

MONEY & MARKETS

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MERCYLINE KYALO | KINGDOM SECURITIES SENIOR ANALYST

Long maturity of 15-year bond seen dampening uptake

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Investor appetite for this month's 15-year bond issue is likely to be dampened by the long tenor, with investors showing a preference for shorter-term papers in recent months due to uncertainty over interest rate direction.

Analysts at Kingdom Securities say while the Sh40 billion reopening of two 15-year tenor papers is likely to hit target, it is unlikely to attract the kind of subscription seen on last month's infrastructure bond whose first sale saw bids worth Sh55 billion.

The bond is on sale until tomorrow.

Banks are also unlikely to drive bidding for the bond offer, with the lenders increasingly showing a preference for issues dated five years and below as they keep an eye on their liquidity needs.

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the bonds," said Kingdom Securities senior analyst Mercyline Kyalo.

"Pension funds and insurance companies are usually attracted by long-dated papers due to their lesser liquidity needs, thus much of the subscription is expected to come from them as they seek to acquire the papers and hold them to maturity."

The coupon on offer on the two re-opened bonds is 10.25 per cent for the first, which has 7.06 years to maturity having been first issued in 2010, and 12 per cent for the second whose period to maturity is 10.15 years having been initially sold in 2013.

Fish exports earn more than imports

TRADE Country earned Sh8.5 billion from exports, higher than Sh4.03 billion for imports

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Kenya earned much more from fish exports in the last three years than it paid for imports despite rising volumes shipped in and an outcry over foreign sea food flooding the local market.

The country earned Sh8.5 billion from selling abroad, which was higher than the Sh4.03 billion paid for imports in the period under review, according to official figures.

Export volumes in the last three years stood at 16,429 tonnes compared with 40,991 tonnes imported in the same period.

"The earnings from exports were higher compared to im-

ports because of the high value that Kenya's fish earned in the world market," says the Department of Fisheries.

Kenya mainly imports frozen tilapia, frozen mackerels, sardines, prawns and salmon among others.

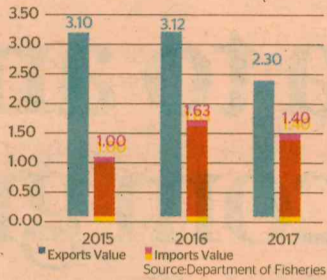
The country exports frozen Nile Perch, tuna, octopus, frozen whole tilapia and lobsters caught in the lakes and the Indian Ocean notably to the EU.

Fishmongers have been complaining of an increase in cheap imports mainly from China, which they say affect sales as they cannot compete with the local catch, which are expensive.

The government says Kenya will continue importing fish to

Fish export/import earnings (Ksh billion)

KENYA HAS BEEN EARNING MORE FROM FISH EXPORTS THAN IT PAYS FOR IMPORTS



meet the widening deficit, due to dwindling stocks both in the aquatic and marine space.

Kenya has an annual deficit of 800,000 tonnes, which is filled through imports. Lake Victoria, traditionally a major source of fish in the country, is currently suffering from depleted stocks.

The stocks have been dwindling because of the use of wrong fishing gear and overfishing.

The government is taking corrective measure such as restocking of the lake and curbing illegal fishing.

Kenya's per capita consumption of fish has gone up to seven kilos from two kilos in 2008.

The country is yet to attain the full potential in fishing at the Indian Ocean. Under the Exclusive Economic Zones, Kenyan fishermen are allowed to fish up to 200 nautical miles from the shores but they are operating short of five nautical miles for lack of appropriate fishing gear to explore the deep sea waters.

Kenya has a large exclusive fishing zone with potential to produce 300,000 tonnes of fish annually estimated at about Sh75 billion. However, it is yet to optimally utilise the opportunity.

This has given room to developed nations with advanced gears to explore Kenya's fishing potential. Illegal fishermen are also using the opportunity to exploit Kenya's resources.



Farming expo

NEW TIPS Teresia Mbeere displays her produce during the Eastern and Central potato fair at Wambugu Agriculture Training Centre in Nyeri on Friday. The expo focused on training farmers on the importance of planting disease-free seeds and ways of boosting production.

—JOSEPH KANYI

Investors seek to put billions in 100 economic zones

CONDITION Industrialisation CS says priority will be given to companies using local materials

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Local and foreign investors are seeking licences to put up 100 Special Economic Zones (SEZ) across the country.

Industrialisation secretary Adan Mohamed said the applications are being scrutinised with priority given to those eyeing use of locally produced raw materials to

process products for export.

During a one-day forum convened by projects and infrastructure specialist firm,

IKM Advocates and the International Projects Finance Association, Mr Mohamed said only quality SEZ investments that can generate sustainable

jobs, impart employable skills and create wealth for local communities through purchase of locally produced raw materials will benefit.

"Apart from Tatu City and Africa Economic Zones, Naivasha as well will be built enabling manufacturing facilities enjoy access to cheap geothermal power and cheap Standard Gauge Railway transport to Mombasa port," he said.

Dongo Kundu SEZ is also



PLAN Industrialisation secretary Adan Mohamed. FILE under development at the coast and will occupy 1,500

hectares. The forum was told a one-stop shop office within SEZ facilities or at the Special Economic Zones Authority (SEZA) headquarters would be established enabling SEZ operators, developers and enterprises to obtain licences with ease.

"The SEZ Act grants incentives that can only be realised once we have operational laws exempting investors from some tax obligations such as payment of stamp duty. All

stakeholders should be engaged in formulating the policies that align the incentives to the tax laws," said IKM managing partner James Kamau.

Mexico's Federal Authority for SEZ Development executive secretary Enrique Antonio Huesca Fernandez called for strengthening of the SEZ institutional framework and a flexible governance model that allowed investors to set up shop faster.