SECURITIES AFRICA

For week ending 10 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:

	10-Feb-12	WTD %	YTD %
Currency	Close	Change	Change
AOA	95.05	0.00	-0.13
DZD	74.19	0.78	1.40
BWP	7.06	1.22	4.22
CFA	485.04	1.07	1.96
EGP	6.01	0.11	0.02
GHS	1.68	-0.45	-3.80
KES	81.67	1.21	2.26
MWK	162.55	-0.06	-0.09
MUR	27.89	-0.51	0.88
MAD	8.38	0.76	2.29
MZM	26,680.00	-0.49	0.07
NAD	7.45	2.53	8.50
NGN	158.01	1.27	1.11
ZAR	7.58	1.15	7.25
SDD	265.15	0.39	0.35
SDP	2,261.00	0.00	0.00
SZL	7.46	2.50	8.46
TND	1.49	0.22	-0.02
UGX	2,284.45	0.61	6.65
ZMK	5,130.47	-0.76	-2.25

Source:oanda.com

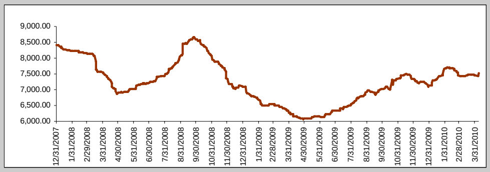
African Stock Exchange Performance:

Country	Index	10 February 2012	WTD % Change	WTD % Change USD	YTD % Change	YTD % Change USD
Botswana	DCI	6,985.16	0.21%	1.45%	0.20%	4.62%
Egypt	CASE 30	4,753.65	3.69%	3.81%	31.23%	31.26%
Ghana	GSE All Share	995.69	0.53%	0.08%	2.75%	-1.01%
Ivory Coast	BRVM Composite	142.53	0.43%	1.51%	2.63%	4.68%
Kenya	NSE 20	3,160.51	-1.13%	0.08%	-1.39%	0.89%
Malawi	Malawi All Share	5,437.39	-0.84%	-0.90%	1.27%	1.17%
Mauritius	SEMDEX	1,832.83	0.00%	-0.51%	-2.94%	-2.08%
	SEM 7	342.77	0.12%	-0.39%	-2.16%	-1.29%
Morocco	MASI	11,353.60	-0.06%	0.70%	3.12%	5.54%
Namibia	Overall Index	918.00	-2.13%	0.40%	9.55%	19.72%
Nigeria	Nigeria All Share	20,632.63	-1.17%	0.09%	-0.47%	0.65%
South Africa	All Share	33,892.58	-1.44%	-0.29%	5.93%	14.21%
Swaziland	All Share	277.72	0.00%	2.56%	3.46%	13.02%
Tanzania	DSEI	1,303.65	0.36%	0.30%	0.03%	-0.75%
Tunisia	TunIndex	4,685.06	-0.85%	-0.63%	-0.79%	1.05%
Zambia	LUSE All Share	3,713.57	-3.77%	-4.50%	-10.94%	-12.65%
Zimbabwe	Industrial Index	143.17	2.48%	2.48%	-1.84%	-1.84%
	Mining Index	83.19	0.65%	0.65%	-17.39%	-17.39%

SECURITIES AFRICA

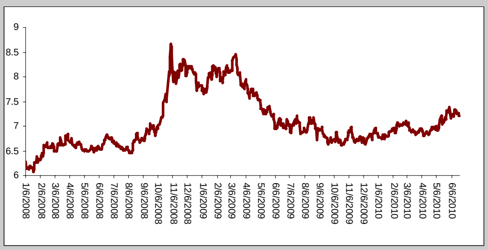
Botswana

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 +0.21% to close at 6,985.16 points. BOD gained +6.00% to BWP 0.53 while Cresta and Imara added 5.26% and 4.35% to close the week at BWP 0.80 and BWP 2.40 respectively. Wil was the main shaker, shedding -8.11% to BWP 3.40 while New Gold lost -1.46% to close at BWP 121.90 and Letshego was down -1.43% to BWP 1.38. Market turnover for the week amounted to BWP 11.01m.

Corporate News

Mount Burgess Mining has reached agreements to raise AUD 250,000 through a placement of 41.7m shares priced at AUD 0.006 each to fund ongoing exploration and resource development. At the company's Kihabe-Nxuu zinc-lead-silver project in Botswana, assays from close-spaced geochemical soil sampling have generated five major zinc-lead geochemical anomalies and one copper-cobalt anomaly that have the potential to increase the company's resource base.

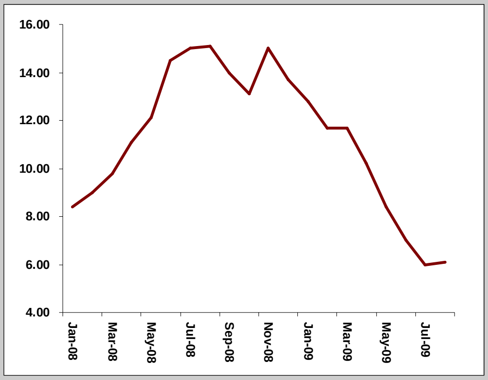
Mount Burgess is continuing with soil geochemical sampling over several other prospective areas within its 100%-owned 3,000 square kilometre neo-Proterozoic belt. The company is investigating the metallurgical process of an initial up-front concentration by way of gravity separation in relation to the oxide zones of mineralisation in both the Kihabe and Nxuu resources.

This pre-concentration could significantly reduce power costs and acid consumption. Mount Burgess has delineated a combined 25m tonnes at 3% zinc and lead resource along with 3.3m ounces of silver at Kihabe and Nxuu. Nxuu is totally oxidised while Kihabe is oxidised in the top 35 to 50 metres with the remaining resource in sulphide mineralisation.

The wholly owned project is located on the border of Botswana and Namibia about 700 kilometres north-west of the capital, Gaborone, in Ngamiland, and 350 kilometres by road from Maun and 50 kilometres from Tsumkwe, Namibia. *(Proactive Investors)*

Economic News

A possible recession in Europe and declining mining activity will see economic growth slowdown from 5.1% in 2011 to 4.4% this year, the Minister of Finance, Kenneth Matambo, has warned. The forecast, which Matambo presented to Parliament in the 2012/13 national budget on Wednesday, falls considerably short of the World Bank's projection of 6.2%.Matambo painted a gloomy picture of the Botswana economy for the next two years, with the threat of double dip recession on one side and constrained



Source: SAR

development expenditure on the other.

"In real terms, the economy is projected to grow by 4.4% in 2012 and 3.9% in 2013," he said. "The mining sector is projected to grow by 1.3% in 2012."Due to uncertainties emanating from the US and Euro zone that will result in lower demand for commodities, Botswana's mining output, which surged 9.7% in the first nine months of 2011, is expected to stagnate at zero% growth in 2013. At 3.9%, next year's projected growth rate will be almost half of the 7.2% registered in 2010, a year that recorded a GDP growth rate of 12.5% before it declined to 7.8% last year.

The dampened growth outlook is due in part to continued uncertainty in diamond sales, which fell 70% from June to December, Matambo said. Diamonds and other minerals account for 40% of Botswana's GDP and up to 70% of foreign exchange income. "Taking these factors into account, the overall economy is expected to have grown in real terms by 5.1% in 2011 and, led by the coming on stream of the Morupule B power project, is projected to grow by 4.4% in 2012," Matambo told Parliament. Nominal GDP is expected to reach P126bn for financial year 2012/13 from BWP 115bn in 2011/12.

"Even though the economy has been showing signs of recovery, I need to point out that such a recovery is very fragile, with risks on both the global and domestic fronts," he said. "We should therefore continue to be efficient and effective with our spending in order to sustain the current level of expenditure and economic growth."There is no guarantee that the diamond sales situation will improve, hence the need to re-prioritise projects and all expenditure both at national and household level."Despite the focus of constraining expenditure, Matambo said investments in projects with a high rate of return would continue, with energy and water infrastructure at the top of the list.

To that end, out of a development budget of BWP 10.06bn, the largest share of BWP 2.69bn or 26.7% has been allocated to the Ministry of Minerals, Energy and Water Resources. Major projects that constitute 93% of the ministry's development budget include BPC finances to cover Morupule B Power Station and emergency power for which BWP 800m has been allocated. A total of BWP 94m has been allocated for renewable energy to finance rural electrification, P1.24bn for water planning and development, while P380m was set aside for water supply in major Villages.

The second largest allocation of BWP 2.10bn or 20.9% went to the Ministry of Transport and Communications to cover ongoing and new projects, among them Kasane Airport, Charleshill to Ncojane Road and Tonota to Francistown Road as well as associated bridges at Shashe, Tholodi and Tati rivers. This allocation also covers the cost of construction of the new Kazungula and Thamalakane bridges. An allocation of P100m has gone to the e-government programme. *(Mmegi)*

A 65% drop in rough diamond sales in the fourth quarter of last year widened the trade deficit to an average of P1.4bn between September and November, data from Statistics Botswana indicates. The gap between the values of exports and imports had averaged a deficit of BWP 570m in the eight months before September 2011, with the trade balance recording only its second surplus since late 2008 in June. The lower deficits were buoyed by record rough and polished diamond exports which reached about BWP 27bn before a flattening of global demand and prices from September 2011 onwards.

Statistics Botswana figures released this week indicate that the flattening of diamond exports widened the trade deficit to BWP 1.43bn and BWP 1.46bn between September and November from a moderate deficit of P333m in August. Should the level of deficits seen between September and November hold in December, the fourth quarter will record the heaviest trade shortfall seen in 2011, higher than the BWP 3.14bn experienced in the first quarter.

The diamond slump-related deficits could have been more extreme, were it not for the fact that the level of imports over the same period declined due to the lower value of diamonds coming into the country.Debswana's rough diamonds are first sent to the Diamond Trading Company (DTC) in London where they are pooled with stones from other De Beers mines before being redistributed to DTCs in Namibia, South Africa and Botswana for on-sale. Thus, the value of stones imported by DTC Botswana for on sale to the 16 local sightholders declined between September and November, with their impact significantly reflected in total imports.

Under the new diamond sales agreement signed last September, De Beers diamonds from throughout the world will be pooled, categorised and sold from Botswana. Statistics Botswana data shows that for November, imports declined by about 11% from October levels to BWP 4.27bn, led by a 90% drop in diamond imports for that month. Also in November, exports slumped to BWP 2.8bn, approximately 17% lower than October levels, with diamonds declining by about 19% to BWP 1.99bn.

Key commodity groups such as gold, salt and soda ash did not help the poorer export performance in November, declining heavily with minimal exports of the precious metal.By comparison, meat/meat products, copper/nickel as well as iron/steel products helped November exports, with increases of 57, 17 and 14% respectively.As at November, the trade balance for 2011 stood at a deficit of P9.2bn, compared to a deficit of BWP 6.4bn recorded for the whole of 2010. *(Mmegi)*

Botswana exported a record USD 4.34bn worth of diamonds in 2011. Total rough and polished diamond exports increased 51.9% in actual exchange rates, as the country is about to become a global trading center in 2013. The African country exported USD 159.4m worth of diamonds in December, up 6.6% year-over-year, based on figures published by the Bank of Botswana.

At actual exchange rates, the reported export for the year totalled USD 4.5bn. Botswana is the leading diamond producing country by value, and the second largest producer by volume after Russia. Over the past few years the country has been implementing a policy of increasing local revenue from diamonds and as a result De Beers, the leading miner in the country, has agreed to offer local supplies to polishers.

These local Sights led to forming polishing facilities by some of the world's largest diamond firms. In 2013, De Beers will move its diamond-selling arm, the Diamond Trading Company (DTC), to Gaborone. Botswana holds a ten% stake in De Beers. *(Israeli Diamond)*

The Minister of Finance and Development Planning, Kenneth Matambo,

says reforming Botswana's company tax system last year was meant to enhance compliance and have a positive effect on total revenue. In his budget speech in Parliament last week, Matambo said suggestions from the last two budget pitsos had helped the government devise strategies for broadening its revenue base.

In December 2011, my ministry ran two Revenue Dipitso, one for Members of Parliament and another for all ministries and other key stakeholders which, among others, included Botswana Confederation of Commerce, Industry and Manpower, Botswana Council of Non-Governmental Organisations and the University of Botswana, he said. Suggestions obtained from this consultation are an important part of the development of government's strategy for broadening the revenue base. He noted that as it went about the work, his ministry had to be careful that any additional tax reforms and incentives did not adversely affect fiscal sustainability.

Matambo listed several alternatives from which government could obtain additional funds for development spending. These were increasing taxes, borrowing from both domestic and external financial markets, selling public assets and depleting government savings. Increasing taxes was not appealing: Increasing taxes has the effect of eroding disposable income thus making the taxpayers and investors worse off, the minister said.

Corporate tax was brought down from 25% to 22% while withholding tax was reduced on dividends to 7.5% from 15%. Matambo said Botswana was vulnerable to any slowdown in global demand (of diamonds) and therefore prudent policy choices that promoted efficiency in the use of available resources and enhanced development of alternative sources of revenue were necessary.

Meanwhile, speaking at a Revenue Pitso last year, economic and financial policy advisor, Taufila Nyamadzabo, said these measures had led to the erosion of the tax base. Nyamadzabo said the government would need to measure tax expenditure and deal with it by doing away with tax exemptions and incentives. However, in the end, government resolved to exercise caution in the granting of tax incentives because bringing out more exemptions on VAT and the income tax would erode the tax base and therefore impact the government's ability to raise revenue. *(Mmegi)*

Government is steaming ahead with the establishment of a energy and water regulator as well as a national oil company, two critical energy sector organisations that are desperately awaited by consumers and industry alike. According to the Energy Affairs Department (EAD), the Botswana Energy and Water Regulating Authority (BEWRA) and the national oil company will be fully operational next year, with the latter due by January 2013.

BEWRA, which was first spoken of in 2009, is expected to monitor Botswana Power Corporation (BPC) and Water Utilities Corporation's (WUC) financial positions, regularly recommending tariff adjustments and promoting operational efficiencies. For its part, the national oil company, which was first mooted in late 2010, is expected to procure petroleum products on behalf of the government and possibly the private sector as part of diversification of fuel sources and routes envisioned in NDP 10.

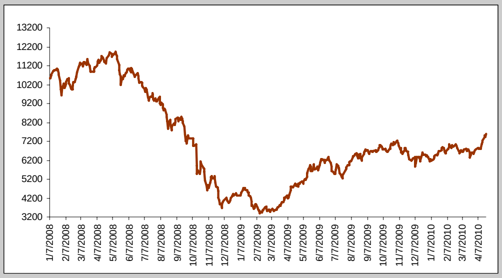
According to EAD director, Kenneth Kerekang, both the energy/water regulator and oil company were key organs in the Energy Policy, a draft of which is currently undergoing "internal approval processes" in government. The draft Energy Policy could come before legislators for approval as early as the Winter Parliament in July. "One of the objectives of the Energy Policy is the energy and water regulator where studies have been done and which we are hoping will be fully operational by next year," Kerekang said at the recent Coal Roadmap Pitso.

"The regulator will set up conditions for the issuance of licences and granting of permits for activities in the energy and water sectors. It will also regulate tariffs and prices, while providing dispute resolution." Kerekang added that BEWRA would set the criteria and monitor the performance and quality of supply standards in energy and water. The regulator is expected to standardise the structure of Power Purchase Agreements and Water Supply Agreements that both BPC and WUC engage in with business entities and household consumers.

On the national oil company, Kerekang said the organisation would lead the development and management of state-owned strategic reserve facilities. It would also ensure empowerment of indigenous Botswana petroleum businesses. Last year, four EAD officers were seconded to the parent Ministry of Minerals, Energy and Water Resources as the nucleus of the national oil company. The proposed company, which will require an Act of Parliament and is likely be a parastatal, will take the form of a network of depots, storage facilities and supply routes supervised by a headquarters that is likely to be in Gaborone. *(Mmegi)*

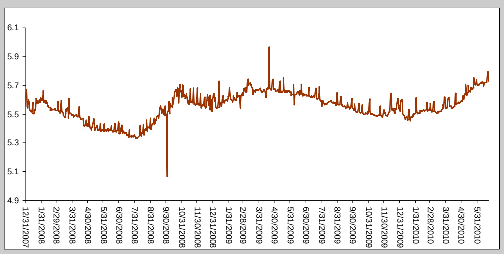
EGYPT

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 +3.69% to 4,753.65 points. Orascom Telecoms led the movers after gaining +9.16% to EGP 1.43 followed by Egyptian Company (+8.78%) and Egyptian Financial and Industrial (+8.72%). Trans Oceans was the biggest loser after shedding -6.67% to close the week at USD 0.14. Other notable losses were recorded in: Egyptian for Investment and Urban development (-5.07%) and Beltone (-5.05%).

Corporate News

Egyptian telecoms magnate Naguib Sawiris wants to get back on the acquisition trail, eyeing businesses in Europe, the Middle East and Africa after selling a chunk of assets to Russia's Vimpelcom. Sawiris said he plans to divest non-core operations left out of the sale to Vimpelcom last April and use his company Orascom Telecom Media and Technology (OTMT) to buy established mobile phone businesses and network operating licenses.

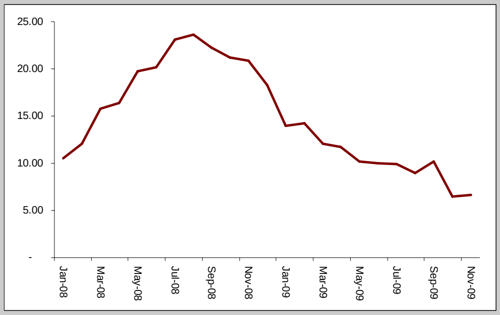
He also expects to double his subscriber numbers in his one exclusive phone market of North Korea, where he said he will lose his exclusivity deal in 2013. "I want to dispose of assets not aligned with the mobile business and then make it a mobile company that will go out and seek what's left of operations, including managing existing operations," he said in an interview with Reuters at Orascom's Cairo headquarters on Monday.

Sawiris built his telecoms empire by venturing into frontier markets with strong growth potential that others saw as too risky such as Algeria, North Korea and Bangladesh. Sawiris, at 57 one of Egypt's richest men, has eased off day-to-day management of his empire after selling assets including Italian operator Wind and his most lucrative business, Algeria's Djezzy, to Vimpelcom in a deal worth USD 6bn.

His investments outside telecoms include media such as the independent daily newspaper al-Masry al-Youm and a television channel providing secular programs for young people. Much of his time is now spent in politics he has been one of Cairo's most outspoken business personalities on issues such as political reform and media freedoms. Last year he co-founded the liberal Free Egyptians party which took on the powerful Muslim Brotherhood in a parliamentary election.

The Brotherhood and more hardline Salafi Islamists swept the vote, taking around two thirds of the seats. Dismissing the Brotherhood's moderate official agenda, Sawiris says the group wants to turn Egypt into an Iran-style theocracy, but says his family will not abandon the country of his birth. Egypt

CPI Inflation



Source: SAR

remains the base for his business empire, which includes Egyptian mobile operator Mobinil, one of the biggest assets left out of the Vimpelcom deal.

True to his tradition of seeking out unconventional assets, Sawiris is studying countries like Libya, which is struggling to achieve stability after a bloody civil conflict last year. "You have in Libya three companies that are publicly owned. You cannot sustain that situation as you have to have competition, so how can you be an owner of three networks?" he said in an interview in his opulent offices on the 26th floor of

Nile Towers, the cavernous office, shopping and hotel complex he built by the river. If the Syrian government led by Bashar al-Assad falls, he said, a new government would eventually hold tenders to sell networks owned by businessman Rami Makhlouf, Assad's cousin. "Then you have fourth-generation licenses coming, and Africa where there are still assets left over, so I believe we can rebuild this story again and make value again," said Sawiris.

He said he would stay in North Korea after a second mobile network license comes up for offer around the end of 2012. OTMT said last week it reached 1m subscribers in North Korea. "I think we will reach 2m subscribers by the start of 2013," said Sawiris. OTMT was also looking at Europe, said Sawiris, because many big companies were selling assets in markets where they saw no possibility of further growth.

Sawiris and Austrian investor Ronny Pecik have built a stake of 20.1% in Telekom Austria via shares and options. Telekom Austria operates in eight countries. "We see this as an investment of influence," he said. "That means we would like sooner or later with the Austrian government to raise the value of this asset... We accumulated a very good stake with Mr. Pecik so it's a very good opportunity."

Sawiris said he has bid USD 1.5bn in an auction for France Telecom's Swiss unit, less than private equity firm Apax Partners which bid USD 1.6bn. "Why would private equity be able to go and buy Orange in Switzerland and do a better job than a mobile management company that has money?" he said, adding that Apax "need to be USD 100m better. We know the business very well."

Asked whether there was a risk that OTMT could end up competing head-to-head with Vimpelcom, in which Sawiris has a stake, he said: "I have no non-compete clause in this deal (with Vimpelcom)." Arab Finance Brokerage is among the companies that could be sold as non-core assets of OTMT, he said. Other non-mobile businesses within OTMT include banking and sea cables. *(Reuters)*

Orascom Telecom Media and Technology is in discussions with France Telecom over the future of their Egyptian venture Mobinil, a person who said he was familiar with the discussions told Reuters. France Telecom, which declined to comment, is the biggest shareholder in Mobinil and the second biggest is the family of Egyptian businessman Naguib Sawiris, who has a put option to sell his holding in Mobinil to the French company.

Shares in Egyptian Company For Mobile Services (ECMS) , Mobinil's listed entity, tumbled 52% last year as Egypt was gripped by a popular uprising that sent the economy reeling. The stock is now worth just over half of what France Telecom might have to pay for it if Sawiris exercises his option later this year. Mobinil said it had no information on any talks about its future. Its founder Sawiris sold most of his telecom assets last year to Russia's Vimpelcom in a USD 6bn deal, but his Mobinil stake was not included.

He created a new vehicle, Orascom Telecom Media and Technology (OTMT), to house the stake and other assets left out of the Vimpelcom deal. The spin-off to create OTMT was completed last month after being delayed by a legal challenge from some minority shareholders. "There are ongoing discussions with France Telecom to discuss future relations after the demerger and the change of ownership," the person said on condition of anonymity.

The person said France Telecom was now raising "new issues" in regard to the delay in the demerger of Mobinil and the new ownership structure. Sawiris declined to comment when contacted by Reuters. Unconfirmed talk of possible changes to the relationship between Sawiris and France Telecom has sent shares in Mobinil and OTMT soaring in recent weeks, with heavy volumes changing hands.

OTMT was suspended after jumping 6.9% to 1.40 pounds on Thursday, and Mobinil leaped 10% to 137.89 pounds. They were the most heavily traded stocks on the Egypt Exchange. France Telecom owns 71.25% of Mobinil Telecommunications SAE, which has a 51% stake in ECMS.

Sawiris's put option, part of an agreement in 2010 that ended a battle with France Telecom for control of Mobinil, allows him to sell his ECMS stake to France Telecom for between 221.7 pounds and 248.5 pounds per share, depending on the timing. He can also sell his shares in Mobinil Telecommunications to the French company ECMS, which is also known as Mobinil, has a market value of 11.66bn Egyptian pounds. *(Reuters)*

Economic News

Total net consolidated profits for Egyptian public-sector companies rose by 23% in 2010/11 to reach EGP 4.977bn for the period, compared to EGP 3.836bn the previous year, according to a press release issued Monday by Egypt's Ministry of Public Sector Affairs. Of 145 public companies in Egypt, 98 posted net profits while 47 finished the period at a loss. Notably, export receipts by Egyptian public-sector firms rose for the year.

"2010/2011 saw an improvement in total export profits by public-sector companies, especially in terms of textiles, metallurgical industries and transportation," the ministry noted. Egypt's public sector gave a better-than-expected performance in 2007/2008, posting some LE5.1bn in profits. The subsequent international economic crisis, however, later dragged total public-sector earnings down to LE3.79bn in 2008/2009. *(Ahram)*

The drain on Egypt's foreign reserves showed little sign of abating in January, adding to pressure on the government to let its currency slide after a year of political turmoil in which the currency has remained almost steady against the dollar. The Egyptian pound has lost only around

1% of its value against the dollar since March even though two of Egypt's main sources of foreign exchange, foreign investment and tourism, have dwindled in the wake of the country's uprising.

The political and economic turmoil has worsened unemployment, widened Egypt's budget and balance of payments deficits, and drained its foreign reserves. Many economists believe currency devaluation is imminent. Last month Egypt said it had asked the International Monetary Fund for USD 3.2bn to help it plug its balance of payments deficit, saying it wanted the money as soon as possible and hoped an agreement would be signed within weeks.

The IMF said any agreement would take two to three months. "We expect pressure on the reserves to continue to increase, actually, because the current situation does not signal any kind of recovery whether in tourism or, particularly, in investment," said Alia Mamdouh, an economist with CI Capital. "Two months is too long in the current situation," she said. "They have to devalue the currency, now or within two or three months."

The central bank said foreign reserves fell by USD 1.77bn in January to USD 16.35bn after dipping by around USD 2bn in each of October, November and December. Since the uprising that ousted Hosni Mubarak last February, reserves have plunged by more than half and now represent less than four months of import cover, another economist said. Planning and International Cooperation Minister Faiza Abu el-Naga said the government was concerned, but Egypt had sufficient resources on hand. She said interest payments on foreign loans at the start of the year were responsible for part of the decline.

"Foreign reserves are still within safe limits, but the government is worried they along with other resources are continuing to decline," she told reporters on Tuesday. "Wheat reserves are sufficient for five months of consumption, while reserves of essential commodities are enough for three months," she said. The drain on reserves accelerated in October ahead of Egypt's parliamentary election and has been furthered since then by street violence.

Analysts say a clash at a soccer stadium that left 74 people dead on Feb. 1 and led to days of deadly street protests indicates Egypt's politics could remain unsettled for months. Mamdouh said it would be better to allow the currency to fall sooner than later. "We'd rather take the hit, then the market will rebalance itself, rather than just exploiting your international reserves for something that's eventually going to happen. *(Reuters)*

Egypt hopes to witness a strong recovery in its tourism sector in 2012 by improving services and infrastructure while attracting visitors from more diverse parts of the globe, a top tourism official said. Egyptian Tourism Minister Mounir Fakhry Abdel-Nour told China Daily in an exclusive interview that he is confident about the revival of Egypt's tourism sector, as it still has strong competitive advantages and the domestic political situation is improving.

To reach the goal of reviving the industry and to attract a total of 30m tourists within five years, diversifying markets is the top priority, he said. "While we secure the traditional markets in European countries and the US, a large proportion of the growth will rely on new markets in Asia and Latin America, including China, India and Brazil," he said. In 2011, more than 1.8m Russian tourists visited Egypt, followed by those from the United Kingdom, Germany and Italy.

While continuing to improve the level of related infrastructure and services, several promotional campaigns have been tailor-made to attract potential tourists from different countries, he added. "For instance Egypt alone may not be the only destination for a guest from a remote place like China, so we are planning a joint marketing program with the Greek and Turkish tourism ministries to attract more tourists from China, connecting three of the oldest civilizations on Earth," he said.

He also said the country will soon re-launch a long-distance River Nile cruise from Cairo to Luxor and Aswan, which has been suspended for more then two decades. As security remains the biggest concern for foreign tourists traveling to Egypt, he said various government agencies were working together to guarantee their safety. "Whoever will be the president and whatever the new government will be, the country can't do without revenue from the tourism industry," he said, adding that every 1m increase in tourist numbers would create 200,000 new jobs in Egypt.

Abdel-Nour said recently that 10m tourists visited Egypt amid the country's dramatic social and political developments in 2011, indicating that it remains an important tourist destination. According to figures released by the ministry, around 9.8m people visited Egypt in 2011, a decline of 33% compared with 2010. As a main pillar of the Egyptian economy, tourism accounted for 11.3% of annual GDP and had a total revenue of USD 12.5bn in 2010, but the figure fell to USD 8.8bn in 2011.

"Main destinations like Cairo, and upper Egypt including Luxor and Aswan were severely affected," he said, adding that the Sinai Peninsula was not influenced that much as it was far away from the epicenter of the national political upheaval. He said just after the January uprising, the number of tourists slumped 80% in February. He added that the only reason accounting for the decline was the security situation, which was over exaggerated and stereotyped by the international media, especially from the West.

"What happened in Tahrir Square was widely reported and gave an impression that all of Egypt was unstable and insecure," he said. "That was absolutely wrong because it's not representative. In fact, tourist destinations were quite stable and peaceful." He said when the situation improved in the middle of the year, the Western media fell silent and was reluctant to pay attention to Egypt. "We tried every possible means to persuade people to come back, but eventually the figure was still not that good," he said.

According to Abdel-Nour, the Egyptian tourism ministry invited 57 groups of foreign reporters to the country, bargained with airlines not to reduce the capacity of their flights to Cairo, and participated in tourism fairs around the globe. *(China Daily)*

Egypt's urban consumer inflation reached 8.6% in the year to January, down from 9.6% in December, as analysts said the numbers are much lower than expected given the country’s current economic woes. According to the Central Agency for Public Mobilization and Statistics, headline CPI rose 0.15% month-on-month in January after dropping 0.24% in

December.

Despite negative indicators in the economy, the recent inflation figures are not that “bad” for Egypt, said Angus Blair, a Cairo-based financial analyst. However, Magda Kandil, economist and executive director of the Egyptian Center for Economic Studies, is wary that the country’s economy may be approaching a standstill, or stagflation.

“Stagflation is a combination of stagnation and inflation, this could be very problematic for the central bank to manage,” she pointed out, as consumers lose confidence in the market while international food and fuel prices rise and the government continues to spend while borrowing at a high rate. Coupled with a depreciating pound and a widening budget deficit, the slowdown in demand is likely to continue.

“The demand has noticeably slowed causing the economy to slow down,” said Hisham Halaldeen, senior investment analyst at Naeem Holding. Egypt’s foreign reserves reached USD 16bn, falling by USD 1.7bn in January. As the economic crisis has depleted almost half of the country’s reserves, which continue to plunge at a rate of almost USD 2bn every month.

Core inflation, which strips out subsidized goods and volatile items including fruit and vegetables, rose 0.55% month-on-month in January compared to 0.21% in December. The annual rate fell to 6.86% in January from 7.07% in December. “Inflation could absolutely rise further, the numbers are not alarming in an Egyptian context because the monthly rate is very low, it is a reflection of low demand,” said Kandil.

The depreciating currency is also a discouraging factor as investors and traders seek refuge in the dollar. “We are not getting the full effect of these negative indicators in the headline inflation, which suggests that there are mitigating factors because it reflects that the economy could be slowing down, it leaves us with a worse situation of stagflation, and we must get out of this,” she stressed.

With the constant rise of global fuel and food prices and sporadic deadly clashes in the country, consumers become more reserved and reluctant to spend. As a result, Egypt’s inflation is expected to reach higher levels. “If we could put the productivity back on track, we could put the demand back on track and slow down the rate of inflation, while countering the other alluding factors such as devaluation, and international prices,” Kandil added.

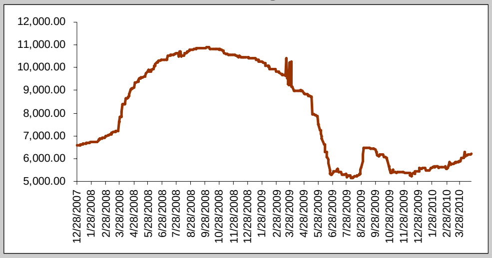
The price of fruits and vegetables declined by 0.79% in January from the previous month, but was up 24.67% year-on-year, though less than December’s annual increase of 33.54%. The central bank recently left its benchmark overnight deposit and lending rates unchanged, saying economic growth remained feeble yet warning that local supply bottlenecks could cause inflation to speed up, Reuters reported.

Egypt’s key lending rate is steady at 10.25% and the deposit rate at 9.25%; while the discount rate was unchanged at 9.5%. The central bank's Monetary Policy Committee (MPC) said the economy had grown by only 0.4% in the second quarter of 2011 and 0.3% in the third quarter.

The MPC also warned of inflation risks in its statement accompanying the rates decision. "The re-emergence of local supply bottlenecks and distortions in the distribution channels pose an upside risk to the inflation outlook," the MPC said. *(The Daily News)*

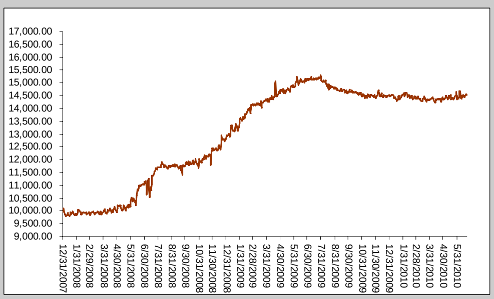
Ghana

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 +0.53% to close at 995.69 points. Gains were recorded in SCB (+6.55%), BOPP (+18.00%) and SG-SSB (+2.22%) while UTB (-3.15%) was on the losing front.

Corporate News

Paris-based oil services company, Technip says February 6, 2012 that it has been awarded two contracts worth approximately EUR 100m by Tullow Oil for the Phase 1A of the Jubilee project in Ghana. The contracts, Technip said "Cover full project management, engineering, fabrication and installation of a new flexible riser, two rigid flowlines and 11 spools/jumpers, as well as the installation of two manifolds and 5 kilometers of umbilicals."

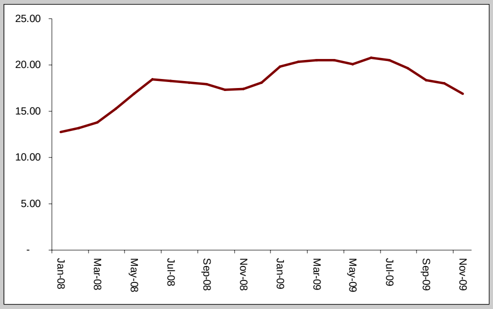
The company said its operating center in Paris, France, will execute the project with the support of the Group offices in Houston, Texas, and Accra, Ghana. The flexibles will be fabricated at the Group's facility in Le Trait, France, it added. Technip indicated that offshore installation has been scheduled to be completed with the Global 1200 and the Deep Pioneer, two vessels from Technip's fleet, in the second half of 2012. The Jubilee field is located offshore Ghana at a water depth of 1,300 meters. *(GBN)*

OIL and gas company Afren yesterday announced that it had started drilling off the coast of Ghana. Afren said that drilling began at the Keta block with Eni Ghana. Afren and Eni Italy's largest energy company each have 35% stakes in the block. Japanese conglomerate Mitsui and the Ghana National Petroleum Corporation own interests worth 20 and 10%, respectively.

The drilling is taking place at the Volta River Basin near Eastern Ghana. Afren chief exec Omar Shahenshah (pictured) said: "The Company is now firmly engaged in its most active phase of exploration activity across its core assets which are said to have the potential to materially increase the company's discovered reserves base." Yesterday's announcement follows January's discovery at the Okoro East exploration well.

In addition to its African operations Afren has recently embarked on projects in Kurdistan. Last month Afren posted 2011 production figures and output forecasts for this year that missed analyst expectations. Problems at the company's key Ebok oil field in Nigeria was part of the reason for the bleaker figures, the firm said. *(Cityam)*

CPI Inflation



Source: SAR

Ghana, which became Africa's newest oil exporter in 2010, will boost crude output more than fivefold in the next five years as new wells come on stream, according to Deputy Minister of Finance and Economic Planning Fifi Kwetey. Production will rise to 500,000 barrels a day, Kwetey said today at a conference in Accra, the capital. The country's main Jubilee field pumped about 85,000 barrels a day at the end of last year, according to Tullow Oil Plc, the deposit's developer.

Ghana missed oil production targets last year after Tullow delayed the ramp-up of Jubilee to fix mechanical faults. The company began shipping oil from the field in December 2010 and plans to increase daily production to 120,000 barrels next year from an average 90,000 barrels in 2012. Tullow this month awarded Technip SA of France EUR 100m (USD 132m) of contracts to manage the next phase of the Jubilee field's development. Phase 1A will cost about USD 1.1bn, Tullow said in January.

Phases 1A and 1B, which together with Phase 1 will target 500m to 700m barrels in estimated oil reserves, will enable London-based Tullow and its partners to increase production to about 240,000 barrels of oil equivalent a day after 2014, according to 2010 estimates from Tullow and Ghana National Petroleum Corp.

Tullow is working at Jubilee with GNPC, Anadarko Petroleum Corp. and Kosmos Energy Ltd. The partners also plan to invest at least USD 4bn to develop the Tweneboa-Enyenra-Ntomme oilfields, known as TEN, off Ghana's Atlantic coast. They're appraising and designing the project for submission to the government in the third quarter, Tullow said last month.

Other international oil companies studying exploration prospects in Ghana, West Africa's biggest economy after Nigeria, include Italy's Eni SpA, which this month started drilling the Nunya-1X well on the offshore Keta block, according to its partner Afren Plc. Russia's OAO Lukoil is also searching for oil and gas off the nation's coast, while Royal Dutch Shell Plc last month teamed up with Tullow to explore areas of the Atlantic basin including off West Africa, Shell's Chief Financial Officer Simon Henry said on Feb. 2. *(Business Week)*

Cocoa purchases declared to Ghana's Cocobod reached 681,000 tonnes by Jan. 26 since the start of the 2011/2012 harvest season on Oct. 14, data from the industry regulator showed on Tuesday. The figures, which covered the first 15 weeks of the 2011/12 main crop, were up 5.8% over the 643,652 tonnes registered at the same stage last season, according to the data seen by Reuters. Ghana, world no.2 cocoa producer after Ivory Coast, is hoping to buy up to 900,000 tonnes in the current crop year which ends in September. *(Reuters)*

Economic News

Ghana, Africa's second-largest gold mining state, has set up a committee to review stability investment agreements with mining houses, a senior government official said on Thursday. "It will include all companies that have stability agreements," Benjamin Aryee, the chief executive of Ghana's Minerals Commission, told Reuters on the sidelines of an industry conference in Cape Town.

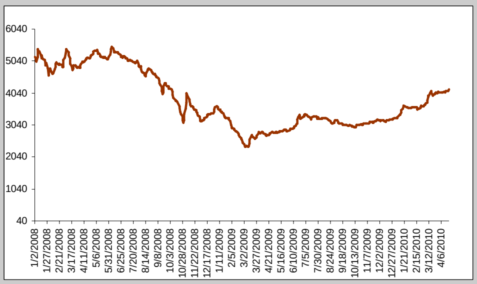
"Ghana believes in the sanctity of contracts. But in all contracts there are review provisions," he said. Ghana's Finance Minister initially unveiled the plan to review mining stability agreements in October. The government has since detailed plans to raise the corporate mining tax to 35% from 25% and introduce a 10% windfall tax as well to boost the state share of revenues.

The country set up a committee to review and renegotiate mining contracts last week. Mining companies that have had stability agreements in Ghana include South African-based AngloGold Ashanti, the world's third largest gold producer. Gold Fields, the world's fourth largest gold producer company, has said such a move might kill planned projects that could bring USD 1bn of investment into the West African nation.

Ghana's review comes against the backdrop of a surge of resource nationalism across Africa as governments aim to extract move revenue from a sector that has failed to translate mineral wealth into broad posperity. *(Reuters)*

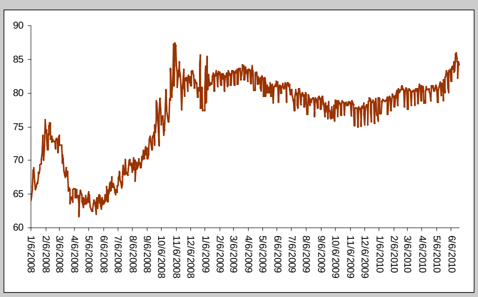
Kenya

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 -1.13% to close the week at 3,160.51 points. WTK led the movers after gaining +18.04% to KES 301.00 followed by LIMT which rose +12.24% to KES 376. Other notable gains were recorded in Kakuzi up +11.11% to KES 80.00 and KAPC (+9.65%). TCL was the main loser, shedding -13.86% to KES 21.75 followed by BRIT (-10.0%) and BERG which lost -9.26% to KES 24.50. Market turnover was up +58.18% to KES 0.87bn with Safaricom and KCB dominating after recording trades worth KES 321.26m and KES 84.95m respectively.

Corporate News

Kenya's Mumias Sugar posted a slight pick-up in pretax profit to KES 1.30bn (USD 15.5m) for its first half through December, it said on Friday. Mumias is the largest sugar grower and miller in the east African nation of 39m people. The country has an annual sugar deficit of around 200,000 tonnes, which is usually filled by imports from other producers in the region.

Although the firm's revenue fell 5% a year before to just under KES 7bn, the company cut its marketing and distribution costs in the period by half to KES 224m. Earnings per share edged up to KES 0.57 from KES 0.54, Mumias said in a statement. It did not recommend the payment of a dividend.

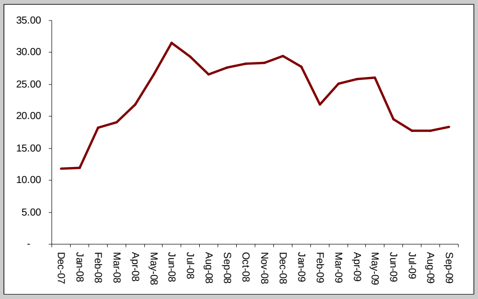
Mumias plans to start a vast new plantation at the coast to diversify production from its base in the west of Kenya where all of the country's sugar is grown. It also plans to acquire other factories when the government puts up for sale five factories it controls, part of a privatisation process. *(Reuters)*

Kenya Airways has appointed Crested Stock Securities Limited and Orbit Securities Company to join the transaction team that will steer its planned rights issue later this year. Crested Stock Securities will be the lead sponsoring broker in Uganda while Orbit Securities will handle the transaction in a similar capacity in Tanzania. They join Standard Investment Bank, the lead sponsoring broker in Kenya.

CFC Stanbic is the Lead Transaction Adviser for the airline's planned rights issue, currently awaiting approval by the Capital Markets Authority. Scanad and Ogilvy PR are the advertising and public relations advisors respectively. PriceWaterhouseCoopers (PwC) are the reporting accountants while Hamilton, Harrison and Mathews are the transaction lawyers. Clyde and Co. are the international lawyers.

Kenya Airways has also appointed Kenya Commercial Bank as the receiving bank in preparation for the cash call. The airline is seeking to raise funds for the initial phase of its 10-year growth plan, an ambitious fleet and route expansion programme. *(Nation)*

CPI Inflation



Source: SAR

London-based private equity fund Actis intends to sell shares of Uganda's power company, Umeme, through a double initial public offering (IPO) in Kampala and Nairobi. This could mark the region's first cross-border IPO listing, though the transaction is still in the early planning stages and the fund is yet to file applications with capital markets regulators.

Paul Fletcher, a senior partner at Actis which owns the electricity distributor said that the firm was targeting a cross-border IPO to secure liquidity of the stock in the secondary market. Listing on the Uganda and Kenya securities markets is also expected to boost the chances of a full subscription of the offer for the private equity firm, which has also invested in DFCU Bank in Uganda and BCR Bank in Rwanda.

"We would like a dual listing as it would not only help liquidity post-IPO, but it would be an important step towards regionalising the market," said Mr Fletcher, who added that the timing of the planned offer is still under review. In its last meeting held in 2011, the East African Securities Exchanges Association said that listing of Umeme and Tullow Oil on the Uganda Securities Exchange was expected this year.

Two weeks ago, Joseph Kitamirike, chief executive officer of the USE, said that the Uganda bourse was still awaiting applications from the two companies and therefore could not comment on the issue. "We have not received any documents from the companies," he said, adding that although the bourse is expecting new listings, the time-lines will only be established once applications are received. Umeme, which was established in 2005, won a 20-year concession from the Uganda government for power distribution. In November 2009, Actis took over the power company in a deal that was valued at USD 15m.

At the end of 2010, Umeme had secured a loan with the International Finance Corporation for a refurbishment programme that saw over 90,000 electricity distribution poles replaced at a cost of approximately USD 100m. Mr Fletcher said that the outlook for private equity in East Africa is buoyant, driven by demographics, urbanisation and the natural entrepreneurial energy in the region and that these strengths are being enhanced by regionalisation.

The Uganda power utility firm could become one of at least three other firms that have announced an intention to list at the Nairobi Securities Exchange. The others are CIC Insurance, clothing and lifestyle goods retailer Deacons and Longhorn Publishers. CIC Insurance has already submitted its application for listing at the NSE to the Capital Markets Authority.

The companies that have already announced intentions to go public are however opting for listing by introduction, fearing IPO under-subscriptions due to the high interest rate and inflation environment in the country. TransCentury and CFC Insurance Holdings listed at the NSE by introduction last year. Only three firms in the region listed through IPOs last year Kenya's British American Investments Company, Rwanda's beer maker Bralirwa and Bank of Kigali.

Precision Air in Tanzania also raised funds for expansion at the Dar es Salaam Securities Exchange, while East African Breweries sold its 20% stake in Tanzania Breweries at the Dar es Salaam bourse. The NSE chief executive, Peter Mwangi, said in an interview last month that at least eight firms have signalled their intention to list at the bourse this year.

He said five of the companies are planning to list on the main market segment; two others will list on the Growth and Enterprise Market Segment - which is expected to be operational by the middle of the year - while one firm from a neighbouring country is expected to list its shares in Nairobi. *(The East African)*

Airtel Kenya has won a major concession from the government after the parent company was allowed to continue holding a 95% stake in the second largest mobile telephony firm against regulations that cap foreign ownership at 80%. The firm was given a three-year grace period in early 2009 to grow its local shareholding to at least 20% after Information minister Samuel Poghisio granted businessman Naushad Merali exception to sell 15% of the 20% stake he held in then Zain Kenya to Kuwait-based Zain Group.

The Kuwaiti firm sold its stake to India's Bharti Airtel in June 2010 and handed the new owners the responsibility to either search for local shareholders or seek an extension in the first quarter of this year. Airtel says it has been granted extension on the strength that it is yet to settle in the loss-making Kenyan business a move that will halt the jockeying for the stake among local businessmen. “Bharti Airtel has in accordance with the government policy obtained the requisite exemption from local shareholder requirements,” said Shivan Bhargava, the chief operating officer of Airtel Kenya. “Airtel is committed to always comply with the requirements of the government policy.”

Airtel did not disclose the period of the extension, but sources at the Communications Commission of Kenya said it will run for three years or until 2015. The 15% stake is estimated to be worth Sh5.2bn based on the USD 63.75m (now KES 5.2bn and then KES 4bn) that Mr Merali earned when he sold the equivalent stake to Zain Group. Airtel is planning to investbns of shillings in network upgrade and there is a feeling the presence of local shareholders could hurt attempts by the operator to raise money from its owners.

To attract new investments into the sector, regulation capping foreign ownership of telecoms companies at 80% in 2009 was relaxed to allow foreigners to launch operations without a local partner. Instead, the investors will get the green light to start operations with a three-year grace period to find a local partner. The rule also applies to firms that are facing difficulties raising capital from local shareholders, and they may seek exemption to allow the Kenyan investors dilute their holding below 20% for the new buyers to inject capital.

This change of regulation is what allowed the Information ministry to let Mr Merali sell a significant portion of his shareholding in the company without contravening the law. Mr Merali has reapedbns of shillings in capital gains in trading in his Airtel Kenya shares. He owned 40% of the company when his investment company, Sameer Group, jointly launched KenCell Communications with its French partner Vivendi in 2000. But three years later, when the French firm decided it was time to leave Kenya, Mr Merali used his pre-emption rights to stage one of the smartest boardroom chess games that played a number of global telecoms giants against each other for Vivendi's stake.

He bought the Vivendi stake in KenCell at USD 230m and sold it to a new partner, Celtel International, the very same day for USD 250m earning a sumptuous profit of USD 20m. In 2008, he sold half of his 40% stake to Zain and further reduced it to five% with the 15% sale in 2009. The exception comes as Airtel which started the price wars in August 2010 is still struggling to return to profitability amid reduced revenues and the dominance of Safaricom.

Safaricom controls 88.7% market share in terms of voice traffic a pointer that the price war, which halved airtime cost by half since August 2010, has not shifted the players' stakes. Airtel's share stood at 6.55%. On subscribers, Safaricom remains dominant with 67.7% of the market. Airtel has 15.7%, Orange 10.4% while Yu trails with 6.2%, according to the CCK data.

Analysts reckon that local partners would be interested to own a stake in Airtel for capital gains with an eye on selling shares to third parties. "Airtel is not in a position to pay dividends in the mid-term and local interest in the stake will be mainly speculative," says Francis Mwangi, a research analyst at Standard Investment Bank. *(Business Daily)*

Mumias Sugar Company (MSC) plans to more than double its production capacity in the next six months so as to ease the sugar shortage that saw the commodity's retail price hit a historic high of KES 200 per kilogramme in August last year. The company's finance director, Peter Kebati, said the planned increase in sugar production coupled with the declining world sugar prices and increased imports from the Comesa region would culminate into a further reduction in the commodity's retail prices, which are currently set at about KES 140 per kilogramme in most retail outlets.

"All these factors combined will lead to increased sugar supply and correspondingly, we expect prices to go down," Kebati told a media briefing at the company's offices in Nairobi on Monday. Kebati said MSC expects to produce more than 120,000 tonnes of sugar during the second half (January–June) of the current financial year, compared to the 64,435 tonnes of sugar produced in the first half of the financial year. Currently, the combined production capacity of local millers stands at 520,000 metric tonnes annually, against a consumption rate of 740,000 metric tonnes.

The supply shortage had also been aggravated by reduced imports from traditional markets such as the Comesa divert their supply to better paying global markets. MSC posted a 4.2% growth in profit before tax for the six-month period ended December 31. Unaudited financial statements released on Monday showed pre-tax profit rose to KES 1.23bn from KES 1.18bn registered in a similar period the previous year. Earnings per Share rose to KES 0.57 from KES 0.54. *(Standard Media)*

Kenya Pipeline Company plans to build new liquefied petroleum gas (LPG) storage and bottling plants from next year as part of a strategy to help meet growing demand for the commodity in the region. KPC Managing director Selest Kilinda said facilities planned for Nairobi would be completed and commissioned by the end of 2014 before embarking on similar projects in other major urban centres a year later. “KPC is focusing on development of LPG facilities in Nairobi. We intend to commence construction work in the year 2013 and commission the facilities by the end of year 2014.

Phased development of other inland facilities should commence in the year 2015,” he told the Business Daily. The company, he said, would assess the capacity required to ensure availability and accessibility of LPG at affordable costs to households through a study. “KPC intends to review planned facilities capacity to ensure their adequacy to match current and future demand,” Mr Kilinda said, adding that an LPG study would be commissioned soon.”

A study jointly conducted by the Energy ministry and the World Bank in 2005 recommended that LPG facilities with a total capacity of 8,700 tonnes be set up in Nairobi, Mombasa, Kisumu, Eldoret, Nakuru and Sagana. Mr Kilinda said the study had recommended development of LPG facilities at Mombasa (6,000 tonnes), Nairobi (2,000 tonnes), Nakuru (150 tonnes), Eldoret (200 tonnes), Kisumu (300 tonnes) and Sagana (50 tonnes).

The cost of the bulk LPG import handling, storage and distribution facilities in Mombasa was estimated at USD 28.6m while that of establishing the inland facilities was put at USD 43.3m. “The cost of putting up the facilities would be much higher now given the rise in costs of construction materials and equipment,” Mr Kilinda said. Demand for LPG in Kenya and the east and central Africa region is currently constrained by lack of LPG import facilities at Mombasa and a weak distribution network.

Data by the Kenya Bureau of Statistics showed that demand for LPG in the country has increased in the last five years from 49,400 tonnes in 2005 to 87,800 tonnes in 2010, an increase of about 78%. The study of had estimated LPG demand in Kenya at 76,674 tonnes by 2010 and that in other countries in the region at 17,105 tonnes. Storage capacity, however, was low at 3,960 tonnes comprising 1250 tonnes LPG tanks at the Kenya Petroleum Refinery Limited (KPRL), 1300 tonnes at Shimanzi Oil Terminal and 1410 tonnes owned by the oil marketers.

Besides boosting the LPG storage capacity, Kenya also plans invest up to KES 100bn to develop a strategic national petroleum reserve to stabilise supplies. Persistent fuel shortages due to inefficiencies at Kenya’s only refinery near Mombasa have plagued key sectors of the economy such as transport, power generation and agriculture. The reserve will hold about 1bn litres equivalent to 90 days consumption and help ease disruptions in the supply chain. Kenya presently relies on oil marketers’ 21-day oil reserves required under industry regulations. It is seeking more than USD 1bn to increase the refining capacity to process 4m tonnes of crude per year from 2.6m tonnes now. *(Business Day)*

The Kenya Electricity Expansion Project, which seeks to bolster the government's goal of connecting one and halfm people and businesses to the electricity grid by 2015, has unlocked several opportunities for investors. Some of the business opportunities include setting up plants to manufacture and repair transformers. For the government to meet its goals over a five-year period, it will require 60 000 transformers. It is also estimated that an additional 2 000 transformers will require repairs annually.

In addition, there exists a high potential for manufacturing of other related equipment such as switchgears, insulators and electricity energy meters. The country's sole power distributor, Kenya Power and Lighting Company, expects a sharp increase in demand for transformer equipment as the government moves to increase connectivity in rural areas. EAC and COMESA trade blocs also offer substantial markets for transformers.

Sector: Access to electricity in Kenya remains extremely low despite the considerable strides that have been made in the past decade. The countrywide access rate (defined as households with a connection to the national power grid) is presently just over 23%. The Kenyan government has set a goal of 40% household access by 2020. Peak demand is estimated at 1 180 MW and is projected to grow at 7% annually over the next 10 years, to reach 2 263MW in 2018.

The demand growth is driven by an accelerated consumer connection policy and anticipated robust economic growth performance. The projected growth rate in demand will require corresponding increases in capital outlay to provide the needed incremental generation capacity and associated supply and distribution infrastructure.

The high cost of, and limited access to, energy has held back business and development in Kenya. Launched in October 2010 and supported by the World Bank, the Kenya Electricity Expansion Project is expected to facilitate the new distribution lines, which will particularly enhance agricultural productivity.

Kenya is East Africa's most important economic centre and has an all-rounded economy ranging from communications, trade in industrial and agricultural goods to financing. It is likely to remain an important and influential market with considerable potential for further growth in the next few years.

However, this would depend on the country's ability to weather the main risks for the economy, which include high inflation, structural challenges in the economy, high tax rates and burdensome custom procedures, infrastructural deficiencies in rail and electricity, corruption, and political uncertainty.

Its reliance on agriculture, and Europe as an export market could be minimised by the expected growth in disposable income and increased urbanisation, which will result to more expenditure on communications, education, health, recreation and transport. This is already happening, according to a 2011 report by consulting firm Deloitte, which noted a sharp increase in sales of cars, mobile phones and other expensive consumer durables. *(All Africa)*

Economic News

The World Bank has committed USD 1.9bn for various development projects in Kenya over the next two years, and USD 400m has already been disbursed, a senior bank official said. Through its lending arm, the International Development Association, the bank has already invested over USD 2bn in sectors like water, energy and transport infrastructure in east Africa's biggest economy.

"We have a pipeline of up to USD 1.5bn to be invested in Kenya over the next two years," Rachel Kyte, World Bank vice president for sustainable development, told a news conference. The investments have gone into infrastructure projects like power generation and transmission, roads and airports. The World Bank's loans have zero or very low interest charge and repayments are stretched over 25 to 40 years, including a 5 to 10-year grace period

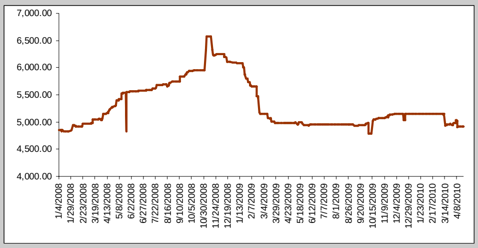
The bank expects the Kenyan economy to grow by 5% this year and 5.5% in 2013. "We are optimistic about the possibility for Kenya to sustain really quite high growth rates," Kyte said. "But in order to do that then the investment climes and the execution of the very compelling vision for energy, for water resources management, for transport and infrastructure need to go apace."

Kenya's central bank will offer a reopened 12-year infrastructure bond and a new one-year Treasury bond worth a total KES 20bn (USD 239m) at auction this month, traders said on Monday. "The reason why we did an infrastructure bond is because the governor is marketing this to the diaspora. They had requested to participate in this issue. Otherwise, for this local market, we are doing the one-year paper," Fred Mweni, chairman of the Kenya Bond Traders' Association, told Reuters.

At the first sale of the infrastructure bond in September, the weighted average yield came in at 16.640%, while at the last auction of a one-year bond, the weighted average yield stood at 21.082%. *(Reuters)*

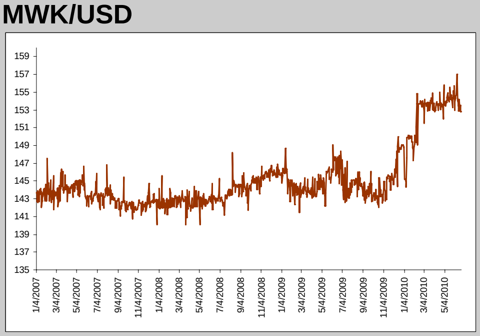
Malawi

Malawi Stock Exchange



Source: Reuters

MWK/USD



Source:SAR

Economic indicators

Stock Exchange News

The Malawi All Share lost -0.84% to close the week at 5,437.39 points. The market recorded trading activity in 8 counters namely Illovo, MPICO, NBS, NITL, REAL, OML. TNM and Standard Bank**.** TNM was the only counter that recorded a price change after losing -10.53% to MWK 1.70. Market turnover amounted to MWK 8.5m (USD 50,666.37).

Corporate News

No Corporate News this week

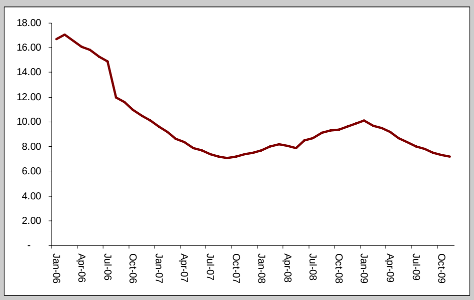
Economic News

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

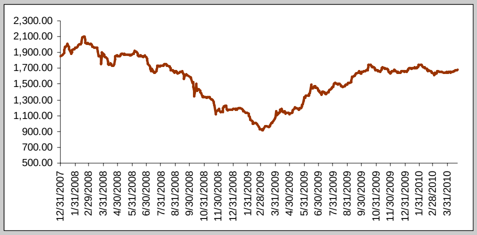
CPI Inflation



Source: SAR

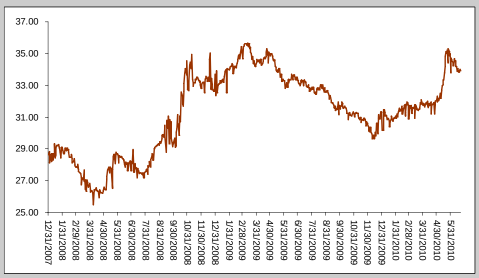
Mauritius

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 SEMDEX was relatively flat at 1,832.83 points while the SEM 7 gained +0.12% to close the week at 342.77 points respectively. Go Life was the main mover, gaining +11.11% to MUR 0.10 followed by ASL and Lux Island which rose by +5.5% and +2.1% to MUR 115.00 and MUR 24.00 respectively. ENL led the losers after shedding -3.3% to MUR 23.30 while PAD lost -2.3% to MUR 85.00 and MDIT shed -1.9%

Corporate News

Mauritius' Lux Island Resorts swung to profit in the second half of the year due to higher arrivals to its hotels and it expects to report stronger third-quarter earnings, it said on Thursday. The luxury hotel group, which has properties in the Maldives and Reunion, as well as the Indian Ocean island, posted a pretax profit of MUR 14.9m (USD 513,793) compared with a pretax loss of 67m in the same period last year.

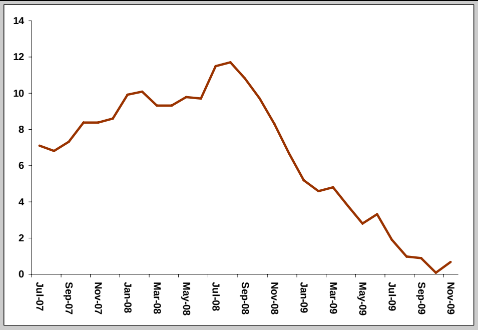
Revenue rose to MUR 2bn versus MUR 1.7bn in the same period, Chief Executive Officer Paul Jones said. Earnings per share moved into positive territory at 0.18 rupee per share from a loss of 0.85 rupee in the previous period. "We are confident that should there be no deterioration in the current environment, the results for the third quarter ending March 31 should improve on those of the corresponding period last year," Jones said. The company, which recently changed its name from Naiade Resorts, has said it expects its future growth to be driven by visitors from emerging markets in Asia. *(Reuters)*

New Mauritius Hotels posted a 6.9% drop in pretax profit for its first quarter ended December, after a stronger local currency crimped revenues, it said on Friday. Ranked among the Indian Ocean island nation's most-traded stocks, NMH said quarterly pretax profit fell to MUR 627.6m from MUR 674m a year ago. "Based on present trends, the first half's results should be similar to last year's. The second half appears very challenging and remains difficult to forecast," NMH said.

NMH said the average exchange rate of the euro against the rupee was 5% lower than in the previous period. Europe is the largest source of tourists for Mauritius. Earnings per share fell to MUR 3.40 from MUR 3.52 in the same period last year. Revenue rose to MUR 2.6bn from MUR 2.4bn. *(Reuters)*

Economic News

No Economic News this week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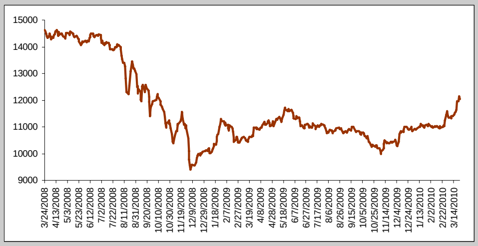
Source: SAR

SECURITIES AFRICA

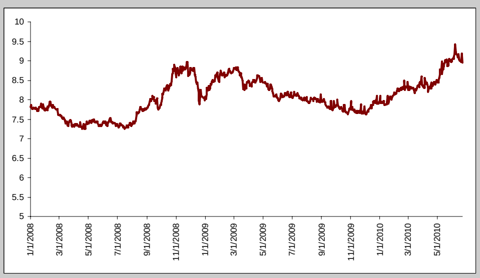
Morocco

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 lost -0.06% to close the week at 11,353.60 points. Gains were recorded in Diac Salaf (+26.21%) to MAD 98.14, Aluminium (+8.01%) and Leisiur (+7.88%). On the losing front we had Maroc Leasing down -8.51% to MAD 430, Involys which shed -8.14% to MAD 210 and Auto Hall (-6.76%).

Corporate News

Moroccan lender BMCE Bank plans to expand its presence to all countries in Africa through its subsidiary Bank of Africa, its chairman said on Thursday. "We aim to cover all African countries within 10 to 15 years, from the 21 countries where we are currently active, through Bank of Africa," Othmane Benjelloun told Reuters in Tangier. Benjelloun did not elaborate on how Bank of Africa, in which BMCE holds 60%, plans to go about the expansion plan.

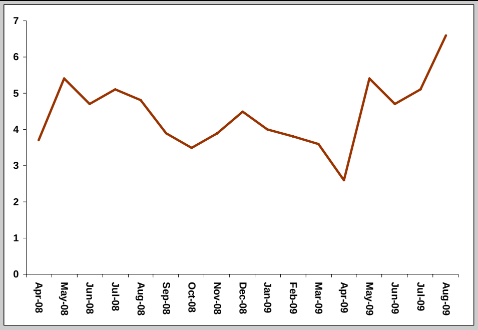
"Bank of Africa is doing well: its contribution to BMCE's (consolidated) earnings rose to around 25% in 2011 from 17% in 2010," he said. Benjelloun declined to say if BMCE, Morocco's second-biggest private lender, posted stronger net earnings growth in 2011 compared to 2010.

"Our earnings growth in 2011 will be excellent. Last year was good not just for our main operations in Morocco but also in Africa as well," said Benjelloun, a major shareholder in BMCE. *(Reuters)*

French car maker Renault opened a sprawling low-cost Moroccan factory on Thursday, taking aim at strong European demand for no-frills vehicles in a bid to buck the overall decline in the region's car market. With the inauguration of its 3m square metre (32m square foot) facility near Tangiers, the partly state-owned automaker risks inflaming French political debate on domestic jobs, weeks before a presidential election.

"The question of building this factory in Western Europe didn't even arise," Renault Chief Executive Carlos Ghosn said in a radio interview ahead of the opening ceremony. "That would have been incompatible with the concept" of low-cost vehicles, he added. The plant is about to start production of a spartan minivan, the Lodgy, to be sold at less than half the price of mid-market rivals such as Volkswagen's Touran people-mover, or Renault's own French-built Scenic.

A small delivery van, to be launched from Morocco later this year, will also be pitched well below the equivalent Renault Kangoo model assembled in northern France. "A factory like this can only be a good thing for Renault's production costs," Paris-based Societe Generale analyst Philippe Barrier said. "It's an unbeatable manufacturing base for the group." For an initial investment of EUR



Source: SAR

600m (USD 795m), sweetened by tax breaks, the Moroccan plant will reach an annual production capacity of 400,000 vehicles next year. Workers' salaries amount to less than a quarter the French minimum wage.

French President Nicolas Sarkozy, trailing Socialist rival Francois Hollande's ratings ahead of the first election round on April 22, has leaned heavily on industrial companies to keep jobs in the country. During the last crisis, the government lent 6bn euros to Renault and PSA Peugeot Citroen on condition that they avoid domestic closures. The French state is Renault's biggest shareholder with a 15% stake.

The factory opening drew immediate criticism from politicians in France, where unemployment is at a 12-year high. "It's completely intolerable and even scandalous," said Christian Estrosi, a lawmaker and former industry minister for Sarkozy's governing UMP party. "Carlos Ghosn is breaking the promises he made to his main shareholder." Senator Gerard Larcher, a former majority leader, said Renault was ducking its "societal responsibility" to French workers and suppliers.

Priced below EUR 10,000 for its most basic version, the Lodgy builds on the surprise domestic success of Renault's low-cost Dacia brand, assembled in Romania. The original 2004 Logan sedan proved more successful in Europe than in many of the markets for which it was designed, such as India. Dacia's Duster SUV has since become a runaway hit in France.

"We see this factory as a dangerous development," said Fabien Gache, a spokesman for the CGT, Renault's dominant French union. "These vehicles are basically 'Loganised' Scenics and Kangoos," Gache said. "They're bound to hit the Renault brand's market share." Renault's low-cost entry vehicles, sold as Dacias in Europe and Renaults elsewhere, increased their share of group deliveries to one third last year from about a quarter in 2010 - even after the withdrawal of government crisis incentives that favoured cheaper cars.

Western European sales of Renault models dropped 8.5% in 2011, outpacing the region's overall 1.3% decline in car registrations, while Dacia increased its market share. The 10,000 euro entry price for the Lodgy, available in five- or seven-seater versions, compares with list prices starting at around 21,000 euros for a Scenic or Touran in France, excluding special offers. *(Reuters)*

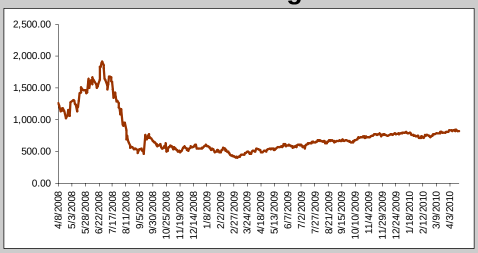
Economic News

No Economic News this week

SECURITIES AFRICA

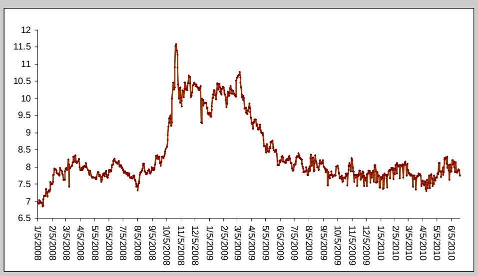
Namibia

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 lost -2.13% to close the week at 918.00 points. On the NSX local and DevX, FNB was the top mover after adding +0.22% to NAD 13.65 while EXT and BVN added +0.12% and +0.10% to NAD 8.58 and NAD 9.67 respectively. SILP led the losers after shedding 20.63% to NAD 1.00 followed by XEM, down -16.67% to NAD 0.05 and DYL (-7.69%).

Corporate News

No Corporate News this week

Economic News

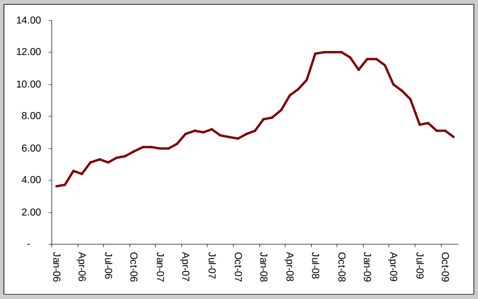
Namibia's Chamber of Mines is in negotiations with the government over a proposed super tax on the mining industry likely to be implemented in 2012, a senior official said on Thursday. Last year the southern African nation pulled plans to raise the mining tax for companies in the non-diamond sector to 44% following major concerns over its tax hike proposal.

Instead it stuck with the current 37.5% and proposed a formula-based surcharge to get extra revenues when the economy is performing well. "We are in negotiations now at the moment on the super tax," Mark Dawe, the chamber's president, told Reuters on the sidelines of a mining conference.

He said the chamber, which would get feedback on its proposals from the government on Friday, was punting for a common super tax on all commodities to prevent an administrative burden on miners. Asked whether the industry was confident it would achieve the same success for its super tax talks it had when lobbying last year on gross sales taxes, Dawe said they were confident government would do the "right thing".

"But we're very concerned that they've scared away a number of investors as a result of these pronouncements. A number of companies have left Namibia," he said, without elaborating. Namibia is one of the world's largest producers of diamonds and has huge deposits of uranium, with Rio Tinto and Australian miner Paladin Energy currently producing the key nuclear material. Foreign firms are also exploring for gold, lead, zinc and iron ore. *(Reuters)*

CPI Inflation



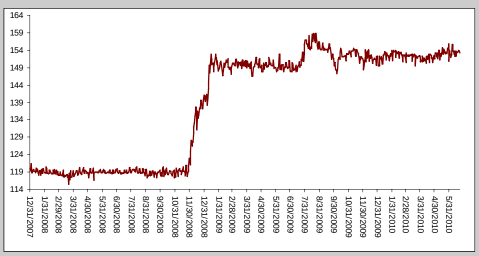
Source: SAR

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 -1.17% to close at 20.632.63 points. Etena Oil gained +14.81% to close at NGN 3.10 while Livestock Feeds was up +8.97% to close at NGN 0.85. Other notable gains were recorded in Vitafoam (+7.30%), Access (+6.16%) and Presco (+5.88%). On the losing front we had Japaul (-15.85%), BAGCO (-12.64%) and Julius Berger (-11.89%).

Corporate News

Flour Mills of Nigeria Plc last week announced a profit after tax of N7.055bn for the third quarter ended December 31, 2011, showing a decline of 13% from the N8.106bn posted in the corresponding period of 2010. The unaudited results made available by the Nigerian Stock Exchange (NSE), showed that turnover rose by 17% from N122.707bn in 2010 to N144.162bn in 2011.

However, profitability fell by 13% as of the leading flour milling firms in the country ended the Q3 with N7.055bn. Despite the decline in level of profit, the company's Net Asset Value stood at N50.26bn as at December 31, 2011, up from N42.063bn in March 2011. Some market operators said the company would still be able to put smiles on the faces of investors the fall in Q3 profit notwithstanding. According to them, the company has a robust expansion plan that is capable of increasing its fortunes.

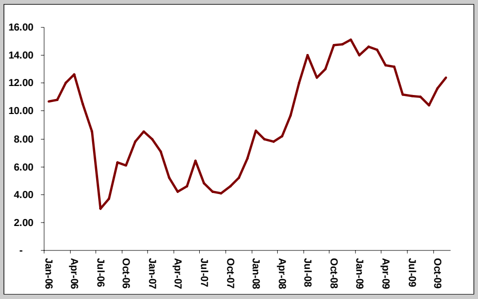
Flour Mills of Nigeria recently accessed the capital market to raise about N28bn from existing shareholders through a rights issue. The Managing Director of the company, Mr. Emmanuel Upkabi, had explained that the funds would be used for expansion of its businesses. Specifically, he said that funds would largely be invested in sugar, cement, soya oil, expansion of existing factories and farms across the country. "We are expanding our mills; we are investing in our sugar and cement businesses. We are also investing in new businesses.

For example, we have just started new businesses in oil and sugar. We are going to kernel crushing. We would also be crushing soya to get vegetable oil and we may go down stream to make margarine and other products," Upkabi had said. Flour Mills of Nigeria offered 455.566m ordinary shares of 50 kobo each at N62 per share. Some shareholders of the company had expressed their support for right issues, saying they would take up their rights. For instance, the President, Nigerian Shareholders Solidarity Association, Chief Timothy Adesiyan, said "Flour Mills has a lot of goodwill for Nigerian shareholders because they have been steady.

Their operations have been growing the purses of shareholders. The majority shareholders have already given their consent that they will take up their offer.

SECURITIES AFRICA

CPI Inflation



Source: SAR

The shareholders are comfortable with the offer. According to him, they expect better dividends in future, especially when the new sugar refinery comes into full operations. *(This Day)*

Bilfinger Berger has sold a 10% stake in its Nigerian subsidiary Julius Berger Nigeria (JBN) to engineering and construction company, Nestoil Group. The sale of the shares, which is quoted on the country's bourse, reduces Bilfinger Berger's investment in JBN to 30.9 from 49.9% and will lead to net proceeds estimated at USD 26m.

The German company says it plans to continue a gradual reduction of its JBN ownership. "With the Nestoil Group we have found a reputable buyer that is seeking to enter into a long-term investment and cooperate with JBN at an operational level," Roland Kock, chairman of Bilfinger Berger's Executive Board said.

"We are happy that we have been able to put this equity stake in good hands." In addition to selling its interest in JBN, Bilfinger Berger has taken the strategic decision to reduce its other Nigerian activities. With respect to this, the German firm says it also intends to sell the engineering and services activities of Bilfinger Berger Nigeria GmbH, Wiesbaden, to JBN. *(Business Day)*

The newly appointed Chairman of Ashaka Cement Plc, a subsidiary of Lafarge, Umaru Kwairanga, has declared that it is possible for Nigeria to attain self-sufficiency status in cement production in 2012. Kwairanga said, with concerted efforts being made by cement manufacturing companies towards capacity improvement, both Government and the industry’s target of attaining self-sufficiency in cement production this year is elusive, but “it is possible and achievable”.

On the part of AshakaCem, the Chairman said that presently the company contributes about five% of the cement needed in Nigeria. He also revealed expansion plans by the company to increase its present production capacity from 1m tonnes to 1.3m tonnes per year. He added that the company is also targeting an increase in its market share beyond the current 5%.

The new board chairman commended the efforts being made by the government and stressed that AshakaCem was committed to complementing government’s contribution to the growth of local cement production towards achieving self-sufficiency and increasing our foreign reserve. He stated that the company, being the only producer of cement in the North, is unique in many ways, that apart from effectively covering the market over there, the company is connected to the railroads and also produces coal which it uses as a source of energy for production; a ‘novelty’ in the sector.

Kwairanga also stressed that the company would not relent in promoting competitiveness in the cement sector in order to establish a win-win situation for both producers and consumers. Also speaking at the media briefing, Lafarge’s Country Chief Executive Officer for Nigeria and Benin Republic Mr. Jean-Christophe Barbant, said that self-sufficiency by Nigeria would be achieved this year because cement importation neither guarantees regular quality nor provides jobs, noting that local production however has succeeded in addressing these two challenges.

He said AshakaCem can be described as a star of the North, but he noted that the company is not concentrating its presence only in the North of the country but all over the South as well as Abuja. Another notable feature of AshakaCem, Christophe added, is the operation of its own coal mine and utilisation of coal in the production of cement, which speaks of the spirit of innovation in the company and an improvement in the traditional reliance on the oil and gas sector for energy. The new Chairman said he would tap from the experience of Lafarge and try to move the organisation from the point it is today. He also said the company would work towards increasing its market share by growing with the market, which he noted was making a steady climb.

He gave assurance that AshakaCem would not disappoint Lafarge as its major shareholder and other shareholders, noting that no investment made in the company will be a loss. “I want to assure the investing public that at the end of the day everyone is going to be very happy,” he said. He also assured the company’s host communities that the presence of AshakaCem will bring development to them, by creating jobs, awarding scholarships, building classrooms, sponsoring sports competition and provision of healthcare. He also said that the company recently launched a paediatric ward in one of the hospitals in the community.

The media briefing was called to present Kwairanga to the public as the new chairman of the Board of Directors of AshakaCem Plc. His appointment followed his election at a recent meeting of the Board in Gombe state. Before his appointment as the new Chairman, Kwairanga, a professional with several years of experience in the capital market, banking and the real sectors, had served as a member of the Board for five years.

He is also the Group Managing Director and Chief Executive Officer of Finmal Finance Services Limited and a member of the Board of several companies including, Central Securities Clearing Systems Ltd, and Gombe State Investments Co Ltd, amongst others. Kwairanga holds first and post-graduate degrees in Business Administration, Corporate Governance and Finance respectively. He holds the traditional title of Sarkin Fulani of Gombe.

Commenting on his appointment, Kwarainga expressed appreciation to the Board of Directors and pledged his commitment to work tirelessly in promoting the vision of AshakaCem and all stakeholders saying that his experience in the Money and Real Market will be relevant in his new position as Chairman. Also commenting, Christophe said that Kwairanga, as a native, is the best man for the position adding that he is most qualified especially at this time in the history of the company. He stressed that his over five years’ experience working on the board, puts him in the best position to realise the possibilities of the company.

Chief Executive Director of AshakaCem Plc, Mr. Neeraj Akhoury, also said the company is proud to have a professional in the person of Kwairanga as the Chairman of the Board, adding, “We promise to support him and the Board to reach our objectives” *(Reuters)*

Nigeria's Oando Energy Services Ltd. said it has signed a NGN 12bn (USD 75m) drilling contract with Shell Petroleum Development Co., a subsidiary of Royal Dutch Shell PLC. Oando Energy Services has deployed one of its swamp rigs, OES Passion, to execute the two-year contract in the Niger Delta region, Meka Olowola, head of corporate communications, said in a statement Monday.

Oando Energy Services is a subsidiary of Oando PLC, a domestic operator of swamp drilling rigs. Wale Tinubu, Oando group chief executive officer, said the OES Passion brings to three the number of rigs the company has executing drilling contracts for oil majors in the Niger Delta. *(Wall Street Journal)*

Niger Insurance plc said it will commence the raising of its NGN 1.34bn right issues on February 13. The company is offering 2, 677,079,282 ordinary shares of NGN 0.50 each on the basis of seven new ordinary shares for every fifteen ordinary shares held at the close of business on Friday, November 4, 2011.The offer closes on March 21. Tiddo Securities Limited and Integrated Trust & Investment Limited are joint issuing houses.

Speaking at its completion board meeting in Lagos, chairman of Niger Insurance plc, Bala Zakariya'u said the proceed of the rights issue will be used to invest in distribution channels for improved marketing of the company's products and to complete the installation of its information technology platform."It will also be used to enhance the company's working capital in order to improve liquidity and increase risk retention capability as well as rebuild and refocus its investment portfolio to include fixed income securities," Zakariya'u said. He also said the company plans to redesign and renovate its Ajao Road, Ikeja Business District real estate property. It said that the net issue proceeds will amount to NGN 1.4bn.

Breakdown of the offer allocation reveals that 28.93% amounting to NGN 375m will go to redesigning and renovation of the property on Ajao Road in Ikeja; 23.13% amounting to N300m will be chandelled into rebuilding of investment portfolio to include fixed income securities such as federal government, selected states and corporate bonds while 20.53% equal to N266.1m will be used to enhance working capital to improve liquidity and increase risk retention capability.

Investment in distribution channels for improved marketing of the company's products including new branches and installation of information technology platform will gulp NGN 175m or 13.50% and NGN 180m or 13.89% respectively. *(Daily Trust)*

Bharti Airtel's stake in its Nigerian unit is "completely safe" and the world's fifth-biggest mobile phone carrier by subscribers has appealed against a Nigeria court verdict, said Manoj Kohli, its chief executive for international operations. A Nigerian court last month ruled that Bharti's ownership of Airtel Nigeria is "null and void" because co-founder and 5% shareholder Econet Wireless was not consulted on the transfer, according to a judgment seen by Reuters. *(Reuters)*

Commissioner for Insurance, National Insurance Commission (NAICOM), Mr. Fola Daniel, has urged insurance operators in the country to take advantage of the enforcement of compulsory insurances in Nigeria to enhance their premium income. This is coming on the heels of the commencement of the enforcement of compulsory insurances across the country by NAICOM.

Industry watchers have observed that the insurance firms are not doing enough to take advantage of the huge premium to be tapped from the various compulsory insurances which include, third party vehicle insurance, marine insurance and public building insurance. A statement from the commission quoted Daniel to have said “the insurance industry is the ultimate beneficiary of the enforcement campaign by NAICOM and hence the need for the operators to complement the commission’s efforts at deepening market penetration.”

He frowned at the trend were only few insurance companies attend to the public during the enforcement exercises by the commission to ensure compliance of compulsory insurances in some cities recently. “Even those in attendance did not have the required documents to market to people who were ready to take up the necessary insurances on the spot,” he said. The commissioner described the nonchalant attitude of insurance operators towards compulsory insurances and micro insurances as not only worrisome but inimical to the growth and development of the industry in Nigeria.

According to Mr. Daniel, “the enforcement of compulsory insurances in Nigeria is one of the commission’s initiatives at fulfilling its statutory responsibility of opening and developing the insurance market. The commission cannot go beyond this to sell insurance. It is your responsibility to take advantage of this initiative and many others being introduced by the commission to sell these insurances and grow your premium income.” Mr. Daniel was speaking at the first Council meeting of the Nigeria Insurers Association (NIA) for 2012 held in Lagos recently.

NAICOM commenced the on-site enforcement of compulsory insurances in Nigeria in November, 2011. So far, the exercise has been successfully carried out in Ibadan, Oyo State and Ilorin in Kwara State. The enforcement team comprising the Nigeria Police, Federal Road Safety Corps (FRSC), Fire Service, Insurance Consumers’ Association of Nigeria (ISCAN), Council of Registered Builders of Nigeria (CORBON) and officials of NAICOM is currently in Enugu State in continuation of the exercise. The exercise will be carried out in all the six geo-political zones, Lagos and Abuja. *(Daily Trust)*

Exxon Mobil Corp., the world’s largest energy company by market value, and state-owned Nigerian National Petroleum Corp. are seeking a USD 1.5bn loan for a joint venture to develop offshore oil fields in Nigeria, according to three people with knowledge of the transaction. Standard Chartered Plc and South African lenders Standard Bank Group Ltd and Nedbank Group Ltd. are among the banks involved in the deal, which is due to be signed in the next few weeks, according to the people, who declined to be identified because the terms are private.

Nigeria is Africa’s top oil producer and the fifth-biggest source of U.S. crude imports. Exxon, Royal Dutch Shell Plc, Chevron Corp., Total SA and Eni run joint ventures with NNPC that pump more than 90% of the country’s crude. Exxon subsidiary Mobil Producing Nigeria is the second-largest oil producer in the country, according to the company’s website. *(Business Week)*

Nigeria's biggest listed company, Dangote Cement, opened a USD 1bn cement plant on Thursday, raising its production capacity in Africa's most populous nation by more than 40%. The new plant is situated in Ibese, Ogun State in southeast Nigeria, just outside the commercial hub Lagos. It will produce 6m metric tonnes of cement per annum (mtpa), which along with Dangote Cement's two other plants will take total production to 20.25 mtpa.

"We are working towards making the company one of the eight biggest producers of cement in the world," Dangote'sbnaire owner Aliko Dangote said at the plant opening. "With the commissioning of the Ibese plant, Nigeria has been transformed from major importer of cement to self sufficient in production and export." Dangote said in the next two years the company's Obajana plant, in Kogi state, would have its capacity upgraded to 15 mtpa from 10.25 mtpa currently, which would make it the world's biggest cement plant. *(Reuters)*

Nigeria's United Bank for Africa (UBA) has suspended plans to sell shares to raise additional capital due to weak local market conditions, chief executive Phillips Oduoza said on Thursday. "The Board and management has suspended our equity capital raising at this point in time pending when capital markets improve," he told a conference call of investors, a day after the bank issued a profit warming on its 2011 results.

Shares of UBA fell almost 5% for a second straight day as investors dumped the stock following the profit warning. UBA, one of Nigeria's top lenders, said on Wednesday it expected to announce a loss for 2011, driven by one-off write-downs against earnings, including loans sold to a state-owned "bad bank" AMCON. It forecasted a quick recovery in the first quarter of this year. It sold close to 100bn naira in bad loans to AMCON, Oduoza told the call.

In October, UBA said it planned to raise capital through a private placement and a rights issue to help support large-ticket lending in infrastructure and agriculture sectors. UBA's chief executive said the bank's board had earlier approved a 500bn naira debt and equity capital raising program to shore up its balance sheet and strengthen its African subsidiaries but that the bank was suspending its share sale. He said the bank had raised 55bn naira debt so far from the total. *(Reuters)*

Singapore agriculture firm Olam International Ltd said on Thursday it has bought Nigerian biscuits and candy maker Titanium Holding Company SA for USD 167m. It said Titanium owns Nigeria's second largest biscuits and candy franchise and had a turnover of about USD 162m last year. *(Reuters)*

Economic News

The chances that fuel queues may resurface have become a clear and present danger, as the uncertainty caused by multiple government investigations into the fuel subsidy scheme has led to a corresponding drop in the volume of fuel imports into the country. It was learnt that the Pipeline and Products Marketing Company, a subsidiary of the Nigerian National Petroleum Corporation, has become the major importer of petrol into the country, with most major and independent marketers suspending imports until further notice.

Confirming this, an executive with a major oil marketing firm informed THISDAY that petrol imports by private sector operators had dropped by as much as 40% in the wake of the ongoing probe of the fuel subsidy regime following the protests that greeted the deregulation of petrol pricing on January 1 and the suspension of the policy two weeks later. The official, who pleaded anonymity, said oil marketer were importing less fuel now as a precautionary step owing to the uncertainties that have arisen from the probe of the petroleum industry and subsidy regime by both the National Assembly and the Economic and Financial Crimes Commission.

Besides, oil marketers have outstanding claims that the federal government is yet to settle, he added. “Government has to be categorical on the settlement of legitimate subsidy claims going forward. Oil marketers have stopped importing due to uncertainties. “They have to be certain that the subsidy scheme will cover all legitimate claims before they can participate in the importation of fuel under the current regime,” he said. But as oil marketers fret, the House of Representatives committee probing the management of fuel subsidies is expected to conclude its ongoing investigation into the irregularities that have characterised the subsidy regime this week.

THISDAY investigations, however, showed that petrol queues have indeed started building up at many filling stations in some parts of the country, including Abuja, with the product selling at between N100 to N120 per litre, far above the approved pump price of N97 per litre. According a cargo chart made available to this newspaper showing the discharge of petrol cargoes as at last Friday, of all the private jetties in Lagos, it was only BOVAS that discharged about 10,000 metric tonnes of petrol into a depot.

However, no vessel berthed at the Ibafo jetty. The situation was no different at Fisheries jetty used by NIPCO, and the Dantata jetty used by MRS. Also, the Capital oil jetty, which is one of the busiest in Lagos, was said to have no vessel discharging petrol at its depot. There were fears that the drop in fuel importation could have affected the nation’s fuel strategic reserves of 52 days. However, at Techno jetty, about 5,000 metric tonnes were said to be in bound (expected). The same was applicable to Calabar and Port Harcourt jetties.

Similarly, at the SBM jetty 45,000 metric tonnes was being discharged last Friday, and another jetty was discharging 33,000 metric tonnes. According to a source at the Nigerian Ports Authority, all the products were PPMC deliveries and none for private oil marketers. Meanwhile, some oil marketers have maintained that they are being owed severalbns of naira in unpaid subsidies by the federal government. “Since PPMC controls over 40% of petrol imports into the country and it is the major importer at the moment, it tells you that scarcity is imminent if something urgent is not done.

“There is no way that only PPMC can meet the daily fuel demand requirements of the country and they know that fact,” said one marketer Saturday. According to him, no oil importer, after many of them had been accused of wrong doing in public, would like to stake his resources without reassurance from the government that it will be reimbursed under the subsidy regime. “Some of us had outstanding receivables from the government for last year's imports. Then the order by the House of Representatives to government not to pay till further notice has added to the uncertainties,” he said.

He said the House order, coupled with EFCC’s probe into the management of the subsidy fund, is enough to discourage oil marketers from getting heavily involved in fuel imports, so that they do not get their fingers burnt. However, a member of the House of Representatives committee probing the management of fuel subsidy has disclosed that the committee is expected to wrap up its investigation into the subsidy regime this week.

The member, who preferred not to be named, said yesterday that before winding down its activities, more oil marketers would appear before the committee while a visit to the Atlas Cove jetty in Lagos is also on the cards. Officials of government agencies, including the Ministries of Finance and Petroleum Resources, as well as the Petroleum Products Pricing Regulatory Agency, are also expected to reappear before the committee this week. The committee member, who expressed satisfaction with the depth of revelations the probe has so far elicited, however, dismissed the notion that the exercise would be another effort in futility, adding that the revelations are self-evident that the probe would end well.

According to him, the committee was satisfied with its efforts so far and is convinced that Nigeria will never be the same again as a result of the discoveries unearthed by the probe. “You can see that a lot has already come from the probe. So this is not going to go the way of previous exercises. It is therefore laughable when people pass such comments. “The committee is still doing its job and it stands to reason that they have given this their very best shot as representatives of the people.

“Hopefully, the probe will end next week (this week) and then, the committee can go into the next phase of the probe. Besides, the committee is billed to visit the Lagos Atlas Cove jetty after the conclusion of the probe later in the week. “The committee members are not in a position to speak to the press right now on the probe. The time is not right, but when the time is right, the media will have first rate insight into the many discoveries by the committee,” he said. *(My Joy)*

Nigeria's foreign exchange reserves rose to USD 34.67bn on Feb. 1, their highest level in four and half months, central bank data showed on Friday, raising hopes of a more stable exchange rate on the naira. The figure was up on the USD 32.98bn of forex reserves that Africa's top energy producer had at the start of last month, and also higher than the USD 33.16bn it had at this time a year ago.

Strong demand for the dollar on the domestic market has piled pressure on local currency the middle of since last year, eating into the forex reserves of Africa's second biggest economy as the central bank intervened to prop it up. The bank said outlook for oil prices in the short-term suggested that forex reserves would continue to recover. Forex reserves at current level could finance more than 6 months of imports of goods and services, the central bank said. *(Reuters)*

Nigeria's interbank lending rates closed at an average of 13.50% this week, easing from 15.50% last week, following the release of some of December's budgetary allocation to government agencies, traders said on Friday. The borrowing rate opened the week at 12.25% on large budgetary inflows, but rose back up to Friday's close after the central bank mopped up liquidity by selling treasury bills.

"A portion of December budget allocations to state and local governments finally hit the system on Monday, helping to boost liquidity level and this reflected in the cost of borrowing at the interbank," one dealer said. December budgetary allocation were delayed for over two weeks, causing a liquidity squeeze in the system, pushing up cost of borrowing in the interbank market last week. Africa's top crude-oil exporter shares proceeds from oil sales from a centrally held account every month to its three tiers of government - federal, states and local - providing liquidity to the banking system and impacting on lending rates.

The secured Open Buy Back (OBB) eased to 14.0% from 15.0% last week, 200 basis points above the central bank's 12.0% benchmark rate, and 4.0%age points above the Standing Deposit Facility (SDF) rate. Overnight placement dropped to 13.50% from 15.50%, while call money traded at 14.0% against 16.0% last week.

Market opened on Friday with a cash balance of 225bn naira (USD 1.40bn) compared with about onebn naira cash balance a week ago. "The market is expected to tighten up next week, while lending rates should climb higher because of the aggressive liquidity mop-up exercise by the central bank and regular funding for foreign exchange and treasury bills purchases," another dealer said. Also, Nigeria plans to auction treasury bills worth 149.27bn naira at its regular debt auction next week, further exerting pressure on liquidity. *(Reuters)*

The National Planning Commission is working closely with the European Investment Bank to secure funding for Nigeria through the Africa-European Union Trust Fund to fund some projects under the Economic Growth for Nigeria. The minister of national planning, Dr. Shamsuddeen Usman said this last week at a joint meeting to put together draft proposals on two projects for possible funding from the Africa- EU Trust Fund.

A statement signed by the minister’s Special Adviser on media, Ikechukwu Eze said the two projects proposed for possible funding are; the Calabar- Kano Gas pipeline and the Mambilla power projects. The secretary to the ministry, Ntufam Fidel Ugbo who presided over the meeting on behalf of the minister said the two projects will add value to Nigerians as well as make life easy for Nigerians through the enhancement of economic opportunities for the country.

He further said that the meeting was called sequel to the agreement reached with the European bank officials during their visit to Nigeria in October 2011 and it is in response to a request to fund a comprehensive feasibility study of the Mambilla power project and the Calabar- Kano Gas pipeline project. “The EIB officials requested for specific information about the projects to enable them hold in- house discussion around the eligibility criteria before coming for the main meeting on February 9,” he said.

The Representative of the European Union, Mr. Pere Philippe said that the two projects are bankable ones and demanded that the Nigerian National Petroleum Corporation provide the European ban with information on memorandum; equity structure; and information on tariff. *(Daily Trust)*

The Nigerian Stock Exchange (NSE) recorded a total of NGN 478.62bn in foreign portfolio investments last year, The Nation has learnt. Also, the market recorded an investment outflow of NGN 312.65bn translating to a net flow of NGN 165.97bn during the same period. Sources close to the Exchange said the investment outflow was on foreigner investors, who sold their shares to reinvest the proceeds in other foreign markets.

"The foreign portfolio investors were attracted by the positive showing of multinationals, such as Nestle Nigeria Plc, Mobil Nigeria Plc, United African Company of Nigeria (UACN) Plc, among others. They bought more blue-chip stocks because of their huge prospects. All the stocks of big multinationals are the ones that foreign portfolio investors have interest in, and nothing more," the source added.

Market watchers said the net flow of NGN 165.97bn, signifies a positive development for the market which has, since 2008, been witnessing a surge in the movement of foreign investors. Speaking on the issue, the Managing Director, First Registrars, Bayo Olugbemi, said foreign portfolio investors are gradually returning to the market.

"Though investors have not come 100%. They have been showing genuine interest in the market. I'm talking about real investors, not passers-by," he added. He, however, refused to disclose the identity of the foreign investors, saying he preferred to keep that confidential. *(The Nation)*

The special task force on revenue generation set up by the Plateau state government has commenced the process of reviewing pre-existing forms of tax administration in the state in other to raise the revenue base of the state. The 14 man task force set up by the state government to achieve this, set a target of collecting not less than N1bn per month to contribute at least NGN 12bn to the coffers of the state government as internally generated revenue, IGR, by the end of the year chairman of the task force, John Mankilink said.

Manklink, was speaking at a press conference in Jos. He said the changing socio-political and economic environment in Nigeria does not make it wise for Plateau state to continue to rely solely on the revenue from oil more so as the oil producing states in the country want a review of the country's derivation policy to be in their favour. He said with the kind of infrastructural development pursued by the current administration in the state, it was necessary to set up an enduring tax administration from the state to the local governments that would involve all agencies of government for effective administration.

The chairman said so far, the task force has met with various stakeholers in all sectors of the economy in the state and have all agreed there is a need to raise more revenue for government for its public expenditure. He appealed to the people to corporate with the state government in the area of taxation as it is for the common good. He said part of measures taken by the task force so far to ensure compliance was to ensure, regular tax payers who are up to date in the payment of taxes are issued with tax clearance certificates while machinery would be put in place for the prosecution of defaulters. *(Daily Trust)*

Investors have staked NGN 128bn on 151.3m units of Federal Government of Nigeria (FGN) Bonds in 1,030 deals last week, indicating an increase of 6.2% above the NGN 120.503bn invested in 134.8m units in 870 deals the previous week. The most active bond in volume terms was the 10.7% FGN May 2018 (5th FGN Bond 2018 Series 2) with a traded volume of 36.74m units valued at NGN 29.301bn in 292 deals.

This was followed by the 5.5% FGN February 2013 (7th FGN Bond 2013 Series 1) with a traded volume of 25.3m units valued at NGN 23.247bn in 170 deals.

Secondary trading in the FGN bonds at over-the-counter (OTC) market had opened for the year on a low note when investors NGN 55.569bn invested in 64.25m units in 239 deals three weeks ago. However, the value of investment rose the previous week by 116% as investors staked NGN 120.502bn.

Analysts at Dunn Loren Merrified, an investment bank, had said that the volume of trading would have been higher but for the primary monthly auction that took place during the review week. According to them, traders were speculative of the outcome of the primary auction. During the week, three bonds were offered. A new 10-year bond with a volume NGN 35bn was issued at an interest rate of 16.39%. The 10.70 May 30, 2018 (NGN 19.76bn) and 7.00 October 23, 2019 (NGN 18.90bn) bonds were re-opened at marginal rates of 16.99% and 16.00% respectively. Whilst the 10.70 May 30, 2018 and 16.39 January 25, 2022 bonds were over-subscribed by 13.4 p cent and 71.2 respectively, the 7.00 October 23, 2019 was however under-subscribed by 22.8%, as only a total of NGN 27.03bn subscription was received.

“In our opinion, this is because investors seized the opportunity to bid more for the new issue, with an interest rate of 16.39%, compared to the reopened bonds' interest rates of 10.70% and seven% respectively. In addition, we are inclined to note that the new 10-year FGN was issued at the highest interest rate ever of any FGN bond of the same maturity.

“The high interest rates on fixed-income instruments were evident on the marginal rate of the reopened and newly issued bonds. Furthermore, an analysis of the outcome of last week's auction indicates that marginal rates of the 10.70 May 30, 2018 and 7.00 October 23, 2019 bonds increased by 106 and 100 basis points compared with that of December 2011,” Dunn Loren Merrifield said. *(This Day)*

The Managing Director/Chief Executive Officer, Financial Derivatives Company Limited, Mr. Bismarck Rewane, has revealed that the volume of foreign direct investment (FDI) in Nigeria grew by 12% from USD 6.1bn in 2010 to USD 6.8bn at the end of 2011. Rewane stated this in his monthly economic news and views for February 2012, presented at the Lagos Business School (LBS)'s executive breakfast meeting titled ‘Fuel Subsidy Saga’, a copy of which was e-mailed to THISDAY.

He maintained that the sustained high oil prices, increased oil production, growth of non-oil sector, completion of the crucial reform and co-ordination between fiscal and monetary policy, would be the key factors to propel the growth of the economy this year. According to him, global FDI inflow grew by 17% in 2011 to over USD 1.5tn, surpassing the pre-crisis average. He explained that Nigeria purchases 15.6% of its imports from China.

“The shift in sub-Saharan African (SSA) trade provides some insulation against falling demand in advanced markets. 50% of SSA trade is now conducted with emerging markets, 25% of African trade is with China, India and Brazil. Nigerian non-oil exports represent 3% of total exports,” he explained. Commenting on global issues that would impact the domestic economy, Rewane pointed out that with oil at USD 112 per barrel, Nigeria's export and fiscal revenues were very strong, adding that production of 2.02m barrels per day was below the budget of 2.48 barrels per day.

"The 2012 budget is benchmarked at USD 70 per barrel with the Senate pushing on USD 75 per barrel, global production increased by 1.7% in 2011 and will be in a surplus in 2012. Libyan production will be back to normal in 2012; that is 1.6m barrels per day," he said.

But he averred that the naira and other currencies in Africa would come under increasing pressure this year, arguing that the recession in the euro zone would reduce aid and Diaspora flows. He said that the Central Bank of Nigeria (CBN)'s cash-less Lagos policy, "will accelerate transaction settlement and payment time, reduce transaction costs, drastically reduce risk of loss, increase velocity of circulation and purchasing power, improving the paper trail and cutting back on money laundering and corruption."

According to Rewane, "the liquidation of the Power Holding Company of Nigeria (PHCN) remains an important step towards the deregulation of the sector. This follows the adoption of the multi-year tariff order for effective energy pricing, 11 distribution and six generation companies to be sold by second half of 2012. A new tariff regime will be implemented in February by the Nigerian Electricity Regulatory Commission (NERC)." *(This Day)*

Many state governments and federal institutions in Nigeria have applied for about USD 600m from the Islamic Development Bank (IDB) to fund some projects, Minister of State for Finance, Dr Yerima Lawal Ngama said yesterday. He said this when a delegation from the IDB visited him in Abuja as part of preparation for the bank's first Business Forum in Nigeria. The one day workshop has been slated for March, 15, 2012.

The Nigerian Investment Promotion Commission (NIPC) is one of the government agencies partnering the bank to organise the event, the minister said. The minister said following a three-year borrowing plan the IDB carried out in Nigeria recently, several government institutions including, state and federal universities, hospitals, among others have made application through the finance ministry seeking for the bank's intervention in various projects.

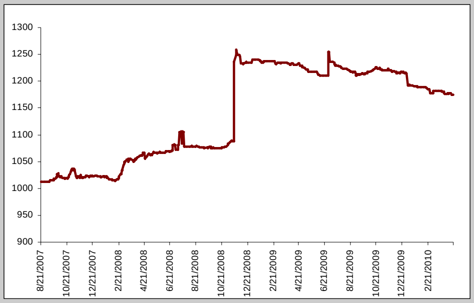
He said when finally approved, the long term grants would enable them execute critical infrastructure that would aid the transformation effort of the government. He noted that Nigeria was the biggest member of the bank in the Sub-Saharan Africa region. Speaking earlier, Nigerian Representative at the bank, who is an Executive Director; Gambo Shuaibu said given the huge financial commitment of Nigeria to the bank, it became imperative to stage the workshop to showcase its products to the country's investors.

He said with the recent increase of the shared capital of the bank to USD 30bn, Nigeria was allocated 7.8%. This amounts to USD 2.3bn payable in installments. "Nigeria deserves to get maximum benefit from the bank's interventions given its position. Nigeria is the 7th highest contributor among its 56 member countries. It is high time we invite the bank to the country to showcase its activities to our investors as the key to economic development," he said.

Shuaibu said in the last few years, Nigeria has received projects financing worth USD 370m from the bank. They were expended on school, water and dam projects among others. The March 15 workshop is expected to be graced by the IDB President, and minister of finance, Dr Okonjo Iweala. The Central Bank of Nigeria Governor, Sanusi Lamido Sanusi, and minister of Trade and Investment, Olusegun Aganga as well as the Executive Secretary of the Nigeria Investment Commission (NIPC) are expected to present papers at the workshop. *(Daily Trust)*

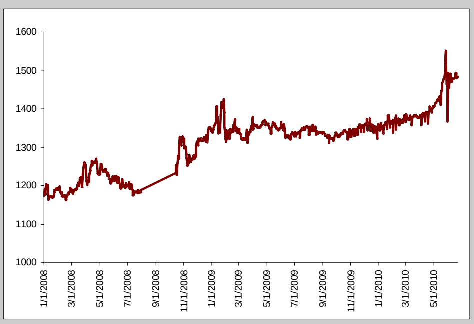
Tanzania

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

CPI Inflation

Stock Exchange News

The DSEI gained a marginal 0.36% to close at 1,303.65 points. Swiss and Tanzania Breweries gained +1.15% and +6.80% to close the week at TZS 880, and TZS 2,200. All the other counters remained unchanged.

Corporate News

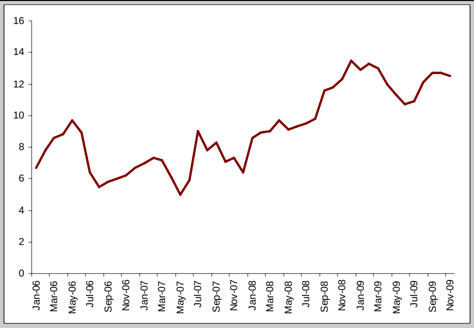
Tanzania's local ownership in the mining sector has been expanded following the recent announcement by the TanzaniateOne Mining Ltd, a fully owned subsidiary of Richland Resources Ltd, that it plans listing at the Dar es Salaam Stock Exchange (DSE). Richland Resources, the gemstones producer and developer said, once listed the whole of Richland's issued capital will be freely traded on the DSE and being available to Tanzanians to buy and sell on the market without any restrictions on the number or shareholding available for Tanzanians.

"We are in the final stages of listing on the Dar bourse, largely to avail opportunity to as many Tanzanians to be part of the tanzanite industry," said Dotto Medard, the firm's Corporate and Public Relations Manager. He added, this will also allow Tanzanians be the shareholders in the largest miner of tanzanite. The listing of TanzaniteOne will be historic in its nature and also in its objective to provide local ownership to Tanzanians in a transparent and egalitarian manner, Medard said in a statement available to East African Business Week last week.

The company which was also listed on the London Stock Exchange (LSE) involved in tanzanite mining, processing, cutting and distribution. This, however, does not affect the name or structure of the Tanzanian subsidiaries, he said and adding as a result TanzaniteOne Mining will continue to operate with its name along with Tsavorite One Mining Limited, Tanzanite One Trading Limited, Tanzanite Laboratory Limited and Urafiki Gemstone EPZ Limited which are all subsidiaries of Richland Resources Ltd.

The London listed holding firm changed its name to Richland Resources Ltd to more adequately reflect the company's new growth and diversification into other coloured gemstones, including Tsavorite and Sapphire and to also better reflect the new strategic direction of the Company. The vast majority of the Company's shareholders are United Kingdom based Institutions, funds or individuals.

TanzaniteOne Mining has been one of the largest mining contributors to the Tanzania tax base and has invested over USD 100million through the mine acquisition, mine development and the Company's ongoing mining activities over the last 8 years. The company has already contributed in excess of USD 23.4million to the Tanzania though corporate taxes, royalties and payroll related



Source: SAR

taxes. "The Company will continue to support significant growth in the Tanzanian economy, through export earnings, tax and royalty payments," Mr. Medard.

The company has maintained strong relationship with all the industry stakeholders at all levels, in order to build a win-win partnership between the Company and Tanzania, on a sustainable basis, he added. He added, that the Company also continues to market tanzanite globally, in a competitive international market, thereby stimulating the tanzanite industry. Tanzanite mining is currently operating at down dip depths of over 900 metres and requires large capital investment, high operating costs, sophisticated mining equipment, world-class mining experience.

He added that best practice safety measures and environmental care in order to safely excavate material, all being fundamental prerequisites that characterize the company's current operations at Merelani is also required to implement effective operation. In addition to being a direct employer of over 650 people in Tanzania, TanzaniteOne Mining has also dedicated programmes for the improvement of local communities through numerous and successful community projects.

It is also providing ongoing geological, mining, surveying safety and logistical assistance and other guidance to small-scale miners, through its Small Miners Assistance Programme (SMAP) as part of its social responsibility programme. It is a the largest and scientific advanced miner and supplier of rough tanzanite, a unique position that affords it the opportunity to support and influence the entire channel, from mine to market, ensuring that maximum stakeholder value is achieved at each stage of the process. *(All Africa)*

Jacka Resources has taken yet another step towards securing exploration and production rights over the prospective Ruhuhu Basin in southwest Tanzania after signing off on the production sharing agreement. The agreement with state-owned Tanzania Petroleum and Development Corporation is now subject to final government approval.

Jacka said the work program could start as early as the second quarter 2012 with high resolution airborne gravity amongst the early works planned. While Tanzania is underexplored, it has received considerable attention from international oil and gas companies in the past 12 months following the three offshore discoveries made by an Ophir Energy-led joint venture.

Ophir made the Chaza-1, Chewa-1 and Pweza-1 gas discoveries between 2010 and 2011 and has flagged the possibility of a liquefied natural gas development if enough gas is found. Beach Energy also holds a production sharing agreement in Tanzania while majors such as Shell, Statoil and ExxonMobil are also entering the country.

Tanzania is considered to have significant exploration potential within the offshore deep water blocks and within the onshore East African Rift basins in the central and western parts of the country. Jacka said both conventional and unconventional exploration plays exist in the Ruhuhu Basin.

These include post-glacial, early Permian euxinic lacustrine shales related to those that have sourced the heavy oil in the Bemolanga tar sands of west

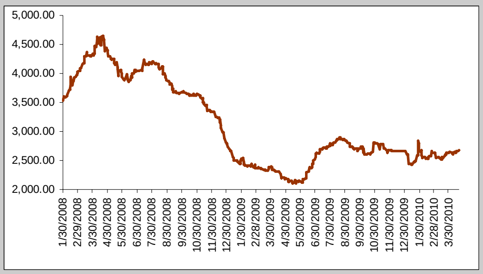
Madagascar, which have reported resources of about 22bn barrels of oil. Jacka was offered exclusive negotiating rights for a 100% interest over the 8400 square kilometre Ruhuhu Basin mid-last year. *(Proactive Investors)*

Economic News

No Economic News this week

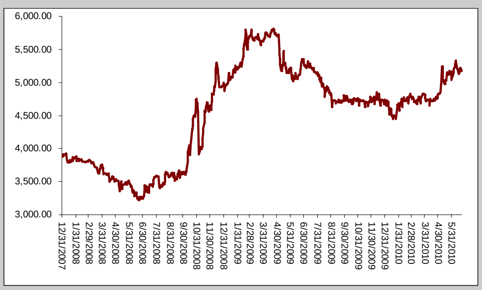
Zambia

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 -3.77% to close at 3,713.57 points. CCHZ, BAT and PUMA were the only gainers after putting on +25%, +1.27% and +0.42% to close the week at ZMK 5.00, ZMK 1,600 and ZMK 950.00 respectively. On the losing front we had Zanaco which lost -17.01% to ZMK 1,000, Zambeef (-11.86%) and Shoprite (-8.33%).

Corporate News

No Corporate News this week

Economic News

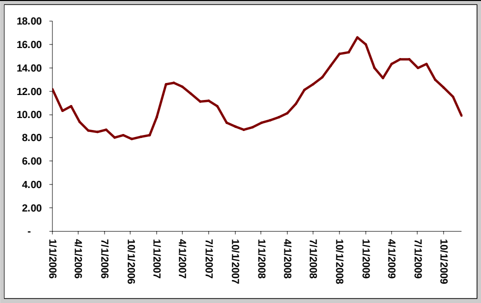
Top African copper producer Zambia plans to audit all its mining houses in a bid to dig for back taxes of up to USD 1bn it estimates it is owed, its mines minister said on Tuesday. Such a policy by the government of populist president Michael Sata would widen an initiative launched by the previous administration and comes against the backdrop of a surge of resource nationalism across Africa and Zambia's own doubling of copper royalties to six%.

"We need to look at what the mining industry has been giving. What we have been told by the World Bank and others is that we did not collect adequate tax," Wylbur Simuusa told Reuters on the sidelines of an industry conference in Cape Town. Asked what he believed was owed, he said: "By our calculations it might be between USD 500m and USD 1bn." Simuusa said the government planned to start with the big mining houses and said one auduit was imminent but he declined to name the company.

"So we are now actively pursuing this. We intend to audit all the mining houses but we'll audit the big ones first," Simuusa said. According to UK charity Christian Aid, more than half of the copper Zambia exported in 2008 was destined for Switzerland, but according to Swiss import data almost none of this arrived and Simuusa said this trend continued. This raises a number of transparency issues and activists say copper exported to Switzerland on paper often fetches a lower price than it would if it was exported elsewhere.

"Once it leaves, where does it go? We don't have a clue," he said. Copper producers operating in the country include Canada's First Quantum Minerals, London-listed Vedanta Resources and Glencore International AG. Miners in Zambia have themselves said they want independent international auditors to verify they are paying all the taxes that they should. *(Reuters)*

Africa's top copper producer Zambia may bring back a mining windfall tax if copper prices hit USD 10,000 per tonne, the Zambian high



Source: SAR

commission in South Africa said on Thursday, quoting the minister of mines. Copper steadied on Thursday, holding near the year's high, as hopes Greece would reach a bailout deal boosted the euro, offsetting data showing a rise in inflation in top consumer China.

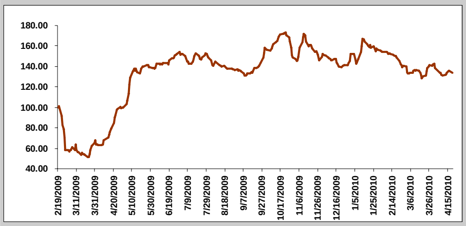
Benchmark copper on the London Metal Exchange (LME) was at USD 8,576.75 a tonne at 1050 GMT, almost flat from a close of USD 8,580 on Tuesday. "For the whole of this year windfall tax will not come up unless prices go up to the region of USD 10,000 per tonne," mines minister Wylbur Simuusa was quoted in the statement as saying during a meeting with Rio Tinto officials on the sidelines of a mining conference in Cape Town.

"The projections are that it will hit USD 10,000 and at that time we may sit around the table. If the prices hit those ranges it is only logical that we talk," he said. Zambia scrapped the 25% windfall tax in 2009 following complaints from mining companies that it raised production costs and discouraged investment.

It doubled royalties on copper miners to six% in the 2012 budget to bring in badly needed revenue to increase social spending and farm subsidies, a move miners have warned may cause them to scale back operations. Foreign mining companies operating in Zambia include Canada's First Quantum Minerals, Vedanta Resources Plc, Glencore International Plc, Barrick Gold, Brazil's Vale and Metorex of South Africa. *(Reuters)*

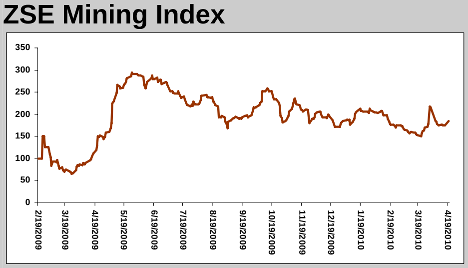
Zimbabwe

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 +2.48% to 143.17 while Mining Index rose +0.65% to 83.19 points. Interfin and Celsys led the movers after gaining +100% and 33.33% to close the week at USD 0.06 and USD 0.0001 respectively. Other gains were recorded in Zimre up +31.25% to USD 0.0025 and Bindura which put on +30.95% to USD 0.0275. Gulliver and RTG led the losers after shedding -60.00% and 33.33% to USD 0.0002 and USD 0.015 respectively. Other notable losses were recorded in ZBFH (-27.78%), APEX (-20.00%) and Border (-16.67%)

Corporate News

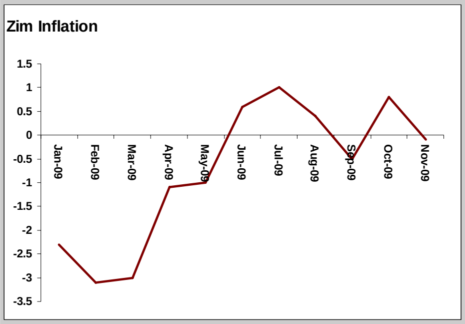
Diversified financial services group TN Holdings (TNH) is set to venture into supermarkets and the fast-food business in an aggressive strategy meant to strengthen its flagship arm, TN Bank's deposit base. The supermarket chain, TN Mart and the fast-food business, TN Grill, will be launched this month starting in Harare before spreading to other cities and towns. "The launch of these cash-generating businesses is expected to strengthen TN Bank's deposit base and its contingency liquidity support structures," the group said.

This paper was told on Friday TN will start with one supermarket and four fast-food outlets that will all be housed in TN Malls. During the initial phase, the malls earmarked to house the new products are 4th Street, Angwa, First Street, Rockies and Amato. Since its reverse takeover of Tedco in 2009, TNH has been on an expansion drive to bring deposits into the bank through various products. Under its furniture business, TN Harlequin Luxaire, the group allowed civil servants to buy furniture on credit ensuring that every month TN Bank is assured of ready deposits.

In the six months ended June 30 2011, TN Bank deposits more than doubled to USD 49m from USD 22m during the same period in 2010. The group says the main goal of the bank is to leverage on the location of these premises to deliver banking services to the unbanked in line with the encouragement from both the central bank and the Ministry of Finance. TNH said it is within its mandate of offering "banking convenience to Zimbabweans by delivering banking products on the back of retail and telecommunications distribution channels in order to take advantage of wider customer reach with shared channel costs".

The model, TNH said, was born out of the realisation that it did not have sufficient networks to access banking business from the old money or from the government. On the other hand, the new money tended to be split between the many indigenous banks that emerged after independence. "To complement the strong relationships that TN has with some of the most successful indigenous

CPI Inflation



Source: SAR

businesses, especially Econet, it was imperative for the group to establish other businesses that would complement TN Bank's deposit base and help smoothen liquidity in a very illiquid market," it said.

"These circumstances that are unique to Zimbabwe, plus the global evolution in banking delivery channels influenced by the threats posed by non-traditional providers of financial services such as retailers, utilities, and telecommunications companies forced TNH to develop a unique business model." *(News Day)*

BEVERAGES firm Schweppes has invested nearly USD 15m in a new production line as the company targets to double its current capacity. Installation of the plant is in progress and its commissioning is expected during the second quarter of this year, Schweppes marketing and public affairs executive Ms Unaiswi Nleya said. German company Krones AG has been contracted to set up the plant. The company has also installed similar bottling lines for Delta Corporation, which owns 49% shareholding in Schweppes.

"It (plant capacity) to double our current capacity with the additional advantage to produce preservative-free juice containing products," she said. The rated capacity on the new plant is 18 000 bottles per hour. Schweppes Zimbabwe manufactures and distributes various brands under a franchise agreement with the Coca-Cola Company. Ms Nleya said the USD 14,5m investment includes civil plant works. She said the new plant features the latest blower-filler technology that is in line with current international production standards.

"There will be an increase in the number of people employed in the production department to operate the new line and in sales and distribution departments to cover the market adequately as we supply new products and more of our current portfolio," said Ms Nleya. "We are very ambitious and have aggressive growth plans supported by a very robust innovation pipeline having grown our volumes by 27% in 2011. "This positive performance is attributed to our strong brand portfolio, namely Mazoe, Schweppes Water, Minute Maid, Ripe 'n' Ready as well as experienced management team and committed employees," she added.

Going forward, Ms Nleya said the company would introduce various juice-containing products in the next three to five years and will make the necessary investments to fully meet domestic demand. The company will also take advantage of regional export opportunities. Schweppes is one of the leading manufacturers and distributors of soft drinks, cordials and bottled water in Zimbabwe. Schweppes was one of the companies that has been taken over by workers and management through an empowerment deal that gave them a 51% stake in the business. The Coca-Cola Company, the previous owners, however continues to own the brands and trademarks. (Herald)

CBZ Bank has stepped up efforts to clear all its outstanding payments through the Real Time Gross Settlement system by the end of this week. The bank indicated that it had put in place measures to maintain the bank's normal turnaround period on such payments. CBZ Bank said in a statement yesterday: "The bank advises its valued customers and the banking public in general, that measures have been put in place to maintain the bank's normal turnaround times in processing customer payments."

The bank applauded Government's decision to stagger civil service payments to allow a smooth settlement process. RTGS transactions are supposed to go through in real time that is as soon as they are made. CBZ Bank had about USD 18m in RTGS balances after a slowdown in the processing transactions towards the end of last year.The country's biggest bank is one of the banks affected by the liquidity constraints caused by high value and high volume transactions associated with the end and beginning of the new year.

Being the biggest in the country, CBZ Bank handled in excess of USD 400m in payments for Government projects, salaries, pensions and bonuses for civil servants in December alone. The frequent high value transactions drained liquidity from the entire banking sector making it impossible for customers to access cash even after banks debited their accounts, which would also reflect positive balances.

The fact that CBZ Bank accounts for about 70% of the RTGS market meant a slowdown in its RTGS processing speeds also affected the majority of indigenous banks that depended on payments from the bank. Arguably, as bankers for Government, CBZ Bank remains the most liquid domestic financial institution, but the frequency of high value transactions makes it difficult to immediately transfer cash after RTGS transfers.

Government, through the Reserve Bank, has also come up with measures to ease liquidity challenges. Announcing the 2012 Monetary Policy Statement last week RBZ Governor Dr Gideon Gono set USD 10,000 as the maximum instant cash withdrawal limit with all amounts above that threshold requiring prior notice to banks. Dr Gono also urged financial institutions sitting on excess liquidity to extend overnight accommodation to banks facing shortages.

The market has faced acute liquidity constraints due to the absence of RBZ's lender of last resort function. The banks have been unwilling to extend cover to each other due to the perceptions of latent risk in the banking sector against the backdrop of lack of financial instruments or security the banks could use to borrow funds. Further, to improve liquidity in the banking sector and the economy in general, the central bank governor called on banks holding large sums of deposits in foreign accounts to repatriate some of the money back to Zimbabwe.

But liquidity will soon improve amid plans to convert the USD 83m statutory reserve payments owed to banks by the central bank into a discounted and tradable paper that will also serve as security to access funding. This comes as the central bank will soon receive USD 20m from Treasury for its lender of last resort function to augment the USD 7m Government had earlier earmarked for the same purpose sometime last year. *(Herald)*

New Zimsteel majority shareholder Essar Africa Holdings (Essar) has applied for a power-generation licence, which could see the company producing 600 megawatts (MW) of electricity. Canada Malunga, Zimbabwe Energy Regulatory Authority (Zerc) chairman on Monday told a Parliamentary portfolio committee on mines and energy that the Indian giant together with China Africa Sunlight (CAS), submitted their applications last week.

“In the past few days, we received two applications both for coal-fired generation with a potential (combined) output of 100MW from Essar, that we are currently evaluating, and another one from CAS,” he said. Information gathered by businessdaily revealed CAS is seeking to produce 120MW. Coal-fired power stations convert chemical energy stored in coal to heat energy and then to kinetic energy in the form of steam. The kinetic energy in the steam is used to turn turbines that finally produce electrical energy.

Revelations by Zerc came after an earlier announcement by New Zim Mineral, a mining wing of New Zimsteel, formerly Zisco Steel, to invest in a 1 000MW thermal power plant to support its mining and beneficiation requirements. Essar Middle East and African operations director Firdhose Coovadia recently said the company is expected to smelt its first steel in the next 18 months at the Kwekwe-based firm.

A board constituted by government and Essar appointees has already been set to finalise and oversee implementation of revival packages. Essar has signed a memorandum of understanding with Energy ministry for uninterrupted power supplies, Ministry of Water for interrupted supply of water, and the Ministries of Finance and Economic Planning and Investment Promotion for investment incentives that can be granted.

Discussions on rail transport guarantees with the Transport ministry have been shelved, on the basis that they are not urgent until production resumes. Essar plans to lift production at New ZimSteel up to 14m tonnes a year from peak production levels of close to am tonnes of steel a year. The conglomerate's project alone is set to see about 550MW of surplus electricity being put on the national grid, alleviating the country's immediate power demand.

Latest reports indicate Zesa Holdings has capacity to generate about 1 200MW compared to a rising national demand of about 2 200MW. Zimbabwe produces slightly more than 1 000MW of electricity, 298 at Kariba compared to 920MW installed capacity while Hwange produces 740MW, 10MW short of installed capacity. The country is likely to lose a 50MW power import deal from Mozambique's Hydro Cabora Basa over a USD 5m debt despite exporting 100MW to Namibia, leaving a national shortfall of 517MW.

RioZim's plans to build a 2 400MW coal power plant at Sengwa Coal Fields has been tainted by uncertainty due to funding constraints. Other power producers include Green Fuel's Chisumbanje ethanol power generation project which is currently producing 6MW. Triangle and Hippo Valley are producing electricity for own use. The Mutirikwi mini hydro station is currently at an implementation stage with the developers still negotiating for land rights and favourable water tariffs with the local authorities*. (Daily News)*

The Chisumbanje Ethanol Plant projects to produce at least 750 000 litres of ethanol per day by June this year contributing significantly to reducing fuel imports into Zimbabwe, Green Fuel managing director Mr Graeme Smith has said. Mr Smith said this in a brief before a tour of the ethanol plant by visiting Botswana Defence Forces Commander Lieutenant General Tebogo Carter Masire who is on a week-long working visit in Zimbabwe. Zimbabwe Defence Forces Commander General Constantine Chiwenga accompanied Lt Gen Masire.

The USD 600m project is a joint venture between Arda and private investors, Macdom and Rating. "By June this year we have projected to produce at least 750 000 litres of ethanol for blending fuel."We want to increase the blending from the current 10% to 20% by June this year but in the long term we want to substitute fuel and use ethanol which is environmentally friendly," Mr Smith said. He said most vehicles manufactured nowadays are able to use 85% of ethanol blended fuel without any modifications.

Zimbabwe, which consumes 1,4m litres of fuel per day, requires about USD 2m per day for fuel imports. "Through this project, we can stop fuel imports and fulfil national requirements and even look at exporting fuel in the region," he said. Green Fuel has already started distributing ethanol for blending. Ethanol blended fuel sells for about USD 1,36 per litre compared to standard fuel prices of ranging from USD 1,46 per litre. "Motorists can save up to 10% on fuel and this will go a long way in even reducing prices of other commodities as fuel is a major factor," he said.

The ethanol plant has other by-products such as animal feed and electricity. "As we speak we are generating about seven mega watts used internally to power this plant."However, the plant has a capacity to produce over 120 mega watts of electricity and contribute to the national power grid," he said. There are 4 500 people directly and indirectly employed through ethanol production in Chipinge district and outlying areas. Thirteen thousand people will be employed when the plant is at its peak. *(Herald)*

As the deadline for undercapitalised banks draws near, Zimbabwe Allied Banking Group (ZABG) and Royal Bank are making frantic efforts to conclude deals with as yet unidentified potential foreign investors. Last week the Reserve Bank of Zimbabwe (RBZ) gave banks that have not met minimum capital requirements, up to February 14 meet requirements or face closure. As at December 31 2011, 20 out of 25 operating banking institutions (excluding POSB) were in compliance with the prescribed minimum capital requirement of USD 12,5m.

ZABG marketing manager Theresa Munjoma said the bank was holding discussions with a foreign investor and expressed optimism it would meet the two-week deadline. “We have an investor that we have engaged,” said Munjoma. “The investor is now aware of the new deadline. We have pushed the process so we meet the deadline.” According to latest statistics from the central bank, Royal Bank has USD 3,4m capitalisation while Genesis Merchant Bank and ZABG has a negative balance of USD 3,2m and USD 15,3m respectively.

In his monetary policy statement, RBZ governor Gideon Gono said: “Accordingly, the undercapitalised institutions should do the honourable thing and voluntarily surrender their licences to the supervisory authorities, failing which they would be dealt with in line with the Reserve Bank’s Troubled and Insolvent Bank Resolution Policy. “Accordingly, all non-compliant institutions, including those previously issued with special dispensations for compliance with minimum capital requirements, have up to 14 February 2012 to finalise their recapitalisation initiatives or consummate their mergers and acquisitions.

“By no later than 29 February 2012, the Reserve Bank shall engage those institutions that would have failed to identify credible partners and concluded the recapitalisation transactions,” he said. Royal Bank chief executive officer Jeffrey Mzwimbi said the bank had found a new investor and the deal was being reviewed by the central bank. He said the bank had given itself a December 2011 deadline to meet the RBZ requirements.

"We are waiting for the RBZ's approval. We cannot disclose the new investor that we have, but by the end of this week we would have meet the minimum capital requirements," he said. Commercial banks are required to have USD 12,5m to meet the minimum capital requirements while merchant banks should have USD 10m. In a statement last week, Royal Bank assured its customers it would meet the RBZ deadline.

"Royal would like to advise its clients that although the recapitalisation deadline was originally set for end of September 2012, we had already applied our own target of December 31 2011. To this end, discussions in this regard are at a very advanced stage and will be concluded within the time frame set by the RBZ," the bank said in a statement.

Kingdom Financial Holdings Ltd has since concluded an agreement with Afrasia Bank limited that injected USD 9,5m and made it possible for the bank to meet its minimum capital requirements. Efforts to get a comment from Genesis Merchant were fruitless. A total of 26 operational banking institutions including the POSB, 16 asset management companies and 157 microfinance institutions were under the supervision of RBZ as at end of year last year. *(News Day)*

Zesa Holdings say they are negotiating with Mozambique's Hidroeléctrica de Cahora Bassa (HCB) with a view to come up with a payment plan to settle debts estimated at USD 5m. HCB supplies Zesa with 500 megawatts to compliment the power utlity's generating capacity. Zesa spokesperson Fullard Gwasira yesterday said the country had a cordial relationship with HCB.

"We have since committed to a payment plan in order to amortise what we owe and we have since improved on the quality of our bills and intensified on credit control measures in mitigation," said Gwasira He said there was a direct link between the country's debt to HCB and the customer record of payments to Zesa. "We will thus not hesitate to withdraw supplies to those customers who are unwilling to settle their debts or enter into a payment plan with us," said Gwasira.

He said the power utility required an injection of fresh capital in order to establish new generation assets. Gwasira added the challenge of demand-supply mismatch was a result of an increase in the demand for electricity, obsolete equipment. Poor tariff and poor working capital have adversely affected investment in new generation projects. "Investors have been lukewarm to the power sector due to sub-economic tariffs, vis-a-vis the rate of return from the region," he said.

"There is a strong need for consumers to support the tariff among other things in the interests of greater viability in the sector," said Gwasira. Gwasira said Zesa Holdings was in no position to comment on the decision of the privatisation as it was an issue that rests with shareholders to decide on the business model for the power utility.

The power utility said the Electricity Act provides for private investment in the sector, but: "Unfortunately, due to the poor tariff, IPP's have obtained generation licenses which have not yet yielded new generation assets." Zesa said it plans to install smart prepaid meters and is waiting for the finalisation of the engagement of a service provider for smart prepaid meters by the State Procurement Board to empower customers to manage their own consumption. *(Reuters)*

The African Sun Limited (ASL) says it will complete itsm-dollar refurbishment process by the end of the first half of this year. Since January this year ASL has been introducing the new look of the InterContinental Hotel Group (IHG) franchise. In a statement, African Sun said the exercise would ensure the group upgraded hotels in line with IHG franchise standards.

The second phase of the process will be the product refurbishment commencing with our city hotels, including the two Holiday Inns and the Crowne Plaza Monomotapa. This will be followed by the product refurbishment of the resort hotels starting with the Victoria Falls properties, the company said in a statement. ASL said it had rebranded Holiday Inn Mutare to African Sun Amber while Holiday Inn Beitbridge would be rebranded to Beitbridge Express hotel.

The group said this was in line with the groups growth strategy where new brands will unlock shareholder value and increase profitability for the operations. Sun Amber is a described as a mid-range city brand targeted at the business traveller and conference delegates. The relaunch of Holiday Inn Harare and Bulawayo and the rebranding of the Mutare and Beitbridge hotels complement the successful restructuring as well as disposal of bleeding operations executed in the prior financial year to bring back the group to profitability, ASL said.

The group received a USD 10m loan facility from Afrexim Bank in 2011. ASL posted a loss of USD 10m for the full year up to September 30 2011 due to losses incurred from discontinued operations. The closure of its two loss-making entities in South Africa and losses from discontinued operations amounted to USD 6,6m. ASL also disposed of its non-core business, Hotelserve. *(News Day)*
Zimbabwe Platinum Holdings Ltd's operating profits took a huge knock during the fourth quarter ended December 31, 2011, declining by 68% to USD 19,2m from USD 60,9m in the September quarter. The company attributed the reduced profitability to depressed platinum group metal prices during the period under review. During the quarter under review, platinum prices declined by 13% to USD 1 533 per ounce from USD 1 772 per ounce in the prior period. Palladium prices were down 17% to USD 629 per ounce from USD 754 per ounce.

Rhodium also went down 17% to USD 1 511 per ounce to USD 1 823 per ounce as metal prices continued to weaken reflecting market concerns with regards to economic stability in some European countries. The decline in operating profit was a 74% fall compared with the same period in 2010. The company said its profitability during the period was negatively affected by a faster accrual rate. "In addition, royalties for the period dating back to January 2010 have accrued at a higher rate than that provided for in the company's agreement.

"This is the subject of a legal dispute between the company and the tax authorities, which is before the courts," said Zimplats. The platinum producer's financial performance for the quarter was generally poor. Despite an increase in volume of metals sold, revenue at USD 97m was 27% below the previous quarter due to the weaker metal prices. But Zimplats reported that mining performance was 11% above the prior year as all its three underground mines were now operating at full capacity.

Operating costs were 8% above the previous quarter in line with the higher sales volume and the increase in power costs, following the 61% tariff increase by

Zesa Holdings that came into effect in September last year. In terms of metal production, Zimplats' milling operations performance was 5% and 7% above previous quarter and the same period last year respectively due to increased operating hours and no major shutdowns during the period.

4E (Four elements: platinum, palladium, rhodium and gold) metal production was 2% above the previous quarter and same period last year reflecting the net effect of 5% higher milled tonnage and 2% lower head grade. Zimplats reported a general increase in the base metal content of the ore mined, which resulted in nickel and copper production being 8% and 7% above previous quarter. Zimplats' contribution to the fiscus, in direct and indirect taxes for the quarter, stood at USD 22m, 38% higher than the previous quarter. *(Herald)*

Economic News

The country's investment promotion body, Zimbabwe Investment Authority (ZIA), approved projects worth USD 6,6bn last year. The mining sector attracted the most investment at USD 3,68bn followed by tourism at USD 1,58bn. Agriculture attracted USD 444,77m, construction USD 120,9m, services at USD 128,09m and manufacturing at USD 669,95m.

Economic Planning and Investment promotion minister Tapiwa Mashakada told delegates attending the Mandel/GIBS 2012 Economic Outlook symposium on Friday last week, it was critical for the country to have a condusive environment for investors. "We need more 'Essar deals' in 2012 to sustain the growth momentum," said Mashakada in apparent reference to the USD 750m investment by the indian giant into former iron and steel-making firm, Ziscosteel.

"Indigenisation and empowerment regulations need repackaging. There should always be room for negotiation for investment in priority areas bearing in mind the need to grow the cake USD 100bn economy by 2030." Mashakada said investment inflows were critical for the achievement of 2012 macroeconomic targets adding the government would embark on road shows to promote investment targeting the emerging markets of Brazil, Russia, India, China and South Africa.

In addition, the government plans to embark on comprehensive investment reforms to address key impediments to investment in the country. He said focus will be on provincial investment promotion in order to decentralise investment into all provinces. In order to ensure predictability, Mashakada said the multi-currency regime would continue beyond this year as price stability was crucial for the performance of the economy.

"More effort will be put by the government to ensure policy consistency. In terms of elections, they will only be held after the constitution-making process and other key electoral reforms," he said. Mashakada, however, said there were concerns that the eurozone would fall into mild recession this year, a development that will adversely affect developing countries, especially Zimbabwe. "The key concern is that if the European crisis worsens during the coming months, the world could be plunged into another recession.," said Mashakada.

"This prognosis makes the prospects for developing countries gloomy. The key challenge for developing countries is how to create firewalls to minimise the impact." Possible effects of global events on the local economy include, reduced foreign direct investment, reduced trade, decline in export demand, limited aid inflows from eurozone countries, lack of credit lines and reduced remittances. *(News Day)*

All investment advisors are now required to register with the Securities Commission of Zimbabwe with effect from yesterday, the securities regulatory authority has said. The directive applies to any investment specialists, including stockbrokers and unit trust advisors on publicly-listed companies. SECZ said the requirement was taken to protect investors' interests against being shortchanged by advisors.

"The SECZ and the Zimbabwe Stock Exchange wish to advise all persons offering investment advisory services to immediately register with SECZ."With effect from the date of publication of this notice in the local newspapers the ZSE shall not accept corporate actions filed by investment advisors that are not registered," said the announcement. An investment advisor is anyone making investment recommendations or conducts securities analyses for a fee, through direct management of client assets or written publications.

Investment advisors are prohibited from disseminating advice known to be deceitful or fraudulent, and from acting as a principal on their own account by buying and selling securities between themselves and a client, without prior written consent. Following the announcement of the requirement, it will, with immediate effect, be illegal to render investment advice without a valid licence issued by the investments regulatory authority. In an interview, SECZ chief executive Mr Tafadzwa Chinhamo said there was need to tighten regulations on investment issues where unsuspecting investors put out their money.

"We want to make sure that all is done properly. We want to make sure that investors are not misled. Our interest is to protect the investor. The public should be well informed." Mr Chinhamo said financial statements prepared by investment advisors should "be articulate" and carry the correct information. "We just do not want anyone to advise on issues where people put their money. If they are not qualified, how good is the advice? We also intend to ensure that the people who do the statements are the proper people, and that they are qualified."

Mr Chinhamo said the SECZ wanted to avoid a situation where firms went bankrupt soon after floating initial public offerings, prejudicing investors who would have been fed with wrong information. "Companies may fail because they have been run badly, but advisors should be able to advise correctly on (the state of) the balance sheet. Our focus is on the investing public," he said. Mr Chinhamo said although the ZSE had its own way of keeping an eye on the advisors, the regulator needed to have records to be able to take remedial action where the law was flouted. *(Herald)*

Notes

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