S. cents per kilowatt hour from Jan. 1, up from 8.20 cents per kilowatt hour previously. Copperbelt Energy Corp. Managing Director Owen Silavwe told reporters the mining companies were still paying the old tariffs while talks with the government continued. Copperbelt Energy is the main power supplier to mines in Zambia and buys most of the electricity from state power firm Zesco Ltd. "The government is talking to the mining companies and all other stakeholders, including ourselves. Hopefully agreement will be reached soon," Silavwe said, without giving a timeframe. The World Bank has recommended Zambia charge mining companies higher electricity tariffs to attract investment in power generation. *(Reuters)*

Zambia's kwacha marched to its firmest in seven months against the dollar on Thursday as sentiment received a boost after Moody's said mining giant Glencore's investment in new copper mines in the country would lift growth. By 1440 GMT the kwacha had extended gains to 5.29 percent, trading at 9.8600 dollar, a level the copper-producing southern African country's currency last touched in September. Traders said Moody's comments, rising copper prices and dollar sales had buoyed the currency. Glencore has said it would invest over $1.1 billion to sink three copper mine shafts in Zambia. *(Reuters)*

Zimbabwe

Corporate News

African Sun reported a loss after tax of $8, 3 million in the 15 month period to 31 December as the tourism sector's poor performance impacted its revenue. The group which operates 11 hotels in Zimbabwe, changed its financial year end from September to December 31 to align it with that of its major shareholder, Brainworks Capital. It previously reported a to $2, 2 million loss in the year to September 2014. Total group revenue stood at $63, 1 million with income per available room dropping from $47 to $45 although occupancy levels jumped marginally from 48 percent to 49 percent. Operating expenses at $43,4 million were up from $33 million incurred in the preceding 12-month period. Last October, the group appointed Legacy Group of hotels to manage five of its hotels — Elephant Hills, Troutbeck, Hwange Safari Lodge, The Kingdom and Monomotopa Hotel. During the year under review the group abandoned its regional ambitions and closed operations in Ghana, South Africa, Mauritius and Nigeria which it said were draining resources from the profitable Zimbabwe unit. It also trimmed its staff compliment by 20 percent to 1,179 in a move which is expected to yield annual savings of $2, 7 million. Finance costs fell by 16 percent to $2, 5 million as the group managed to reduce borrowings from $17, 3 million to $7, 7 million. Earnings Before Income Tax Depreciation and Amortisation (EBITDA) amounted to $7 million compared to $8,3 million in the previous 12 month period. *(Source)*

Hotelier Rainbow Tourism Group reported an operating profit of $1 million in the full-year to December 31, 2015 compared to a loss $800,000 the year before after aggressive cost cutting measures. Revenues for the year was flat at $30,6 million, despite a growth in occupancy levels from 48 percent to 50 percent, driven by foreign business. The financials also showed a net loss of $400,000 from a profit of $340,000 in the prior year. Local occupancies were stagnant at 54 percent, as aggregate demand remained weak as a result of persistent liquidity challenges, business viability constraints and diminishing incomes. Foreign business grew by six percent to $9,28 million from $8,75 million recorded in the corresponding period prior year. Earnings Before Income Tax Depreciation and Amortisation (EBITDA) more than tripled, from $900,000 previously to $3,6 million. RTG successfully restructured its $13,6 million National Social Security Authority (NSSA) loan facility, which had become current, into a long-term debt. The new facility has a seven-year tenor at an interest rate of six percent per annum. balance sheet, a fitter business operating model and growing foreign market. Looking ahead, RTG said it would focus on revenue growth by targetting more foreign business generation. "To continue the drive on foreign business, the group will focus on opening new markets as well as consolidating revenue streams from existing source markets," it said. *(Source)*

HWANGE Colliery Company realised a $115 million loss for the full-year ended December 31, 2015 widening from another loss of $38 million a year earlier after the company recognised a $69,1 million Zimbabwe Revenue Authority liability covering six years as well as a decline in production. An amount of $40,6 million had been accrued, resulting in an adjustment of $28,5 million after a verification exercise by Zimra. It had previously been disclosed as contingent liability. Also contributing to the annual loss was a decline in production volumes from 1,8 million tonnes to 1,55 million tonnes on the backdrop of high fixed overheads as well as challenges experienced with the new equipment commissioned in June last year. The result of this was an increase in direct costs of production without a corresponding rise in output. The company is failing to optimally utilise new equipment acquired from Belarus and India due to working capital shortages to purchase consumables. Revenue for the period declined to $67,6 million from $83,9 million due to low sales volumes, stagnant of thermal coal prices as well as decline of coal and coke prices. Overall, sales volumes declined 13 percent. Coal production was affected by recurrent breakdowns of the equipment and inadequate working capital to support operations. Coal supplied to power stations accounted for 57 percent of total coal produced and 47 percent of the revenue. Industrial coal was the major contributor to the revenue, contributing 45 percent although it accounted for 32 percent to overall production volumes.

Coke sales, including breeze, amounted to 54 000 tonnes, lower than 80 000 tonnes in the previous year. South Africa and Zambia remain the major markets of the products. Coals fines sales volumes amounted to 113 421 tonnes, constituting 7 and 5 percent to production and revenue respectively. Borrowings increased to $51 million from $12 million. This was due to long-term loans from Export Import Bank of India and RBZ/PTA Bank. Hwange said debt instruments were being set up as payment guarantee to creditors owed $287,3 million. On the faulty equipment, the machines will be re-tested under full load and capacity for the period of one month. Hwange is working on a facility from Agribank, which will enable the company to purchase consumables. In the short term, the company is working on a $7 million pre-financing facility structured through a major customer and syndicated by two financial institutions "which will give impetus to the new business plan and ensure attainment of monthly production targets of 350 000 tonnes from July 2016 onwards," Hwange said. The management is also working to raise $6,3 million to re-open the underground mine while a consultant had been engaged to determine whether the coke oven battery could be re-built or de-commissioned. Negotiations to terminate the Build Own Operate and Transfer agreement signed with Hwange Coal Gasification has reached an advanced stage while exploration of new concessions has started. *(Herald)*

ZIMBABWE Stock Exchange-listed coal miner Hwange Colliery Company has shortlisted potential partners to develop its new concessions in Lumbimbi and western areas. The new concessions, with an estimated underground resource of close to one billion tonnes, according to an independent competence report done by SRK Consulting, is expected to increase the life span of the coal mining firm by at least 50 years. Acting chairman Mr. Jemester Chininga said last week the project would be implemented as a separate business unit to enable bankability. Mr. Chininga said the process of identifying the technical and financial strategic partner was done through a public invitation for expression of interests in the exploration of the concessions. "The adjudication would be finalised beginning the second quarter of 2016," he said. He said coal supply off take agreements were also concluded with two major new thermal power stations developers. Coal supply to the stations would be from new mines. While the company is working on the selection of the new partners, pre-exploration and development work at the three new concessions has commenced. Hwange is facing serious financial problems, which has seen the company failing to pay workers. Several creditors owed about $43 million by the company have since filed lawsuits against the coal miner, threatening the going concern of the business. The litigations cases include a court application by workers who are seeking to have the company placed under provisional judicial management. The total value of litigations as at December 31, 2015 was $42,5 million; $21,2 million being value of cases for which judgment has been passed and $$21,2 million being value of cases pending judgments. In total, Hwange's total creditors for the year ended December 31 stood at $287,3 million. "Hwange has been facing numerous litigations from creditors that threaten the going concern of the company," said Hwange.

"Debt instruments are being set up and once approved will stand as payment guarantee to creditors." The Reserve Bank of Zimbabwe intends to issue Treasury Bills to creditors to avoid the piling litigations. Managing director Mr. Thomas Makore said the central bank and the Finance and Economic Development Ministry was finalizing the issue. The creditors would be issued with TBs, which they can liquidate on maturity or use as security to borrow, at a discount. During the full year to December 31, the company realised a $115 million loss from $38 million a year earlier after the Hwange factored in a $69,1 million Zimbabwe Revenue Authority liability covering six years. It had previously been disclosed as contingent liability. An amount of $40,6 million had been accrued, resulting in an adjustment of $28,5 million after a verification exercise by Zimra. Also contributing to the annual loss was a decline in production volumes to 1,55 million tonnes from 1,8 million tonnes on the backdrop of high fixed overheads as well as challenges experienced with the new equipment commissioned in June last year. Revenue for the period declined to $67,6 million from $83,9 million due to low sales volumes, stagnant of thermal coal prices as well as decline of coal and coke prices.*(Herald)*

Econet Wireless is by far the biggest contributor to a pool of funds managed by the Postal and Telecommunications Regulatory Authority of Zimbabwe (Potraz) meant for infrastructure development in outlying areas, the telecoms sector regulator has said. In a disclosure of information that has for years remained a closely guarded secret, Potraz finance director Biggie Chiripanhura said Econet has contributed around $55 million to the Universal Services Fund (USF), far outdoing its peers, Telecel at $10 million and NetOne at $4 million in the period 2009 to 2015. All telecommunications operators contribute at least 1.5 percent of their gross revenue to the USF, down from two percent which they previously paid. The fund was established to provide funding for extending communication networks in marginalised rural areas. "Econet has been a major contributor and has paid less than $55 million since 2009," he told the parliamentary portfolio committee on information communications technologies on Monday. "USF has a budget of $13 million in a year." Econet has on numerous occasions complained over lack of disclosure with regards USF contributions and how the money was used. Potraz acting director general Baxton Sirewu told the committee it was not true that government owned telcos such as NetOne have not been contributing to the fund.

"They are paying but they are in arrears due to financial challenges," Sirewu said, without revealing how much the regulator was owed. "Econet carries about 98 percent of the internet traffic while the other two share the reminder that is why it pays more," he said. Sirewu said the regulator will this year construct 11 base stations using USF funds in remote areas, with three already under construction. "We are also tendering for eight sites across the country right now. The tender is being finalised and will be awarded this month," he said. To date, 12 base stations had been constructed using USF funds, he said, adding the money was also being used to support skills development programmes and enhancing provision of postal and courier services. *(The Source)*

Steward Bank, a subsidiary of Econet Wireless on Tuesday said it has secured a $15 million line of credit for on lending to small to medium enterprises (SMEs). Steward Bank chief executive Lance Mambondiani told The Source that the bank was hoping to increase its share of the market in the sector by availing low interest loans. Informal trade, made up mainly of SMEs dominates Zimbabwe's economic landscape as large corporates fail. The central bank estimates that the sector, which is not taxed and is highly unbanked, employs over six million people contributing close to 60 percent of the country's GDP. This has made the sector become a target of most banks aiming to get a share of the estimated $3 billion to $7 billion reported to be circulating in the sector. "We have several partners that have contributed to this facility. These include USAID, SNV and FAO. I am not in a position to break down the investments but the entire pot comes to $15 million," he said. Mambondiani said interest rates on the loans would be set between eight percent and 10 percent. The $15 million facility is in addition to the bank's current loan book of $60 million. The bank currently has a loan default rate of 15 percent which is higher than the market average of 10, 9 percent. Its depositor's base stands at $83 million. *(Source)*

Struggling coal miner, Hwange Colliery Company Limited (HCCL) has begun a process of downsizing its workforce in a development that would see top managers losing their jobs with the company cutting labour costs by $15 million. The company, which reported a net loss of $115 million last year, is seeking to reduce top management posts from 23 to eight. Acting chairman Jemister Chininga visited the mine on Monday and he met management to discuss the plans. "We are here to start the process of downsizing. The management has been briefed and the next step will now be to identify the best, lean, structure that is line with the level of our business activity," said Chininga. He declined to say how many workers will be affected by the downsizing, although indications are that the process targets mostly top managers. HCC workers have not been paid for 30 months and Chininga said restructuring would cut costs by $15 million per annum. "We hope to save up to $15 million a year with a leaner organisation. We will implement the exercise once management identifies the departments that need restructuring," he said. Chininga said the company, which requires $10 million working capital, was concerned about the latest financial results where it posted a net loss of $115 million hence the need to cut size of staff which doesn't correspond with the level of operations.

The poor performance followed another loss of $38 million a year earlier after the company recognised a $69,1 million Zimbabwe Revenue Authority liability covering six years as well as a decline in production. Production fell from 1,8 million tonnes to 1,55 million tonnes on the backdrop of high fixed overheads as well as challenges experienced with the new equipment which was commissioned in June last year. The result of this was an increase in direct costs of production without a corresponding rise in output. Chininga said the company is failing to utilise the new equipment acquired from Belarus and India due to working capital shortages. Revenue declined to $67,6 million from $83,9 million due as sales fell 13 percent and the decline of coal and coke prices. Borrowings increased to $51 million from $12 million due to long-term loans from Export Import Bank of India and RBZ/PTA Bank. The company is working on a facility from Agribank, which will enable the company to purchase consumables. HCCL early this year had some of its equipment auctioned over unpaid debts to a Chinese company. The mining company is facing litigation for claims amounting to $20,6 million while cases worth $20,1 million have been awarded against it. *(Source)*

Caledonia Mining Corporation says its Blanket Mine near Gwanda produced 10,822 ounces (306,8 kilogrammes) of gold in the first quarter to March 31 and expects to meet its full year target of 50,000oz on improved second half performance. The figure represents an 8.7 percent increase on the 9,960oz produced in the same period last year. However, it is six percent lower than the 11,518oz produced in the fourth quarter to December last year due to the shut down over the New Year and Easter holiday periods. "Towards the end of the first quarter, production commenced from below 750 meters via the No. 6 Winze and an additional decline development into the AR South ore body. We remain on target to achieve our full year production target of 50,000 ounces," said Caledonia's chief executive Steve Curtis in an update on Thursday. Quarterly production for the remainder of 2016 is expected to increase progressively to approximately 14,000ounces by the fourth quarter of 2016 as production increases. Caledonia owns 49 percent of Blanket Mine. In February this year, it announced that it had sold forward 15,000 ounces of gold production under a six-month collar and cap arrangement. The hedge arrangement, which set up the gold price between $1,050 per ounce and $1,080 per ounce would give it greater clarity over cashflows until July 2016 when production at the mine is expected to ramp up. *(Source)*

The National Social Security Authority is reported to have reached an agreement with Empowerment Corporation for the acquisition of a 40 percent stake in Telecel Zimbabwe. This comes after the institution bailed out state-owned internet technology firm Zarnet to complete the acquisition of the 60 percent stake which was held by Amsterdam-headquartered Vimpelcom for a total consideration of $40 million.Well placed sources told The Herald Business that NSSA had reached an agreement with Empowerment Corporation for the stake for $20 million, which is the same price that previous suitor Brainworks Capital wanted to pay. "Agreements over the sale were signed close to a fortnight ago and EC agreed to a $20 million sale. NSSA is now doing due diligence. Once the processes have been completed Government will now officially own Telecel 100 percent." When contacted for comment chairman of the public institution Robin Vela said he was not comfortable speaking to The Herald Business. "I am comfortable speaking with other reporters but not The Herald Business," said Mr Vela adding that there were instances that the newspaper has gone on to publish stories without his consent or comment. Further direction was given to this paper to send enquiries to another journalist. Prominent EC shareholders James Makamba and Jane Mutasa could not be reached for comment. NSSA funded the remaining balance of $30 million needed for Government to complete the acquisition of the majority stake in Telecel Zimbabwe from Vimpelcom in February.

Vimpelcom disposed its stake to Government through Zarnet for $40 million late last year. However, Zarnet paid the initial $10 million while the remainder had to be settled by mid-February. To meet the deadline, Zarnet had to engage NSSA to enable the transaction to be completed. NSSA is said to be currently doing a proper evaluation of the business with a view of exploring synergies that might be pursued with its own operations. Main attraction of the business includes its cash generative nature which could help NSSA in providing its pension service. NSSA recently said it would make relevant its services and leverage technology to attract and accommodate untapped informal sector market and expand its membership base. *(Herald)*

Economic News

Foreign banks operating in Zimbabwe have submitted credible plans on how they intend to transfer majority shares to locals, the country's finance minister said on Saturday, reducing the chances the government could cancel their licences. Under an Indigenisation and Economic Empowerment Act all foreign companies operating in Zimbabwe were given a March 31 deadline to sell at least 51 percent of their holdings or have their licences cancelled, part of President Robert Mugabe's black empowerment drive. Finance Minister Patrick Chinamasa said empowerment plans from Barclays Plc, Standard Chartered Plc, Old Mutual Plc and its two banking subsidiaries as well as South Africa's Standard Bank and African banking group Ecobank were consistent with the law. "I am pleased to advise that all the affected foreign-owned financial institutions operating in Zimbabwe have submitted credible indeginisation plans before the deadline of the 31st March 2016," Chinamasa said in a statement.

Chinamasa is leading efforts to end Zimbabwe's isolation from the West and trying to woo the International Monetary Fund, which has previously said the government should ease up its economic empowerment law to attract investment. His comments come two days after another cabinet minister said most foreign banks and mining companies in Zimbabwe had not complied with Thursday's deadline to transfer majority shares to locals. Under the empowerment rules, foreign-owned financial services companies will have to sell at least 20 percent of shares directly to locals, while empowerment credits, such as funding for agriculture and youth and women programmes, make up the balance. Mugabe's black economic empowerment drive has unsettled foreign investors, some of whom fear that Harare could grab their assets in the same way that the government has seized more than 6,000 farms from white commercial farmers since 2000. *(Reuters)*

Zimbabwe's banks made combined profits of $128 million during the full year to December 31, 2015, a 62 percent increase from $79 million after tax profits recorded the previous year, as the sector defied a sluggish economy. All 16 banks registered profits in 2015, compared with 11 profitable banks in 2014, a report by advisory firm MMC Capital showed on Wednesday. MMC Capital attributed the all-round profit showing to four banks that bounced back to profitability during the review period, as well as significant growth in profitability at POSB, Ecobank and NMB Bank despite a sustained liquidity crisis, declining disposable incomes and company closures. "Profits were predominately posted across the board with aggregate banking sector profit after Tax (PAT), at $128 million rising from $79 million recorded in 2014," MMC said in its latest banking sector report. "The rise in PAT was mainly attributed to an improvement in fortunes for banks such as Metbank, FBC, BancABC and ZB Bank, which all moved into profitability in the year under review. Other previously profitable banks such as POSB, Ecobank and NMB registered impressive growth in profits, advancing by 532 percent, 141 percent and 235 percent respectively. All sixteen banks ended the year 2015 in the black, compared to only 11 banks that were profitable in the previous year," MMC Capital added. The report indicated that despite the poor performance of Zimbabwe's economy, highlighted by depressed growth in manufacturing capacity and subdued foreign direct investment, banks had begun to respond to measures laid out in the past two years to stabilise the sector.

Since 2012, several banks fell by the wayside in a wave of closures blamed on delinquency and general tepid growth. These include Royal Bank, AfrAsia Kingdom Bank, Allied Bank, Tetrad Investment Bank and Interfin Banking Corporation. While sporadic cash shortages have returned to haunt the sector in the past year, MMC Capital said based on the 2015 financial results, there were clear signs that banks were on a recovery path. "The FY 2015 financial results for banks give a clear testament that the banking sector, indeed, is weathering the storm," it said. Zimbabwe's largest mortgage lender CABS, a subsidiary of the Old Mutual group, had a class-leading performance in 2015, accounting for 22 percent of total sector profitability. CBZ and Stanbic had 20 percent and 19 percent contributions, respectively, to overall sector profitability. "Two of the traditional big banks, namely Barclays and Standard Chartered, gathered less than four percent combined contribution to total sector profitability. Reputed for their cautious approach, the two banks seem to have lagged behind the other tier 1 and tier 2 banks on this front with Standard Chartered in particular suffering a 94 percent decline in PAT due to a substantial tax expense," said MMC. Commercial banks continued to contribute a bigger share of bank profits, accounting for 66 percent during the reporting period, from 61 percent the previous comparable period. Building societies contributed 28 percent share of profits, from 38 percent in 2014. *(The Source)*

The Reserve Bank of Zimbabwe (RBZ) says the rising rate of defaults recorded by microfinance institutions (MFI's) in the country poses a threat to the sector which has witnessed growth in terms of outreach and performance. The non-performing loans in the MFIs dropped to nearly 11 percent last year, but remains above the internationally accepted benchmark of five percent. The increase is largely attributed to aggressive growth of loan portfolios, particularly in the areas of asset and agricultural financing, as MFIs responded to the call by the central bank to provide finance small to medium enterprises (SMEs) and smallholder farmers. "Portfolio quality remains a major challenge in the sector as measured by the Portfolio at Risk which closed the year at 10.72 percent compared to a ratio of 11.29 percent as at 31 December 2014," said the RBZ in its latest quarterly update. The central bank said MFIs had increased the number of active clients, number of borrowers and branch network in the quarter ended 31 December 2015 as more people leaving formal employment turned to the informal sector. Total loans and total assets amounted to $187,16 million and $225,13 million as at 31 December 2015, up from $173,31 million and $207,74 million as at September, 30, 2015 respectively. MFI portfolio quality has been on a downward trend since December 2012, reflecting inherent credit risk vulnerabilities in the sector in view of the current economic challenges. *(The Source)*

Zimbabwe continues to experience a huge trade deficit due to the poor performance of exports exacerbated by a huge import bill, which is mostly consumptive. Exports in 2015 were $2,7 billion, representing a 13 percent decline from the year 2014, which was $3 billion. This is a worrisome trend at a time when exports should be the main driver for economic growth.One of the reasons for the decline in export performance is that minerals, which constitute the bulk of Zimbabwe's exports, have been affected by the falling international commodity prices. Value added (manufactured) exports, which normally fetch higher earnings, did not perform well during the same period. The manufacturing sector's export performance between 2014 and 2015 indicates that the sector's capacity to export is declining. Estimates from the Reserve Bank of Zimbabwe show that in 2015, manufactured exports were about $475,2 million, having declined by about 7percent compared to 2014. Seven representative manufacturing subsectors namely: clothing; furniture; food; beverages; engineering; leather and footwear as well as agricultural inputs were selected for this analysis. In 2015, these subsectors constituted about 10 percent of total exports, down from 13 percent in 2014. Leather 2014 $40m—2015 $12m, Agric input 2014 $23m—2015 $19m, Beverages 2014 $8m— 2015 $9m, Processed food 2014 $210m—2015 $153m, Eng products 2014 $55m— 2015 $33m, Furniture 2014 $11m - 2015 $7m, and Clothing 2014 $6m—2015 $10m.

The leather and footwear subsector registered the highest decline of 71 percent to about $12 million, followed by horticulture, which registered a decline of about 43 percent to $25 million. The furniture subsector recorded a decline of 42 percent, engineering 40 percent, food 27 percent and agricultural inputs 17percent. Processed Foods remained the dominant sub-sector in 2015, constituting about 32 percent of manufactured exports, having declined from about 41 percent in 2014. In 2015, the sub-sector's exports also constituted about 6 percent of total exports, having declined from about 7 percent in 2014. On a positive note, the clothing sub-sector registered an increase in exports of about 70 percent in 2015 compared to 2014. The beverages sub-sector also registered an increase of 13 percent to about $9 million in 2015. While this is a positive development, it is still far below Zimbabwe's potential. The above performance is a reflection of the difficult environment that Zimbabwean manufacturing companies are operating in. Companies face numerous challenges that negatively impact on production and the conduct of export business.

These challenges, which reduce the price competitiveness of Zimbabwean products in the export markets, include cost of transportation, strengthening of the US dollar and the erratic supply of macro-economic enablers, among others. In addition, the process of obtaining export documentation (permits/licences)and achieving export compliance makes it cumbersome to export. The challenge with the permits is not only their cost but also the time it takes to process them, which in itself is a higher cost. Some countries in the region (eg South Africa), provide export incentives to facilitate their companies to do business across borders. There is, therefore, an urgent need for Zimbabwe to address trade facilitation issues and implement reforms if we are to realise an export led economic growth. However, efforts by export-oriented ZimTrade which include taking local companies to specialised fair, market researches, provision of market intelligences and capacity building need to commended and supported as these are aimed at energising the country's growth. *(Herald)*

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