SECURITIES AFRICA

For week ending 24 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:

	24-Feb-12	WTD %	YTD %
Currency	Close	Change	Change
AOA	95.06	0.00	-0.14
DZD	73.82	0.99	1.89
BWP	7.16	0.36	2.91
CFA	485.29	1.28	1.91
EGP	6.02	-0.04	-0.10
GHS	1.69	0.47	-4.26
KES	81.43	0.15	2.55
MWK	165.28	-0.53	-1.77
MUR	27.84	0.56	1.03
MAD	8.37	1.53	2.39
MZM	26,750.00	0.00	-0.19
NAD	7.67	0.44	5.84
NGN	155.47	1.11	2.70
ZAR	7.70	1.25	5.82
SDD	266.00	0.01	0.04
SDP	2,261.00	0.00	0.00
SZL	7.67	0.45	5.82
TND	1.50	0.78	-0.43
TZS	1,570.85	-0.02	-0.67
UGX	2,306.19	-0.81	5.76
ZMK	5,175.25	-0.89	-3.14

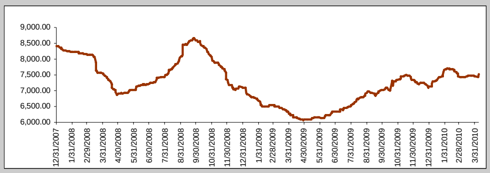
Source:oanda.com

African Stock Exchange Performance:

Country	Index	24 February 2012	WTD % Change	WTD % Change USD	YTD % Change	YTD % Change USD
Botswana	DCI	6,971.74	-0.21%	0.15%	0.01%	3.00%
Egypt	CASE 30	5,141.81	3.52%	3.47%	41.95%	41.81%
Ghana	GSE All Share	1,010.33	1.19%	1.67%	4.26%	0.01%
Ivory Coast	BRVM Composite	145.50	2.07%	3.39%	4.77%	6.81%
Kenya	NSE 20	3,248.40	2.08%	2.24%	1.35%	4.01%
Malawi	Malawi All Share	5,437.39	0.00%	-0.53%	1.27%	-0.50%
Mauritius	SEMDEX	1,800.75	-1.23%	-0.67%	-4.64%	-3.64%
	SEM 7	338.76	-1.33%	-0.78%	-3.30%	-2.29%
Morocco	MASI	11,420.95	0.21%	1.77%	3.74%	6.27%
Namibia	Overall Index	923.00	0.54%	0.99%	10.14%	16.97%
Nigeria	Nigeria All Share	20,495.92	0.42%	1.55%	-1.13%	1.61%
South Africa	All Share	34,260.76	1.36%	2.64%	7.08%	13.69%
Swaziland	All Share	277.72	0.00%	0.45%	3.46%	9.85%
Tanzania	DSEI	1,312.18	0.14%	0.12%	0.69%	0.02%
Tunisia	TunIndex	4,733.91	0.99%	1.78%	0.25%	1.69%
Zambia	LUSE All Share	3,860.25	0.93%	0.04%	-7.42%	-9.99%
Zimbabwe	Industrial Index	146.93	-0.22%	-0.22%	0.73%	0.73%
	Mining Index	95.86	-5.51%	-5.51%	-4.81%	-4.81%

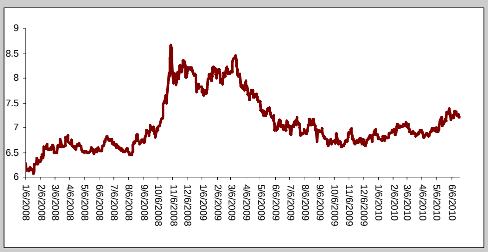
Botswana

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 lost -0.21% to close at 6,971.74 points. Lucara gained +14.75% to BWP 7.00 while Cresta and New Gold added 7.06% and 1.30% to close the week at BWP 0.91 and BWP 124.90 respectively. RDCP was the main shaker, shedding -2.78% to BWP 7.00 while Chopies lost -2.23% to close at BWP 1.75 and Discovery was down -2.13% to BWP 11.50. Market turnover for the week amounted to BWP 11.84m.

Corporate News

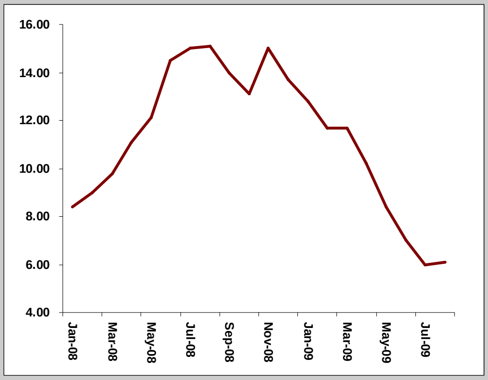
Botswana Diamonds has raised GBP 1.51m to help fund its ongoing exploration programmes in Botswana, Cameroon and Zimbabwe. First results from the exploration in Botswana are due in the third quarter of this year and the company said today it hopes they will identify large anomalies in the hard-to-explore north east of the country.

In Cameroon, a second stage exploration programme is about to start on previously identified palaeoplacer conglomerates to confirm whether they contain diamonds. A larger bulk sample is scheduled for later in the year to identify diamond grade and quality. In Zimbabwe a small bulk sample is planned for a two hectare kimberlite previously identified by Rio Tinto and known to contain diamonds. "When and if mining licences are obtained on Chimanimani and Marange in Zimbabwe, Botswana Diamonds will immediately mobilise," it added.

The placing and direct subscription to raise the GBP 1.51m was priced at 4p per share, an 11% discount to yesterday's close. John Teeling, Bostwana Diamond's chairman, said the fund raising had received strong support, which was a vote of confidence in the company's strategy.He is subscribing for 4.175m of the 37.75m new shares to be issued, while fellow director James Finn is taking up 1.675m. After the placing and subscription, Teeling will own 9.89% of the company and Finn 3.59%. *(Proactive Investors)*

A second five star hotel is set to open at Masa Centre at the new Gaborone CBD following conclusion of a 15-year lease between developers RDC Properties and international hospitality group Lonrho Hotels recently. To-date, the Peermont Grand Palm Hotel is the only five star hotel in Gaborone. The new hotel, which will run under the brand name of Lansmore Hotel, was to be run by African Sun under the Holiday Inn brand initially.

However, the developers terminated African Sun's contract in December last year because they were not satisfied with the performance of the Zimbabwe-based hospitality group, according to the MD of RDC, Guido Giachettii. The hotel will be Lonrho's sixth in Africa where the diversified conglomerate already



Source: SAR

owns two hotels in the DRC, one in Mozambique, on in Zimbabwe and one in Gabon. "Lonrho has been in Africa for over a hundred years and we are excited about this opportunity to set up our new luxury hotel brand, Lansmore," said Jonathan Patterson, Lonrho opening General Manager.

"The arrival of Lonrho Hotels' luxury Lansmore brand in Gaborone is consistent with Lonrho Hotels' objective of operating luxury hotels in the high growth destinations of Africa. "Lansmore Masa Square's prestigious location places our guests where they want to be; at the heart of Gaborone's retail and entertainment centre." Masa Square contains a number of internationally branded restaurants and retail boutiques in addition to a multiplex cinema and a casino.
"Lansmore Masa Square will position itself as the leading five star hotel of the city; 153 bedrooms, (the) main restaurant cascades into Masa Square, purpose-built conference centre, state-of-the-art gymnasium and roof-top swimming pool that not only allows guests to burn off the day's fatigue, but enjoy the beautiful Gaborone sunset," reads a statement on Lonrho's website.

London Stock Exchange-listed Lonrho operates in five industry sectors that include infrastructure, transport, agribusiness, hotels and support services. Early this month, Lonrho Hotel was awarded a 10-year management agreement for the 450-room Grand Hotel Kinshasa in the DRC. *(Mmegi)*

As it aims to move away from reliance on loan and advances for income, First National Bank Botswana (FNBB) has increased its ATM network from 92 to 123 machines in the past six months. Speaking at the announcement of the bank's results for the six-month period ended December 2011 in Gaborone on Friday, CEO Lorato Boakgomo-Ntakhwana said that the ATM division has been transformed from a supporting service into a proper business operation within the organisation.

"We have appointed a fulltime head of ATMs and the division has performed very well," she said. "Our ATM transactions volumes has risen and the uptime has also increased from 92% to 97% and this, along with other new products, has significantly contributed to our non-interest income." The rise in the number of ATMs is not only expected to reduce the amount of time that customers spend queuing up in branches but also provide wider banking service access across the country.

This comes at a time when some parliamentarians have been calling on banking institutions to set up branches or ATMs in their different constituencies across Botswana where - according to a FinScope Botswana 2009 survey - more than half of the country's adult population remains unbanked. In the six months, the bank also opened a new branch in Ghantsi which, along with the ATM expansion and revamping of existing branches, contributed significantly to FNBB's 27% rise in operating expenses to P118m.

For the period, non-interest income for the bank increased by 31% to P320m with P25m of it coming as a once off payment from sales of its shares in Visa. Two years ago, FNNB unveiled a strategy to diversify its revenue streams to mitigate risks associated with the negative impact of interest income. Other contributors to the non-interest income in the period include the bank's recently introduced innovative technological products that are part of its 'bricks to clicks' initiative.

Also in the six-month period under review, FNBB's mobile banking grew by 60% in volume terms. According to a recent independent on-line report, FNBB cellphone banking activity recorded just over 1.3m transactions in the year up to December 2011, and in the same month, a 126% increase year-on-year. On the other hand, new product e-Wallet saw an increase in original sends of 1,236% year-on-year from December 2010 to December 2011. e-Wallet allows FNB customers to send money to anyone within the borders of the country in which the service operates.

The recipient does not need to have a bank account. The money is transferred instantly and the recipient uses a pin code sent to their cellphone to access the cash from FNB ATMs. *(Mmegi)*

Economic News

Private sector businesses are set to be the biggest beneficiaries of the Bank of Botswana's (BoB) new monetary policy stance in which the central bank will foster economic activity by encouraging commercial bank borrowings. With this counter-cyclical accommodative monetary policy, as it is known, BoB will seek to support private sector growth during 2012, particularly in non-mining, through the lowering of interest rates.Although any interest rate reduction will be dependent on the attainment of delicate inflationary targets, BoB says the new policy stance is geared towards plugging the gap caused by a reduction in government spending this year.

"Fiscal policy (in 2012-13) may not stimulate output growth,"said the director of BoB's Research Department, Kealeboga Masalila, yesterday. "It may perhaps slow the current levels of growth or generate lower rates of growth. Monetary policy will take the slack. Under the counter-cyclical policy stance, we are trying to be more aggressive in supporting growth."Following the launch of this year's Monetary Policy Statement on Monday, analysts were anxious to know what differences the new policy stance would have from the previous neutral policy.

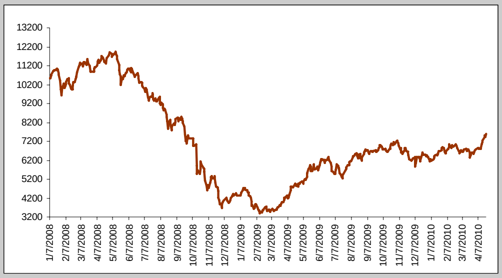
It is under the neutral monetary policy stance that BoB has held the bank rate at 9.5% since December 2010, with commercial banks pegging the prime lending rate at 11%. "Counter-cyclical means you are stimulating the economy where, for example, you see movements towards low growth rates and undertake to counter that," Masalila explained. "What will counter those low growth rates is a reduction in interest rates and injection of liquidity to allow banks to lend more.

Neutral, on the other hand, means you are not changing policy in terms of the bank rate, reserve requirement and what you will allow in terms of lending by banks because you see this stance as supporting sustainable growth rates."In its new policy stance, BoB is encouraged by figures indicating a higher uptake of credit by private sector entities last year when lending to businesses increased by 41%, compared to only 11.3% in 2010.

The annual growth in private sector credit more than doubled to 26.4% from 11.9% between 2010 and 2011. BoB governor, Linah Mohohlo, has described this as "a desirable development indeed". Bob is expected to keep an eagle eye on the level of household borrowings and defaults because the higher liquidity under the new policy stance will also encourage credit uptake by more individuals. Bob statistics indicate that individual indebtedness to commercial banks reached P14.8bn by November 2011, with arrears standing at P698.7m. *(Mmegi)*

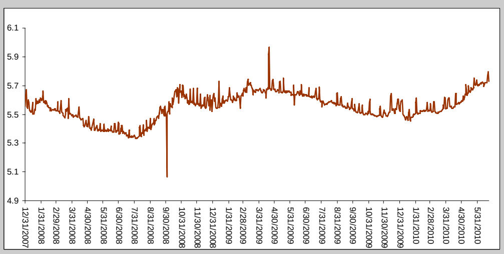
EGYPT

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 +3.52% to 5,141.81 points. Wadi Kom Ombo Land Reclamation led the movers after gaining +8.74% to EGP 43.54 followed by Housing and Development Bank (+8.51%) and Canal Shipping and Weaving (+8.45%). El Kahera was the biggest loser after shedding -4.94% to close the week at EGP 6.16. Other notable losses were recorded in: Golden Textiles (-4.14%) and B-Tech (-3.77%).

Corporate News

Egyptian Co. for Mobile Services, or Mobinil, Monday swung to a fourth-quarter net loss of EGP 177m (USD 29.3m), hit by lower revenue, higher commercial expenses and employee bonuses. Mobinil made a net profit of EGP 342m a year earlier, it said in an emailed statement.

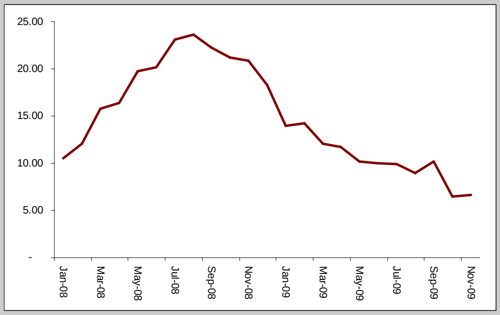
Mobinil has been hit over the past year by an erosion of revenue generated by its voice operations. By the end of the third quarter, the Egyptian unit of the U.K.'s Vodafone Group PLC (VOD) had 44% of the voice market; Mobinil had 39%; and Emirates Telecommunications Co.'s local unit, Etisalat Egypt, had increased its share to 17%, even after entering the market as recently as 2007. Mobinil had been the market leader, with 46% of the voice market in 2009.

"Mobinil experienced in 2011 a very difficult and exceptional year. The results clearly illustrate the extent of the challenges the business was facing in a turbulent political, social and economic environment," said Chief Executive Yves Gauthier. Fourth-quarter consolidated earnings before interest, taxes, depreciation and amortization, or Ebitda, were EGP598m "affected by lower revenues, higher commercial expenses--used to defend customer base--and the impact of the different accounting treatment of the employees' bonus, previously funded from profit share," Mobinil said in the statement.

Mobinil said that a return to growth is expected, subject to stabilization of the general environment and normalization of competition. Mobinil also expects network capital expenditures to be "slightly higher than 2011." Mobinil's total capital expenditures in 2011 were EGP 1.8bn, according to the statement. Fourth-quarter revenue decreased 8.1% to EGP 2.5bn from a year earlier. However, the erosion of revenue was partially offset by strong growth in fixed broadband revenue--EGP119m, or 17.8% year-on-year growth.

Gauthier told Zawya Dow Jones in December that he sees Mobinil's mission as becoming Egypt's "main broadband operator," rather than chasing market share at the lower end of the voice market, where the company has lost its role as market leader. Mobinil said its total subscriber base stood at 32.9m at the end of December, an 8.9% increase on the same period last year. Blended average revenue per user, or ARPU, was EGP 24 in the fourth quarter, compared with EGP 29 a year earlier.

CPI Inflation



Source: SAR

France Telecom, one of Mobinil's shareholders, said last week it was in advanced discussions with Orascom Telecom Media and Technology, or OTMT, to increase its stake in Mobinil in a deal that could be worth up to EUR 1.5bn. The French company has made a non-binding offer of EGP 202.50 (USD 33.57) a share for most of the stake that OTMT owns in Mobinil.

France Telecom said it would then launch a tender offer of the same price for the 29% of Mobinil that is floated on the market. OTMT will keep 5% of Mobinil, maintain the same voting rights as before the deal, and have a representative on the board of the company.. *(Wall Street Journal)*

Egypt's oil and gas sector is to benefit from USD 1bn of investment as the nation tries to rebuild its economy after the revolution. The US oil producer Apache has agreed to spend that sum developing Egyptian hydrocarbons over the next two years - as much as it has spent on exploration in Egypt in the previous decade.

The Houston company reached a deal with the Egyptian government to invest in exploration and production projects in the country throughthe end of next year, Abdullah Ghorab, the Egyptian oil minister, and Steven Farris, the chief executive of Apache, said this week. Oil and gas assets provide relativestability for investors in Egypt because they are not easy to shut down and are mostly far away from urban unrest, said Catherine Hunter, an analyst at IHS Global Insight in London.

"If you look at how other sectors have been declining, oil and gas investments and Suez Canal revenues have remained the two pillars of the Egyptian economy during the turmoil," Ms Hunter said. "Those oil and gas revenues are the thing that have continued during the political changes."

Egypt's economy, still reeling from last year's revolution, which toppled Hosni Mubarak from the presidency in February, needs USD 10bn to USD 12bn of funding over the next year and a half, economists estimate. Foreign reserves have been depleted from a high of USD 36bn before the uprising to USD 10bn late last month. Momtaz El Saieed, the finance minister, said Egypt expected to sign a USD 3.2bn loan agreement with the IMF next month and was negotiating for an additional USD 1bn of aid from the World Bank.

The Egyptian government takes in USD 10m every day in revenue from Apache operations, said Mr Farris. His company, which also operates in the US, Canada, the UK, Australia and Argentina, is the biggest concession holder in Egypt's Western Desert. Of its 4.5m hectares, 85% is undeveloped. This year Apache plans to drill 20 to 30% more wells than last year, including in Egypt, the company said in its latest earnings report. Apache did not specify what fields or projects it planned to develop in the country.

Shares of Apache before markets opened in New York yesterday were trading at USD 109.45. Although Apache continued operating in Egypt last year throughout the social unrest - including drilling 11 wells and surveying more than 2,600 square kilometres of concession area - Egypt's energy sector has not altogether avoided disruption.

The Arab Gas Pipeline, which transports Egyptian natural gas to Jordan and Israel, was attacked at least seven times last year, cutting supplies for days at a time. But other oil and gas installations, many of which are offshore, have remained untouched. Before the revolution, Egypt produced 600,000 barrels per day of oil, most of which stayed in the domestic market.

Egypt is courting investors to develop hydrocarbons as well as downstream petrochemical projects in the face of the political and economic uncertainty. Last month, Ismail Najdi, the chairman of Egypt's Industrial Development Authority, said Saudi Basic Industries Corporation (Sabic) planned to invest USD 200m in the petrochemicals sector. Sabic has not confirmed the plans.

"What will be concerning investors will be the regulatory stability and the political stability," said Ms Hunter. "The signals have been positive of continuity, but with regime change, that brings risks." *(The National)*

Landline monopoly Telecom Egypt said on Thursday its 2011 net profit fell 6.8% year on year to 2.93bn Egyptian pounds. The company made a net profit of 3.14bn pounds in 2010. Revenue dipped 3.2% to 9.9bn pounds. Earnings before interest, tax, depreciation and amortisation were 4.55bn pounds, down 2.4% from a year earlier, the company said in a statement. *(Reuters)*

Egyptian mobile operator Etisalat Misr saw a 40% rise in its subscriber numbers in 2011, its UAE-based parent company said in a statement this week. But an overall fall in profits is prompting its UAE-based parent company to restructure its operations in a bid to cut costs. On Tuesday, it was reported that Etisalat is seeking a syndicated loan of up to USD 2bn for general corporate purposes.

The deal is expected to carry a three-year tenor, but this is subject to change, bankers close to the deal said. The board of the former monopoly, which operates in 17 countries in the Middle East, Africa and Asia, also proposed a 60% dividend for 2011, the same as 2010. The company said its board had discussed restructuring and outsourcing options.

"Competition and (a) drop in prices across the region has made it difficult for telecom service providers to maintain revenue levels, especially in emerging markets," it said. On 9 February, Etisalat reported annual net profit fell 24% to 5.8bn UAE dirhams (USD 1.6bn), due in part to impairments it took relating to Indian affiliate Etisalat DB, which is poised to lose its licence.

Etisalat has reported falling profits in seven of the past eight quarters as earnings from its foreign units fail to make up for sagging home revenue. About three-quarters of Etisalat's revenue is derived domestically, according to its third-quarter results, the most recent revenue breakdown the company has disclosed. Etisalat had a net cash balance of 3.3bn dirhams at the end of 2011. *(Reuters)*

Commercial International Bank (CIB), Egypt's biggest private bank by assets, said on Wednesday its consolidated net profit fell 20.1% in 2011

as the economy slowed in the wake of Egypt's popular uprising. The decline in full-year profit was "primarily driven by much higher provisions" taken "as a pre-emptive measure to cope with the on-going economic upheaval Egypt is witnessing," the bank said in an emailed press release.

Egypt's business sector has been struggling to recover from the disruption in the wake of the uprising a year ago that led to President Hosni Mubarak's overthrow. Egypt's banks have also been hurt by a weak financial market and an exodus of foreign investors. CIB said its net profit slid to EGP 1.62bn (USD 268.4m) from 2.02bn in 2010.

Net profit for the fourth quarter fell by 9.0% to 549.1m pounds, Reuters calculated by subtracting out the bank's nine-month figures. CIB's increased its provisions to EGP 321m in 2011 from EGP 6m in 2010, it said. Capital gains from the sale of investments in 2011 fell 80% to 39m pounds after the bank chose not to sell investments at current market prices, it said.

Net interest income rose 19.2%, helped by higher treasury bill and local currency interest rates, the bank said. The average yield on one-year Egyptian T-bills climbed from 10.44% in January 2011 to 15.19% in December as the government sought to finance its burgeoning budget deficit, according to central bank figues.

Interest rates on loans also rose as government borrowing crowded out lending to the private sector. CIB said non-interest income fell 26.6% because of a slowdown the banking sector brought about by Egypt's uprising, while dividend income dropped by 63% as companies retained more of their earnings as a precautionary measure. Net loans increased to 41.07bn pounds at the end of 2011 from 35.18bn pounds a year arlier, CIB said. *(Ahram)*

Egypt's Orascom Telecom Media Technology (OTMT) said on Wednesday it hoped to wrap up negotiations within a few weeks with France Telecom over the sale of most of its stake in Egyptian mobile operator Mobinil. Under the terms of a preliminary accord signed last week, France Telecom would buy the OTMT's stake for EGP 202.5 per share, netting the Egyptian company about EGP 6bn (USD 994m).

OTMT would retain a 5% stake in Mobinil, continue to provide management oversight and retain three seats on its 13-director board under the accord, it said. The Egyptian company said on Wednesday it was now negotiating a put option mechanism for its remaining 5% stake, which would be exercisable between 2015 and 2017, to replace to existing mechanisms.

"OTMT is optimistic that the negotiations will be completed and the transactions be launched in the coming few weeks," OTMT said in an emailed statement. The company has said it will give shareholders much of the USD 1bn it stands to gain by selling its Mobinil stake, but keep part of it for new business opportunities. OTMT was formed from assets still controlled by Egyptian businessman Naguib Sawiris after he sold his stake in Orascom Telecom last year.

The company has investments in Egypt, North Korea, Pakistan, Lebanon and other North African and Middle Eastern countries, in mobile companies, media and technology and cable businesses. OTMT's share was up 3.7% at 0955 GMT, Mobinil was 2.7% higher and the benchmark index was up 1.6%. *(Reuters)*

Suez Cement, Egypt's biggest publicly traded cement producer, posted a 54% decline in 2011 profit as social unrest disrupted construction work. "The outlook is still very uncertain in the current political context and before a stable government can be established," the Cairo-based company said in a filing to the Egyptian bourse today. Net income fell to EGP 568.6m (USD 94m) from 1.24bn pounds in 2010, the company said. *(Business Weekly)*

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Economic News

Egypt's central bank said on Sunday it would offer USD 500m in dollar-denominated 1-year treasury bills at an auction on Tuesday, its fourth dollar offering since Nov. 29, as the government struggles to finance its budget deficit. The deficit burgeoned after last year's popular uprising, and the finance minister said in October liquidity at domestic banks had almost been exhausted. The new dollar T-bills will be issued on Feb. 22 and mature on Feb. 19, 2013, the bank said. *(Reuters)*

Spending on information technology (IT) fell 13% in Egypt last year after the fall of former president Hosni Mubarak and will be flat for 2012 as a political void stalls government investment in the sector, IDC said on Sunday. The research firm said Egypt's IT spending will be USD 2.13bn in 2012, the third-highest level in the Middle East behind Saudi Arabia's projected USD 6.98bn expenditure and the United Arab Emirates' USD 5.18bn. The latter both have much smaller populations than the North African state.

Spending this year will be at 2011 levels, although down from a 2010 peak of USD 2.4bn. "There was a significant contraction in Egypt. We could potentially see a pick-up in the second half of 2012, but it all depends on the political situation," Jyoti Lalchandani, an IDC regional vice-president, told Reuters on the sidelines of a news conference. "Despite any positive news on the political side, the market cannot recover in 2012, which will see almost flat IT spending. We're down to the 2008, 2009 IT spending levels in Egypt."

The IT slump mirrors a wider malaise which has seen Egypt's economy forecast to grow 1.8% in the year to June 30. That is far short of 6%-plus growth rate economists say Egypt needs to start creating enough jobs for its 80m people, while tourist revenue and foreign investment has plunged following Mubarak's exit and subsequent clashes against the ruling military council.

In Egypt, major IT spending has typically been in the government and financial services sectors which account for 40% of total expenditures, Lalchandani said. "With the developments politically, there are no decision makers making decisions on IT," he said. "As a result, the public sector spend on IT has reduced dramatically in the last couple of years.

"On the banking side, there's a lot more caution given it has been a challenge attracting investments. With these two key sectors out of the way, there's simply no way the Egyptian market can recover and come back." Across the Middle East, about 20% of IT spending is consumer, with the remainder from the public and private sector. *(Reuters)*

International investors have pledged USD 8bn in petroleum investments this year, said Egypt's Petroleum Minister Abdallah Ghorab at a conference on Monday. Ghorab opened the North Africa Technical Conference and Exhibition, taking place in Cairo from Feb. 20-22 and focusing on managing hydrocarbon resources. The primary issue, regarding the effect of regional political unrest upon the oil and gas industry, was addressed by the petroleum risk manager for consultant firm PFC Energy, Hanan Amin-Salem.

Amin-Salem asserted that the industry's primary concern is not in fact political instability, but economic populism. "The current government has reversed the liberalizing reforms that the prior regime had instituted… potentially to replace them with trade restrictions, price controls and maintaining subsidies… [Such policies are] a recipe for economic inefficiency and stagnation.

"They will not produce the 6 and 7% rates of growth that Egypt needs to meet the job demand of new entrants to the labor force and to make a dent in high youth unemployment," she said. Egypt faces potentially incendiary inflation if the central bank reserves fully deplete in the next several months, as expected, which could trigger further political unrest, she added.

Foreign reserves have been declining at an average of USD 2bn monthly since the uprising, reaching around USD 16bn at the end of January. John Berry, Shell's VP of Technical and Production MENA, had a longer-term outlook, offering a rosier forecast for the industry: given increased global demand for oil and gas, as well as dwindling reserves, the sector will continue to expand.

“Petroleum production will require both more money and more ‘grey cells’ per barrel,” he laughed, referring to the need for enhanced skills and brainpower to find and extract ever more elusive petroleum reserves. Egypt represents an area that will require new extraction technologies. “Egypt’s more mature oil fields may be ready for EOR [Enhanced Oil Recovery],” he explained, and alluded to the potential for greater employment of skilled Egyptian workers.

Berry told Daily News Egypt in an interview that newly developed chemicals employed in EOR should not necessarily have a negative environmental impact, given the depths at which they would be used. Although Egypt’s petroleum reserves will reportedly deplete within the next 20 years, South Sudan represents a new frontier for petroleum investors. Salah Wahbi, CEO of Sudapet, an oil and gas company in North Sudan, explained that 75% of petroleum reserves lie in South Sudan, but nearly all petroleum infrastructure and development remains in the hands of the North. Still given South Sudan’s “powerful friends” such as the US, he expects South Sudanese production to quickly come online.

Sherif Ismail Mohamed, managing director of Ganope (Ganoub El-Wadi Petroleum Company), one of the five branches of the Petroleum Ministry, emphasized the politically and economically critical issue of energy subsidies. “We have to change our mindset. We are no longer living in a USD 20 per barrel world, it is now a USD 100 per barrel world. We will not be able to find cheap oil and gas anymore,” he said.

He reiterated the necessity of reducing petroleum subsidies, given that it is both economically unsustainable and encourages smuggling. While taking questions, Hanan Amin-Salem also returned to the explosive issue of subsidies, but acknowledged the political impossibility of decreasing them too quickly. She also pointed to investors’ anxiety about Egypt’s political future, asking the audience pointedly, “Who’s in charge of economic policy?”

John Berry echoed her concern, explaining that investors require political stability: “[Egypt is] in an interim situation where people are frightened to make decisions because the consequence can be negative. “Egypt needs to create a climate where people who know what needs to be done will be able to do it. We need a good leader to create such a climate.” *(Daily News)*

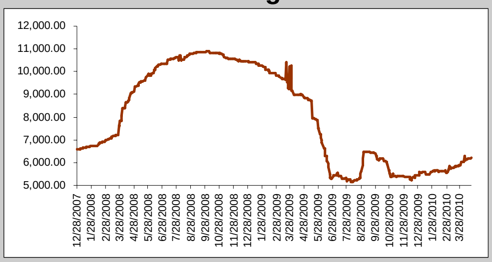
Egypt will offer its citizens living outside the country USD 2bn in three- and five-year certificates of deposit (CDs) within one or two weeks, the finance minister said on Wednesday. The CDs will carry an interest rate of "no more than 4%" and have maturities of three to five years, Finance Minister Mumtaz Al-Saeed told Reuters.

CDs are saving certificates that entitle bearers to receive interest. They generally bear a maturity date and a fixed interest rate. The Egyptian government has been looking for ways to finance budget and balance of payments deficits that have widened dramatically during the economic and political turmoil of the last year.

The country has said it is also looking to sell land to Egyptians living abroad and Islamic sukuk instruments to help plug an external financing shortage estimated at USD 11bn over the next 18 months. *(Ahram)*

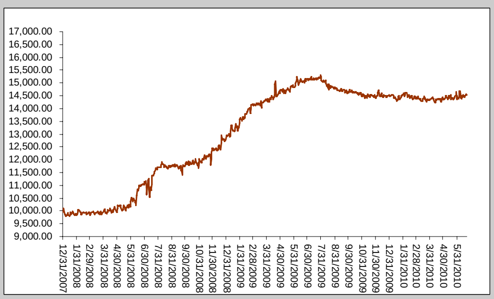
Ghana

Ghana Stock Exchange



Source: Reuters

GHC/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

Stock Exchange News

The GSE All Share Index was up +1.19% to close at 1,010.33 points. Gains were recorded in Unilever (+5.83%), Total (+7.83%) and TLW (+7.19%) while CAL (-3.70%), UTB (-3.23%) and Goil (-3.03%) were on the losing front.

Corporate News

The Energy Bank has said it is open to merge with any of the struggling domestic banks hoping to meet the Bank of Ghana recapitalisation requirement. The Energy Bank which has been operating in Ghana for the past one year has already seen its total assets grown from GhC 60m to about GhC 201m.

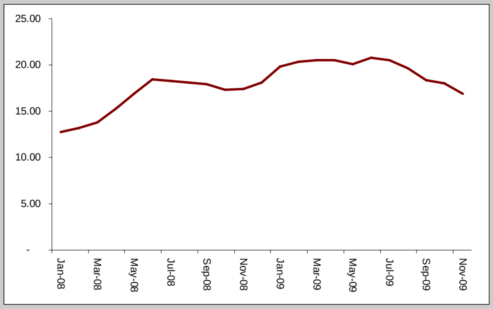
According to the Managing Director of the bank, Sam Ayininuola, the merger plans have always been part of the bank's strategy. "We are open and interested in any one bank that wants to work with us," Ayininuola told Citi Business News. He, however, expressed concerns about post acquisition developments which according to him are sometimes very murky. The bank has also hinted of plans to roll out about 700 ATM outlets and open some branches across the country in a bid to spread their services to customers. *(Ghana Web)*

The Produce Buying Company (PBC), a licensed cocoa buying firm, expects to boost its market share to 40% in the next two years despite the stiff competition in the Ghanaian industry. The company, which last year returned a market share of 37%, said it is ready to put in more effort to outsmart the other 25 Licensed Buying Companies. Speaking at the Facts Behind the Figures programme on the Ghana Stock Exchange, Mr Kojo Atta-Krah, Managing Director of PBC, said despite the impressive performance last year, the company's market share dropped to 37%

This, he said, was as a result of the stiff competition within the industry, adding it was the avowed aim of the board and management to command a 40% share within the next two years. Turnover for cocoa operations increased from GHS 622.644m to GHS 1.285bn, an increase of 106% due to high producer price, buyers take over margin and volume of cocoa purchased and delivered. The company also increased its cocoa purchases by 56.8% to 374,858 tonnes from 238,967 tonnes, leading to a profit before tax of GHS 37.434m as against GHS 19.256m in 2010.

Mr Atta-Krah said finance costs have been a major item affecting revenue and the potential profitability of the company and that last year alone more than 25% of gross operational earnings were used as net finance expenses. In this direction, he said, the board and management were considering accessing offshore facilities at a lower cost to supplement the local funding sources to

CPI Inflation



Source: SAR

bring the finance cost to a more comfortable level.

The company will also explore the possibility of raising funds through the stock market for cocoa purchases. Mr Atta-Krah assured investors that the company would continue to improve operational efficiency, improve storage and other warehousing facilities, increase Information Communication Technology access in the company and motivate staff through training, bonus and other incentives schemes.

"We assure shareholders of the most reliable and constructive management practices to continue to keep their company in good standing and improve earnings," he added. Mr Joseph Osei-Manu, Deputy Managing Director, Finance and Administration, said net finance expenses increased by 87.8% to GHS 34.564m from GHS 18.402m mainly as a result of increase in the quantum of monies utilised in the year's operations following the jump in cocoa purchases. The company, he said, paid GHS 2m dividend to government and GHS 7.565m as corporate tax to the Ghana Revenue Authority. *(GBN)*

Economic News

Ghana's total public debt stood at GHS 23.61bn, equivalent to 44.2% of Gross Domestic Product (GDP) at the end 2011 as against the 2010 figure of GHS 17.6bn, which represented 38.1% of GDP. The stock of domestic debt increased by 43% year-on-year to GHS 11.84bn in 2011 from GHS 8.3bn in 2010. The external debt stock also increased by 20.1% over the end of December 2010 position to USD 7.6bn (GHS 11.77bn).

In January 2012, total revenue and grants accruing to government amounted to GHS 649.3m while expenditure was GHS 1.4bn. This resulted in a narrow fiscal deficit of GHS 756.4m compared to a surplus of GHS 107.7m recorded for January 2011. A recent Monetary Policy Committee (MPC) report, which disclosed this, said the deficit was financed mainly from the domestic sector of GHS 679.9m, and net foreign inflows of GHS 76.6m. It represents 80.6% of the first quarter target of GHS 844m.

"Total revenue and grants in 2011 amounted to GHS 10.7bn compared to GHS 7.5bn in 2010. Import duties, import VAT, petroleum taxes and NHIL receipts accounted for GHS 3.5bn. "Income and property taxes were GHS 3.8bn while domestic VAT, excise duty and NHIL amounted to GHS 1.3bn. Programmed grants of GHS 340.6m also accrued." Total expenditure was GHS 12.7bn in 2011, compared to GHS 9.2bn in 2010. Wages, salaries and related expenditures totalled GHS 5.2bn.

The report noted that fiscal operations in 2011 resulted in a narrow budget deficit of GHS 2.1bn, adding that it was financed mainly through the issuance of domestic bonds. "The Net Domestic Financing (NDF) of GHS 2.1bn was within the programmed target of GHS 2.4bn." *(Ghana Business news)*

The Bank of Ghana's gross international reserves declined to GHS 4.6bn in January 2012 after peaking at USD 5.4bn in December 2011. This was as a result of increased demand for foreign exchange resulting from the higher than normal surge in seasonal demand to support trade, the bank has explained.

Paa Kwesi Amissah Arthur, Governor of the Bank of Ghana (BoG), at the recent Monetary Policy Committee (MPC) briefing in Accra, stated that the reserves hit UUSD 4.7bn in 2010.Total inward transfers received by individuals through the banking system, he noted, grew by 72.7% to USD 1.9bn in 2011 from USD 1.1bn in 2010.

Also, he said average base rates of banks went down from 25.8% to 22.5% in 2011 with quotations within the range of 16.8 – 25.9%. Average lending rates also declined from 27.6% to 25.9% in 2011, with annual%age rates for enterprises ranging between 17.4 – 30.8%.

Given the foregoing and how it will impact on inflation, he said, the bank has identified three main sources of upside risks to prevailing macro-economic stability. “These include a possible contagion from the Eurozone debt crisis, fiscal pressures and the unusual upward volatility in the foreign exchange market observed last month. “With respect to developments in the Eurozone, the Committee was of the view that the potential impact of the crisis on the domestic economy could be transmitted through some four possible channels.

It said this could be done through ensuring a reduction in trade finance to domestic banks, diminished portfolio inflows, worsening terms of trade due to reduced global demand for primary commodities and reduction in remittances and donor flows.” Mr Amissah-Arthur revealed that government’s fiscal targets were met in 2011 though potential sources of pressures exist in the outlook for this year.

“Specifically, the pace of executing the budget in terms of arrears clearance, including those relating to the migration to the Single Spine Salary Structure (SSSS), and the recently announced increase in the minimum wage may impose additional demand pressures. The MPC concluded that the balance of risks to inflation is elevated. *(Ghana Web)*

Ghana's annual producer price inflation index rose to 15.25% in January from a revised 13.65% in December, the statistics office said on Wednesday. Philomena Nyarko, acting government statistician, said the rise in inflation was mainly driven by rising gold prices.

"The extractive industry recorded the highest yearly change of 27.99% in January and the main force behind it is the changes in the international price of gold," Nyarko said. She said the monthly rise in inflation during the month of January was 5.40%. *(Reuters)*

Ghana’s Volta River Authority (VRA) on Thursday said it expected gas supply from Nigeria to normalise within the next three weeks to ensure continuous supply of power to the country. Mr Kweku Awotwi, Chief Executive Officer of VRA, told journalists in Accra that the erratic supply of gas from Nigeria since the beginning of the year meant that the company was unable to meet its generation capacity to satisfy the increasing demand for electricity.

He said while firm agreements had been reached for supply of between 80 and 123m standard cubic feet of gas per day from January to May this year, supply had only reached about 40m and sometimes less. “This has imposed a lot of restriction on VRA's operation, especially on the capacity of the thermal plants such as Asogli and cutting off critical supply," he said.

Mr Awotwi said VRA in the circumstances had to switch to the use of crude oil, which is also affecting the plants and this coupled with the planned maintenance at Takoradi International Company meant that more than 300 megawatts of supply could be off at certain periods. "The reduction in the flow of gas from Nigeria and the consequent inability of the thermal plants to operate at optimum meant that the VRA is unable to meet the generation demand at certain periods," he said.

In an earlier statement, the VRA warned that there would be a reduction in power supply by 100 megawatts during the peak periods from 6.00 p.m. (1800 hours) to 10.00 p.m (2200 hours). "VRA has therefore requested the Electricity Company of Ghana (ECG) to undertake a load management exercise in various parts of the country, until the situation returns to normalcy," the statement said.

Mr Awotwi said VRA was in discussions with the suppliers of gas to increase supply, adding however that the long-term solution was for Ghana to develop and tap her own gas. This, he said, was important because of the increasing needs of the Nigerian Government to improve power supply in the country. The Ghana National Gas Company, which has the responsibility to build the gas infrastructure, has confirmed a start up of gas supply volume of about 90,000m standard cubic feet per day by 2013.

Mr Kofi Ellis, Director of Business Development Services, said demand for electricity had been growing steadily, reaching about 10% annually in recent years. He said to meet the demand VRA must add 212 megawatts every year to the current generating capacity of 2,120 mega watts.

Mr Ellis said VRA was working to meet this demand by bringing on board between now and 2015 an additional 960 megawatts generation capacity to augment the existing capacity. There are also plans to install up to 150 megawatts of wind and solar projects in the next 36 months. *(GBN)*

The Bank of Ghana said that its 200m cedi (USD 117.6m) three-year bond on Thursday was heavily oversubscribed, and it accepted 219m cedis of bids at a yield of 14.99%. The Bank received 639m cedis in bids and 169m cedis worth of accepted bids were from offshore investors, Adams Nyinaku, the bank's head of treasury, told Reuters.

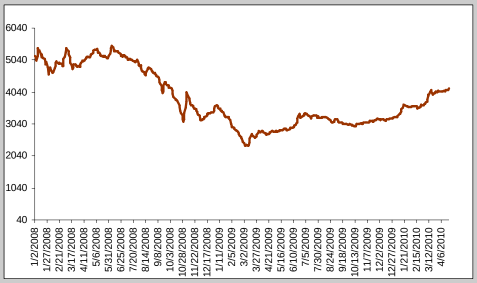
Settlement for the bids is due on Monday. The bond sale, Ghana's first auction of 2012 open to offshore investors, had been seen as a test of foreign appetite in Ghana during an election year. Traders have been eyeing the sale as a successful auction would further support the cedi, which was trading at 1.7050 in early trade against the dollar.

Barclays Bank Ghana trader Kobla Nyaletey said the market had widely expected yield to be 15% or above. "It is a positive surprise and it means that there is an appreciable offshore demand out there - it is a good development." *(Reuters)*

SECURITIES AFRICA

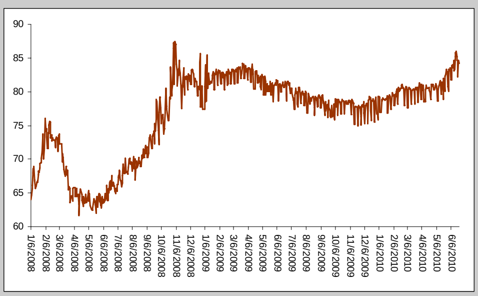
Kenya

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

CPI Inflation

Stock Exchange News

The NSE 20-Share Index gained +2.08% to close the week at 3,248.40 points. PAFR led the movers after gaining +20.51% to KES 23.50 followed by BAT which rose +15.38% to KES 300. Other notable gains were recorded in NIC up +10% to KES 27.50 and KPLC (+7.94%). SGL was the main loser, shedding -16.00% to KES 21.00 followed by ACCS (-11.90%) and CFCI which lost -9.29% to KES 6.35. Market turnover was down -26.26% to KES 0.73bn.

Corporate News

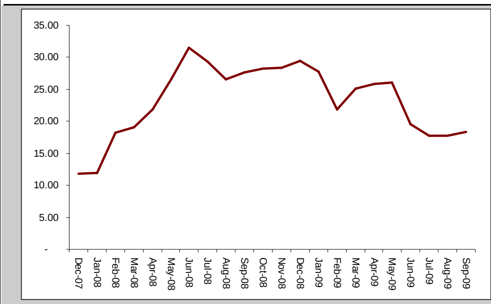
Kenya Electricity Generating Company (KenGen) said on Monday it planned to raise USD 12bn to build six geothermal power plants that should generate 585 megawatts by 2016, as it pushes to diversify its power sources. KenGen's Managing Director Eddy Njoroge told Reuters that his company was open to different financing models to raise the financing required. Kenya is the first African country to drill geothermal power, tapping vast steam energy.

Although expensive to drill initially, development of cheaper geothermal power means the country has to rely less on thermal power, prone to the vagaries of high international prices, and rain-fed hydroelectric dams. "We are open to different financing models," said Njoroge, in an interview at the Ol Karia power plant in the Rift Valley north west of Nairobi.

"We will be looking at different options like joint ventures ... The most viable one is build and transfer. We have the steam, we want somebody to come and build the plant and then operate it (to recover the cost) and then transfer it to us." The east African country -- the biggest economy in the region -- has the potential to produce 7,000MW of geothermal power and KenGen, the country's main power producer, is targeting production of at least 5,000MW by 2030.

Kenya's peak electricity demand has risen to 1,200MW, compared with 780MW in 2002, driven by economic growth. KenGen produces 1,141MW and the rest is generated by independent power producers which mostly rely renewable energy such as wind power. "My biggest nightmare is that demand is growing and the question is, are our projects in tandem? Are we implementing as much as we need to meet the demand?" Njoroge said.

He said drilling to reach the steam was a major problem in building geothermal power plants, but the company was planning to hire new rigs and buy some more. Fuel and electricity are among the top drivers of double-digit inflation in the country, which has eased for the second consecutive month to 18.3% in January down from 19.72% in November. Kenya has embarked on capital intensive alternative power generation projects, in a bid to reduce dependency



Source: SAR

on unreliable rain-fed hydroelectric dams and thermal power prone to erratic rainfall.

Njoroge said KenGen would not consider a rights issue because the market was bearish. "Part of the problem of a right issue right now is that the market has been very bearish. We may not get the proper value of the stock. A bond of course goes to our balance sheet since it's a borrowing," he said. *(Reuters)*

Kenya's NIC Bank on Thursday posted a 38% rise in full-year pretax profit to KES 3.6bn (USD 43.48m) and said it planned to raise cash through a rights issue and would also expand in neighbouring Uganda. Ranked in the second tier of Kenyan banks, NIC said in a statement that 2011 earnings per share rose 47% to KES 6.72.

The bank, which did not give details to explain the rise in profit, said it would pay a final dividend of KES 0.25, unchanged from the previous year. NIC had paid an interim dividend of the same amount. NIC said it was planning to raise additional capital of KES 2bn through a rights issue. The bank also said it hopes to expand in Uganda, where it expects to invest KES 961m to set up a wholly-owned subsidiary. *(Reuters)*

The Kenyan unit of French building materials maker Lafarge warned on Thursday its performance this year could be affected by inflation and an uncertain political outlook in the run-up to the country's elections. Bamburi, east Africa's biggest cement maker, posted a 12% jump in full-year pretax profit to KES 8.5bn (USD 102.7m), driven by higher sales volumes and cost cutting.

But the company, which also has a unit in Uganda, said local and global macroeconomic environment pressures clouded its outlook. "While early positive signs are starting to develop in the United States economy, sovereign debt concerns in the Eurozone, political instability in the Middle East, cost inflation in developing markets, and uncertain political environment in Kenya continue to make visibility difficult," it said in a statement.

Rates of inflation in both Kenya and Uganda have started ticking lower, but still remain in double-digits, at a time when food and fuel prices remain high. Kenya is due to hold a general election by latest March next year, the first national poll after violence erupted following a disputed election in 2007, which brought business in east Africa's biggest economy to a near halt.

Bamburi said 2011 profits were buoyed partly by a 28% rise in turnover to KES 35.9bn, driven by increased domestic and export sales from the group's new line in Uganda, which had previously struggled. The company said its performance was strong enough to ward off surging fuel, transport and power costs to push operating profit 9% higher to KES 7.9bn.

The shilling depreciated significantly against the dollar last year, hitting a low of 107 in October due to soaring inflation, which helped to cushion earnings for exporters, in spite of a fall in Kenyans' spending power. Earnings per share rose to KES 14.44 from KES 14.02 in the previous year. The firm said it would pay a final dividend of KES 8 per share and a total dividend of KES 10. *(Reuters)*

Housing Finance has recorded a 64% rise in after tax profits for the year

ended 2011, helped by an increase in interest income. The mortgage lender's net profits grew to KES 622.2m last year from KES 379.5m over a similar period in 2010. Its interest income in the year under review rose by 41% to KES 3.4bn.

"Increased corporate and customer deposits upped our interest income, with prudent costs management cushioning us from the current economic shocks," Housing Finance managing director Frank Ireri said. He added that returns from the 2008 rights issue, which saw the company raise KES 2.3bn, had increased from 9.32% in 2010 to 15.24% in 2011.

The firm grew its customer deposits by KES 2.7bn to KES 18.6bn last year from KES 15.9bn in the year 2010. Conversely, the deposit costs in the period increased from 3.6% to 10%, sacrificing the company's profitability in the short term. Investments in government and other securities also yielded a 118% interest increase, garnering 552m in 2011 as compared to 254m in 2010.

Mr Ireri, however, singled out high inflation, increased central bank lending rates, a weak shilling and heated political climate following the ICC rulings and heavy government borrowing, as some of the factors that will make it difficult to match this performance this year. *(Nation)*

Economic News

Kenya's earnings from horticulture exports rose 18% last year, despite a marginal dip in volumes, buoyed by a favourable exchange rate and strong prices for vegetables and fruits, an industry body said on Monday. Horticulture is the country's leading source of foreign exchange, alongside tourism, remittances from Kenyans living abroad and tea exports.

East Africa's largest economy earned KES 91.6bn (USD 1.10bn) from the sale of flower, fruit, vegetable and nut exports in 2011, data from the USAID Kenya Horticulture Competitiveness Project (KHCP) showed. It said flowers, which make up the bulk of the earnings for the industry, fetched KES 44.51bn from KES 35.56bn in 2010.

The body, which aims to boost employment in the industry, said there was scope for further growth in 2012, especially in flower production, which makes up the bulk of the sector's earnings. "With only months remaining to the general elections, the industry is facing major challenges emanating from concern over the economic status of countries in the global market," the body said in a statement.

Kenya exports most its horticultural produce to Europe, whose sovereign debt crisis has driven many countries to the brink of recession at the start of 2012. An industry association, Kenya Flower Council (KFC) early this month projected a rise in earnings from last year thanks to a favourable exchange rate for most of the year, despite earlier warnings they could fall below target due to the euro zone crisis.

The Kenyan shilling weakened to an all-time low of KES 107 to the dollar, but has since regained ground to 83.00/20 where it is trading on Monday, resulting from a series of central bank hikes in key lending rate. The USAID Kenya

Horticulture Competitiveness Project said the country exported 382,638 tonnes of horticulture in 2011 compared with 403,026 tonnes in 2010. *(Reuters)*

Kenya's tourism industry is a billion dollar industry. It raked in KES 98bn (USD 1.18bn) last year, though short of the KES 100bn target. This is a 32% increase, up from KES 77bn earned in 2010. Tourism Minister Najib Balala while announcing the industry's results, said arrivals rose 15.4% to 1.26m, just shy of targeted 1.3m visitors last year.

He, however, expects a rough year for the industry this year, noting that the euro zone crisis would curb growth. "I don't expect any growth. The economic crisis is seriously biting. Growth this year is expected to be at the same level as last year at Sh98bn," he said. *(The Standard)*

The Kenyan economy is set for a boost with the planned injection of KES 8.6bn (USD 103.7m) by the International Finance Corporation (IFC) in various projects this year. This will bring the total local investment by the World Bank Group-owned corporation to KES 33.2bn, up from the current KES 24.5bn as it increases its local investment portfolio.

"IFC's strategy for Africa is to promote economic growth especially in key sectors such as infrastructure, SMEs and agribusiness. We are looking to increase our investments to help mobilise resources for people and projects that contribute to Kenya's sustainable development," said Aida Kimemia, principal investment officer at IFC, in an interview with the Nation.

The corporation invests by way of equity. It is not clear what its equity will be in the planned investment but currently of the total investment in Kenya, IFC has an equity share of about 16%. Last year, it injected KES 13.7bn into the local financial sector aimed at increasing lending to SMEs and aid bank expansion projects to cover the region.

This included a KES 8.3bn loan to Kenya Commercial Bank to enhance the bank's ability to meet demand for long-term loan facilities and expand its mortgage book. Other beneficiaries were Bank of Africa, which secured a KES 664m subordinated loan and KES 415m trade finance facility in August 2010.

Diamond Trust Bank secured a KES 1.6bn loan to aid the bank's expansion strategy to new market segments, including mortgage financing and Barclays Bank and Prime bank benefited from a KES 3.07bn loan in support of trade finance facilities. Currently, IFC's investment portfolio in East Africa amounts to KES 68.6bn. *(The Standard)*

Kenya's economic growth slowed down to 3.6% in the third quarter of last year compared to 5.7% growth posted in 2010. This is attributed to the deteriorating external environment with sluggish global recovery on account of the sovereign debt crisis in the Euro zone, weak growth in the US, and a general slowdown in output growth for most of Kenya's trading partners.

Rising inflation, exchange rate depreciation as well as drought in some parts of the country also combined to weaken internal demand during the period under review. Treasury reckons the economic slowdown was worsened by weak internal demand emanating from rise in inflation and a weaker exchange rate. The country's external payment position weakened throughout last year, reflecting a faster growth in imports compared to exports.

According to the Ministry of Finance Quarterly Economic and Budgetary Review report date February, trade account balance worsened by 26.3% to USD 9bn from USD 7.1bn for the period. "Overall, the economic performance was resilient considering that the period under review was characterised by delayed rains, high inflation, and weaker shilling, which, to some extent, restrained growth," said Treasury in the report.

The financial intermediation sector growth moderated to 6.0% in the third quarter of last year, compared to a growth of 10.6% in the same quarter of 2010. The growth of the manufacturing sector slowed down to 1.1% from a growth of 5.7% in a similar period.

The significant decline in manufacturing of sugar related foods, soft drinks, and processed sugar offset the expansion in all other manufacturing items such as cement, galvanised sheets and motor vehicle assembly. Electricity and water sector continued to decline for the second consecutive quarter last year. The sector declined by 4.6 and 12.1% for the second quarter and third quarter of last year, respectively, compared to a growth of 5.8 and 17.1%, in similar periods in 2010.

The decline in the value added in this sector was as a result of a shift in electricity generation mix arising from drought and decline in water levels, which necessitated the use of thermal. However, agriculture and forestry grew by 4.8% in the third quarter of last year, compared to 5.7% in the same period in 2010; reflecting increased production in food, horticulture and industrial crops. *(Standard)*

The fourth undersea fibre optic cable is expected to be unveiled for commercial purposes on April 1. The laying of the France Telecom-funded Lower Indian Ocean Network 2 (Lion2) was completed last December when it landed at the Kenyan coast and has since then been undergoing tests.

Telkom Kenya, the France Telecom subsidiary that will run the cable, including leasing excess capacity to other operators, said it is constructing a landing station for the cable in Mombasa. Kenya is serviced by three other cables – Seacom, the East African Marine System (Teams) and East Africa Submarine Cable System (Eassy). Seacom and Teams were the first to cables to land and brought fast Internet to Kenya in 2009. Kenyans previously relied on satellite connection that was said to be slow and costly.

While connectivity speeds have improved significantly, the costs of access to Internet are still relatively high. Telkom Kenya is an investor in Eassy, Teams and now Lion2. Telkom Kenya Chief Executive Mikhael Ghossein said the cable would entrench Kenya as an ICT hub in the region by increasing the alternatives that Internet traffic to and from Kenya has as well as options in case of breakdown on other cables. "Lions2 positions Kenya as an ICT hub by increasing redundant bandwidth and ensuring that if one of the undersea cables is faulty, there are numerous alternatives for operators to route traffic on their networks," said Ghossein.

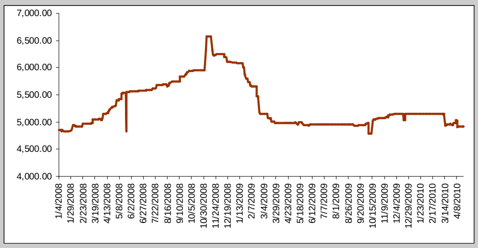
The KES 6.2bn Lion2 will connect Kenya to Mayotte, Madagascar, Mauritius and La Reunion islands. Lion2 is an extension of Lion, which connects the Indian

Ocean Islands to the world through the United Arab Emirates. The initial Lion was laid in March 2010.France Telecom, through its subsidiaries in the region – Mauritius Telecom, Orange Madagascar and Telkom Kenya – is a major investor in the second phase of the cable and has put in USD 41.25m of the USD 75.3m.

Telkom Kenya expects the new cable to be a boost, with its current efforts pursuing data customers. It has been deploying Internet infrastructure and in September, the company launched high speed 3G network. *(Standard)*

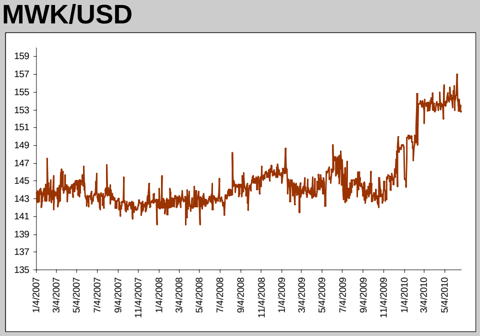
Malawi

Malawi Stock Exchange



Source: Reuters

MWK/USD



Source:SAR

Economic indicators

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

Stock Exchange News

The index closed flat at 5,437.39 points, with thin trades across both local and foreign boards. Active counters were; TNM, NICO, NBS, MPICO, Illovo and OML generating MWK 2.67m (USD 15,864.72) in market turnover.

Corporate News

No Corporate News this week

Economic News

Malawi's consumer inflation quickened to 10.3% year-on-year in January from 9.8% in December, data from the National Statistics Office (NSO) showed on Monday. "Food inflation has gone up by 6.1% as compared to 5.2% recorded in the previous month due to price increases in cereal and cereal products and other food commodities," the NSO said in a statement. *(Reuters)*

Malawi's economic growth slowed more than expected to 6.0% last year, partly due to higher fuel prices and reduced income from lower tobacco prices, Finance Minister Ken Lipenga said on Thursday. The rate of growth was lower than government's initial forecast of 6.9% after a 7.1% rise in 2010. "In the face of escalating international fuel prices, reduced disposable income due to lower tobacco prices, scarcity of foreign exchange and intermittent power supply, the economy slowed down in 2011 from the initial growth projection of 6.9% to 6.0%," Lipenga told Reuters.

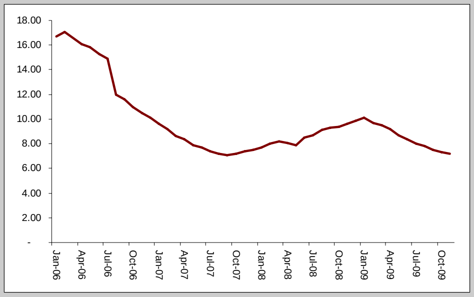
Malawi has in recent years seen GDP growth averaging 7.4% thanks to bumper maize harvests as a result of the implementation farm subsidies, which started in 2005. The International Monetary Fund has previously said government's growth projections, including a 6.6% GDP forecast for 2012, were unrealistic due to industrial constraints a budget support freeze.

Malawi has been by hit a freeze in aid - which accounts for 40% of the budget - since last year as several Western donors have withheld funds due to concerns about creeping autocracy under President Bingu wa Mutharika. The country is facing a USD 121m budget shortfall in the current financial year due in part to a suspension of an International Monetary Fund loan programme.

Life has become increasingly difficult in the past year in the southern African country due shortages of fuel, medicine and foreign currency. Last week, police arrested a leading lawyer and government critic for asking parliament to impeach the president for mismanaging the economy. Civil society groups are demanding Mutharika to account for his wealth, mend relations with Britain -

the country's former colonial master - and restore bilateral aid ties. Last July 20 people were killed by Mutharika's forces to quell country-wide protests against his rule. *(Reuters)*

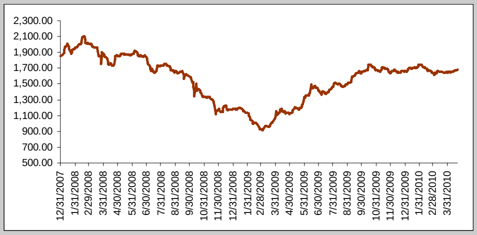
CPI Inflation



Source: SAR

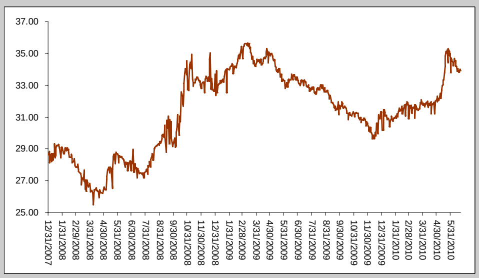
Mauritius

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

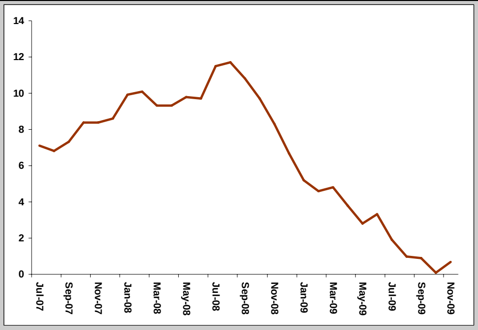
The SEMDEX was down by -1.23% to close at 1,800.75 points while the SEM 7 lost -1.33% to close the week at 338.76 points. MCFI was the only gainer after adding a marginal +0.3% to MUR 37.90. H Mallac led the losers after shedding -7.3% to MUR 165.00 while NMH lost -4.00% to MUR 71.50 and United Docs shed -3.2%.

Corporate News

No Corporate News this week

Economic News

No Economic News this week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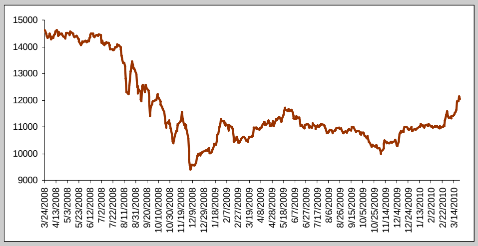
Source: SAR

SECURITIES AFRICA

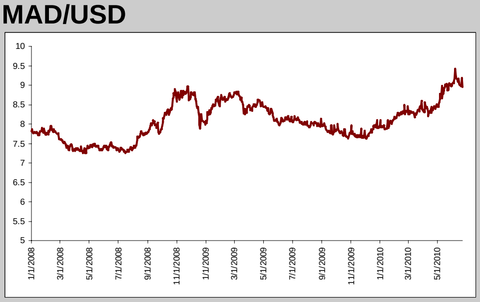
Morocco

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

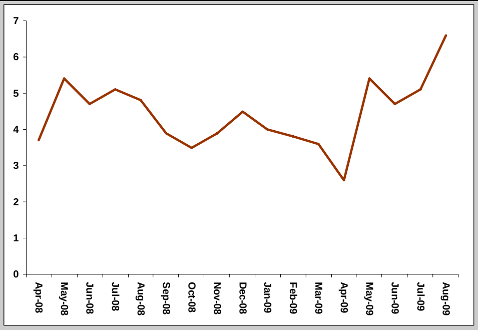
The MAS gained +0.21% to close the week at 11,420.95 points. Gains were recorded in Sofac Credit (+18.18%) to MAD 325.10, SCE (+11.91%) and Maroc Leasing (+9.70%). On the losing front we had Zelldja down -21.76% to MAD 665, Maghreb Oxygene which shed -7.63% to MAD 230.00 and Salafin (-5.99%).

Corporate News

No Corporate News this week

Economic News

No Economic News this week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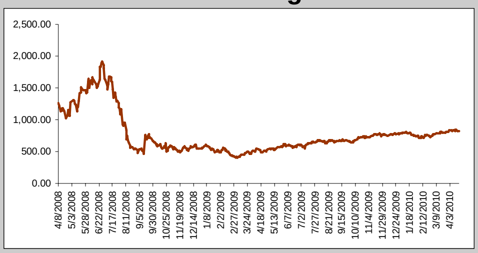
Source: SAR

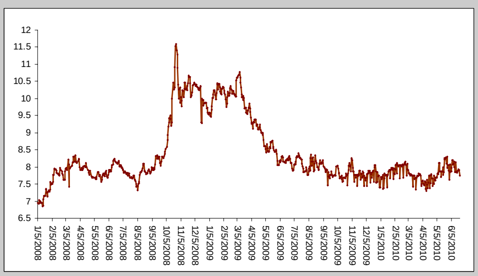
Namibia

Namibia Stock Exchange



Source: Reuters

NAD/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

Stock Exchange News

The NSX overall Index gained 0.54% to close at 923 points. On the NSX local and DevX, MEY was the top mover after adding +50% to NAD 0.03 while BMN and NBS added +4.55% and +0.75% to NAD 0.23 and NAD 12.10 respectively. MMS led the losers after shedding -3.33% to NAD 0.29 followed by EXT, down -0.12% to NAD 8.60.

Corporate News

No Corporate News this week

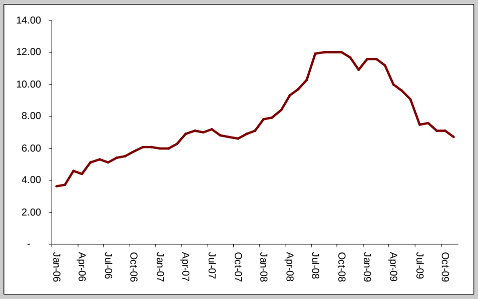
Economic News

Namibia's central bank on Wednesday left its bank rate unchanged at 6.0%, saying its concerns over "frail" economic growth outweighed expectations that inflation will rise. "Our estimate is that growth for 2011 is going to be just under 4% compared to 6.6% in 2010," central bank Governor Ipumbu Shiimi said at a briefing after the conclusion of this year's first Monetary Policy Committee (MPC) meeting.

The bank said even as inflation was expected to trend upwards, raising rates now could harm growth. "In the view of the need to ensure sustained growth in the domestic economy, the MPC is of the view that a tightening of the monetary policy stance at this stage might be premature and thus detrimental to growth prospects," Shiimi said.

The bank expects inflation to trend upwards but remain in single digits. Inflation slowed to 6.6% year-on-year in January from 7.2% in December - its highest rate since August 2009. Namibia's central bank has left the benchmark rate unchanged since the beginning of 2011 after reducing it by a cumulative 450 basis points between December 2008 and December 2010, in line with a similar action in South Africa. *(Reuters)*

CPI Inflation



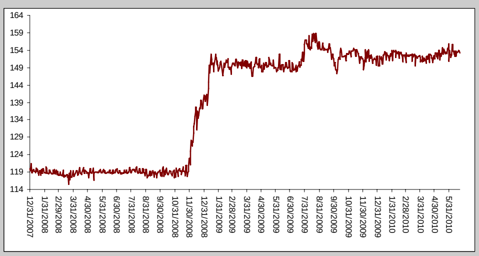
Source: SAR

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 index gained +0.42% to close at 20.495.92 points. UBA gained +25.93% to close at NGN 2.38 while Ikeja Hotel was up +25.83% to close at NGN 1.51. Other notable gains were recorded in Fidson (+24.19%), GT Assure (+22.12%) and First Bank (+14.42%). On the losing front we had Honeywell Flour (-14.23%), Conoil (-9.75%) and Airline Services (-9.20%).

Corporate News

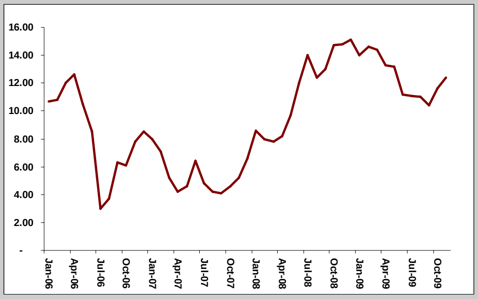
The landscape of e-banking services in Nigeria is set to witness a major shift as two leading companies in banking and telecom sectors of the economy, FirstBank of Nigeria Plc (FirstBank) and Airtel Networks Limited have agreed to combine their strengths to provide seamless mobile money services toms of Nigerians. Speaking at the signing of a Memorandum of Understanding (MoU) between the two companies recently in Lagos, the two companies promised to combine their strengths to provide secure, convenient and user-friendly mobile banking services to unbanked people throughout via mobile phones.

Mobile banking is the use of mobile phones to remotely access bank accounts, primarily for account inquiry, mobile transfer, retail payments, micro insurance, savings remittances, mobile top-up, utility bill payments and government collections among others. In his speech, The Chief Executive Officer and Managing Director, Airtel Nigeria, Mr. Rajan Swaroop, said, “Partnering First Bank to bring mobile financial services to all corners of country further demonstrates Airtel’s commitment to Nigeria and supports the concept of borderless mobile telecoms services across the country.

“Indeed, we are excited to partner with one of the biggest financial institutions in the country. This partnership will, without a doubt, assist us in realizing our vision of empowering more Nigerians with innovative and affordable mobile financial services. At Airtel Nigeria, we are committed to creating value propositions that will delight, enrich and benefit our customers regardless of their income level and location.”

Commenting on the initiative, FirstBank’s Managing Director/Chief Executive Officer, Mr. Bisi Onasanya said mobile banking is hinged on three planks which are defined in terms of financial inclusion for the unbanked and the underbanked, person to person transaction in terms of sending and receiving money as well as retail payment for the purchase of goods and services. He added that “With over 600 branches and thousands of business partner outlets in strategic proximity to the people, coupled with over 1,500 ATMs including cash deposit ATMs, cardless and biometric ATMs, over 5million active accounts and more than 1,200 Point of Sale terminals, FirstBank has always been at the forefront of innovative financial services solutions.

CPI Inflation



Source: SAR

In addition to the mobile money services, Onasanya said FirstBank has in place a world-class IT infrastructure to drive its e-payment services across transaction touch points. These services, according to him, include: Internet banking services, FirstOnline, FirstBank Visa Gold Credit Card, Automated Teller Machines (ATMs), Point of Sale Terminals (POS) FirstBank MasterCard, FirstBank Classic Card, FirstBank Naira MasterCard and Cash Deposit ATMs amongst others.

The Group Managing Director further assured that FirstBank will continue to lead the innovation drive in mobile banking through progressive and robust upgrades that will enable mobile money customers perform actions such as salary lodgement, pension and other types of payments and disbursements. Onasanya further affirmed that with a rich heritage, dependability and innovative dynamism, FirstBank is naturally the best partner for any telecom company to provide this novel initiative.

The mobile money initiative, an integral part of the broad objectives of the FSS 20:2020 was conceived by the Central Bank of Nigeria because of its critical nature to achieving a "cashless society which is fundamental to the nation's goal of becoming one of the top 20 largest economies in the world by the year 2020. *(Nigeria Bulletin)*

International diversified resources company, Astra Resources PLC (FWB Code: 9AR), has finalised an initial geological investigation and feasibility study into its Nigerian thermal coal sites with promising results. The geological investigation was undertaken to determine the coal potential and viability of the two coal sites Astra is developing through its joint venture agreement with Barjalex Nig Ltd.

The two sites sit within the Ogboyoga coal field of the Kogi Coal District, covering the Odelle, Manejo and Ichalla villages of the Ankpa Local Government Area of Kogi State, North Central Nigeria, and cover a combined area of 10.4 square kilometres. A further extension located in the Ogboyoga coal field and covering 16.6 square kilometres has been discovered, for which Astra is in the process of purchasing an exploration license.

Astra CEO Dr Jaydeep Biswas says the investigation covered a total area of 30 square kilometres, spanning the current sites and the extension, with results indicating the existence of coal deposits mineable using an open cast mining method. "After completing the geological investigation and feasibility study, it was concluded that while early indications of the coal resource within the two Barjalex sites require further investigation, the extension located within the Ogboyoga coal field has been identified as highly viable," Dr Biswas says.

"Astra intend to further explore this area through drilling while taking all necessary steps to complete the application for a mining lease for the Ogboyoga coal fields." During the initial geological investigations six coal outcrops were encountered in the Okaba area with a coal thickness ranging from 0.8 to 1.6 meters. From these results it can be inferred that the total coal tonnage of the 16.2 square kilometre extension area is 31.35m tonnes that has significant value at present thermal coal prices.

Samples collected from the Ogboyoga coal field as part of this investigation are currently being analysed, however previous samples indicate the coal in the area is of high calorific value. Astra Managing Director Silvana De Cianni says a further drilling and sampling program of the Barjalex coal property will be undertaken, occurring in two phases in accordance with JORC drill point spacing for indicated and proven resource calculation.

“The first phase of the program will consist of a few strategically placed drill holes at a spacing of approximately 1,500 meters to confirm the hypothetical resources estimation and enable the establishment of appropriate drilling points for phase two,” Ms De Cianni says. “The second phase of drilling will focus on further exploring any potential economic deposits detected from the wide-spaced boreholes from phase one.

“Once all the data is gathered, an accurate estimation of the total volume of coal reserves present in the area can be calculated, and from this a total tonnage can be derived. “The results ascertained from the sampling program will form part of the report that will be used to assess the qualification of the Barjalex exploration licenses for a mining lease.”

Geological investigations indicate the Ogboyoga coal field has the second greatest amount of available drilling of all the thermal coal areas reviewed for the report. Large surface and underground coal resources are present in the area, with seam thickness in the range of 1.2 to two meters. Dr Biswas says no commercial mining has been done in the Ogboyoga coal field, and it is highly probable that further resources may be discovered with additional drilling. Astra is also looking to significantly expand the field by further acquisitions.

“As the thermal content of the coal is reasonably high, and the sulphur and ash content is low, the quality is very acceptable for power plant feed, making the potential of the area immense.” Situated 20 kilometres south of the Ogboyoga coal field, the Okaba coal field which is adjacent to the Ogboyoga coal field has a large coal reserve that can be developed using surface and highly productive longwall methods.

A small surface mine was operated at Okaba in the past and some coal still remains in the pit. The high Btu content of the coal and low sulphur levels makes it of acceptable quality for a generating station. Ms De Cianni says the domestic coal market within Nigeria has the potential to expand exponentially due to the country’s desire to revitalize the coal mining industry and utilize those resources to increase the country’s electrical generating capacity.

“Nigeria has major coal resources that have not been well explored or exploited,” “The Nigerian Government has recently placed a high priority on utilizing these resources by attracting foreign companies to develop these large coal reserves.“There is also the potential for domestic demand to increase exponentially, with coal briquettes expected to replace wood for cooking and domestic and industrial heating to reduce the rapid deforestation that is occurring due to the country’s growing population.”

“The coal present in the district and surrounds is low in sulphur and ash, and high in calorific value making it ideal for power generation and export into the international market. “The Barjalex transaction creates a beach-head for growth in a region which has the potential of 800m tonnes of thermal coal.” With a population approaching 140m, statistics indicate that Nigeria can be considered to have between 20m and 25m households.

Estimates of the minimum load demand or generating capacity indicate that the 10,000 MW of capacity targeted by the Federal Government of Nigeria is a reasonable reflection of the capacity necessary to satisfy the country's actual needs for electricity supply in the near term, and that as electricity becomes available the demand can grow to over 15,000 MW.

Dr Biswas says if power becomes available and the population becomes more accustomed to modern conveniences, the "KW per household" factors will increase, further expanding the demand for electrical power. "Even by conservative measures, the country appears ready to absorb the output from 10,000 MW to 15,000 MW of additional generation capacity during the next 20 to 25 years," Dr Biswas says.

"In order to meet these needs, approximately 3.2m tonnes of coal will be required per year for each 1000 MW of capacity." The exploitation of coal for electricity generation and the production of coal briquettes for domestic and industrial heating will result in a number of benefits, including increased employment, expanded industrialization of the economy and a more reliable electricity supply.

Dr Biswas says Nigeria allows 100%% return of profits and offers a number of basic facilities necessary for coal mining and power generation, making Astra's Nigerian coal opportunity a highly cost-effective venture. "The Nigerian Government permits 100% foreign ownership of mines and power generation plants, free trading zones and developed infrastructure including road links and railways, making this opportunity a perfect fit with Astra's low risk business model," Dr Biswas says.

"While there is high demand for coal internally, due to its proximity, Nigeria is in a prime position to become a major player in the international traded coal market to Europe due to the sizeable international market for seaborne trade, making Astra's coal interests in Nigeria highly economical." Astra Resources' global portfolio includes gold and iron sands interests in Southeast Asia, coal mine in Africa, iron ore in India, carbon efficient businesses, mining housing developments in Queensland and the production of the high-strength T-Steel technology in Hungary. *(Proactive Investors)*

President of the Dangote Group of Companies, Alhaji Aliko Dangote, has called on the National Pension Commission (PENCOM) to assist in ensuring that 20% of the Asset under Management (AUM) of Pension Fund Administrators (PFA) is invested in the nation's capital market. The move would assist in deepening the market and encourage the market to rebound, he said, adding that any country that does not have a robust capital market will have a weak economy.

Dangote made this call while delivering a keynote address at the maiden investors' clinic organised by the Nigerian Stock Exchange (NSE) in conjunction with Morgan Stanley in Lagos. The business mogul lamented that many of the companies that came to the market to raise money in time past were not properly screened by the regulators; which he further stated, caused many investors to lose their investments.

He, however, said that revolution was taking place at NSE and the Securities and Exchange Commission (SEC) as enforcement of regulations in the market has become robust. He further appealed to investors to forget the past and come back to invest in the market just as he urged local investors to take position in the market now before foreign investors over crowd it.

“This is the right time to buy shares on the exchange. All the bad habits of the past have been cleared out. The market is safe now to invest in. If you don’t invest in your market where else will you invest?,” he asked. The Chief Executive Officer of the exchange, Mr. Oscar Onyema said all hands must be on deck to move the market forward. “You cannot say it is their (NSE) market, because, you invested in it. Begin to see the market as yours and say positive things about it and you will see it responding positively,” he counseled.

The NSE boss also advised the investors to ensure they engaged in asset allocation and diversification of their portfolio. He said within an asset class they needed to diversify their investment and to always remember their investment objectives.

He said that market making would soon take off on the bourse assuring that this would help address the challenge of liquidity in the market. The exchange, he explained, has received 17 applications from which 10 would be selected after thorough screening. Market Making, he said, would come with securities lending. Onyema revealed further that in the area of attracting more companies to list in the market, the exchange was in discussions with 550 companies. *(Daily Trust)*

Chevron Nigeria Limited (CNL) has begun the process of drilling a relief well to seal the shallow water Funiwa 1A natural gas well. The relief well is being drilled to extinguish a fire that began January 16 at the original well, approximately six miles (10 km) off the coast of Nigeria. The company also said extensive testing from the well incident shows no threat to human health and environmental impacts were limited and contained to the incident site offshore. It affirmed that no oil was spilled or flowed from the natural gas well since the incident occurred.

CNL drilling plans will enable the cementing and abandonment of the Funiwa 1A well. The relief well is being drilled by the Transocean Baltic rig with approvals from Nigerian authorities. The spokesman of the company, Mr Femi Odumabo, in a statement, quoted the Chairman/Managing Director of Chevron’s Nigeria/Mid-Africa business unit, Andrew Fawthrop as saying: "CNL shares the concerns of the people of Nigeria about this incident. We have engaged with residents of the shoreline communities to listen to their concerns, explain what has happened and demonstrate our extensive response."

He said CNL continues to conduct regular monitoring flights over the incident site and beaches. The water and shorelines have been extensively videotaped and photographed, providing recorded verification that they have not been affected. CNL employs 30 area residents to conduct daily walking inspections of 88 kilometres of shoreline. *(The Nation)*

United Bank for Africa PLC (UBA) sold non-performing loans worth N100bn to the Assets Management Corporation of Nigeria (AMCON) in the

2011 financial year. In what indicated the over-exposure that was the precursor of the banking industry crisis, the bank said NGN 15bn out of the NGN 100bn bad assets were due to Zenon Petroleum alone. During a presentation of report of the bank to capital market stakeholders yesterday in Lagos, UBA Group Managing Director, Mr Philip Oduoza, said it has cleansed its balance sheet and repositioned the bank for profitability.

He gave more insights into the warning issued by the bank that it would likely declare losses for its 2011 financial year. He said: "We have effectively closed the chapter of non-performing assets by this decision. We have a very clean balance sheet and are poised to begin to make good returns." He noted that UBA’s Capital Adequacy Ratio (CAR) was strong at 18%, far above the regulatory minimum of 10% with Liquidity Ratio of 48% compared to regulatory minimum of 60%.

Oduoza restated that UBA remains on track to declare a gross profit of NGN 15.1bn at the end of the first quarter of 2012 while profit after tax is also projected at NGN 12.1bn for the same period. "We are very confident that we would achieve our first quarter forecasts. We have carried out a lot of changes in the bank including top management changes. We have been investing a lot in Africa. We have 19 African countries and what we have seen starting from this year shows that so much revenue is coming from Africa," Oduoza said.

He said the bank has also started arrangement on how to list some of its African subsidiaries, especially UBA Ghana, through a dual listing on both the Nigerian Stock Exchange (NSE) and the Ghana Stock Exchange. According to him, Nigerian shareholders are in a very comfortable position with the investments the bank is making. "The cost-income ratio has dropped by a substantial number and the bank has been sowing the seeds and this is the time to get the benefits," he said.

Oduoza pointed out that the UBA Ghana yields about USD 3m to the group’s earning monthly. According to him, investments in Africa are contributing about 15-16% growth to the group and the%age could increase to 20% by the end of the year. *(Nation)*

South Africa-based Econet Wireless is seeking at least USD 3.1bn in damages from Bharti Airtel in a dispute over ownership of Airtel Nigeria, according to a suit Econet said it had filed on Wednesday. Bharti acquired the African operations of Kuwaiti company Zain in 2010, including 65% of Zain Nigeria, renamed Airtel Nigeria, but a Nigerian court ruled on Jan. 30 that its ownership of the unit was "null and void" because co-founder and 5% shareholder Econet had not been consulted on the transfer.

Econet claims its stake was unfairly cancelled when Zain took control in 2005, so any decision made since then without it, including the transfer to Bharti from Zain, is void. The Nigerian court upheld that claim. Bharti, the world's fifth-biggest mobile phone carrier by subscribers, said on Feb. 8 that its stake in the Nigerian unit was "completely safe" and it had appealed against the verdict. A Bharti spokesman said the company had not been informed of any lawsuit.

"Econet has yet to put forward its claim for damages to the arbitral tribunal," he said in a statement emailed to Reuters. The document Econet said it had filed to court stated: "The claim for damages and equitable compensation against the applicant and some of the respondents might be in excess of USD 3bn." "The above estimated damages might also be in addition to a claim for USD 100m received by the applicant as fees for the management of VNL (Vee Networks Limited, a former name of Airtel) for a period of six years, which sum should have accrued."

Bharti's spokesman said the Econet stake had not been cancelled but had been set aside pending final resolution of litigation on the matter. Nigeria contributes about 9.5% to Bharti's consolidated operational profits, the company says. *(Reuters)*

South African retailer Massmart sees scope for up to 20 stores in Nigeria, its chief executive said, the second business leader in as many days to talk up consumer demand in Africa's most populous country, one where poverty is on the rise. "We have identified five or six cities in Nigeria and we see the potential of between 10 and 20 Game stores," Grant Pattison said on a conference call.

"By all simple metrics, Nigeria has the potential to be larger than South Africa, but it has some way to go in terms of infrastructure and political stability." Massmart, Africa's second-biggest retailer and 51% owned by U.S. group Wal-Mart Stores, itself the world's biggest retailer, has two stores in Nigeria, with a third being built. It reported a 19% rise in first-half diluted headline earnings to 407.3 cents per share, helped almost entirely by favourable currency swings as higher costs and discounts weighed.

Headline earnings per share, the main profit gauge in South Africa, was boosted by an 82.4m rand (USD 11m) foreign exchange gain, without which the rise would have been 2.9%. Shares in Massmart, valued at 39.6bn rand, were up 0.3% to 183.00 rand by 1300 GMT, with the JSE Top-40 index down 0.5%. Retailers are increasingly targeting Nigeria, given its population and potential for growth. The country is home to nearly 160m people, compared with South Africa's 50m, according to World Bank estimates.

Shoprite, the biggest retailer on the continent, said on Tuesday Nigeria could become as big a market as its South African home base, where it runs 700 stores. Nigeria has many hurdles red tape, a lack of retail infrastructure and poverty still rising despite strong economic growth. Nearly 61% of the population, or about 100m people, live on less than USD 1 a day.

While consumer spending is slowly recovering thanks to low interest rates and above-inflation wage increases in South Africa, Massmart has yet to see the benefit flow through to its bottom line as it spends on an aggressive price and expansion strategy to double market share in food sales. Massmart said sales increased 15% to 31.4bn rand helped partly by food price inflation.

Both Massmart and parent Wal-Mart are awaiting judgements on appeals from both the South African and the Namibian governments, who are seeking to block or attach more conditions to the group's USD 2.4bn deal. *(Reuters)*

U.S. energy giant Exxon Mobil signed 20-year oil licence renewals on Nigerian assets producing around 550,000 barrels per day on Wednesday, the company's country manager said, ending months of negotiations. As wide-ranging energy reforms have been delayed by political wrangling, Nigeria has not renewed several drilling licences that expired as far back as 2008 with foreign oil companies, including Royal Dutch Shell and Chevron. Exxon said last year it had signed leases for these blocks in 2009, but the oil ministry said these were invalid. The U.S. firm said in May it would "vigorously protect" its rights to the licences.

A resolution has now been reached. The Nigerian government has been reluctant to sign new deals or renew old ones until the Petroleum Industry Bill (PIB), which is likely to increase royalties and taxes, becomes law. But the bill has been stuck in the assembly for years and has been subject to numerous delays and amendments, with no sign it could be passed soon, leaving major regulatory uncertainties.

The latest resolution with Exxon shows oil licences can be rolled over even while those uncertainties are unresolved. "We are very pleased with the outcome," Mark Ward, Exxon's head of Nigerian operations, said at the sidelines of an oil conference in the capital Abuja. "This has been a long journey and some would say a difficult journey to accomplish what we have done here today." Nigerian Oil Minister Diezani Alison-Madueke said the leases were "renewed on mutually fair basis for which to work together for the next 20 years" and that "all other pending renewals will be expeditiously processed".

Eni, Shell and Chevron all have outstanding shallow water, onshore oil licenses to renew. The Exxon blocks OML 67, 68 and 70 sit in the shallow water in the Niger Delta and are some of the biggest oil-producing assets in Africa's largest energy industry. Ward declined to say how much was paid for the licences, which secure production of oil that could be worth trillions of dollars over the licensing period. Exxon owns the assets jointly with Nigeria's state-owned oil firm NNPC. NNPC Managing Director Austin Oniwon said he hoped "all renewals will be completed in the next few weeks".

But he cautioned that passage of the law could still alter the terms of the new contracts. "These renewals are per the existing laws, and when the PIB comes into operation, if there is need for adjustment it will be done in mutual discussions between the parties ... when new laws come in everyone has to align with the new laws," he said. President Goodluck Jonathan has asked the national assembly to fast-track the legislation, and the oil ministry last month set up a special committee to facilitate this. But there is still no sign of a final draft.

The government hopes the bill will tackle issues including funding shortfalls at its joint ventures with foreign firms, insecurity in the Niger Delta, increasing local involvement in the industry and production of more gas for domestic power generation. Oil executives have saidbns of dollars of investment are on hold until there is clarity on the new law. *(Business Day)*

GlaxoSmithKline Consumer Nigeria Plc, a unit of the U.K.'s biggest drugmaker, is targeting a 25% rise in revenue this year as it expands sales of its branded retail items in Africa's most populous nation. Glaxo Consumer Nigeria is looking to increase the volume sales of Lucozade, Ribena and Horlicks drinks, Panadol pain relief pills, and Sensodyne toothpaste, Chidi Okoro, managing director in charge of consumer products, said in a phone interview yesterday from Lagos, the commercial capital.

The move is part of London-based GlaxoSmithKline Plc’s push into consumer products in emerging markets at a time when the European debt crisis is putting pressure on prices. Marketing smaller sized packages aimed at lower income earners will also help sales of new products in the West African nation in the next two years, such as multivitamins and Panadol for children, Okoro said.

“We have a lot of offerings we sell in other markets that we haven’t brought into Nigeria,” he said. “Over the next few years we are strongly looking at driving growth, especially through volumne expansion with new products and pack offerings and sizes.” The company is aiming for revenue of 24bn naira (USD 152m) this year in the nation of over 160m, Okoro said.

Glaxo Consumer Nigeria said Oct. 28 revenue climbed to 15.84bn naira in the nine months to Sept. 30 from 12.8bn naira a year earlier, while net income was little changed at 1.672bn naira from 1.668bn naira from the same period a year before. Sub-Saharan Africa’s second-biggest economy may grow 6.3% this year, Bank of America Merrill Lynch said yesterday in an e-mailed report. That compares with last year’s growth of 7.7%, it said.

Bank of America also raised its inflation forecast for 2012 to an average of 15% from an earlier estimate of 13.3% with fuel prices higher by about 50% and power prices due to increase. Nigeria’s annual inflation accelerated to 12.6% in January from 10.3 in December, the National Bureau of Statistics said on Feb. 20. “Cost pressures are there,” Okoro said. “The transportation system is not very well developed, so you’re paying a premium all the time to move your goods.”

Attacks in the north by an Islamist group known as Boko Haram haven’t had much impact on Glaxo Consumer Nigeria’s earnings, Okoro said. The group claimed responsibility for the Jan. 20 coordinated blasts that killed at least 256 people in Kano, the biggest city in northern Nigeria, according to Civil Rights Congress. It also bombed a church near Abuja, the capital, on Christmas Day, killing 43 people, and a United Nations building on Aug. 26 that left 24 dead.

“Except Kano, Abuja and a few towns, the north is really not a big contributor to us,” said Okoro. “So the terrorism happening is not taking a big hit on us.” Glaxo Consumer Nigeria’s shares have fallen 4.3% this year to 22 naira, compared with a 1.2% decline in the Nigerian Stock Exchange All-Share Index. *(Bloomberg)*

Chevron Corp has pushed back the expansion of a natural gas processing plant in Nigeria, originally slated for this year, by another three years, according to its annual report, which also revealed it was exploring for shale gas in China, Closer to home, the second-largest U.S. oil company also said its chemical joint venture with ConocoPhillips would seek to take advantage of North America's shale gas glut by doing a feasibility study on a potential ethylene cracker on the U.S. Gulf Coast.

As for Nigeria's Escravos Gas Plant Phase 3B, which is designed to gather 120m cubic feet of natural gas per day from eight offshore fields and then compress and transport it to onshore facilities, it had already been delayed by a year.Phase 3A will feed an USD 8.4bn gas-to-liquids plant nearby when that starts up next year, having itself been delayed for three years and seen its estimated cost more than double.

Construction continued on Phase 3B last year, Chevron said, and the project is now expected to be completed in 2016. A California-based spokesman confirmed the new target date, but was not able to comment further on Thursday.In China, the Chuandongbei natural gas project will now start up in 2013 instead of this year, but Chevron also said it signed a joint study agreement to explore for shale gas in the Qiannan Basin last April, and started seismic operations to evaluate it in July.

Chevron is already exploring shale resources in Argentina, where it expects to drill two exploratory wells this year in the Vaca Muerta formation, as well as in Poland and Romania. In Romania, where Chevron has a license to explore 1.6m acres (647,000 hectares), a multi-well program is set to begin in late 2012, and negotiations have been held on license agreements for three blocks comprising about 670,000 more acres.

Apart from Nigeria, Chevron has a busy 2012 planned for Africa, which accounts for more than one-sixth of its output. Off Angola's coast, it expects a final investment decision (FID) next quarter on Mafumeira Sul - which should produce up to 110,000 barrels per day of crude - while later this year it will reach FID on its N'Dola field and drill two exploratory wells in the Lifua field after a successful appraisal well there last July.

In offshore Republic of Congo, early engineering work is going on in the Moho Nord project in the Moho-Bilondo Development Area, and that should reach FID next year, Chevron said in the annual report. Back in Asia, off the southwest coast of Vietnam, FID should be reached this year on the Block B Gas Development, which is slated to reach maximum daily production of 490m cubic feet of natural gas. *(Reuters)*

First Bank of Nigeria Plc and Airtel Networks Ltd have agreed to combine their strengths to provide mobile money services toms of Nigerians. Speaking at the signing of a Memorandum of Understanding (MoU) between the two companies recently in Lagos, the firms promised to combine their strengths to provide secure, convenient and user-friendly mobile banking services to unbanked people via mobile phones.

Mobile banking is the use of mobile phones to remotely access bank accounts, primarily for account inquiry, mobile transfer, retail payments, micro insurance, savings remittances, mobile top-up, utility bill payments and government collections among others. First Bank’s Managing Director/Chief Executive Officer, Mr. Bisi Onasanya said mobile banking is hinged on three planks which are defined in terms of financial inclusion for the unbanked and the underbanked, person to person transaction in terms of sending and receiving money as well as retail payment for the purchase of goods and services.

Chief Executive Officer and Managing Director of Airtel Nigeria, Mr. Rajan Swaroop, said, “partnering First Bank to bring mobile financial services to all corners of country further demonstrates Airtel’s commitment to Nigeria and supports the concept of borderless mobile telecoms services across the country.

“Indeed, we are excited to partner with one of the biggest financial institutions in the country. This partnership will, without a doubt, assist us in realizing our vision of empowering more Nigerians with innovative and affordable mobile financial services. At Airtel Nigeria, we are committed to creating value propositions that will delight, enrich and benefit our customers regardless of their income level and location."

The mobile money initiative, an integral part of the broad objectives of the FSS 20:2020 was conceived by the Central Bank of Nigeria because of its critical nature to achieving a "cashless society which is fundamental to the nation's goal of becoming one of the top 20 largest economies in the world by the year 2020. *(Daily Trust)*

Economic News

The Federal Government is proposing a local patronage bill to protect Nigerian manufacturers and stimulate industrialization, the Minister of Trade and Investment, Mr. Olusegun Aganga, has said. A statement from the Ministry of Trade and Investment said Aganga made the disclosure during a visit to the Onne Oil and Gas Free Trade Zone in Port Harcourt. He said that the Federal Government was committed to growing the economy through industrialization and backward integration, adding that it would enable local producers to source their materials in the country and ultimately create jobs.

"The lack of patronage of products produced locally is one of the reasons for the low capacity utilization and contribution to GDP. We will work with the industries to enhance their productivity, improve the quality of their products and ensure that we significantly reduce the importation of substandard products as we work to achieving zero tolerance in this area.

"We are already working on a local patronage bill that will ensure that made in Nigeria goods are patronised. We are going to help enhance the production capacity of the industries so that they will be able to satisfy local consumption and also export. Once manufacturers have good market for their products and produce in a business-friendly environment, jobs will be created and wealth generated.

"It is about using the materials we have locally. That is the way you create jobs and industrialise a nation. We have shipyards in this country where boats, vessels can actually be built. We have, today, a company that has the capacity to build and maintain vessels and boats, yet we are buying these things from abroad. We should not allow that to happen again," he said.

He said the government would use the Free Trade Zone strategy to achieve its industrialization goal, especially in the petrochemical and service industry,adding that the use of local materials for production in these areas had saved the country foreign exchange that would have been used for importation.

Aganga said that the Oil and Gas free trade zone had created about 30,000 direct and indirect jobs, adding that the Federal Government will continue to market free trade zones to potential investors. In his presentation, the General Manager, DMS Nigeria Limited, Mr. Sunday Wama, said that the zone generated USD 5.4bn for various government agencies from 2007 to 2011, adding that the private sector capital investment contribution was USD 2.3bn in OGFZ.

Earlier, the Managing Director, Onne Oil and Gas Free Trade Zone Authority, Dr. Noble Abe, stated that the zone had the potential to attract more investment if the right incentives were put in place to attract investors, adding that a lot of services and manufacturing, which were being done abroad, were currently being done in the zone. *(Daily Trust)*

Nigerian inflation was higher than expected in January, data showed on Monday after the government removed fuel import subsidies and then only partially reinstated them, sending prices higher. The government scrapped the subsidies on Jan. 1 but was forced to partially reinstate them to quell protests over the costs of petrol. Fuel prices fell but stayed higher than they had been before the subsidy was removed.

Nigeria's consumer inflation rose to 12.6% year-on-year in January, compared with 10.3% the previous month, the National Bureau of Statistics (NBS) said on Monday. Analysts polled by Reuters expected January headline inflation to rise to 11.75%. "The biggest contributors to the consumer inflation were the high prices of some food items, liquid fuel and transport fares, and other miscellaneous goods and services which need liquid fuel and or transport fares for providing their services," an NBS document said.

Food inflation, the biggest contributer to the headline figure, rose to 13.1%, up from 11% in December, NBS said. The partial removal of the fuel subsidies push food triggered a spike in food prices in The Central Bank of Nigeria kept its benchmark interest rate on hold at 12% for the second time in a row last month on expectations that any upward movement in inflation from the removal of fuel import subsidies would be short-term. The central bank expects inflation to increase to around 14-15% in the first half of this year, before moderating towards single digits by the end of 2013. *(Reuters)*

Nigeria has again pushed back the timeframe for selling off state-owned power assets, its privatisation agency said on Monday, another setback for reforms which investors hope will unlock the potential of Africa's second largest economy. Despite holding the world's seventh biggest gas reserves, Nigeria only provides its 160m people with enough electricity to power a medium-sized European city.

Those who can afford it rely on expensive diesel generators. Those who can't light candles and lanterns. President Goodluck Jonathan unveiled power privatisation plans 18 months ago as a major flagship policy and pledged state power generation and distribution assets would be sold off last year.

If he could fix Nigeria's notoriously creaky power sector where several of his predecessors have failed it would revive his presidency, which is struggling to shake off corruption and a growing Islamist insurgency in the north. He would also leave one of the most impressive legacies of any Nigerian leader. But several government deadlines on privatisation have been missed and the Bureau of Public Enterprises has set out a new timetable.

"According to the revised bid timeline issued to investors by the privatisation agency, the announcement of the preferred bidders for the 17 successor companies ... will be made on/or before October 23, 2012," a BPE statement said. It said part of the reason for the delay was the need to address concerns raised by power industry officials at a conference with the Nigerian government in November.

Power infrastructure can be roughly split into three sections: generation, transmission and distribution. Nigeria plans to award a management contract for transmitting electricity from power plants to substations and privatise the bulk of six power generation plants and 11 distribution firms, which supply end users. Manitoba Hydro of Canada and state-owned Power Grid of India are the two companies short-listed for the transmission management contract.

Frequent electricity blackouts have long been a brake on growth in sub-Saharan Africa's second biggest economy and economists say solving the problems could launch GDP growth from its current rate around 7% a year into double-digits. Nigeria was hoping to produce 6,000 megawatts of power by the end of this year, up from the current 4,000. This would still only scratch the surface of the minimum 40,000 megawatts needed for a nation of around 160m people.

Decades of Nigerian administrations have cashed-in on crude exports rather than investing in plants to refine fuel or developing gas for domestic consumption, which means the poorest half of the population live without power. Nigeria estimates it will need USD 10bn a year of investment over the next decade to meet its energy needs. *(Reuters)*

The federal government will in the next five years, invest over USD 100bn in oil exploration and production, group managing director of the Nigerian National Petroleum Corporation (NNPC) Austin Oniwon has said. Nigeria's future, he noted, depend on the development of its natural gas. Lots of investment in developing the field and required infrastructure for transporting the gas to where it would be consumed will be needed, he said.

Speaking yesterday at the ongoing 2012 edition of the Nigeria Oil and Gas (NOG) Conference, Oniwon said government's plan to improve power production from the current 4,000MW to 40,000MW will put a lot of pressure on the oil and gas industry. "We have to start developing natural gas, but our biggest challenge lies in payment or ability to pay. We have been working with the minister of power to ensure that when gas is developed for power plants that the investors should be able to recover their investment.

"I believe that, going forward, we will see a resurgence in oil and gas investment more of which will go to gas production, and we are also going to develop gas for export. He said that before the end of the Q3 of this year, Final Investment Decision (FID) will be taken on the Brass LNG, adding that in the Q1 or Q2 of 2013, "we should be able to take investment decision on the NLNG Seven Train."

"That going into the future we know that there are lots of uncertainties which needs to be cleared, one of which is the PIB. A lot of industry players are not sure of what the PIB is bringing," he stated. The NNPC boss, however, assured that the bill will encourage rather than discourage investment. He said government is now trying to put all the various versions together and develop one document which will make for ease of doing business in Nigeria as in other countries.

Meanwhile, the Senate Committee on Petroleum Resources (Downstream) yesterday waded into the fuel scarcity in the country including the Federal

Capital Territory, as it summoned coordinating minister for the economy and finance minister Mrs. Ngozi Okonjo-Iweala and petroleum resources minister Mrs. Diezani Alison-Madueke. Also invited is the group managing director, Nigerian National Petroleum Corporation (NNPC), Mr. Austin Oniwon.

Federal Capital Territory (FCT) has been experiencing fuel scarcity for the past one week, resulting in long queues at fuel stations. This is despite assurances by minister Allison-Madueke that the uncertainties over the scarcity would be dealt with. She had explained that doubts by marketers over the provision for subsidy for petroleum products in this year's budget were responsible for the current scarcity being experienced in the country.

However, the invited stakeholders are scheduled to appear before the Senate committee today to explain the current spate of fuel scarcity in the country. Others invited are: managing director of the Pipelines and Products Marketing Company (PPMC), Mr. Haruna Momoh; executive secretary of the Petroleum Products Pricing Regulatory Agency (PPPRA), Mr. Reginald Stanley; and director of the Department of Petroleum Resources, Mr. Austin Olorunshola.

The committee also summoned the president of the Independent Petroleum Marketers Association of Nigeria (IPMAN) and the executive secretary of Major Oil Marketers Association of Nigeria (MOMAN). *(Leadership)*

Nigeria could produce as much as 4m barrels of oil a day, but production remains held back by chronic problems with the nation's government and the rampant theft of crude from pipelines, a top official with Royal Dutch Shell PLC said Tuesday. The speech Tuesday by Shell executive vice president Ian Craig at an oil and gas conference in Nigeria's capital Abuja renews long-running complaints by the multinational firm in Nigeria, where it remains the dominant oil company.

Craig also said that as much as 150 000 barrels of crude a day is being stolen by oil thieves in the Niger Delta despite an amnesty deal for militants there. "The militancy which crippled onshore production from 2005 to 2009 has abated, but staggering levels of theft and criminality prevail," Craig said in remarks provided to The Associated Press by Shell.

Nigeria, an OPEC member, now pumps out about 2.4m barrels of oil a day, making it Africa's biggest producer. Production dropped drastically during the militant attacks that targeted pipelines and saw foreign workers kidnapped. A 2009 government-sponsored amnesty program saw many fighters lay down their arms and the violence largely stop.

However, in place of attacks, thefts from pipelines grew drastically, Craig said. The thefts, known locally as bunkering, see thieves using hacksaws and drills to cut into pipelines, where they attach their own spigots to steal the crude. That crude later gets sold into the black market or cooked into crude gasoline or diesel at makeshift refineries that dot the Niger Delta, a maze of creeks and swamps about the size of Portugal.

On one pipeline recently depressurized, Shell found more than "50 bunkering points and associated industrial scale illegal refining with major environmental impacts," Craig said. "The greatest challenge... is the massive organized oil theft business and the criminality and corruption which it fosters," he said. The bunkering likely continues because those in power in Nigeria personally benefit from the theft. A US diplomatic cable leaked last year quoted a Nigerian official as saying that politicians, retired admirals and generals and the country's elite all took part.

Meanwhile, Craig said production remains low as the government provides "chronic underfunding" of projects through the state-run Nigerian National Petroleum Corp. That company partners with foreign oil firms working in the nation and remains embroiled in corruption allegations as it has a largely opaque budget. It has delayed payments for projects in the past.

Despite decades as an oil-producing country, Nigeria has a largely impoverished population - especially in the delta, where pollution remains a huge problem. Anger over that has fueled the region's militancy which remains strong today. Many activists blame Shell for indirectly fueling the government corruption while allowing the delta to remain polluted. Some environmentalists say as much as 550m gallons (2.1bn liters) of oil poured into the delta during Shell's roughly 50

years of production in Nigeria - a rate roughly comparable to one Exxon Valdez disaster per year. In recent years, Shell has blamed much of the pollution on those stealing crude from its pipelines and militant attacks. Craig's speech Tuesday did not mention the firm's oil spill at its offshore Bonga facility last year, the worst in Nigeria in more than a decade. That spill saw roughly 40,000 barrels of oil - or 1.68m gallons (6.36m liters) - pour into the Atlantic Ocean. *(iol)*

Not less than USD 2.3bn has been invested by the concessionaire in Onne Port, Rivers State, Integrated Services Nigeria Limited (INTELS). As a result of the expansion projects at the port, an estimated additional USD 2.5bn is already being spent on ongoing and future investments planned from last year by various investors; making a total of USD 4.8bn so far spent on investments in the port.

Similarly, not less than USD 5.4bn has been generated as revenue and paid into the coffers of the Federal Government through the operations of the various firms in Onne Port. The USD 2.3bn was invested on ports infrastructure, camps and offices at the Onne Oil and Gas investment hub. The port which is strategically situated presently occupied about 16 square kilometres and is still expanding.

These were disclosed during a presentation to the Minister of Trade and Investment, Dr. Olusegun Aganga at the end of a one-day working visit to the Oil and Gas Free Zone Authority, Onne Port and a guided tour to some of the facilities and ongoing ports infrastructure developments by INTELS. Aganga and his entourage were taken on the guided tour by the company Commercial Services Manager, Mr. Akintoye Akinpelu.

In the presentation, the General Manager of DMS Nigeria Limited, the Technical Consultant to the Oil and Gas Free Zone Authority (OGFZA), Mr. Sunday Wama, among others things scored the concessionaire INTELS very high, especially on employment generation, training, transfer of skills and corporate social responsibility. These, he said, has seen the company and other investors creating more than 30,000 direct and indirect job opportunities, with its multiplier effects benefits.

He explained that the money was generated into the coffers of the Federal Government through the management of Nigerian Ports Authority (NPA) and Nigeria Customs Service (NCS). These achievements, according to Wama, were possible through the adoption of public private partnership (PPP) policy of the Federal Government.

Prodeco, WACN, FMC, WACT, Atlas Cement, pipe stockiest companies; Pipe Coaters, Tenaris, Titan Tubulars, West Atlantic Shipyard, a boat building firm were some of the companies in the OGFZA visited by the Minister and his entourage. At the site of the Phase 4 development projects (expansion works), which the contract was awarded to INTELS by the Federal Government in the last quarter of 2011, Aganga was delighted and satisfied at the level of work done so far.

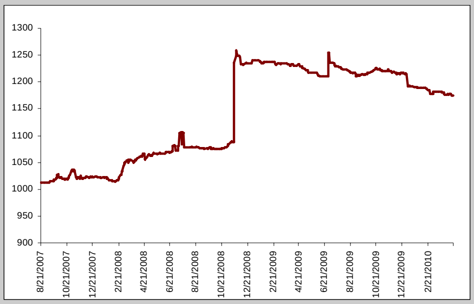
The Minister said the Oil and Gas Free Zone, Onne Port, Rivers State, is the most successful of all approved free zones in the country. He commended the level of technological transfer, manpower training and backward integration, and job creation at the Free Zone and stressed that it was just a matter of time for Nigeria to realise her dream of industrialisation. The Minister assured OGFZA, Onne, and the investors that the Federal would continue efforts to ensure sustainable development of the country.

His words: “From what I have seen here physically, I will market the Free Zone with my team in the Ministry on their behalf. However, we will call for industrialisation master plan for the free zone. I will like to appreciate INTELS for what I have seen and also commend them for their resilience and total commitment to advance the objective of both the concession exercise and the spirit of the free zone as evidenced in the various ongoing projects”.

Aganga, who was accompanied by the Managing Director of OGFZA, Dr. Noble Abe, and a Director of Orlean Investment West Africa Limited, Captain Damir Miskovic, were received at the Head Office of INTELS by its General Manager, Mr. Johan Coetzer, and other senior management staff. *(This Day)*

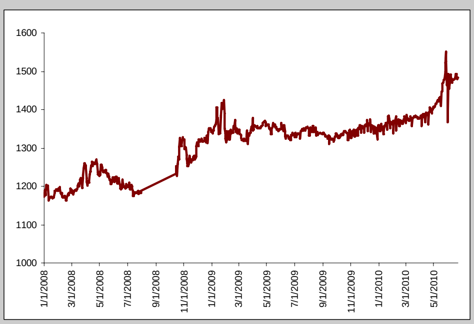
Tanzania

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	23.862	25.531
Inflation(Annual % Change)	7.251	7.028	7.126
Inflation (Annual % Change)	6.659	6.423	5.5
Population(m)	38.2	38.964	39.743

Source: World Development Indicator

Stock Exchange News

The DSEI gained a marginal 0.14% to close at 1,312.18 points. Tanzania Breweries was the only gainer after adding +2.50% to close the week at TZS 2,460 while PAL lost -1.04% to TZS 475. All the other counters remained unchanged.

Corporate News

Vodacom Tanzania, part of South Africa's Vodacom Group, said on Friday it had boosted total users by a third last year and will spend about USD 94m over the next year and a half to expand network and data services. Rene Meza, Vodacom Tanzania's managing director, said the increase in users came from new customers joining its M-Pesa money transfer service, which has an 85% share of the total mobile commerce transactions in the country.

“We added over 4m customers in one year. The biggest driver for such a growth was M-Pesa,” Meza told Reuters in an interview. He said the firm now had more than 12m users. M-Pesa, through which users can buy airtime and make payments, has been popularised in neighbouring Kenya by its biggest mobile operator, Safaricom. He said Vodacom Tanzania had invested over 1 trillion shillings (USD 625.00m) over the past decade to make it the biggest mobile operator in the country.

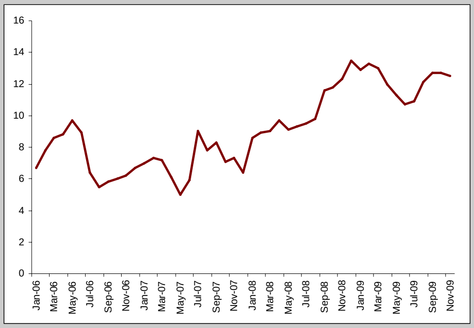
Meza, who joined the company in September from rival Bharti Airtel's Kenyan unit, said the company's next main focus was to expand its mobile internet service. “We have very ambitious plans for expansion... the next probably 12 to 18 months will see us spending over 150bn shillings (USD 93.75m) expanding our coverage,” Meza said.

“The mobile internet penetration in Tanzania is no more than 3 or 4% as compared to the 15% in neighbouring country Kenya, so there is tremendous opportunity for growth.” Meza said just a third of the 42m people in east Africa's second largest economy were connected to mobile phones.

Vodacom Tanzania's parent company, Vodacom, a unit of Britain's Vodafone, reported a 12% jump in earnings in the third-quarter on Feb. 8, buoyed partly by its mobile data, expected to have huge growth potential in Africa. Communications is the fastest-growing sector in Tanzania, accounting for 20% of gross domestic product. Other major players in Tanzania's mobile phone industry are Bharti Airtel, Millicom's subsidiary Tigo Tanzania and Zantel.

Meza said inflation and exchange rate fluctuations were pushing up costs. He said the company paid its frequency fees to the mobile sector regulator in U.S.

CPI Inflation



Source: SAR

dollars while it charged users in shillings. Tanzania's year-on-year inflation rate eased marginally to 19.7% in January, but is expected to remain in double digits in the coming months due to high food and fuel prices.

Meza said he does not expect further reduction of mobile phone tariffs in the country after a fierce price war in the past few years stifled new investments in the sector. “We have reached a level where we feel comfortable as mobile operators with the level of prices we have, to continue investing and injecting capital in the industry,” he said. *(iol)*

Besides the challenges facing cement production in Tanzania, Twiga Cement Company has managed to maintain its lead in the distribution and selling of cement products in the country. Revealing this at the TPCC Distributors 2012 Gala night in Dar es Salaam at the weekend, Twiga Cement managing director Lesoinne Pascal said although the company is facing a lot of challenges, including power problem since last year, it has increased cement production.

“We had power problem for almost the whole of last year, but we proceeded with production, and this actually made us to increase our products in the market,” he said. Besides the power problem, Pascal said the other challenge was the rain which leads to end of last year floods. He said despite the state of nature, the company didn’t stop production due to prevalence of best production systems and the good plan set by the company.

“I thank all the Twiga Cement staff and all our distributors because without you we cannot do anything with the products. Without distributors we can stay with the products in the ground but we thank you for the great job you are doing for your contribution to the company sales stands at 80%,” he said. Revealing why Twiga Cement has the biggest market in the country, he said it is due to the high quality of cement it produces and its availability.

“The quality of our product is excellent and is the first in the market, at the moment no one can compete with us due to the quality of our cement,” he said. He added: ‘Even imported cements do not rank anywhere when compared to our products.” For his part Twiga Cement sales and marketing director Ekwabi Majigo said the firm has set plans to modernise the marketing department so as to reach a large area in the country in a move to beat the record set last year. He said in the first week of this year, the firm has been distributing 6200 tons a day, on average, the record that has not been reached in the previous years.

“Our target is to increase production as well as distribution by 11%, and this is possible according to our strategic plans. We have already increased the number of distributors from 29 last year to 35 this year,” Majigo said. In that colourful occasion the company management congratulated all the distributors for their performance by giving them prizes. *(IPP Media)*

Air Tanzania plans to cover more domestic and a few regional destinations in the next six months, the airlines acting Chief Executive Officer, Paul Chizi, said in Dar es Salaam recently. "We are doing very well since we resumed after registering impressive performance, particularly during the last three months," Chizi said and expressed optimism on the airline's future prospects.

The Air Tanzania Company Limited (ATCL) boss said the airline was currently operating on a single Dash-8 aircraft, flying everyday on the Dar es Salaam-Kigoma-Tabora-Dar es Salaam route. He said within the next six months the airline's fleet is expected to grow to three aircraft. "Another 50-seater Dash8-Q300 and a Boeing jet with at least 100 seats are expected to be added during the period," he said.

He added: "After the arrival of the two equipment you will see us in many domestic and a few regional destinations." He listed Dar es Salaam-Kilimanjaro-Mwanza-Dar es Salaam, Dar es Salaam-Mtwara-Dar es Salaam, Dar es Salaam-Arusha-Zanzibar, Dar es Salaam-Lusaka-Harare-Dar es Salaam, Dar es Salaam-Johannesburg–Dar es Salaam, Dar es Salaam-Nairobi-Dar es Salaam, Dar es Salaam-Hahaya (the Comoros)-Dar es Salaam, among the priorities.

Chizi said other potential destinations included Muscat, Dubai and Mumbai. He said the firm has conducted a thorough market research to establish public response and loyalty of the clientele after a significant hiatus that allowed some competitors to dominate the scene. "We still command respectable loyalty from passngers who regard us as a national carrier and are very proud to see us in the skies. We are not going to let them down," Chizi stressed.

He also said that the airline was aware of various challenges including poor infrastructure in some places, competition by local and foreign supported aviation firms. He said, ATCL has recently conducted a market research to assess the level of the firm's acceptability in the proposed routes.

The findings were ATCL still enjoys customer loyalty ahead of her competitors. The challenge that remains, therefore, is to introduce the proposed flights as soon as possible, he added. "Many travellers interviewed expressed enthusiasm to again using their flight of their flag carrier," Chizi stressed, while optimistic for success amidst the growing competition. *(IPP Media)*

The Tanzania Petroleum Development Corporation (TPDC) has launched a 4.5bn/- natural gas pipeline project to connect industries and residential houses in Dar es Salaam with compressed natural gas (CNG). Speaking in Dar es Salaam on Monday, TPDC Senior Principal Research and Projects Development officer (natural gas) Joyce Kisamo said construction of the natural gas pipeline from Ubungo to Mikocheni light industries area has already started.

She was speaking before the commencement of a four-week training of engineers and technicians from Dar es Salaam Institute of Technology (DIT) who will install the natural gas technology. The training is conducted by a UK based consultant Brackno Limited in collaboration with Kimphil Consult Limited, a local consulting firm. She said when completed, the pipeline would have connected some industries and 57 residential houses.

"Our aim is to connect more industries and residential houses in the city and other parts of the country with affordable source of power in order to reduce power costs, pollution and deforestation, and hence improve livelihood," she said. Explaining on training, she said it is aimed at enabling institutions to teach more students on natural gas related technology for installation in houses, institutions and vehicle systems.

According to her apart from DIT, other institutions programmed to have similar training are Bureasu for Industrial Cooperation (BICO) under the University of Dar es Salaam (UDSM) and Vocational Education Training Authority (VETA). The training, she noted, would enable local engineers and technicians to train students to carry out natural gas pipeline connections and installations especially for industries, hotels, institutions and households.

She said Tanzania has a shortage of natural gas experts to install power in industries and residences, hence has been compelled to employ foreigners. The training would also provide practical demonstration to trainees on gas pipelines installations and provide training on maintenance and operation of natural gas infrastructures, she added.

Tanzania is a net importer of petroleum, while the country's efforts to explore and produce petroleum have so far ended in discoveries of three gas wells in the country's southern part.For his part, Eric Knot, a training consultant said many countries in the developing world are still facing shortage of experts in natural gas technology. He noted that similar training have also been conducted in Indonesia, Singapore, Malaysia, Vietnam, Emirates and Libya.. *(Reuters)*

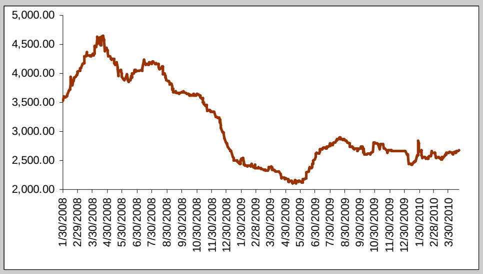
Norwegian oil firm Statoil said its recent gas discovery off the coast of Tanzania has so far proven to hold up to 5tn cubic feet of gas, the firm said on Friday. "The well has encountered 120 metres of excellent quality reservoir with high porosity and high permeability. The gas-water contact has not been established and drilling operations are on-going," Statoil said in a statement. The company first announced the discovery on Feb. 17 but said it was too early to discuss the size of the find. *(Reuters)*

Economic News

No Economic News this week

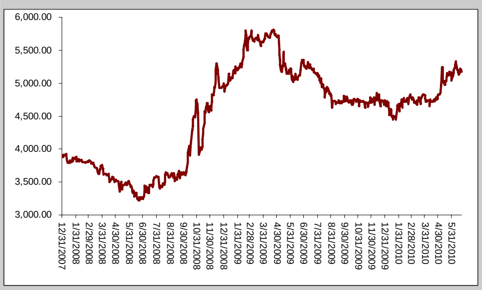
Zambia

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 gained +0.93% to close at 3,860.25 points. SCB, PUMA and FARM led the gainers after putting on +5.88%, +5.26% and +1.74% to close the week at ZMK 90, ZMK 1,000 and ZMK 2,800 respectively while Investrust (-5.76%), FQMZ (-4.54%) and CECZ (-0.15%) were on the losing front.

Corporate News

A Chinese firm, Good Time Steel Zambia Limited, has invested more than USD 26m in its expansion programme involving the establishment of a section which will produce angle iron bars. The investment includes the cost incurred during the procurement of the machinery, setting up of the angle iron plant and the establishment of the window section which has since reached an advanced stage.

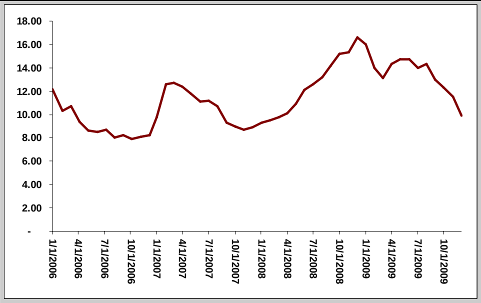
Angle iron bars which are used mainly in manufacturing of window frames in the construction industry will be the latest in the company's product line. Speaking in an interview in Lusaka, Good Time Steel Zambia general manager Jacky Huang said once the section was operational, the firm would cut down on the cost of importing angle irons from South Africa and China.

"When this section starts running, there will be no need for us to buy these angle irons from outside the country, everything will be made here," he said. Mr Jacky said the angle iron and window section which would be operational in July this year would create 200 more jobs for Zambians and bring the total workforce to 700. He said a team of Chinese experts would come to Zambia in June this year to teach and orient Zambian workers on how to operate the machines that would be installed in the new section.

"This will be the best and new technology also the most advanced one in the Southern Africa region," Mr Jacky said. He said since his company was incorporated in Zambia, he was determined to transfer the new technology to the Zambian workers whom he described as hardworking and loyal to the firm.

Mr Jacky said the market for steel products in the sub-region was favourable although sourcing of materials posed a huge challenge to the company. He boasted that his firm was the first steel manufacturing company in Zambia to export products to Zimbabwe, Burundi, Tanzania, Mozambique, Namibia, Malawi, Botswana and other countries. *(Times of Zambia)*

Chinese-owned NFCA Mining has stated developing a USD 832m copper mine project in Zambia's Copperbelt province as it steps up efforts to boost copper production at its Zambian operations, Zambia's state media reported Monday. The south east Chambishi ore body, located near NFCA's



Source: SAR

existing Chambishi Copper Mine, is expected to produce 100,000 metric tons of copper per year upon completion, creating more than 5,000 jobs, the Times of Zambia reported.

According to Zhou Liang, the NFCA chief executive, the company has set aside ZMK 1.3bn (USD 260,000) to relocate residents who will be displaced by the project. NFCA, a unit of China Nonferrous Metals Co. (8306.HK), already operates several copper mines and plants in Zambia, including the 150,000 tons-a-year Chambishi Copper Smelter and the Luanshya Copper Mines. *(Fox Business)*

Mobile Telecommunication Company (MTN) says it has acquired over 170, 000 mobile money customers and 340 agents since the mobile money service was launched as a pilot project in July last year. MTN Chief Executive Officer Abdul Ismail said the feat resulted in the Central Bank giving the mobile telecommunication company a full operating license in January this year for offering the service to the Zambia people.

Mr. Ismail was speaking in Lusaka last night during the official launch of the MTN Mobile Money Service, a strategic partnership between MTN and Banc ABC that offers both MTN subscribers and Banc ABC customers the opportunity to load and withdraw money from their mobile phones using Banc ABC branch network and other MTN agents. He said the launch of the service will allow MTN subscribers to open a mobile money account at any of Banc ABC's 19 branches and 10 mobile banks. Subscribers will upon registration be able to load and store electronic money on their mobile phones and use their mobile number as an account number.

"We are happy to have this joint partnership with Banc ABC whose role will be to assist in agent liquidity and providing cash in and cash out services for our customers. This essentially means that customers will now have a wider range of access points for Mobile Money transactions because Banc ABC's wide foot print", the MTN CEO said. He said with the wide mobile coverage of MTN in Zambia, the MTN and Banc ABC partnership will ensure that the MTN Mobile Money product is available even in the remotest parts of the country, a development which he said is in line with the Bank of Zambia's (BoZ) objective of enhancing financial inclusion through a secure, convenient and reliable mobile money account.

"With mobile money on their phones, people won't have to carry a wallet and a mobile phone at the same time. The mobile phone now becomes their wallet and the significance of this is that there is a reduced risk element because it will no longer be necessary for people to carry cash around", Mr. Ismail said. He expressed optimism that the service would provide significant opportunities for the bank as they would benefit from the unbanked customers who would now subscribe to the MTN mobile money service.

Mr. Ismail further said the service creates a safe environment for the unbanked portion of the Zambian market to now be able to perform basic banking transactions while the banked market would now have access to transferring money from their bank account to mobile money account and perform instant business person transactions, instant once off payments and payments to family, friends and colleagues that are unbanked.

“it is our sincere hope that since we have exhibited capabilities of being a market leader in introducing great innovations in mobile telecommunications, we will continue to exceed the expectations of our customers and the general public”, he said. Speaking earlier, Banc ABC Group Chief Executive Officer Douglas Munatsi said Banc ABC has invested a substantial amount of money to expand its business in Zambia in order to provide banking services to the unbanked customers especially in rural areas.

Mr. Munatsi said his bank was committed to extending its services to the public by engaging other corporate entities like MTN. And Banc ABC Zambia Managing Director Dana Bota said the partnership between MTN and Banc ABC was in line with government’s initiative to take banking to all corners of the country. Mr. Bota said MTN has a national wide character, adding that his bank will therefore be able to achieve government’s vision through the partnership with MTN. *(Reuters)*

Economic News

Zambia's inflation slowed to its lowest rate in at least 10 years this month, to 6.0% year-on-year from 6.4% in January mainly due to food costs, the Central Statistics Office said on Thursday. Zambia's inflation has been on a declining trend and February's rate marks the lowest since at least January 2002, according to all the available data on the CSO website.

"The reduction is mainly attributed to reductions in food and non-alcoholic beverages," the CSO said in a statement. Food has the heaviest weighting in the inflation basket and a bumper maize crop has led to lower prices of the staple in the southern Africa country. An analyst said it will be a challenge to keep inflation at current rates. "Higher electricity price will push the cost for services up and labour unions are already demanding higher wages," David Punabantu, an analyst at the Economics Association of Zambia.

A Reuters poll on Wednesday showed Zambia's inflation could rise over the next month but stay in single digits and average 7.2% this year. The CSO also said Zambia's trade account recorded a surplus of 269.3bn kwacha (USD 51.39m) in January compared with a 475.9bn kwacha surplus in December 2011. *(Reuters)*

Zambia has brought in guidelines for mineral exports to allow state agencies to verify weight and content to enhance transparency in Africa's largest copper producer, finance minister Alexander Chikwanda said. New President Michael Sata has expressed concerns that copper exporters are misrepresenting the amount of metal leaving the country.

Sata temporarily suspended metal export permits in October to route all products through the central bank, but later lifted the ban. Chikwanda said in a notice seen by Reuters on Wednesday that all exporters would need to be issued with permits and mineral analysis certificates issued by the ministry of mines.

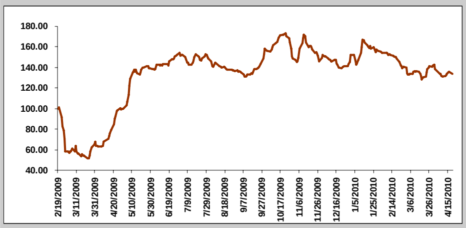
Zambia's revenue authority would now be able to enforce the new guidelines after he signed the legal notice, Chikwanda told journalists on Tuesday.

Mineral exporters would also require a mineral royalty clearance certificate issued by the revenue authority, he said. Chikwanda said exporters would need to have at least two weigh bridge reports issued by the government, one of which should be from the port of exit. Data shows much of Zambia's exported copper is destined for Switzerland but little of it shows up in Swiss customs figures, raising questions about transparency.

The government next month will also introduce new rules on the issuance of mining licences, which were suspended in October to root out potential corruption, the minister of mines, Wylbur Simuusa said. Foreign mining companies operating in Zambia include Canada's First Quantum Minerals, London-listed Vedanta Resources Plc, and Glencore International Plc. *(Reuters)*

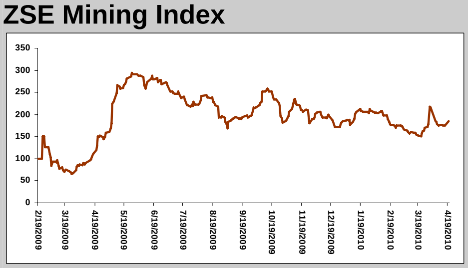
Zimbabwe

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 negative note with Industrial Index losing -0.22% to 145.86 while Mining Index shed -5.51% to 95.86 points. ZECO and Radar led the movers after gaining +1,100% and 170% to close the week at USD 0.0012 and USD 0.135 respectively. Other gains were recorded in ART up +36.36% to USD 0.0045 and RioZim which put on +31.87% to USD 0.60. Meditech and Cairns led the losers after they both shed -50% to USD 0.0005 and USD 0.004 respectively. Other notable losses were recorded in APEX (-37.50 %), Willdale (-33.33%) and Interfin (-32.77%)

Corporate News

ART turnover grew 15% to USD 11, 5m in the first quarter to January 31 on the back of improved performances by most of its units excerpt Eversharp. Group chief executive officer Richard Zirobwa said the first four months of the year had been positive as most operations remained profitable. Eversharp was weighed down by machinery breakdown.

“The liquidity crunch is affecting business and the demand in the market, but the group is looking at a positive performance,” Zirobwa said. “The decline in Eversharp volumes was as a result of significant downtime due to maintenance shutdown.” The group recorded improved margins of 33% compared to 28% during the same period last year as a result of improvements at the Kadoma factory.

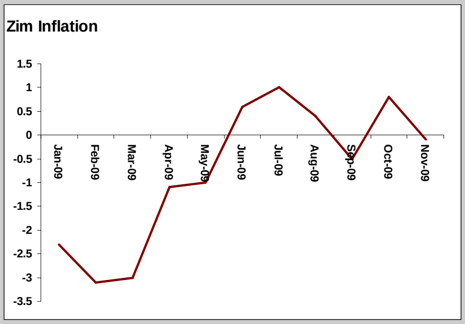
Zirobwa said operating profit was higher than last year with 84% of the profit having been channelled towards interest payment.Going forward, Zirobwa said: “We are seeing stability in ART.” He said plans were underway to automate operations at Eversharp and Softex.

The group plans to spend USD 450 000 and USD 250 on the automation of Softex and Eversharp respectively. Art operates Kadoma Paper Mills, Fleximail, Battery Express, Softex, Eversharp and Chloride. *(Newsday)*

Impala Platinum said on Monday it is "concerned" by comments from a Zimbabwean government minister suggesting it should further sell its stake in its Mimosa joint venture with Aquarius Platinum. Impala also said in a statement it had not received any official notification from the Zimbabwe government directing it to divest from Mimosa, a platinum miner.

Zimbabwe's empowerment minister, Saviour Kasukuwere, told the state-controlled Sunday Mail it would be "ideal" for Aquarius to purchase Impala's remaining stake in Mimosa after a required majority stake sale to locals. A controversial law mandates that all foreign miners sell a 51% stake to local Zimbabweans. That will reduce Impala's holding to 24.5%.

CPI Inflation



Source: SAR

"Implats cannot be allowed to maintain a 24.5% portfolio investment in Mimosa while they have their hands full with the massive capital expenditure that will be required at Zimplats," Kasukuwere was quoted as saying. Impala owns 87% of Zimbabwe's largest platinum mine, Zimplats.

Kasukuwere said having two minority shareholders splitting the 49%, would leave Mimosa without a shareholder of reference for funding and technical support as neither of them will be sufficiently motivated to support any meaningful capital expenditure, the newspaper said. *(Reuters)*

CANADA-BASED Caledonia Mining has reached a USD 30m empowerment deal for its Zimbabwe unit, Blanket Gold Mine, company officials confirmed Monday. Caledonia said it will give up a 51% stake in Gwanda-based Blanket Mine, ending tough talks with the government over compliance with the country's empowerment laws.

Officials said a Memorandum of Understanding (MoU) was signed Monday with Empowerment Minister Saviour Kasukuwere who once threatened to cancel the company's mining licence. Under the terms of the agreement Caledonia must facilitate vendor financing for the deal and recoup its outlay from "future dividends from Blanket". Said CEO Stefan Hayden: "I am pleased we have signed a MoU which, when fully implemented, will represent the conclusion of the indigenisation requirements for Blanket.

"The transaction will be concluded for a value which is close to Caledonia's current market capitalisation. "This is a significant achievement in the current environment and the transaction is neither an expropriation nor a partial nationalisation." The agreement hands over a 16% stake to the National Indigenisation and Economic Empowerment Fund while a Management and Employee Trust would get 10%.

Another 15% will be sold to "identified Indigenous Zimbabweans" while the Blanket Gwanda Community Trust would get 10%. Caledonia must also make a non-refundable USD 1.0m donation to the Gwanda trust once it is established. Company officials pledged to complete "implementation of all the components of the indigenisation transaction as soon as possible".

"The indigenisation agreement, when fully implemented, will introduce new shareholders to Blanket and I am confident that their participation will enhance Blanket's further growth and development," Hayden said. "We look forward to working with our new shareholders in further progressing operations at Blanket for the benefit of all stakeholders." Blanket's revenues and profit after tax for 2011 stood at USD 56.6m and USD 19.2m respectively. *(New Zimbabwe)*

Impala Platinum said on Friday that Zimbabwe had rejected part of a plan submitted by its subsidiary Mimosa Holdings meant for the company to comply with the local ownership requirements. Mimosa is a 50-50 joint venture between Implats and Aquarius Platinum. A controversial law mandates that all foreign miners sell a 51% stake to local Zimbabweans.

"Mimosa was advised by the Zimbabwean Minister of Youth Development, Indigenisation and Empowerment that a portion of its Indigenisation

Implementation Plan has been rejected," Implats said in a statement. The platinum miner said it was concerned about a statement made by the minister that unless an agreement is reached with the National Indigenisation and Economic Empowerment Fund to transfer the required shareholding to the fund within 30 days, enforcement mechanisms would be activated. "Shareholders are advised that negotiations with the minister will be undertaken in an attempt to reach a mutually acceptable solution," it said. *(Reuters)*

ARISTON Holdings, a diversified horticultural company, is seeking to raise USD 8m through a rights issue to recapitalise and retire debt. The company will issue 888 888 889 new ordinary shares of a nominal value of US0,1c each at a rights offer price of US0,9c per share, on the basis of two ordinary shares for every one ordinary share held.At least USD 3m will go towards debt restructuring. About USD 2,8m is for working capital at close to USD 2m for capital expenditure initiatives.

Capex initiatives will involve a restructuring and mechanisation exercise to operate at optimal levels of profitability. The working capital funds will go towards Favco to enhance its trading performance. Additional expenses, amounting to USD 400 000 relating to underwriting fees, will be paid out as shares and this will not affect net cash proceeds. “If the rights offer is not implemented Ariston will be unable to effectively compete in the market due to a weak financial position,” said the company in an abridged circular to shareholder yesterday.

Shareholders will meet on Tuesday to consider the rights issue. Market analysts say Ariston’s performance has been poor due to serious undercapitalisation, which saw all business units operating below optimal levels. “We are hopeful that plans to increase production and attain critical mass will improve efficiencies and quality,” said one analyst. “The group is well diversified in terms of production and geographical spread. At USD 0,009 a share, the rights offer price comes in at a 36% discount to the USD 0,014 current trading price.”

Afrifresh Group, one of South Africa’s top producers and exporters of citrus fruit and table grapes, recently bought 42% in Ariston. The company will also underwrite the rights issue. Its activities include farming, packaging, technical assurance, quality control, marketing, exporting and logistics. The diversified group also owns wine producing and exporting company Africa Pride Wine, food exporting company Berfin and raisin producer Fruits du Sud.It owns 17 farming entities, which operate 22 farms and two independent pack houses in South Africa.

It is also into partnership with more than 50 growers in various South African regions. It exports to 54 countries worldwide and has international offices in the Netherlands, Czech Republic, Chile, Spain and China. Last year, March 2011, Standard Chartered Private Equity acquired a 30% holding in the Afrifresh Group, enabling it to dramatically increase its farming asset base and continue its rapid growth. Ariston operates three estates — Claremont, Southdown and Kent.

Claremont, located in scenic Nyanga, is the country’s largest producer of pome and stone fruit. It is also the largest producer of trout and grows exotic flowers. Southdown in Chimanimani has 1 200 hectares under tea, 60ha of bananas and 450ha of macadamia.Kent in Norton produces vegetables on a 5ha greenhouse plot and poultry. Ariston also owns Favco, which distributes a wide range of fresh produce. *(Reuters)*

Diversified financial services group TN Holdings (TNH) plans to dispose part of its shareholding in TN Bank if ongoing negotiations with a potential investor succeeds. TNH last week issued a cautionary statement advising shareholders to exercise caution when dealing in the companys shares.The directors of TN Holdings Limited would like to advise shareholders that they are involved in negotiations with a third part, which if successfully concluded will have a material impact on TN Bank Limited, said TN Holdings company secretary Lorcadia Chakurira.

TNH group chief executive officer Tawanda Nyambira confirmed the development on Tuesday. We are in talks with investors and I cannot disclose the investors to you now. But what I can tell you is that they will not acquire more than 49% of TN Holdings, he said. He could, however, not disclose whether the investors were local or foreign. Nyambirai said this would reposition TN Bank and will enable the bank to be among the top four banks in the country.

As of December 31 2011, TN Bank had a market capitalisation of USD 13,3m. In the six months to June 30 2011, TN Bank deposits more than doubled to USD 49m from USD 22m during the same period in 2010. Early this month the group announced plans to venture into supermarkets and fast-food business in an aggressive strategy meant to strengthen, TN Banks deposit base.

The launch of these cash-generating businesses is expected to strengthen TN Banks deposit base and its contingency liquidity support structures, the group said then. It said the main goal of the bank was 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.

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 TN Bank of ready monthly deposits. *(News Day)*

Economic News

Government plans to raise USD 50m for the rehabilitation of the country's crumbling infrastructure through issuance of Infrastructure Development Bonds. The bonds to be issued by the Infrastructure Development Bank of Zimbabwe and having a five-year tenor while attracting a 10% interest rate per annum are guaranteed by the government. Special features of the bonds include prescribed asset and liquid asset status.

Liquid assets are accounts or securities that can be easily converted to cash at little or no loss of value status, while prescribed assets allow pension funds and insurance companies to invest in government portfolios. The bonds will be exempt from tax, tradeable and carry the lender of last resort security status.Announcing a cocktail of measures aimed at stabilising the financial sector last week, Finance minister Tendai Biti said the large infrastructure funding requirements could not be met from the current levels of fiscal revenues.

He said this was more so given the disproportionate demands on the government arising from both discretionary and non-discretionary recurrent expenditures. “However, the state of some of our infrastructural facilities requires or calls for immediate interventions,” Biti said. “Hence, notwithstanding the prevailing challenges in the financial system, Treasury will be issuing Infrastructure Development Bonds to complement Budget resources set aside for the financing of the rehabilitation of infrastructure.”

A Sinking Fund will also be established to facilitate interest and principal payments. In its Infrastructure and Growth in Zimbabwe report last year, the African Development Bank (AfDB) said the country required USD 14,2bn in the next 10 years to rehabilitate infrastructure. The report noted that Zimbabwe had fallen behind its regional counterparts in terms of information communication technology service and broadband penetration.

AfDB said 60% of the country’s road network of approximately 90,000 km could be classified as being between fair and good. At least 12,800km was classified as being in poor condition requiring complete rehabilitation. *(News Day)*

Zimbabwe's new mine licence fees and resource rentals will significantly raise the cost of mining and threaten the sector's viability, with as much as 60% of mining revenues going to the government, an industry body said on Monday. The southern African country hiked pre-exploration fees for most minerals by as much as 8,000% in January, with registration charges for platinum and diamond claims going up to USD 2.5m and USD 5m, respectively, in a move it says is meant to curb the speculative holding of mine titles.

Miners now must also pay annual ground rentals ranging from USD 500 per hectare for chrome to USD 3,000 per hectare for diamonds, according to a government notice. The Zimbabwe Chamber of Mines told a parliamentary committee hearing that the new fees, coupled with royalty increases of 7.5% for gold and 10% for platinum announced in the 2012 budget, would seriously hurt miners who have yet to fully recover from a decade-long economic crisis.

"The fee structure is unworkable. The industry is already overburdened by the totality of statutory charges, royalties, levies and commissions," the chamber's vice president, Allan Mashingaidze, told the parliamentary committee. "It's estimated that 60% of every dollar earned in revenue goes to the government, making Zimbabwe one of the most expensive countries to mine." Industry players estimate the increase in fees could cost the sector up to USD 1bn, sending miners close to bankruptcy.

"We believe the way forward is for government to suspend the new charges, pending consultations with the industry," Mashingaidze added. The mining industry, which has overtaken the stricken agriculture sector as Zimbabwe's main foreign exchange earner, contributed the bulk of the country's USD 4.4bn export earnings in 2011.

Finance Minister Tendai Biti's USD 4bn budget for 2012 is anchored by an expected USD 600m in revenues from the alluvial Marange fields, where the government has a 50% shareholding in all five mines licensed to operate there. Zimbabwe has the world's second-largest platinum reserves after South Africa, as well as significant gold, diamond, coal, iron ore and chrome resources.

The world's largest platinum miner, Anglo American Platinum , and number two producer Impala Platinum both have operations in Zimbabwe, while global giant Rio Tinto has a diamond mine there. *(Reuters)*

Zimbabwe has made a USD 20m payment for its USD 100m to Mozambique's Hydro Cahora Basa (HCB), Energy minister Elton Mangoma has announced. The country currently imports 100 megawatts (MW) to a peak of 185MW from HCB. "A further payment of USD 40m is planned for in the near future and arrangements for this are at an advanced stage," said Mangoma, adding the second payment would be raised from USD 450m owed by consumers to the Zimbabwe Electricity Supply Authority's (Zesa).

The Energy minister announced Zesa would start cutting off defaulters including political and government leaders. "We also have consumers who are willing to pay USD 40m in advance for power and this will be recovered over a period of two years," he said. Mangoma said an HCB delegation is bound to visit Zimbabwe on Sunday to discuss a concrete payment plan.

The Energy minister said the country had also made arrangement to clear its USD 71m historic debt with Zambia to facilitate implementation of Batoka Gorge, a joint hydro-power project between Zimbabwe and Zambia expected to generate up to 2000MW. The electricity production will be shared equally between the two countries when the project is implemented.

"Zambia has accepted the payment of USD 70,8m by 31march 2014. A settlement agreement for the ex-Central African Power Company (Capco) assets debt was signed by the two governments (and) the ministry is setting up a project implementation team to work on with Zambia official and the Zambezi River Authority on the implementation of the Batoka Hydro Power-Project," he said.

Zimbabwe's debt is for the shared Kariba Dam infrastructure the country inherited at independence from the Capco the federation era. Latest statistics indicate Zesa has capacity to generate about 1200MW compared to a rising national demand of about 2200MW. The shortfall is expected to be met through the establishment of new power projects, a smart-metering system and promotion of energy serving florescent bulbs. *(Daily News)*

Notes

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