SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	3-Jul-15	10-Jul-15	WTD % Change Local	WTD % Change USD	YTD % Change Local	YTD % Change USD
Botswana	DCI	10692.36	10755.41	0.59%	0.05%	13.20%	7.99%
Egypt	CASE 30	8314.72	7617.39	-8.39%	-10.23%	-14.82%	-22.21%
Ghana	GSE Comp Index	2341.81	2338.72	-0.13%	17.65%	2.25%	-12.42%
Ivory Coast	BRVM Composite	277.66	285.57	2.85%	2.85%	10.65%	0.64%
Kenya	NSE 20	4812.57	4727.46	-1.77%	-2.97%	-7.53%	-16.67%
Malawi	Malawi All Share	16011.92	16075.25	0.40%	0.31%	7.99%	13.32%
Mauritius	SEMDEX	1964.42	1960.27	-0.21%	-1.65%	-5.47%	-16.69%
	SEM 10	373.84	372.37	-0.39%	-1.83%	-3.48%	-14.94%
Namibia	Overall Index	1094.25	1103.98	0.89%	-1.13%	0.54%	-6.82%
Nigeria	Nigeria All Share	32538.34	31729.26	-2.49%	-1.77%	-8.45%	-15.66%
Swaziland	All Share	305.80	305.80	0.00%	-3.93%	2.58%	-4.93%
Tanzania	TSI	4686.39	4661.26	-0.54%	-10.94%	2.95%	-20.03%
Tunisia	TunIndex	5704.01	5676.18	-0.49%	-1.00%	11.52%	5.47%
Zambia	LUSE All Share	5841.77	5850.12	0.14%	-2.11%	-5.04%	-21.50%
Zimbabwe	Industrial Index	146.20	144.86	-0.92%	-0.92%	-11.01%	-11.01%
	Mining Index	39.76	39.72	-0.10%	-0.10%	-44.61%	-44.61%

CURRENCIES

Cur-rency	3-Jul-15 Close	10-Jul-15 Close	WTD % Change	YTD % Change
BWP	9.82	9.87	0.54	4.25
EGP	7.65	7.81	2.06	7.29
GHS	4.37	3.71 -	15.12	37.53
CFA	593.29	593.29	0.00	9.94
KES	97.60	98.81	1.24	9.61
MWK	440.91	441.29	0.09-	4.79
MUR	34.03	34.53	1.46	11.83
NAD	12.27	12.52	2.04	5.74
NGN	197.90	196.46-	0.73	9.35
SZL	12.03	12.52	4.09	3.66
TZS	1,960.82	2,189.80	11.68	15.28
TND	1.95	1.96	0.52	5.19
ZMW	7.51	7.68	2.30	18.24

SECURITIES AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Botswana

Corporate News

No Corporate News This Week

Economic News

Botswana's government launched a bidding process on Tuesday to construct solar power plants near its huge Jwaneng diamond mine and for the nation's northwest, where copper assets are being developed. "This invitation ... is a request for expression of interest to construct, operate, maintain and decommission at the end of its economic life, a scalable solar power plant," the government said in a notice in the state-owned Daily News. The notice did not specify the capacity wanted but the minerals and energy ministry has previously stated the government wanted to place 100MW solar power tenders which would be equally split between Jwaneng and the north-west mines. Studies have identified Jwaneng as the most suitable place for a solar power plant in the country because of its abundant sunshine. The Jwaneng diamond mine is operated by Debswana, a joint venture between Anglo American unit De Beers and the Botswana government. *(Reuters)*

Egypt

Corporate News

No Corporate News This Week

Economic News

Egypt's debts to foreign oil companies stood at $3.5 billion dollars at the end of June, a 6.1 percent increase from March, an official at state-owned Egyptian General Petroleum Corporation (EGPC) said on Sunday. The country's payments to oil and gas companies have been delayed by economic instability since a popular uprising ousted leader Hosni Mubarak in 2011. "Foreign oil company dues with Egypt have reached $3.5 billion dollars," an EGPC official told Reuters on condition of anonymity. Egypt's oil ministry said in March that it aimed to fully repay its debts to energy companies by mid-2016, about a year later than previously indicated. In April a ministry spokesman said Egypt had paid foreign energy firms $9.369 billion in arrears in the nine months to March 31. Arrears began to accumulate before the 2011 uprising but they swelled to billions of dollars amid worsening state finances while the government used gas earmarked for export to meet domestic demand. *(Egypt.com)*

Business activity in Egypt's private sector excluding oil grew slightly in June, ending five months of contraction, though inflation and currency depreciation remain a concern, a survey showed on Sunday. The Emirates NBD Egypt Purchasing Managers' Index rose to 50.2 in June from 49.9 the previous month. A reading above 50 indicates expansion and below 50, contraction. "June's PMI reading fits well with our view that the Egyptian economy should gradually pick up momentum heading into the second half of 2015," Jean-Paul Pigat, economist at Emirates NBD, said. "However, the survey also shows business activity and job creation remaining relatively tepid." Output, new orders and new export business all increased but only slightly. Input costs continued to rise sharply, which respondents attributed to the weakness of the Egyptian pound. The central bank depreciated the pound by 1.3 percent on Thursday, sending it to its weakest level since December 2012. The currency has lost around 30 percent of its value since a 2011 uprising which was followed by years of political and economic turmoil. President Abdel Fattah al-Sisi has pledged to revive the economy by implementing long-awaited reforms, launching state-led mega projects, and enticing foreign investors and tourists scared away by the upheaval. Foreign firms are signing deals. BP finalised a $12 billion energy deal with Egypt at an investment conference in March and Germany's Siemens sealed a $9 billion energy deal during Sisi's recent visit to Berlin. "Looking ahead, assuming some of the high-profile projects announced at the March investor conference break ground over the coming months, we would expect to see a further acceleration in new orders and output in the second half (of the year)," said Pigat. Yet there are signs of growing frustration with Sisi among ordinary Egyptians, whose standard of living is constrained by rising inflation and continued unemployment. The PMI survey showed hiring dropped for the sixth time in seven months. Detailed PMI data is only available under licence from Markit and customers need to apply to Markit for a licence. *(Reuters)*

Egypt has raised the prices it pays Eni and Edison for the natural gas they produce in the country, an official with state-owned gas company EGAS said on Sunday. The agreements mark the latest move by Egyptian authorities to improve terms for foreign oil and gas businesses in the hope that more competitive pricing will encourage investment in the energy-hungry country. "(The oil ministry) signed a deal that amended the price for gas with Eni to a maximum $5.88 for every million British thermal unit and a minimum of $4, based on amounts produced. This is up from $2.65," the EGAS official told Reuters on condition of anonymity. The official said that another deal had been signed with Edison for a price of $5.88 per million British thermal units, up from $2.65. Reuters could not immediately reach the companies for comment. The amended prices will apply to gas produced from new discoveries, the official said. Egypt last month signed a $2 billion exploration deal with Eni. Oil minister Sherif Ismail told Reuters in March that Egypt had agreed to pay BP and RWE Dea more for their Egyptian production. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Egyptian central bank governor Hisham Ramez has sought to calm local market nerves following a surprise 2.5 percent weakening of the Egyptian pound against the U.S. dollar over recent days. The central bank allowed the currency to depreciate by 20 piasters in its official foreign exchange auctions on Thursday and Sunday, driving it to its lowest level against the dollar since auctions began in 2012. However, in a television interview on Sunday night, Ramez said the pound's fall should not alarm anyone. "There is nothing to worry about from the dollar's rise (against the pound) ... this is a normal movement. It only moved 2.5 percent and this happens a lot in markets," he told Egyptian television channel Al-Yawm. "I do not have a specific price (for the dollar) in mind. The move is natural. We compare the pound against a basket of currencies, not just one," said Ramez. "Egypt's main trading partner is Europe and the pound has been very strong against the euro recently. The euro has fallen (against the pound), it is worth 8.70 Egyptian pounds, down from 9.75 previously," he added. *(Reuters)*

Egypt's agriculture ministry said on Tuesday it would stop cotton imports of all origins to protect local production. It will exempt all cargoes shipped before July 4, the ministry said in a statement. "The decision aims to protect local production of cotton and resolve its marketing problems," it said. *(Reuters)*

Egypt's foreign currency reserves rose to $20.080 billion at the end of June from $19.560 billion the previous month, the central bank said on Tuesday. Saudi Arabia, the United Arab Emirates and Kuwait have provided billions of dollars in aid since ouster of Mohamed Morsi in mid-2013. Reserves stood at about $36 billion before the 2011 revolt that ousted Hosni Mubarak and led to the elections that put Morsi in office. *(Egypt.com)*

Egypt's annual urban consumer inflation dropped to 11.4 percent in June from 13.1 percent in May, the official statistics agency CAPMAS said on Thursday. Inflation spiked in Egypt after the government slashed energy subsidies in July 2014. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Ghana

Corporate News

State-run Ghana Gas Company has shut down its Atuabo gas processing plant due to an unexpected disruption of gas supplies from the offshore Jubilee field operated by Tullow Oil, the plant's director said on Tuesday. George Yankey told Reuters that Tullow had informed the plant of the disruption on its floating production vessel. Gas supplies were cut on July 3 and there was no indication when they would resume, he said. "Our plant and other systems are in good health but we've had to shut down due to an unplanned disruption in supplies from the FPSO (floating, production, storage and offloading vessel)," Yankey said. Tullow did not immediately respond to a request for comment. The Chinese-built, $750 million Atuabo gas facility in western Ghana processes around 100 million standard cubic feet of gas daily to feed nearby thermal power generators run by the country's main power utility. The plant's construction was a crucial part of a government strategy to ease a chronic energy shortage that has contributed to a slowing of the economy. Tullow holds a 35.48 percent stake in the Jubilee field. The other stakeholders are the state-owned Ghana National Petroleum Corporation with 13.64 percent, Kosmos Energy with 24.08 percent, Anadarko Petroleum Corp with 24.08 percent, and Sabre/PetroSA with 2.73 percent. *(Reuters)*

Economic News

Ghana's cocoa regulator Cocobod has purchased 652,986 tonnes of cocoa in the 2014/15 season as of June 26, Deputy Finance Minister Cassiel Ato Forson told parliament, according to records seen by Reuters on Friday. The amount is significantly down on last season but is sufficient to service the $1.7 billion cocoa loan Cocobod took out last year because the regulator forward sold just 624,500 tonnes as collateral, Forson said on Thursday. Ghana's output this season falls short of its initial forecast of more than 1 million tonnes, a fact that has rattled the global cocoa market given that the West African country is the world's second-largest producer, behind Ivory Coast. It will also reduce revenues for Ghana, which also exports gold and oil. The country has seen a sharp slowdown in economic growth due to lower global commodity prices and a fiscal crisis. "Cocobod sold forward total tonnage of 624,500 and not 900,000 (tonnes) (as targeted). So far we have been able to buy 652,986 tonnes, so we would be able to service our obligations as and when they fall due," Forson said. Some analysts have expressed concern that Ghana may have forward sold more cocoa than it can produce, jeopardising its ability to repay loans. Forson's testimony in response to questions by the opposition New Patriotic Party would appear to allay those concerns with respect to the current season. However, analysts say forward selling could also affect the regulator's calculations for next season, for which the government has requested a $1.8 billion loan. Ghana's output for next season is forecast at 900,000 tonnes, Forson told Reuters. "Traders have stated they have an obligation via forward contracts to sell 150,000-200,000 tons of cocoa in excess of production. These contracts must be rolled forward at an expense to Cocobod," Eurasia Group said in a research note. Cocobod usually sells forward around 60-70 percent of its projected crop estimates. The regulator has blamed weather and cyclical factors for the shortfall in production this season. Some farmers say Cocobod's failure to make enough inputs, such as fertilisers and pesticides, available early in the season is another factor. In their absence, diseases such as black pod flourished, causing cocoa pods to wither on the trees. Cocobod has extended the main crop season beyond its usual point but this week it wrote to Licensed Cocoa Buyers who purchase the crop asking for an estimate of purchases as of June 4, according to a letter to one buyer seen by Reuters. The letter gave no indication of when the main crop would end and the light crop would begin. Several buyers told Reuters that purchases have dwindled sharply in recent weeks. *(Reuters)*

The local currency last week recorded its biggest gain against the US dollar this year, when it closed trading on Friday gaining 7.8 percent in value over the greenback. The cedi's strong performance is in marked contrast to what the market has become accustomed to over the first half of this year, when the cedi depreciated by more than 26 percent against the US dollar. The blighted currency on July 2 made a 3.5 percent gain over the US dollar - but that record was even better the following day when the cedi recorded a stunning 4.2 percent gain against its major trading partner to bring down the level of depreciation against the dollar to 20.4 percent from a peak of 26.2 percent on

June 30. The local currency, after closing trade on June 30 at GHC4.3364 bounced back at GHC4.1914 the next trading day, and finished the week at GHC4.0217. The cedi's new-found strength comes barely a fortnight after the central bank announced that it had increased its dollar sales in the interbank market to US$20 million a day up from US$14 million a week in a bid to halt the dangerous slide of the local currency. "We have raised our intervention significantly over the past two weeks. This is going to continue and we will do more as and when necessary to ease pressure on the cedi," the central bank's governor Henry Kofi Wampah told Reuters last week.

According to him, the robust interbank intervention will continue and he expects dollar inflows from donors, a Eurobond and cocoa loan, to boost the central bank's foreign exchange reserves. Apart from the Bank of Ghana ramping up its daily dollar sales, analysts also attribute the cedi's massive gains to improving sentiments in the economy after the International Monetary Fund issued a particularly optimistic statement about the progress of ongoing fiscal consolidation. The Washington-based lender said its US$918 million fiscal stability programme with Ghana is on track, and that government has met almost all performance criteria. The Fund's review team last week said "the programme is on track, with all performance criteria met except for the ceiling on central bank financing to the government that was technically missed by a small margin". The mission team, led by Joel Toujas-Bernaté said it welcomes the commitment reiterated by government ambitious fiscal consolidation and structural reforms programme - particularly in addressing irregularities, enhancing finance management transparency, and liberalizing oil distribution sector. "The mission welcomes resolve of the central bank to take additional measures as needed to bring inflation down to medium-term target, which will also contribute to stabilising cedi," Mr. Toujas-Bernaté said. Budget support from development partners – which has started to be disbursed, financing of the next cocoa crop, Eurobond and the gradual switch to gas in the production of electricity should also reduce pressures on the foreign exchange market and allow the central bank to rebuild its external reserves to a higher level than programmed by year-end. *(Ghana Web)*

The Agricultural Development Bank's Initial Public Offer (IPO) has commenced. The bank announced on Friday July 3, 2015 that the offer of more than 80 million shares on the Ghana Stock Exchange had commenced. Early this year, the bank was forced to put its plan of the launch of the IPO on hold after the government who is a majority shareholder called for a temporary suspension following agitations from workers of the bank. Again the bank was forced to put the IPO on hold on a number of occasions due to a number of legal and political challenges amidst agitations from some of its workers. With regards to the legal challenge, the Member of Parliament for New Juaben South, Dr Mark Assibey Yeboah has filed a suit at the Supreme Court insisting the IPO should first be approved by Parliament. It is unclear whether the matter has been resolved but the Director General of the Securities and Exchange Commission (SEC), Mr Adu Anane Antwi told Accra based radio, Citi FM that the offer has indeed commenced. "I can confirm that we've received the public notice which has been issued that the offer is commencing today as per the offer document that has gotten SEC's approval," Mr Antwi said. Per the IPO prospectus, the offer will end on August 21, 2015. The IPO launch if successful will see the ADB stock likely to start trading in September on the Ghana Stock Exchange. The bank is hoping to raise over GH?398million through the IPO. A total of 74,888,369 shares belonging to the Bank of Ghana are to be sold while another 75,471,698 new shares from the bank are also to be sold at a new share price of GH?2.65p.

The Agricultural Development Bank Limited ("ADB") today announces the commencement of its Initial Public Offer ("IPO") to enable ADB list on the Ghana Stock Exchange. The public share offer of ADB consists of: 1. A sale of 74,888,369 existing ordinary shares of no par value at GH? 2.65 per share; 2. An offer for subscription of 75,471,698 new ordinary shares of no par value at GH? 2.65 per share issued and fully paid; and 3. A listing by introduction of 80,563,155 existing ordinary shares (collectively "the ADB Shares") on the Ghana Stock Exchange. Shares can be bought at any ADB branch, any Standard Chartered Bank branch, IC Securities (Ghana) Limited or any Licensed Dealing Member of the Ghana Stock Exchange. Each application under the IPO must be for a minimum of 100 ADB Shares amounting to GH? 265.00 and in multiples of 10 ADB Shares thereafter. The timetable for the IPO is as follows: Offer Open: 3rd July 2015 9:00am • Offer Close: 21st August 2015 5:00pm Further details on the IPO are contained in the Offer Prospectus which can be obtained from any ADB branch, any Standard Chartered Bank branch, IC Securities (Ghana) Limited, any Licensed Dealing Member of the Ghana Stock Exchange or www.adbipo.com. Before deciding whether to apply for the ADB Shares, you should consider whether the ADB Shares are a suitable investment for you. Their value can go down as well as up. Past performance is not necessarily indicative of future performance. If you need advice, you should consult a suitable professional advisor. *(Ghana Web)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

The local currency, the cedi, has begun a gradual rebound on the back of news from the Bank of Ghana (BoG) that it was raising its dollar sales in the interbank market from a weekly supply of US$14 million to a daily supply of US$20 million in a bid to bolster the currency. The recovery is also fueled by the inflows of aid from development partners, which was boosted by the expected Eurobond and cocoa inflows. Checks by the Graphic Business showed that the cedi, as of Thursday, July 2, was trading at GH¢4.289 to the US dollar on the interbank market, up from the GH¢4.350 it traded to the dollar on Wednesday, July 1. The local currency was trading at GH¢4.3878 to the dollar on Monday, June 29, up from the rate of GH¢4.4051 to the dollar on June 22, when it peaked. The cedi has remained firm and making gains for the past two weeks after plunging almost 22 per cent in the first half of the year due to a shortage of dollars and concerns over a weak economy. Analysts attribute the steady rise of the cedi to the remedial measures instituted by the central bank to contain the speedy fall of the local currency. Analysts forecast that the cedi to regain significant weight against the dollar in the second half of the year as cocoa inflows kick in. "The cedi's depreciation has eased significantly as a result of this improvement in offshore inflows. We are likely to see some gains in local currency, if forex improves further," said Mr Courage Kingsley Martey, Senior Economist at Databank.

But Mr Martey warned that until structural defects of the economy are corrected, the gains of the cedi will be short lived. "We have a Balance of Payment (BOP) deficit of US$ 850 million gap as of the first quarter of the year, which we cannot rely on the short-term offshore supplies", he said. "The structural economic defect could be corrected, if we had a sustainable cashflow of export earnings", the economist said. Finance Minister, Mr Seth Terkper, on July 2 cut the government's 2014 growth target and forecast a wider budget deficit and higher inflation, citing falling revenues, the slide of the cedi and declining gold prices. Ghana is set to issue a third Eurobond of up to $1.5 billion later this month. The government will also sign a syndicated loan of $2 billion for next year's cocoa purchases, Terkper said, noting that the inflows will boost the country's reserves in support of the cedi. The BoG increased its interbank dollar sales to US$20 million daily from US$14 million a week previously in a renewed effort to ease the pressure on the cedi. The action appears to be in line with an agreement signed in April between the government of Ghana and the International Monetary Fund. Under that deal, the bank's net international reserves are expected to decline from around US$1 billion to US$331 million between April and August to reflect the pressures caused by seasonal flows of dollars through the economy. The cedi's decline this year comes on top of a 31 per cent drop in 2014 and a significant slide the previous year. Analysts say the recent decline is driven by speculation and unmet dollar demand by importers. The losses concern policy makers who hope the currency will stabilise as a consequence of the IMF deal, which is aimed at stabilising the country's economy. *(Ghana Web)*

Ghana's ruling party reclaimed a parliamentary seat from the main opposition on Tuesday in a closely contested by-election seen by both parties as a referendum on President John Mahama's rule ahead of a national election in 2016. The ruling National Democratic Congress (NDC) will view its victory in the rural Talensi seat in Upper East region as evidence that it remains viable heading into the December 2016 election season after a series of setbacks. Mahama's government won election in 2012 but is facing power shortages that cause prolonged electricity blackouts that have angered voters and hurt businesses. It has also been forced into an aid programme with the International Monetary Fund in an attempt to restore fiscal stability and jumpstart rapid GDP growth. Growth has slowed sharply since 2014 due to a fall in global commodity prices for the country's exports of gold, oil and cocoa and a fiscal crisis viewed by many as the result of government mismanagement of the macro-economy. In addition, severe flooding and a fire in June in the capital led to the deaths of 150 people. The disaster was the worst in the West African country in decades and exposed infrastructure problems in what was until 2014 one of Africa's fastest-growing economies.The next election, when Mahama is set to take on opposition leader Nana Akufo-Addo, will be a repeat of 2012, and analysts say it will be closely contested. Ghana has one of the most stable democracies in a region that experiences regular changes of power. The NDC's Benson Tongo Baba won 42.3 percent of the vote in Talensi to beat the New Patriotic Party's Wuni Thomas Buanab who obtained 27.9 percent, the Electoral Commission said. Six other contestants from smaller political parties won the rest. Turnout was 64.2 percent. The by-election will not change the balance of power in parliament where the ruling party now holds a majority of about 27 seats. The seat became vacant after the opposition representative resigned to become a chief. Chiefs are an integral part of Ghana's system of authority, and the law bars them from engaging in partisan politics. The by-election was peaceful, except for sporadic clashes between loyalists of the two rival parties that drew intervention by the police and army, poll observers said. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Some cocoa farmers in Ghana say the next main crop will easily outstrip the disappointing 2014/15 season, adding weight to a government forecast that next season's output will rise to around 900,000 tonnes. Investors confidence in Ghana's ability to forecast its cocoa output took a hit this year, when regulator Cocobod revised an initial prediction of more than 1 million tonnes made at the start of the season in October to around 700,000 tonnes. The revision, and the fact that it came relatively late in the season with little warning, rattled global cocoa markets because Ghana is the world's largest producer after Ivory Coast. Rains earlier in the year have yielded a good crop of the flowers that should turn into cocoa pods given the right conditions, said farmers in two of the country's main growing regions. "We are anticipating that in the (next) main crop we will experience a bumper harvest," said Douglas Amankwah, a buyer outside Kumasi in Ashanti Region. "The application of agro chemicals last season was late so it did not have an impact on 2014/15. These agro chemicals will have the result on the 2015/16 main crop," he said on Monday. His comment was echoed by farmers including Lawrence Adu who pointed to the budding cocoa flowers on the trees on his 13-acre farm at New Tafo, Eastern Region. "The weather is encouraging," he said, because of rains that fell in June and the sun," he said. Adu estimated that his farm could produce around 25 64-kg bags of cocoa in the season to end in 2016, up from around 21 bags total this season and 23 bags the season before that. Farmers cited a variety of reasons for the drop in production this season including old trees, a lack of pesticides and other inputs that caused diseases such as black pod and insufficient farmer education about crop maintenance.

Cocoa is a backbone of Ghana's economy along with gold and oil. Ghana has more than 1 million cocoa farmers who rely on the crop and the lower production this season also hurts government revenue at a time when the country is following an International Monetary Fund loan package aimed at restoring fiscal stability. The government is hoping to take out a $1.8 billion loan to fund its cocoa purchases for next season, up from $1.7 billion in 2014. The country saw growth slow sharply in 2014 due to lower global commodity prices and economic instability including a sharply falling currency, damaging Ghana's reputation as one of sub-Saharan Africa's boom markets. At the same time, several farmers in four regions also said prospects for the light crop looked good after a disappointing main crop. Overall light crop production, however, would be reduced because of a decision by Cocobod to delay its official opening. The light crop produces only around 10 percent of the total output for the October-September season. The relative failure of the main crop was the reason for the delay, farmers said. A spokesman for the government-run Cocoa Research Institute in Tafo declined to comment. "The light crop will be better (than last year) because we can see the pods shooting up ... but they (Cocobod) are starting it too late," said Yao Kei Adu, a farmer in Maase village outside New Tafo. Cocoa beans were spread out to dry on the ground outside the buyer's office where he sat. Johnson Mensah, selected by his peers as chief farmer in Western Region South, said the pods already on the trees were evidence that this light crop would beat last year's. Several buyers in Tafo and the neighbouring town of Osiem said their purchases had dwindled sharply in the preceding weeks, though they said rains in the last couple of days were a good sign for the coming main crop. *(Reuters)*

Ghana's cedi advanced the most against the dollar since February as speculation increased that dollar inflows will improve after the government sells its Eurobond. The currency rose as much as 11 percent to 3.49 per dollar earlier and was trading at 3.55 at 1:33 p.m. in the capital, Accra. The currency has gained 23 percent since the International Monetary Fund said the government was on track to meet its budget deficit target on June 30. "A lot of importers believe that throughout the third quarter the cedi is going to be quite stable so there is no rush for dollars," Sampson Aglikoh, managing director of Accra-based money manager InvestCorp Ltd., said by phone Thursday. "Demand for dollars has been on the low." The cedi has reversed the worst decline in sub-Saharan Africa this year as the IMF issued its review and the government said it plans to sell a Eurobond later this year that would boost the amount of dollars coming into Ghana. Ghana is on track to report a budget gap of 7 percent of gross domestic product this year, lower than the previous estimate of 7.5 percent, the IMF said on June 30. *(Bloomberg)*

Kenya

Corporate News

Airtel Kenya has said its plans to invest Sh19 billion in various programmes across the country is still on. This will cover network upgrades for its voice and data services, shops and brand equity development, customer service quality improvement, staff training and community development programmes. The company also plans to provide free internet access in schools. Phase one of its network upgrade program under the renewed investment program has been completed in Mombasa, Nairobi and Kitale, which involves a comprehensive change hardware and expansion of radio network elements, "This has resulted to significant improvement of network signals and voice quality for Airtel customers," said the company in a statement yesterday. It said phase two of the upgrade currently underway will improve data speeds and offer a stable and faster internet service. *(The Star)*

Regulations proposed for the Kenyan communications industry threaten to deter investment by targeting large firms, said a senior executive of Safaricom, the biggest telecoms operator in the east African nation. Information and Communication Technology Minister Fred Matiangi said last week he would present new regulations to parliament to prevent large firms abusing their dominant position, local newspapers reported. He did not name any firms or give details. Steve Chege, Safaricom's director of corporate affairs, said the proposals would prevent a dominant operator freely setting prices of retail services, would force it to share network infrastructure at prescribed rates and could lead to a break-up. "You prepare regulations to manage the market not to manage a player within the market," Chege told Reuters. "Essentially we are saying they are punishing success." Safaricom, 40 percent owned by Britain's Vodafone and one of the most heavily traded stocks on the Nairobi bourse, has 67 percent of Kenya's 23 million phone customers, and leads segments such as voice and phone-based financial services. Its rivals, units of Bharti Airtel and Orange, have complained its size gives it unfair advantages. Chege said the new regulations would give the regulator more powers to declare a firm to be dominant, a step that could lead to penalties, while removing tests to show how such a declaration was reached. "If they want people to invest, if they want certainty, they need to make sure some of the regulations that have been excluded from there are actually put back in," he said. Safaricom wanted parliament to insert specific tests to determine if an operator was dominant, Chege said. Parliament must first approve the new code before it is published in the official gazette and comes into force. *(Reuters)*

Power generator KenGen has obtained government backing to proceed with its planned Sh15 billion rights issue. Standard Investment Bank and Renaissance Capital are the advisors in the rights issue. The company said a proper programme would be ready in a month. KenGen said Wednesday that about 375MW of steam is ready for harnessing at three Olkaria projects, adding that it is looking for financing to complete the projects. READ: KenGen puts off cash call, blames delay in approval The company said the steam requirement has been exceeded, setting the pace for financing of the projects to begin. It said it requires a total of $5 billion (Sh430 billion) in financing through the cash call, bonds and concessional loans to fund new plants to grow its installed capacity to 3,000 megawatts by 2018. It currently has 1,575 megawatts. KenGen Managing Director Albert Mugo said the government would fully take up its rights. The financing will come from a combination of debt from development financiers and equity from KenGen. The African Development Bank, the European Investment Bank, the Japan International Cooperation Agency are some of the development financiers. The funds will be directed towards building new power plants and reducing the firm's debt burden. *(Bloomberg)*

Kenya's cash-strapped Mumias Sugar has named a new chief executive officer after receiving a 1 billion shilling ($9.93 million) bailout from the Kenyan government, the company said on Thursday. Mumias said Errol Johnston, who previously headed the company from 1998 to 2001, would take over from Aug. 1. Late last month, Kenyan President Uhuru Kenyatta authorized the bailout and said managers who ran down the firm would be investigated for corruption. Kenya's struggling sugar industry has been protected against cheaper imports by trade barriers but has faced years of decline caused by mismanagement, outdated farming methods and corruption. Kenyatta ordered Mumias, Kenya's biggest miller, to use the cash to pay off debts to farmers who supply it with cane and asked Finance Minister Henry Rotich to ensure cheaper imports did not get across its borders. It is not clear how many people are directly employed in the sugar sector but experts estimate it supports about four million people, including farmers, transporters and traders. Kenya was granted a one-year extension of sugar import limits from the regional trade bloc Common Market for Eastern and Southern Africa (COMESA) to revamp the ailing industry, officials said in March. *(Reuters)*

Economic News

East Africa's biggest port in the Kenyan city of Mombasa said on Saturday it had dismissed 27 workers it believed were behind a strike this week that paralysed operations for two days and cost the port at least $2 million. Over 2,000 workers went on strike on Wednesday and Thursday in protest against higher deductions for the government's national health insurance scheme, prompting port management to threaten to fire them, having advertised their positions. The work stoppage has disrupted business at the biggest port in the region, which handles imports such as fuel for Uganda, Burundi, Rwanda, South Sudan, eastern Democratic Republic of Congo and Somalia. "The management has identified the organizers of the strike and they have been summarily dismissed," the port's managing director, Gichiri Ndua, told a news conference in Mombasa, adding that the strike was illegal and more workers could be dismissed. He said losses suffered by the port as a result of the strike had reached 200 million shillings ($2 million) with the work stoppage costing the entire region served by the port an estimated 1 billion shillings. The strike also resulted in a backlog of 2,500 containers at the port, said Ndua, but added that nearly all the striking workers had resumed work after the sacking warning, and that they would clear the cargo by Monday. Union officials vowed to fight on. "It is going to result in the calling of another bigger industrial action," Simon Sang, the union secretary general, told Reuters, as he went into a crisis meeting with other union officials. At a nearby college owned and run by the port, at least 10 people were injured in a stampede on Saturday morning, as thousands turned up for the advertised interviews to replace the earlier striking workers. The strike was to protest the government's decision to increase the monthly National Hospital Insurance Fund (NHIF) deductions from 320 shillings ($3.22) to 1,700 shillings without increasing their salaries, union officials say. *(Reuters)*

Kenya's new central bank governor Patrick Njoroge is hamstrung by a sliding currency that's challenging his ability to support an economy hit by a collapse in tourism. Njoroge, 53, chairing his first Monetary Policy Committee meeting on Tuesday, is set to leave the benchmark interest rate unchanged at 10 percent, according to 14 of the 16 economists surveyed by Bloomberg. Two predicted an increase of 50 basis points to 100 basis points. Kenya's shilling is struggling after a slump in tourism and lower tea output reduced revenue from the nation's biggest sources of foreign exchange. Policy makers took action at an unscheduled meeting last month to try and bolster the currency after it fell to a three-year low, raising the interest rate by 150 basis points. That may provide Njoroge, who took office on June 19, with some breathing space for now. "Governor Njoroge has been handed a fireball because whatever action he takes the shilling will continue to suffer," because of external pressures, Aly-Khan Satchu, chief executive officer of Rich Management, an adviser to wealthy investors, said by phone from Nairobi, the capital. "Raising rates will be a bullet in the head of the Kenya-rising story. Economic growth slowed in the first-quarter against wildly optimistic projections it would rise." East Africa's biggest economy expanded 4.9 percent in the first quarter from a year ago, down from 5.5 percent in the three months through December, the statistics office said on July 1. The tourism industry, Kenya's largest foreign currency earner after tea exports, contracted for a fifth consecutive quarter as a spate of violent attacks by Somali militants kept visitors away from the nation's beaches and game reserves.

The central bank is scheduled to announce its decision on Tuesday afternoon. Last month's rate increase was the first since 2011 and follows tighter monetary policy in African nations including Ghana, Uganda and Angola as central banks attempt to protect their currencies. The shilling fell 0.5 percent to 100.13 against the dollar as of 4:10 p.m. in Nairobi on Monday, taking its decline this year to 9.5 percent. Yields on the government bond due January 2024 climbed 110 basis points to 13.38 percent since it began trading on Jan. 21. A weaker currency is adding to pressure on inflation, which accelerated to 7 percent in June from 5.5 percent at the beginning of the year. The government's target is 2.5 percent to 7.5 percent. Njoroge, who replaced Njuguna Ndung'u in an appointment that surprised some analysts, was previously an adviser to a deputy managing director at the International Monetary Fund in Washington. Ndung'u's deputy, Haron Sirima, 52, was favored to become governor after acting in the position since March. In his first public comments last month about Kenyan monetary policy, he told lawmakers that his priority will be to contain inflation to help bring down commercial-bank interest rates in the country, which he said were "very high." "Governors would like to see lower interest rates, but he has to deal with the current environment," Yvonne Mhango, a sub-Saharan Africa economist at Renaissance Capital in Johannesburg, said by phone. "There will be significant discussion on whether to tighten. We've seen the currency continue to come under pressure." Policy makers will also review the Kenya Banks' Reference Rate, which commercial banks use to price loans. The rate is set every six months and was last cut to 8.54 percent in January. Kenya's reputation as a stable investment destination has been damaged since al-Qaeda-linked militants from Somalia began stepping up attacks in neighboring Kenya, killing at least 516 people in the past 2 1/2 years. A pre-dawn raid by al-Shabaab on a university campus in Garissa on April 2 killed 147 people. *(Bloomberg)*

Kenya's shilling weakened to a new 3-1/2-year low against the dollar on Friday, hurt by dollar demand from telecoms, manufacturing and energy sectors and banks covering short positions, traders said. At 0832 GMT, commercial banks quoted the shilling at 101.20/30 to the dollar, compared with Thursday's close of 100.75/85. It is trading at a level last seen in October 2011. "During the week there was demand from telecoms and also a few in the oil sector. But telecoms and then manufacturers (too)," a senior trader at one commercial bank said. The trader said they were on the look-out for any action from the central bank that will keep it from weakening further. "As it continues going up (weakening) and we are not seeing any support from central bank, people who have genuine demand have no choice but to meet their demand," the trader said. The bank last sold dollars in late May when the shilling hit 98.95/99.05. The central bank, which usually does not comment on its activities in the foreign exchange market, has in the past sold dollars directly to commercial banks whenever it has deemed it necessary to step in to curb volatility. Traders said the shilling was expected to remain under pressure in coming days, in line with technical analysis of the 14-day and 50-day weighted moving averages, which suggest the shilling would stay on a weakening trend in the near term. "There's still more demand to come," a second trader at another commercial bank said. *(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' inflation fell to 0.4 percent year-on-year in June from 0.5 percent a month earlier, official data showed on Tuesday. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

Nigeria's Fidelity Bank expects pretax profit this year to reach 23.5 billion naira from 16.5 billion naira a year ago, the mid-tier lender said in a prospectus which it used to raise a 30 billion naira bond. Fidelity Bank expects loan growth to hover between 15-20 percent from 2013-2015, driven by existing and new facilities made to power, agriculture, oil and gas sectors, it said. *(Reuters)*

Nigeria's Fidelity Bank has raised 30 billion naira ($151 million) through an unsecured bond at 16.48 percent, to fund increased lending to small businesses and retail clients, financial advisers to the issue said on Monday. According to the bond prospectus seen by Reuters, the fixed-rate bond due 2022 was fully underwritten and will be quoted on the Nigerian Stock Exchange. Fidelity Bank can redeem the bond after five years, it said. Nigerian lenders have been shoring up their balance sheets after adopting stricter international capital requirements, which has meant capital ratios for most lenders dropping by between 100 and 400 basis points to near the regulatory minimum of 16 percent. Fidelity, whose other borrowings including a $300 million debut Eurobond amounted to 90.73 billion naira as at December 2014, has a capital ratio of 22.6 percent. Shares in the bank, which fell 39 percent last year, were up 3 percent at 1.70 naira. Rival lender Skye Bank has said it will raise 50 billion naira via a rights issue by the third quarter to expand its loan book, after it sold 100 billion naira worth of commercial notes in March. Stanbic IBTC Holdings, the unit of South Africa's Standard Bank, has filed an application to the Nigerian bourse to raise 20.4 billion naira via a rights issue. Nigeria's banking sector index, which accounts for around 40 percent of total stock market capitalisation, has gained 2.9 percent so far this year, having lost 22 percent last year owing to a heavy burden from tight regulation which cramped profits. Fidelity, which achieved a pretax profit of 16.5 billion naira in 2014, said it expects profit this year to reach 23.5 billion naira, it said in the bond prospectus. *(Reuters)*

Crusoe Osagie writes on Dangote Group's endless drive to expand an already enormous business empire across the African continent. Just a little over a decade ago, it looked impossible for Nigeria to ever kick the habit of voracious consumption of imported cement. Countries like Turkey, China, India and the United States preyed on Nigeria's insatiable appetite for cement from foreign nations even though the most populated African nation actually possessed all the natural and material resources to lead the world in the production of the essential building material. Well, this tasteless tale of lame dependence has since been concerned to the dark part of the history of the Nigeria, thanks mostly to the vision and commitment of an indigenous company, Dangote Cement Plc. After the success of Aliko Dangote in turning the fortunes of the Nigeria cement industry, the term that only Africans can truly change the fate of Africa seemed to take on a fresh meaning. By 2017, after Ibeto Cement Group completes the importation of the quota allocated to it by the courts to amend an injustice meted on that company due to the implementation of certain policies of the federal government, Nigeria would bid a final goodbye to the importation of cement. The more interesting news however is that Dangote, who much to the resistance of many who did not like his guts, changed the Nigerian cement story from a lame one to one with gusto, has since taken the battle to for the soul of cement far beyond the Nigeria territory. For the biggest African investor and Africa's richest man, it is not enough for Nigeria only to enjoy the new cement independence, but all of Africa as well. For a fact, Dangote has even dared to go beyond the shores of Africa. He has now set his sight on Asia as well. In Africa, Dangote has now shown that he is not satisfied with just being present in a country, rather, he is expanding his company's capacity in these countries and will clearly not stop until all of Africa looks only inward to meet its cement needs.

In Cameroun for example where Dangote inaugurated his 1.5 million metric tonnes per annum (mmtpa) capacity plant a few months ago, steps are now being taken to double that initial capacity in the quest for independence in Camerounian cement production. Dangote has since disclosed the company's fresh investment drive towards expanding the output from its cameroun plant from the current 1.5 million metric tonnes per annum (mmtpa). He said the company had already signed a contract for the construction of an additional cement production line, in anticipation of a favourable operating environment and a growing demand for cement. According to him, "The successful completion of Dangote Cement's 1.5 mmtpa plant in Douala, Cameroun, made the country self-sufficient in cement production, as plans have commenced for the export of the product to neighboring countries soon." After Dangote's foray into cement production in Cameroun, where other operators are also active, local production of the product is now set to outpace local consumption which presently stands at 3.2 mmtpa. Dangote however urged the Cameroonian government to continue to formulate policies that make investments thrive, saying such investment-friendly policies encouraged him to bring investment into Cameroun in the first place. While commending the government for attracting investors into Cameroun, Dangote also appealed to them to consider creating an environment that will help protect and sustain the investment in order to ensure viability and good returns. "If there is a conducive environment that allows investment to thrive, the investors will be encouraged to reinvest in output expansion to meet rising demand. This is our policy everywhere we operate and Cameroun will not be an exception," he said. He noted that Cameroun has a very vibrant market and that the feedback from the market has been very impressive since the company started production.

According to him, the company was already considering adding more lines to ensure that the increasing local demand is continuously met with indigenous production, adding that the successful completion of the plant had further cemented the cordial relationship between Nigeria and Cameroun. Dangote, right at the inauguration of the new $500 million plant in Ethiopia, said that arrangement had been made to double the capacity of the brand new 2.5 (mmtpa) cement plant, adding that the expansion work would begin before the end of the 2015. According to him, the decision to set up as well as expand the plant was informed by the enabling environment created by the Ethiopian government with massive investment in several large-scale infrastructure projects, including the construction of the continent's largest hydropower dam. He noted that in addition to the plant known as Dangote Cement (Ethiopian) Plc, the company was simultaneously setting up new plants and terminals across 16 African countries. He said: "This is in line with our long term vision to become the world's biggest cement producers. We envisage that by the time we complete all our ongoing African projects, we will be on track to achieving our target. "We believe that manufacturing and not trading is the best way to grow an economy. Apart from cement production, we are also investing substantially in other sectors of the economy such as agriculture, oil and gas refinery, fertilizer and petrochemicals. In all, we have 13 subsidiaries in Nigeria and we are investing about $16bn between now and 2018 in new projects and existing plants." The Ethiopian factory is Dangote's sixth offshore plant that have commenced operations outside Nigeria.

Others countries where the company currently has plants running are Cameroon, Senegal, Ghana, South Africa and Zambia, while some other plants are at various stages of construction across the continent. Dangote said the Ethiopian plant would create direct employment for 2,000 people in the main plant operations and logistics, with a fleet of 600 trucks; while 5,000 indirect jobs would also be created, adding that African businessmen should invest more in the continent. He noted that achieving a real economic integration in the African continent would require political stability and a breakdown of the barriers and borders between countries, which hindered free flow of goods, services and people. Dangote added, "We need to make deliberate efforts to encourage Africans, not just foreigners, to invest in Africa. Dangote Cement is currently in 16 African countries with plans to invest in many more over the next years. "There are a number of other successful pan-African brands today such as MTN, Shoprite and Ecobank." "We need to encourage this trend to see more investments in Africa by Africans. Above all, there is need to encourage the private sector to collaborate with governments across Africa to address the issue of infrastructure deficit, which has plagued the continent for decades."

Africa's richest man, Dangote, has also announced that he is expanding his cement empire to Asia and it will be operational in 30 months. He said Dangote Cement Plc should complete a factory in Nepal by the end of 2017. It has received 90 per cent of the regulatory approvals needed to start construction in the south Asian nation hit by two earthquakes this year. "It's going to be one of the first factories for us to build outside our comfort zone, outside Africa," Dangote, wearing white traditional robes, said in a June 16 interview at his office in Nigeria's commercial hub, Lagos. Further expansion beyond Africa mainly "will happen through acquisition," he said. Dangote, who has never visited Nepal, will invest $400 million in the country to build a cement plant with a capacity of as much as 2 million metric tons. He's also eyeing South America and surveying for limestone in Brazil, where he registered a company two years ago. Nepal's government estimates reconstruction costs from April's quake, which killed thousands, alone will exceed $10 billion, even before the country was hit by a separate 7.3 magnitude temblor last month. "It will be a major boost for them, especially with what happened," Dangote said. "They don't produce cement at the moment, they import mainly from India." *(This Day)*

The Chairman, Seplat Petroleum Development Company, Dr. Ambrose Orjiako has come out to say that shareholders who bought shares in naira or foreign currency would be paid dividend as such., except otherwise which is applicable to exchange rate of the Central Bank of Nigeria (CBN) as at the time the register of the company closes. Shareholders in this interview argue that the company is paying the current dividend in naira while the initial dividend paid in dollar is still pending. lhaji Gbadebo Olatokunbo, Alhaji Gbadebo Olatokunbo, Shareholders' Activist: A shareholder called me yesterday (Sunday) and told me he has received his current dividend from Seplat written in naira, but that is the latest dividend, the one in contention, the interim dividend, have not been paid. I have not received mine, except they have just sent it to my postal address at Onipanu because I now reside at Ikorodu, anytime I go to Onipanu I will check if they have send it or not. There is nothing the MD can say, if I bought shares at the stock exchange in naira and I reside in Nigeria and the currency in Nigeria is naira, there is no law that says I should collect my money in any other currency unless it has been thus stated that I should collect in that currency, but there wasn't any policy of such when I bought my shares through the stock exchange, so that is our argument. We are waiting to see what will happen to the previous one's that has not been paid. I am waiting to see what will happen and from there I will pick the registrar up to explain to me what is happening. It was because of the pressure we put on that they paid the current dividend in naira. But they are yet to sort the previous interim dividend. If they are applying exchange rate it would be as at the date of the payment of the dividend, if they use the current exchange rate they are cheating and surcharging people. They are being encouraged by some Nigerians who wants to hold dollars and they are individuals but is Seplat that accepted to do the wrong thing. If Seplat cannot pay other countries in naira, why pay us in dollar, people do things because nobody challenges them, they take laws into their hands.

There are certain things you don't need to be told, these things they are doing, if they try it abroad, they will be sanctioned immediately by the regulatory authority. But because our regulatory authority refuse to speak out that is why this whole thing dragged this long. If SEC have called them to order to reverse what they have done, we would not be dragging issues. Mr. Taiwo Oderinde, Chairman Proactive Shareholders Association of Nigeria: At the last AGM, they made it clear that any shareholder that bought their shares in naira would be paid in the local currency (naira). The company is dual listed, so those people who bought in dollars, even some Nigerians also bought in foreign currency. So those who bought in naira will receive their dividend in naira and those who bought in foreign currency will receive their dividend in foreign currency, that is the conclusion. The problem we sometimes have with our regulators is compliance and enforcement, but the way I have seen the company Seplat is that they are true to their words and I have seen some of their Directors to be law abiding from the various places they have served before, so I think they will do the best according to what they have promised, some of us that received our dividend received it in our local currency. *(Vanguard)*

United Bank for Africa (UBA) Plc has successfully raised N11.5 billion from the capital market through a rights issue. The rights issue of one ordinary share for every existing 10 was made to shareholders at N3.50 per share. UBA said in a statement tuesday that it has successfully completed the issue following the approval of Securities and Exchange Commission (SEC) and Central Bank of Nigeria (CBN). According to the company, this additional equity, UBA has fortified its capital base ahead of the full implementation of BASEL II, which requires higher capital buffer for Banks, to accommodate credit, operational and market risks inherent in the business of financial intermediation. Commenting on the issue, the Group Managing Director/CEO of the UBA Plc, Mr. Phillips Oduoza said: "I am pleased with the successful completion of this Rights Issue, as it provides further leverage to exploit our growth potential. On behalf of the Management of UBA, I appreciate the shareholders for their strong commitment towards the growth of our dear bank and for the unwavering confidence reposed in us in building a great Pan-African institution. We will remain true to our promise of delivering superior and sustainable return to all stakeholders over the near to long term, just as we are committed to the development of the African economies where we operate."Speaking in the same vein, the Group Chief Financial Officer, UBA Plc, Mr. Ugo Nwaghodoh said this additional equity provides further capital buffer for us to grow our business over the medium term, with a strong positive outlook on delivering our performance guidance for the year." UBA, in December 2014, had also successfully raised N30.5 Billion Tier-II Capital through the issuance of Seven-Year Fixed Rate Unsecured Notes, maturing in 2021. The bank had also gone ahead to complete a dual listing of its corporate bond on the on the Financial Market Dealers Quotation Over-the-Counter (FMDQ-OTC)market and the NSE Nigerian Stock Exchange (NSE), the first Nigerian company to do so. UBA, early this year, released its financial performance report for the first quarter of 2015, showing strong growth in earnings and profits.

The first quarter results for the period ended March 2015 shows earnings rose 22 per cent to N83 billion from N68 billion in the comparative period of 2014. Is the operating income was also up a significant 17 per cent to N53 billion compared to N45 billion within the same period benefiting from higher yields on earnings assets. UBA ended the period with a pre-tax profit of N18 billion, up 36 per cent from the comparable period of 2014. The UBA Group is a highly diversified financial services provider and one of the largest financial institutions in Africa, with presence in New York, Paris and London. UBA has a strong retail penetration across the African continent where it controls significant market share. Over eight million customers enjoy the bank's robust bouquet of products and services, tailored to meet their financial needs.*(This Day)*

The Aba Integrated Power Project (Aba IPP), scheduled for commissioning in November, has entered into a new Transaction Implementation Agreement with its sponsors and creditors pursuant to which Afrigem Integrated Utilities Limited becomes a core investor in the power project. Afrigem, a West African focused development and investment company with a 720mw pipeline of energy solutions project in the region, is expected to inject N15 billion into the project, making Geometric Power one of the most capitalised private sector driven power companies in the sub-region. A statement explained that the agreement signing ceremony which was hosted by Diamond Bank Plc, provides Afrigem the milestones for the restructuring of the existing debt stock of Geometric Power's project companies, recapitalisation and also, the restructuring of the company. These, it explained, were expected to help fast-track the inauguration of the plant. "Geometric Power led the sponsors of Aba IPP while the creditors include Diamond Bank Plc, Asset Management Corporation of Nigeria (AMCON) and Stanbic IBTC Bank Plc. In its 3-year growth plan, the Sponsors and Afrigem expect to increase the plant capacity from 141MW to 341MW by 2018," it stated.

According to the parties, the capital restructuring agreement will also ensure that the project companies: Geometric Power Aba Limited and APL Electric Limited have the required capital to deliver reliable power. It will also bring on board the expertise of Afrigem's team in the operations and management of the Aba IPP while the new capital will be applied towards the commissioning of the project and part payment to creditors with enough left to run the company. Chairman of Geometric Power Limited, Professor Bart Nnaji, led the signing on behalf of the project sponsors while the Vice Chairman of Afrigem, Mallam Samaila Zubairu, led the signing on behalf of Afrigem Integrated Utilities Limited at the ceremony attended by energy consultants, top bank executives and representatives of the various professional parties. Speaking at the event, Deputy Managing Director and Chief Risk Officer of Diamond Bank Plc, Caroline Anyanwu, stated that the new agreement signalled a huge economic leap in the generation and distribution of electricity energy in Nigeria. According to her, Diamond Bank was very passionate about the project because of the economic ripple effect that uninterrupted electricity power supply would bring to the numerous Micro, Small and Medium Enterprises (MSMEs) operators in Abia State and the country generally. She added: "I believe that the immense benefits that this new implementation agreement will bring will make Nigeria a better place especially as it will help boost economic production when the power plant starts generating power soon. We commend Geometric Power, StanbicIBTC and others that have made this to work today. We also commend AMCON for helping to bear the burden when it was very heavy for us; but the coming of Afrigem into this integrated project is a good one for all of us and for Nigeria." *(This Day)*

Stanbic IBTC Holdings Plc posted a profit before tax of N9.537bn in the first half of 2015, down by 52 per cent from the N19.946bn it declared for the same period in 2014. The company's profit after tax was put at N9.695bn, which is 40 per cent lower than the N16.184bn recorded in the corresponding period of 2014. Its gross earnings, however, grew by 11 per cent year-on- year to N68.295bn, while total assets and liabilities increased by nine per cent and 10 per cent to N1.033tn and N911.174bn, respectively. The company's unaudited results for the first half ended June 30, 2015, which it filed with the Nigerian Stock Exchange, showed that it earnings per share dipped by 46 per cent to 80 from 148 in the same period in 2014. Stanbic IBTC proposed an interim dividend of N0.90 per share, down from N1.10 in the same period last year. The dividend payment is slated for August 28. Analysts at FBN Capital Limited, in their analysis of Stanbic IBTC's second quarter results, said the company's PBT fell markedly by 57 per cent year-on-year to N4.7bn. "The weakness was driven by a seven per cent year-on-year decline in profit before provisions and a significant increase in loan loss provisions to N4bn. To a lesser extent, a five per cent year-on-year growth in operating expenses also contributed." Specifically, the weakness in pre-provision profit was due to a 14 per cent year on year reduction in non-interest income, the analysts said. The analysts said, "As for the funding income line, it grew marginally by two per cent year-on-year to N11.4bn. The weakness on the non-interest income line is significant because historically, it has been a strong revenue driver for Stanbic. "The softness on this line was primarily driven by a 14 per cent year-on-year decline in trading-related fees which is evident from the macro-driven weakness in the capital markets."*(Punch)*

Economic News

Nigeria's central bank is no mood to devalue the naira given the risks to inflation from a weaker currency, its spokesman said on Friday, potentially delaying investment flows into Africa's biggest economy. The central bank (CBN) said in a statement it believed the 22 percent depreciation in the naira after it scrapped the official foreign exchange window "is optimal at this time" and the bank would not be pressured into "desperate measures". International investors, who think a naira devaluation is long overdue, are holding back from buying Nigerian assets, raising risks of a deeper financing crisis for Africa's top oil producer and most populous country. "The CBN believes that the 48 percent decline in oil prices may not be transitory and made bold policy changes including closure of the subsidised official FX window, which resulted in a 22 percent depreciation in the naira," bank spokesman Ibrahim Muazu said. "We believe that this adjustment is optimal at this time." The central bank scrapped its bi-weekly currency auction in February and pegged the naira near to where it was trading on the interbank market at the time, curbing speculation. The naira fell steeply on the parallel market after the bank, seeking to conserve its dollar reserves, last week banned importers from sourcing hard currency from the interbank market to buy a wide range of goods.The naira hit a record weak point of 230 to the dollar on Wednesday while the bank rate was 196.95. Investors have questioned how long the central bank can hold the peg, which it has tweaked slightly four times since February. "The credibility of the interbank market has been lost at this point," said Alan Cameron, economist at Exotix. "The more volumes move to the black market, the harder it will become for the CBN to re-establish the credibility of any official rate. The window for a more modest devaluation is now closing, in our view," he said. Stocks, bonds and the currency have been on the ropes since the price of oil plunged last year. Devaluation worries "will delay any recovery in investment flows ... complicate the financing of Nigeria's fiscal deficit, and potentially delays any economic recovery," said Razia Khan, chief economist for Africa at Standard Chartered Bank. Muazu said the central bank's job was to ensure policy stability: "The CBN does not panic and will not take desperate measures to satisfy a few misguided interests in the market." *(Reuters)*

Some Nigerian state governments are considering bond sales to replace dwindling income from crude, the source of about 70 percent of the revenue of Africa's biggest oil producer. "I know one or two states have started talking to investment banks in view of coming to the capital market," Mounir Gwarzo, Director General of the Securities and Exchange Commission, said in telephone interview on Tuesday from Abuja, the nation's capital. "Given their financial situation the capital market is the best avenue for them, because some of them have lots of loans from commercial banks." Some of the 36 states constituting Africa's largest economy are unable to pay employee wages after their share of the nation's oil income, which accounts for bulk of their budgets, declined. Crude oil prices have slumped by more than 50 percent since June last year. Nigeria's federal, state and local governments agreed to share a $2.1 billion dividend paid into the Treasury by Nigeria LNG Ltd., the nation's producer of liquefied natural gas, to pay wages and meet their financial obligations, presidential spokesman Femi Adesina said yesterday. More than 660 billion naira ($3.3 billion) in commercial loans taken by the state governments will be restructured by the Debt Management Office, Adesina said. Although no state has yet applied to the SEC to sell bonds this year, some state governors have discussed the possibility with the commission, Gwarzo said, without naming any. "They're very excited about it," Gwarzo said. "If they restructure the commercial loans it will give them breathing space and temporary liquidity to pay salaries and allowances." The SEC plans to start separate meetings with the states this year, which will be a forum to educate the leadership "about the importance of capital market," Gwarzo said. "Once the instruments are good and investors are comfortable, we believe they will invest," he said referring to state bonds. The commission requires a debt-to-revenue ratio of 50 percent or less for states tapping the market, Gwarzo said. *(Bloomberg)*

Tanzania

Corporate News

No Corporate News This Week

Economic News

THE shilling has tumbled by nearly 200/- to 2,195/- and returned to six-week lows over the week as demand from importers outweighed agro and institutional dollar inflows. The shilling started to fall last Thursday after demand swelled to close the week at 2,080/- buying and 2,195/- selling levels, sending a diminishing signal of local currency appreciation. The National Microfinance Bank (NMB) said shilling slightly fell last Friday on a volatile trading session with demand from importers outweighing agro and institutional dollar inflows. "The shilling trades slightly weak against the dollar as we head for the weekend," NMB said on e-Market statement over the weekend, quoting the dollar at 2080/2195 levels. The Interbank Foreign Exchange Market (IFEM) data shows that amount traded increased between June 26 and July 1, ranging from 20 million US dollars and 30 million US dollars. However, amount traded last Friday was 9.7 million US dollars hence failed to cushion the demand for greenback. CRDB bank said the shilling lost most of the strength it had gained against the dollar at the start of the (last) week during (Thursday) trading session. "(As the) result of continuing high customer demands for the dollarÉ pushed the local currency to close the session at the levels of 2070/2170 to the dollar", CRDB said. Early last week, the shilling made a quick reverse to recover by nearly 200/- to close the market at 2,100/- against US dollars as corporate month end obligation and improved agro inflows. The shilling, according to market players, also makes the quick gain following improving greenback inflows in the interbank foreign exchange market to retain its trading level in almost four weeks ago. The shilling depreciated by almost 20 per cent in the first five months of this year, following high demand amid low supply of foreign currency especially the dollar. While on year-to-year basis ending June 8, 2015, according to BoT, the shilling depreciated by 25 per cent based on the data from Interbank Foreign Exchange Market. To stabilise the shilling BoT pumped some 410 million US dollars in the first five months of this year. *(Daily News)*

CHINA Commercial Bank (CCBank), the first private African bank owned by Chinese investors, is set to launch trial operations this week in Tanzania after two years of preparatory work. Although its name sounds like an established bank in China, CCBank was founded in Tanzania and majority of its core employees are Tanzanians, with a Chinese CEO, Yan Gang, who relocated to Dar es Salaam from Canada two years ago. After being sought by the bank's shareholders, Yan who was working for the Canadian Imperial Bank of Commerce, one of the top banks in Canada, agreed to start the process of setting up the bank from scratch. The preparatory work involved finding the ideal location, recruiting competent staff and acquiring the right technological infrastructure. "Founding a bank in Tanzania required a fairly large amount of imports, from technology to hardware," he told Xinhua, adding that "small items such as printers and big ones like the ATM machines all came from abroad." He said all data equipment which had to meet international standards, was specially designed to suit the bank's needs and was manufactured by Huawei in China. The toughest part, Yan avows, was creating a banking system. "All big foreign banks here kept their existing systems when they reached Tanzania, and they transferred data abroad through the Internet. But for my team, we did not have that privilege; we had to hire a service provider to build a new system," the CCBank CEO said. Yan said he decided to pick the best international service provider because, according to him, "the system and the provider's services must be good enough to support CCBank's long-term development." *(Daily News)*

Tanzania's parliament resumed debate on Saturday on a contentious and long-delayed petroleum bill, after the speaker suspended around 40 opposition lawmakers for disrupting an earlier session. The government says the legislation will create a legal and regulatory framework to manage discoveries of gas - Tanzania's reserves are estimated at 55 trillion cubic feet - and possible future discoveries of oil.
A copy of the draft legislation seen by Reuters sets out royalties and other payments that energy companies will have to pay to the

government. A parliamentary official told Reuters the government still hoped to pass the bill this weekend. Opposition lawmakers called for the legislation to be withdrawn to give industry players and non governmental organisations time to scrutinise it. "The suspended members of parliament will not be allowed to enter parliament premises and will be on half pay for the duration of their suspension for five sessions," Speaker Anne Makinda told parliament. "These MPs are just using delaying tactics." The 35 lawmakers joined five other opposition legislators who were suspended on Friday on similar charges. The suspension of the opposition lawmakers leaves the government with a smooth path to pass the bills in the Tanzanian president Jakaya Kikwete is expected to dissolve parliament on July 9 ahead of presidential and parliamentary elections in October. *(Reuters)*

ANNUAL headline inflation for June has increased to 6.1 per cent from the previous month's 5.1 per cent, the National Bureau of Statistics (NBS) announced in Dar es Salaam. The NBS Director for Population Census and Social Statistics, Mr. Ephraim Kwesigabo, attributed the increase in inflation to the high prices of both food and non-food items. He said food and non-alcoholic beverages inflation for June has further increased to 10.1 per cent from 8.5 per cent recorded in May. Some food items that have contributed to such increase include rice by 13.5 per cent, maize by 8.1 per cent, cassava flour by 3.7 per cent, meat by 3.1 per cent, fish by 12 per cent and beans by 11.6 per cent. Mr. Kwesigabo said on the other hand that some of the non-food items that contributed to the increase of inflation in June include ladies wear by 2.6 per cent; gents wear by 3.6per cent and accommodation services by 3.1 per cent. "The increase of annual headline inflation rate for the year ending June, 2015 shows that the speed of price increase for commodities in the year ending June 2015 has further increased compared to the price increase rate recorded for the year ended May 2015," he observed. He went on to explain that the overall index went up to 152.12 in June 2015 from 148.98 recorded in June, 2014 while the annual inflation rate for food consumed at home and away from home has also increased to 9.9 per cent in June, 2015 from 8.4 per cent recorded in May 2015."In addition, the 12-month index change for non-food products has stagnated at 1.4 per cent in June, 2015 as it was recorded in May, 2015," he noted.

Expounding further, Mr. Kwesigabo said that the annual inflation rate, which excludes food and energy for the month of June, 2015, has slightly increased to 2.2 per cent from 2.1 recorded in May 2015. "The purchasing power of 100 shillings has decreased to 63/24 cents in June, 2015 from September, 2010," he observed. On the other side, the monthly inflation rate for the month of June, 2015 has increased by 0.2 per cent compared to an increase of 0.4 per cent recorded in May, 2015. "The monthly overall index has increased to 158.12 in June, from 157.86 recorded in May 2015," Mr. Kwesigabo said, adding that the overall index increase is attributed to the price increase of both food and non-food items. The food items that contributed to such increase include cassava flour by 1.4 per cent, meat by 1.4 per cent, fish by 9.2 per cent, cooking banana by 2.3 per cent, fruits by 3.8 per cent and vegetables by 5.6 per cent and round potatoes by 4.9 per cent. "On the other hand some of the non-food items that contributed to such increase include diesel by 4.5 per cent and petrol by 5.2 per cent," he said. On inflation in neighbouring countries, Mr. Kwesigabo said in Kenya, the annual headline inflation rate for the month of June 2015 has also increased to 7.03 per cent in June, 2015; from 6.87 recorded in May, 2015 while in Uganda the annual inflation rate has stagnated at 4.90 per cent in June, 2015 as it was recorded in May 2015. *(Daily News)*

The International Monetary Fund (IMF) has advised that the use of foreign exchange intervention should be restricted to smoothing volatility on the Interbank Foreign Exchange Market (IFEM). The IMF Executive Board that completed its second Policy Support Instrument (PSI) review last week said strengthening of the shilling should centre on using domestic-currency instruments to address excess liquidity. The IMF Deputy Managing Director and Acting Chair of the discussion, Mr. Min Zhu, said in a statement that the use of foreign exchange intervention should be restricted to smoothening volatility in the foreign exchange market. "(But), with higher reliance on domestic-currency instruments to address excess liquidity situations," Mr. Zhu said after the discussion. The shilling in the first half of this year plummeted by about 25 per cent to reach an historical low level of 2,400/- against the US dollar. The Bank of Tanzania (BoT) pumped in 410 million US dollars but failed to smoothen volatility. However, the central bank also instituted monetary policy include raising minimum statutory deposit ratio by 2.0 per cent to 10 per cent but sent a negative impact on the money markets after experiencing tight liquidity. IMF technically approved the PSI that supports the maintenance of macroeconomic stability, the preservation of debt sustainability, and the promotion of more inclusive growth and job creation. "Macroeconomic performance in Tanzania remains strong and medium-term prospects are favorable," Mr. Zhu said.

The statement said further that the performance under the PSI was satisfactory through December 2014, but weakened in early 2015 due to a range of factors, including delays in mobilizing external financing and donor support. “Against this backdrop, the authorities' corrective measures aimed at achieving the 2014/15 budget deficit target are commendable,” Mr. Zhu said. He added: “Though earlier expenditure ceiling adjustments could have helped preserve development spending”. The fiscal target also puts Tanzania on a path to a 3.0 per cent deficit over the medium term, which is consistent with maintaining a low risk of debt distress. “The authorities” plans to address verified domestic supplier arrears transparently through the budget are welcome,” Mr. Zhu said, “commitment controls on expenditures and related sanctions for breaching rules need to be strengthened to ensure new arrears do not accumulate”. IMF further said the strategy to address arrears to pension funds needs to be finalised quickly to allow for clearance of these arrears in 2015/16. “The current monetary policy stance is appropriate, delivering high growth and low and stable inflation,” Mr. Zhu said. *(Daily News)*

Tanzania must boost its revenue collection to bolster its strained finances and fund infrastructure projects following a decline in aid inflows, the World Bank said in a report on Thursday. A revenue shortfall amid a slowdown in financial assistance to one of Africa's biggest per capita aid recipients has left the country strapped for cash. "The primary threat to Tanzaniaâ€™s economy comes ... from domestic issues. In particular, low levels of revenue, lower than anticipated aid inflows and the accumulation of arrears with contractors and pension funds have disturbing implications for Tanzaniaâ€™s fiscal stability," the World Bank said in its latest economic update report. "The government has had to respond through significant cuts in expenditure ... This has made it difficult for the government to implement its ambitious investment plans, despite the urgent need for investments in infrastructure and social services." Tanzania, like its neighbour Kenya, wants to capitalise on a long coastline and upgrade existing rickety railways and roads to serve growing economies in the land-locked heart of Africa from Uganda on its north border to Malawi in the south. East Africa's second-biggest economy collects around $6 billion in tax revenues per year, equivalent to around 12 percent of its gross domestic product (GDP). "This covers approximately three quarters of the governmentâ€™s expenses. This is insufficient, particularly when other sources of funding, such as foreign inflows, are declining, or limited, such as borrowing and private sector finance," said the bank. The World Bank said Tanzania could boost government revenue collection by reforming its tax system to make it affordable, fair and transparent. "The government has accumulated massive arrears over the past few years... The plan is to pay those arrears through the issuance of domestic bonds," it said.

"This will clarify the situation but contribute to a large increase in the government's debt-service, from 14 percent of domestic revenues in 2014/15 to over 22 percent in 2015/16 onwards. This extra burden on the government's finances calls for a close monitoring of the fiscal situation." The fiscal deficit is projected to reach around 4.2 percent of GDP in 2015/16 and decline to 3.5 percent of GDP in 2016/17, at which levels debt and debt servicing will remain sustainable, said the bank. The World Bank said despite fiscal challenges, the Tanzanian economy remains on a positive trajectory, with high growth and low inflation. Tanzania's economy grew at 7 percent last year, driven by construction, transport and financial services sectors and is expected to maintain the same growth this year. *(Reuters)*

Cargo volumes at Dar es Salaam port are expected to rise as much as 25 percent this year, helped by expanded capacity and improved efficiency, Tanzanian president Jakaya Kikwete said in his last address to parliament before an election in October. The port, whose main rival is bigger but also congested Mombasa in Kenya, acts as a trade gateway for landlocked states such as Zambia, Rwanda, Malawi, Burundi and Uganda, as well as the eastern region of Democratic Republic of the Congo (DRC). "In 2014 the port handled 14.4 tonnes of cargo ... We expect it to reach 18 million tonnes this year," Kikwete said late on Thursday. "The port currently operates 24 hours a day and the speed of unloading and loading cargo has significantly increased ... even those who previously stopped using the port have now returned." Tanzania said it wants to increase capacity to 28 million tonnes a year by 2020. The World Bank said last year that inefficiencies at Dar es Salaam cost Tanzania and its neighbours up to $2.6 billion a year. Tanzania signed a $565 million deal last year with the World Bank and other development partners to expand the Dar es Salaam port, part of plans to boost the east African nation's role as a regional trade hub.

Kikwete said plans to build two new berths would double the number of containers handled by the port each year to 1.2 million twenty-foot equivalent units, or TEUs, from the current 600,000 TEUs. "We are currently in discussions with the DRC and Zambia for a single customs territory to speed up cargo clearance at the Dar es Salaam port," he said. Tanzania also plans to build a new, Chinese-backed $11 billion port at Bagamoyo to make it the region's biggest gateway and an engine of Africa's boom. Like its neighbour Kenya, Tanzania wants to capitalise on a long coastline and to upgrade existing rickety railways and roads to serve growing economies in the heart of Africa. Kikwete said the government would begin construction of a standard gauge railway line this year if it secured funding to link the Dar es Salaam port to regional economies. Transport contributes 15 percent of gross domestic product in he said. Tanzania, east Africa's second-biggest economy, said in March it plans to spend $14.2 billion to construct a new rail network in the next five years financed with commercial loans. Gas finds in Tanzania and oil discoveries in Kenya and Uganda have turned east Africa into an exploration hotspot for oil firms, but transport infrastructure has suffered from decades of under-investment. *(Reuters)*

Kenya-based private equity house Fanisi Capital said on Thursday it had bought a stake in a Tanzanian agro-processing company for $6 million, expanding its footprint in the region. Fanisi, which is focused on East Africa's fast-growing economies, said it had acquired a "significant minority stake" in Kijenge Animal Products Ltd - a mid-sized maize flour milling, animal feed milling and poultry production firm based in the northern Tanzanian town of Arusha. "This deal marks our first transaction in Tanzania and is in line with our sectoral focus areas of agribusiness in the east African region," said Tony Wainaina, Fanisi Capital's managing partner. Fanisi has a $50 million fund which is backed by the International Finance Corporation, Norfund, Proparco, Finfund, Soros economic development fund and Ludin of Canada. The private equity house has also invested in a Kenyan meat processor and a Rwandan grain handling business. *(Reuters)*

Zambia

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

Resources group RioZim's major shareholder, GEM RioZim Investments has increased its shareholding in the company after taking up more than 20 million ordinary shares following a $10 million rights issue which was subscribed by 67 percent. RioZim directors proposed the rights offer in January this year to reopen the historic Cam and Motor gold mine, now viewed as key to the group's revival. The mine was a cash cow until it was shut down nearly 50 years ago, having produced 150 tonnes of gold in its entire life until its closure in 1968. "Shareholders are further advised that Gem RioZim Investments Limited, the Underwriter, will take up the unsubscribed shares as well as the shares issued to them as commission per the underwriting agreement, amounting to 23,739,212 ordinary shares," the company said in statement on Friday. GEM previously held a 24.97 percent stake in RioZim and injected $700,000 for resumption of mining activities at Cam & Motor ahead of the rights offer. A total of 66,666,667 ordinary shares of a nominal value $0.01 were issued at a subscription price of $0.15. GEM RioZim Investments is a unit of Harpal Randhawa's Global Emerging Markets Limited, a $4 billion private equity and venture capital fund specializing in mezzanine, growth capital, buyout, and recapitalization investments. *(The Source)*

Meikles Limited has set its eyes on the Democratic Republic of Congo (DRC) after the Zimbabwe Stock Exchange-listed entity was invited to invest in the Central African country. Executive chairman John Moxon said the foray into DRC was part of the industrial holdings group of seizing opportunities. "Recently, the group was invited by the government of the Democratic Republic of Congo to discuss potential investment and cooperation opportunities between DRC and Meikles Limited in the areas of agriculture, hospitality and retail," Moxon said in a statement accompanying the group's financial results for the year ended March 31. Moxon said given local and regional opportunities, "the possibility of restructuring certain subsidiaries in the future cannot be ruled out." He said the hospitality unit was looking at ventures in Zimbabwe and within the region. In the hospitality sector, Meikles owns Meikles Hotel and co-owns The Victoria Falls Hotel. In the year under review the unit posted 5% growth in revenue to $16,4 million from $15,6 million in 2014. Meikles said the hospitality unit was affected by the introduction of the 15% value-added tax (VAT) on accommodation charged to foreigners. It said at least 75% of its hotel guests were foreigners. Tourism players are lobbying government for the scrapping of the VAT which has made Zimbabwe an expensive destination. But after Treasury recently said the disputed tax had raked in $1,6 million in the first four months of the year, chances of it being scrapped are diminishing by the day. Meikles said its store unit recorded revenue of $17,3 million from $14,5 million in 2014. The unit has Meikles Stores and Meikles Mega Market. Meikles said its supermarkets chain trading as TM and Pick n Pay record a 7,9% growth in revenue despite a negative rate of inflation in supermarket-related trading for the same period. Tanganda saw its revenue declining to $21,1 million from $22,6 million attributed to challenging weather patterns that resulted in a in the reduction in the volume of bulk tea produced over prior financial year. *(News Day)*

Fertiliser manufacturer ZFC Limited has spent $50 000 on a new product which will preserve grain from attack by pests. The product, Atellic Gold Dust, was launched on Friday and will fight the larger grain borer pest that has haunted communal farms. Speaking at the launch, ZFC managing director Richard Dafana said it took the company three years of research to come up with the product. "This is one is different in that most of the products on the markets do not control the long grain borer so this one is the only which really does that," Dafana said. "We have done quite a lot of trials. The borer itself is not indigenous to Zimbabwe, it is a new pest that has come from trade with other countries." Stored maize has given birth to the rise of the new pest larger grain borer which turns the maize into dust if left untreated. Once the Atellic gold dust has been applied consumers can consume the grain after seven days. According to estimates, a total of 1,56 million tonnes of maize is consumed in Zimbabwe with 120kg being consumed per head per annum. "It is going to improve the ability of the country to store grain especially in the rural areas where people harvest and they have to store grain for quite a long time," Dafana said. "Most of the products that are on the ground actually just last a few months, but this one will make sure that the farmers can store their grain for the whole year." Dafana said there were a number of grain silos where most of the grain is stored, but some quantities were destroyed by pests.

Estimates show that 2 million tonnes of maize grain was under threat and in the presence of larger grain borer weight losses increased from 10 to 20% (100% physical damage) which is 200 000 to 400 000 tonnes affected. Once the atelic dust has been applied, it has systemic and respiratory/vapour action, acts on the nervous system of the insects (different site to pyrethroids or deltamethrin), controls insects emerging from diapausen which gives the combined systemic and respiratory action give a long-term protection. Dafana said his company was operating at 35% capacity utilisation "which is not the capacity utilisation we want to operate from". "We want to operate at about 80% to 90% capacity utilisation," Dafana said. He said that the liquidity crunch made it hard for farmers to buy products which in turn affected ZFC. Other products that ZFC specialises in are fertilisers (compounds, straights, blends, specialties), herbicides, fungicides, nematicides, animal health products, adjuvants, growth regulators, non — chemicals, specialty fertilisers and insecticides or grain protectants. ZFC is expected to make the new product readily available nationwide through its distribution network. Dafana said ZFC has strategies to make the product available and realise profits for the company. *(News Day)*

Zimbabwe's largest mobile telephony company Econet Wireless on Tuesday asked its local and foreign suppliers to slash prices by at least 15 percent and announced pay cuts as an economic slowdown catches up with one of the fastest growing sectors. The telecommunications sector has rapidly grown since 2009, with the mobile phone penetration rate rising from less than 30 percent to more than 106 percent now. Econet, the second largest company on the local stock exchange, has more than 9 million users but it said a 40 percent price reduction by the state telecoms regulator on phone calls early this year was affecting viability in the industry. "Any supplier who sells goods or services to Econet Wireless Zimbabwe must cut prices by at least 15 percent or will be blacklisted as a supplier with effect from the end of July," Econet said in a statement. Econet said it had reduced expenditure for the current financial year by 25 percent, adding that its workers had agreed to a 20 percent haircut on salaries. The government says the economy is expected to flatline this year due to low global commodity prices which will impact mining production, low foreign investment and company closures as a result of power shortages and expensive finance. Econet in May announced an 11 percent decline in voice call revenue for the 2014-15 financial year ending in February to $477 million and said "all the manifestations of deflation are now fully evident" in Zimbabwe's economy. On Monday, the smallest mobile operator, Telecel Zimbabwe, a unit of telecoms group Vimpelcom, told workers in a notice seen by Reuters that it was enforcing salary cuts to reduce its wage bill just like Econet. Workers were given several options, including an immediate 20 percent slashing of salaries and benefits. Workers can opt to be paid 70 percent of salaries with the remainder paid at end of December 2016, or work four days a week. Telecel Chief Executive Angeline Vere could not be reached for comment on Tuesday. *(Reuters)*

Economic News

Zimbabwe's historic automated trading platform took a false start on Friday after technical glitches hit the country's central securities depository dampening the much hyped launch, the Zimbabwe Stock Exchange has confirmed. Despite being one of the oldest in the region, the local bourse, has been lagging in automation, using the widely criticised open outcry system which analysts say is slow, unwieldy and costly. The automation of trading was expected to improve efficiency and drive volumes of stocks traded. The ZSE said the trading platform was ready to go live but stockbrokers traded through the open outcry method suggesting teething problems on the settlement side. "The Zimbabwe Stock Exchange ("ZSE") wishes to advise that as at 3 July 2015, it was ready to begin online trading through its Automated Trading System ("ATS"). The ATS is the front end of the trading cycle with the Central Securities Depository ("CSD") being the backend of the automated environment with a mandate for settlement of both scrip and cash," the exchange said in a statement. "A close coupling model has been crafted between the ATS and CSD systems. Erring on the side of caution, it was decided to resolve a technical issue to ensure a seamless completion of the settlement processes." Brokers who spoke on condition of anonymity cited technical issues at Chengetedzai Central Depository for the ATS failure to go live. This prompted a crisis meeting between the capital markets regulator, the ZSE and the central securities depository firm, sources said. On Thursday ZSE chief executive Alban Chirume told journalists ahead of the launch that the exchange had been satisfied with mock runs that were carried out for two weeks prior the launch. *(The Source)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Diamond production in the first quarter was down 36 percent to 419 788,5 carats from 660 000 in the comparable year ago period. The downward trend is expected to continue in the short term as alluvial diamonds in the vast Marange fields are fast depleting. Mines and Mining Development Deputy Minister Fred Moyo said that the country had registered a decline in diamond production and an overall drop in mineral export earnings. Zimbabwe sold rough diamonds worth $75,92 million in the five months to May 5, 2015 from 1 410 446,44 carats in Harare, latest data shows. However, after accounting for 15 percent royalties, 2,5 percent management fees and 2.5 percent depletion fees, net revenue from auctioned diamonds amounted to $60,73 million. Meanwhile, Zimbabwe is considering submitting a bid for the chairmanship of the Kimberly Process Certification Scheme which is currently held by Angola. Mines and Minerals Development Minister Walter Chidhakwa said the issue of submitting a bid is being carefully considered. He said Zimbabwe is a proud member of the KPCS and has contributed immensely to the defence of the diamond body. This qualifies Zimbabwe to vie for the leadership of the body. *(Bulawayo24)*

The electronic trading of shares on the Zimbabwe Stock Exchange (ZSE) finally took off yesterday after a false start on Friday due to "technical" glitches. ZSE chief executive officer Alban Chirume said the system had gone live without challenges. This was also corroborated by Chengetedzai Depository Company chief executive officer Campbell Musiiwa who said "it was a successful trade". Chengetedzai is a central securities depository (CSD) — a facility for holding and administering securities, as well as enabling transactions to be processed by means of book entry. It went live last year in the first step towards reforming the capital markets in line with the international trends. The Automated Trading System (ATS) which debuted yesterday is seen as the front-end of the trading cycle with the CSD being the backend of the automated environment with a mandate for settlement of both scrip and cash. The ATS has replaced the manual trading platform that had been in place since 1896. ZSE says the rollout of the ATS would result in continuous trading of securities during the open sessions of the market implying that multiple prices could be established for one counter in a day and that traders will have more flexibility on handling client trades. All counters have to be on boarded on the CSD.

ZSE says the ATS would result in price discovery through algorithms, that is, the pricing of securities traded on the market will shift from the collective effort of the stockbrokers participating in the trade to a computer-based algorithm. "This implies that an order can be concluded at several different prices depending on the order book," ZSE said. It said the ATS would have lower and upper price limits for each counter which will be based on the closing price. This limit (set in percentage terms) may be set uniformly for the whole exchange or each counter can have its own limits. The ATS will also result in real-time data provision. The ATS will be able to generate real time data throughout its "open" phase. Such data will be accessible to the market participants and other stakeholders at a fee. ZSE had over the years battled to launch the ATS to be in line with best practices. In addition, the African Development Bank has in the past said it was reviving plans to harmonise stock exchanges in southern Africa to be able to trade across borders. One of the conditions to be in that group is that an exchange has to be automated. ZSE sees automation resulting in the doubling of daily turnover. The debuting of the ATS comes after the exchange lost over $500 million in shareholders in the six months to June. *(News Day)*

THE Reserve Bank of Zimbabwe (RBZ) will spend $1 million to modernise equipment for its subsidiary Aurex Private Limited (Aurex) as it moves to start beneficiation of diamonds, RBZ governor John Mangudya has said. Aurex will do diamond cutting and polishing over and above manufacturing of jewellery. Aurex was revived in March having stopped operating during the hyperinflationary environment. It is currently operating at 20% capacity. "We are in the process of modernising the equipment for the full house of diamond cutting and polishing. Our aim is to beneficiate and produce goods and create employment," he said. Mangudya said the bank began cutting and polishing of diamonds with a budget of $1 million this year. Zimbabwe discovered alluvial diamonds in 2008 and it was believed that the country accounts for 25% of the world's diamonds. Despite the huge reserves, there was nothing to show for it as unpolished diamonds were sold outside creating employment in the buyers' countries through cutting and polishing.

Mangudya said RBZ had resumed operations for the Export Credit Guarantee Corporation (ECGC) — a player in the export sector and a critical part in the growth of the small and medium-scale enterprises. ECGC offers various products including credit insurance and guarantee services which enable exporters to compete more effectively in export markets, export payments insurance policy, export finance guarantee, general insurance, invoice discounting for exporters, lines of credit cover, suppliers and buyers' credit insurance cover, domestic credit insurance and Zimbabwe Revenue Authority bonds. The bank's subsidiaries include Fidelity Printers and Refiners (FPR), Homelink which is made up of four business units, namely Proplink, Easylink Money Transfer (Pvt) Ltd, Investlink and Masterlink Capital Services (Pvt) Ltd to serve the economy. *(News Day)*

The Infrastructure Development Bank of Zimbabwe (IDBZ) says the removal of the legacy debt on its balance sheet will give the institution the ability to access lines of credit from regional and international capital markets. IDBZ was incapacitated by the $38,2 million legacy debt which meant the company was unable to access international capital markets. The legacy debt was removed after the issuance of preference shares by IDBZ to government to the value of the debt assumed by the Zimbabwe Asset Management Company (Zamco). Zamco is a special purpose vehicle set up to buy secured loans, thereby cleaning the balance sheet of banks to be able these to lend. Zamco has so far bought close to $100 million non-performing loans from six banks in the financial sector. "The group now boasts a healthy statement of financial position with equity capital of $32,3 million as at December 31 2014 and should be able to leverage on this strength to access lines of credit from local, regional and international capital markets for deployment into key sectors of the economy," IDBZ board chairman Willard Manungo said in a statement accompanying the bank's 2014 annual results. Manungo said while the $32,3 million capital was significant in the context of the local financial sector, "it is not enough in relation to the infrastructure mandate of the group". He said the group was open to take up of equity by new institutional investors who share its vision of infrastructure finance and development. "A well-capitalised group with a broad institutional shareholder base will enhance its capacity to raise debt capital to fund bankable infrastructure projects in its pipeline," Manungo said.

Government is the largest shareholder with an unassailable 87,2% equity. The Reserve Bank of Zimbabwe is a distant second with a shareholding of 12,42%. The remainder is owned by seven shareholders that include the African Development Bank, German Investment & Development Corporation and the European Investment Bank among others. IDBZ chief executive officer Charles Chikaura said the bank would draw down lines of credit from regional and international development finance institutions totalling $65 million. "These resources, which will have medium to long-term maturity profiles, will be channelled to key productive sectors of the economy to meet re-tooling and other capital expenditure requirements as well as the financing of low-cost urban housing development," Chikaura said. The bank seeks to mobilise resources on the domestic front through issuing out bonds. "The group plans to issue more bonds in 2015 to fund projects in housing, ICT, transport and water and sanitation sub-sectors," he said. IDBZ was established in 2005 as a successor organisation to the Zimbabwe Development Bank with an expanded mandate mainly focusing on infrastructure development, a key enabler in the social-economic development of the country. IDBZ aims to be a $1 billion financial institution by statement of financial position size by 2018. *(News Day)*

Disclosures Appendix

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECURITIES AFRICA®