SECURITIES AFRICA

For week ending 3 February 2012

Weekly African Footprint

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

Currencies:

	3-Feb-12	WTD %	YTD %
Currency	Close	Change	Change
AOA	95.05	-0.13	-0.13
DZD	74.77	1.24	0.63
BWP	7.15	1.70	3.04
CFA	490.28	0.55	0.90
EGP	6.02	-0.27	-0.09
GHS	1.67	1.09	-3.34
KES	82.67	2.46	1.06
MWK	162.46	1.55	-0.03
MUR	27.75	0.94	1.38
MAD	8.45	0.53	1.54
MZM	26,550.00	0.56	0.56
NAD	7.64	2.22	6.12
NGN	160.04	-0.08	-0.16
ZAR	7.67	2.23	6.17
SDD	266.18	0.13	-0.03
SDP	2,261.00	0.00	0.00
SZL	7.65	2.22	6.12
TND	1.50	0.24	-0.24
UGX	2,298.37	1.33	6.08
ZMK	5,091.77	-1.11	-1.48

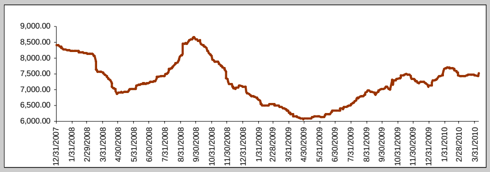
Source:oanda.com

African Stock Exchange Performance:

Country	Index	03 February 2012	WTD % Change	WTD % Change USD	YTD % Change	YTD % Change USD
Botswana	DCI	6,970.56	1.02%	2.77%	-0.01%	3.13%
Egypt	CASE 30	4,584.39	3.42%	3.13%	26.56%	26.45%
Ghana	GSE All Share	990.47	1.79%	2.91%	2.21%	-1.09%
Ivory Coast	BRVM Composite	141.92	1.32%	1.88%	2.19%	3.12%
Kenya	NSE 20	3,196.70	-0.18%	2.34%	-0.26%	0.81%
Malawi	Malawi All Share	5,483.68	2.56%	4.18%	2.13%	2.09%
Mauritius	SEMDEX	1,832.78	-0.14%	0.81%	-2.94%	-1.58%
	SEM 7	342.36	-0.09%	0.86%	-2.27%	-0.90%
Morocco	MASI	11,360.88	1.72%	2.26%	3.19%	4.80%
Namibia	Overall Index	938.00	3.42%	5.76%	11.93%	19.23%
Nigeria	Nigeria All Share	20,877.64	-0.07%	-0.15%	0.71%	0.55%
South Africa	All Share	34,386.97	1.45%	3.77%	7.47%	14.54%
Swaziland	All Share	277.72	1.09%	3.38%	3.46%	10.20%
Tanzania	DSEI	1,298.97	0.05%	0.24%	-0.33%	-1.05%
Tunisia	TunIndex	4,725.23	0.25%	0.49%	0.06%	1.69%
Zambia	LUSE All Share	3,859.07	-0.99%	-2.07%	-7.45%	-8.54%
Zimbabwe	Industrial Index	139.71	1.81%	1.81%	-4.22%	-4.22%
	Mining Index	82.65	2.26%	2.26%	-17.92%	-17.92%

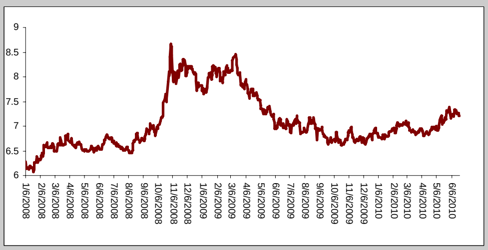
Botswana

Botswana Stock Exchange



Source: Reuters

BWP/USD



Source: Reuters

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-7.631	-16.259	-10.748
Current account balance (USD bn)	-0.825	-1.873	-1.304
GDP based on PPP per capita GDP	13,416.66	14,020.58	15,258.17
GDP based on PPP share of world total (%)	0.039	0.04	0.04
GDP based on PPP valuation of country GDP(USD bn)	24.186	25.568	28.149
GDP (current prices)	79.44	86.58	97.92
GDP (Annual % Change)	-10.347	4.124	8.542
GDP (US Dollars bn)	10.808	11.519	12.129
Inflation- Ave onsumer Prices(Annual % Change)	8.35	6.39	5.95
Inflation-End of Period Consumer Prices (Annual %)	6.65	6.21	5.73
Population(m)	1.80	1.82	1.85

Source: World Development Indicators

CPI Inflation

Stock Exchange News

The DCI gained +1.02% to close at 6,970.56 points. Choppies gained +16.13% to BWP 1.80 while Discovery and Lucara added 15% and 5.90% to close the week at BWP 11.50 and BWP 6.10 respectively. Turnstar was the main shaker, shedding -3.85% to BWP 1.25 while Engen lost -0.18% to close at BWP 5.50. Market turnover for the week amounted to BWP 10.46m.

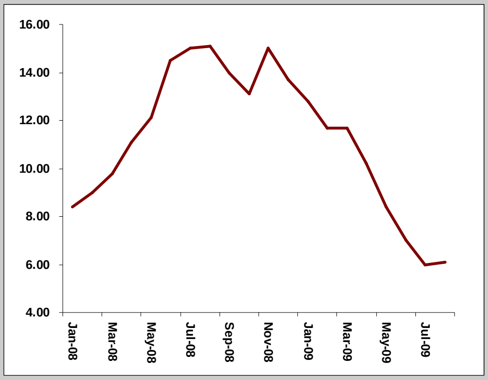
Corporate News

Over 200 sightholder representatives will be expected to visit Gaborone every five weeks from diamond centres across the world when DTC finally relocates its sights from London next year, the Director of Mineral Affairs, Nchidzi Mmolawa, told a two-day Afrimond diamond beneficiation workshop that started on Wednesday in Gaborone. Mmolawa's presentation focused on the economic benefits that will accrue to Botswana through the new sales agreement between Debswana and De Beers that requires the latter to relocate all operations of its diamonds distribution arm, DTC International, to Gaborone by the end of next year. The visits by the businessmen and their families are expected to give a boost to Botswana's transportation, hospitality and tourism industries.

Among other benefits Mmolawa pointed to include the possibility of sightholders relocating their head offices to Gaborone from other major diamond centres such as Antwerp, Tel Aviv, Dubai and India. "We also anticipate the establishment of direct flights to Gaborone from the other diamond centres and the setting up of diamond ancillary services in Gaborone such as diamond transportation companies and diamond financing institutes," he said. Although Botswana is set to benefit immensely from the new diamond deal, Mmolawa said the industry was still faced with many challenges, among them high infrastructure and skills constraints.

"The diamond centres that we are competing with have better infrastructure such as airline connections and hotels, among others, and therefore need to establish a niche that will be supported by (a strong) environment," he said. "Skills shortage, especially for some specialised equipment is still a problem. On top of that, some Diamond Hub initiatives require funding, which could be difficult under current economic environment." The relocation of DTC activities is expected to open more employment opportunities for Batswana in downstream industries that are estimated to have created about 3,000 direct and indirect jobs over the past six years already.

In adverts placed in the media recently, DTC said its newly formed entity, De Beers Aggregation Company, was looking for 23 trainees who would undergo practical training in handling rough diamonds and more focused training in the importation of rough diamonds from other countries and their subsequent



Source: SAR

aggregation and final formulation of sightholder boxes either for local sale or for export to other international sale centres. By October this year, diamonds from De Beers mines in Namibia, South Africa and Canada will come to Gaborone for aggregation before being exported to London for the sights.

According to the CEO of DTC International, Varda Shine, the transfer of aggregation will be followed by relocation of different departments, among them supply planning, sales, client selection and finally the sights before the end of 2013. *(Mmegi)*

Choppies sparkled on its debut on the Botswana Stock Exchange (BSE) on Thursday last week, firming from the BWP 1.15 Initial Public Offer (IPO) price to end its first day of trade at BWP 1.40 before adding another BWP 0.15 on Friday to close the week at BWP 1.55. The high demand was attributed to investors who did not get the full amount they applied for during the IPO and were looking to the market to accumulate more shares. The company's IPO was over-subscribed by more than 400%, resulting in other prospective shareholders not getting their allocation.

In a bid to achieve a full and healthy spread of shareholders and in the interest of liquidity, the company said it allotted in full applications of 10,000 shares or less, while applications for any number greater than 10,000 will receive 10,000 shares plus 16.88% of the excess number above 10,000. According to company officials, listing on the BSE will create a strategic reserve to allow the retail giant to take advantage of opportunities of acquisitions as and when they arise.

Speaking at the listing ceremony, Choppies CEO, Ramachandran Otappath, said they were determined to take the company into a more profitable enterprise along with the public involved. "Choppies started as a family business and later transformed into an enterprise and it is now a public company," he said. "Our aim is to grow this company into a multi-bn pula company." The retail group raised BWP 350m in both the IPO and the private placement.With 49 stores in Botswana and plans to open seven more by June this year, Choppies is the largest supermarket chain in Botswana, raking in over BWP 103m after tax in 2011.

The public shareholders will have 25.5%, both individual and corporate. The directors, Farouk Essop Ismail and Ramachandran Ottappath, have been whittled down to 34,2% from 46%. Other pre-IPO minorities, including former president Festus Mogae's 3.4% shareholding, hold 5.6% in the listed Choppies, while employees hold 0.4%. The group says part of the BWP 350m will be used to spur Choppies' regional expansion, particularly in South Africa, where the company already has nine stores. It intends to increase its footprint in the SADC region to over 30 stores within the next two years.

Choppies also has its eyes set on the Mozambique, Zambia and Tanzania where the group believes there is still room for growth in the retail sector. "The group intends to have 16 additional stores over the next two years with a vision to expand to 150 stores over the next five years," the company says. Revenue is forecast to grow by 40.5% during 2012 due to strong growth in Botswana and South African operations. Choppies Botswana operations are expected to expand by 18.3% for financial year 2012, driven by the opening of eight more stores in the current financial year which are expected to contribute 10% of such growth. *(Mmegi)*

Botswana Metals plans to raise up to AUD 1.9m through a partially underwritten non-renounceable rights issue. Funds from the capital raising will be used for continuing exploration at the company's existing discovery areas in Botswana, and to test new targets. The rights issue offers one new share for every three shares held at an issue price of AUD 0.04 per share, along with one option exercisable at AUD 0.10 each, expiring on June 30, 2013.

Bell Potter Securities is the lead manager and has underwritten the rights issue to a minimum of AUD 1m. Botswana Metals is exploring three discovery areas, Airstrip Copper, Maibele North and Dibete, and also plans to test several versatile time domain electromagnetic anomalies to the east at Takane over the next year.

Drilling results from Airstrip, released in October 2011, intersected additional mineralisation, with assays including 6 metres at 2.7% copper and 172 grams per tonne silver from 68 metres. Further exploration at Botswana Metals' targets will be designed to add to the company's current resource inventory and identify additional targets with the potential for mineralisation. *(Proactive Investors)*

Tati Nickel Mining Company (TNMC) says it is carefully monitoring developments for possibilities of another recession this year. "We will be ready for it. There is nothing we can do except to closely monitor the developments of the recession," TNMC Managing Director, Bogdan Kuzhel, told a business update press conference last Friday. However, Kuzhel said the company did not reach its production target last year. "Even though we achieved in all our commitments, we did not achieve our production targets," he said.

"We fully paid our employees, fully paid our taxes, we managed to sustain the assistance we offer to the community and paid our shareholders' dividends, but we did not manage to reach the production target." In fact, production declined by almost 40%. "We are hopeful that this year we will do better on production as we (undertook) a feasibility study of our resources," he explained. "The mine has taken the results and presented them to the board, which has now approved our opinion on the project." he said.

The mine had planned to produce twelve-and-a-half tonnes last year, which it did not reach. Kuzhel said TNMC had come up with a production plan that was almost the same as last year's. "We have provided for a better year in production and also covered all the other areas like development projects and charity," he said.

Kuzhel also spoke of the retrenchment that occurred last year, saying he was uncertain whether the company would resort to the same measure this year. "We undertook retrenchment to optimise personnel," he said. "It was not a popular exercise, but we had no choice but to take that route last year. On the bright side is that while Tati Mine's resources will be depleted by mid-2015, commissioning of Selkirk Mine will allow the company to operate until 2023, Kuzhel said. *(Mmegi)*

With a target of 300,000 carats this year, production at Debswana's smallest mine, Damtshaa, is well underway following a nearly four-year

long shutdown brought on by the global recession. Production at the mine kicked off on December 15 last year after the first concentrate was produced in November. Debswana's new in-house publication, Teemane News, quoted mine officials saying six months of intensive work to dust the cobwebs off Damtshaa had been successful, allowing production to begin in mid-December.

A key component used to filter diamonds from their ores (kimberlites), the Dense Media Separator (DMS), posed the biggest challenge for the teams of private contractors and Debswana employees working to resurrect Damtshaa. "The fact that the DMS plant had stood idle for a long time meant that most of the equipment had deteriorated beyond usable condition," Teemane News quoted Damtshaa process engineer, George Togara.

"This section had borne the brunt of years of corrosive environment and posed the biggest challenge to bring it back to life. New equipment had to be manufactured and installed, and that which could be salvaged was repaired to immaculate condition," Togara is quoted. The process engineer added that the new equipment would enable Damtshaa to respond promptly to improvements in the market's demand for diamonds in 2012.

Togara, who led the restoration project, revealed that the period after the resumption of activities had experienced some challenges as personnel and machinery geared their focus on carat production. "Despite the setback, the employees at Damtshaa are confident that production challenges will be overcome just as quickly as the plant was rejuvenated," he said. The dedication and commitment shown by the Damtshaa team ensured that the project to re-open the mine was completed on time."

Damtshaa was last fully active in 2008 when it produced 500,000 carats out of Debswana's total output that year of 32.5m carats. The smaller mine was mothballed in early 2009 along with other Debswana mines at the peak of the global economic recession that knocked down demand and prices for diamonds. However, the other mines - Jwaneng, Orapa and Letlhakane - were reopened after three months while Orapa No. 2 Plant was reopened later in 2009. *(Mmegi)*

Economic News

Botswana President Ian Khama said on Tuesday the country was lifting a moratorium on new prospecting licences for coal, coal-bed methane and related minerals following the completion of a study of the country's coal potential. The ban was issued in June 2011 as the country embarked on the study meant to develop a blueprint on how to manage and optimise benefits from its untapped coal reserves.

Speaking at a coal conference in Gaborone, Khama said the ban, which was meant to curb speculation, would be lifted immediately. "The recently completed study highlighted a number of areas which require immediate attention for Botswana to develop her coal resources. With these amendments to the licensing regime the moratorium imposed is lifted with immediate effect," Khama said.

The permit regime is being overhauled to ensure licences are issued to individuals or companies with adequate resources to prospect and develop mines and associated infrastructure. Sparsely-populated Botswana is heavily dependent on diamonds and is keen to diversify its economy against the backdrop of a renewed scramble in Africa for resources like coal, driven by surging demand from Asia.

The coal roadmap study suggested that Botswana has the capacity and potential to produce up to 90m tonnes per year of coal for export with the bulk of it earmarked for the Asian market, particularly India and China. The government is currently studying the feasibility of building a new railway way line for coal exports, either through Namibia or Mozambique. *(Reuters)*

Botswana, the world's biggest diamond producer, returned to its habit of running budget surpluses on Wednesday, turning the corner on three years of deficits sparked by the 2008 global financial crisis. In his budget speech to parliament, Finance Minister Kenneth Matambo forecast a small surplus of 0.9% of GDP, but slashed his overall economic growth forecast to 4.4% for 2012, compared with a previous projection of 7.1%.

The International Monetary Fund is projecting 5.3%. The dampened growth outlook was due in part to continued uncertainty in diamond sales, which fell 70% from June to December, Matambo said. Diamonds and other mining accounts for 40% of the landlocked southern African nation's output. However, the government, which enjoys the best credit rating in Africa, would balance its books by cutting spending to 33% of GDP in the upcoming fiscal year, from 36% last year, Matambo said.

"There is no guarantee that the diamond sales situation will improve and hence the need to re-prioritise projects and all expenditure both at national and household level," he said.

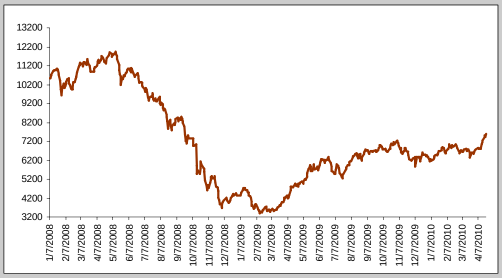
All government ministries would be subject to a 5% cut in their wage bill for the next three years and new hires had been frozen, he added, setting President Ian Khama's government on a potential collision course with public sector unions. Last year, up to 90,000 state workers staged an unprecedented two-month strike demanding steep pay rises.

Khama, a UK-trained military officer, refused to back down and eventually won through by arguing that the country could not afford the increases. However, the episode shook the ruling party's 45-year grip on power. The 2008/09 slump in global gem prices forced some of Botswana's diamond mines to close for the first time, and gave a glimpse of difficulties that await when the mines run dry.

The budget deficit ballooned to a whopping 15% of GDP - the former British colony's first spending shortfall - and forced the government to seek an emergency USD 1.5bn loan from the African Development Bank to keep its operations afloat. *(Reuters)*

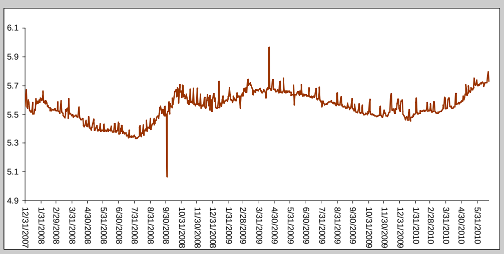
EGYPT

Cairo Alexandra Stock Exchange



Source: Reuters

EGP/USD



Source:SAR

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-2.354	-2.836	-2.72
Current account balance (USD bn)	-4.424	-5.912	-6.227
GDP based on PPP per capita GDP	6,147.12	6,393.94	6,676.47
GDP based on PPP share of world total (%)	0.658	0.666	0.681
GDP based on PPP valuation of country GDP(USD bn)	471.509	500.25	532.801
GDP (current prices)	2,450.41	2,664.41	2,868.74
GDP (Annual % Change)	4.7	4.498	5.008
GDP (US Dollars bn)	187.956	208.458	228.934
Inflation- Ave onsumer Prices(Annual % Change)	16.24	8.45	8.00
Inflation-End of Period Consumer Prices (Annual %)	9.96	8.00	8.00
Population(m)	76.70	78.24	79.80

Source: World Development Indicators

Stock Exchange News

The EGX CASE 30 Index gained +3.42% to 4,584.39 points. Canal Shipping Agencies led the movers after gaining +9.91% to EGP 6.21 followed by Golden Pyramids (+9.88%) and Bisco Misr (+3.92%). Beltone was the biggest loser after shedding -9.21% to close the week at EGP 12.42. Other notable losses were recorded in: Guezira Hoetls and Tourism (-8.11%) and National Cement (-7.10%).

Corporate News

Citadel Capital SAE, the Egyptian private equity firm that has raised USD 3.7bn to build an oil refinery, plans to start construction in the second quarter. The refinery will have a capacity of 4.2m tons of refined products a year and construction will take four years, Chairman Ahmed Heikal said in an interview in Davos, Switzerland, where he is attending the World Economic Forum.

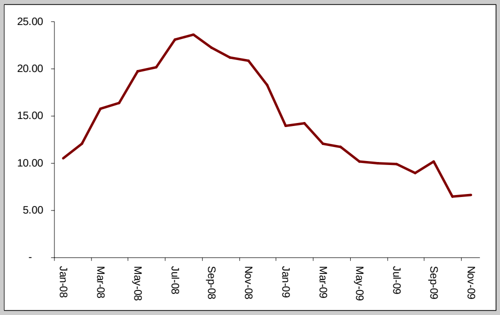
Citadel has more than USD 9bn in investments through companies investing in 15 countries including Uganda, Sudan and South Africa in industries such as food, transport, cement and energy. The Cairo-based company raised EGP 1.05bn (USD 173.9m) in a capital increase last year. It also raised USD 234m in equity and debt for its railway investments in Kenya and Uganda, as well as USD 150m from the U.S. Overseas Private Investment Co.

“We have agreed with our investors, our shareholders, that the best risk-reward ratio that we have today is to put capital at work within our existing portfolio,” Heikel said. Part of the company’s plans this year is to pay “a lot of attention to a number of our portfolios that are underperforming,” he said, listing Rally Energy Corp., a Cairo- based upstream oil and gas exploration company. Citadel will also sell some of its “non-core investments” and “recycle” the cash to other assets, Heikal said.

Citadel’s shares gained 11% this month. Egypt’s benchmark EGX 30 Index climbed 22% after the Arab country inaugurated its first parliament following the uprising that ousted President Hosni Mubarak last year and the government requested a USD 3.2bn loan from the International Monetary Fund to contain record borrowing costs.

Heikal said rising public debt and widening budget deficits in Egypt and around the world will create opportunities for private companies to invest more in services that governments used to provide. “Governments cannot invest in infrastructure, cannot invest to provide some of the services they used to provide,” he said. “If the governments can’t provide those services, the private

CPI Inflation



Source: SAR

sector will." *(Bloomberg)*

Egypt's Bisco Misr has reopened its Cairo factory after a weeklong closure caused by labour protests, the formerly state-owned confectioner announced on Sunday. The baked goods and confectionery maker announced on 22 January it had closed its Al-Sawwah plant but that its two factories in Alexandria were continuing operations.

Established in 1957 as Egyptian Company for Foods, Bisco Misr says it employs around 2,780 workers. Initially a state enterprise, the company was partially privatised in the late 1990s. A consortium led by Concord International Investments now holds a majority stake. *(Ahram)*

Miner Centamin, which operates the first modern gold mine in Egypt, more than doubled its fourth-quarter operating profit and said it expects 2012 production to rise by more than 20% from last year, with cash costs easing. Operating profit for the final three months of 2011 came in at USD 37.5m, marginally below some analysts' expectations, but up from USD 18.4m a year previously.

Egypt-focused Centamin, which announced a 35% jump in 2011 gold production to 202,698 ounces earlier this month, said on Monday it expected 2012 production to hit 250,000 ounces. Cash costs are expected to dip to USD 550 per ounce this year from USD 556 over 2011, but will be above USD 473 hit in the fourth quarter. Centamin's London-listed shares, which have risen 13% in the last month, were up 1.5% to 97.7 pence at 0808 GMT, valuing the firm at about 1.06bn pounds (USD 1.66bn). *(Reuters)*

Egypt's largest steel producer, Ezz Steel, said on Tuesday its third-quarter net income surged from a year earlier, when lower prices and soaring costs hammered profit margins. An uprising ousted President Hosni Mubarak last February, and the turmoil rocked Ezz Steel, which gets much of its business from infrastructure and real estate sectors plunged into crisis.

Industry officials say Egyptian steel mills have been working at around half their capacity and turning to export markets to offset the slump in demand at home. But Ezz Steel's third-quarter figures painted a much more optimistic picture, with turnover up about 18% year-on-year to EGP 4.8bn (USD 796m), and long steel sales volumes in the first nine months of 2011 were up 5%, it said in a statement.

"This increase over the previous year was to meet continued domestic demand for Ezz Steel's long products, which has remained strong," it said. The company said long product prices had risen 27% in both local and export markets, while flat steel prices rose by 17% domestically and by 22% at export.

"In the third quarter of 2010, margins were extremely depressed by higher raw material prices and lower selling prices," said EFG-Hermes analyst Rita Guindy. Third-quarter net profit jumped to EGP 128m (USD 21.22m) from EGP 1.65m in the same period of 2010, the company said. Shares in the firm rose 2.8% to EGP 5.53 by 1025 GMT, while Egypt's main index was up 1.6%.

Company founder Ahmed Ezz was hit with corruption charges last year and the group's share price slumped to as low as 3.28 pounds from above 21 pounds before the uprising. Ezz, who was a top official in Mubarak's now disbanded political party, quit the board of Ezz Steel and its Ezz Dekheila Steel unit in May to fight the charges against him. A court jailed him in September. *(Reuters)*

Economic News

The loan Egypt is set to receive from the International Monetary Fund (IMF) will likely come at a lower interest rate than the one agreed upon last June, the assistant to the minister of finance has told Ahram Online. Hany Kadry said that a global drop in interest rates will lead to lower pricing for the proposed USD 3.2bn facility. An IMF delegation visited Cairo in mid-January to discuss a possible loan to support the Egyptian economy. The talks were described as "productive by the delegation" and another round is due to begin in a few weeks to conclude the loan agreement.

In June 2011, the IMF was very close to granting Egypt the USD 3.2bn Stand-by Arrangement (SBA) at an annual floating interest rate of 1.5%. Kadry told Ahram Online that the new agreement will probably be very similar to the one sketched in June. The IMF delegation, however, did not indicate when the loan will finally be granted. The IMF has posted an updated SDR rate for the week starting 23 January 2012 of 1.12% per annum. It dropped from 1.35% in the fourth quarter of 2011 and 1.5% the quarter before. *(Ahram)*

Egypt has not stopped its privatisation programme and more companies will be sold to the private sector along strict professional guidelines, the minister of planning was reported as saying on Saturday. Fayza Aboul-Naga told reporters after a cabinet meeting that Egypt’s prime minister has given instructions to his ministers to examine the status of 100 public sector companies that are facing financial and operational difficulties.

The long-serving planning minister also indicated that some public companies could return to profitability by restructuring and injecting funds. Such companies will not be sold to the private sector, Aboul Naga added. She said that the textiles sector, which employs more than 70,000 workers, requires restructuring and internal governance in order to remain productive while meeting the demands of its employees.

Egyptian courts in 2011 ruled to return four privatised companies to state ownership, prompting government appeals against the decisions. Aboul Naga says that the companies’ owners have turned to international arbitration to contest the court rulings. She added that current Prime Minister, Kamal El-Ganzouri, has said that Egypt's record with arbitration has not been very positive and he prefers out-of-court settlements with company owners.

When it comes to public sector workers’ demands for better pay and contracts, Aboul-Naga said that while the government recognises these demands as legitimate, "the state is in no shape to respond to the demands of the workers’ protests." *(Ahram)*

Egypt's newly-elected Islamists say they want to introduce an index of companies that comply with sharia law as part of a wider move towards an Islamic economy. Officials from Freedom and Justice, the political arm of the Muslim Brotherhood, and from Nour, a party of ultraconservative Salafi Islamists, argue that such an index would encourage a slice of investors who, they allege, have shunned the bourse for fear that it might somehow contravene religious law.

Finance experts from the two parties say they envision the creation of an index of sharia-compliant companies as part of a new Islamic economy, with banks and insurance companies that adhere to Islamic principles working alongside conventional institutions. Under Hosni Mubarak, the president ousted by a popular uprising last year, the Egyptian authorities looked askance at Islamic finance and severely limited its expansion, probably associating it with attempts by its political opponents in the Muslim Brotherhood to enhance their influence in society.

The FJP and Nour together occupy some two-thirds of the seats in Egypt's new parliament, and are expected to emerge as the winners in elections for the Shura council, the upper chamber in the country's bicameral assembly. Staggered Shura elections started on Sunday and will continue until the end of February. "We want to reassure people that we want to increase the number of investors on the bourse," said Tarek Shaalan, a member of Nour's economic committee.

"But how can I attract foreign investors to the Egyptian stock exchange when locals stay away from it? One reason why Egyptians don't invest in the market is because they want halal [religiously acceptable] investments." Mr Shaalan, who teaches economics at the American University in Cairo, says he has researched "a cluster" of Egyptians who worked abroad and built up savings. He found that they had five times as many investments outside the country than at home and that compliance with sharia was a reason they preferred stock markets in Gulf countries.

"We [Islamists] represent 75% of the population," he said. "That's what the population wants. These are actual needs and this system will do no harm to other [forms of investment]. Already many Egyptians do not want to work in banking because they consider it a usurious sector." But Mr Shaalan said the introduction of the index would have to wait until there were enough sharia-compliant companies on the exchange. The conditions range from the nature of a company's business to whether it pays interest on credit from conventional banks.

Mohamed Gouda, an official of the FJP said that an Islamic index would draw more investments from the Gulf Arab region. He said an "Islamic supervisory authority" working with the bourse would set the standards for sharia-compliant companies. "Through presence in the market, [Islamic financial instruments] will be able to impose themselves, and customers will . . . consider them better than what already exists," he said.

Egyptian brokers, however, are sceptical that significant demand exists for Islamic instruments. Hisham Tawfik, who heads Arabeya Online for Securities Brokerage, said some brokers had already devised their own indices of sharia-compliant companies, but that in his experience investor interest was “tiny”. *(Financial Times)*

Egypt’s stock exchange, in its semi-annual review, adjusted its three indices on Tuesday to reflect changes in the listed companies’ weighted value, after a turbulent year on the economic front. “Every six months, they rebalance [the indices] depending on certain criteria…based on things like liquidity [and] market cap,” Mark Millar, head of research at Naeem Holding, told Daily News Egypt.

On the main EGX 30 index, seven companies among them United Housing and Development, Giza General Contracting and Sinai Cement were excluded while the exchange added Orascom Telecom Media and Technology Holding, Egyptian Electrical Cables and Universal for Paper and Packaging Materials (Unipack). A recent demerger saw Orascom Telecom (OT) split into two companies: Orascom Telecom Media and Technology Holding and Orascom Telecom Holding (OTH).

More real estate and development companies were included on the broader EGX 70 index while companies like Misr Oils & Soaps, Egyptian Gulf Bank, Nile Cotton Ginning and Rubex Plastics were removed. The EGX 70 also excluded National Cement, Namaa for Development and Real Estate Investment Co. and National Real Estate Bank for Development. “Last year, most real estate companies were in the main index because they were the main movers in the market, now the volume of trading in real estate is really slow,” said Tarik Salama, a financial consultant who follows the bourse.

“The weight value in the market of each company is divided by each index, otherwise the index will not be effective.” Since last year’s uprising, Egypt’s real estate sector, which was once booming, took a hit as investors shied away from long term, concrete investments. Companies like Sixth of October Development and Investment (SODIC) as well as Palm Hills Development (PHD) and Talaat Moustafa Group (TMG) saw their shares plummet partially due to the economic crisis and also because of land disputes with the state.

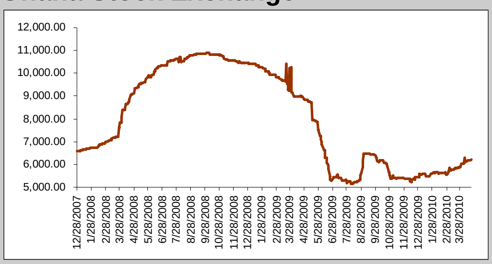
Palm Hills, for example, returned 9m square meters in Mars Matrouh governorate to the state in order to avoid land liability charges. Many real estate companies have come under fire, some facing court disputes, for acquiring land through direct contracts from the former regime at undervalued prices instead of through public auction. The most infamous case has been TMG’s Madinaty development.

Egypt’s telecommunication sector has also been an attractive market, according to analyst Ahmed Adel, at Naeem Holding, who previously told DNE that this year the telecom sector would see more trading since last year carried many restrictions for the field. Salama also pointed out that most of the trading volume these weeks is in telecoms. The EGX 100 excluded Nile Cotton Ginning, Rubex Plastics and Misr Oils & Soaps while adding Lecico Egypt, Orascom Development Holding (AG) and Wadi Kom Ombo Land Reclamation.

The EGX 30 adjusted seven companies; the EGX 70 removed and added 20, while the EGX 100 adjusted 16. “These changes reflect how the market is behaving, companies that are making more gains will be moved to the main index, based on their weighted average,” said Salama. *(Daily News)*

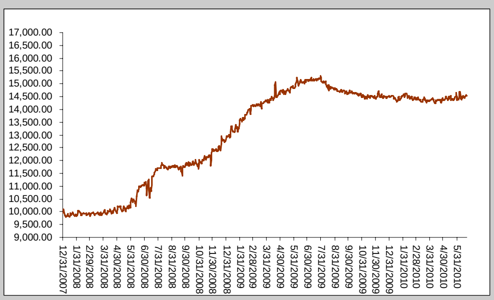
Ghana

Ghana Stock Exchange



Source: Reuters

GHC/USD



Source:SAR

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-12.662	-15.439	-9.157
Current account balance (USD bn)	-1.869	-2.362	-1.732
GDP based on PPP per capita GDP	1,571.83	1,633.76	1,979.53
GDP based on PPP share of world total (%)	0.051	0.052	0.052
GDP based on PPP valuation of country GDP(USD bn)	36.322	38.718	48.111
GDP (current prices)	638.80	645.71	778.16
GDP (Annual % Change)	14.761	15.302	18.913
GDP (US Dollars bn)	10.808	11.519	12.129
Inflation- Ave Consumer Prices(Annual % Change)	18.46	10.15	8.43
Inflation-End of Period Consumer Prices (Annual %)	14.56	9.21	8.00
Population(m)	23.11	23.70	24.30

Source: World Development Indicators

Stock Exchange News

The GSE All Share Index was up +1.79% to close at 990.47 points. Gains were recorded in BOPP (+35.14%), Unilever (+7.03%) and Total (+6.91%) while EGL (-7.89%), FML (-4.35%) and SCI (-5.41%) were on the losing front.

Corporate News

Access Bank Ghana and Intercontinental Bank Ghana has announced its ATM services will from immediate effect be free. Prior to this, the two were charging 70pesewas for the use of its ATMs for all combined card holders. The withdrawal of the fees follows the announcement of the business combination between Access Bank plc and Intercontinental Bank plc, which made Intercontinental Bank Ghana, a subsidiary of the Access Bank.

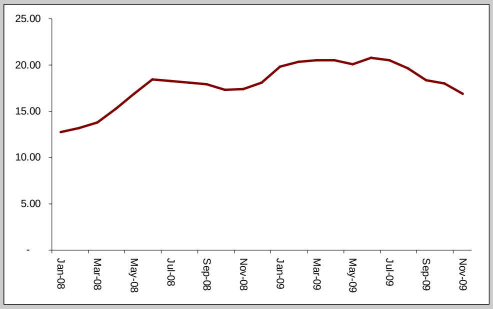
In addition, customers of Access Bank can deposit money at any of the 33 branches operated by both banks across Ghana. These two benefits are the first dividends of the customer-focused approach of the combined banks according to the officials of the bank. *(Ghana Web)*

Fresh figures published by the National Communication Authority (NCA) for the year ending December 2011, indicate that between November and December Tigo lost a further 108,995 subscribers whiles Vodafone added on some 96,697 more. The report indicate Tigo posted some 3,921,754 subscribers in December, indicating a dip from 4,030,769 a month ago, while Vodafone posted 4,275,521, a rise from 4,179,824 in November. But a highly placed source at Tigo told Adom News in spite of what the NCA report said, Tigo believes it is still the second largest operator in Ghana.

The subscriber numbers the NCA publishes are nothing more than figures presented to the NCA by the individual telecom operators based on their own separate and completely different methods of determining their own subscriber base. There is no common method for determining subscriber levels, and there is no auditing to verify the authenticity of figures presented by individual operators to the NCA. Telecom Risk Management experts maintain that the disparity in the methods of generating subscriber numbers could paint a picture different from the reality because some operators may include figures, which others may not see fit to add on.

All telecom operators claim to report active subscribers only, but experts have told Adom News for every telecom operator, there are huge numbers of registered dormant subscribers sitting on their networks; for some operators the

CPI Inflation



Source: SAR

dormant subscribers run intoms, depending on how large one's subscriber base is. The risk managers revealed whiles some telecom operators are noted for including the dormant subscriptions in their quarterly figures, others capture only active subscribers. "So in real terms an operator that captures the dormant figures may post higher figures but could have less active customers, and therefore less revenue than another operator which captures only active subscriptions," said the risk manager.

It is not very clear whether that is what is happening in the Tigo/Vodafone case, but Tigo insists it is still the second largest operator in Ghana by subscribers. Tigo has always said it determines subscriber figures through activity across networks, i.e. calls between networks, adding that within the 90 day period, any number that makes at least one call is captured as active, but it does not capture dormant subscribers on its own network, who are more than am. Experts say that method helps the network employing it to also know how many of the competitors' subscribers are active because within 90 days each active subscriber on another network would have made at least one call to every network.

In November when the report first showed that Vodafone was now ahead of Tigo, Adom News contacted Vodafone for comment but they stated precisely "we are not commenting on this issue." Meanwhile Adom News has forwarded requests to all the telecom operators, including Vodafone, to find out how they determine their subscriber numbers, and what are the components of the figures they present to NCA every quarter? Airtel, which also showed strength in its forward movement, increasing subscribers from 2,581,942 in November to 2,625,705 in December, has also answered the method question somewhat.

Airtel Ghana Boss, Philip Sowah told Adom News Airtel's network is managed by Ericsson, which works with the technical team at Airtel to monitor and record active subscribers daily. "We pay Ericsson per how many customers they are serving on our behalf so we have no interest in over bloating our figures because that would mean we have to pay more money to Ericsson so what we quote are actually active subscribers," he said. But Philip Sowah did not say exactly how Ericsson and the Airtel technical team determine all of those subscribers are active.

Meanwhile Expresso continued its losing spree, falling from 191,779 in November to 186,751 in December 2011, representing some 0.88% of the total of 21,165,843. Market leader MTN consolidated its lead by increasing subscribers by more than 100,000 from 10,053,479 to 10,156,112 in just one month. As things stand right now, going by the NCA's figures, MTN commands 48% market share, Vodafone commands 20.2%, Tigo follows with 18.53%, Airtel comes in at 12.4% and Expresso trails with a relatively insignificant 0.88%.

Meanwhile for he fixed line market, Vodafone enjoys a near monopoly at 274,607, which represents a dip from 275,917 last month. Vodafone's fixed line subscription has had a checked history, rising and falling through the year, until it hit a peak of 285,364 in August and has been falling since.Airtel recorded 10,114 fixed lines in December, a marginal increase from 10,061 from a month before. The total number of fixed lines therefore stood at 284,721, which represents a fall from 285,978 a month before, indicating a gradual demise of the fixed line service in Ghana.

That brings the total number of mobile and fixed line subscriptions in Ghana to 21,450,564, which represents 89.4% of Ghana's estimated 24m people, comprising of 88.2% mobile penetration and 1.2 fixed line penetrations. Meanwhile Glo Mobile Ghana has also launched a number reservation campaign through which it is gearing up to gain initial market share as it enters the market this year. *(Ghana Web)*

Unilever Ghana Ltd., a maker of household products in the West African nation, said net income rose 75% to GHS 39.9m (USD 24m) last year on earnings from the sale of its palm-oil unit. Unilever sold its 58% stake in Benso Oil Palm Plantation Ltd. to Wilmar Africa Ltd., a subsidiary of Wilmar International Ltd., in March last year for almost GHS 23m. Benso's net income more than tripled to 9.8m cedis last year, it said today.

Unilever, which makes Lux soap, Blue Band margarine and Omo laundry power, said revenue rose 33% to 240.9m cedis, the Tema, Ghana-based company said in a statement published in the Ghanaian Times newspaper today. "The company was able to penetrate more into the markets with its products," Randy Mensah, a stock trader at Accra-based Databank Financial Services Ltd., said by phone today. "It improved and repackaged some of the products for target markets."

Unilever shares were unchanged at GHS 6.97 in Accra, the capital, today. The stock may "trade aggressively from now to the end of the third quarter on the back of performance," said Mensah. "Revenue and profitability look northwards, driven by increased consumer demand as disposable incomes rise." *(Bloomberg)*

PMI Gold said Monday it has identified additional gold-in-soil anomalies through ongoing auger sampling at its 90%-owned Kubi project in southwestern Ghana. The auger sampling defined further 1.5-kilometre to 2.0-kilometre long gold-in-soil anomalies on the northeast-trending Kubi and Ashanti shears, delineating the corridor over a five-kilometre long strike.

In the area of the company's "513" prospect, the new anomalies have maximum gold concentrations in excess of 2.0 grams per tonne (g/t) gold, with widths between 50 metres and 100 metres. PMI also said that extensions of the auger sample lines indicate that well-defined gold anomalies extend to the west of the Ashanti shear, suggesting that gold-bearing northeast structures may occur. These auger sampling results have provided a series of drill targets that will be followed up by a combination of aircore/RAB and reverse circulation drilling to explore for shallow gold mineralization, PMI said.

It expects the drilling to start in the first quarter of 2012, with auger sampling to continue. The Kubi gold deposit is located on the northeast trending Ashanti shear zone, 50 kilometres east of the company's Obotan gold project and 12 kilometres north east of the 6.6m ounce Ayanfuri gold deposit, owned by Perseus Mining. The main Kubi deposit, where previous exploration drilling has been focused, has estimated measured and indicated resources of 233,000 ounces, and inferred resources of 115,000 ounces.

In 2010, the 513 prospect, which is contained in the southeastern region of the auger survey area, intersected 3.75 g/t gold over 4.75 metres, 3.68 g/t gold over 8.0 metres and 15.35 g/t gold over 1.0 metre. PMI's 2011 exploration program focused on a 10,000-metre auger drilling program over the Ashanti and Kubi shears. The auger sampling program saw holes drilled to a depth between three and six metres. Assay results for a total of 4,230 samples have been received, while a further 521 samples remain outstanding. *(Proactive Investors)*

Ghana's State Insurance Company said on Wednesday that its net profit for the 12 months to December 2011 fell 2.7% to GHS 5.867m (USD 3.5m) from GHS 6.028m in 2010. SIC's net premium income rose to GHS 61.516m, up 30% from GHS 47.180m cedis a year ago, while basic earnings per share was down to GHS 0.0300 from GHS 0.0308. *(Reuters)*

Glo Mobile Ghana Limited announced on Wednesday that it has reached the threshold set for its number reservation exercise. This has prompted the company to introduce a second block of number series to enable as many people as possible to reserve their preferred numbers. A statement issued by the corporate entity said on January 19, Glo Mobile Ghana Limited launched a 'Reserve Your Number' campaign as the first of activities lined up to usher in the highly anticipated Glo Mobile network.

The campaign offered up to onem number reservation slots to enable potential subscribers to reserve their preferred Glo numbers. Chief Operating Officer, George Andah said: 'We are highly impressed with the number of reservation requests we received for our 023 3 number series in the space of just two weeks; but we continue to receive several thousands of requests for reservations.

"In response to public demand therefore, the only logical option is for us to open a second number block to ensure that when we commence commercial operations, most people will use their preferred Glo numbers,' he explained. Glo Mobile Ghana has accordingly extended its Reserve Your Number campaign with effect from Wednesday, February 1, by introducing the 023 5 number block series, to ensure that the majority of potential subscribers use Glo numbers which they themselves have chosen.

George Andah said the new range of numbers can be reserved by simply adding the preferred last six digits to the Glo prefix 0235 and texting it to the Glo line 0230010100. All reserved numbers will be redeemed by their owners at any Glo World outlet within seven days of commencement of commercial operation.

"Our system clearly indicates that several hundreds of people made reservation requests which turned out to have been successfully reserved by other persons and we believe that opening the 0235 number series would offer such people a second chance of owning a special or preferred Glo number,' Mr Andah said. *(GBN)*

Economic News

Cocoa production in the Central Region has increased tremendously from 37,000 metric tones in 2007 to 80,000, metric tones in 2011. Mr Emmanuel

Opuku Agyeman, Outgoing Central Regional Manager of Quality Control Company (QCC) of the Ghana Cocoa Board, made this known to newsmen during a send- off party in his honour at Agona Swedru, on Friday. Mr Agyeman is on transfer to the Brong Ahafo Region as Regional Manager. He said the increase was made possible following effective measures put in place by the QCC.

The measures include, using approved chemicals, supplying of hybrid Cocoa seedlings, constant education of farmers and replacement of aged cocoa trees. Mr Agyeman said all these measures were adopted by the QCC to support efforts being made by the government to hit the targeted onem metric tones. The Regional Manager said this year's cocoa production would be higher because some areas in the Central and Eastern Regions had started experiencing early rains. He expressed the hope that with the excellent measures taken by the government cocoa production would increase as expected.

Mr Agyeman said this would enable the country to reclaim its position as the world's leading producer of cocoa from La Cote d'voire. He hoped that the staff of QCC and the farmers would cooperate with the incoming Manager to help increase productivity in the Central Region. Mr S. Kakari Addo, Incoming Central Regional Manager of the QCC, urged staff of the company not to see transfers as punishment but as a service needed in that area. Mr L.A. Appiah Fordjour, Human Resource Officer of the Central Region said the send-off party was to enable the workers to show their love, gratitude and appreciation to senior officers on transfer from the Central Region. *(Ghana Web)*

Ghana's economy will outpace its Nigerian and Kenyan peers this year and next, even though growth is expected to slow from 2011 when the country's first oil fuelled a boom in output, a Reuters poll showed on Tuesday. The West African nation, already a large gold and cocoa producer, started pumping oil from its offshore Jubilee field in December 2010, making it one of the fastest-growing countries in the world as it joined the league of crude oil exporters.

The poll showed Ghana's economy growing 8.1% in 2012 then slowing to 7.2% in 2012 - still faster than the roughly 7% expected in 2012 for Nigeria and 5% for Kenya in similar Reuters polls. The Ghanaian economy grew at an annual rate of 12% in the third quarter of 2011, slowing from blistering 17.6% rate in April-June. "Growth will be slightly lower but that is natural because it comes from a high base," said Ridle Markus, Africa strategist at Absa Capital in Sandton.

The Jubilee offshore oil field is operated by UK-listed Tullow Oil Plc in partnership with state-owned Ghana National Petroleum Corporation (GNPC), U.S. producer Anadarko Petroleum and U.S. public energy firm Kosmos. They had originally aimed for output of 250,000 barrels per day by 2013, which would put them among the world's top 50 producers. But due to delays, production has averaged 80,000 bpd and first phase plateau production of 120,000 bpd is now seen early this year because of underperformance by a major well.

"Despite the delay in reaching peak production levels, the start of production from the Jubilee oil field should continue to help drive strong GDP growth in 2012-13 even if the rate slows compared to 2011," said David Cowan at Citi in a note. Analysts also noted Ghana's public finances are likely to be strained ahead of elections this year, and the government may miss its deficit forecast.

The 2012 budget raises spending by 12% to tackle poverty but aims to increase state revenues and narrow the public deficit to 4.8% of GDP from an estimated 5.1% of GDP last year. But the Reuters poll suggested there will be a budget deficit of 5.5%age of GDP this year, narrowing only slightly to 5.4% next year.

"We were very concerned that there would be a degree of fiscal overspending ahead of elections in December 2012. The passage of a supplementary budget in late July 2011, augmenting spending further, added to our concern," wrote Standard Bank's Stephen Bailey-Smith in a note. The current account deficit is expected to narrow slightly to 5.7% of GDP next year from 6.1% this year.

Rising oil exports are still being overshadowed by foreign direct investment, causing the current account deficit to swell. "The ongoing development of the oil sector ... means the current account deficit remains substantial, although strong FDI inflows to finance the cost of imports mean that the balance of payments should remain in a surplus," said Cowan.

The Reuters poll consensus predicted inflation will average 9% for the year, below projected inflation rates of 10.7% for Nigeria and 11.8% for Kenya. Ghana's inflation is expected to slow to 8.8% next year. Business Monitor International's Lisa Lewin said any upside risks to inflation in 2012 would stem from potential election-related spending.

"Inflation will also remain propped up by the feed-through effects of recent currency weakness and the buoyant economic growth environment," Lewin said. Inflation edged up to 8.58% in December from 8.55% in November, but the government's decision in late December to remove a fuel subsidy is expected to trigger general price pressures, leading to climbing inflation from next month.

The cut in subsidy led to a 15% price hike at the pump. The relatively benign inflation outlook has allowed the Bank of Ghana to keep its benchmark interest rate on hold at 12.5%, after cutting it by 100 basis points last year. *(Reuters)*

The first-ever policy and strategy debate over Ghana's attraction as an Foreign Direct Investment, FDI destination is set to take place next week Tuesday and Wednesday in Accra. Dubbed, the Euromoney Ghana Finance and Investment Conference, it is collaboration between the Finance Ministry and Conference Organizers, Euromoney to attract more investments into the country.

This is coming against the backdrop that Ghana is rapidly becoming a regional centre for minerals, gold and cocoa. Also is the oil and gas industry as well as infrastructure projects which are government's current focus. Commenting on the conference, Dr Kwabena Duffuor, Minister of Finance and Economic Planning said "This is the opportune time for investors to come to Ghana. Our economy is doing well, it's being touted as one of the fastest growing economies and it is strong and resilient.

We have made a lot of efforts to diversify and modernize it; above all, we are a stable country where the rule of law, transparency and good governance are held sacred. The World Bank estimates that we need about USD 2.5bn annually for the next four to five years to bridge the infrastructural gap". Speakers from government institutions, local practitioners and international investors are to set the economic direction of the country over the next twelve months and the medium term. *(My Joy)*

The Finance Minister, Dr. Kwabena Duffour has commissioned a seven-member committee to review for renegotiation, government's stability agreements with some mining companies. The seven member committee is chaired by Professor Akilakpa Sawyerr. The country currently has stability agreements with AngloGold Ashanti and Newmont Gold Ghana. The agreement bars government from varying to their disadvantage, the conditions under which they operate. In effect, the%age of taxes and royalties they pay remain unchanged until the expiration of the agreement.

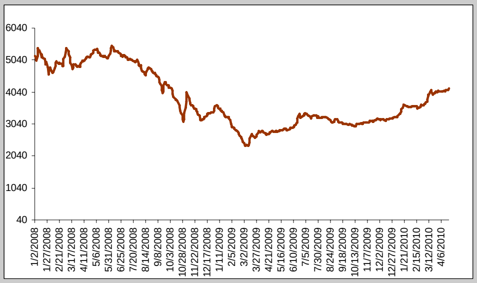
Commissioning the committee, Finance Minister Dr. Kwabena Duffour noted the key task before the committee as three fold. "The first task is to review and renegotiate any part of stability agreement that has been signed between the Republic of Ghana and any mining company that is not in the best interest of our country. This will include among other things the fiscal regime and the government's carried and participatory interest.

In doing so you should take cognizance of the recent development both the local and international environment within which mining companies operate". "The second task is to prepare a framework, procedures or conditions prior that will govern the granting of a stability agreement in the mining sector in a manner that maximizes the flow of socio-economic value to the country.

"The Third task is to redesign any existing mining agreement and or draft new mining agreement where necessary to ensure that it significantly supports Ghana economic growth and development" he concluded. *(My Joy)*

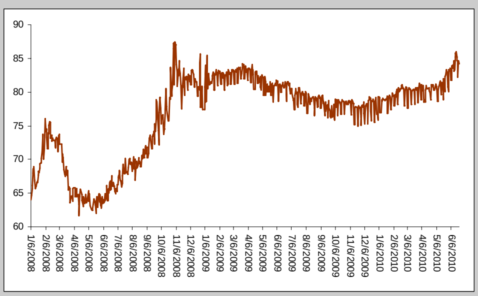
Kenya

Nairobi Stock Exchange



Source: Reuters

KES/USD



Source:SAR

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-8.098	-6.348	-5.734
Current account balance (USD bn)	-2.447	-2.188	-2.33
GDP based on PPP per capita GDP	1,750.82	1,817.49	1,902.47
GDP based on PPP share of world total (%)	0.091	0.093	0.094
GDP based on PPP valuation of country GDP(USD bn)	62.826	66.353	70.647
GDP (current prices)	841.95	944.07	1,094.40
GDP (Annual % Change)	2.486	4.024	4.972
GDP (US Dollars bn)	30.212	34.466	40.64
Inflation- Ave Consumer Prices(Annual % Change)	12.00	7.77	5.00
Inflation-End of Period Consumer Prices (Annual %)	11.50	7.19	5.00
Population(m)	35.88	36.51	37.13

Source: World Development Indicator

Stock Exchange News

The NSE 20-Share Index lost -0.18% to close the week at 3,196.70 points. BOC led the movers after gaining +18% to KES 118.00 followed by Berg which rose +10.20% to KES 27.00. Other notable gains were recorded in Carbacid up +7.78% to KES 97.00 and Scan (+5.03%). OCH was the main loser, shedding -9.72% to KES 3.25 followed by C&G (-7.00%) and Kenya Airways which lost -6.42% to KES 18.95. Market turnover was down -60.43% to KES 0.55bn with EABK and Equity dominating after recording trades worth KES 143.89m and KES 91.80m respectively.

Corporate News

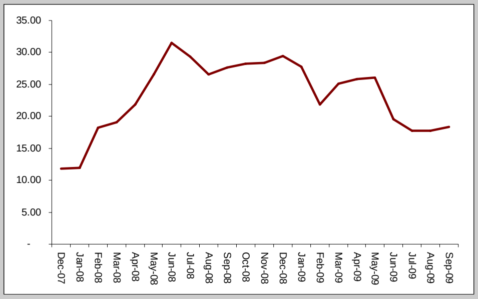
Kenya's Uchumi Supermarkets increased sales to post a 26% jump in pretax profit to KES 204m (USD 2.40m) during its first half ended December, the retail chain said on Friday. An official at the company, the second-biggest chain store, by turnover after privately held Nakumatt, told Reuters by telephone the profit increased after sales revenue rose. Shares in Uchumi resumed trading at the bourse in May last year after a five year suspension due to insolvency, which was caused by huge debts to banks and suppliers. *(Reuters)*

Automotive parts and engineering products distributor Car & General said rising sales on Friday pushed its full year pretax profit up 30% from a year earlier, but weaker local currencies in the region dampened profit growth. Pretax profit rose to KES 428m shillings (USD 5.03m), while earnings per share ticked up to KES 7.78 for the year ended September last year, compared with 7.12 shillings in the previous year, Car & General said in a statement.

Sales rose 27% to KES 6bn. Car & General, which has units in the three east African countries, said it had proposed a dividend of KES 0.55 per share, compared with KES 0.80 a year before. "The biggest challenges throughout the year were adverse foreign exchange movements across the region," the firm said.

Kenya's shilling was the most unstable in the region last year causing price disruptions after it fell to a record low of 107 on Oct. 11, but has since recovered helped by the central bank's tightening stance. The company, which sells motorcycles, three-wheelers, diesel generators, water pumps, lawnmowers, laundry equipment and air compressors, said the growth of it's Kenyan and Tanzanian businesses helped boost sales. *(Reuters)*

CPI Inflation



Source: SAR

Eveready East Africa, Kenya's main dry cell battery maker, said on Friday it would cut costs after it posted a loss for its year ended September, when sales fell due to competition and operation costs soared. The firm also blamed a one-off payment to cater for waste management and a further sum paid to its pension scheme to plug a deficit arising from a decline in the equities market.

Eveready said in a statement that a jump in prices of raw materials and the fluctuation of regional currencies against the dollar also led to a pretax loss of KES 173m (USD 2.03m) in the year to September 2011 from a profit of 15m shillings the year before. Net sales fell 16% KES 1.4bn, and the firm said it would not pay a dividend. *(Reuters)*

Kenya Airways, one of Africa's leading carriers, has issued a profit warning, blaming the euro zone debt crisis, political unrest in Egypt and escalating fuel prices. The warning is likely to surprise investors after the airline, which is 26% owned by AirFrance-KLM, posted a 38% jump in half-year pre-tax profit, aided by growth on its African and Asian routes.

"It is predicted that earnings for the year (ending March 2012) will be at least 25% less than the level of earnings in the previous year," Kenya Airways said in a statement after the bourse closed on Friday. Analysts predicted Kenya Airways shares were likely to sell off today morning. The stock finished on Friday unchanged at Sh20.25 a share. They added, however, that the downside could be limited because the shares are attractively valued ahead of a cash call to fund the acquisition of new planes.

Kenya Airways shares will trade with a price to earnings ratio of just over 3 following the profit warning, having lost more than half of their value since the firm announced its fund-raising plans last year. The airline's strategy hinges on connecting African travellers with the rest of the world, while carrying travellers from other parts of the world to Africa, through its Nairobi hub. "The airline's strategy to grow its network in Asia and Africa as well as renewal of its fleet will continue to improve efficiencies and outlook for the future," it said in the statement. *(Standard Media)*

CIC Insurance Group on Monday submitted an application to the Capital Market Authority (CMA) for approval of its proposed listing at the Nairobi securities Exchange (NSE). This follows suspension of Over The Counter (OTC) trade, in CIC shares and official closure of the share register, paving way for the share split that was approved at the company's 33rd AGM in May 2011.

"In effect all shareholders in the company's register by 27th January 2012 will qualify and accrue benefits of the split to be executed by the Co-operative Bank Shares Registrars", said Nelson Kuria, CIC Group's Chief Executive. Subsequently CIC Group will communicate the resultant and necessary immobilization process to all shareholders. Share immobilization is the conversion of physical share certificates (traded over the counter) to electronically held share balances that are traded via the Central Depository and settlement Corporation (CDSC).

The CIC Group shareholders had early last year resolved to increase the insurer's share capital to KES 3bn from KES 1.2bn by creating 90m ordinary shares. CIC hopes to list at the NSE to tap opportunities for capital growth in light of its pan African expansion plans, while accruing gains in shareholder value. "This calls on us to be very focussed in our business in the short and long-term to sustain the impressive performance of the company over the last five years", added Kuria.

Faida Investment Bank Ltd is the lead transaction advisor with Oraro & Company Advocates and Mboya, Wangongu & Waiyaki Advocates acting as the Joint legal advisors and Kingdom Securities as the sponsoring stock broker. Deloitte and Touche will act as the reporting accountants and Co-operative Bank of Kenya Limited as share registrars. *(Nation)*

Integrated communication solutions provider AccessKenya Group has announced plans to invest KES 100m in its metropolitan fibre network in Nairobi and Mombasa within the next 12 months. The expansion, which will cover additional areas along Thika Road, Outering Road, Mlolongo and Lower Kabete, is aimed at delivering fast internet speeds to clients in over 100 new buildings as well as extending the company's reach to new clients. The number will be an addition to the current 350 plus buildings in Nairobi and Mombasa.

Announcing the expansion roll-out, AccessKenya CEO Jonathan Somen said the move has been necessitated by the growing demand on the company's fibre network with more corporate companies connecting to the infrastructure owing to its reliability in the in the market. "As the leading and most reliable and stable network in Kenya, we have witnessed an enormous demand from corporate customers to get onto our fibre and this keeps growing. We are therefore continuing to rollout the fibre optic cable to meet the demand, which we believe will continue to push us further ahead of all our competitors," said Mr. Somen.

Mr. Somen noted that the there is "massive untapped demand" for fixed broadband connections for corporate customers in the country. AccessKenya will continue to pursue corporate solutions as its core business as it continues to widen its reach. "We are continuously expanding our network coverage countrywide. Our entry strategy in new towns is via wireless networks because they allow for faster deployment at a low investment, while still offering excellent service," said Mr. Somen.

AccessKenya Group Projects Manager Mr. Ndung'u Njoroge said the planned expansion will cover approximately 40kms in Nairobi and would encompass linkages with the existing network to maintain its integrity. There would be no interruptions on the service to existing clients due to the current design of the fibre network: "Even in cases where we have to cut and join new cables to existing infrastructure, clients will remain connected courtesy of our multiple connections that we deploy to every terminal point," Mr. Njoroge assured.

However, Mr. Njoroge cited the ongoing road constructions especially along Thika Road as a major challenge, noting that there are cases where the infrastructure can be cut soon after being laid if not timed well. "We don't want to find ourselves in a situation where we lay the infrastructure and afterwards we are subjected to fibre cuts by road contractors," said Mr. Njoroge. The announcement comes as the company continues to develop its capacity to offer more services to the growing clientele.

Two weeks ago, the Group announced completion of KES 30m system upgrades on the state-of the-art data centre at Barclays Plaza. AccessKenya offers a wide range of IT services including data backup, disaster recovery and inter-branch connectivity (MPLS) alongside corporate and high-end residential internet connectivity. *(Ratio Magazine)*

Kenyan car dealer CMC Holdings, whose shares have been suspended from trading at Nairobi Securities Exchange due to a boardroom row, swung to a KES 209.6m (USD 2.5m)loss in the full year to end September. CMC, which has exclusive distribution contracts for brands like Land Rover and Ford in the local and regional markets, moved into the loss from a pretax profit of KES 584.9m a year before. It blamed lower sales for the loss.

The company's shares were suspended from trading in September by the regulator Capital Markets Authority following the ousting of its chairman by the board after allegations of a conflict of interest. The company's sales fell to KES 11.8bn from KES 12.73bn a year before, while cost of sales dropped slightly to KES 9.7m from KES 10.2m previously. In October, the firm issued a profit warning blaming a tough business environment, a weaker local currency and a write-off of bad debts. It said that its earnings per share fell to -0.31 shillings during the year under review from KES 0.70 the previous year. *(Reuters)*

Economic News

Kenyans abroad sent home USD 85.2m in December, the highest for any month in 2011, pushing remittances for the year to a record USD 891m, up 39% from 2010, the central bank said on Monday. Remittances are the fourth-largest source of foreign exchange in east Africa's biggest economy after revenue from tea, horticulture and tourism. *(Reuters)*

Telcom firms will continue paying their monthly license fees at the current rates until June, the regulator's board has affirmed. The decision was made during Communications Commission of Kenya (CCK) board meeting. The board rubbished an appeal by the telcom companies to have the fees reduced immediately.

"The CCK board has declined the appeal by telecommunication companies since it risks crippling the organisation's operations by cutting a significant part of its revenue," said CCK acting Director General Francis Wangusi. Last year, the regulator lowered licence fees by 41% and the annual operating fee from 0.5% to 0.45% of the annual gross turnover, but the new rates are to apply from July 1.

However, citing reduced revenue, the telcoms, through Kenya Telecom Network Operators, appealed to the Information Permanent Secretary Bitange Ndemo to start paying licence fees at the new rates immediately. The appeal caused division between the CCK head who was favoured by last week's decision and the Information PS who advocated for the companies to be granted their appeal. The PS held the view that the commission's worries on finances could be addressed through the revised budget to be tabled in Parliament when it resumes instead of "halting an already late decision".

Mr Wangusi told the Nation on phone that the board's decision was based on their caution not to incapacitate the regulator saying granting the appeal threatened to take away almost half of the regulator's revenue. "Most of them have cleared the fees and we have agreed on terms of payments with the remaining two," said Mr Wangusi.

The import of the decision is that the companies will pay the fees as it is until the effective date of the new rates despite their promise to channel their savings towards advancing rural connectivity. "The board was convinced that there are no major reasons to call for such a radical decision. They'll enjoy subsidised rates when we invoice them in July," he said adding that the regulator must perform its duty of revenue gathering. *(Nation)*

Kenya's government will seek a compromise with parliamentarians over demands to cap bank lending rates that are holding up budget finance legislation, incoming acting Minister of Finance Robinson Githae said on Monday. Just before parliament's Christmas recess, outgoing Finance Minister Uhuru Kenyatta withdrew from debate a bill covering financing needs for the year to July this year after lawmakers introduced an amendment seeking to control banks' lending rates.

If the government cannot get the finance bill through parliament when it resumes sitting on Feb. 14, the government may run out of funds for its day-to-day business and development programmes. "The first priority is the finance bill. We have to negotiate over the amendments. We have to get a compromise because there is no alternative," Githae told a news conference while taking over formally from Kenyatta.

Kenyatta, who is running for president in an election due by March next year, was forced to resign as finance minister last week after the International Criminal Court confirmed charges against him over his alleged role in bloody post-election violence in 2008. The government opposes the parliamentarians' move to cap lending rates for banks at no more than 400 basis points above the central bank rate because it goes against the country's free market policy.

Officials and businesses routinely complain that banks charge borrowers too much with the spread between lending and deposit rates standing at over 10%age points in recent years. Githae, a lawyer and minister for metropolitan development, told a local paper over the weekend that he would also prioritise normalisation of high interest rates and maintenance of exchange rate stability.

Kenyan lawmakers often seize the need for passage of crucial spending bills as a negotiating tool whenever they are locked in a showdown with the executive. Other items in Githae's in-tray include conclusion of a USD 600m loan with three banks to substitute local borrowing, and preparation of a budget that will require balancing huge spending needs, including an election, with a policy of fiscal consolidation. *(Reuters)*

Kenya's inflation rate slowed in January for the second month in a row, but the decline was not big enough to sway analysts from their expectation the central bank would leave rates unchanged this week. The year-on-year rate slowed to 18.31% from 18.93% in December, Kenya National Bureau of Statistics (KNBS) data showed on Tuesday, leaving it above the 18.0% median forecast by analysts in a Reuters poll. The consumer price index rose 0.56% in the month, slower than the 0.74% month-on-month increase registered in

December.

The eight analysts surveyed had all predicted inflation in east Africa's biggest economy would decline as the impact of past rate rises filters through to the market. The central bank's Monetary Policy Committee is expected to keep its benchmark lending rate unchanged at 18% for a second month when it meets on Wednesday, to cement gains made in stabilising the Kenyan shilling and taming prices.

"I expect them to maintain the status quo as the trend in inflation and the shilling's strength is still not enough to warrant a reduction in the policy rate," said Renaldo D'Souza, research analyst at Genghis Capital. The shilling lost 25% against the dollar in 2011, hitting a record low of 107 before a series of sharper-than-expected rate rises triggered a rally. The currency has traded in the mid-80s this month, but the central bank has been busy mopping up liquidity and selling hard currency to hold it there.

Loosening monetary policy now would weaken the currency and fuel imported inflationary pressures, analysts said. Consumer prices rose sharply in Kenya throughout 2011, fanning widespread discontent. Policymakers will be keen to see the rate of inflation maintain its downward trend ahead of general elections expected by March next year at the latest. All components in the consumer price basket rose from December except transport that was down 1.47% and communication, down 0.02%.

Food and non-alcoholic drinks prices, which carry a 36.04% weight in the basket, rose 0.58% from a month earlier. "The journey lower might prove sticky, and Iran and a spike in crude oil prices remains the fly in the ointment but on balance, I sense that we have crossed the cycle highs," said independent economic analyst Aly Khan Satchu. *(Reuters)*

Kenya's economic growth will speed up to 5% or more in 2012 if rains vital to the key farm sector do not fail and other shocks do not materialise, a senior Treasury official said on Tuesday. He also said high market interest rates should fall in the next six months as the government reduces borrowing on local markets with the help of a foreign loan. Politics, drought, economic challenges and high commodity prices have kept growth in east Africa's largest economy below its long-term potential of 6% per annum in recent years.

"We expect to see 5% plus growth. This is dependent on rains. Other sectors are still strong. The investments that we are making in infrastructure have a huge impact on growth," Geoffrey Mwau, economic secretary at the Treasury told Reuters. "The other economies around us are also growing at about 6%, meaning that our exports which go there are not likely to suffer much."

Mwau, the Treasury's second highest official confirmed revised projections for 2011 growth at 4.5% from an initial 5.1% projection- following disappointing third quarter growth numbers. Kenya's military incursion into Somalia against the al Shabaab rebels and increasingly unpredictable weather patterns posed the biggest threats to growth this year, Mwau said. The shilling lurched from one record low against the dollar to another last year as inflation surged, driving up import costs like oil and stoking widespread anger.

After months of dithering that earned policymakers plenty of criticism, the central bank stepped up to the plate in October, raising the policy rate aggressively to 18% in a series of hikes over three meetings. While the move to raise rates dampened inflationary expectations and helped the currency regain most of its losses against the dollar, it prompted concerns over the risk of loan defaults and potential impact to economic growth.

Mwau said the government expected rates to start falling in the next six months after it substituted nearly half of its planned borrowing from the local market with a foreign loan, which is expected to be finalised soon. "We had planned to borrow 119bn shillings from the domestic market. Out of that we are going to borrow about 50bn from outside. That will mean there is less pressure in the domestic market, forcing interest rates to come down," he said.

Last year's rate hikes and improved food supplies after the long rains season kicks off in March would drive inflation to single digits, he said, from 18.31% in January. "I expect that by June, if rain does not fail, we will get to single digit levels," Mwau said. After the shilling rebounded from a record low of 107 against the dollar in October last year, Mwau said the government's aim was to manage the exchange rate between 80-85 per dollar, roughly where it has been so far this year.

"That is a reasonable exchange rate," he said. On the mind of some investors are the country's first general elections to be held since a disputed poll in late 2007 sparked widespread violence. Mwau said the poll, to be held by March next year at the latest, was not likely to heighten political risk with most Kenyans determined to move on from the past violence.

Rather, the main risks to the economy arise out of Kenya's war in neighbouring Somalia, which has provoked threats of revenge attacks from Islamist militants, and the weather. "We have the weather and Somalia. Somalia is a serious one but we are managing it well with support from the international community," said Mwau. *(Reuters)*

The top price for Kenyan benchmark grade AA coffee COF-AA-KE crept up to USD 529 per 50-kg bag at this week's sale from USD 526 per 50-kg bag in the previous auction, while the volume sold fell, the Nairobi Coffee Exchange (NCE) said on Wednesday. Kenya is a small producer compared with other regional growers, but its specialty beans are famous for their high quality and are sought after for blending with those from other countries.

Grade AA sold at USD 529-USD 227 per bag at Tuesday's auction compared with last week's USD 526-USD 250 per bag. Grade AB COF-AB-KE sold at USD 388-USD 191 per bag compared with USD 401-USD 248 per bag previously. The state-run Coffee Board of Kenya said in November it saw coffee output rising 6% in the 2011/12 (Oct-Sept) crop year to 54,000 tonnes.

The NCE said 26,902 bags were offered with just 6,564 bags sold for a total of USD 2.23m. At the last sale, 23,369 bags were offered with 10,304 sold for a total USD 4.08m. *(Reuters)*

Kenya's central bank left its key lending rate unchanged at 18% as expected on Wednesday, saying while inflation was expected to keep falling, credit growth needed to slow further and risks remained. All analysts polled by Reuters had forecast the central bank would leave rates on hold. While most expect the next rate move to be down, they said the Central Bank of Kenya would pause to let past rises have their full impact on the economy.

The central bank's Monetary Policy Committee said in a statement that balance of payments pressures and the continued uncertainty in global financial markets due to the eurozone crisis remained the main risks to inflation and the currency. It said forecasts for dry weather in most parts of the country and frost in February also presented risks to food supplies, while geopolitical risks could interrupt oil supplies and affect fuel prices globally.

Higher food and fuel prices were the main factors that pushed inflation in east Africa's biggest economy to a 2011 peak of 19.72% in November. The inflation rate has since declined to 18.31% in January. *(Reuters)*

Two commercial banks have secured a KES 1.49bn loan from the European Investment Bank for lending, at a time when tight liquidity in local financial markets is making it difficult for banks to access funds. African Banking Corporation (ABC Bank) and Consolidated Bank will each receive KES 770m and KES 715m, in an agreement signed with the European Investment Bank yesterday.

The banks said the money will be extended to small and medium sized businesses at costs lower than the prevailing average market rates, but declined to give the actual rates. The loans offered will be denominated in Euros, Dollars or Kenya shillings. “We cannot disclose the rates because they will vary according to the terms of the agreement, but they must be lower than what is currently on offer,” said ABC Bank’s MD, Mr Shamaz Savani.

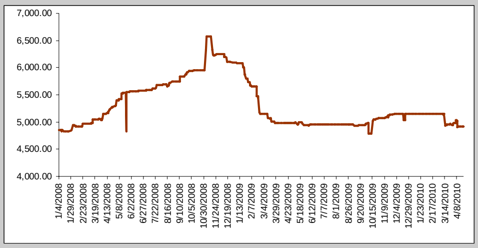
Consolidated Bank, whose minimum lending rate is 29%, said it was willing to offer credit for a minimum rate of 17%, meaning that the loan deal would attract much lower interests than what is available in the market. Inter-bank and customer lending rates shot through the roof beginning the last quarter of last year, after Central Bank of Kenya started mopping up excess liquidity from the market to strengthen the shilling from further slide against the dollar.

As of yesterday, the inter-bank lending rate stood at 23.5%, while most banks quoted a minimum interest rate above 25%. The two banks are the latest Kenyan financial institutions to offer long-term foreign currency lending to small and medium sized businesses with the help of international financiers. Last month, Equity Bank signed a Sh2bn deal with the German Development Bank while Diamond Trust Bank has done it too.

The trend towards multi-currency loans has been driven by a need to protect the small-scale exporter and cushion enterprises against the fluctuating shilling. “We wish to provide loans that are protected against interest rate volatility and currency fluctuations,” European Investment Bank’s head for East and Central Africa, Mr Kurt Simonsen said. *(Nation)*

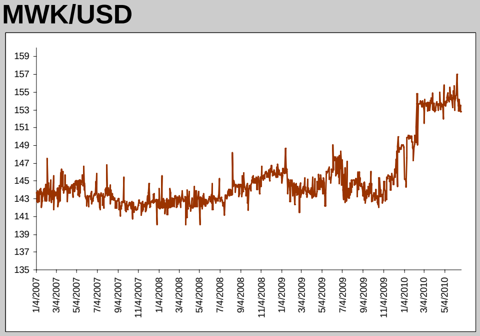
Malawi

Malawi Stock Exchange



Source: Reuters

MWK/USD



Source:SAR

Economic indicators

Stock Exchange News

The Malawi All Share gained +2.56% to close the week at 5,483.68 points. The market recorded trading activity in 8 counters namely FMB, Illovo, NBM, NBS, MPICO, NICO, OML and Standard Bank**.** Gains were recorded in FMB (+7.69%), Illovo (+3.84%) and NICO (+9.09%). Market turnover amounted to MWK 87.12m (USD 518,842.77).

Corporate News

No Corporate News this week

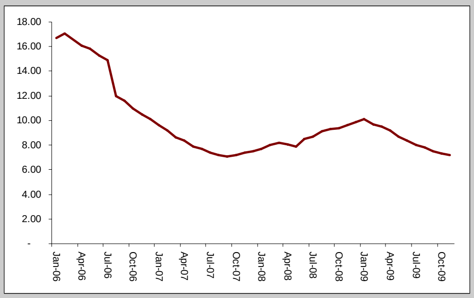
Economic News

No Economic News this week

Economy	2009	2010	2011
Current account balance(% of GDP)	-4.073	-5.502	-4.791
Current account balance (USD bn)	-0.2	-0.306	-0.3
GDP based on PPP per capita GDP	880.88	916.63	940.29
GDP based on PPP share of world total (%)	0.018	0.018	0.018
GDP based on PPP valuation of country GDP(USD bn)	12.271	13.027	13.632
GDP (current prices)	352.37	390.91	432.14
GDP (Annual % Change)	5.878	4.557	3.175
GDP (US Dollars bn)	4.909	5.555	6.265
Inflation- Ave Consumer Prices(Annual % Change)	8.60	8.24	9.31
Inflation-End of Period Consumer Prices (Annual %)	7.76	8.35	9.73
Population(m)	13.93	14.21	14.50

Source: World Development Indicator

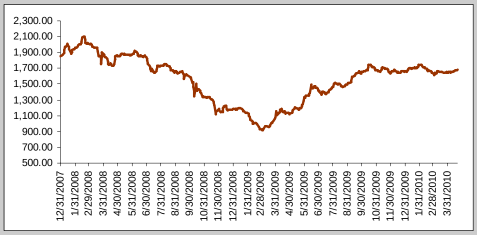
CPI Inflation



Source: SAR

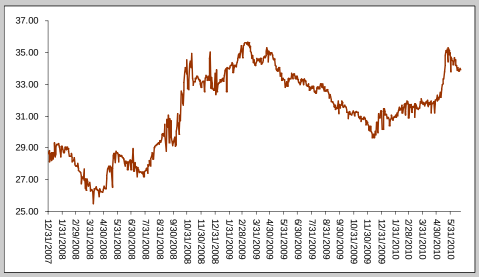
Mauritius

Mauritius Stock Exchange



Source: Reuters

MUR/USD



Source:SAR

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-9.308	-10.579	-9.758
Current account balance (USD bn)	-0.852	-0.947	-0.931
GDP based on PPP per capita GDP	12,356.23	12,699.51	13,389.07
GDP based on PPP share of world total (%)	0.023	0.023	0.023
GDP based on PPP valuation of country GDP(USD bn)	15.831	16.391	17.406
GDP (current prices)	7,146.27	6,935.94	7,339.15
GDP (Annual % Change)	2.065	1.98	4.695
GDP (US Dollars bn)	9.156	8.952	9.541
Inflation- Ave Consumer Prices(Annual % Change)	6.40	4.05	5.00
Inflation-End of Period Consumer Prices (Annual %)	3.10	5.00	5.00
Population(m)	1.28	1.29	1.30

Source: World Development Indicators

CPI Inflation

Stock Exchange News

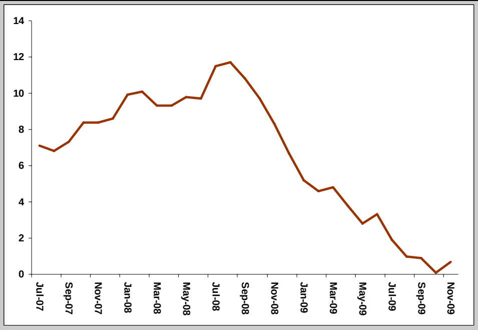
The market closed on a negative note with the SEMDEX losing -0.14% while the SEM 7 shed -0.9% to close the week at 1,832.78 and 342.36 points respectively. MSM was the main mover, gaining +7.7% to MUR 14 followed by Lux Island resorts and NMH which rose by +6.3% and +2.6% to MUR 23.50 and MUR 78.00 respectively. Glo led the losers after shedding -10% to MUR 0.09 while MCGI lost -4.00% to MUR 40.30 and Caudan shed -3.4%

Corporate News

No Corporate News this week.

Economic News

No Economic News this week



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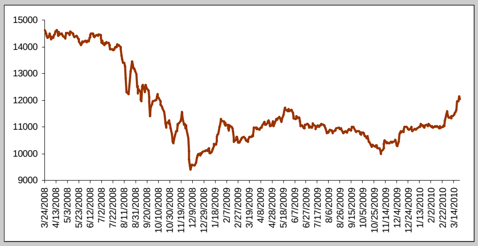
Source: SAR

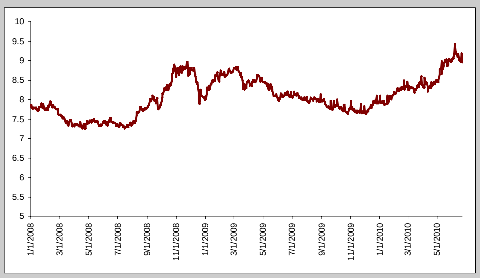
Morocco

Casablanca Stock Exchange



Source: Reuters

MAD/USD



Source:SAR

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-5.468	-4.736	-4.065
Current account balance (USD bn)	-4.963	-4.656	-4.269
GDP based on PPP per capita GDP	4,587.11	4,740.77	4,955.07
GDP based on PPP share of world total (%)	0.204	0.207	0.209
GDP based on PPP valuation of country GDP(USD bn)	146.231	153.257	162.44
GDP (current prices)	2,847.50	3,041.02	3,203.28
GDP (Annual % Change)	5.003	3.226	4.5
GDP (US Dollars bn)	90.775	98.308	105.012
Inflation- Ave Consumer Prices(Annual % Change)	2.80	2.80	2.60
Inflation-End of Period Consumer Prices (Annual %)	2.80	2.80	2.60
Population(m)	31.88	32.33	32.78

Source: World Development Indicators

CPI Inflation

Stock Exchange News

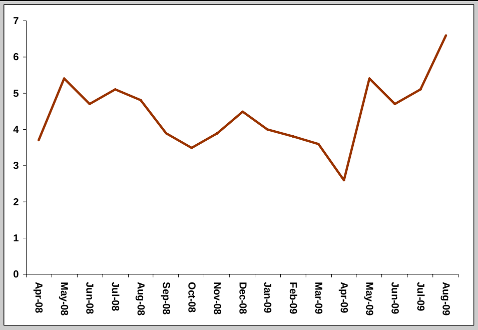
The MAS rose by +1.72% to close the week at 11,360.88 points. Gains were recorded in Diac Salaf (+33.70%) to MAD 77.76, Zellidja (+17.78%) and Involys (+8.76%). On the losing front we had Sofac Credit down -11.32% to MAD 275, Promopharm which shed -11.31% to MAD 878 and Olumes (-5.93%).

Corporate News

No Corporate News this week

Economic News

No Economic News this week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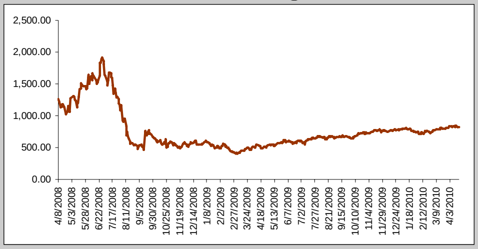
Source: SAR

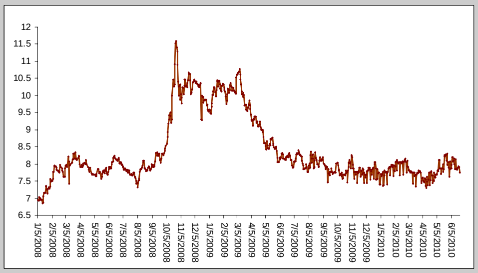
Namibia

Namibia Stock Exchange



Source: Reuters

NAD/USD



Source:SAR

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-1.049	-2.055	-1.225
Current account balance (USD bn)	-0.095	-0.19	-0.118
GDP based on PPP per capita GDP	6,610.35	6,771.73	6,964.03
GDP based on PPP share of world total (%)	0.016	0.016	0.016
GDP based on PPP valuation of country GDP(USD bn)	13.764	14.217	14.742
GDP (current prices)	4,341.36	4,406.65	4,530.72
GDP (Annual % Change)	-0.739	1.736	2.234
GDP (US Dollars bn)	9.039	9.251	9.591
Inflation- Ave Consumer Prices(Annual % Change)	9.12	6.77	5.45
Inflation-End of Period Consumer Prices (Annual %)	7.34	6.19	4.71
Population(m)	2.08	2.10	2.12

Source: World Development Indicators

Stock Exchange News

The NSX overall Index gained 3.42% to close the week at 936.00 points. On the NSX local and DevX, MMS was the top mover after adding +25% to NAD 0.35 while ORY and BVN added +14.67% and +1.05% to NAD 13.21 and NAD 9.66 respectively. FSY led the losers after shedding 7.41% to NAD 0.75 followed by BMN, down -8.00% to NAD 0.23 and EXT (-0.12%).

Corporate News

Namibia's Business Climate Index (BCI) climbed for the seventh straight month in December, boosted by strong investment, although an uncertain outlook for world metals prices may undercut sentiment in the key mining sector. The BCI rose 0.8 points to 122.7, the Institute for Public Policy Research (IPPR), which compiles it, said. The index is made up of 13 broad domestic economic indicators.

The investment index rose 3.7 points to 162.2. Commercial vehicle sales reflected favourable investor sentiment, rising 10% month-on-month to 748 units. The IPPR said business conditions were likely to improve over the next six months, with the leading indicator rising 3.5 points to 168.5. But consumer confidence lagged, falling 2.9 points, mainly as a result of more expensive imports caused by last year's weakness in the Namibian dollar.

"Confidence levels were set back by the weaker local currency, which meant consumers had to pay more for imports, while passenger vehicle sales fell," the IPPR said. The Namibian dollar is pegged to the South African rand, which fell by more than 20% against the dollar in 2011. The IPPR also said there were downside risks to the outlook. "Metal prices could be held back by the projected slowdown in global growth rates in 2012," it said.

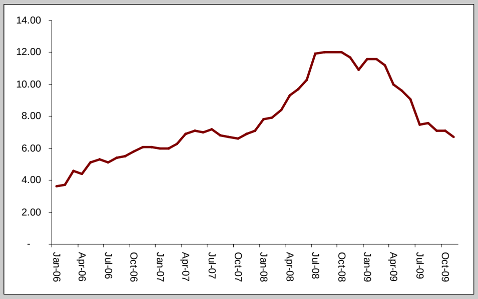
The southwest African nation is a major uranium producer and mining is the mainstay of its economy, which contracted 0.8% in 2009 but has since recovered to an estimated 4.3% expansion in 2011. *(Reuters)*

Economic News

Miner Rio Tinto has accepted China Guangdong Nuclear Power Corp's (CGNPC) bid for its shares in Kalahari Minerals, the major shareholder in one of the world's largest uranium projects, it said on Tuesday. CGNPC, which is bidding alongside the China-Africa Development Fund in its effort to boost access to uranium supplies, wants to buy Kalahari for its 42.7% interest in Extract Resources, which owns the giant Husab uranium project in Namibia.

CGNPC has said it would make a subsequent offer for Extract if it won

CPI Inflation



Source: SAR

acceptances for at least 50% of Kalahari shares. It is under no obligation to extend the offer if it does not cross that threshold. Rio had been expected to bow to the Chinese offer for Kalahari, which values the Namibia-focused miner at around USD 990m. Hopes of a counter-offer faded, particularly after Rio made a bid for Canadian uranium prospector Hathor last year.

But it is unclear whether Rio, which owns the Rossing mine that neighbours Husab, will also tender its 14.2% stake in Extract in the event of a Chinese bid for those shares. Rio said in its statement that it would make a decision on whether to accept any offer for Extract "in due course". Sources familiar with the matter said earlier that Rio was expected to agree to the Extract offer, but it was also considering folding some of its own maturing Namibian uranium assets into a joint venture with the Chinese company.

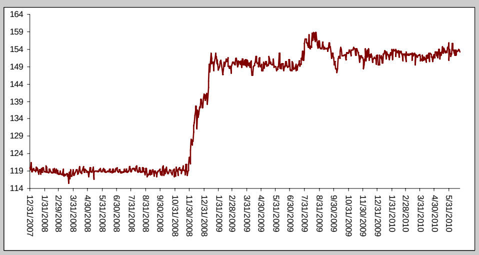
Husab is potentially the second-largest uranium mine in the world, and Rio Tinto has been in talks with Extract to combine its neighbouring Rossing mine, the world's longest-running open pit uranium mine, with Husab. The deal comes as potential new sources of uranium supply are attracting interest, with the price of uranium miners battered last year after the Fukushima nuclear disaster. Rio last year succeeded in a CUSD 654m takeover of Hathor after Cameco withdrew a rival offer. *(Reuters)*

Nigeria

Nigeria Stock Exchange

Source: Reuters

NGN/USD



Source:SAR

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	6.939	13.792	14.278
Current account balance (USD bn)	11.48	25.631	28.488
GDP based on PPP per capita GDP	2,199.08	2,281.27	2,369.35
GDP based on PPP share of world total (%)	0.475	0.489	0.499
GDP based on PPP valuation of country GDP(USD bn)	333.983	355.995	379.907
GDP (current prices)	1,089.30	1,190.86	1,244.37
GDP (Annual % Change)	2.905	4.985	5.215
GDP (US Dollars bn)	165.437	185.835	199.526
Inflation- Ave Consumer Prices(Annual % Change)	11.96	8.80	8.50
Inflation-End of Period Consumer Prices (Annual %)	9.12	8.50	8.50
Population(m)	151.87	156.05	160.34

Source: World Development Indicators

Stock Exchange News

The NSE All Share lost -0.07% to close at 20.877.64 points. Diamond Bank gained +15.09% to close at NGN 2.67 while NAHCO was up +12.91% to close at NGN 7.87. Other notable gains were recorded in First Bank (+10.86%), Access (+9.96%) and FCMB (+4.75%). On the losing front we had Vitafoam (-18.18%), Custody Ins (-17.22%) and Cadbury (-13.12%).

Corporate News

Nigeria Liquefied Natural Gas Company (NLNG) is looking to raise USD 1bn in international markets to acquire six LNG carrier ships, and is in the process of appointing financial advisers for the deal, the company said on Saturday. Siene Allwell-Brown, general manager for external relations, told Reuters the operator, which is majority owned jointly by the state oil company NNPC and Royal Dutch Shell, held a board meeting on Thursday to discuss the appointment of advisers for the loan process.

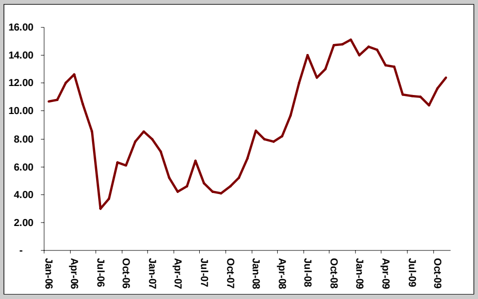
"We have contacted global banks from which we will choose a financial adviser who will give us the best option through which we will raise at least a USD 1bn loan to acquire six LNG carriers for our operations," Allwell-Brown said. It was not yet decided which bank would lead manage the deal, nor from which company they would source the ships. She said did not provide a timetable for when the company expects to close the transaction but said that the loan aims to expand the operations of its shipping subsidiary Bonny Gas Transport Limited, which currently has 24 LNG ships.

NLNG was set up over two decades ago to harness Nigeria's natural gas resources and produce Liquefied Natural Gas and Natural Gas Liquids for export. The company has long-term supply contracts with buyers in Italy, Spain, Turkey, Portugal and France and also sells on the spot market, Allwell-Brown said. It has a capacity to produce 22m metric tonnes of liquefied gas a year. It obtains its gas supply from the upstream oil companies and liquefies it for export. *(Reuters)*

Leading Nigerian cement manufacturer, Dangote Cement Plc, has said with the launch of its Ibese Plant, near Ilaro in Ogun State, on February 9, 2012, the nation would end importation of cement. Dangote Cement, reputed to be the largest producer of the commodity in Africa, is pushing Nigeria to the top in the world as not only a producer of the vital commodity, but also a net exporter soon.

The official commissioning of the multi-billion dollar cement plant in Ibese, with production capacity of sixm tonnes per annum, will effectively mark the end of the era of cement importation into the country. President of the Dangote Group, Alhaji Aliko Dangote, said his organisation has taken up the challenge in leading

CPI Inflation



Source: SAR

the way to make the nation self-reliant in cement production. He said the country was losing a huge sum in foreign exchange on importation of cement and other building materials.

According to him, Dangote Cement is poised to ensure that the country not only moves away completely from importing certain commodities, including cement, but also strengthen the local production capacity to make the country a major exporting nation and boost its foreign reserves. 'Our long-term ambition is to develop 46m metric tonnes of production and terminal capacity in Africa by 2015. We want to become a truly pan-African champion in the sector, capable of competing globally with the largest cement companies in the world,' he said.

Dangote's current projection in cement manufacturing would further extend the company's investments in Africa. Its cement business, which generated revenues of USD 3bn in 2010, is in 14 African countries, including Nigeria, Benin, Cameroon, Cote d'Ivoire, the DRC, Ethiopia, Gabon, Ghana, Liberia, Senegal, Sierra Leone, South Africa, Tanzania and Zambia. Group Head, Corporate Communication of the Dangote Group, Anthony Chiejina, said 'considering Nigeria's cement need which is between17 and 19m tonnes per year, with the coming on stream of Ibese, what Dangote Group alone will be producing will be far more than the country's demand.

'That will set the pace for exportation of our products which will lead to increased products, more revenue for the company and better returns for the shareholders.' Managing Director of Dangote Cement, Lagos Terminal, Mr. Akin Adesokan, also told distributors in Lagos that the coming of Ibese plant would bring a new lease of life in cement business. He noted that distributors would now have an effective, smooth and timely transaction with the opening of the Ibese plant.

'Now, you have business to do. Cement is now within your reach, no delay again. The opening of Ibese plant is for you all. You don't have to wait endlessly again. As you know, Dangote Cement has beefed up its distribution network with acquisition of more trucks. We are ready to meet your needs and those of Nigerians at large,' he added. *(Moment)*

The Group Chief Executive Officer of Oando Plc, a quoted company on the Nigerian Stock Exchange (NSE), Mr. Wale Tinubu, has denied alleged reports that his company was a beneficiary of fuel subsidy, just as he disclosed that the company has outstanding N4bn of unpaid subsidy in 2011. Tinubu noted that Oando Plc is the largest publicly quoted energy company in Nigeria and sub-Saharan Africa's largest indigenous energy company, based on revenues, with primary listing on the NSE with a secondary listing on the Johannesburg Stock Exchange.

Speaking at the public hearing on the management of subsidy being organised by an ad–hoc committee of the House of Representatives, the Oando boss noted that the money paid to marketers as subsidy was not a profit or windfall but under-recovery, arising from the differentials between the landing cost of petroleum products and the official pump price. He stated that the use of the word 'beneficiary' was a misconception as the money was not a special favour from the government but a refund of the actual cost incurred by marketers in the importation of petrol.

Tinubu stated that the marketers spent an average of USD 30m to import a 30,000 metric tonnes cargo of petrol but sold the products at almost USD 15m; while the balance was paid to marketers as subsidy. “The Petroleum Support Fund (PSF) expected that there would be under-recovery. For example, when the landing cost was higher than the pump price, the government owed us money, which is paid as subsidy. When there is over-recovery, that is, when the landing cost is less than the pump price, we pay back to the government. For example, during the Yar’Adua administration, when the petrol price was N65 and the crude oil price dropped to USD 50 per barrel, the marketers paid back to the fund. I remember that Oando paid N1.6bn back to the Federal Government,” he said.

Tinubu stated that when the subsidy regime was introduced in 2006, three major marketers, including Oando Plc, participated in the scheme, along with NIPCO Plc and the Nigerian National Petroleum Corporation (NNPC). According to him, Oando accounted for 53% of petrol importation in 2006 and 47% of subsidy payment. He, however, stated that the company’s market share in terms of subsidy receipts and petrol importation dropped to 11% in 2011 due to proliferation of companies that participated in the PSF scheme.

Tinubu stated that when the subsidy regime was introduced in 2006, only companies that had at least 25 petrol stations and 5,000MT storage capacity were allowed to participate, according to the PSF guidelines. He said the scheme was abused when companies that did not have retail outlets and storage facilities were allowed to participate in the importation business, at the detriment of companies that built capacity. “In terms of summary of our subsidy payment, we collected approximately N120bn by the end of 2011 and we imported well in excess of onebn litres or about 700,000 metric tonnes as at August 2011. By the end of 2011, we had imported about 1.3m MT into the country,” he said. *(Vanguard)*

Flour Mills of Nigeria Plc said it will invest NGN 7bn on a new 500 metric ton per day edible oil extraction and refining facility in Ibadan. The company said in a statement signed by Paul Gbededo, Head of Flour Mills, Agro-Industrial Division that the latest investment constitutes the second phase of a three-stage investment programme of more than NGN 20bn in the cultivation and extraction of edible oil from soybean and oil palm.

The first stage involved the expansion of the company’s soybean cultivation in Kaboji, Niger State and the purchase of an existing oil extraction and refining business in Ibadan. The second stage is the commissioning of a new plant to double the extraction capacity. The extracted crude oils will be refined at 400 metric tons per day. *(Daily Trust)*

The management of the Nigerian National Petroleum Corporation has said that even though crude oil supply has been a challenge to the Kaduna Refinery and Petro Chemicals plant is still viable. The Group General Manager, Group Public Affairs Division of the Corporation, Dr. Levi Ajuonuma said in a statement that Kaduna Refinery is a functional and viable strategic business unit of the corporation which is contributing immensely towards NNPC’s operations in the oil and gas industry in Nigeria.

He said though Kaduna Refinery had undergone a quasi turn around maintenance two years ago by Nigerian engineers which was generally believed to be inadequate for the refinery, credit must be given to the local engineers for running the refinery at 60% installed production capacity amid artificially induced challenge of incessant pipeline vandalism. A newspaper report over the weekend alleged that the Federal Government was losing over N700bn annually in projected revenue through the Kaduna Refinery as well as N12bn on remuneration of staff whom the report alleged were largely idle as the refinery was not functioning.

But NNPC spokesman affirmed that if not for pipeline vandals, Kaduna Refinery could run at 60 to 70% capacity utilisation on a sustained basis. “KRPC has a lot of challenges owing primarily to the neglect of the past. However, in the last several years the fuel plant has operated steadily at 60% translating to a daily production of 1.5m litres of PMS; 1.4m litres of AGO; and 0.65m litres of kerosene, in addition to other products,” Levi said. *(Daily Trust)*

The Managing Director, Nigeria Electricity Liability Management Limited (NELMCO), Mr Samuel Agbogun, yesterday explained that the Federal Government would settle the Power Holding Company of Nigeria (PHCN) liabilities of over N340bn upon verification of contractual agreements. NELMCO is one of the transferee companies envisaged under the Power Act of 2005 to achieve a short-term objective of settlement of PHCN enormous liabilities to creditors and Staff Pension.

But he noted that the debt was accumulated from the gap between the cost of power generation and the tariff which consumers actually paid. Agbogun said: "That gap accumulated over the year. For example,Agip, generated power to PHCN. We have not been able to pay Agip their cost for power. So, on Agip alone, we owe so much money every month.There are some suppliers, who supplied transformers, cables who are not paid fully because NEPA would pay its own workers first before paying others."

He, however, added that the Federal Inland Revenue Service (FIRS) and the Nigeria Gas Company (NGC) are some of the PHCN biggest creditors. Speaking with reporters in the company’s office in Abuja, he said the company has already given February as deadline to identify the debtors for payment. He, however, noted that there will certainly be a window to attend to other creditors after this timeline. According to him, all creditors must tender their contractual agreement that culminated in the indebtedness before they can be settled.

He said: "We have called them to come and show claims that they are really owned by PHCN. But many of them have responded but the deadline is the end of February. I think by the end of this month, we will be able to take stock. We have said all the contract debt papers that led to that particular debt we must verify them." The Managing Director said the NELMCO is hopeful that even as these debts accumulate daily, the firm will take about six years to settle them before the bulk trader company carries on from assumes settlement of further liabilities. On the PHCN pension, he explained that NELCOM has to sort the pension of the about 11, 000 beneficiaries out with due diligence. *(The Nation)*

A Nigerian court has ruled that Bharti Airtel's ownership of its subsidiary Airtel Nigeria is "null and void" because co-founder and 5% shareholder Econet Wireless was not consulted on the transfer, according to a judgement seen by Reuters on Monday. South Africa-based Econet Wireless is disputing the Indian carrier's ownership of one of its most important Africa operations, company founder Strive Masiyiwa told Reuters by telephone.

Bharti Airtel inherited the legal case as part of a USD 9bn acquisition of Zain's Africa operations in 2010, including 65% of Zain Nigeria. Industry sources said the case would not immediately threaten Airtel Nigeria because Bharti had been adequately indemnified against any potential legal danger when it took over the operator from Kuwait's Zain -- and because of the small size of Econet's stake.

The basis of Econet's claim is that its 5% stake was unfairly cancelled when Zain took control, so any decision made since then without it is void, a claim the court upheld. "All actions and resolutions taken by the company since October 2003 at which Econet Wireless Limited was entitled to be notified, and to participate in, as a shareholder, but was prohibited, are null and void," the judgement said.

"This includes decisions to sell shares, issue shares, and also transfer shares to third parties." Econet said this would mean the company's name would now revert to Econet Wireless Nigeria, and that it would have to reinstate its original 5% stake. Nigeria contributes about 9.5% to Bharti's consolidated operational profits, the company says.

Bharti Airtel said in a statement it would appeal the court's decision and that "the judgement will have no impact on the equity holding of other shareholders in Airtel Nigeria." Econet said it disputed the buyout of Airtel's stake from Zain Nigeria in 2010 because its right of first refusal over the stake was denied, in a dispute that had been ongoing since 2003, when the same assets were first sold to Vee Networks. *(Reuters)*

SHELL Production Development Company, SPDC, has lifted a force majeure on exports of Bonny crude after repairing a damaged pipeline, the company said on Tuesday. Shell Petroleum Development Company "Can confirm lifting of force majeure on Bonny loadings with effect from Monday, January 30 2012," a Shell spokesman said in a statement. The company had declared force majeure on Bonny Light crude exports from Nigeria in early January.

The company had announced in January that the clean-up of the 20 December leak from the Bonga offshore oil field has been completed successfully, hence the resumption of production at Bonga on January 1, 2012, following reinforcement of asset integrity and safety programmes. Shell Nigeria Exploration and Production Company, SNEPCo, had shut down production from the field after a leak occurred on one of the three export loading lines as oil was being transferred from the floating production storage and offloading (FPSO) vessel to a loading tanker.

In a related development, Shell Petroleum Development Company of Nigeria Ltd (SPDC) resumed production at its shallow offshore EA Field on 27th December last year. *(Vanguard)*

SunTrust Real Estate Investment Trust Scheme yesterday floated a N20bn bond for investments in real estate with a provision to provide additional monies in the event of over subscription. The Chairman of the company, Kenneth Kweneojor Ofili said the bond is floated with the aim of taking advantage of the investment opportunities in the real estate and mortgage sector of the Nigerian economy.

He said it will provide investors the opportunity to gain access to strong returns from the thriving real estate market. The investment which offers 400,000,000 units of N50.00 each in the SunTrust Real Estate Investment Scheme is a closed-ended unit that is aimed to achieve long term capital appreciation of assets by investing in a portfolio of high-quality real estate and mortgage assets.

Hajara Abiola, a member of the Lotus Capital Investment, fund manager to the REITS said they are confident of the success of bond. She said what the REITS does is to supervise a completely new assets class for investors to participate in the capital market in a safe way and therefore build more balance portfolio.

The fund is said to invest up to 90% of its assets in real estate and mortgage related assets and a maximum of 10% will be invested in quality money market instrument. *(Daily Trust)*

After decades of ineffectiveness and dwindling fortunes under government control, Nigeria's rail system is set for a new lease of life, as General Electric (GE), one of the world's leading industrial giants, says it will invest in the country's rail and energy sectors. As GE moves in this direction, the prospects are that businesses and individuals in Nigeria will have access to much cheaper, less hazardous and more eco-friendly transportation around the country, which would have a positive impact on their bottom lines, while GE would have gained a significant foothold in what is easily Africa's largest market, by population. Significantly also, hundreds of job will be created in Nigeria's rail industry.

General Electric brims with cash and optimism as it outlined plans to transform its hitherto largely trading presence in Nigeria into a giant business platform that promotes local manufacturing here and then selling into West Africa and the rest of sub-Saharan Africa. Jeffery Immelt, GE's global CEO, told a select gathering of leading CEOs in Lagos at breakfast yesterday that the expected investments will be made in "a matter of months."

BusinessDay later learnt that the two investments will involve one in the rail components and parts and another in setting up a fairly large modern service shop in Nigeria to maintain the growing array of gas powered turbines for Nigeria's emerging electricity sector. "We have chosen to invest in local manufacturing, hire local teams, build a base in Nigeria that allows us to service this market and the whole of West Africa and we are good to go," added Immelt, who heads President Barrack Obama's job creation council in the US.

He outlined the opportunities that GE's investment in Nigeria can bring beyond merely creating jobs. According to him, "We do not need partners for cash, as we have the money. We need partners who know the market and who can help create access to the African market." Immelt, who has worked at GE since 1982 and whose father also worked for decades at the company, was quite pointed in his suggestions for job creation in Nigeria, saying that Nigeria will not be successful until she builds her infrastructure.

He drew a lesson from China, which is that when infrastructure is in place, job follows just as night follows day. He said: “Another lesson is that China has five-year development plans and the interesting thing is that they actually do them. So build roads, power, ports, railway and jobs and competitiveness will follow.” “Get people to be able to install turbines, give the people opportunity to become welders and there will be more Nigerians tomorrow who are holding jobs,” he further explained.

Immelt also called on leaders of the private sector in Nigeria to be vocal and forceful in demanding for better governance and pressing the government to become more transparent. He charged his audience to “be an active and consistent voice for change”, adding that GE does not really get bothered about market volatility.

Immelt has weathered many storms since taking over in 2001 when GE’s share price was at a hefty USD 64 a unit and today, when the price has fallen to USD 16. Yesterday, he asked Nigeria to dream big by benchmarking Brazil and then aiming to replicate what that country has done, especially given the potential size of the Nigerian market.

In the intervening period, Immelt has diversified the company and its revenue base and is pulling in as much as 60% of his company’s revenues from outside the United States. Africa accounts for about USD 2bn of that annually. It is Immelt’s second visit to Nigeria, but for a man with the entire globe as his focus, he was quick to form impressions about Nigeria and Lagos in particular.

He said of the crying need is for investment in Nigeria’s rail system: “There are too many trucks on your roads and at night you cannot find their tail lights.” Not one for bogus targets, Immelt, who has been schooled in asset and resource allocation in the most efficient environment, set for Nigeria a goal of adding 10,000mw of power by the year 2020. The government has set for itself a rather ambitious goal of 40,000mw.

Global focus is shifting to Nigeria and momentum appears to be building but after breakfast yesterday, some of the participating CEOs were asking whether Nigeria will use or lose this momentum. *(Business Day)*

Economic News

Nigeria’s full demand in tonnage of steel pipe used in both petroleum and water services industries had risen to between onem to 1.2m tonnes annually, the Nigerian National Petroleum Corporation (NNPC) has said. According to the Managing Director of SCC Nigeria Limited, owners and operators of SCC Pipe Mill in Ushafa, Abuja, Mr. Levy Yuval, this conservative figure of the country’s annual demand for steel pipe by related industries, was recently made known by the NNPC.

This huge demand, Yuval said, was yet to be met by investors in steel pipe fabrication, explaining that SCC Pipe Mill was only able to produce 100,000 tonnes of Helical submerged Arc Welded (HSAW) pipes annually at its factory in Abuja for local consumption.“As far as I know the full demand in tonnage of pipe in Nigeria is between onem to 1.2m tonnes annually but we can produce 100,000 tons annually in this factory”, Yuval said, while hosting the Minister of

Petroleum Resources, Mrs. Diezani Alison-Madueke, who was on a scheduled facility tour of the pipe mill.

He added: “So, you can see how much room for more investors to come in. We have plans to open more factories in the country but there was formerly no assistance from the industry. As you know investment is very risky and very difficult but we picked up the challenge and we did it and you see the result today.” Responding, the Minister stated that Yulong Steel, a Chinese steel company recently made firm commitment to establish a 250,000 metric tonnes capacity Longitudinal Submerged Arc welded (LSAW) mill in Yenegoa. She said another company, Vigeo Steel is also taking similar steps to establish a 200,000 metric tonnes capacity HSAW mill in Abeokuta.

She stated that these expected investments in pipe mills would close up existing gap in demands for steel pipes by related industry operators in the country, adding that Nigeria would also save about USD 700m and 10,000 jobs from such venture. “I will expect to see this sort of pipe mill and fabrication yards begin to pop up in different areas of the country. And this was the whole intent of the Nigerian Content Act.

“You can only imagine the quantum of foreign direct investment that we will begin to save in this country over the next five to 10 years. We are very impressed. I must thank the International Oil Companies (IOCs) who have supported these types of projects,” she said. Asked about the involvement of the Standard Organisation of Nigeria (SON) in the quality assessment of pipes fabricated from the mill, the Minister said: “We are breaking new ground believe me within the shortest possible time SON will be fully on stream and would also make their presence felt here.”

On the status of the Trans-Saharan pipeline, she said: “We are very much moving it forward; we have had a few setbacks but we hope that very soon we will see the final culmination of that project because it is a critical one for us. It is our strong aspiration to prepare these facilities that will supply a substantial proportion of the pipes to be used in the gas infrastructure projects from Nigeria. Therefore we must support the efforts of the investors comprehensively and without restraint to ensure that the pipe mills are completed by 2014.” *(This Day)*

A total of N4.tn investment commitments from local and foreign investors have been secured by Federal Government in the last six months, statistics from the Ministry of Trade and Investment have shown. Local investors account for N2.67trillion of the total investments, while the balance will come from foreign investors. The report noted that commitments were got from the over 60 meetings held at home and abroad in line with the ministry’s aggressive investment drive and the transformation agenda of the President Goodluck Jonathan administration.

Already, according to the breakdown of proposed investments from foreign companies, an American Company, Vulcan Energy International, has finalised plans to invest N620bn in the oil and gas sector of the economy in the next one year. The firm is involved in the installation, inaugurtation, maintenance and operation of electric power plants using natural gas, liquefied natural gas (LNG), compressed natural gas (CNG), liquefied petroleum gas (LPG), diesel and bio-fuel.

Also, GE Healthcare (United Kingdom) and GE Electric (United states) have made a combined investment proposal of NGN 379.12bn for the health economy; while a consortium of European investors have also started the investment of NGN 240bn in the power, petroleum and housing sectors in the next five years. The group comprises Seagas Services Limited and Oceanmar Services Limited. Also, according to the report, the Export-Import Bank of the United States (US EXIM) has made a NGN 232. 5bn investment proposal for the power sector; while the Bakrie Group of Indonesia signed a Memorandum of Understanding (MoU) with the Ministry of Trade and Investment for an investment package worth N155bn in mining and rubber plantation in two states in the next five years.

The investment, which will be managed by the Group's investment's vehicle, Bakrie Delano Africa Nigeria Limited, will focus on maximising benefits from the mining sector, exploring the untapped investment potential in the agricultural sector and accelerating the marginal development of the oil and gas industry. Other proposed investments from international investors include: NGN 310bn from Tecnimont, a premier engineering firm in India; NGN 155bn from Torch Petroleum of the United States; and NGN 155bn from China Petroleum and Chemical Corporation (SINOPEC), among others.

However, out of the NGN 2.67tn proposed investment from local investors, NGN 1.52tn was got from about 20 companies in the non-oil sector of the economy within the period under review. The Minister of Trade and Investment, Mr Olusegun Aganga, has, nonetheless, disclosed that a committee has been formed to monitor the actual execution of the proposed investments within the time-frame given. He added that the administration was committed to regenerating the economy by kicking off strategic projects in key sectors. *(Nation)*

Minister of Power, Prof. Barth Nnaji,has said power distribution is expected to increase from 5,644MVA to 6,308MVA this year. Nnaji, who was defending his N73, 416, 536,316 budget estimates of this year before the Senate Committee on Power in Abuja, said unplanned interruption of supply would be reduced from eight to six incidences per month per feeder on urban network. It will be down from 20 to 12 on rural networks.

The average forced outage time per feeder per month is expected to be reduced from 30 hours to 18 hours thereby yielding more revenue to the companies. The Minister told the Senator Philip Tanimu Aduda-led Committee that an additional generation capacity of 960 MW is expected to be recovered from the rehabilitation of units at Kainji, Shiroro, Ughelli, Egbin and Geregu Power Stations during this fiscal year. He lamented the late release of cash backing and partial release of cash from the 2010 appropriation as one of the constraints of the ministry.

While giving further breakdown of the recurrent and capital budget proposals, the Minister told the Committee that the total allocation to the main ministry is NGN 19,305,004,602; NGN 51,855,401,689 for Power Holding Company of Nigeria (PHCN), NGN 650,136,658 for the Nigerian Electricity Regulation Commission (NERC), NGN 1,504,824,818; zero allocation for the National Power Training Institute and NGN 101,168,549 for Nigeria Electricity Management Limited.

However, Senator Aduda urged the Minister to remove virement from the budget as it was never raised. He advised the ministry to carry the workers along in the reform process being carried out by the Ministry. and also to give the reforms a human face. According to him, people will always react and protest against the move if they are not part of the reform, adding that the management of the ministry must be open.

Also, the Military Pensions Board, National Defence College, Presidential Committee on Barrack Rehabilitation and Nigerian Armed Forces Resettlement Centre, defended their 2012 budgets before the Senator George Sekibo-led Committee on Defence and Army, even as National Identity Management Commission (NIMC) defended its NGN 18, 051,425,927 budget before the Senator Maina Ma'aji Lawan-led Committee. *(Nation)*

Following the desire of the Federal Government to improve power supply in the country, the Bureau of Public Enterprises (BPE) has asked two companies, Manitoba Hydro of Canada and Power Grid of India, to submit bids for the management of the Transmission Company of Nigeria (TCN). The transmission network covers over 11,000 kilometres, comprising 33KV lines covering 5,515 kilometres and 132KV lines, covering 6,881.6 kilometres and has largely been deficient, leading to huge technical losses of power in the course of transmission. The coming in of investors to the network, requires huge investment to enhance its functionality.

The two investors prospecting in the nation's power sector, are currently undertaking due diligence on the company, to assist in their preparation of the technical and financial bid. Chukwuma Nwoko, BPE spokesman, said the two firms had collected Requests for Proposal (RFP) documents, to enable the firms prepare their bidding documents for the management contract for the Transmission Company of Nigeria (TCN). "The two investors are presently undertaking due diligence on TCN and its network, in order to submit their technical and financial proposals", he said.

The National Council on Privatisation (NCP) at its third meeting in 2010 had invited Power Grid of India, ESB International of Ireland and Manitoba Hydro of Canada, to re-submit technical and financial proposals, in line with current system and industry information for the management contract for the Transmission Company of Nigeria (TCN.)

TCN is one of the 18 successor companies carved out of the Power Holding Company of Nigeria (PHCN). It combines the functions of a transmission services provider, a system operator and a market operator, all of which are central to the sustainability and development of the electricity sector.

Following unbundling, TCN emerged as one of the successor companies of PHCN and was scheduled for a Management Contract in order to transit the company into a financially sustainable, stable, self-sufficient and market-driven company.

For the purpose of procuring a management contractor for TCN, the BPE retained the services of British Power International (BPI) who were initially engaged by Power Holding Company of Nigeria (PHCN) to provide advice on the engagement of an Operation & Maintenance (OM) contractor and other issues like the development of Management Information Services and

Corporate Governance procedures.

The technical proposals will be evaluated based on their transmission-loss-reduction, network improvement and capacity transfer strategy. The intent is to have a transmission company that will be capable of containing the anticipated changes in the Nigerian Electricity Supply Industry and Market. Among the objectives of the management contract, are reducing electricity losses during transmission and achievement of certain predetermined targets that would improve grid security and general performance.

Others include reward and penalty clauses as incentives for success; provision of efficient management of government investments and ensuring adequate and equitable generation dispatch, according to a fair merit order based on sound regulatory principles, among others.

Manitoba Hydro, founded in 1961 is the electric power and natural gas utility in the province of Manitoba, Canada. It is a provincial Crown Corporation, governed by the Manitoba Hydro-Electric Board and the Manitoba Hydro Act. The company presently operates 15 interconnected generating stations. It has more than 527,000 electric power customers and more than 263,000 natural gas customers. Since most of the electrical energy is provided by hydroelectric power, the utility has low electricity rates.

Power Grid Corporation of India Limited (Power Grid) is a Navratna state-owned electric utility company, headquartered in Gurgaon , India . Power Grid wheels about 51% of the total power generated in India on its transmission network. It has a pan-India presence with around 82,045 circuit-km of transmission network and 135 nos. of EHVAC & HVDC sub-stations, with a total transformation capacity of 91,945 MVA.

The inter-regional capacity is enhanced to 22,400 MW. Power Grid has consistently maintained the transmission system availability over 99.00% which is at par with the international utilities. *(Business Day)*

The Nigerian naira strengthened against the U.S dollar on the interbank market on Thursday after state-owned energy company NNPC sold about USD 150m to some lenders, boosting dollar liquidity in the market. The naira closed at NGN 160.30 to the dollar, after it opened the day at NGN 161.10. The market closed at 161.15 to the dollar on Wednesday. "The market dollar liquidity was increased by the sales of about USD 150m by the NNPC and USD 50m by unit of (Exxon) Mobil, providing support for the naira," one dealer said.

Sustained dollar sales by some energy multinationals, including the NNPC has boosted dollar supply at the interbank and help strengthened the value of the local currency in recent weeks. Traders said the effect of the large dollar inflows into the market will continue to ensure that the naira trades around NGN 160-160.80 in the coming days. *(Reuters)*

Following the observed low broadband penetration in the country, the Federal Government says it is determined to double the current penetration level from 6% to 12%. Minister of Communications Technology, Mrs Omobola Johnson who dropped the hint in Lagos on Monday, attributed low broadband penetration in the country to the inability of operating companies to extend broadband services from its landing position at the sea shores, to hinterlands, for office and home use.

The Minister spoke in Lagos, while declaring open, the Youth Empowerment & ICT Foundation training programme organised by Jim Ovia Foundation in collaboration with Google, IBM, Visafone and Microsoft. According to the Minister, “the ministry is working closely with the Nigerian Communications Commission (NCC) to ensure rapid broadband deployment in urban and rural communities, through the various programmes set out by NCC to achieve broadband penetration in the country.

NCC had commissioned the State Accelerated Broadband Initiative (SABI) programme, aimed at driving broadband penetration in rural communities. Meanwhile, the NCC has commenced reorganisation of the SABI project, aimed at addressing widespread broadband access and connectivity in the country. Apart from SABI, the NCC is also pushing for faster internet penetration through its Wire Nigeria (WiN) project, designed to boost internet penetration in rural communities.

Addressing the pitfalls in broadband penetration, Johnson said the submarine cables were already at the shores of the country, but could not spread to towns and cities. She urged cable companies like MainOne and Glo 1 to boost broadband penetration by extending the submarine cables to towns and cities, from where the Internet Service Providers (ISPs) could link the cables to homes, offices and schools. The Minister identified lack of last mile service as a major factor slowing down broadband penetration in the country, but promised that the collaboration of the ministry with the NCC would boost broadband penetration from its present level of sic% to 12% before the end of the year.

Speaking at the commissioning of the country’s first Internet e-Xchange Point (IXP) in Lagos recently, Executive Vice Chairman of NCC, Dr. Eugene Juwah, disclosed that the Commission had already stepped up actions to increase broadband availability in the country. NCC, he said “is currently reviewing the implementation of the State Accelerated Broadband Initiative (SABI) and the Wire Nigeria Project (WiN) to give them more verve.”

Juwah noted that broadband availability in Nigeria remained a priority in the activities of the Commission, adding that overhauling both the SABI and WiN Project would help the Commission to achieve nationwide broadband availability and accessibility in the country.. *(Daily Trust)*

Nigeria will produce over 2.1m metric tons of rice before the end year, Minister of Agriculture and Rural Development, Dr Akinwumi Adesina has said. He disclosed this yesterday when he appeared before the House of Representatives Committee on Rural Development to defend the Ministry’s budget estimates for 2012. Adesina said that in addition to the assemblage of experts in the field, Nigeria is partnering with a Chinese farming conglomerate to meet the rice target.

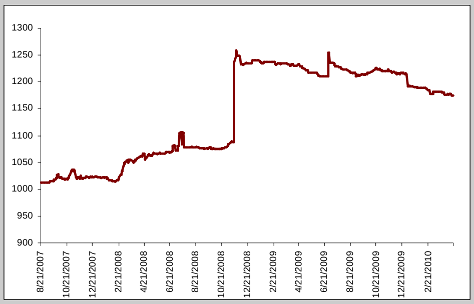
According to the Minister, a pilot programme to test-run the exercise had already commenced with the engagement of about 50,000 Nigerian youths from Taraba State using 30,000 hectares of land. He also said that NGN 2.2bn has been earmarked for the development of rural roads and other infrastructure across the nation. *(Nation)*

An agreement to build a USD 8bn liquefied natural gas project in southeast Nigeria is expected to be signed next quarter, said Austen Oniwon, group managing director of the Nigerian National Petroleum Corporation (NNPC). Gas supply agreements are being resolved and a tender process is going on, Oniwon said yesterday in Abuja. "Before the third quarter, we will take the final investment decision on Brass LNG," he said.

The plant will be built at Brass in Bayelsa state. NNPC has a 30% stake in Brass LNG, while Total SA (FP), Eni SpA (ENI) and ConocoPhillips (COP) Co. each hold 17%. LNG Japan and Itochu Corp. hold 4% and 3% respectively, and a joint venture between Sahara Group and Sempra Energy has 2%. Nigeria is Africa's top oil producer and the fifth-biggest source of US oil imports. The West African nation, holder of Africa's largest gas reserves of more than 187 trillion cubic feet, flares most of the fuel it produces along with oil because it lacks the infrastructure to process it. *(Nations)*

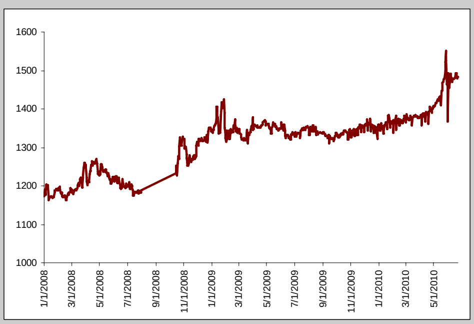
Tanzania

Dar-es Salaam Stock Exchange



Source: Reuters

TZS/USD



Source:SAR

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-9.907	-9.086	-9.7
Current account balance (USD bn)	-2.195	-2.15	-2.477
GDP based on PPP per capita GDP	1,414.36	1,487.35	1,578.68
GDP based on PPP share of world total (%)	0.082	0.085	0.088
GDP based on PPP valuation of country GDP(USD bn)	57.335	61.5	66.582
GDP (current prices)	546.63	572.25	605.346
GDP (Annual % Change)	4.954	5.649	6.74
GDP (US Dollars bn)	22.159	23.662	25.531
Inflation(Annual % Change)	7.251	7.028	7.126
Inflation (Annual % Change)	6.659	6.423	5.5
Population(m)	38.2	38.964	39.743

Source: World Development Indicator

Stock Exchange News

The DSEI lost a marginal 0.05% to close at 1,298.97 points. Swiss, TTP and TBL gained +2.35%, +3.65% and +0.98% to close the week at TZS 870, TZS 285 and TZS 2,060 respectively while Simba lost -0.83% to TZS 2,380.00. All the other counters remained unchanged.

Corporate News

No Corporate news this week

Economic News

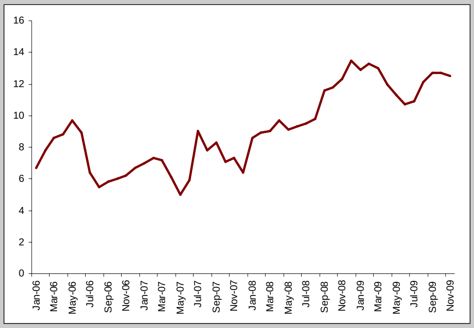
The Tanzanian government must ensure that its citizens are fully involved in the gas and oil exploration, production and processing chain, to enable the country to reap maximum benefits from its huge fuel reserves. That's the advice that experts are floating, in the light of geological surveys and reports, which indicate that Tanzania is on the verge of discovering huge commercial gas reserves that would generatebns of dollars in Foreign Direct Investments (FDIs).

According to the minister for Finance and Economic Affairs Mustafa Mkulo, the inflow of FDIs into the country would boost government revenue and constitute the largest part of exports. This, he said, would convert Tanzania into a "gas economy." Strategies to prepare the economy to adapt to such huge investments have started, but experts stress that, local people should be duly tuned and given opportunities to participate fully in the preliminary phases of tapping the valuable resources for them to yield good returns.

They further advise that the gas sector should be linked appropriately to the rest of the economy; cautioning that, otherwise, its benefit to East Africa's second largest economy would either be none or minimal. Dr John Musyoka of the Arusha-based Training Centre for Development Co-operation says: "There is no point in just letting others do the exploration and development of our natural gas potential or any other natural resource.

"Tanzania and other East African countries need to understand that we need local companies and expertise that can accomplish this with minimum support from outside." Experts say the gas industry development will be a catalyst to the predominantly agriculture economy by stimulating other sectors such as supply services, and thus create job opportunities. They have advised the government to be cautious from the very outset, to avoid blunders like the shoddy mining contracts that caused huge financial losses and bitterness in the past.

CPI Inflation



Source: SAR

"It is high time we opened up new areas for revenue sources. However, we would like to see the government taking charge as a large player just like South Africa and Norway, whose economies are thriving smoothly on the strength of their natural resources," Dr Razack Lokina, a lecturer at the University of Dar es Salaam, said. The country has proven natural gas deposits of about 7tn cubic feet. It is estimated that Tanzania will confirm around 60tn cubic feet of natural gas from the current 7tn cf.

Tanzania is expected to receive FDI of around USD 7bn from just one company, Ophir Energy, and its partners, British Gas. Other multinational companies like Petrobras and a Norwegian Statoil are undertaking drilling programmes. "Discussions on how to position the country to best take advantage of the huge natural gas potential have been initiated," Mr Mkulo pointed out in a letter to IMF boss Christine Lagarde late last year.

To prepare the economy for major gas investments, the government is drafting a natural gas master plan as well as a gas and petroleum revenue management Bill. The Bill will cover the budget treatment of gas revenue. The tax regime will also be reviewed to ensure adequate cover for the gas sector. This will go hand in hand with development of staff expertise in the Tanzania Revenue Authority (TRA) on tax issues associated with the development and exploitation of gas, Mr Mkulo said.

But experts emphasise that the government's determination to transform the nation into a gas-driven economy must be preceded by institution of a legal framework and building institutional capacity. "We have to swiftly make sure that we have reliable infrastructure, which includes the upgrading of our roads, railways, ports, airports, water and power…We also need to invest heavily in training as well as develop enough personnel along the reformed legal system," said Dr Bitrina Diyamett, the Executive Director of the Africa Technology Policy Studies (ATPS-Tanzania).

About 3.5tn cubic feet of the reserves have already been commercialized with natural gas wells being drilled in Songo Songo and Mnazi Bay gas fields in Lindi and Mtwara regions, respectively. Even if Tanzania cannot have adequate public and private financial and technological resources to do this alone, Dr Musyoka said, the country, and others in the region, must have regional entities that can help explore, exploit and develop the country's natural resources sector, just like other regions of the world.

"We need to develop a way of bringing our business people and public resources together to have companies indigenous to East Africa doing this business. This is the only way we can guarantee employment and a constant stream of positive benefits to our people from our natural resources now and in the future," he remarked. *(The Citizen)*

Nigeria's central bank kept its benchmark interest rate on hold at 12% on Tuesday, saying it expects any upward impact on inflation from removing fuel import subsidies to be short-term. All but one of nine analysts surveyed by Reuters had expected rates to remain at 12%. Nigeria partly removed subsidies for petrol this month, increasing the pump price to 97 naira (USD 0.60) from 67 naira and pushing up the cost of transport, food and other goods.

Inflation eased to 10.3% in December, down from 10.5% in November but the impact of removing fuel subsidies is likely to send that figure higher. The central bank expects inflation to increase to around 14-15% in the first half of this year, before reducing towards single digits by the end of 2013. "It (central bank committee) commended the Federal Government on the partial removal of subsidy on PMS (petrol) which it noted will have salutary effect on the external reserves and exchange rates as well as on investments in oil and gas," Central Bank Governor Lamido Sanusi said, while announcing the Monetary Policy Committee decisions.

"The committee noted historically an upward adjustment in the price of PMS (petrol) has tended to have a short-term impact on the rate of inflation." Nigeria's national assembly is considering a 2012 budget proposal put forward by President Goodluck Jonathan last month, which would raise overall spending but begin efforts to reduce the funds going to government and cut the fiscal deficit.

The budget proposal was based on a benchmark oil price of USD 70 per barrel, anything earned over that level is put into the Excess Crude Account (ECA) as a buffer against potential oil shocks. Savings can also be used in a recently set-up sovereign wealth fund. Nigeria's Senate said on Jan. 20 it wanted to raise this benchmark price to USD 75, giving more money to government and less for savings. Sanusi urged lawmakers to keep a benchmark price at no more than USD 70.

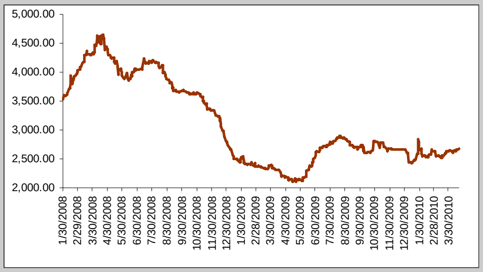
The ECA contained more than USD 20bn in 2007 but despite a period of record high oil prices since, the account has been drained and only contained USD 3bn at the end of last year. "There is a concern that the National Assembly may decide to raise the oil price benchmark ... which may not be much, but would indicate that large segments of the political elite are still opposed to the idea of fiscal consolidation," Samir Gadio, emerging market analyst at Standard Bank said.

Interest rates were hiked six times last year, rising from 6.25% to 12% between January and December, in an effort by the regulator to curb rising inflation and stabilise a weakening naira currency. The naira has shown signs of recovering after CBN lowered its target band in November, due to prolonged naira weakness and high U.S. dollar demand. The naira traded at 161 to the dollar on Tuesday, slightly weaker than the CBN's preferred trading band of 150-160 naira against the dollar, which was retained at Tuesday's meeting. The November move shifted the band from 145-155.

Foreign exchange reserves stood at USD 34.10bn on Jan. 27, up from 32.64bn a year ago, according to the CBN. The central bank kept its 200 basis point corridor around the benchmark interest rate, so its recommended deposit rate is 10% and its lending rate is 14%. The cash reserve required to be held by banks was left at 8% of deposits. *(Reuters)*

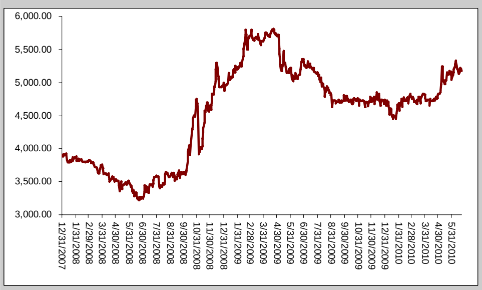
Zambia

Zambia Stock Exchange



Source: Reuters

ZMK/USD



Source:SAR

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-3.935	-2.871	-2.561
Current account balance (USD bn)	-0.484	-0.453	-0.469
GDP based on PPP per capita GDP	1,544.01	1,615.66	1,696.23
GDP based on PPP share of world total (%)	0.026	0.027	0.027
GDP based on PPP valuation of country GDP(USD bn)	18.482	19.711	21.091
GDP (current prices)	1026.921	1294.482	1472.322
GDP (Annual % Change)	4.537	5.042	5.495
GDP (US Dollars bn)	12.293	15.792	18.307
Inflation- Ave Consumer Prices(Annual % Change)	13.989	10.201	7.261
Inflation-End of Period Consumer Prices (Annual %)	11.996	8	7.017
Population(m)	11.97	12.2	12.434

Source: World Development Indicators

CPI Inflation

Stock Exchange News

The LuSE index lost -0.99% to close at 3,859.07 points. CEC and AELZ were the only gainers after putting on +0.15% and +0.03% to close the week at ZMK 667 and ZMK 4,000 respectively. On the losing front we had Pamodzi which lost -9.29% to ZMK 88, Zambia Sugar (-7.04%) and Investrust (-0.52%).

Corporate News

Miner Vedanta Resources posted a 5% dip in core profit its December quarter, hit by weaker performances at its aluminium and Zambian copper operations. The India-focused miner said earnings before interest, tax, depreciation and amortisation (EBITDA) came in at USD 848.4m for the third quarter, including USD 131m from its majority stake in Cairn India, acquired last year.

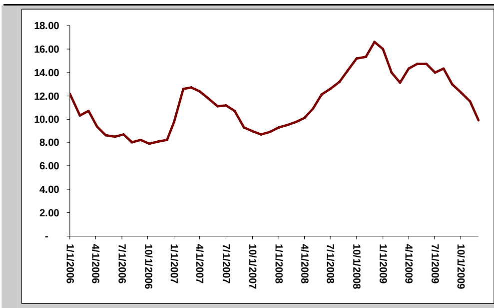
Zambia, the focus of market attention as Vedanta's listed subsidiaries have already reported, posted results well below market expectations, hit by a drop in production, weaker copper prices and a provision for higher power costs. The Zambian copper operations posted core earnings of USD 67.7m, compared to USD 134.4m a year ago.

Aluminium was also badly hit by lower market prices and by the depreciation of the Indian rupee, which forced mark-to-market losses on foreign currency loans. Core profit sank to USD 3.6m for the division from USD 76.3m a year earlier. Over the nine months to the end of December, the group's core profit rose 14% to USD 2.6bn. *(Reuters)*

Glencore International's Mopani Copper Mines in Zambia has agreed a 17% pay rise with unions, almost triple the inflation rate, a labour official said on Thursday. "We signed for a 17% pay rise last evening. It may not be the best given that people's expectations were high after the change of government but this was the highest we could get," Goodwell Kaluba, general secretary of Zambia's National Union of Mine and Allied Workers, told Reuters.

Kaluba said some workers were not happy with the deal but urged them to accept the agreement, which should avert any industrial action. Officials at Mopani were not immediately available for comment. Konkola Copper Mines, part of London-listed Vedanta Resources, awarded a similar pay increase last month. President Michael Sata, who swept to power last year on the back of promises to spread the benefits of Zambia's mineral wealth, asked labour unions this week to keep salary demands close to inflation, which slowed to 6.4% in January.

He also told cabinet ministers not to interfere in salary negotiations, saying that could scare foreigners looking to invest in Africa's biggest copper producer. Sata's support base is with the working class in Lusaka and the northern



Source: SAR

Copperbelt. Before last year's election, he frequently attacked foreign investment, most notably from China, although has toned down the rhetoric since coming to power. *(Reuters)*

Economic News

Zambia expects to have a power surplus of about 600 megawatts (MW) by 2016, which should help ease the electricity deficit facing southern Africa, an industry official said on Wednesday. Michael Tarney, managing director for corporate development at Zambia's Copperbelt Energy Corporation (CEC), said although the power situation would be tight for the next four years, Zambia was likely to have a large surplus after that.

"I think Zambia is well placed to export power because there are a lot of generation projects taking off," Tarney said. About 600 MW of electricity is enough to power around am homes in an industrialised country like Britain. Electricity is a major issue in Zambia as the mining sector in Africa's top copper producer is power hungry and growth over the next few years could be constrained by available supply.

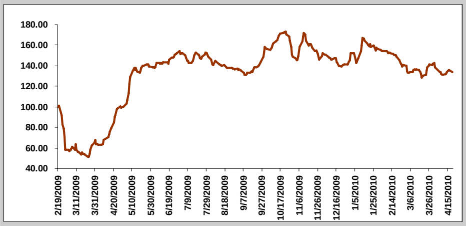
Tarney said Zambia would get out of the deficit relatively quickly and become an exporter of power because its generation projects were far ahead of those in the rest of the region. "It will be very tight maybe to 2015 but I think after that things should improve very fast," he said. Zambia was this year expected to agree the financing terms for the bulk of the funding for a USD 2bn power project which will add 750 MW to the country's generation by 2017, he said.

The Kariba North Bank Extension project which will add 360 MW to the national grid was due to start producing electricity way ahead of the November 2012 target, he said. Tarney said a 120 MW power station being developed by the Itezhi Tezhi Power Corporation, a company jointly owned by Zambian state power company, Zesco and TATA Africa of South Africa, would start production by 2015.

"We can have a surplus of around 600 MW available by 2016 for export, particularly for hydro power," Tarney said. Zambia also planned to build two new hydro power plants that are expected to add a total of 247 MW to the national grid and boost regional supply by 2016, Tarney said. *(Reuters)*

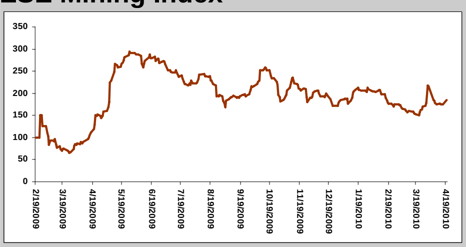
Zimbabwe

ZSE Industrial Index



Source: Reuters

ZSE Mining Index



Source: Reuters

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-21.357	-19.898	-19.582
Current account balance (USD bn)	-0.76	-0.84	-0.946
GDP based on PPP per capita GDP	303.146	359.739	411.761
GDP based on PPP share of world total (%)	0.004	0.005	0.005
GDP based on PPP valuation of country GDP(USD bn)	3.731	5.954	5.983
GDP (current prices)	303.146	359.739	411.761
GDP (Annual % Change)	3.731	5.954	5.983
GDP (US Dollars bn)	3.556	4.22	4.831
Inflation- Ave Consumer Prices(Annual % Change)	9.00	11.96	8.00
Inflation-End of Period Consumer Prices (Annual %)	0.813	8.731	7.4
Population(m)	11.732	11.732	11.732

Source: World Development Indicators

Stock Exchange News

The market closed the week on a positive note with Industrial Index gaining +1.81% to 139.71 while Mining Index rose +2.26% to 82.65 points. Phonenix and GB led the movers after gaining +180% and 100% to close the week at USD 0.028 and USD 0.002 respectively. Other gains were recorded in RioZim up +60% to USD 0.25 and Fidelity which put on +15.89% to USD 0.17.50. Cairns and Interfresh led the losers after shedding -50% and 42.86% to USD 0.005 and USD 0.002 respectively. Other notable losses were recorded in Chemco (-40%), Radar (-37.5%) and ABC (-22.22%)

Corporate News

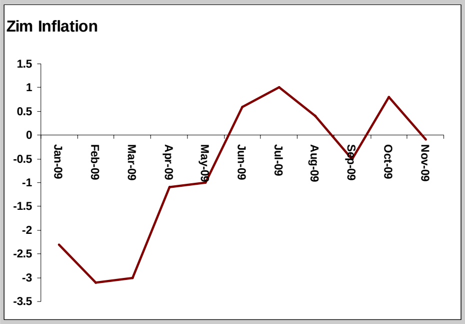
Gold production at Freda Rebecca Mine dropped 15% in the three months to December to 11 573 ounces from 13 686 ounces in the quarter to September. The lower production rates were attributed to low mill throughput, which was adversely affected by two mechanical failures on mills one and two. Mwana Africa chief executive Mr Kalaa Mpinga said the breakdowns were expected after the coming on stream of the second mill. Mwana Africa wholly owns Freda Rebecca and 52% of BNC.

“Looking back on the last quarter, Freda Rebecca has experienced some short-term processing issues with the mills, these are to be expected after the commissioning of the second mill and ramp-up in production rates. “The mine management is focusing on optimising and fine-tuning the production processes,” Mr Mpinga said in a statement on last Friday. The drop follows a jump in the mine’s first-half gold output of 21 893oz, which was much higher than the 10 915oz in the previous year.

Assets at Mwana Africa’s nickel-producing subsidiary Bindura Nickel Corporation remained on care and maintenance for the quarter and Trojan Nickel Mine is ready to resume production once restart funding is secured. Limited development and drilling continue at the mine. A Competent Person’s report conducted by SRK Consulting of the UK confirmed established plans to restart Trojan were realistic and achievable. It confirmed existence of 3 530 000 tonnes at an average grade of 1,29%, which should yield 45 600 tonnes of nickel with potential to increase resource at depth.

Indicated resource amounted to 710 000 tonnes with potential to yield 9 110 at a grade of 1,38% while inferred resource totalled 3 530 000 tonnes, which should see nickel output of 12 540 at a yield of 1,13%. It also found that the nickel mine required about USD 26m to fund the restart, which BNC has been hunting for since December 2010. In a major vote of confidence on its operations, BNC signed an off-take agreement with leading commodities trader Glencore International. But this hinges on the firm securing the restart funds.

CPI Inflation



Source: SAR

The mine hoisted 4 698 tonnes of waste and 32 tonnes of ore during the quarter to December, as part of its care and maintenance programme, compared with the 1 982 tonnes of waste and 3 541 tonnes of ore during the previous period. Meanwhile, Mwana said that its Zani Kodo (DRC) gold exploration programme, which produced promising results, continued to show potential. (*Herald)*

AGRO-FOCUSED concern TSL Limited profits for the full year to October 2011 declined by 26% to USD 1,8m due to below forecast tobacco output, increase in costs and low tobacco prices. The financial performance tallies with a cautionary statement the company published last year advising shareholders of the anticipated loss.TSL said the loss was largely a result of the downward revision of the 2011 tobacco crop and tougher trading conditions in the agro-chemicals sector.

Faced with a multiplicity of challenges in the economy the group focused on steadying itself in a rather difficult operating environment. "Tobacco output grew by 7% to 132 kilogrammes, which was significantly lower than the 150 kilogrammes projected at the start of the season," said TSL. The loss came despite a 29% increase in turnover over the 12 months period, which was whittled down by a combination of factors, including losses at subsidiaries and a loss on disposal of non-core assets.

A 68% increase in revenue at Bak Logistics and a 49% rise in turnover at Propak Limited failed to impact positively on group profits. But the car rental division performed exceptionally well after both revenue and operating profits rose 41% and 45% respectively. In the paper and packaging division (Hunyani) volumes grew by 9% while operating profits increased by 3%, but the firm remained borrowed throughout the year to fund working capital requirements. TSL said it would review all the business units in this division to define long and medium-term options in the face of growing external competition.

The group's retail units ABS, TS Timber, Farm-a-Rama and TSW traded in the red throughout the year and most had closed down by October. TSW, which remained open, will be merged with Propak. Slow growth in tobacco and cotton production was cited for constrained increase in volumes at Agricura while frequent power cuts caused reduced demand for chemicals as this affected the winter crop.

TSL contends non-availability of funding affected crop production and despite a 10% increase in revenue Agricura posted an operating loss. Measures have been instituted to increase capacity utilisation this year and steps are underway to reorganise the distribution network to cut costs. Despite an increase in the number of tobacco auction floors, Tobacco Sales Floor managed to increase its markets from 53,5% to 56,2%.

But the firm said it had to pay a premium on in-house skills due to additional players in the sector and this sharply reduced profits for the year. At Cut Rag Processors revenue surged by 9%. TSL said although the number of customers decreased volumes per customer went up. Due to the continued operational hurdles around low productivity, power outages and unpredictable market trends TSL sold its 50% shareholding in loss-making horticultural concern Luxfloor Roses.

Looking ahead, TSL said agriculture would be key to this economy with an 11,6% growth predicted this year, the group contends its operating units namely TSF, Propak, Bak Logistics and Agricura will do well. *(Herald)*

CFI Holdings turnover for the year to September 2011 grew by 34% to USD 98m, but the growth was not enough to prevent the group plunging into a USD 5,5m loss. The agro-focused concern said the growth in volumes came on the back of improvements in capacity utilisation in some of the diversified group's operations. The poultry division contributed 48%, specialised 24% and the retail division recorded 28%. But the volume growth could not offset slackened margins and overheads. The group posted a USD 65 000 profit in 2010.

Operating loss before taxation and depreciation from continuing operations stood at USD 1,1m, but the loss position increased to USD 5,54m after interest, taxation and depreciation. CFI chairman Mr Simplisius Chihambakwe said 2011 was a challenging year. The group failed to complete recapitalisation while old infrastructure and high finance costs hampered group performance. "While efforts to grow revenues were reasonably successful, group performance was hampered by ageing infrastructure in poultry, overall 3% decline in margins and increase in finance costs," he said.

In the poultry division, Agrifoods recorded a 39% growth in volumes to 79 998 tonnes compared with the prior year. Poultry feeds were most dominant due to their viability and popularity with all farmers. Agrimix registered growth in volumes and profitability driven by an increase in demand as well as growth in market share. Growth in poultry, beef, dairy and poultry and pig industries spurs the premix industry. Hubbard Zimbabwe sold 11m chicks from 8,5m chicks in the comparative period last year despite growing competition in the day-old chicks sector during the course of the year. Hubbard operated to optimal capacity in the period and managed to maintain its market shares.

Glenara Estates continued to produce hatchings for Hubbard Zimbabwe and broiler chickens for Suncrest Abattoir. The operation also produced winter wheat, seed maize, commercial maize and soyabean. Excess production had to be sold directly to other hatcheries in the country. CFI said Crest Breeders was turned into a "solely table egg production" facility after broiler production was terminated in the first half of the year due to water shortages and ageing infrastructure. Commercial egg production capacity rose to 60% from 33%.

At Suncrest Chickens production increased by 10%, but the operation's profitability was hampered by the ageing plant and high input costs driven by escalating soya and maize prices. Margins were under pressure all year round due to illegal imports of dressed chickens. A total of USD 1m was invested in modernising Suncrest's equipment and this is expected to have favourable impact on the entity's operations. Vetco performed well on the back of competitively priced imported products, which have proved popular in the market. The recapitalisation programme the firm has embarked on will impact positively on profitability.

This includes seeking fresh investors to take up shareholding in Victoria Foods and Crest Poultry. CFI also revealed that it was also working on recapitalisation at group level and the capital raising initiative will combine a mix of equity and appropriately priced medium- to long-term debt. (*Herald)*

Phoenix Consolidated Industries two new units, Precision Grinders and McMeekan, contributed USD 1,5m to the groups turnover of USD 11,58m for the year ended October 31 2011. The two units were acquired from Apex in 2011. The group recorded a retained profit of USD 148 000 after depreciation, finance costs and taxation while the trading profit was up to USD 904 000 compared to USD 680 000 the previous year.

Fixed assets for the group were at USD 6,5m while current assets exceeded current liabilities by USD 1,5m. The group recorded an increase in turnover of USD 3,5m for the period under review to USD 11,58m compared to USD 8m during the same period last year. McMeekan and Precision Grinders were purchased to take advantage of their alignment to the agriculture and mining industries which are expected to experience significant growth going forward, said group chairman Michael Frudd in a statement accompanying the groups financial results.

Current forecasts indicate that these improvements will result in a return to profitability in the coming year. Borrowings for the group were expected to remain at the same level. The groups plastic and allied operations, incorporating William Smith & Gourock and Phoenix Brushware, registered increased volumes by 20%, but increased costs and competitive pricing resulted in profitability. The operations were affected by market-related pricing on PVC products. *(Herald)*

Four local banks face closure after the Reserve Bank of Zimbabwe (RBZ) said it would not extend its February 29, 2012 deadline for financial institutions to meet the minimum capital requirement. A fifth bank, Barbican, could also lose its licence for failing to commence operations more than a year after securing its licence as dictated by the Reserve Bank Act. RBZ has already formally notified Barbican of its intent to revoke the bank's licence, forcing the institution to approach Finance Minister Tendai Biti for assistance.

Gideon Gono, the RBZ governor, told a monetary policy meeting in Harare yesterday that non-compliant banks were set to lose their operating licences as they were deemed to be unsustainable. Several banking institutions are yet to comply with the recapitalisation requirements despite several extensions on the deadline as well as repeated calls by the RBZ for non-compliant banks to consider acquisitions and mergers, as in the case with other economies.

"The Reserve Bank will deal decisively, without fear or favour, with all non-compliant institutions in terms of the Troubled and Insolvent Bank Policy by no later than 31 March 2012," Gono said, adding that undercapitalised banks should consider surrendering their licenses to supervisory authorities. As such, any banking institution that is not compliant with the law shall not be allowed to conduct business effective April 2012.

"Accordingly, all non-compliant institutions including those previously issued with special dispensations for compliance with minimum requirements, have up to 14 February 2012 to finalise their capitalisation initiative or consummate their mergers and acquisitions," he added. The apex bank boss also revoked a dispensation offered to non-compliant banks. "For the avoidance of doubt, all dispensations for compliance with minimum capital requirements granted to non-compliant institutions are hereby revoked with immediate effect, and superseded by the timeframes detailed herein," said Gono.

Commercial banks were given a minimum requirement of USD 12,5m while merchant banks and building societies were required to have at least USD 10 and USD 5m capital respectively. “As at December 31, 2011, 20 out of 25 operating banking institutions (excluding) POSB were in compliance with the prescribed minimum capital requirements while all the 16 asset management companies were with the minimum requirement of USD 500 000,” Gono said.

Two commercial banks Royal Bank and ZABG Bank are yet to meet the legal USD 12, 5m minimum capital requirements. ZABG, which was created by Gono in 2004 to save seven struggling banks, is in intensive care with a negative USD 15m capital base. Two merchant banks Geneses Investment with a USD 3, 2 negative capital base and Renaissance, which is currently under curatorship are yet to comply.

Kingdom, which was amongst non-compliant banks at the end of 2011, recently met the statutory requirements after concluding a USD 9,5m agreement with its new partner AfrAsia Bank Limited. RBZ statistics, as at December 31, 2011, revealed that Kingdom’s capital stood at USD 4,2m while Royal Bank was at USD 3,2m. *(Daily News)*

Textile giant Modzone Enterprises requires USD 16m for recapitalisation to achieve viable productivity levels to meet both the local and export markets. The company, which operates two units in Chitungwiza and one in Norton, has suffered over the years from operating ageing and obsolete machinery. Industrial Development Corporation of Zimbabwe Limited spokesperson Mr Derek Sibanda said the main challenge facing Modzone Enterprises was shortage of cash resources to finance rehabilitation to restore operational capacity to cater for the supply gap in local and exports markets.

"The traditional source of financing was the local financial institutions but they are currently unable to provide meaningful funding as they are undercapitalised and offering short tenors of between 90 to 180 days for working capital and long-term loans for capex," he said. The group is jointly owned by the Iranian Pension Fund, Jaham Paham, that holds 82% through its investment company Saba Jahad Full while IDCZ holds 18%.

He added that the company was facing competition from an influx of cheap imported fabrics and blankets largely from the Asian markets and the lack of reliable and viable utility tariffs. Modzone Enterprises, he said, was also struggling to expunge utility and statutory arrears of over USD 1,5m. "The Zesa bill originates from translation of Zimbabwe dollar charges to United States dollars in 2009, which is still to be resolved.

"The clothing and textiles sector requires effective protection from the importation of low-priced and sub-standard Chinese products and second-hand clothes that have a negative impact on the viability and growth of the industry. "If protected adequately the sector has the potential and capacity to retain jobs. Modzone Enterprises currently employs about 600 people," said Mr Sibanda.

Mr Sibanda said Modzone Enterprises remained the largest operating textile company in the country following the closure of David Whitehead Textiles in Chegutu and the liquidation of Cotton Printers in Bulawayo. At its peak the textile sector employed over 18 000 people. Modzone Enterprises has three operating units, namely Travan Blankets (Pvt) Limited, Afroran Spinners (Pvt) Limited and

Irazim Textiles (Pvt) Limited.

The companies should re-open after the annual shut down upon securing agreement with Zesa regarding the arrears. The company still looks forward to the recapitalisation pledged in April 2010, from Iran. The group is involved in the manufacturing, wholesale and retail of cloth, fabric, blankets, yarn and other related products. *(Herald)*

EMVEST Zimbabwe, the largest shareholder in Ariston Holdings, has pulled out of the agri-industrial concern after selling its 42% stake to a South African company for an undisclosed sum. With the coming in of the South African firm, Ariston is now considering a USD 8m rights offer to recapitalise. The new investor would underwrite the capital raising initiative, sources said.

Emvest, which manages an international investment fund focused on agriculture and agricultural products, acquired 40% of Ariston from Delta Corporation in 2009. Delta had bought into Ariston to tap into its foreign currency reserves at the height of economic chal- lenges characterised by serious foreign currency shortages. "There is change in control after Emvest sold its 41,8% to a South African company which is involved in horticulture," said one source.

"Now that Emvest has exited, Ariston is now mulling a USD 8m rights offer and the new investor has agreed to underwrite it." Ariston would issue 888 888 889 new ordinary shares of a nominal value of USD 0,001 at a rights offer subscription price of USD 0,009 per share on the basis of two shares for every single share held, according to a statement published by the company yesterday.

Shareholders will meet on February 28 to consider the rights issue. Analysts believe a "proper" recapitalisation of Ariston would turn around the fortunes of the company given the nature of its business. Ariston operates three estates. They include Claremont in Nyanga, which is the country's largest producer of pome and stone fruit. It is also the largest producer of trout and grows exotic flowers. Southdown in Chimanimani has 1 200 hectares of tea, 60 hectares of bananas and 450 hectares of macadamia nuts.

Kent in Norton produces vegetables on a 5-hectare greenhouse plot along with poultry. Ariston also owns Favco, which distributes a wide range of fresh produce."Ariston has not been making money for years although the business has potential to generate profits. What was lacking was adequate working capital and, of course, a huge debt.

"But if there is someone to put in some money, then this will definitely be a positive thing for Ariston," said an investment analyst with a local bank. No official comment could be obtained from Ariston by the time of going to print yesterday. With the new South African partner, Ariston can also easily penetrate the SA fresh produce market, observed another analyst. Ariston yesterday traded at US1,35c on the Zimbabwe Stock Exchange. *(Herald)*

MIMOSA Platinum Mine has said platinum group metals (pgm) output eased 6% over the just ended quarter but warned that the company could take a multi-million dollar hit from the proposed increases in various mining levies. In his 2012 budget statement, Finance Minister Tendai Biti said beginning this January the resource rent for gold mining would increase from 4.5% to 7% of gross revenue while royalties for platinum would double to 10%.

The government has also hinted at various other charges including bumping the registration fees for platinum mines to USD 2.5m from the current USD 300 while the charge for a prospector's licence would increase to USD 500,000 from USD 150. Zvishavane-based Mimosa which is jointly owned by Impala Platinum and Aquarius Platinum said the increases would adversely impact its operations.

“If implemented as reported, these revised fees could result in an increase of 50,000% compared to the current fee regime and will have a huge impact on all mining companies,” Aquarius said in a quarterly update issued on Tuesday “Mimosa might be faced with an additional multi-million dollar charge. Discussions are currently being conducted through the Chamber of Mines with a view to achieving reduced and sustainable mining fees.”

Mimosa also confirmed it would comply with a Reserve Bank of Zimbabwe order to repatriate off-shore foreign currency accounts based in the United Kingdom and Mauritius. “The RBZ has recently issued a directive for these accounts to be localised in Zimbabwe as of 1 February 2012,” Aquarius added. “Mimosa will comply with this directive and work closely with its suppliers and bankers in order to ensure that this development does not have a negative impact on operations.”

The company said it expects full endorsement of its proposals to comply with the country’s empowerment laws under-which all foreign companies must localise control of at least 51% of their shareholding. “A deed of trust establishing the Zvishavane Community Trust was signed during the quarter, to form an indivisible part of the full indigenisation plan,” the company said.

“Discussions with the Ministry of Indigenisation will resume in January 2012 to get full acceptance of Mimosa’s indigenisation proposal, and the official launch of the trust by the President of Zimbabwe is now expected in early 2012.” Meanwhile, PGM production in the quarter ended December 31 was down 6% to 50,456 ounces while revenues also eased 8% to USD 70m due to lower metal prices*. (New Zimbabwe)*

A consortium of banks owed by RioZim made an application for the mining firm to be placed under provisional judicial management. But, RioZim shareholders have, however, vowed to fight the application. In a cautionary statement yesterday, RioZim said it had since accepted an offer with written support of major shareholders that would provide sufficient funds to solve the companys indebtedness and provide a way forward.

It has, however, come to the boards attention that a consortium of banks has made an application for a provisional judicial management order against the company, said RioZim. This application will be opposed by both the company and its major shareholders because in their view the offer will be far more beneficial for shareholders and creditors than judicial management.

RioZim shareholders last year refused a USD 29m share swap deal that the company had secured. Trust Banking Corporation advanced USD 3,4m to RioZim. Most of the loans were due the first half of 2011. Tetrad also advanced loans amounting to USD 4,8m. Kingdom Bank was exposed to the tune of USD 7,5m to RioZim as of May 2011. ZB Bank was also exposed to the tune of USD

5, 9m.

The ZB loan facilities were due early May 2011 making the bank roll over the facility. Premier Banking Corporation was exposed to the tune of USD 2,4m. BancABC was exposed to the tune of USD 3m. RioZim failed to settle the loans in April forcing management to roll over the facility. African Banking Corporation Botswana was also exposed to the tune of USD 5m. Interfin Bank was owed USD 1,5m by the company.

Other financial institutions that were owed funds by the mining group are IDBZ USD 2,3m, Metropolitan Bank USD 1,3m, Imara Corporate Finance USD 1,5m, but their loans are now due. African Export and Import Bank was owed some USD 8m which has been due since December last year. Renaissance Merchant Bank was also exposed to the tune of USD 2,9m. *(News Day)*

Kingdom Financial Holdings , a Zimbabwean owner of banking and investment companies, said it plans to almost double its market share this year after selling a 35% stake to AfrAsia Bank Ltd of Mauritius. The Harare-based lender plans to boost its market share to 6% from 3,4% now, chief executive officer Lynn Mukonoweshuro said in an interview on Tuesday in Port Louis, the Mauritian capital.

Kingdom then plans to increase that to as much as 12% within the next three years, she said. Kingdom Bank , the Zimbabwean groups largest unit, operates through 26 branches and has assets of USD 155m, it said in a statement handed to reporters on Tuesday. The lender plans to open four more outlets this year, Mukonoweshuro said. *(News Day)*

Telecel Zimbabwe is targeting 60% growth in subscribers this year in line with its planned USD 70m network expansion and upgrade programme. But newly appointed managing director Mr John Swaim said the emphasis was on the value capacity expansion and network upgrade. Mr Swaim was speaking at a Press briefing to officially announce the rebranding of Telecel's corporate colours from blue to red and white.

This follows the coming in of global mobile group Vimpelcom, which acquired Telecel Zimbabwe's parent firm, Egyptian telecommunications giant Orascom, which owns Telecel International. The country's second largest mobile phone operator will this year establish upwards of 300 new base stations across the country.

Mr Swaim said the expansion would also target capacity upgrades as the mobile phone operator mulls new value added products and services. Capacity expansion and upgrade will allow Telecel to spread its footprint across the country with current focus on unconnected areas. Further, the company will seek to entrench its 3G efficiency and coverage as it intensifies provision of voice and data services.

Currently, just about 50% of Telecel's network has efficient high speed processing capacity for 3G-related data services. "What we are going to spend is equally important as what you (customers) are going to get out of the (expenditure)," said Mr Swaim. He pointed out that Zimbabwe presented an exciting prospect for business in telecommunications with its high literacy rate. Said Telecel marketing director Mr Obert Mandimika: "We intend to increase subscribers by 60%. We are looking at 85% coverage of the whole country," said Mr Mandimika.

Mr Mandimika said the rebranding of Telecel follows the rebranding of other operations in the Orascom African operations. He said the new look was not just change in colours, but represented change in the way the company operates. He said it demonstrated Telecel's commitment on investing in Zimba- bwe. "It is about making a statement on our future in this market and we feel we will approach it to ensure that this country holds its own against regional and international operators," he said.

He said the mobile firm would in the next few weeks "launch new services that are both relevant and value adding to our customers". The second largest mobile operator in Zimbabwe after Econet Wireless, Telecel now wears a red colour and uses a "t" logo in white or red background. *(Herald)*

Export-oriented agriculture concern Ariston Holdings (Ariston) seeks shareholders' approval to raise USD 8m through a renounceable rights offer, the company has said. The Zimbabwe Stock Exchange(ZSE)-listed group plans to increase its authorised share capital through the rights issue to all shareholders, pro rata to their existing interests in the company, being 888 888 889 new ordinary shares of a nominal value of USD 0,001 each.

Subsequently, the share capital will increase from USD 700 000 comprising 700 000 000 ordinary shares of a nominal value of USD 0,001 each to USD 1,6m comprising 1 600 000 000 ordinary shares at a value of USD 0,001 each. The shares will be offered at a subscription price of USD 0,009 per share on the basis of two new ordinary shares for every one ordinary share held.

"…the balance of the authorised but unissued ordinary shares of the company, be placed under control of directors for an indefinite period, to be issued in compliance with terms of the memorandum and articles of the company and the ZSE-listing requirements, provided that no issue will be made which would effectively transfer the control of the company without the prior approval of the shareholders in a general meeting," Ariston said in a statement.

Ariston owns four estates comprising Southdown Estates, located in the Eastern Highlands of Zimbabwe, which grows tea, macadamia nuts, bananas and avocados; Claremont Estates, located in Nyanga in the Eastern Highlands, which grows pome for example apples and stone fruit, potatoes, breeder-protected field flowers and undertakes trout farming; Kent Estate, outside Harare, which is engaged in poultry, horticulture, crops, and roses for export and Favco, a wholesale fruit and vegetable distribution company. *(Daily News)*

Economic News

Zimbabwe's gold production, from both primary and small-scale producers, registered a positive growth rate in 2011 with the latter increasing output to about 429 kilogrammes (kgs) in December 2011 from 125 kg in January 2011. According to the African Development Bank (AfDB)'s January Zimbabwe Monthly Economic Review, although there were some fluctuations in June and November, gold deliveries generally followed an upward trend with primary producers, who started the year at 599 kg and closed the year with a production of 882 kg, following same trend.

Small-scale producers managed to increase their share of production from 17% to 32% during the same period despite their%age contribution dropping to a mere 13% in June 2011. In its December review, AfDB announced that small-scale miners' contribution to Zimbabwe's gold output shrunk six% in the month of November 2011. The bank said primary producers managed to stabilise production of the precious metal at 770 kilograms, compared to 770,2 kg in October.

The regional bank said the role of small-scale gold miners was becoming more pronounced in Zimbabwe's extractive industry, with their contribution to total production increasing to 50% in October 2011 from 30% in September. The total gold deliveries from the small-scale players increased from 126,5 kilograms in June 2011 to 388,1 kg in October 2011. Zimbabwe, with gold reserves among the largest in Africa, produced 724,8 kilogrammes in January 2011, which fell to 700 kg in February before increasing to 846 kg in March.

Despite current growth in gold production, figures remain markedly below the record 28 tonnes produced in 1999. Metal prices changed direction several times throughout the year but ended 2011 weaker, except for gold. Between January and December 2011, gold firmed by 13% whilst platinum, copper and nickel declined by 22%, and 27%, respectively, over the same period. Prices responded to the weakening US dollar as investors looked for safe haven for their cash.

For the month of December 2011, prices for gold, platinum and copper fell by 10%, 11% and three%, respectively while nickel prices firmed eight%. In 2011, the mining sector experienced a growth rate of about 25,8% with mining exports growing by about 38,7% contributing about half of the exports in 2011. The leading exports were in platinum, contributing 45% and gold contributing 24% of the exports, and diamonds came third, contributing 10%.

Despite major challenges like lack of capital, erratic power supplies and political uncertainty especially given talk of early elections, mining is anticipated to remain the major driving force behind overall economic growth in 2012 and expected to grow by 12%. Continued growth in the gold sector is however under threat following government's decision to increase royalties on gold from 4,5% to seven% while those for platinum would double to 10%, effective January 2012.

The mining sector, with a lot of idle resources, remains key to Zimbabwe's economic recovery process. Winston Chitando, the Chamber of Mines of Zimbabwe (CoMZ) president, says the entire mining sector requires over USD 5-7bn over the next five years to operating at full capacity and translate to an increase in the sector's contribution to the fiscus. Chitando announced in December that the gold sector was underutilised, only at 44,4% based on current production.

To this end, government set aside a USD 1m mining loan fund in the 2012 national budget to increase capacity adding to another USD 1m worth of mining equipment comprising compressors and stamp mills that was distributed to small-scale miners in 2011. Government support to small-scale miners was only revived last year after the initiative had collapsed during the Zimbabwe dollar era. Statistics obtained from CoMZ revealed that gold production volumes are expected to generate USD 823m in 2013 in export receipts, up from USD 334,2m in 2010 and the USD 627m at the end of 2011. (*Daily News)*

The Tobacco Industry Marketing Board (TIMB) has licensed four tobacco auction floors to ease congestion at the beginning of this year's flue cured tobacco selling season, starting February 15. Licenced are Boka Tobacco Auction Floors (BTAF), Millennium Tobacco Floors (MTF), Premier Tobacco Auction Floors (PTAF) and Tobacco Sales Floor (TSF). Tobacco industry regulator, TIMB says the four auction houses had meet its criteria out of a list of 30 who had either applied or made enquiries.

"There is not going to be congestion this year because we have four floors operating at the start of the selling season compared to one auction floor operating in the first four weeks in 2011," TIMB chief executive Andrew Matibiri said. Tobacco deliveries are estimated at 150m kilograms (kg) this year, but the number could be revised at the end of February in light of developments in the country's rainfall patterns and overall planting data. "It's too early to come up with estimates right now because we have farmers who were planting their crop just barely three weeks ago," the TIMB boss added.

However, farmers will have to continue incurring huge transport costs as all the floors will remain in Harare. "There is no decentralisation so far because none of the applicants from outside Harare met our selection criteria," Matibiri said. Tobacco farmers have had to travel long distances to sell their crop, resulting in them incurring huge transport cost and damage to their crop mainly due to the rains. Last year, the tobacco board had indicated plans to decentralise tobacco deliver points amid concerns farmers, coming from as far as Matabeleland into Harare to make their sell.

The TIMB said its sales bookings would be opening on the 6th of while deliveries will be accepted by the 9th of February but farmers would be required to be booked their crop in before delivery. Contract tobacco sales will open February 16. Tobacco farmers started planting irrigated tobacco, with at least 11000 hectares having been planted by end-November 2011, a slight decline from the 13000 hectares planted over the same period last season, although the hectarage is expected to increase towards the end of the year.

Patchy and ineffective rainfall in the current rain season affected germination of the early crop giving a fall start to most farmers who had to start gap-filling or replanting the entire fields. The country largest farmers' lobby group Zimbabwe Farmers Union (ZFU) announced last week in its market guide that the current farming season was characterised by late, poorly distributed rainfall. According to the farmer's body, the prolonged dry spells affected crops which suffered from temporary wilting because of intense heat and although the latest rains have not been as heavy and widespread as expected, they have been a relief to most areas.

Agriculture expert Mandivamba Rukuni however said flue-cured tobacco remains one of the best cash crops because of its drought tolerance given but farmers would be able to harvest a decent crop during dry season, although quality may be compromised if the rainfall is too little. Statistics from TIMB revel that tobacco production has risen from an all-time low of 48,8m kg in 2008 to 60m kg in 2009, 123m in 2010 and 132,5m at the end of 2011. *(Herald)*

Zimbabwe plans to review minimum capital requirements for banks in line with regional standards, Reserve Bank of Zimbabwe (RBZ) governor Gideon Gono said yesterday. This comes as five local institutions, mainly commercial banks, have failed to meet a capital adequacy of USD 12,5m and which institutions now face imminent closure by the end of the month. “As monetary institutions, we will be reviewing minimum capital requirements upwards and these will be announced to the market in due course,” he said during his Monetary Policy Statement meeting.

According to information from RBZ, South Africa’s minimum capital requirement for commercial banks is USD 39m while Rwanda and Ethiopia have a USD 10m requirement. Zambia and Nigeria have pegged their minimum capital adequacy for international banks at USD 50m and USD 180m, respectively.

As at December 31,2011, 20 out of 25 operating banking institutions excluding POSB were in compliance with the prescribed minimum capital requirements while all 16 asset management companies were with the minimum requirement of USD 500 000. *(Daily News)*

Notes

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