

NEWS BUSINESS



COMMODITIES REVIEW

ALY KHAN SATCHU

African markets performance in a global context

The global markets had been in a "Goldilocks" (extended) moment as we entered 2018. Momentum carried into the New Year and US markets rallied about +5.00% in January. President Trump who was prone to tweet about the market once or twice a day and has now been hoisted with his own petard and does not mention the market at all. Interestingly, President Trump has not mentioned Stormy Daniels even once. The US market then gave all those gains up and the VIX Index (a fear gauge) exploded. There were 22 times in the first quarter of 2018 when the S&P 500 index closed up or down one per cent or greater. For all of 2017, that happened only eight times (Bloomberg View). The FED continued to dial US interest rates higher with the one-year US Treasury Yield closing at its highest level since September 8, 2008: 2.12%. Interestingly, the higher US interest rate profile did not provide a fillip to the Dollar which was a poor performer in Q1 2018. President Trump has also shaken up the markets with his tariffs and the market is having to price in the risk of a fully blown tariff war.

The Crypto-currency markets have been crushed in the first quarter. BITCOIN has slumped -48% and the entire market cap of Crypto-Currencies (There are more than 1,550 at the last count) which clocked \$512b on 31st Dec 2017 has slumped -53% since that date to \$240b. It was good whilst it lasted and remains the most parabolic price rise witnessed in the history of the markets, ever. Interestingly, Many Africans had embraced Crypto and according to Citi, Nigeria and Kenya ranked 4th and 5th worldwide when you divided crypto trading by GDP.

The currency markets have been led by the Japanese Yen which has rallied +7.23% in Q1 2018. The South African Rand is snapping at the Yen's heels and is +6.41% over the same dates. The Rand has dragged the Lesotho Loti, the Namibian Dollar and the Swaziland Lilangeni in its wake which are +6.41% over the same dates. I expect the Rand to rally further and for "Ramaphoria" to shine brighter and to support a move to 11.00 versus the Dollar. The Ghana Cedi is +2.5% and Ghana has been the sweetest of sweet spots for investors (The Ghana Composite Index is the World's best stock index in 2018 and +31.05% since the start of the year). Angola has been seeking to reprice the Official Exchange Rate closer to the Unofficial rate and the Angola Kwanza is -21.75% in 2018. President João Lourenço aka The Terminator is pulling the rug from underneath the Dos Santos rentier "State" and terminated José Filomeno dos Santos (the son of the previous President). His Sister Isabel Dos Santos was already terminated and is wont to lob a few feeble tweets now. At some point, Angola will be as screaming a Buy as Egypt was.

Gold has rallied +1.7% in Q1 2018, Crude Oil got a big lift after the launch of the Trump Tariff War, Copper is -8.00%. Cocoa has exploded +32% higher this year (underpinning the Cote D'Ivoire and Ghana economies).

The Eurobond Markets have been uniquely benign for African Sovereigns. African Governments from Kenya to Cote D'Ivoire have tapped the markets in 2018 and will exceed the \$18b record raised last year by a mile. African Issuers have been extending duration with Nigeria, Kenya and Senegal all issuing 30-year tranches for the first time. For now the mainstreaming of African Sovereign Eurobonds and the high and handsome absolute yields are outweighing concerns about rising indebtedness and Debt to GDP ratios which have been moving in the wrong direction.

Finally, Equity Investors making out all over the continent and in some cases making out like Bandits. Ghana's composite Index is the world's best and +31.05% Year to Date. That is a triple digit annualised gain right there. Malawi has posted a +17.1% return, Egypt +14.09%, Namibia +13.61%, Nairobi's All Share has been breaking records throughout March and Nigeria is up about 8%.

Of course, below those headline numbers, individual stocks have posted even more startling and mouth-watering gains. When you look around the World, You will note that Africa is outperforming. I expect this to remain an overarching theme in 2018.

DOWNING TOOLS

Tuskys employees issue strike notice, cite unfair labour practices

ABEL MUHATIA / Tuskys Supermarket employees have threatened to go on strike in two weeks time over what they call unfair labour practices.

They have issued a strike notice through the Kenya Union of Commercial Food and Allied Workers.

In the notice, seen by the Star, the employees are complaining about massive transfer of shop stewards and refusal by their employer to recognise them as workers' representative.

Also among their complaints, is "outright

defiance of a court judgment" by Tuskys Supermarket in respect to outsourced labour and disciplinary action against shop stewards perceived to be leading the union membership recruitment of outsourced workers.

Thirdly, the employers have raised concerns on ongoing threats, and disciplinary transfers against out-sourced workers.

"Our efforts to have these grievances resolved through dialogue have not been successful while at the same time, the employer continues with her assault against the union

and its members with the intention to interfere with workers fundamental rights of freedom of association," the unions secretary general Boniface Kavuvu said.

He added that upon expiry of the notice, workers will down their tools without further consultation of the employer unless action is taken to stop the unlawful actions.

Speaking to the Star on phone, Tuskys Human Resource manager Joshua Wambua declined to have received the notice or to having any knowledge of the planned strike.



INTERNET PENETRATION

Home internet not a priority for Kenyans

5.75 million households do not see the need to use internet, while 3.45 million lack simple technical know-how

ABEL MUHATIA
@muhatiaa



More than half of Kenyan households are not connected to the internet as majority find no need to use it, government data shows.

The Kenya Integrated Households Budget Survey has found that 70.1 per cent or 7.99 million households countrywide are without internet connection.

Only 3.42 million households are connected to the internet nationally, 1.07 million in rural areas and 2.34 million households in urban areas.

This is despite the Communications Authority of Kenya announcing in its latest 2017/2018 sector statistics report that Internet penetration in Kenya stood at an estimated at 112.7 per cent as at September 2017.

Of the total households without internet connection, 50.4 per cent or (

5.75 million) do not see the need to use internet while a surprising 3.45 million homes have no knowledge on how internet is used.

The findings further reveal significant variations between rural and urban areas, where the proportion of households without Internet connection in rural areas was found to be 83.1 per cent compared to 52.5 per cent in urban areas.

Total households at the National level stood at 11.42 million, 6.44 million in rural areas and 4.97 million in urban areas.

Also attributed to the high number of households without internet connection is the high cost of internet equipments and service at 3.2 and 8.7 per cent respectively at the National level.

COUNTY CONNECTIONS

At the County level, Busia had the highest proportion of households citing no need to use the internet standing at 89.6 per cent. It was followed closely by Ki-

rinyaga and Nakuru at 86 and 71.2 per cent respectively.

A high proportion of households who cited lack of knowledge on the use of internet was reported in West Pokot at 85.1 per cent, Siaya-83.3 per cent, Kitui 78.9 per cent and Machakos-73.3 per cent.

In Counties with major cities such as Nairobi, 57.6 per cent of households said they do not need to use internet, while 26.2 per cent of household lack the knowledge on how the internet is used.

In Mombasa, 10.7 per cent of households without internet cited a lack of knowledge on how to use internet, 24.1 per cent said they had no use for it while 57.9 per cent cited a high cost of maintenance.

Kisumu County had the highest proportion of households with Internet connection at 67.6 per cent. Home internet penetration in Nairobi came second at 66.1 per cent and placed third was Kiambu at 42 per cent.

A man browses the internet using his phone at the Anniversary Towers yesterday. According to the Communications Authority of Kenya, mobile data and Internet subscriptions dominate the Internet market
/HEZRON NJOROGE



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