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	10-Jul-15	17-Jul-15	WTD % Change Local	WTD % Change USD	YTD % Change Local	YTD % Change USD
Botswana	DCI	10755.41	10807.15	0.48%	0.17%	13.74%	8.18%
Egypt	CASE 30	7617.39	8022.91	5.32%	5.31%	-10.28%	-18.07%
Ghana	GSE Comp Index	2338.72	2290.40	-2.07%	8.33%	0.13%	-5.12%
Ivory Coast	BRVM Composite	285.57	290.70	1.80%	0.52%	12.64%	1.17%
Kenya	NSE 20	4727.46	4638.44	-1.88%	-3.50%	-9.28%	-19.59%
Malawi	Malawi All Share	16075.25	16068.63	-0.04%	-3.19%	7.94%	9.70%
Mauritius	SEMDEX	1960.27	1950.83	-0.48%	0.12%	-5.93%	-16.59%
	SEM 10	372.37	371.20	-0.31%	0.29%	-3.78%	-14.69%
Namibia	Overall Index	1103.98	1121.10	1.55%	2.49%	2.10%	-4.50%
Nigeria	Nigeria All Share	31729.26	31047.99	-2.15%	-2.89%	-10.41%	-18.10%
Swaziland	All Share	305.80	305.80	0.00%	0.93%	2.58%	-4.05%
Tanzania	TSI	4661.26	4563.65	-2.09%	1.40%	0.80%	-18.91%
Tunisia	TunIndex	5676.18	5660.68	-0.27%	-0.51%	11.22%	4.94%
Zambia	LUSE All Share	5850.12	5842.52	-0.13%	-2.17%	-5.16%	-23.20%
Zimbabwe	Industrial Index	144.86	143.49	-0.95%	-0.95%	-11.86%	-11.86%
	Mining Index	39.72	40.09	0.93%	0.93%	-44.09%	-44.09%

CURRENCIES

Cur-rency	10-Jul-15 Close	17-Jul-15 Close	WTD % Change	YTD % Change
BWP	9.87	9.90	0.31	4.82
EGP	7.81	7.81	0.01	9.49
GHS	3.71	3.36-	9.60	16.74
CFA	593.29	600.84	1.27	9.94
KES	98.81	100.47	1.68	10.97
MWK	441.29	455.65	3.25-	4.71
MUR	34.53	34.32-	0.60	13.47
NAD	12.52	12.40-	0.92	7.90
NGN	196.46	197.96	0.76	8.55
SZL	12.52	12.40-	0.92	7.90
TZS	2,189.80	2,114.26-	3.45	28.74
TND	1.96	1.97	0.24	5.73
ZMW	7.68	7.84	2.09	20.96

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

Botswana's consumer inflation ticked up slightly to 3.1 percent year-on-year in June from 3.0 percent in the previous month, data from the statistics office showed on Wednesday. On a month-on-month basis, prices rose by 0.4 percent in June after edging up 0.2 percent previously. *(Reuters)*

Egypt

Corporate News

No Corporate News This Week

Economic News

Egypt will not issue new tenders to import cooking oil, meat, frozen chicken or fruits and vegetables, the supplies ministry spokesman said on Sunday. Mahmoud Diab told Reuters by telephone that the government would begin importing these goods through direct order agreements in order to cut out middlemen and reduce costs. *(Reuters)*

Egypt's cabinet decided Wednesday to cancel a temporary ban on cotton imports imposed last week and form a committee to review agricultural policy on cotton. The committee will include the Ministry of Industry and International Trade, the Ministry of Investment, the Ministry of Agriculture and the Ministry of Planning who will meet with all stakeholders, reported the state-owned MENA news agency Wednesday. Last week, the Ministry of Agriculture imposed a temporary ban on cotton imports to protect domestic cotton production and improve its marketing. However, in a country where textile manufacturing is highly dependent on imported short-staple cotton, a crop rarely grown in Egypt, the decision sparked fears of a backlash on the domestic spinning and weaving industry. Luxurious Egyptian cotton is usually exported as raw material, due to the high expense and the difficulty of turning it into final products, while Egyptian manufacturers find it more profitable to use — and are equipped to spin — short-staple varieties. Egypt's exports of cotton fell in 2013/14 to $83.8 million from $120.3 million the year prior, while imports grew to $117.8 million in the same period up from $51.3 million, according to Central Bank data. *(Egypt.com)*

Egypt's Suez Canal revenues declined four percent in June to LE431.6 million compared to LE449.6 million in the previous month, according to Egypt's Information Portal (EIP). The artificial waterway, which connects the Mediterranean and Red Sea, is the shortest marine route between Asia and Europe. It is one of Egypt's main sources of foreign currency, along with tourism and remittances from Egyptian expatriates. Egypt's net foreign currency reserves stood at $20.1 billion in June, according to Central Bank data. A new shipping route in the Suez Canal, that aims to boost its revenues, will be inaugurated on 8 August. *(Egypt.com)*

Ghana

Corporate News

No Corporate News This Week

Economic News

The Bank of Ghana (BoG) has warned banks in the country to stop sourcing for expensive wholesale funds from the markets. Maxwell David Ekow Ribeiro, Assistant Director of the Banking Supervision Department of BoG, gave the warning in a statement at the launch of Barclays Bank's new ultramodern branch at Osu on Friday in Accra. He disclosed that instead of mobilizing reasonable priced deposits from ordinary savers, banks in the country were clamoring for expensive wholesale funds from markets which ask them to bid for their funds." He said "mobilization of wholesale funds at interest rates even higher than the ordinary Treasury Bills rate raises cost of funds and eventually results in high lending rates." According to Mr. Ekow Ribeiro,"The high intermediation costs ultimately result in high non-performing loans, which erode capital and can lead to financial distress in institutions." He urged banks and other deposit taking institutions to be mindful of the development and devise appropriate means to mobilize cheaper retail deposits." Security of deposits He commended banks for making significant investments in providing comfortable edifices, technology and other infrastructure to enhance the delivery of services to customers. "As these investments are being made, it is worthy to caution banks and other deposit-taking institutions to ensure that depositors' funds are secure.

He further appealed to banks to continuously comply with BoG's rules on the maintenance and operation of foreign exchange accounts and foreign currency accounts, repatriation of export proceeds and transfer of foreign exchange outside the country. The Managing Director of Barclays Bank Ghana Limited, Patience Akyianu, for her part, indicated that the new ultra-modern branch had been fitted with technologically advanced systems as well as self-service facilities to make banking convenient for customers. She said the branch has a queue management system, an integrated Premier Lounge and a Prestige Banking Centre. "As a flagship branch, the exterior and internal layout, ambience and configuration are very much different from the former look and feel of our branches," she indicated. She indicated that "the Self Service Banking Zone operates 24 hours and has three ATMs, in addition to two internet booths that allow customers to check their account balances and details online. *(Ghana Web)*

The Bank of Ghana (BoG) says it has initiated various frameworks to help expand frontiers of the banking system and also establish requisite financial infrastructure needed to fuel operation of the commodity exchange. Among the initiated frameworks is included introduction of a warehouse receipt system of financing, and also steps to implement the Basel Two Accord and aspects of Basel Three; targetted at strengthening resilience of the banking system. Under the framework, supervisors will need to conduct a better assessment of market risk factors of which commodity risk is key, as this will help meet challenges and place the financial system on a sound footing. Mr. Millison Narh, First Deputy Governor BoG, made this statement at the opening of a two-day seminar on Commodity Trading and Risk Management in Accra, aimed at exposing key actors in the commodities trade to risk management tools available for mitigating inherent risk as well as operating and trading in the commodities market and exchanges. The seminar was organised by International FCStone Limited, a wholly owned subsidiary of INTL FCStone Inc., and brought together representatives from the business community including the banking sector, the cocoa industry, grain producers, mineral producers, and governmental regulatory bodies like the BoG and Securities and Exchange Commission. The seminar explored the impact of developing local and regional commodities markets, and participants will acquire knowledge of developing local markets, promoting investment in commodity production, and developing hedging strategies to manage commodity price risk. Some regional countries like Nigeria and Cote d'Ivoire are represented, besides multilateral institutions including the IFC and African Development Bank.

Mr. Narh said: "The commodities market in Ghana is less developed. As we are all aware, cocoa and crude oil appear to be the only commodities that have well-structured market infrastructure to facilitate their trading. This has hampered the domestic trading of these commodities and the ramifications are visible, and key among them are issues of price discovery and transparency. "It is expected that Commodity-Backed Warrants (CBW) will be issued by market participants to fund their operations. These instruments are prerequisites for the establishment of a commodity exchange, and capacity building in this area has already begun." Recounting the importance of establishing a commodities market in the country, Mr. Narh explained: "Commodity trading could form the foundation for the emergence of futures markets in Ghana and other emerging economies on the African continent". He said the commodities exchange offers significant developmental benefits with huge positive impacts on farmers and the wider economy. He indicated that empirical studies show that commodities trading presents enormous benefit to economies, and these include mobilising credit to agriculture by creating secure collateral for the farmers and traders, and smoothing market prices by facilitating sales throughout the year rather than just after harvest. It will provide a way to gradually reduce the role of government in agricultural commercialisation. It will also encourage banks to extend credit to the agricultural sector, since lenders can create a charge on the commodities which are of standardised quality and have been monetised. He however observed that the country is likely to suffer wider shocks if it fails to develop a commodities market. "We have been badly outpaced largely due to our underdeveloped commodity markets and poor market infrastructure," citing that in 1970 the Gross Domestic Products (GDP) of Ghana and Malaysia were US$3.5billion and US$3.6billion with per capita income of US$258 and US$392 respectively.

By end of 2014, Malaysia per capita income had shot-up to US$7,304 while Ghana recorded US$776. He explained that country had worked on the establishment of a commodity exchange, and attention must be paid to the several actors in the value chain. "No investors would like to trade in an instrument in which the underlying asset is toxic. It is for this reason that risk management is of paramount importance to commodity trading." He commended organisers of the seminar, as the initiative is anchored on the mutual benefits that will likely accrue to the country's emerging commodities market. "I believe FCStone Limited will be privileged to have a first-mover advantage in our commodities market as well as other African markets as it seeks to share its knowledge and experience and establish itself as a supportive partner in developing commodities markets across some selected African countries," he said, adding that the seminar was timely as it came soon after the Ghana Commodity Exchange had been launched and will afford industry regulators opportunity to build capacity to confront emerging challenges. President John Mahama launched the Ghana Commodities Exchange last month to usher-in a new pillar of the financial system to cover the real sector of the economy -- commodities, production and trade. Mr. Philip Smith, the Chief Executive Officer, INTL FCStone's Europe, Middle East and Africa operations, supporting Ghana's decision to establish a commodity market, confirmed that it will bring security and transparency to the local market. "We feel that this demonstrates the commitment of Ghana's government to supporting its growing agricultural sector -- with half the Ghanaian workforce engaged in agriculture, an investment in a commodity exchange is vital. "International FCStone feels this is an area where we can hopefully make a modest contribution to the success of this venture and the future of the sector generally," Mr. Smith remarked. *(Ghana Web)*

The Bank of Ghana (BoG) has given another impetus for mobile money services in the country to boom following its approval and announcement of two new regulatory guidelines. The Central Bank released the "E-money Issuers Guidelines" and "Agent Guidelines" to create an enabling regulatory environment for convenient, efficient and safe non-cash retail payments and transfer of funds. The BoG published the Guidelines on its website on July 6th 2015. They will replace the earlier guidelines for Branchless Banking. The new Guidelines were developed with key stakeholders including the Ghana Chamber of Telecommunications (mobile operators), the banks, payment service providers and other prospective electronic money issuers. The number of mobile money transactions in Ghana grew from 30 million in 2012 to 106 million by December 2014. The value of these transactions was GH¢171 million in 2012, GH¢2.4 billion in 2013 and GH¢11.6 billion in 2014 according to the BoG. With the new guidelines, both the number and value of transactions are set to multiply, analysts believe. The new Guidelines will facilitate the expansion of financial services to include millions of Ghanaians who hitherto didn't have a bank account. It will also help to capture financial transactions within the informal sector. Currently, only MTN, TiGO and Airtel offer mobile money services, and industry insiders expect other mobile operators, particularly Vodafone to join the fray.

Indeed, Vodafone is almost ready to start a mobile money service, and it is expected to launch the service on the back of the new guidelines.

One of the major differences between the old and new Guidelines is that Mobile Operators will require a license to become dedicated e-money issuers (DEMIs). DEMIs will own and manage electronic money business using retail outlets and agents as a channel for delivery of financial services to extend the coverage of their services and will be supervised by the Bank of Ghana. Over seven years since the launch of the earlier guidelines, there has been limited interest from the commercial banks. The banks have thus far remained passive partners to an almost all Mobile Operator Network - led deployment industry. The Central Bank's wide stakeholder consultation approach, has been applauded by Industry analysts including CGAP, a civil society organization that advocates to advance financial inclusion, to ensure the proposed regulations were comprehensive and conformed to international best practices. *(Ghana Web)*

Government is seeking to broaden the tax base and reorganise the various income tax law provisions to simplify them and make them more user-friendly. This is the rationale behind the new Income Tax Bill, 2015 when it goes for parliamentary approval in the coming weeks. It is expected to guide the different methods and time for payment including tax payable by withholding, tax payable by installment, and tax payable by assessment, have also been retained and improved to enhance efficiency and facilitate compliance. According to chairman of the parliamentary select committee on Finance, James Avedzi, in order to ensure harmonisation of all tax laws, the common administrative processes have been pooled together into a single legislation, the proposed Revenue Administration Bill. "There is therefore need to recognise the residual provisions in the respective revenue Acts."The Commissioner-General (C-G) of the Ghana Revenue Authority, George Blankson who was part of the deliberations, indicated that the 14 years of implementing the Internal Revenue Authority Act, 2000 (Act 592) revealed the narrowness and distortedness of the country's tax base. He also argued that in an era when many countries have broadened their tax bases and lowered tax rates, the Ghanaian tax base seems to have been narrowed although tax rates have gone down. It was indicated that broadening the tax base was one of the rationales for the reforms carried out between 1999 and 2000, which aimed at restricting and phasing-out tax concessions.

Mr. Blankson added that it was anticipated then that, in time, more concessions would be removed; however, the opposite happened and the current law is still littered with ill-targetted erosions of the tax base. Among some of the changes the new Income Tax Bill seeks to enforce is Clause 1: which specifies "persons required by law to pay income tax for each year of assessment and the mode of calculation in respect of the income tax payable; while Clause2 provides for the chargeable income of a person for a year of assessment. Some also include the determination of what constitutes the income of an individual from an employment, business or investment for a year of assessment. Tax rates, modified taxation, capital allowances, quantification of benefits, personal reliefs, temporary concession and tax administration are all provided for. Mr. Avedzi further explained that the bill provides for a number of personal reliefs for individual taxpayers. These include reliefs for spouses and dependent children, individuals living with disabilities, old age, and children and other dependent children's education. "The committee learnt that though some of these reliefs are provided for in the current Income Tax Act, most taxpayers are not benefitting because they may not be aware or do not file their tax returns annually. We therefore urge the Ghana Revenue Authority to embark on taxpayers' education about reliefs, and the need to file returns annually." *(Ghana Web)*

The Bank of Ghana's Monetary Policy Committee (MPC) kept its main policy rate unchanged at 22.0 percent as expected on Wednesday, citing improvement in the West African nation's inflation outlook as the local cedi currency rallies. The cocoa- and oil-producing country is under a three-year aid program worth $918 million with the International Monetary Fund (IMF) to restore fiscal balance to an economy dogged by a deficit, a debt-to-GDP level close to 70 percent and rising inflation. The bank raised the policy rate in May by 100 basis points in a consistent monetary tightening stance to curb inflation while maintaining growth as the country's macro-economic position has deteriorated. Governor Henry Kofi Wampah said the committee observed that although inflation expectations were still elevated, the pressures in the outlook for the medium-term were waning. "This is as a result of the tight monetary policy stance, continuing fiscal consolidation and the recent recovery of the cedi," Wampah said. The cedi was trading at 3.31 to the dollar at midday on Wednesday, its highest rally since January. Chana's monetary policy mainly targets inflation and analysts had expected the central bank to hold the rate.

Annual consumer price inflation GHCPIY=ECI rose to 17.1 percent in June from 16.9 percent the previous month triggered by the depreciation of the cedi and higher transportation costs, the statistics office said on Wednesday. Ghana enjoyed years of sustained growth at around 8 percent on the back of its exports but the economy has suffered because of the fiscal crisis and a fall in commodity prices. In order to improve liquidity in the foreign exchange market, the Bank confirmed that it would open two-year domestic debt auctions to foreign investors, as Reuters had previously reported. Wampah also said the MPC had asked the Bank of Ghana to introduce additional measures to streamline monetary operations. This will include merging the monetary policy rate with the reverse repo rate within 30 days to improve transmission mechanism. It added that the merger of the rate would be immediately followed by the introduction of a 7-day reverse repo instrument in the money market to offer more flexibility in the liquidity management of banks. *(Reuters)*

Ghana's annual consumer price inflation rose to 17.1 percent in June from 16.9 percent the previous month triggered by the depreciation of the cedi and higher transportation costs, the statistics office said on Wednesday. The rise in inflation reflects fiscal problems facing the country, which is under a three-year aid programme with the International Monetary Fund aimed at restoring economic stability. Ghana is also grappling with a prolonged energy crisis that has led to frequent blackouts and hindered economic growth. "Imported items have a higher inflation rate and that mainly is caused by the depreciation of the cedi and also partly due to high cost of transportation," government statistician Philomena Nyarko told a news conference in Accra. The cedi, which declined nearly 22 percent in the first half of this year, has rallied to 3.3100 to the dollar as of Wednesday, its strongest since mid February, from a record low of 4.4100 in late June. The year-on-year non-food inflation rate for June was 23.6 percent compared with 23.4 percent in May, while the food inflation rate stood at 7.4 percent from 7.3 percent the previous month, Nyarko said. The central bank is expected to announced its policy rate decision on Wednesday and markets expect it to remain unchanged at 22 percent due in part to the cedi's recent rebound. Last month, the IMF Forecast 2015 inflation at 13-14 percent, up from its previous target of 12.5 percent but said the country would likely meet its 2016 target of 8 percent. *(Reuters)*

Governor of the Bank of Ghana (BoG) Dr Henry Wampah has downplayed fears that the cedi's recovery will not be sustained. The cedi begun making some significant gains against major foreign currencies including the dollar, British pound and Euro two weeks ago after depreciating in excess of 25 percent this year. According to the Bank of Ghana the local currency recovered strongly against the major currencies in July 2015. The cedi was trading at 4.33 to the US dollar as at June 30, 2015 (year-to-date depreciation of 26.2 %). However, as at July 14, 2015 it was trading at GH¢3.31 to the US dollar (year-to-date depreciation of 3.4%). Despite the impressive recovery there are fears the cedi will go back to its losing ways due to the central bank's approach in dealing with the cedi's recovery. The central bank as part of moves to shore up the value of the cedi begun pumping huge tranches of dollars into the economy. According to the bank of Ghana depending on the level of demand and supply between 20 and 50 million dollars can be injected into the economy in a day but not necessarily daily. But some economists and industry players have criticized the central bank over the move saying it will not be able to sustain the huge injections of cash and the move will also not save the cedi in the medium to long term. The Chief Executive Officer of Dalex Finance Ken Thompson for example earlier told Citi Business News sustaining the cedi's current performance cannot be guaranteed due to volatility in the economy.

'The volatility is what scares people and not the depreciation because the cedi's appreciation is not sustainable; we may sail through this year but what happens next year, we give too much credence to the issue of speculation and hoarding of dollars; most people trade because this country has been turned into a nation of shopkeepers'. He fumed. But Governor of the Bank of Ghana Dr Henry Wampah says the central bank has put in place measures to ensure the cedi's recovery is sustained. 'The stock of gross foreign assets at the end of June 2015 was $4.5 billion, enough to finance 2.9 months of imports of goods and services. Going forward, the anticipated inflows of more than US$4 billion from the Eurobond issue, syndicated cocoa financing as well as other programmed inflows in the second half of the year will provide a strong buffer and help sustain stability in the foreign exchange markets. …sustainability is two ways what we do is that we stand ready to support, sometimes you may pump in more than the 20 million sometimes less depending upon what the market can take'. *(Ghana Web)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Kenya

Corporate News

NIC Bank has signed a deal to be a Safaricom, MoneyGram and Western Union agent in a strategic move to increase its customer base. The bank's partnership with Safaricom's M-pesa will see the financial institution offer transactional services including purchasing of float to M-PESA agents. The bank has also announced that Kenyans can now walk into any NIC banking hall and carry out MoneyGram and Western Union transactions. "This partnership is in line with the banks strategic agenda to grow our customer base, both across Retail and SME segments by offering a wide range of products and services. It also positions us to grow our diaspora proposition and tap to the growing remittances into Kenya through MoneyGram and Western Union," said NIC Bank Group Managing Director John Gachora. According to a statement from the bank, the new solutions are part of the bank's three year strategy to become a one-stop shop proposition. This is by offering convenience in line with its Move to Now philosophy, which caters for customers on the go who are looking for easier, faster and convenient banking. *(Daily Nation)*

The State has rejected a proposal by East African Portland Cement Company (EAPCC) to dispose 1,300 acres of land it has exhausted mining raw materials from in Athi River. In an interview with The Standard, EAPCC Chief Executive Kephar Tande said the company has now put off the planned sale after the Government refused to okay the deal. "We presented the proposal to the Government and it was rejected. We have now shelved the plan," said Tande Monday. The cement maker wanted to sale the land, whose limestone reserves are exhausted to get capital for buying a new parcel and retire some of the loans it is servicing. End speculation The sale had been approved by the board. The rejection of the sale deal is expected to end speculation that has seen several groups line up to get a slice of the land. The land had been a target of speculators who wanted to buy and subdivide it in into plots for sale at profit. Most of the EAPCC land is in Athi River, Machakos County and parts of Kitengela in Kajiado County. "The land can be used to build homes, industries or rehabilitated into forests," the firm's Managing Director Kephar Tande said. He, however, declined to state how much it is valued at on grounds that it would have been sold competitively. EAPCC is largely owned by the Government and NSSF and French cement conglomerate, Lafarge.

Treasury and NSSF control 52.3 per cent shareholding, in what gives the State a bigger muscle in the boardroom. Lafarge has a 41.7 per cent stake. Minority shareholders own the remaining six per cent. This comes at a time when Portland is fighting another front with various groups in and outside courts, who have laid claim to its other idle parcels of land valued at over Sh40 billion. Importing cement Incorporated in 1933, EAPCC is first cement manufacturer in East and Central Africa and has over 16,000 acres of land in Athi River. It started as a trading company importing cement mainly from England for early construction work in East Africa. The company recently received Sh610 million in compensation for its land that was acquired for the construction of the standard gauge railway. The firm sold about 102 acres (42.989 hactares) to the National Land Commission, which is acquiring land on behalf of the Government for the project. This means the EAPCC was paid about Sh6 million for an acre for the piece hived from one of its biggest land parcels. The payment has vindicated Portland as the rightful owners of the land. Portland has four parcels of land that are currently encroached. Tande said the money and had been ploughed back into upgrading of the firm's plant. The firm has also applied for a Sh2.5 billion loan from the Kenya Commercial Bank to finance other projects. *(Standard Media)*

The Capital Markets Authority has opposed an application seeking orders to stop the national government from bailing out cash-stricken Mumias Sugar factory. The authority said granting of such a directive would affect its mandate to effectively protect capital market investors. Last month, President Uhuru Kenyatta presented to the management of Mumias Sugar, a Sh1 billion cheque from the national government, and announced a revival strategy that includes undertaking a rights issue to raise about Sh4 billion. The money is expected to be used to fund the company's turnaround programme. A petitioner is, however, seeking to stop the firm's bailout until the final KPMG forensic audit report — which outlines the circumstances that brought the miller to its knees — is made public. He also wants a sessional paper tabled in Parliament to explain why the company went under, who were responsible and what has been done against them as well as why the government should bail out the sugar factory.

Mr Okiya Omtatah had begged the court, pending the hearing and determination of his application, to issues an order stopping the national government, its agents, agencies, or any other entity, from proceeding on a bailout of Mumias using public funds. However, CMA has, in its response, stated that the orders sought are very wide and may affect its mandate. "We are in the process of undertaking investigations in relation to the dealings of Mumias Sugar Company. These investigations are being undertaken in the public interest to protect existing shareholders and potential public investors," said CMA in its court papers. The parties return to court on September 18 for further direction. *(Nation)*

Economic News

Kenya's shilling fell shortly after the central bank injected dollars into the market on Tuesday for the second consecutive trading session. The shilling firmed to 101.50/70 per dollar in the first hour of trading, up from Monday's close of 101.90/102.00. But by 0719 GMT, was trading at 102.20/40. Traders said the bank intervened soon after the market opened at 0530 GMT. "It's an extension of yesterday's programme," said one trader, referring to the bank's intervention late on Monday when the bank also sold dollars to support the sagging shilling that had weakened to 103.85/95, a new 3-1/2 year low. A second trader confirmed the bank had intervened. Down about 13 percent against the dollar this year, the shilling has been under pressure from a wide current account deficit and a slump in tourism caused by a spate of attacks by Somali Islamists. Like other frontier and emerging-market currencies, the shilling has also been weakened by the dollar's gains on the back of expectations the U.S. Federal Reserve will start raising interest rates this year. Kenya's central bank has hiked rates by 300 basis points in the last two months but the shilling has continued its downward spiral, worrying officials who fear that could lead to higher inflation. "Monetary policy alone will not help this. There must be some determination on the fiscal side to help the shilling," said the first trader, referring to the country's wide current account deficit. The central bank also said it planned to mop up 20 billion shillings ($200 million) in excess liquidity. The bank's regular draining of liquidity makes it slightly more expensive for traders to hold dollars, which lends support to the shilling. *(Reuters)*

Kenya's Energy Regulatory Commission (ERC) on Tuesday raised the maximum retail prices of diesel, petrol and kerosene for the next month. Kenya has set a cap on prices of petrol, diesel and kerosene since 2010 and lists maximum prices for each area of the country at mid-month and they remain valid for a month. *(Reuters)*

Kenya will sign a $350 million loan with six commercial banks on Wednesday to help finance a refined products pipeline between Mombasa and Nairobi, the Kenya Pipeline Company (KPC) has told local newspapers. The state-run company awarded construction of the 450-km pipeline to Lebanon's Zakhem International which started work in July 2014. The pipeline is separate from an oil pipeline that will take crude from newly discovered Kenyan and Ugandan oilfields to the coast. The route for the oil pipeline is under review. "The $350 million loan will partly finance the construction of an ultramodern refined products pipeline from Mombasa to Nairobi," Flora Okoth, KPC's acting managing director, said in a statement published in the Daily Nation and other newspapers. Officials could not be reached for immediate comment. KPC has said the existing pipeline linking the two cities, built by Zakhem International in 1973, has outlived its 30-year lifespan and was prone to ruptures. The company said last year that the project would be financed through internally generated company funds and external borrowing would be limited to $400 million to $500 million. Many of Kenya's refined fuel imports, as well as those in transit to neighbouring countries, have to be transported by truck, a slow and unreliable method that clogs roads. The banks involved are CFC Stanbic Bank, Citibank Kenya, Commercial Bank of Africa, Co-operative Bank, Rand Merchant Bank and Standard Chartered Bank, the newspapers reported. The 10-year loan is to have an interest rate of 5.38 percent above the London interbank offered rate (Libor), KPC said. Zakhem International will also build a fibre optic cable along the route, install four pumping stations for the pipeline and upgrade existing KPC firefighting equipment in Nairobi. KPC said last year construction was expected to take 18 months. *(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

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

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Nigeria

Corporate News

Despite the avalanche of various beer brands in the market, Nigerian Breweries Plc has gone ahead to introduce a new beer brand; Star Triple X, thereby further dividing the taste line of consumers. The company says the beer is brewed with 14 natural extra African herbs of bitter kola, kola nut, ginger etc. The continuous development and introduction of new product (s) is an important source of improvement in consumer (s) welfare and company's income. BEERHowever, the economic question is how much do consumers benefit from new introduction.? Or what competitive effects do new product introduction have.? Generally, consumers are affected by new products in two ways. First, they gain the surplus associated with the additional variety provided by the new product and secondly they develop a new taste bud. In effect, the importance of successful innovation for long-term performance by brands can hardly be over-looked. For this reason, competitors will not remain passive. Observatorily, it's of fact that two thirds of new product launches meet reaction by competitors after their launch. This could be empirically demonstrated by the strategic launch decisions that managers take. The Activation of the new beer brand from Nigerian Breweries, NB Plc at Polo centre, Enugu by Oracle Experience, an Experiential Agency of the company could be said to be a radical step to enter a market already saturated with beer brands. From what was obtained at the launch the characteristics of the new product launch strategy will have a significant impact on both the occurrence and nature of competitive reactions later. The competitive effect of radically new products and incrementally new products greatly differs. The results will be that competitors will not respond to radical innovations and to new products that employ a niche strategy. Competition however can react if a new product like Star Triple-X can be assessed within an existing product category.

The results may be that competitors will be more inclined to react to the introduction of new products that are supported by extensive communication. This is surely going to happen going by the anticedents of NB, even though likelihood of reaction is higher in high growth markets like the Eastern market. What led to the launch of the new beer, Senior Brand Manager – Star, NB, Mr. Chidike Oluaoha, said: We are a consumer inspired and a brand led business, at every particular point in time, we go the extra mile to ensure that we provide superior satisfaction to our consumers. And one way we try to do that is to always check with them to know what they want. To know if what they have currently is enough, if there is something extra they would want. We asked the question in our usual way of checking with our consumers, what more do you want? And that question elicited one answer from them and that answer is, we want Extra! So our consumers told us that they want extra. They love our beer, they love the portfolio of brands that we have because of course Nigerian Breweries Plc is renowned for its portfolio of great brands. Our consumers love and trust our brands, but they want more, they want extra! And they also trust that NB has the credibility to give them what they want. When we probed deeper, we got more insights into what we needed to do. And that gave birth to Star Triple X. The Triple X in the name stands for Extra Smooth, Extra Strong and Extra African Herbs. We know that Nigeria is big on herbs. Nigerians believe that herbs have medicinal and health benefits. These we know. So the business decided to come up with a proposition that will encapsulate the extras that our esteemed consumers want. The Extra Smoothness that I've talked about comes from 100 per cent barley; because Star Triple X is made of 100 per cent barley. The Extra Strength comes from the 5.5 percent alcoholic content. And the Extra African Herbs comes from a 14 natural selection of Extra African herbs such as bitter kola, kola nut, ginger.

So when you think about all these Extras, you see that it is indeed a fantastic and robust proposition that we have for our consumers. Having put together such a fantastic product, we also wanted to introduce it to our consumers in an extra exciting ambience with an extra first-of-its-kind experience. You can't have a fantastic product like this, the first of its kind in Nigeria and perhaps in the world and just sneak it into the market. And that is why we've built this extra experience centre. Starting from the great larger-than-life bottle that you see here, which I believe is the first-of-its kind in Africa, perhaps the biggest in the world. It is quite monumental. Everything that you see here depicts the extras that this product comes with. One of the experiences is to take them through the brewing process of Star Triple X, so that they understand and appreciate the credentials of this beer that is like no other. As we tell this compelling story, we want to bring the extra to life. The story is about the extra that consumers asked for which is exactly what Star Triple X is. When we do our research, we try to understand what our target consumers really want. We engage with them in the friendliest of ways. And we also take cognizance of the variety of things that they say they want. We have different consumers and we see that the need of one set of consumers may differ from the need of another set.

At the venue, consumers said they are intone with the new beer taste, and that this the kind of innovations expected from companies, not only breweries. According to Pat Nebo, a cameraman, an Enugu indigene involved in the shooting of October 1, a film recently released by Kunle Afolayan, said for a beer made of kola nut, bitter kola and other herbs, we say 'Oku ruru ulo' (meaning the matter has gotten home) "I am proud, because finally I can see my culture through a brand." He however commended NB for their foresight. Remi Ikechukwu, a consumer said he is in love with new beer already having tasted it, and was particularly happy with what NB is doing by bringing consumers together to experience the new beer. *(Van Guard)*

Nigeria's Access Bank expects its retail banking business to turn to profit this year, contributing up to 10 percent to profit before tax next year and 20 percent by 2018/19, Chief Executive Herbert Wigwe said on Tuesday. Wigwe said most of its 350 branches would become profitable this year after it regained market share following the acquisition of rival lender Intercontinental Bank three years ago. "Before the end of 2018/19 we would see what would be a 20 percent contribution from retail," Wigwe told Reuters in an interview in Lagos, referring to profit before tax. However, he said the lender was cautious about creating risk assets this year and was targeting 10 percent loan growth due to domestic market conditions and high interest rates. It grew loans 20 percent last year. Two years ago, the top tier lender said it aimed to grow its customer base to between 15 million and 20 million across its African markets by 2018, from around six million, as it shifted its focus to retail banking. The bank, which jumped to fourth position out of 21 Nigerian lenders from ninth in 2007, said it expected to sign on two million customers and another two million through its cards product, Wigwe said. Access Bank shares, which fell 24.2 percent last year, ended flat at 5 naira on Tuesday.

Wigwe said the bank successfully concluded a rights issue despite low sentiment in the stock market and foreign investors' apathy due to worries over the naira currency amidst lower oil prices which slashed government revenues. He declined to give further details pending the approval of the offer by regulators. Access Bank launched a cash call last November to raise 68 billion naira from existing shareholders. Nigerian lenders have been shoring up their balance sheets in preparation for the adoption of stricter international capital requirements, which would otherwise see capital ratios for most of them drop by between 100 and 400 basis points. Rival lender Stanbic IBTC said on Tuesday it aimed to carry out a 20.4 billion naira ($102.6 million) rights issue this year and seek shareholders' vote to distribute a scrip dividend to boost its capital base. *(Reuters)*

Nigeria Breweries said on Tuesday its first half pretax profit fell 8.5 percent, year-on-year, to 30.99 billion naira ($155.8 million). Revenues grew 7.2 percent to 151.67 billion naira during the six months to June 30, the local unit of Heineken said in a filing with the Nigerian Stock Exchange. *(Reuters)*

Nigeria's Stanbic IBTC aims to carry out a 20.4 billion naira ($102.6 million) rights issue this year and seek shareholders' vote to distribute a scrip dividend to boost its capital base, the lender said on Tuesday. Chief Executive Sola David-Borha said she expected increased regulatory pressure to weigh on industry profits this year and that the bank had revised its 2015 loan growth down to 10 percent, the lower end of its guidance range. The mid-tier lender said its South African parent bank Standard Bank was supportive of the cash call and that a price for the share sale would be set after regulatory approvals had been received. *(Reuters)*

Shell has lifted a force majeure on exports of Nigeria's Forcados crude oil stream that had been in place for more than two months, the company said on Tuesday. "The Shell Petroleum Development Company Joint Venture lifted the force majeure on exports from Forcados Terminal effective 18:00 Nigerian time yesterday, July 13, 2015," Shell said in a statement. "This followed the completion of repairs on the NPDC-operated Trans Forcados Pipeline." The company declared force majeure on the evening on May 5 following "a series of leaks" in the Trans Forcados pipeline that brings the oil to the export terminal. The original plan of exports for Forcados crude in July included seven cargoes with a total of 6.3 million barrels of oil, though traders said several of the cargoes have already been deferred to August as a result of loading delays. An overhang of light sweet crudes in the Atlantic Basin has depressed differentials to dated Brent and limited the impact of recent supply disruptions on some West African crude oil grades. *(Reuters)*

FCMB Capital Markets Limited, the investment banking subsidiary of the FCMB Group Plc said it facilitated the financing of a $445 million Senior Debt Facility for Accugas Limited. Accugas is the indirect, wholly-owned, subsidiary of Seven Energy International Limited, an independent Nigerian integrated oil and gas exploration, development, production and gas distribution company. The agreement signing ceremony of the facility, which was provided by a syndicate of banks, is to take place in Lagos today. A statement explained that Accugas Limited will use the funds to refinance its existing loans and to meet additional funding needs of the business. It is expected to also enable Accugas achieve its overall objective of satisfying the growing gas demand from power plants and industrial users in Nigeria.

FCMB Capital Markets was Joint Structuring Bank, Joint Mandated Lead Arranger and Technical Bank in the transaction. In its capacity as Joint Mandated Lead Arranger, it played a critical role in ensuring that the transaction achieved financial close. "Furthermore, FCMB Capital Markets in its capacity as Technical Bank, is one of very few Nigerian investment banks to continue to demonstrate the ability to allocate the technical and operational risks associated with complex projects, having performed the same role on a number of transactions e.g. the $225 million Accugas II transaction, which closed in 2013, for the construction of the company's Central Processing Facility (CPF) and second gas pipeline project, from Uquo to Oron in Akwa Ibom State, to supply gas to the Niger Delta Independent Power Plant at Calabar, Cross River State," it stated. Speaking about the transaction, the Executive Director of FCMB Capital Markets, Mr. Tolu Osinibi, expressed excitement on the successful closure of the deal and also commended Seven Energy for its ongoing and significant contributions to the development of Nigeria's energy sector. According to him, "aside from playing its part in ensuring the successful completion of the transaction, FCMB Capital Markets will continue to take seriously its commitments and responsibility as the Technical Bank". Mr. Osinibi added that "this role remains important to ensuring Accugas continues to realise its expansion plans, by adequately monitoring the various complex issues associated with the projects, on behalf of the syndicate of lenders." *(This Day)*

LafargeHolcim, the company formed by the recent merger of the two biggest cement makers in the world, Holcim and Lafarge, on Wednesday confirmed plans to deliver cost savings of €1.4bn within three years at the official launch of the combined building materials company. "Following the successful completion of the merger between Lafarge and Holcim and the listing of the new LafargeHolcim shares in Zurich and Paris, the new group will now work toward creating the highest performing company in the building materials industry," the Chief Executive, LafargeHolcim, Eric Olsen, said during a conference call in Zurich, Switzerland. Lafarge and Holcim had previously mentioned the savings target ahead of the merger. Olsen declined to give specific forecasts ahead of half-year results due on July 29, but said the firm had not seen a dramatic change in global cement demand in recent months. The new company has a combined global capacity of 386 million tonnes per annum, with combined sale of 33 billion francs and operations in 90 countries. About 40 per cent of the new firm's 2014 pro forma sales came from developed markets, with the rest coming from faster growing developing markets, including Nigeria. Lafarge Africa, which is listed in Lagos, is the African subsidiary of LafargeHolcim. Lafarge SA, in June 2014, combined its Nigerian and South African assets to form a new company, Lafarge Africa, with cement production capacity of 12 million metric tonnes and combined revenue of $1.03bn for that year. Holcim and Lafarge will present their half-year results as standalone companies later this month and report their first results as a combined entity at the nine-month stage later this year. The firm expects approximately 24 per cent earnings before interest, taxes and amortisation margins going forward.*(Punch)*

Oil and gas firm Seven Energy has secured a $495 million loan from a consortium of Nigerian and international lenders to help fund its spending to supply gas to the domestic market, an adviser on the deal said on Wednesday. Seven Energy, an indigenous Nigerian company, plans to buy gas fields along with the related infrastructure and pipelines so it can sell gas into the domestic market for use in power generation and industrial consumption. Demand for gas in Africa's biggest economy is expected to rise to 3 million standard cubic feet (scuf) per day by 2017 as gas-fired power plants ramp up generation, industry officials say. Gas demand has risen to 1.2 billion scuf per day four times the 300 million of six years ago. Nigeria privatised its electricity sector 18 months ago in a bid to end decades of blackouts which have hampered economic growth. Most of the plants sold were gas-fired and operating below capacity due to inadequate gas supply. Accugas Limited, a wholly-owned subsidiary of Seven Energy, processes and distributes gas in Nigeria. It has already invested $1 billion in related projects in the southeast. Seven Energy's senior secured term loan is provided by: First Bank Ecobank United Bank for Africa Union Bank, FCMB, FBN Bank UK and Union Bank UK, the financial adviser said in a statement. Last year, the oil and gas company secured $255 million from equity investors, including Singapore state investor Temasek Holdings, to help build up its gas business.

Part of the new debt will also be used to refinance existing loans and fund working capital. Rival firm Seplat, listed in Lagos and London, is aiming to have a 20 percent share of the domestic gas market by 2018. It plans to increase gross output from about 120 million scuf per day to 400 million by 2017. *(Reuters)*

First City Monument Bank, FCMB Ltd and Acugas Ltd have entered into a financing agreement that will see the bank and four others lend $445 million, (about N87.7billion) to Acugas to develop gas infrastructure in Nigeria. Other lenders involved in the deal include FirstBank of Nigeria Plc, United Bank for Africa, Union Bank, FBN Capital, FCMB Capital Market and Ecobank. Speaking to journalists at the signing ceremony in Lagos on the significance of the deal to the bank, FCMB's Executive Director, Tolu Shonibu said the deal provided the bank the opportunity to make a significant contribution to the development of the energy sector in Nigeria. He said: "It's not so much about the importance (of the deal) to FCMB. It is about the client, Acugas that is actively making ongoing contributions to the development of Nigerian energy space. The investment they are making in gas infrastructure is critical to the country's energy development. It has been said more often that one of the challenges we face is gas infrastructure and that is what Acugas is doing and for us at FCMB group, this is a very exciting opportunity for us to be able to support a company that actually focuses on Nigeria's infrastructure development to boost energy."
He added, "FCMB's contribution was significant in two ways. One, as a lender, we are one of the largest lenders in the facility. But FCMB Capital Market was also one of the two financial advisers who structured the entire deal.

So, from advising and helping to put it together, and bringing other lenders to the table, FCMB Capital Market played a significant role. FCMB the bank was also a lender in it. So across our organisation, we basically leveraged the entire platform to support the client. "In addition the FCMB Capital Market was also the technical bank and in that regard we worked with the technical advisers to make sure that all the technical and operational risks were properly allocated because without these, we would not have reached bankability and financial close. So I think those key roles that across FCMB that we played signify how important we see Acugas and its parent company, Seven Energy and the role we have continued to play with the client because today is just the first step. The work is still ongoing and in our role as a technical partner, we have a significant role to play towards the project's completion. *(Van Guard)*

Cadbury Nigeria posted first-half loss before tax of 250.7 million naira ($1.26 million), compared with a profit of 1.79 billion a year earlier, it said on Thursday. Revenues at the food and confectionery maker declined 8 percent to 14.14 billion naira, it said in a statement, but did not provide a reason for the half-year loss. *(Reuters)*

Economic News

Major crude oil producer Nigeria aims to overcome its chaotic and crumbling refining sector to produce at least a fraction of the gasoline it needs to use itself. Its state oil company hopes that domestic plants can cover 20 percent of Nigeria's gasoline needs, the head of refining told Reuters. President Muhammadu Buhari, who oversaw much of the refining system's development, is keen to reduce reliance on costly and graft-ridden subsidised imports. Ian Udoh, the group executive director of refining and petrochemicals, said that he expected to receive six cargoes a month of Nigerian Bonny Light and Escravos crude oil to run 180,000 barrels per day (bpd) or 40 percent, of Nigeria's total refining capacity. He expected to produce 8 million litres a day of gasoline, accounting for about 20 percent of Nigeria's estimated consumption.

During the last eight months, no crude was sent to the refineries, said the company contracted to deliver the oil. A government document also showed that the deliveries stopped last year but a month earlier, in October. Nigeria has wholly depended on subsidised fuel imports and crude-for-product swap agreements and suffered acute fuel shortages in May. The government's anti-corruption and security services are investigating the intricate structure of oil swaps deals. The crude in those contracts is taken out of the domestic allocation. Due to the dilapidation of pipeline infrastructure, refineries depend on sea deliveries. Since 2011, Nigeria based PPP Fluid Mechanics Ltd has been delivering crude for the state Nigerian National Petroleum Corp and an official there said no explanation was given for the supply halt. "We were contracted to deliver 1.65 million barrels a month to Warri and 3.12 million barrels to Port Harcourt," the official at PPP Fluid Mechanics said. The 125,000 bpd Warri refinery resumed this week after maintenance and is expected to run at 60,000 bpd. The Port Harcourt complex will start ramping up over the next two weeks but only the newer of the two plants at the site is functional and at 90,000 bpd versus its 150,000 bpd capacity. "What I hope is to run at this level and prove that we can add value...The restriction after this would be crude supply," Udoh said. Nigeria's refineries have been neglected for years, operating sometimes just at 20 percent capacity, and did not even have functioning gasoline producing units at one point, Udoh said. He added that up to $1 billion would be needed to replace just one of the key pipelines and an overhaul of the jetties was necessary to receive more vessels. The last refinery to restart will be the northern Kaduna refinery as it will take about two more weeks to repair the pipeline bringing crude from the oil-rich delta in the south. *(Reuters)*

Nigeria's interbank lending rate doubled to 10 percent on Friday as the central bank mopped up cash to curb speculation in the naira, traders said. They said the government has injected 163 billion naira into the banking system this week to help cash-strapped states offset a funding crisis. The injection drove interbank rates as low as 5 percent on Thursday, before the central bank moved in. The naira hit fresh lows of 240 against the dollar on the parallel market on Friday, as individuals converted local currency on the black market to dollars, fearing further naira weakness. Traders said the central bank sold 179 billion naira in open market operation (OMO) bills on Thursday to drain liquidity while state-owned oil firm NNPC recalled some of its deposit with commercial lenders on Friday. Lenders' balance with the central bank reduced to 201 billion naira in credit, as against a credit balance of 390 billion naira a week ago, traders said. "The system was initially liquid with rates down to 4 percent in the week," one trader told Reuters. The secured open buy back (OBB) rate rose to 10 percent from 4 percent last week, 3 percentage points lower than the central bank's lending rate of 13 percent. Overnight placement rose to 10.5 percent from 5 percent last week. Traders said rates could go up next week as liquidity thins out before Wednesday's bond auction. *(Reuters)*

The naira hit another record low of 241 against the dollar at the parallel market on Monday as the Central Bank of Nigeria's restrictions on foreign exchange sale fuelled unofficial trade in dollars, Reuters reported. The ban on importers from accessing the Nigerian foreign exchange markets for the importation of 41 items had led to the volatility of the naira-dollar exchange rate at the black market. Since June 23 when the new forex rule became operational, the naira has fallen by 10.5 per cent from 218 to 241 against the greenback. Foreign exchange dealers said the artificial scarcity of the United States currency still pervaded the market. The new forex rule had led to huge demand at the parallel market, causing dealers to hoard the dollar in anticipation of further fall in the naira. Economic analysts had said the CBN needed to devalue the naira to allow the local currency achieve an equilibrium price against the dollar. The central bank had however said it would not be focusing on the thinly-traded parallel market when determining the exchange rate, adding that people preferred to use the unofficial market for undocumented transactions. Foreign investors had been on the sideline, waiting for the CBN to devalue the naira before investing in naira-denominated assets. Local and foreign analysts had predicted that the naira might hit 250 against the dollar at the parallel market any time soon if the artificial scarcity trend continued. The central bank appears to be in a fix as the spread between the official and parallel market continues to widen by the day. Meanwhile, stocks fell to a more than three-month low and the naira on Monday, Reuters reported. The local bourse, which has the second-biggest weighting after Kuwait on the MSCI frontier market index, dropped for the ninth consecutive day as investors shed banking, consumer and oil shares. *(Punch)*

Nigerian President Muhammadu Buhari has appointed new defence chiefs and filled the post of National Security Adviser, a presidency spokesman said on Monday. Hours earlier, Buhari sacked his previous top defence staff. The change of defence chiefs was widely anticipated because Buhari, a former general who was inaugurated on May 29, has made crushing militant Islamist group Boko Haram his top priority. *(Reuters)*

SECURITIES AFRICA
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WEEKLY AFRICAN FOOTPRINT

TRADING

This Week's Leading Headlines Across the African Capital Markets

Nigerian President Muhammadu Buhari has instructed the state-run oil company to review agreements behind a programme to swap crude for refined products, his spokesman said on Monday. Nigeria's anti-corruption agency and intelligence service began an investigation in May into whether the government was losing money through opaque contracts in which crude oil worth billions of dollars is given to traders in the exchanges. That probe was set up by the administration led by Buhari's predecessor, Goodluck Jonathan. Buhari was inaugurated as president of Africa's top crude producer and most populous nation on May 29 after winning an election on an anti-corruption platform. "If the president says we must tidy up, then we must tidy up," said a spokesman for the Ministry of Petroleum Resources and the Nigerian National Petroleum Corporation. The Nigerian Extractive Industries Transparency Initiative has said there was a loss of at least $600 million in revenue due to a discrepancy between the value of the crude and the products delivered. The figure was taken from its 2009-2011 and 2012 audits of the oil and gas industry. Buhari's advisors have recommended a comprehensive overhaul of Africa's biggest oil industry and increased borrowing to help pay off $20 billion of government arrears. He has been advised to end a programme that heavily subsidises gasoline and relies on imports for the bulk of Nigeria's domestic demand due to an underperforming refining system. The subsidy, which was revealed to have paid out more than $6 billion in fraudulent claims in 2012, is proving to be increasingly costly. *(Reuters)*

Central Bank of Nigeria (CBN) has said that staggering amount of about $949 was spent on food imports over the past five months in the country. during a private sector dialogue on foreign exchange policy organised by the Lagos Chamber of Commerce and Industry (LCCI), explained that between January and May this year, CBN spent $575 million on importation of wheat, $374 million on fish importation and $349 billion on electrical and electronics. According to him, some of the items on the list are what we can produce in Nigeria, "with the level of unemployment we have in the country, CBN must ensure that the ec He said inclusion of some imported goods and services on the list of items not valid for foreign exchange in the Nigerian foreign exchange markets is aimed to boost local production in the nation. The forum gave opportunities to stakeholders to engage the CBN on the recent foreign exchange policies, especially the new list of items excluded from the foreign exchange market, the limitations imposed on the use export proceeds and related issues. In his words, "At the point where we are, if we a producing some of these imported items into the country, there is no reason whatsoever to import them. Nigeria does not have the capacity to keep importing. Nigeria is Africa's number one economy, so we should be able to produce and most of the things that were banned are items we can produce locally." He noted that the move to ban some of those items would create jobs opportunities for the nation's teeming youths, stating that Nigeria must stop creating jobs for its counterparts when issues of unemployment in the country is yet to be addressed. *(This Day)*

Nigeria's consumer inflation rose by 0.2 percentage points to 9.2 percent in June compared with the same month last year, its highest rate since February 2013 and above the central bank's targeted upper limit. The figure released on Thursday was in line with that forecast by a Reuters poll of analysts last week. Food inflation edged higher to an annual 10.0 percent in June, up 0.2 percentage points from May, as disruptions to fuel distribution affected food prices. "(The) irregularity of the supply of Premium Motor Spirit (gasoline) continues to impact food prices," the National Bureau of Statistics (NBS) said. It added that a delayed rainy season and resulting late harvest has also been putting upward pressure on prices. Major cities in Africa's biggest economy suffered acute fuel shortages in May arising from disputes over subsidy payments. Worries that the new government elected in March would not honour previous subsidy debts prompted some importers to stop fuel imports and distribution. The shortages disrupted key services including telecommunications, banking and aviation. The government last week agreed to pay the outstanding subsidy-related debt. Africa's biggest oil producer relies almost wholly on imports for its 40 million litres a day petrol consumption owing to a neglected refining system. The NBS in March said it expected inflation to inch up to around 9 percent this year, from its January forecast of 8.78 for 2015, following a currency devaluation meant to counter the impact of lower revenues from crude oil, Nigeria's main export. *(Reuters)*

Spain has emerged as one of the biggest importers of Nigeria's crude with 2014 purchase worth €6.5 billion, representing 40 per cent of Spain's gas consumption, and 80 per cent oil consumption in the same year. About 40,000 Nigerians currently live and work in Spain. The Ambassador of Spain to Nigeria, Mr. Alphonso Sebastian de Erice presented these figures as evidence of a blossoming Spanish-Nigeria business ties during a courtesy call on the Speaker of the House of Representatives, Rt. Hon. Yakubu Dogara, in Abuja Tuesday. The envoy also disclosed that an invitation had been extended to Nigeria's Foreign Ministry to dialogue with counterparts from 15 other nations at the meeting of Counter-Terrorism Committee coming up in Madrid on July 28, 2015. Both countries are currently non permanent members of the United Nations Security Council. "Spain has also suffered terrorism attacks. In 2004, 200 people were killed in the Metro in Madrid. We would like to support Nigeria in the anti-terrorism fight...you can count on Spain in development, security, immigration and other issues," he said and expressed the condolence of his government over the recent terrorist attacks in Maiduguri. Dogara, in his response disclosed that Nigeria needs assistance in intelligence sharing on terrorism, human trafficking and other issues that constitute social problems. He urged Spain to encourage its business owners to invest in non oil sectors of the Nigerian economy such as agriculture, manufacturing, tourism and energy. Dogara called for the sustenance of the Nigeria-Spanish Parliamentary Friendship Group. *(This Day)*

Stock-broking firms have started applying to the Securities and Exchange Commission (SEC) for approval to either merge or reclassify their businesses ahead of the September 30, 2015 deadline for market operators to comply with new minimum capital base. This is coming barely one week after SEC directed market operators, which may considering a reclassification to notify the commission not later than July 31. SEC had extended the directive to capital market operators seeking to downsize from stockbroker to sub-broker, broker-dealer to either broker or dealer and from multiple functions to a single function, among others. THISDAY checks on Monday revealed that some operators have begun to notify the commission of plans to either reclassify or merge their businesses. "I can confirm to you that the commission has received some notifications regarding the directive given to operators on their reclassification or merger plans before the end of this month. We believe this is a good development because as the commission had emphasised, the September 30 recapitalisation deadline is sacrosanct," a source in SEC told THISDAY on Monday. SEC had in 2013 announced increase in minimum capital requirements for capital market functions under a new capital structure that was initially scheduled to be effective January 1, 2015 but was later extended to September 30. Under the new minimum capital requirement, capital base of a broker and dealer was increased by 329 per cent from the existing N70 million to N300 million. The broker, which currently operates with capital base of N40 million, would now be required to have N200 million, representing an increase of 400 per cent while minimum capital base for the dealer increased by 233 per cent from N30 million to N100 million.

Also, Issuing Houses, which facilitate new issues in the primary market, would now be required to have minimum capital base of N200 million as against the current capital base of N150 million. The capital requirement for underwriter also doubled from N100 million to N200 million. As at May 30, 2015, 307 capital market operators had complied with the new minimum capital base. An analysis of the compliance level indicated that 126 brokers/dealers have complied, representing 53 per cent, while 110 are yet to recapitalise. Issuing houses have recorded 80 per cent compliance as 67 out of 83 have recapitalised, while 16 are yet to comply. For Registrars,17 out of 21 or 81 per cent have met the new capital base, leaving four. In the case of Trustees, 27 out of 36 have complied, indicating 77 per cent, 50 per cent or two out of the four Rating Agencies have recapitalised. For Fund Managers, 68 out of 91 have met the new capital base, while 23 are yet to recapitalise. The Director General of SEC, Mr. Mounir Gwarzo had said the commission would conduct a verification exercise at the end of this recapitalisation to confirm compliance. *(This Day)*

Nigerian shares fell for the 11th straight day on Wednesday to hit a 3-1/2 low as investors sold off shares in relatively liquid banking and consumer goods stocks. The bourse, which has the second-biggest weighting after Kuwait on the MSCI frontier market index, shed 1.28 percent to drop below the psychologically important level of 31,000 points on Wednesday. *(Reuters)*

Nigeria will stick with costly fuel subsidies for now as new President Muhammadu Buhari says investigating corruption is a bigger priority than scrapping price caps on domestic fuel. Buhari was advised by his transition committee to end the subsidy programme, which critics say is expensive, inefficient and open to abuse from corrupt operators. Some say scrapping it is more pressing than ever, given a cash crunch that has forced the government to bail out state and local entities that could not cover debt payments and salaries. But the country has issued a list of companies allowed to import under the scheme for the third quarter, with almost no changes to the firms or volumes of fuel involved, which will be just over 1.5 million tonnes of gasoline. "I have received ... literature on the need to remove subsidies, but much of it has no depth," Buhari, who was elected in March, said in a statement. Poor security, sabotage, vandalism, corruption and mismanagement - not necessarily subsidies - are the most serious problems of Nigeria's oil sector, he added. Pan-African lender Ecobank estimates the cost of fuel subsidies for the coming quarter will exceed the 100 billion naira ($503 million) allocated for the full year, hitting 103 billion naira, based on oil prices near $57 a barrel. The government also owes 159 billion naira in back payments to importers, which it promised last week to pay, meaning the continuation would require more money. Buhari said he would "carefully review all the submissions he had received on the need to remove the subsidies".

Nigeria, Africa's largest oil producer, exports nearly 2 million barrels per day of crude oil, but relies almost entirely on imports for the 40 million litres per day of gasoline it consumes. Some of those imports come via a programme to swap crude for oil products, which is the subject of a government corruption investigation. The administration also aims to revamp the country's ailing refineries, which have been neglected for years and had not run at all for at least eight months, to provide at least 20 percent of its gasoline consumption. But for now, it will keep compensating importers for the gap between market prices and the government-imposed price cap for gasoline and kerosene. "It's too sensitive at the moment," one trader said. "There are institutions involved in the gasoline supply that, if they ceased, could create a vacuum that might create shortages in the near term." Concerns over subsidy payments earlier this year caused fuel shortages that grounded flights, led to long queues at petrol stations and even brought mobile phone companies and banks to a standstill. Traders and analysts say Nigeria cannot afford to keep the scheme going - particularly given the steep drop in oil prices on which the government relies for 70 percent of its budget. According to the International Monetary Fund, the payments accounted for an average of 2.5 percent of Nigeria's gross domestic product from 2006-2012, and external audits have also revealed billions in "duplicate claims". Dolapo Oni, head of energy research with Ecobank, said the move "shows it will take some time to make the changes" Buhari has discussed in the petroleum sector. "It's not fiscally possible to continue the subsidies. It's not a question of if they will be removed. It is a question of when," Oni said. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

No Corporate News This Week

Economic News

THE shilling depreciation and political issues ahead of general election seem to slow down trading at Dar es Salaam Stock Exchange (DSE), which dropped to 43 per cent last week. The week on week turnover recordings decreased by 43 per cent to 2.08bn/- from 14.69bn/-, which is being linked to tension during the nomination of the ruling party's candidate for presidency. On other hand, foreign investors are said to hold their stocks as a result of shilling's depreciation from quick recovery to nearly 1,900/- against a US dollar early this month to close yesterday trading at 2200/-. DSE Manager-Projects and Business Development, Mr. Patrick Mususa, said trading was affected by shilling's sliding as foreign investors held their stocks to influence turnover movements. "Investors are now watching (closely) the political trend in the country," Mr. Mususa said yesterday during a media briefing refereeing to the coming general election. He added: "The more impact, however, is seen on shilling depreciation." The number of shares traded also decreased by 89.17 per cent, the total number of shares traded were 778,900 compared to shares traded the previous week's over 7.1 million. The week's busiest counter was CRDB Bank. The bank accounted to 80.44 per cent of total number of shares transacted, whereas Tanzania Cigarette Company (TCC) and Tanzania Breweries Limited (TBL) counters accounted to 7.39 per cent and 6.39 per cent respectively. The Industrial and Allied (IA) sector contributed the highest proportion of turnover for the week, 82.69 per cent of total turnover. Transactions were mainly carried out on TBL counter, 45.68 per cent of the total turnover. The banking sector accounted to 15.61 per cent of the total turnover, CRDB Bank was the main contributor in the sector, 12.07 per cent of the total turnover. While the Commercial Services sector contributed 1.65 per cent of the total turnover with most transactions carried out on Swissport counter.*(Daily News)*

Tanzania's current account deficit narrowed 26.3 percent in the year to May, thanks to increased earnings from tourism and manufacturing, the country's central bank said on Tuesday. The deficit narrowed to $3.94 billion in the 12 months to May from $5.35 billion in the same period last year. Bank of Tanzania said in its monthly economic report that higher exports of goods and services offset a decline in financial aid from Western donors, who reduced their help amid claims of corruption in government. "A decrease in the import of goods contributed to the narrowing of the current account deficit," the bank said. Earnings from tourism, the main source of foreign exchange, rose by 10.6 percent to $2.16 billion in the year to May from $1.95 billion as visitor arrivals increased. Imports of goods and services fell to $13.3 billion from $14.05 billion previously. Total exports rose by 9.8 percent to $9.45 billion. "The improvement was on account of an increase in receipts from tourism and exports of traditional and manufactured goods,"the central bank said. Oil imports fell by 27.1 percent to $3.14 billion as the price of crude oil fell and domestic demand declined. Earnings from gold, the other main source of foreign income, fell to $1.44 billion from $1.51 billion a year ago, reflecting another decline in prices and lower export volumes. Gross official foreign exchange reserves held by the central bank in the year to May amounted to $3.86 billion, or about 3.7 months of import cover, the central bank said. *(Reuters)*

Zambia

Corporate News

ZAMBIA Sugar Company managing director Rebecca Katowa says the European Union reforms are impacting negatively on sugar business in the SADC region. And Katowa says load-shedding will affect the yields in the sugar industry as power is needed for irrigation. In an interview ahead of the 15th Federation of SADC Sugar Producers (FSSD) annual conference at the David Livingstone Lodge and Spa in Livingstone, Katowa said some of the challenges being faced by sugar producers were the volatility of the currencies in the SADC region. "SADC sugar producers have a quarter-free tariff into the European market but with the sugar reforms that have taken place in the EU, prices have collapsed and the prices that we can get out there are no longer remunerative or sustainable in terms of costs of production; that is the big challenge that we are facing right now and it's affecting the whole region in terms of the sugar producers," Katowa said. She said some of the issues to be discussed at the conference include how the producers could make sugar production sustainable. Katowa added that other areas of concern include the type of cane being grown, cane diseases and pests and water. "We will also look at how to improve the competitiveness of these industries and make sure that the industry gains resilience when faced with these global shocks that affect business in general. We will also look at how to protect the industry in the continent from the global sugar surpluses that are out there.... We will also look at the volatility of currencies, which is one of the major challenges affecting the sugar producing industries as you know exchange rates are fluctuating within the whole of SADC. The Euro, dollar exchange rate does impact on the industries and we also have challenges of water," Katowa said. *(Post)*

Economic News

Zambia's president has directed state-run Zesco Ltd to spare mines from excessive power rationing to avoid disrupting output in Africa's No. 2 copper producer, a presidency spokesman said on Monday. "Under the power supply agreements with the mines, Zesco can cut supply by up to 30 percent but the president does not want that to happen," spokesman Amos Chanda told Reuters. "The president has directed that the mines should be considered under essential services and operations to avoid disrupting production."
Zambia, Africa's No.2 copper producer, plans to cut power supplies to mines by up to 30 percent as early as this week after water levels at its hydro-electric projects dropped due to drought. Chamber of Mines of Zambia President Jackson Sikamo told Reuters that following a meeting last week mining companies had examined their operations to see what could be cut. "A further meeting will be held tomorrow to finalise the actual reductions which will be effected," Sikamo said. Zambia will begin importing power and bring forward the construction of new generation plants to stem electricity shortages that threaten mining output. *(Reuters)*

Zambia will begin importing power and push forward with construction of new generation plants to stem electricity shortages that threaten mining output, government spokesman Chishimba Kambwili said on Monday. Zambia's cabinet authorised state-run power company Zesco to import of 100 megawatts (MW) of electricity to ease a power deficit of 560 MW, Kambwili said in a statement. "Cabinet has explored the option of power-renting from ships docked at sea," he said. Zambia, Africa's No.2 copper producer, plans to cut power supplies to mines by up to 30 percent as early as this week after water levels at its hydro-electric projects dropped due to drought. Zesco is rationing electricity until the rainy season starts around October, Kambwili said. The company will lose out on $287 million this year due to lost income from customers and importation costs. The cabinet has approved the construction of a 340 MW thermal power plant, Kambwili said, without giving any details. Zesco is due to commission a 120 MW Itezhi-tezhi power station in August and a private firm the 150 MW Maamba coal-fired plant in November. A 150 MW hydro-electric power station is also planned. *(Reuters)*

Zambia's mining industry said on Wednesday that an increase in corporate tax to 35 percent and other new tax rules will scare away investors and discourage processing to add value, and called for them to be scrapped. Last month Zambia, Africa's No.2 copper producer, approved a plan to increase the corporate income tax rate on mineral processing to 35 percent from 30 percent, and it became effective this month, bringing it in line with the rate charged to non-mining companies. Foreign mining companies in Zambia include Glencore, Barrick Gold Corp, Vedanta Resources and First Quantum Minerals. The government also cut mineral royalty rates to 6 percent for underground mining, from 8 percent, and to 9 percent for open cast mining, from 20 percent. However, Zambia's Chamber of Mines, an industry body representing mining companies, said in a presentation to parliament that the new tax rules would hurt investor confidence. "It's therefore proposed that corporate tax on income should be maintained at 30 percent," it said. The chamber also said the provision for different royalties based on mining methods did not take into account the peculiar challenges that both open cast and underground operations faced. "It is recommended that the mineral royalty should be the same across the entire industry at 6 percent," it said. The chamber also said proposed amendments to the Mines and Minerals Development Act gave the government too much power, with wide paremeters to introduce new regulations for mining firms. "The above provisions clearly indicate that the legislative framework within the mining sector will not be predictable and can easily be amended," the chamber said. Mining accounts for 12 percent of gross domestic product (GDP) and 10 percent of formal employment in Zambia. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

Fresh from dismissing founding chief executive Kalaa Mpinga last month, resources group Mwana Africa has fired several staff, including consultants with more to come in a shake-up the company says is designed to lower overhead costs and change its working culture. Mpinga left the company he founded on June 10, a day after a crunch extraordinary general meeting which ousted his allies on the board, South Africans Stuart Morris and Johan Botha and Zimbabweans Ngoni Kudenga and Herbert Mashanyare. They were replaced by Scott Morrison, Mark Wellesley-Wood, Oliver Barbeau and Anne-Marie Chidzero while majority shareholder, China International Mining Group Corporation (CIMGC)'s chairman Yat Hoi Ning took over as executive chairman. On Thursday, the company said it had made 12 positions redundant, including a senior manager, expatriates and corporate office staff and reduced the number of advisers and consultants. The hiring of consultants and advisers were among the causes of sharp differences between Mpinga and the Chinese shareholders, who opposed the contracting of a South African company and a local metallurgist to spearhead the restart of the smelting complex, opting for Chinese firms. The company said the dismissals were meant to reduce costs, re-organise the group's corporate structure and culture under Ning.

"Shareholders voted for change at the EGM and with the help of our new directors this process is now well underway. We expect that our restructuring will take a couple of months as we address a number of legacy issues," Ning said in an update. "Our management team is focusing on reducing costs to mitigate the impact of the current weak pricing environment for gold and nickel, but I am confident that we can deliver a stable platform upon which to build a new, and stronger corporate culture." He maintained that the dismissals will not affect the company's subsidiaries. Mwana is also looking to appoint a new advisor after Peel Hunt quit in the aftermath of the EGM. The group has operations in Zimbabwe, South Africa, DRC, Angola and Botswana. Its operating subsidiaries, however are predominantly in Zimbabwe — Freda Rebecca Gold Mine and Bindura Nickel Corporation — with its Klipspringer Diamond Mine in South Africa yet to take off. *(Source)*

Government is set to buy the entire shareholding of Telecel Zimbabwe, the country's third largest mobile operator, as it moves to increase its influence in the telecommunications sector. There is a feeling within government that its entities have performed dismally despite getting preferential treatment and the swoop on Telecel is seen as a step towards maintaining a significant presence in the capital-intensive but highly lucrative sector. ICT, Postal and Courier Services minister Supa Mandiwanzira told State broadcaster ZBC yesterday that Telecel's two shareholders — Amsterdam- headquartered VimpleCom and Empowerment Corporation (EC) — have offered to sell their interest in the business to government. VimpleCom and EC have 60% and 40% equity respectively. The move comes at a time when Telecel won a court reprieve in May against the cancellation of its operating licence by the Postal and Telecommunications Regulatory Authority of Zimbabwe (Potraz). Potraz had given Telecel 30 days to wind up its operations after reportedly failing to pay for the licence fees. But the mobile operator contends that it had never defaulted in paying instalments on the licence fees under the seven-year payment period. Officials in the ICT ministry indicated that it was improper for Telecel to have softer terms when other operators such as NetOne and Econet were told to pay in full. "Telecel shareholders have offered to sell their interests in the business to government. Government has gladly accepted the offer as it sees this as an opportunity to reorganise the sector.

Negotiations are currently underway," a source said, adding that CBZ Bank were the financial advisors to the transaction. It is understood that government Internet service provider, Zarnet, is at the forefront in the acquisition process. Mandiwanzira refused to shed more light on the matter referring all questions to Zarnet. Industry sources say the move by government was seen as a possible way out to save jobs and restore order at the operator where internal squabbles within EC, the local empowerment consortium, have not helped matters. It is also understood that Telecel owes government in unpaid taxes and if penalties were applied, it would worsen its financial position, said a government official. "This exposure to government [taxes and licence fees] could give Zarnet an upper hand in negotiations," the government official told NewsDay. It could not be established what would government do if it successfully acquires the mobile operator. There is an option of merging it with State-owned mobile operator NetOne and create the critical mass that would be able to compete with Econet Wireless Zimbabwe. Another option would be to sell the shareholding to another company. Zarnet's acting managing director Evans

Vete said he was not aware of any plans by his company to buy Telecel Zimbabwe. "If there are any developments, it will be in the interest of the public to know that," he said. Telecel Zimbabwe was established in 1998 to operate a mobile phone network. The company has been hamstrung by shareholder disputes especially in EC which has stunted its growth. The company has witnessed a high turnover of managing directors as a result of the squabbles. Founded in 1997, Zarnet is a provider of ICT solutions.*(News Day)*

Zimbabwe's government has been offered telecoms group Vimpelcom's 60 percent stake in its local unit Telecel but the government does not have the money to buy the shares, the ICT minister said on Wednesday. Telecel is the southern African country's smallest mobile telephone operator. In April its licence was cancelled by the telecoms regulator but was temporarily restored weeks later after the company went to court. ICT Minister Supa Mandiwanzira told parliament that Empowerment Corporation, a grouping of local shareholders who own 40 percent in Telecel, had also offered to sell their stake to the government along with Vimpelcom. "Vimpelcom offered to the government of Zimbabwe their 60 percent. At the same time .... Empowerment Corporation also wrote to the government offering to sell their 40 percent to the government," Mandiwanzira said. "As you may be aware, the government doesn't have enough resources to be financing that kind of transaction," he said, without citing any figure for the value of the stake in question. Earlier on Wednesday, Telecel officials said they were not aware of the offer by Vimpelcom. Mandiwanzira said Vimpelcom had initially found a foreign buyer for its stake but President Robert Mugabe's government had blocked the transaction. He did not give details. Mandiwanzira said the little known state-owned internet service provider ZARNet would, however, pursue discussions with a view to acquire Vimpelcom's stake in Telecel. He did not say how ZARNet would buy the shares. Econet Wireless is Zimbabwe's largest mobile phone operator while government-owned NetOne is the second biggest. Two other state-owned telecoms companies own licences to provide mobile phone services but have failed to do so because they do not have the money. *(Reuters)*

SABMiller's Zimbabwean unit Delta Corp. said on Thursday its quarterly lager sales were down 8 percent compared with the same period a year ago, while sorghum beer volumes declined for the first time in five years. Zimbabwe's largest listed company said sales of the cheaper sorghum beer, which had registered double digit growth since 2009, declined 12 percent year-on-year during the quarter to June, as consumer spending wanes in a shrinking economy. Zimbabwean businesses are struggling with high operating costs and debt, competition from cheaper imports and electricity shortages while the economy is expected to struggle this year due to low commodity prices and a poor farming season. Delta said soft drinks sales declined 12 percent while revenue was also down 10 percent, reflecting weak demand and the price cuts the company has made to push volumes. Delta is 38 percent owned by global brewing giant SABMiller. Its share price, which climbed to a year high of $1.16 on Feb. 2, was unchanged at 97 cents on Thursday. *(Reuters)*

Resource group Mwana Africa on Thursday came under attack from the Zimbabwe government for changing the board and management of its two local subsidiaries saying this will negatively affect the implementation of its indigenisation law. Zimbabwe's Indigenization Act – enacted in 2008 – requires foreign owned companies valued at over $500,000 to cede 51 percent to black locals and has been cited as a major impediment to foreign investment in an economy battling to recover from a decade-long recession. Last Friday Mwana Africa fired several staff, including consultants with more to come up in a shake-up that also claimed its founding chief executive, Kalaa Mpinga last month. It said the dismissals were designed to lower overhead costs and change its working culture. Mpinga left the company he founded on June 10, a day after a crunch extraordinary general meeting which ousted his allies on the board, South Africans Stuart Morris and Johan Botha and Zimbabweans Ngoni Kudenga and Herbert Mashanyare. They were replaced by Scott Morrison, Mark Wellesley-Wood, Oliver Barbeau and Anne-Marie Chidzero while majority shareholder, China International Mining Group Corporation (CIMGC)'s chairman Yat Hoi Ning took over as executive chairman. The group has operations in Zimbabwe, South Africa, DRC, Angola and Botswana. Its operating subsidiaries, however are predominantly in Zimbabwe – Freda Rebecca Gold Mine and Bindura Nickel Corporation (BNC) – with its Klipspringer Diamond Mine in South Africa yet to take off. Indigenisation minister, Christopher Mushohwe told journalists on Thursday that government had noted with "serious concern" the changes.

"The manner in which the composition of the board and management of Freda Rebecca Gold Mine, the largest single gold producer in the country has been changed, is of concern to the government of Zimbabwe," said Mushohwe. "The implications of the changes have negatively impacted on the strides attained to date with regards to the implementation of the indigenisation economic empowerment thrust." He said the shareholding agreements between the government and the owners of BNC may not have been observed while Freda Rebecca Gold Mine had not complied with the law. Brainworks Capital, an advisory firm hired by government recently told Parliament that only one indigenisation deal had been consummated by government, while transactions worth over $1 billion with major platinum mining firms Anglo American Platinum, Impala and Aquarius had been abandoned. In January this year, government, however, gave business 60 days to amend indigenisation agreements with the state as part of changes to the law. Mushohwe said refurbishment of the smelter and the refiner, had been put on halt. "In view of the above, the government of Zimbabwe has instructed the National Indigenisation and Economic Empowerment Board (NIEEB) to immediately invite the executive management of Mwana Africa to come to Zimbabwe and engage the government with respect to immediate compliance with the Indigenisation and economic Empowerment Act," he said. Mushohwe however declined to take questions on the matter. *(Source)*

Three short-term insurers have failed to meet the industry prescribed $1,5 million minimum capital requirement as gross premiums written (GPW) in the first quarter to March remained flat, mirroring the slowdown in economic growth, the regulator said on Thursday.
In 2013, the Insurance and Pension Commission (IPEC) doubled the minimum capital requirements for the sector, with short-term insurers required to achieve a minimum capital level of $1,5 million and life assurers having to put up $2 million by September last year. IPEC commissioner Manette Mpofu declined to say which companies had failed to meet the capitalisation levels or the commission's response to the failure. She, however, told The Source that GPW for the period under review declined to $70,9 million from $71,2 million in previous quarter, representing a 0,45 percent decrease. She said during the period ending 31 March 2015, 1.38 percent of the assets were invested in prescribed assets. Short-term insurance companies are required to reserve five percent of their funds for prescribed assets while life assurance companies and pension funds are required to put up 7.5 percent and 10 percent, respectively. The regulator has, since dollarisation in 2009, deregistered several insurers which include Agricultural Insurance Company, Altfin, Jupiter Insurance Company, SFG Insurance Company and Suremed Health Insurance Company. *(Source)*

Economic News

THE Reserve Bank of Zimbabwe is expected to announce new measures aimed at containing the cost of lending, currently averaging 20 percent per annum. In a presentation at last week's Zimbabwe Food Conference and Expo, Agribank Head of Strategy, Marketing and Business Development Mr. Joseph Mverecha said the Bankers' Association of Zimbabwe and the central bank are working together on the measures to ameliorate the cost of money. He said banks are getting money at interest rates around 12 percent because of the high risk premium on Zimbabwe. "We are working very closely with the RBZ. There are contextual issues that you must understand about the cost of funding in Zimbabwe. We don't get money like the way Botswana do, like Tanzania do at 7-7,5 percent, like they do in Mauritius at 5,5 percent. "The Governor (Dr John Mangudya) will be communicating in his Monetary Policy Statement, perhaps not far from now, on what progress banks would have made in that regard. So let's not pre-empt what the Governor is going to say," said Mr. Mverecha. He said the challenge of agriculture financing in Zimbabwe must be viewed in the context of the broader economic situation prevailing in the country characterised by serious liquidity constraints, declining economic activity, low domestic demand and a widening current account deficit.

"Banks don't own money. They are custodians of ordinary Zimbabweans' money and every banker trembles when he gives out money. It belongs to the public, it's not our money," said Mr. Mverecha."This requires that the limited financial resources available be shared equitably across the productive sectors while exploring alternative sources of mobilising foreign inflows such as Diaspora inflows and Foreign Direct Investment," he said. Mr. Mverecha said Zimbabwe does not have medium and long-term funding required in agriculture and the short-term funding is not adequate to meet the financial requirements in agriculture. The agriculture sector took up 19 percent of the total $3,8 billion advanced by banks since 1999. Cumulative lending since 2009 by the financial sector reached $3,8 billion with the agriculture sector taking 19 percent of that at a time when over 80 percent of the deposits are demand deposits. "International and regional lines of credit are few and subject to high risk premium, reflecting the perception of Zimbabwe as high risk due to the existing external debt payment arrears and debt overhang," said Mr. Mverecha. *(Herald)*

FOUR financial institutions are in discussion with the Zimbabwe Stock Exchange (ZSE) to raise close to $1 million for a junior exchange meant for small and medium enterprises (SMEs), an official at the local bourse has said. Speaking to NewsDay yesterday, ZSE chief executive officer Alban Chirume said the exchange was finalising the listing requirements of the Zimbabwe Emerging Enterprise Market (ZEEM) meant to cater for SMEs. He said the listing requirements would need to be approved by the regulator. "The revolving fund has been approved by the board. We have a number of financial institutions that we are in discussions with on the modalities of that fund. We are in discussions with four financial institutions. We are aiming at less than a million in one way or the other. We are aiming for a month to finish the process," Chirume said. He said the revolving fund would help the small and medium enterprises to raise funds for listing, accountancy, lawyers and regulatory fees among others. Chirume said the bourse was looking at Ghana which has an SME bourse. However, the Ghanaian bourse got funding from the World Bank and African Development Bank. Chirume said the ZSE has sent out adverts for the designated advisers who will help the SMEs on listing requirements and how they will maintain the listing.

The minimum equity of the junior bourse will be $250 000 and the minimum shareholders will be 50 constituting 26%.The fund will be administered by financial institutions and will have a repayment period of six months. He said the local bourse was currently working towards establishing a price display in the capital and tenders had been floated. Chirume said the ZSE has limited resources as the government has not been funding the bourse. The bourse recently automated its system, milestone since the process has been on the cards for 20 years. ZSE managed to produce an annual report for the first time last year since its inception over a century ago. *(News Day)*

Zimbabwe's consumer prices fell by 2.81 percent in June year-on-year compared with a 2.7 percent drop in May, statistical agency Zimstats said on Wednesday. On a month-on-month basis, prices were down 0.14 percent in June compared to a 0.19 percent decline in May. *(Reuters)*

Zimbabwe's tobacco sales have dropped 8.5 percent to 188.5 million kilogrammes this year after a prolonged drought in the southern African country affected production of its top export earner, an official said on Thursday. The tobacco selling season closed on Wednesday, with mop-up sales to follow and the chief executive of the Tobacco Industry and Marketing Board (TIMB), Andrew Matibiri said farmers were paid $554,5 million for the crop sold at auction floors and by private companies, down from $653 million last year. The marketing season, which normally starts in mid-February, opened late this year following delayed rains and late harvesting by farmers. After falling to an all time low of 48 million kilogrammes in 2008, the tobacco industry is again growing, with private firms providing the bulk of funding to mostly black farmers under a contract arrangement. *(Source)*

The World Bank has lowered Zimbabwe's economic growth forecast to a modest one percent this year from an initial projection of 3.2 percent, its worst performance in five years due to falling commodity prices, but is seen recovering in the next two years. After recording double digit growth rates following the adoption of the multi-currency regime in 2009, Zimbabwe, like the rest of the commodity-driven sub-Saharan region, is now suffering due to an underperforming Chinese economy which has driven commodity prices down. The World Bank projection remains the most optimistic after local investment and brokerage firm, Invictus in April forecast the GDP to decline by four percent, reflecting the poor commodity prices and lower than expected agricultural output. Independent economist John Robertson has predicted a five percent decline, with manufacturing contracting further. Zimbabwe is also suffering from lack of domestic liquidity which, combined with poor foreign direct inflows (FDI), will continue to have a negative impact on growth. On Wednesday, inflation came in at -2,81 percent for June, and analysts say Zimbabwe's economy risks being caught in the trap of deflation, with corporate earnings seen shrinking further unless the country restores investor confidence to attract investment.

According to the World Bank Global Prospects Report for June, growth in Sub-Saharan Africa is projected to slow to 4.2 percent on average in 2015 from 4.6 percent in 2014. The multilateral lender sees Zimbabwe's economy growing by 2.5 percent and 3.5 percent in 2016 and

2017 respectively. "Slower-than-expected growth in China would weigh on demand for the region's commodities, driving prices down. A further decline in the already depressed price of metals would lead to a significant drop in export revenues in many countries," reads the World Bank report. "A scaling down of operations and new investments in these countries in response to the lower prices would reduce output in the short run, and slow growth momentum over an extended period of years." *(Source)*

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