

NEWS BUSINESS

THE DATA

6.26%

The rate of inflation in August

The cost of living slowed slightly to 6.26 per cent year-on-year in August from 6.39 per cent in July following a 0.18 per cent fall in food prices, the Kenya National Bureau of Statistics said yesterday.

HIGH YIELD

Murang'a milk output up after new dairy project

BY STAR REPORTER
@TheStarKenya

A two-year old dairy project has increased milk production for farmers in Murang'a county by slightly more than 25 times the previous volumes, increasing their revenues.

The production is now 127,000 kilos per day up from 5,000 prior to the rollout of the project. Dairy farmers in the county will now receive Sh127 million for milk deliveries in August.

"The provision of animal feeds that includes fodder, sweet potatoes vines and subsidised artificial insemination are some of the interventions behind the success of the sector that has turned to be a major income earner in Murang'a," Governor Mwangi Wa Iria (pictured) said.

During the 2014-15 financial year, the county bought 35 milk coolers and donated them to the dairy cooperatives to support the sector, which was identified as one of economic pillars with a huge potential. The acquisition of the coolers have helped cut transport costs and losses.

Sustained guaranteed price of Sh35 per kilo of milk has also driven the success of the dairy project, a venture that has enticed more farmers to join Murang'a County Creameries.

Under the dairy project, county's youths are given loans to buy high-breed dairy cows and repay through deductions from milk deliveries.

The county is also setting up a processing plant in Maragua, which, according to the governor, will be ready in three months to handle surplus milk in a bid to cut wastage. Brookside Dairy processes most of the deliveries.

"Contract agreement with Brookside of 80,000 kilos per day will continue as the plant will only process the surplus milk which will be sold under brand name, Murang'a Fresh," Wa Iria said.



PHOTO STORY

Raiser Resource Group chief operating officer Joyce Thairo, Covey/Link Worldwide's Stephen Covey and Raiser's CEO Ian Ng'ethe with his Safaricom counterpart Bob Collymore at a seminar about economies of trust /COURTESY

LEADERSHIP

Universities urged to nurture innovative leaders for Africa

Universities have been asked to nurture visionary leaders. During the 6th Inter Region Economic Network Thought Leaders Forum for regional universities held last week, the institutions were told Africa needs leaders who can drive its growth. "Africa invests heavily on literacy type of education and the detriment of skills for critical thinking, problem solving and scientific inquiry," Nashon Adero of Taifa Taveta University College said. "While it has been easy to blame poor political leadership, less attention has been paid on how individuals, civil society and corporate leaders undermine progress," IREN founding director James Shikwati said.



CfC Stanbic Holdings CEO Greg Brackenridge, his CfC Stanbic counterpart Philip Odera and SBG Securities East Africa head of equity research Gregory Waweru after the release of the 2015 full-year report in Nairobi on March 3 /ENOS TECHE

FINANCIAL MARKET

FOREX EXCHANGE RATES

Currency	Buy	Sell	Mean
US DOLLAR	101.2889	101.4889	101.3889
STG POUND	132.3933	132.6833	132.5383
EURO	113.0806	113.3317	113.2061
SA RAND	7.0106	7.0293	7.0199
KES / USHS	33.1563	33.3205	33.2384
KES / TSHS	21.4802	21.6213	21.5508
AE DIRHAM	27.5759	27.6311	27.6035
JPY (100)	99.0600	99.2848	99.1724
IND RUPEE	1.5075	1.5109	1.5092
CHINESE YUAN	15.1474	15.1929	15.1702

NSE BIGGEST MOVERS

Price	Change (%)
I&M Bank	82.50 +10.00
Cooperative	11.00 +10.00
KCB	27.75 +8.82
Housing Finance	14.20 +8.81
NIC Bank	28.00 +8.74

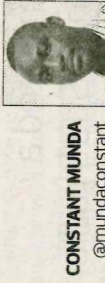
NSE BIGGEST LOSERS

Price	Change (%)
Umeme	16.50 -9.34
Loughorn Kenya	4.80 -7.69
EA Cables	6.90 -7.38
Standard Group	23.75 -5.00
BAT	830.00 -4.60

COST OF CREDIT

Rates cap the price for failing our clients - CfC

CfC Stanbic CEO Philip Odera says lenders will be punished for "not being aligned with some of the expectations" of clients



CONSTANT MUNDA
@mundaconstant

Profit margins for most banks are likely to fall sharply due to the interest capping law, a top CEO said yesterday, as all banking stocks on the Nairobi Securities Exchange rebounded.

CfC Stanbic chief executive Philip Odera said the lenders will be punished for "not being aligned with some of the expectations" of their customers.

"It's a painful penalty but that's what it is," Odera told reporters in Nairobi. "The challenge, however, is how do we then grow our business... (and) diversify our business to the point where it's a profitable business, but it is also one that passes value to our customers."

CfC Stanbic, the country's eighth largest by market share, became the first lender to cap interest for both existing and new loans at 14.5 per cent, followed by KCB later in the afternoon.

This is in line with the Banking (Amendment) Act, signed into law by President Kenyatta on August 24, who blamed the "insensitive" banks for not honouring their pledge to cut rates through self-regulation over the last decade. The amended law requires the banks to charge a maximum interest of 400 basis points above the base rate set by the Central Bank and a pay a minimum of 70 per cent of the base on term deposits.

CfC and others - including Co-operative and Barclays - which have complied with the law have applied the 10.5 per cent CBR as base, pending

guidelines from regulator, the CBK. It is only CfC, however, which has extended the benefits to existing borrowers, although it may take a few days to reflect as the IT systems have to be realigned and existing customers notified.

"We urge customers to get in touch with their branches from tomorrow (today) to review and amend their banking facilities documents to reflect the new interest rate regime," KCB managing director Joshua Oigara said in a statement.

The shares of the 11 banks trading at the NSE yesterday gained as the interest cap shock dissipated, save for National Bank's which was unchanged. Co-op and I&M gained 10 per cent each, while Housing Finance, Barclays, Equity, KCB and NIC gained 9.96, 9.95, 9.80, 8.82 and 8.74 per cent.



TIP OF THE DAY

DON'T SHARE OFFICE GOSSIP WITH NEW COWORKERS

It might be tempting to bend your new coworker's ear and let him in on all of the office dirt. You may even think you're helping him out by giving him the inside scoop. But sharing the ins and outs of office politics with the newcomer isn't always advisable.

Doing so could reflect badly on you and bias him against his new coworkers. Of course you can help your new colleague get acclimated to the office, but check your motives first. Are you trying to make life easier for him, or get him on your side? Even if your intentions are positive, carefully choose the information you share. After all, you don't know what your new colleague might tell others, exposing you and possibly damaging your reputation.

Follow this simple rule: Only share what you would be comfortable sharing with everyone. Act as if everybody's listening.