SECURITIES AFRICA

For week ending 2 March 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:

Currency	2-Mar-12 Close	WTD % Change	YTD % Change
AOA	95.07	-0.01	-0.15
DZD	74.02	-0.27	1.62
BWP	6.99	2.33	5.16
CFA	479.72	1.15	3.04
EGP	6.01	0.11	0.01
GHS	1.70	-0.56	-4.84
KES	81.83	-0.49	2.07
MWK	166.96	-1.02	-2.81
MUR	27.77	0.27	1.30
MAD	8.36	0.19	2.57
MZM	26,700.00	0.19	0.00
NAD	7.50	2.10	7.81
NGN	157.27	-1.16	1.57
ZAR	7.47	2.92	8.57
SDD	266.30	-0.11	-0.08
SDP	2,261.00	0.00	0.00
SZL	7.51	2.16	7.85
TND	1.49	0.45	0.02
TZS	1,569.44	0.09	-0.58
UGX	2,348.92	-1.85	4.02
ZMK	5,179.78	-0.09	-3.23

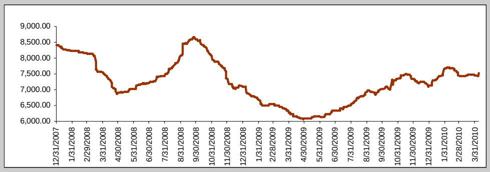
Source:oanda.com

African Stock Exchange Performance:

Country	Index	02 March 2012	WTD % Change	WTD % Change USD	YTD % Change	YTD % Change USD
Botswana	DCI	6,972.60	0.01%	2.39%	0.02%	5.47%
Egypt	CASE 30	5,369.97	4.44%	4.55%	48.25%	48.26%
Ghana	GSE All Share	1,016.47	0.61%	0.04%	4.90%	0.05%
Ivory Coast	BRVM Composite	147.12	1.11%	2.29%	5.93%	9.25%
Kenya	NSE 20	3,329.16	4.62%	4.11%	3.87%	6.07%
Malawi	Malawi All Share	5,437.39	0.00%	-1.01%	1.27%	-1.50%
Mauritius	SEMDEX	1,779.89	-1.16%	-0.89%	-5.75%	-4.50%
	SEM 7	333.62	-1.52%	-1.25%	-4.77%	-3.51%
Morocco	MASI	11,413.82	-0.06%	0.13%	3.67%	6.41%
Namibia	Overall Index	915.00	-0.87%	1.26%	9.19%	18.44%
Nigeria	Nigeria All Share	20,592.01	0.47%	-0.68%	-0.67%	0.92%
South Africa	All Share	34,186.81	-0.22%	2.79%	6.85%	16.86%
Swaziland	All Share	277.72	0.00%	2.20%	3.46%	12.27%
Tanzania	DSEI	1,314.91	0.21%	0.30%	0.90%	0.32%
Tunisia	TunIndex	4,754.17	0.43%	0.88%	0.68%	2.58%
Zambia	LUSE All Share	3,880.24	0.52%	0.43%	-6.94%	-9.60%
Zimbabwe	Industrial Index	144.37	-1.74%	-1.74%	-1.02%	-1.02%
	Mining Index	92.53	-3.47%	-3.47%	-8.11%	-8.11%

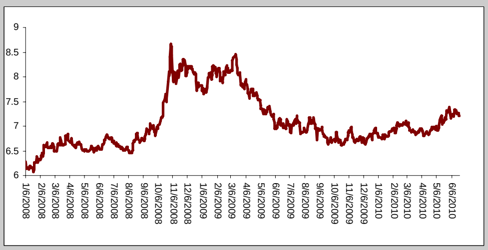
Botswana

Botswana Stock Exchange



Source: Reuters

BWP/USD



Source: Reuters

Economic indicators

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

Source: World Development Indicators

CPI Inflation

Stock Exchange News

The DCI gained a marginal 0.01% to close at 6,972.60 points. Barclays and BIHL were the only gainers after adding +1.29% and +0.10% to close at BWP 7.05 and BWP 9.81 respectively while Choppies was the only shaker, shedding -3.43% to BWP 1.69. Market turnover for the week amounted to BWP 5.7m after 1.46m shares exchanged hands.

Corporate News

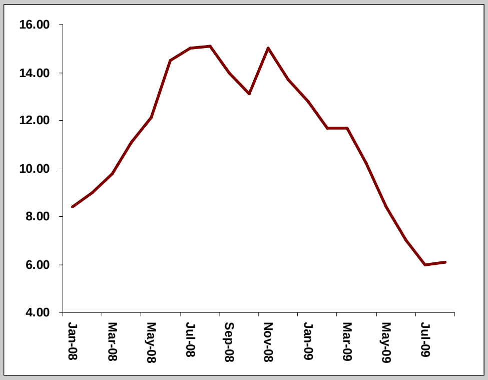
The BWP 1.8bn (USD 250m) facility to finance the 21 diamond manufacturing companies operating in Botswana has been revived and is set to be rolled-out this year after its near-death experience in 2010. The financial package put together in 2009 by USA's Overseas Private Investment Corporation's (OPIC) diamond and jewellery company Lazare Kaplan Botswana (LKB) and ABN Amro was initially supposed to have been rolled-out two years ago, but the deal fell through after relations soured between the stakeholders.

The fallout led to ABN Amro, which has already set up an office in Gaborone as part of the original deal, dropping out of the picture in the OPIC deal. Market sources this week said Standard Chartered Bank Botswana had now been roped in as the participating bank. In a statement released this week, Lazare Kaplan International (LKI) says the deal is now at an advanced stage and that funds should start to be rolled-out this year.

"Lazare Kaplan's record of innovation has been ongoing, most recently encompassing a public-private financing project with the US government's Overseas Private Investment Corporation (OPIC) that is scheduled for roll-out in 2012," the US-based parent company of LKB says. Specifically, the facility will enable diamond-manufacturing companies in Botswana to access long-term capital to finance the purchase of rough diamonds for processing and facilitate the development of a financial sector to support development of a cutting and polishing sector in Botswana.

The amount allocated to the local sightholders, now increased to 21 from 16 last year, is expected to increase to around USD 800m this year from the current USD 550m. Speaking from Washington DC this week where he is attending the Global Business Conference, LKB managing director Alfred Dube said his company was looking forward to closing the transaction but could not comment further until pen had been put to paper on the deal.

The facility, which will accelerate the establishment of a viable diamond distribution and manufacturing sector within Botswana, is projected to leverage the country's diamond resources by increasing employment. The development of the diamond cutting and polishing sector is a priority for the government, which has rolled into motion its ambitions plans to become a global diamond



Source: SAR

centre with the signing of a new diamond marketing deal with De Beers last year.

Botswana is the world's leading producer of gem-quality diamonds, while the sector generates approximately 70% of the country's foreign exchange. Historically, however, manufacturing of Botswana's rough diamond output has been processed through London and Antwerp. The government is now implementing a diamond beneficiation programme designed to increase Botswana's role in cutting and polishing. Diamond beneficiation has also started to have multiplier effects in sectors such as tourism and hospitality, construction, insurance and jewellery and creates jobs.

OPIC is a US government agency whose mission is to mobilise and facilitate the participation of American private capital and skills in the economic and social development of less developed countries in transition from non-market to market economies. LKB is the participating sponsor in the agreement because it is an American company. *(Mmegi)*

As the National Development Bank (NDB) transforms into a privately owned commercial bank, shares in the statutory financial institution will be offered to the public in the second quarter of next year. NDB, which will be the second parastatal to be privatised after BTC, is currently being transformed into a fully-fledged commercial bank to make it more attractive to investors.

In his committee of supply statement to Parliament at the beginning of this month, finance minister, Kenneth Matambo said privatisation of National Development Bank was on-going and that PEEPA had presented the bank with a comprehensive rollout plan and timelines for its privatisation process. "Furthermore, work on the draft NDB Transition Bill is ongoing and planned for discussion by this House during the June/July 2012 sitting," Matambo said. "The initial public offering of shares is expected for the second quarter of 2013."

Under the privatisation model approved by Cabinet recently, of the 49% to be sold off, Batswana will be offered no less than 30% of NDB with a leeway for the figure to rise according to demand. Citizen NDB employees will receive five%, while the balance will be offered to non-citizens. As the case with BTC, government will retain 51% of the bank, giving it controlling equity. NDB, which was established by a 1963 Act with a mandate to give out loans that promote the economic development of Batswana, currently finances only agricultural, commercial, property development, industrial and tourism projects and does not take deposits or provide any other product or service offered by commercial banks.

This is to change at the bank that has since been weaned off government funding and now relies on funding from the private market, including commercial banks. NDB is set to reinvent its systems and the way it operates in a bid to make it more attractive when government disposes of its 49% stake. Speaking in a recent interview with Mmegi, CEO Lorato Morapedi said they had also decided to volunteer to report to the Bank of Botswana (BoB) for auditing so that "we can facilitate a speedy transformation".

The CEO said he aimed to re-engineer the institution through a three-year strategy dubbed Thobo 2014 that includes NDB becoming more customers-focused, efficient and cost-effective. "The ultimate aim is to transform into an entity that will be able to attract clients and the same time improve our bottom line and profitability so that investors can always get value for their money," she said. None of the eight commercial banks currently operating in Botswana is indigenous, or at least majority owned by indigenous shareholders.

Apart from reinventing its processes, NDB is also working on improving its capital reserve and risk management system in preparation for applying for a commercial banking licence. This year, BoB adopted a more modern and prudent capital reserve and risk management system dubbed Basel Two to help banks improve risk sensitivity in their lending operations. "Before we can apply for a commercial banking licence, we need to be Basel Two-compliant," Morapedi, explained. "Since we are only starting our transition, we have asked for a waiver from the Bank of Botswana.

We are targeting the end of 2012 to be Basel Two-compliant." Meanwhile, NDB has reported a profit of BWP 48.7m for the year ending March 2011. This was a 15.76% reduction compared to BWP 57.8m in the previous year. NDB assigned the profit reduction to an increase in administrative and personnel costs and lower increase in interest income. *(Mmegi)*

Zambia Copper Investments (ZCI) is weighing a possible disposal of its 84% controlling stake in Botswana Stock Exchange-listed African Copper (ACU) hardly three years after rescuing the company from the brink of collapse. African Copper fell victim to the 2008 recession-induced commodity price crash that saw its flagship Mowana Mine placed on care and maintenance for nine months before JSE-listed ZCI came along with a USD 22.5m (BWP 159m) rescue package.

But now, in a statement released yersterday, African Copper, which has a primary listing on London's AIM, says it has been notified that ZCI has initiated a strategic review process to realise value from its investment in it that could result in a share disposal. "As a consequence of the review, ZCI has retained Rand Merchant Bank as its financial adviser to explore potential alternatives, which process may result in the partial or full sale of ZCI's interest in ACU," the statement says. "However, there is no certainty that a partial or full sale will be completed."

African Copper was the first local corporate victim of the global credit crunch that saw prices of base metals on world markets plummet. Copper prices dropped from USD 7,000 per tonne at the beginning of the third quarter of 2008 to USD 3,000 per tonne by the end of that quarter. Since the takeover and recapitalisation of African Copper that was completed in August 2009, ZCI has injected USD 65m in the company through interest-bearing loans, with the latest being a USD 5m facility availed early this month. In January 2012, ZCI also advanced another USD 2m to African Copper for working capital requirements.

In the three years since the recapitalisation, the company briefly made a profit in 2009 but swung back to losses thereafter, plagued by numerous challenges, including the cost of mine development and processing costs associated with high oxide ore. For the six-month period ended September 30, 2011, losses increased to USD 16.0m, compared to USD 6.1m for the corresponding period in 2010. Although ZCI has constantly bailed out African Copper throughout the three years, as evidenced by the recent USD 5m loan agreement signed with ZCI, African Copper is still committed to executing its business plan in Botswana and ZCI remains a supportive shareholder.

Apart from the company's flagship open pit Mowana Mine, African Copper also owns rights to the adjacent Thakadu-Makala deposit. Both deposits are situated on the highly prospective Matsitama belt near Francistown. ACU is the country's second copper and nickel mining company after BCL. A third copper mine, Boseto, is expected to open in Maun in the first half of the year. *(Mmegi)*

Local property titan, Turnstar Holdings, has finalised the purchase of a prime property complex in Tanzania for USD 77m (BWP 557.5m) following the recent finalisation of funding arrangements and regulatory approvals. Turnstar, which owns several blue chip assets such as Game City in Gaborone and Nzano Centre in Francistown, had been working on closing the Mlimani City Property Development since early last year.Through the deal, Turnstar now wholly owns Mlimani, which consists of a multi-business area comprising a shopping centre, an office complex, a top-class conference centre and a residential housing estate with 50 units.

The deal will also significantly enhance the value of Turnstar's portfolio that comprised nine properties worth BWP 683.5m as at January 2011. The Mlimani deal, therefore, will account for nearly half of the new portfolio in terms of value. Yesterday, Turnstar's management announced that all dimensions of the funding package for Mlimani had been finalised with the complex's former owners."The board and management are excited about the Mlimani transaction, as it represents a tremendous opportunity, not only to strategically enhance shareholder value and strengthen our competitive market position but also represents a catalyst for the transformation of Turnstar into a pan-African property champion," said Turnstar's managing director, Jacob Motlhabane.

He added: "We are thrilled to expand our presence into one of the strongest growing markets in Africa with a truly unique asset that is the premier retail destination in Tanzania."Turnstar's board equally hailed the finalisation of the Mlimani deal. "This transaction represents a signiÞcant growth milestone in the life of Turnstar and has given Turnstar operational control of a world class property asset anchored by high-quality retail and office tenants to enhance the rental yield, distribution yield, geographic diversification and the overall quality of Turnstar's property portfolio," the board said in a statement.

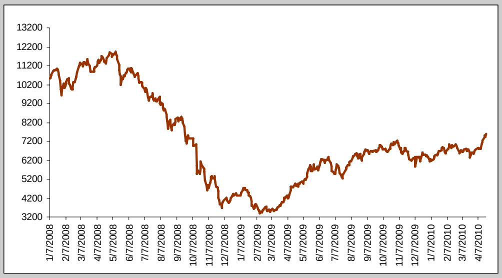
The deal's funding was a three-fold affair involving a USD 30m loan secured by Turnstar, the issue of USD 20m in linked units to Mlimani's former owners and USD 27m raised through a rights offer to existing Turnstar shareholders. According to Turnstar, the rights offer, under which Turnstar shareholders were offered 108.7m new units, closed recently with the shareholders taking up nearly 30% of the equity on offer. The balance, comprising 76.4m linked units, was issued to the former owners as settlement of the sale agreement. *(Mmegi)*

Economic News

No Economic News this week

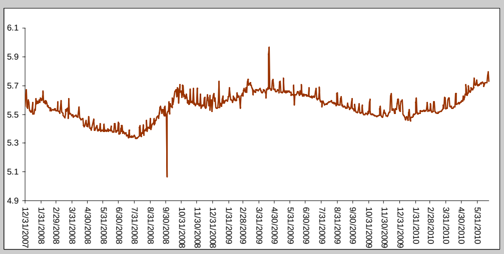
EGYPT

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 +4.44% to 5,369.97 points. Asek Company for Mining led the movers after gaining +8.51% to EGP 10.84 followed by Arab Pharmaceuticals (+7.71%) and Kima (+7.46%). National Housing for Professional Syndicates was the biggest loser after shedding -4.78% to close the week at EGP 25.68. Other notable losses were recorded in: Arafa Holdings (-4.65%) and ALICO (-3.66%).

Corporate News

Iraq's cabinet approved a USD 363m contract on Tuesday with Egypt's Orascom Construction to build a 1,014MW gas power plant in the north of the country, it said on Tuesday. The contract involves building a plant in Baiji, 180 km (112 miles) north of Baghdad, to install six gas units, each with a capacity of 169 MW, which Iraq had bought from Siemens in 2008 but which never came online.

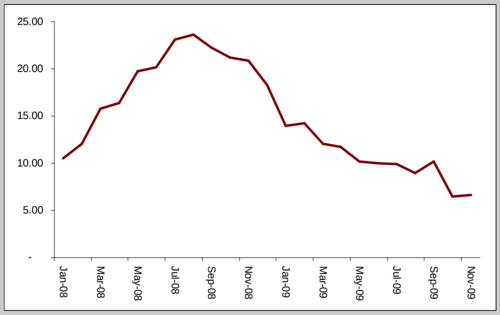
The project is expected to be completed within 21 months, Musab Al-Mudarres, a spokesman at the electricity ministry, told Reuters. Nearly nine years since the US-led invasion that ousted Saddam Hussein, Iraq's national grid still supplies only a few hours of power each day. Intermittent electricity is one of the public's top complaints.

Iraq plans to boost the grid's capacity by about 1,500MWs in the next few months and to add 22,000 MW of production capacity across Iraq, except for the semi-autonomous region of Kurdistan, by the end of 2015, the electricity minister said.

Iraq's power availability has ranged between 7,000 to 8,000MWs but is due to increase to 9,000-9,500MW this summer as some power projects come online and others are upgraded. Iraqi demand for electricity peaked at 15,000MWs last year, but the oil-producing nation managed to supply less than half of that. *(Ahram)*

Shareholders of Orascom Telecom Media and Technology, or OTMT, voted late Thursday in favor of the sale of most of the firm's stake in the jointly owned Egyptian mobile operator Mobinil to France Telecom a deal worth about EGP 6bn (around USD 1bn). "The shareholders also approved the delegation of authority to each of the executive chairman and managing director of the company [OTMT] to finalize negotiations and execute binding agreements in connection therewith," said OTMT in an e-mailed statement.

CPI Inflation



Source: SAR

In February, France Telecom made a non-binding offer of EGP 202.50 a share for most of the stake that OTMT owns in Mobinil. The French company said it would then launch a tender offer at the same price for the remaining 29% of Mobinil. OTMT will keep a 5% stake in Mobinil, and maintain its 30% voting rights, along with board representation. OTMT management expects the transaction to be completed within a few of weeks. *(WSJ)*

Egypt's three mobile giants [Etisalat, Vodafone and Mobinil] have decided to impose a monthly stamp duty worth EGP 0.51 and an annual duty worth EGP 6.10 per subscriber, Ahram's Arabic language portal reported on Thursday. Effective Thursday, the duty will be deducted from prepaid mobile customers. The stamp duty will not benefit the three mobile operators. Rather proceeds will go entirely to the government [Egyptian Tax authority], EFG-Hermes reported on Thursday.

In the past, Egypt's mobile companies used to pay this duty instead of their subscribers. Last year, the number of mobile phone subscriptions in Egypt rose 18% to 83.43m, shrugging off an economic crisis sparked by the overthrow of president Hosni Mubarak, government figures showed on Thursday. In December 2010, Egypt's three mobile operators had 70.66m subscriptions. *(Ahram)*

Economic News

Egypt's growth rate is expected to reach 5.5% within two years, Prime Minister Kamal El-Ganzouri told parliament on Sunday. Ganzouri was speaking in front of Egypt's newly-elected people's assembly to provide a report on the interim government's progress. His 20-minute address began with an overview of the economy before he presented a strategy for future development.

The picture he painted of the economy was a gloomy one."Following the revolution we were promised large amounts of funds by western and Arab countries," the 76-year old prime minister said. "But very few of these promised funds have materialised." Some USD 10bn worth of funds exited the country in early 2011, he added. Ganzouri went on to list some of the major economic challenges Egypt is facing, including rising unemployment, surging debt and a scarcity of investment.

Despite these, he predicted a recovery in Egypt's Gross Domestic Product (GDP) in two years' time. "We project growth rate for the coming [financial] year 2012/2013 to reach 3-3.5% and to edge to 5-5.5% the following year," Ganzouri said. Between 2004 and 2011, Egypt saw rapid growth in its GDP of an average of 5% a year.

Ganzouri went on to outline an ambitious vision for Egypt's future which involved expanding the country's cultivated lands from the narrow Nile Delta into its abundant desert. "The only chance for survival is to expand beyond the Nile valley and increase the amount of cultivated land," Ganzouri said.

"In 1805, we had a population of 3m and around 3m feddans of cultivated land. That's 1 feddan per capita. Now the proportion is 150 square metres of land per capita. This is a situation that needs to be fixed." El- Ganzoury served as

Egypt prime minister for three years in the late 1990s. He was reappointed in late November last year after a new wave of popular protests. *(Ahram)*

The Egyptian Exchange expects up to eight companies to sell shares publicly this year as investor confidence returns amid an improving political environment, and sees no reason for it to lose its emerging market status post revolution, according to its chairman. The market, once a foreign investor favourite, saw a sharp 49% fall in value last year as investors fled the Arab state amid political and economic concerns after a popular uprising overthrew former President Hosni Mubarak.

Egyptian stocks have however rebounded this year, adding some 40% to date, as investors cheered the mostly peaceful first parliamentary elections in a post Mubarak era and the passing of the first anniversary of the revolution without any major incident. Mohammed Omran, who took up the post of chairman at the exchange in March 2011, believes investors are more confident now amidst growing political clarity in the Arab state, and expects six to eight companies could launch initial public offerings in the coming months.

"If we continue witnessing some kind of stability and things are cooling down, I would expect in the third quarter or last quarter of this year, we will be able to have more [companies] listed," Omran told Zawya Dow Jones in a recent interview. The companies that are talking to the exchange are from a "diversified" range of sectors, Omran said, but added that they are still "waiting to see whether it's the right time to jump into the market". He declined to name the companies that were considering an IPO.

The global financial crisis and the revolution last year significantly slowed down the number of IPOs in Egypt after oil services company Maridive and real estate company Palm Hills Development sold shares in the middle of 2008. Concerns about the Arab state's economy remain-its foreign reserves, vital to pay for its imports, have dropped by more than half since early 2011 to about USD 16bn at the end of January-as tourism revenues and foreign direct investment have plunged, also putting pressure on the country's currency.

The government now hopes to secure a USD 3.2bn loan from the International Monetary Fund in March, which will help shore up its reserves and improve foreign confidence in the economy. Despite these concerns, Omran voiced optimism that the exchange would hold on to its emerging market status at index compiler MSCI's annual review this year. There were some investor concerns that Egypt could face a possible downgrade after the market was forced to shut for several weeks in early 2011 due to unrest in the country. A sharp drop in volumes and value further accentuated its woes.

But Omran says the market "is in much better shape than several months ago in terms of value and volume of trade." "I'm thinking if we continue like this I don't see a reason why Egypt will leave the MSCI," he added. Omran expects the country's financial regulator to sign off a law amendment to allow companies to issue Islamic bonds, or sukuk, by the end of June, a move that is expected to boost market liquidity as it taps investor appetite for Islamic products.

Earlier this month, the Egyptian Financial Supervisory Authority, in a statement posted on the EFSA website, said it has submitted a draft to amend the country's capital market law to regulate sukuk and is awaiting approval from its board of directors and the minister of investment. The Egyptian Exchange already allows companies to list conventional bonds, with the number of corporate bond issues listed on the exchange reaching 16 at the end of last year, according to a bourse spokesperson. Omran also expects the rules and regulations that allow companies to offer rights issues to be enforced by June. *(Gulf Times)*

Egypt's East Mediterranean Gas Co. (EMG) today resumed natural gas deliveries to Israel, Ampal-American Israel Corporation, which owns 12.5% of the company, announced today. Ampal said that gas deliveries were interrupted on February 5, due to an alleged terror attack along the Egyptian gas pipeline, owned and operated by GASCO, the Egyptian gas transport company."

EMG's gas deliveries to Israel have been repeatedly interrupted due to attacks on gas pipelines in Sinai, since the fall of Mubarak government in Egypt in February 2011.Ampal's share price rose 5.3% by mid-afternoon on the TASE today to NIS 1.09, after rising 1.7% on Nasdaq yesterday to USD 0.30, giving a market cap of USD 16.8m. *(Globes)*

Egyptian industry should switch from fossil fuels to natural gas in order to increase its cost-effectiveness, the Federation of Egyptian Industries (FEI) recommended in its eighth board meeting. In a statement on Monday, the FEI said Egypt's long-standing "no-limit energy subsidy" policy has led to widespread misuse of the country's resources, with low prices encouraging wastefulness.

The FEI went on to recommend the gradual removal of energy subsidies over the next five to seven years. FEI's findings follow a recent decision by Egypt's interim government to cut by a third energy subsidies provided to heavy industry. The plan, announced on 2 January, aims to shave LE20bn from the country's budget deficit.

Energy subsidies, which amount to some EGP 100bn (USD 16.6bn) represent about 20% of total government spending. Economists say slashing them is one of the few realistic options for Egypt to cut its deficit. Finance minister Momtaz El-Said said in January that the higher rates will be applied to steel, cement and ceramics industries.

This decision led steel and cement producers to raise the selling price of their final products by around EGP 100 per tonne to compensate. Steel prices now average around EGP 4,560 per tonne (USD 760) on the local market after the EGP 100 price rise, while cement now retails for around EGP 400 per tonne. *(Ahram)*

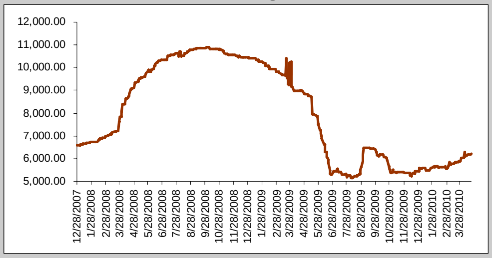
The number of mobile phone subscriptions in Egypt rose 18% to 83.43m last year, shrugging off an economic crisis sparked by the overthrow of President Hosni Mubarak, government figures showed on Thursday. In December 2010, Egypt's three mobile operators Etisalat Egypt, Mobinil and the Egyptian unit of Vodafone had 70.66m subscriptions.

Vodafone and Mobinil controlled by Egypt's Sawiris family and France

Telecom have been competing fiercely for market leadership. Subscriptions now roughly equal the country's population and the companies are seeking to maintain revenue growth by encouraging customers to use more data services. Egypt is the Arab world's most populous country, with more than 80m people. *(Reuters)*

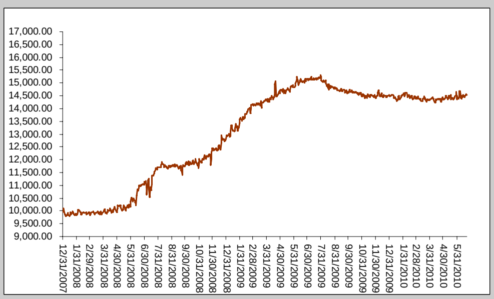
Ghana

Ghana Stock Exchange



Source: Reuters

GHC/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

Stock Exchange News

The GSE All Share Index was up +0.61% to close at 1,016.47 points. Gains were recorded in Total (+13.04%), ETI (+10.00%) and UTB (+3.33%) while EGL (-7.89%), PBC (-4.00%) and CAL (-3.85%) were on the losing front.

Corporate News

Ghana's Standard Chartered Bank said on Friday it will propose a final dividend of GHS 3.05 (USD 1.79) per share for the 2011 financial year, more than double the GHS 1.267 paid for 2011. The bank said shareholders on the books by Apr. 20 will qualify for the final dividend. *(Reuters)*

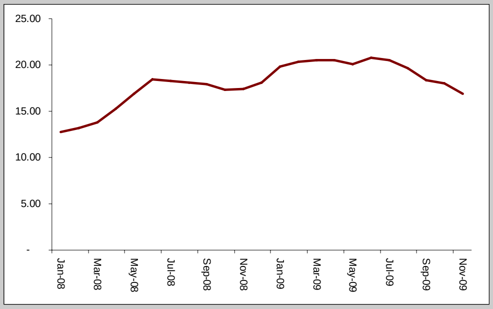
Kosmos Energy KOS -0.22% announced today that it has exercised a right under the existing Joint Operating Agreement to acquire the participating interest of Sabre Oil & Gas Holdings Limited in the Deepwater Tano Block, offshore Ghana. The purchase price is estimated to be approximately USD 365m, with up to an additional USD 45m contingent upon achieving certain performance milestones. Following closing of the acquisition, Kosmos' interest in the Deepwater Tano Block will increase from 18% to 22.05%. Kosmos' interest in the Jubilee Field will increase from 24.1% to 25.8%.

Brian F. Maxted, President and Chief Executive Officer, stated, "We feel very fortunate to have an opportunity to grow our interest in what we believe are some of the most valuable assets in West Africa at a compelling price. This transaction adds existing production at Jubilee, enhances our stake in the next oil development offshore Ghana, and increases our exposure to the significant Deepwater Tano exploration program in 2012. We have great belief and confidence in the quality, value, and upside of our discoveries and the further potential of the Tano basin petroleum system."

Closing of the transaction should occur in the second quarter of 2012, subject to a definitive transaction agreement, customary closing conditions and necessary government approvals. The Company anticipates funding the purchase price through a combination of cash on hand and borrowings. The effective date of the acquisition is January 1, 2012. *(Market Watch)*

Standard Chartered Bank Ghana Ltd., the second-biggest lender on the Ghanaian bourse, said full-year profit rose as impairment charges declined. Net income climbed 7.6% to GHS 77.7m (USD 45.7m), the Accra-based lender said in a statement e-mailed by the Ghana Stock Exchange today. The bank's operating expenses declined by 9.2% to GHS 93.5m while impairment losses decreased 28% to GHS 9.8m, the bank, a unit of London-based Standard Chartered Plc, said.

CPI Inflation



Source: SAR

"The bank will tend to ride on its competitive advantage for growth this year, such as its strong balance sheet that supports huge deals," Randy Mensah, a stock trader at Accra- based Databank Financial Services Ltd., said in an e-mailed response to questions. Net interest income, the money earned from lending, decreased 1.5% to GHS 150.4m even as loans granted increased 28% to GHS 596.7m, the bank said. Investments in short-term government securities almost tripled to GHS 170.1m, Standard Chartered Bank said. Standard Chartered Bank's shares rose 0.6% to GHS 49.8 by the close of trading in Accra, the capital. *(Bloomberg)*

The clamour for preferred numbers on the Glo network in the company's ongoing 'Reserve Your Number' campaign has intensified, as total number of requests made so far draws close to twom. Barely two weeks after the launch of its 0233 number series as part of activities to usher in Glo's much anticipated commercial operations, the company opened up a second block of onem numbers comprising the 0235 number series, in response to the high demand for reservations and also to enable persons who may not have been able to reserve their preferred numbers during the first phase of the campaign.

Chief Operating Officer, George Andah confirmed today that over 1, 800,000 requests have been made by the public since January 19 when the Reserve Your Number campaign was launched. "Requests for reservations have continued to stream in at the same rate during the past six weeks and as at mid-day today, we had recorded a total of 1, 890,000 requests. "As high as five% of the total requests made were in the premium category, which gives us an indication as to the level of excitement generated by the prospect of owning a special Glo number which may be unique to the potential subscriber," Mr. Andah said.

The COO said all potential subscribers who made successful requests for reservations and received confirmation codes have their numbers reserved for them by the system and that all numbers so reserved may be retrieved and activated upon successful registration once commercial operations commence. Telecom market observers believe that the surge in requests for number reservation could be traced to signals that Glo, easily the most anticipated network in the country, is preparing to commence commercial operations anytime soon.

Over the past few weeks, Glo has been observed to have started replacing most of its outdoor media, changing the messaging of many of its billboards to reflect the imminent commencement of commercial operations. Meanwhile, during the past few days, the company has been reported to have been busy with a number of road shows in key market zones within Accra. Potential subscribers who are hurrying to reserve their Glo numbers believe these are indications that the Glo network would soon go live to enable them use their preferred numbers.

George Andah told Adom News commercial launch is becoming imminent with each passing day, because the rush for Glo numbers is an indication Ghanaians are very expectant and Glo would not disappoint. Glo would be the first network to begin from almost 100% coverage and with its own massive international fibre optics backbone, Glo One, which promises superior data experience for its customers.

Some industry players have said Glo faces the risk of unprofitability coming into a market where penetration is more than 80%, where people already use more than one SIM card and average revenue per user (ARPU) keeps dropping due to a fierce price war. But George Andah said whereas Glo does not deny the market is a highly competitive one, it sees opportunities because lots of Ghanaians have given indication they want a better alternative to poor quality of service. Moreover, the rush for Glo numbers ahead of commercial launch, according to George Andah, is clear indication Ghanaians are ready for Glo. *(Ghana Web)*

Texas-based US oil company, Kosmos Energy today March 1, 2012 has announced its 2012 organic capital programme of approximately USD 600m anticipating that over 90% of the amount will be invested in Ghana. The company says in a statement that 55% of the capital will go into exploration and appraisal activities while the remaining 45% will be for development works.

“Over 90% of the 2012 programme is anticipated to be invested in Ghana”, says Kosmos Energy, which some few days back exercised a right to acquire an additional 4.05% Sabre Oil and Gas’ interest in the Deepwater Tano Block at the Jubilee oilfields, offshore Ghana. It adds that planned development investments are primarily composed of ongoing activities at the first phase of Jubilee, as well as implementation of the next development phase at the field, Phase 1A.

The company anticipates drilling at least two appraisal wells at the Teak discovery and one appraisal well at the Mahogany discovery in 2012 while targeting “performing multiple flow tests and reservoir studies for the Teak, Mahogany, Akasa, and Banda discoveries,” it says.
On the Deepwater Tano Block, Kosmos said it is planning to participate in two appraisal wells in 2012, as well as certain flow tests and well activities, at the Enyenra and Ntomme oil discoveries.

It expects to submit a plan of development for the Tweneboa/Enyenra/Ntomme area to governmental for approval this year. Kosmos has also indicated that it will participate in at least four new exploration wells in 2012, with three located offshore Ghana and one onshore Cameroon. *(GBN)*

Economic News

More than half of the bids at an oversubscribed bond auction in Ghana this week were from foreign investors, the central bank said on Friday, surprising a market that had expected concerns about the currency and pre-election spending to cool demand. The Bank of Ghana sold GHS 219.75m (USD 129m) of 3-year bonds at a yield of 14.99% on Thursday, after receiving bids worth GHS 639.58m. Its initial target was GHS 200m.

More than 50% of the bids GHS came from offshore investors, Adams Nyinaku, head of treasury at the Bank of Ghana told Reuters in a phone interview. He said a rate hike by the central bank's Monetary Policy Committee (MPC) last week had pushed up yields, making them more attractive to foreigners. "The appetite is there," he said. "The MPC just raised the policy rate from 12.5% to

13.5% so it's improved the yield."

Traders said the heavy foreign demand, while unexpected, suggested investors were taking a long-term view of the West African cocoa, gold and oil producer, and fears about rising government expenditure ahead of December elections had not put them off. "It was a little bit of a surprise that they came in at that level," said Emmanuel Nambware, head of fixed income trading at Standard Chartered Bank Ghana. "Investors could be looking at the long term rather than just picking up positions for trading in the short term."

Nambware said investors may also have been reassured by the central bank's intervention to halt a slide in the currency at the beginning of the year. However, he said the market would be monitoring the auction's impact on the exchange rate in the days ahead. "The exchange rate has been fairly stable in the past two, three weeks, giving credence to the idea that the Bank of Ghana is doing a good job in managing the currency," he said.

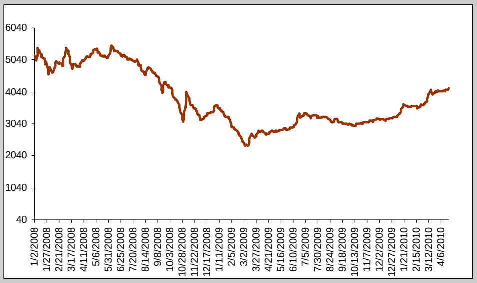
"So far we haven't seen a great impact on the FX. We hope that maybe Monday, Tuesday we're going to see some kind of impact with the cedi appreciating." Nyinaku said bids at the auction were at yields ranging from 14.5% to 22%. Ghana paid a yield of 14% when the 3-year bond was last sold in October. *(Reuters)*

Parliament has approved two additional agreements under the USD 3bn Master Facility Agreement between Ghana and China Development Bank Corporation. The first is an off taker Agreement between GNPC and the UNIPEC-Asia Company. Under the Agreement, GNPC will sell crude Oil from the Jubilee Field to UNIPEC Asia Company and part of the proceeds paid into a special account for the purposes of servicing the facility.

The second agreement is for an amount of USD 150m to finance the ICT enhanced Surveillance and Monitoring facilities for the Oil and Gas Enclave Project. The Master Facility Agreement involving the USD 3b Chinese loan requires that separate subsidiary agreements with China Development Bank Corporation be entered into. *(Ghana Broadcasting Corporation)*

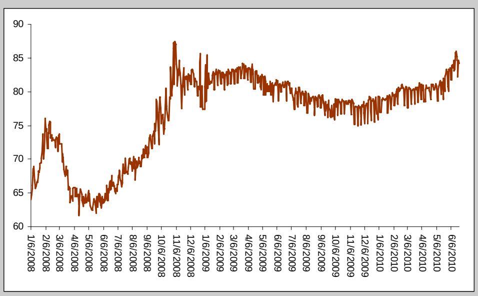
Kenya

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 +4.62% to close the week at 3,329.16 points. Bamburi led the movers after gaining +18.46% to KES 154.00 followed by CFCI which rose +11.02% to KES 7.05. Other notable gains were recorded in Express up +10% to KES 4.40 and NBK (+9.85%). KPCL was the main loser, shedding -17.94% to KES 13.95 followed by Kakuzi (-7.50%) and TPS which lost -5.24% to KES 45.25. Market turnover was up +26.25% to KES 1.25bn.

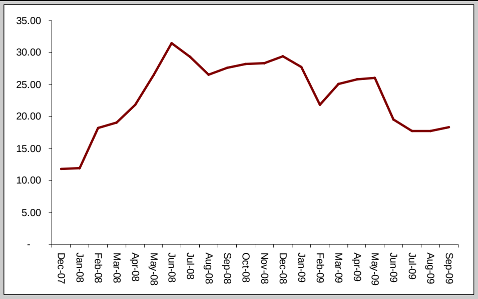
Corporate News

Airtel Kenya, the Indian telecom company operating in 19 countries across Asia and Africa, today (February 24, 2012) announced introduction of the fastest mobile internet in Kenya with the launch of its 3.75G platform in the country. The technology is the same as that being rolled out in Europe and USA, to offer world-class 3G experience to consumers allowing users to make video calls, watch live TV, send and receive emails and download music from internet enabled devices, the company said in its press statement sent to newbusinessethiopia.com.

“The technology on our 3.75G network will give our customers the opportunity to interact with data in a different way,” explained Mr. Shivan Bhargava, chief operating officer, Airtel Kenya. “This is why Airtel doesn’t see 3G as a product but a platform that enables the community to expand its social and commercial horizons, alongside the rest of the world.” According to Mr. Bhargava, Airtel will be rolling out its data network across all of Kenya with the objective of building the fastest and largest 3G network across the country, and will continue to provide useful and innovative services to make use of this new technology.

He added that for the small and medium business, it will enable the entrepreneur to embrace a highly mobile way of working with high speed access to email and internet and it will allow large companies to increase productivity through vastly enhanced mobile internet speeds and access to record and allow for communication via video calls on handsets. L-R- Airtel Kenya chief operating officer, Shivan Bhargava, Minister for information and Communications Samuel Poghisio, Information Permanent Secretary Dr. Bitange Ndemo and Communications Commission of Kenya the acting Director General Francis Wangusi

The new 3.75G network will initially be available to Airtel customers in the key commercial centers of Kenya including Nairobi, Mombasa, Nakuru, Kisumu, Eldoret and Naivasha. The company is offering its customers a free 7 day trial during first 15 days. Customers can access the FREE trial by simply sending the word start on SMS to 544. *(New Business Ethopia)*



Source: SAR

Cigarette maker British American Tobacco has posted a 75.3% growth in its net profits for the year ended December 2011. The Nairobi Securities Exchange listed company recorded KES 3bn net profits compared to KES 1.8m recorded in 2010. The management has attributed the impressive results to an increase in its export revenues precipitated by a favourable currency exchange rate as well as pay-off from an earlier investment in the Nairobi factory which earned the company a total of KES 4.8bn from export of semi-processed tobacco.

“Revenue growth of KES 6.6bn benefited significantly from the cumulative investment in the Nairobi factory and the exchange rate benefit on export revenues,” read a statement signed by the company secretary. Last year, the shilling depreciated heavily against the dollar to a historic low of KES 107 in October a move that worked well for exporters whose earnings increased.

During the period under review, BAT’s total domestic and export volumes grew by 14% as compared to the previous year as a result of high contract manufacture volumes. In the last financial year, the company also reduced its finance costs from KES 217m to KES 178m which led to a 59% rise in operating profits. As a result from the growth in earnings, BAT has declared a dividend of KES 30.50 per share up from KES 17.50 that was declared during a similar period last year. *(Nation)*

Higher electricity sales pushed Kenya Power's half-year pre-tax profits up by 11% to KES 3.4bn compared to KES 3bn recorded the previous year, though increasing costs affected its earnings. The company saw sales grow from KES 20.62bn the previous period to KES 22.072bn. However fuel cost increased by 149% from KES 9.5bn to KES 23.8bn owing to increased fuel consumption in thermal plants and rise in fuel cost.

Kenya Power managing director,Joseph Njoroge,said the company's transmission and distribution expenditure rose by 14per cent to KES 8.8bn due to higher maintenance costs of the installations and facilities and depreciation . The utility company is counting on increased power demand to see higher profitability in future. Researchers at Kestrel Capital said they expected full-year 2012 revenues to be KES 45.9bn Kenyan shillings (USD 554m), up from KES 42.5bn helped by an increase in customers.

Last year it is estimated the customer numbers grew by 20% to 1.8m boosting the demand for power by 7.9%. "We expect profitability to grow at a 3-year compound annual growth rate of 10% taking into account medium-term operational efficiencies, growing demand levels and expansion in generation capacity," Kestrel said. Njoroge said improvement of the quality of electricity supply and increasing electricity access will remain as the Company’s priority areas of focus. During the period under review, Kenya Power invested KES 7.9bn in power supply projects with KES 9.6 apportioned for the remaining part of the year.

Kestrel Capital maintained a 'long-term buy' rating on Kenya Power and put a fair value of KES 22 on the power supplier's shares. Kenya Power shares were closed at KES 17 at the end of last week But Standard Investment said “With the utility posting lower than expected figures (+2.9% y/y in PAT) the price is likely to come under pressure in the coming week. *(The Star)*

Kenya's main electricity producer KenGen said on Tuesday half-year profits rose 33% on the back of improved rainfall following a drought the previous year, and forecast good performance for the rest of 2012. The company, which relies largely on hydro power generation, said improved rains would help it reduce over-reliance on the more costly thermal power it had resorted to during the dry spell, pushing its costs higher.

Kengen said first half pretax profits rose by 33% to KES 1.7bn (USD 20.56m) in the period to December after electricity sales rose faster than its operational costs, largely driven by better rains and new power projects. "The above average rains have improved our reservoir levels and we therefore anticipate normal hydro generation in the next half of the year ending 30 June 2012," Eddy Njoroge, KenGen's managing director said in a statement.

Electricity revenues increased by 13% to KES 7.2bn attributed to the new power plants, while operating expenses rose 11% to KES 5.5bn, he said. KenGen said the firm would generate an additional 21MW this year and 32 MW by 2013, which would translate to improved sales. The company generates a total of 1,414 MW from a mix of thermal, renewable energy and existing hydropower dams, while Kenya's electricity consumption stands at 1,200 MW.

"These are good results. The beautiful thing is that they have been going big on geothermal," said Johnson Nderi, head of research Suntra Investment. KenGen said it would not pay an interim dividend, which analysts said was a result of the company 's increased capital spend to fund future power projects. KenGen's share price dropped by 1.3% to 7.40 shillings on Tuesday. The results were released after the stock market closed.

Analysts have said KenGen's ability to generate additional power this year would determine the full year performance of Kenya's sole electricity distributor, Kenya Power, which posted an 11% rise in first-half pretax profit to 3.4bn last Friday. The east African nation, which relies on hydro power for the lion's share of its power supply, has embarked on cash-intensive alternative power generation projects like geothermal, becoming the first African nation to tap the vast potential of steam energy.

KenGen is looking to raise USD 12bn through different financing models to build six geothermal power plants that should generate 585MWs by 2016, in a bid to diversify from weather-dependent hydro generation. *(Reuters)*

Bharti Airtel is going back to the drawing board to chart a new strategy for the African market, following what it termed as an unexpected and surprising response to its low-cost model from the continent. The Indian telecom company told participants at the Mobile World Congress 2012 in Barcelona, Spain, that it was surprised to find that the African market did not increase its talk-time, which was critical to supporting its low-cost model.

“Unlike India, we were surprised that in Africa, lower tariffs could not increase volumes. In Africa, subscribers use the money saved on lower-calling rates to buy food and not to talk more. This means that we have to think of a new model that works there,” the firm’s chairman and MD, Mr Sunil Mittal, said.

This vindicates data released by the Communications Commission of Kenya at the height of the price wars, which indicated that low calling rates failed to lift talk-time. The announcement is a signal that the firm could opt out of the low-cost model, which has forced mobile operators across most of the 17 countries it operates in Africa to follow suit. It will also be welcome relief to Safaricom and Telkom Orange, who have described the low-cost model as unsustainable.

The firm, however, said Africa remains critical to its future growth and hoped to transfer experiences and success in its business model to the developed markets. Mr Mittal said Africa and other emerging markets need smartphones and tablets to be priced below USD 50 to allow the data evolution that is shaping up to turn into real growth. “My suggestion is that countries can give a huge tender to a single phone maker to deliver the smartphones as long as they are below USD 50,” he said. *(Nation)*

Kenya's largest fuel marketer by sales, KenolKobil, shrugged off mounting foreign exchange losses to post a 74% jump in full-year profit, and said on Tuesday it would grow its operations in the east African region. KenolKobil attributed the 2011 growth in pretax profits to KES 4.9bn (USD 59.25m) to a 119% jump in net sales to KES 222bn, offsetting an increase in foreign exchange losses in its regional units.

"A big part of the growth is because of their aggressive marketing strategy and reduction of operating costs," said Robert Munuku, an analyst at Drummond Investment Bank. "The results are good and we could see its share price up 10-15% in tomorrow's trade." KenolKobil said it would pay a total dividend of KES 1.00 per share, up from KES 0.52 in 2010.

The results were released after the stock market closed. KenolKobil's share price rose 2.7% on Tuesday to KES 11.55. KenolKobil, which also has operations in Rwanda, Ethiopia, Tanzania and Zambia, said it would grow its footprint in the region. "Management will continue to focus on positioning the group strongly in downstream and midstream in all markets it operates in and in the new markets through organic growth and acquisitions," Jacob Segman, KenolKobil's chairman and group managing director said in a statement.

The currencies in the three east African countries of Kenya, Uganda and Tanzania depreciated through a series of record lows mainly due to high import bills occasioned by rising crude prices on the global market. The prices of the company's fuel products rose sharply, putting upward pressure on fuel costs, which contributed to a sharp rise on the inflation rate, which hit double digits.

The fuel firm said its finance costs went up by KES 982m, driven by a rise in foreign exchange losses of KES 582m due to weakening local currencies. "There was an increase in exchange losses in 2011 ... mainly arising from fluctuation of local currencies in most countries of operation," Segman said. Its earnings per share rose to KES 2.22 in 2011 from KES 1.21 previously. *(Reuters)*

Kenyan lender Diamond Trust Bank on Thursday posted a 24% rise in full-year pretax profit and said it planned to offer a rights issue this year to finance expansion. The bank, which also operates in Tanzania, Uganda and Burundi, said profit for the year rose to KES 4.3bn (USD 51.7m) aided by a 37% growth in its loan book to KES 71bn.

Shares in the mid-tier bank fell 0.5% to KES 92.00 after investors sold the stock on concerns that the rights issue would dampen the price. "The loan book growth for such a small bank looks quite impressive and that boosted their earnings," said Mwenda Rarama, an analyst at Kingdom Securities. "The rights issue comes with a bit of dilution, and investors are reading that negatively."

The bank will offer 24.5m new shares on the basis of one for every eight shares, whose price will be determined at a later date. "The raising of the additional capital through the rights issue is aimed at funding the bank's plans to explore opportunities to further strengthen its current presence in east Africa," said Abdul Samji, the bank's chairman, in a statement.

Samji said the bank, which successfully raised funds through rights issues in 2006 and 2007, was looking to explore other markets in the region over the medium term. Diamond Trust Bank's net interest income rose to 6.7bn shillings from 4.8bn shillings. *(Reuters)*

The total dividend for the year increased by 27.5% to KES 1.70 per share. Kenyan flour miller Unga Group Ltd on Thursday posted a 7% drop in first-half pretax profit to KES 344.3m (USD 4.1m) due to the high cost of grain. The miller said maize margins were weak due to grain costs, volume losses and an inability to pass these costs on to its customers. It forecast a better outlook for the rest of the year though it said currency exposures remained a threat.

Wheat and animal nutrition margins fell compared with the same period a year before, after consumers and farmers with reduced purchasing power opted for cheaper alternative products. Turnover rose by 34% to KES 8.42bn for the six months to December from the same period a year ago, but operating profit dipped to KES 213.8m from KES 356.5m, the company said in a statement.

"Maize margins remained weak in the first half of the year due to high grain costs, related volume losses and inability to pass the costs on," it said. "New product launches and marketing programs will support business development in the second half of the year." Earnings per share rose marginally to KES 1.97 from KES 1.94. The firm's directors did not recommend payment of an interim dividend. Shares in Unga were unchanged from Wednesday's close at KES 9.05. *(Reuters)*

Kenya Power plans to raise KES 20bn (USD 241.7m) to convert overhead power lines into underground cables in the country's three major cities by 2016, its chief executive officer said on Wednesday. Kenya Power, 50% state-owned, is the sole transmission and distribution utility in east Africa's largest economy, where blackouts are common due to generation shortfalls and an ageing grid.

The underground project is set to begin next year, and will convert a total of 2,215 km of power lines in the capital Nairobi, Mombasa and Kisumu, Joseph Njoroge, the chief executive officer of the power firm, said in a statement. Njoroge said his company was considering a proposal by the Chinese company, China National Machinery Equipment Import and Export Corporation (CMEC), an international engineering contractor, to carry out underground cabling in Nairobi.

The removal of the overhead network will start in the capital, which is the most affected by frequent blackouts, some of which are a result of motorists knocking down electric poles. Kenya Power said the bulk of the money would be raised internally, with the balance funded from soft loans and grants from companies such as CMEC. "Most of it, (about 70%) will come from internal resources and about 30% will come from external sources,"

Noah Omondi, the firm's operations and maintenance manager told Reuters. Kenya Power said on Friday first-half profits were up 11% to KES 3.4bn, after electricity sales rose. The firm plans to spend KES 9.6bn in the next six months to shore up the fragile national grid. Kenya's peak demand stands at 1,200 megawatts (MW), while the country's main producer, Kenya Electricity Generating Company generates 1,141 MW. The rest is generated by independent power producers which mostly rely renewable energy such as wind power. *(Reuters)*

Western Union has entered into a partnership with Ericsson to roll out mobile-to-mobile money transfer services in order to boost transaction volumes in Africa. The alliance announced at the Mobile World Congress 2012 in Barcelona, Spain, promises to intensify competition in the now-crowded remittances and mobile to mobile money transfer services market.

“We can only reduce our unit cost by increasing volumes and number of transactions. We believe that this partnership should allow us to do this,” Diane Scott, chief marketing officer and President at Western Union Ventures told the Nation in an interview on the sidelines of the conference. This comes at a time when Western Union’s dominance on money transfer services has come under increasing attack from mobile operators the world over, who are turning to mobile money transfers as a value-added service.

Western Union already has a partnership agreement with Safaricom’s M-Pesa, which allows Kenyans in more than 45 countries to send money through the service. The new partnership will put the firm in direct competition with Safaricom’s M-Pesa and Airtel’s Zap. According to Ericsson, the partnership enables other mobile network operators using its infrastructure to include Western Union Mobile Money Transfers in the service suite of their phones.

“Our ambition is to accelerate access and interconnection between the m-commerce eco-system and the existing financial world. Through this agreement with Western Union, we are helping mobile network operators and financial institutions get closer to their customers with differentiated wallet services that connect and add value to their consumers,” Ericsson’s president and CEO Hans Vestberg told journalists at the mobile congress on Wednesday.

The event has attracted over 60,000 participants, among them, about 3,000 captains of the telecommunications industry from across the globe, who are using it to give a sneak peek into the future of communication. *(Reuters)*

Kenya Commercial Bank, the country's largest bank by assets, said its full-year profit jumped 54%, boosted by a rise in fees and commissions and a strong performance at its branches elsewhere in east Africa. The bank, which has operations in Tanzania, Rwanda, Uganda and South Sudan, said on Thursday all its regional subsidiaries turned a profit, and it would expand further by launching a new unit in Burundi next month, which would break even in two years.

The bank forecast good results this year after navigating what it said was a difficult 2011 marred by steep inflation, a plunge by the local currency and the financial crisis in Europe. "We will weather the storm in 2012 and deliver good results," Chief Executive Martin Oduor-Otieno told an investor briefing. Pretax profit for 2011 surged to KES 15.1bn (USD 181.7m), the bank said in a statement. "They survived last year, which was probably the most difficult for any bank. They have shown they have resilience. I think this year will be better," Aly Khan Satchu, an independent analyst said.

"I am more interested to see them get into eastern Congo ... and Rwanda and Burundi puts them on that border," Satchu said, adding the bank could benefit from the rising cross border trade between that country and the east African community. Oduor-Otieno said he was concerned over double digit inflation, at 16.7% in February, high interest rates, with the benchmark lending rate at 18%, and the impact of a general election which must be held by March 2013.

The bank also attributed its profit growth to a two-year-old internal restructuring drive to cut costs and improve service. Oduor-Otieno said a debate on capping lending rates in east Africa's biggest economy required wider consultation. "Everybody is feeling the pinch, but the solution, in our view, requires a much broader discussion and engagement beyond what is proposed," he said. Aggressive monetary tightening to curb inflation and prop up the local currency has seen banks raise lending rates to about 25% from 15% since October, and lawmakers are pushing a new law to cap the rates.

KCB said total income rose 25% to KES 37bn, against total operating expenses that rose 16% to KES 24bn. The bank said earnings per share reached KES 3.72 from KES 2.76 previously, and that it would pay a total dividend of KES 1.85, up from KES 1.25 in the previous year. Its shares were unchanged from their previous day's close of KES 20.50 shillings, after climbing in recent weeks.

The share price rallied 8% in February as investors scrambled to buy ahead of the full-year results, following rosy earnings in the sector. "We are likely to see KCB shares rally in tomorrow's (Friday's) session," said Mwenda Rarama, an analyst at Kingdom Securities. *(Reuters)*

M-Pesa charges for sending money have been increased, but users will now be able to send as little as KES 10. Large transaction users will pay more. Transfer fees for amounts higher than KES 5,000 have all increased, for instance, transferring KES 10,000 will now cost KES 50 up from KES 30. Withdrawal fees for the same amount are KES 100 up from KES 75. Sending KES 70,000, the maximum limit on the mobile money service will now be KES 100 while withdrawal will be KES 300. Previously, sending was KES 60.

In what the company says is a move to stop penalising small transaction users, those sending between KES 101 to KES 500 will be charged KES 25, down from KES 30. Fees for KES 50 to KES 100 has been reduced to KES 5 from KES 10. “We do not want to penalise wananchi for transacting less,” a statement from the company read. An additional 11 new transaction bands have been introduced.

The firm hopes the decision to lower minimum transaction fees will bring more people into the mobile money network, while encouraging low value airtime purchases. This review is the first of its kind since M-Pesa was launched in 2007. It comes three weeks after Vodacom Tanzania slashed M-Pesa charges by 75% citing similar reasons. Data from the Central Bank of Kenya indicates that high-end mobile money users part with a smaller%age of their transaction value than do their low-end counterparts. *(Nation)*

The full effects of last year's management chaos at East African Portland Cement Company became clear on Thursday with the firm announcing a KES 88.1m loss for the half-year ending December 2011. In 2010 it had reported an after tax profit of KES 792m in the same period, which fell by 111% in 2011. Management has blamed increased competition and a reduction in sales for the poor performance.

The firm failed to operate in the last two months of 2011, following boardroom wrangles that turned into full industrial action by workers, paralysing all operations. "The unexpected major plant breakdown in November 2011 and disruptive events of December 2011 led to the reduced growth momentum experienced in the period under review," said the statement signed by company secretary JLG Maonga.

The firm came under the spotlight in November last year, amid allegations of irregularities in its tendering procedures between August and November 2011, when it procured goods worth over KES 1 billon without authority from the Public Procurement Oversight Authority. *(Nation)*

Economic News

Kenya has finalised terms for a USD 600m two-year syndicated international loan that the government says will be used for financing infrastructure, and the deal is expected to be signed in two weeks, a senior Treasury official said on Monday. The east African nation moved to borrow internationally late last year after yields on government securities soared to highs of 20% in December from as low as 2% in January, making it costly to borrow domestically.

It announced in December that it was opting to tap the syndicated loan market, which will carry a floating fixed rate of interest, in place of a planned Eurobond. "We already have agreed now on the final terms of the syndicated loan. In the next two weeks we should be able to sign," Joseph Kinyua, the permanent secretary at the Treasury, told Reuters in an interview in Arusha, northern Tanzania.

"We are borrowing from outside the country to get foreign exchange," he said on the sidelines of a meeting of the five-nation East African Community (EAC) regional bloc that his country is key member. The loan is expected to substitute nearly half of its planned local borrowing of KES 119bn (USD 1.42bn) this fiscal year with a foreign loan. The governments' borrowing initiatives also suffered seriously due to tight liquidity in the market after the central bank adopted an aggressive tightening monetary stance to stem high inflation and volatility in the exchange rate.

Kinyua said the loan arrangers, which include Citibank London, Standard Chartered Bank and South Africa's Standard Bank, were working on a phased issue framework and timeline for disbursement of the loan. Revenue collection for the first half of the 2011/12 (July-June) fiscal year stood at KES 338.3bn (USD 4.07bn), a shortfall of KES 35bn, a quarterly report prepared by the ministry showed. Last month, tax collector Kenya Revenue Authority said it expected high inflation to also hurt third quarter collections.

"We still believe it is going to be difficult to catch up and hit the target as had been envisaged from the beginning of the financial year," Kinyua said. "We expect to be short by almost KES 10bn (USD 120.9m) by the conclusion (of the fiscal year)." Kinyua said the Ministry of Finance planned to take a supplementary budget request to parliament soon to request for an additional KES 10bn to meet the shortfall. "We are following that the supplementary budget that we are going to take to parliament. The extra we will be seeking will not be more than KES 10bn," Kinyua said.

He was speaking at a meeting called by the EAC regional bloc and the International Monetary Fund meant to hasten the integration of the bloc, comprising regional economic giant Kenya, Rwanda, Burundi, Tanzania and Uganda. Newly-independent South Sudan has applied to join the bloc. *(Reuters)*

Kenya's year-on-year inflation rate slowed to a lower-than-expected 16.69% in February as food and transport costs dropped, boosting hopes the central bank will soon start easing its tight monetary policy. The consumer price index dropped 0.04% in the month thanks to a 0.30% fall in the price of food and non-alcoholic drinks while transport costs fell 0.91%, reflecting a cut in fuel costs during the month. The consensus forecast in a Reuters poll of analysts was for inflation to slow to 17.48% from 18.31% in January.

The inflation rate in east Africa's biggest economy is now the lowest since August 2011, when it stood at 16.67%, and off last year's peak of 19.72% hit in November. "The central bank can now kick back a little and say that the 2011 shock therapy increases are finally getting real traction. The central bank's finger is surely on the 'easing' trigger," independent analyst Aly Khan Satchu said.

"The central bank was resolutely behind the curve, then embarked on catch up and now finally their nose is ahead of the curve," he said. "Politically, the central bank needs to throw the real economy a bone." The Central Bank of Kenya was widely criticised for reacting late when inflation surged into double digits in 2011 and the shilling slumped to record low of 107 against the dollar.

In response to the rise in inflation and sliding currency, the central bank ramped up its key lending rate from 6.25% at the start of September to 18% by Dec. 1. The bank's policy setting committee held the Central Bank Rate steady at 18% at its January and February meetings and will gather next on March 6 to consider any changes to monetary policy.

While the bank has said it is waiting for the full impact of its rate rises in 2011 to feed through to the economy, the larger-than-expected drop in headline inflation may allow it to signal the start of an easing cycle this month. "Inflation seems to have come off faster, most likely due to favourable base effects, but essentially a reduction in food and energy inflation makes March and April projections considerably better," said Alex Muiruri, fixed income analyst at African Alliance.

While transport costs fell 0.91% during the month, the year-on-year rate of inflation for the sector slumped to 15.89% from 22.42% in January. The food inflation rate dropped to 22.05% 24.58% a month earlier. "There's an impressive correction in headline inflation this year but core inflation should continue to rise as illustrated by the increase in restaurant index," Muiruri said.

Prices at restaurants and hotels posted a 1.20% rise in February from a month earlier, pushing the year-on-year rate of inflation for the sector to 20.38% from 19.95%. *(Reuters)*

Kenya's 2012 sugar production is forecast to rise 13% to a potential record high buoyed by expected good weather and bigger factory crushing capacity, the industry regulator said. The east African nation of 39m people has an annual sugar deficit of around 200,000 tonnes, which is usually filled by imports from other producers in the region.

Kenya is struggling to boost output due to relatively high production costs and poorly funded sugar factories. The Kenya Sugar Board (KSB) said Kenya would produce about 552,000 tonnes of sugar, up from last year's 487,022 tonnes, also due to better crop husbandry. In its record year in 2009, Kenya produced 548,207 tonnes of sugar thanks largely to better weather.

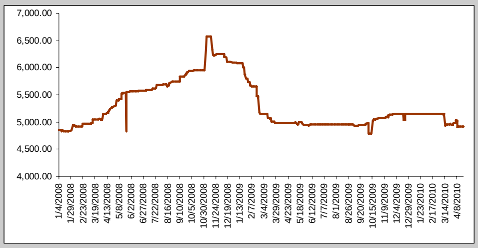
The regulator projects demand for the sweetener would grow to 794,844 tonnes this year from 776,000 tonnes last year. "The projection is made against a backdrop of increased crushing capacity in the sugar industry despite the challenges of cane shortage experienced in 2011," Rosemary Mkok, managing director of KSB said in emailed response to Reuters.

"With anticipated good rains and increased cane development, we expect 2012 to be a better year for cane production." Kenya plans to privatise five sugar factories to cut inefficiency and boost competitiveness ahead of the end of trade safeguards in March 2012, which limit imports from the Common Market for Eastern and Southern Africa (COMESA) trade bloc.

Kenya currently has an installed factory crushing capacity of 30,109 tonnes of cane per day, but expects an additional 3,000 tonnes to be added when a factory being constructed near the port city of Mombasa commences operations in April 2013. Experts blame high costs of production for making the Kenyan sugar industry uncompetitive. The regulator estimated the cost of producing a tonne of sugar at about USD 570 in western Kenya compared with USD 240-USD 290 in rival producers such as Egypt. *(Reuters)*

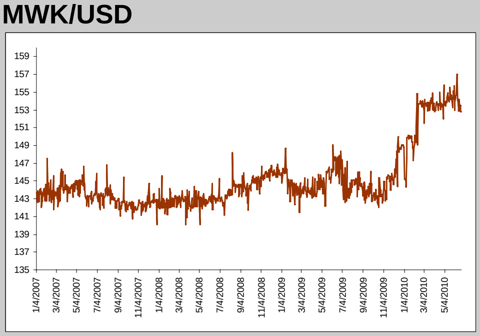
Malawi

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; FMB, BHL, TNM, Illovo, NBS, MPICO, Standard Bank and OML, generating MWK 8.45m (USD 50,487.11) in market turnover.

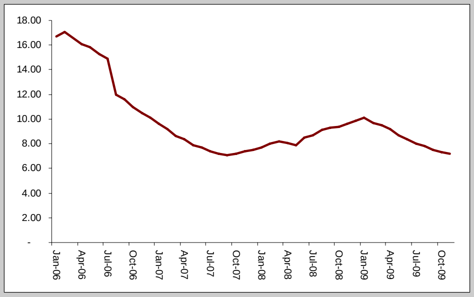
Corporate News

No Corporate News this week

Economic News

No Economic news this week

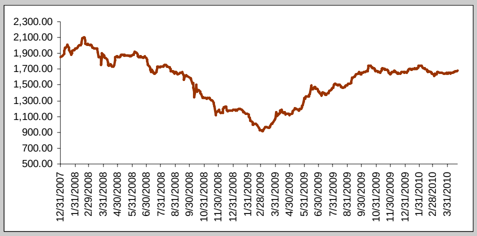
CPI Inflation



Source: SAR

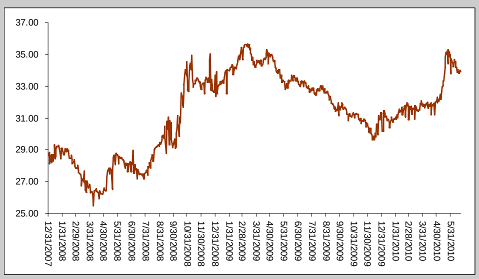
Mauritius

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 -1.16% to close at 1,779.89 points while the SEM 7 lost -1.52% to close the week at 33.62 points. Omnicare led the movers, gaining +3.6% to close the week at MUR 72.00, followed by PBL, up 2.0% to MUR 204 and MCL (+1.4%). Go life led the losers after shedding -20% to MUR 0.08 while Lux Island resorts lost -8.5% to MUR 20.40 and MSM shed -8.4%.

Corporate News

No Corporate News this week

Economic News

Mauritius' trade deficit widened 35.9% to MUR 8.1bn in December from a year earlier, due to lower revenues from exports, official data showed on Friday. Export earnings fell 13.6% to MUR 6.4bn, on the back of a drop in revenues from sales of food and live animals, Statistics Mauritius said in a statement. The value of food and animal exports decreased 20.9% to 1.9bn from 2.4bn rupees a year ago, the statistics office added.

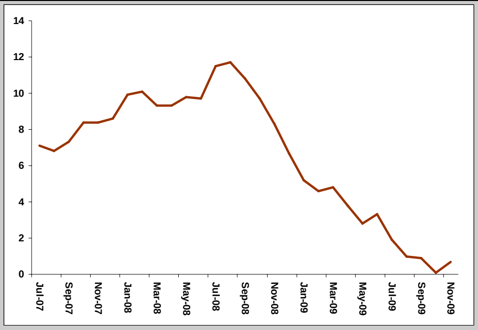
At the same time, imports climbed 8.6% to MUR 14.53bn, driven by the value of mineral fuels and lubricants, which jumped to MUR 3.4bn from 2.9bn a year earlier. Britain was the main buyer of goods from Mauritius in December, accounting for 18.5% of its exports, while India supplied 26.5% of the island nation's imports *(Reuters)*

Mauritius cut its 2012 tourist arrivals forecast on Tuesday to 980,000 from an earlier estimate of 1,010,000, as it factored in the impact of the global economic crisis on key markets such as the euro zone. Tourism typically generates about 10% of gross domestic product for the Indian Ocean island's USD 10bn economy.

Statistics Mauritius said in spite of the downward revision, tourist arrivals were still expected to increase by 1.6% this year from 964,642 a year ago. Statistics Mauritius said the average room occupancy rate for all hotels in 2011 was 65%, the same as in 2010.

The Indian Ocean island nation is seeking to tap new markets, especially in Asia, as its traditional markets in Europe have been hit by the economic slowdown. Finance Minister Xavier Duval said in his 2012 budget speech that more funds would be made available for an international marketing campaign. *(Reuters)*

Mauritius' trade deficit widened 10.5% in 2011 as the rising value of imports outpaced export growth and the shortfall is expected to grow



Source: SAR

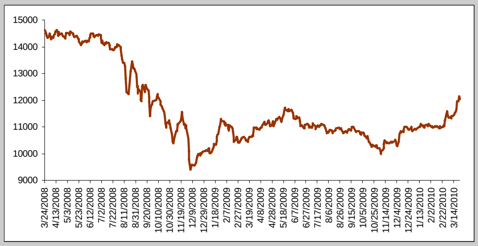
further this year, Statistics Mauritius said on Tuesday. Total exports from the Indian Ocean island came to MUR 75.92bn (USD 2.6bn), up 9.2% from 2010, while imports rose 9.8% to 148.08bn rupees.

"This resulted in a trade deficit of MUR 72.165bn, higher than the 2010 figure of MUR 65.332bn," Statistics Mauritius said in a statement. The island's economy grew by 4.1% in 2011. The rise in the value of imports was driven by a 24.6% increase in mineral fuels and lubricants and a 10.1% increase in manufactured goods. Exports of manufactured articles, mostly clothing and accessories, rose 6.3% to MUR 31.28bn. Sugar exports rose 11.3% while exports of food and live animals fell 0.1%.

Britain was the leading buyer of goods from Mauritius in 2011 accounting for 21.3% of exports while India was the main supplier with a 23.4% share of imports. "Based on past trends, total exports for the year 2012 are expected to be of the order of MUR 80bn against MUR 172bn for imports. The trade deficit would be around MUR 92bn," Statistics Mauritius said. *(Reuters)*

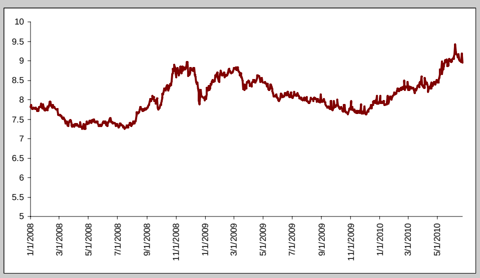
Morocco

Casablanca Stock Exchange



Source: Reuters

MAD/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

CPI Inflation

Stock Exchange News

The MAS lost -0.06% to close the week at 11,413.82 points. Gains were recorded in Fertima (+11.61%) to MAD 148.00, CDM (+5.61%) and Balima (+5.45%). On the losing front we had Acred down -10.65% to MAD 365, Diac Salaf which shed -9.15% to MAD 68 and Med Paper (-6.33%).

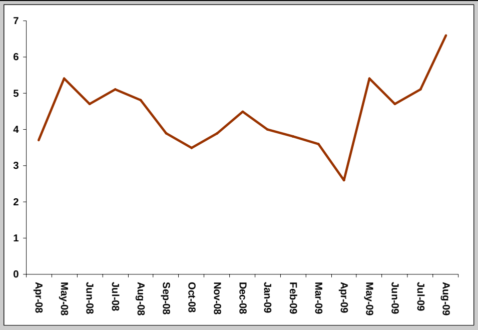
Corporate News

No Corporate News this week

Economic News

The Moroccan government extended the suspension of import duties on soft wheat until the end of April and on durum wheat until the end of May, a spokesman for the country's customs authority said on Friday. The decree was adopted at a government council meeting on Thursday.

"Under the government's decree, we will continue to exempt soft wheat imports from custom duties until the end of April and on durm wheat imports until end-May to ensure adequate supplies for the domestic market," the spokesperson told Reuters by telephone. *(Reuters)*



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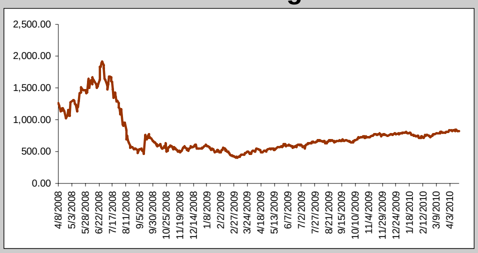
Source: SAR

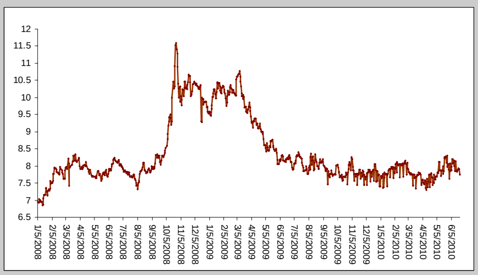
Namibia

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 lost -0.87% to close at 915 points. On the NSX local and DevX, FSY was the top mover after adding +25.30% to NAD 1.04 while DYL and FNB added +8.33% and +1.68% to NAD 0.13 and NAD 14.50 respectively. XEM led the losers after shedding -16.67% to NAD 0.05 followed by MMS, down -6.90% to NAD 0.27 and BMN (-4.35%).

Corporate News

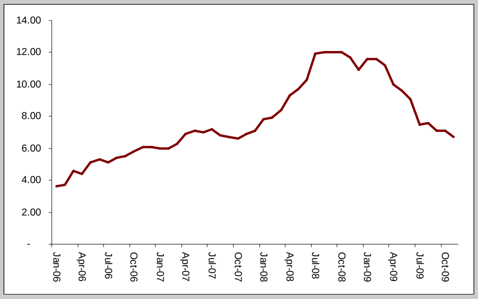
The Australian developers of a USD 135m low grade uranium project in Namibia have won the key environmental approval which is part of its mining licence application. Addressing the Paydirt 2012 Uranium Conference in Adelaide, Australia on Tuesday, Deep Yellow Managing Director Greg Cochran, said the award of the environmental clearance for the TRS project (Tubas Red Sand) consists primarily of low grade secondary uranium mineralisation (carnotite) in well-sorted aeolian (windblown) sand which occurs immediately south of the Tubas palaeochannel from the Namibian Ministry of Environment and Tourism meant the short development timeframes for the project could be achieved.

"TRS continues to emerge as a stand-alone project despite its size and low grade and with the momentum now able to be put behind the mining application, Deep Yellow should be in a position to make a development decision by mid next year," Cochran said. A wind-blown, mainly carnotite-containing red sand deposit of around 150 parts perm - a limit generally regarded as uneconomic - TRS has attracted considerable sector interest globally as a new physical beneficiation technology developed in Germany has proved through successful pilot test work that the mineralisation can be economic by producing a high grade uranium rich concentrate paste amenable to acid or alkali leaching, the company noted.

"Our objective is to apply this new physical beneficiation process to concentrate TRS's maximum amount of uranium through the minimum volume to deliver overall enhanced project economics," Cochran said. "The test work has delivered uranium recovery rates in excess of 80% and a uranium upgrade factor of nearly eight times," he said. This has allowed the TRS deposit's resource to be upgraded to 87m tonnes @ 148 ppm at 70 ppm cutoff for 28.4m pound U3O8 - and that is sufficient critical mass to enable the TRS project to emerge now as a standalone project.

"We will now focus on developing a mid-sized project, likely around 500 tonne per annum, with the Schauenburg MAB plant and resin-in-leach circuit on site to produce high value loaded resin for sale to one of the two existing Namibian uranium producers." The project's prefeasibility study is due for completion by

CPI Inflation



Source: SAR

year's end with definitive feasibility study and financing agreements locked in by the opening half of next year.

Deep Yellow is an ASX-listed advanced-stage uranium exploration company operating in Namibia and in Australia. It also has a listing on the Namibian Stock Exchange. Its primary focus is in Namibia, where exploration is conducted by its wholly-owned subsidiary Reptile Uranium Namibia. *(Business Live)*

Business confidence in Namibia edged lower in January, with investment remaining subdued while exports decline, a survey showed on Thursday. The Business Climate Index, which incorporates 13 broad economic indicators, dropped 3.5 points to 119.5 in the first month of the year, the Institute for Public Policy Research (IPPR) which compiles it said.

The investment index fell by 12.5 points as businesses bought fewer vehicles while new company registrations and new building plans slumped. The debt crisis in the euro zone hit exports to Europe, pulling the export index down 2.7 points. But domestic consumer sentiment was upbeat in January, with the consumption index rising 2.6 points.

"Consumer credit was up 2% month-on-month as consumers' appetite for overdrafts, credit cards and vehicle and asset finance increased," the IPPR noted. Namibia, which relies heavily on mining and is a major uranium producer, expects sluggish growth of 4.4% in 2012, gradually picking up to 4.9% by 2014, Finance Minister Saara Kuugongelwa-Amadhila said in her budget speech on Tuesday. *(Reuters)*

Economic News

Namibia forecast a sharply narrower budget deficit for 2012/13 after huge spending over-runs in the current financial year, but growth may be sluggish, Finance Minister Saara Kuugongelwa-Amadhila said on Tuesday. Outlining her latest budget, Kuugongelwa-Amadhila forecast a spending gap of 4.4% of gross domestic product for 2012/13 after the government posted an 11.2% shortfall this year as spending on job creation strained its finances.

Namibia, one of the world's largest diamond producers and a major source of uranium, plans to introduce an export tax on natural resources later this year, which may plug some of the shortfall. Foreign firms are also exploring the southern Africa country for gold, lead, zinc and iron ore. Government spending on a job creation and an economic stimulus programme last year overstretched the budget but the shortfall should decline gradually decline as economic growth picks up over the next three years, Kuugongelwa-Amadhila said.

"Clearly the expansion did not only commit all available fiscal space, but virtually also placed fiscal targets on their upper limits beyond which fiscal sustainability becomes a concern," she said. Kuugongelwa-Amadhila had previously forecast a 2011/12 deficit of 9.8% of GDP and 5.2% shortfall for 2012/13. Economic growth should come in at 4.4% in 2011 compared to 6.6% in 2010, then gradually pick up to reach 4.9% by 2014, she said.

Economists polled by Reuters expect 4.5% growth in 2012 Namibia, with the uncertain global environment and mining production keeping expansion in check.

Namibia issued a debut USD 500m Eurobond in October, with a coupon on 5.5%. The 10-year bond has gone down well with investors keen for frontier market debt. It was trading at 5.07% on Tuesday. *(Reuters)*

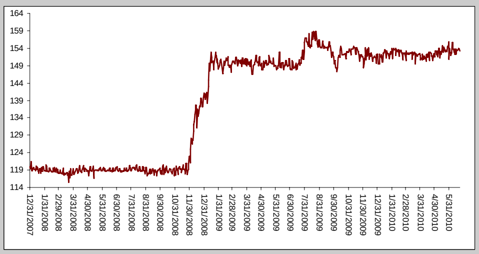
Securities Africa

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 +0.47% to close at 20.592.01 points. UBA gained +25.21% to close at NGN 2.98 while Livestock Feeds was up +21.65% to close at NGN 1.18. Other notable gains were recorded in Oando (+21.48%), Cutix (+19.70%) and Fidson (+12.99%). On the losing front we had Union Bank (-14.15%), GT Assure (-13.04%) and GlaxoSmithkline (-9.14%).

Corporate News

The Chief Executive Officer (CEO) of Etisalat Nigeria, Mr Steven Evans, says the company's subscriber base increased by fourm in 2011. Evans, in a statement on Saturday, in Lagos, said: "Our business increased from a subscriber base of about 6.8m at the beginning of the year, to a closing figure of 10.8m subscribers at the end of December, 2011," Evans said.

He said this was made possible by the fact that the company was surrounded by the best business partners any young but fast growing business could hope for. "None of these would have happened without the hard work, enterprise and good business acumen of you, our valued partners," he added. He commended the company's partners for helping to ensure Pan-Nigeria distribution and penetration of Etisalat's products and services.

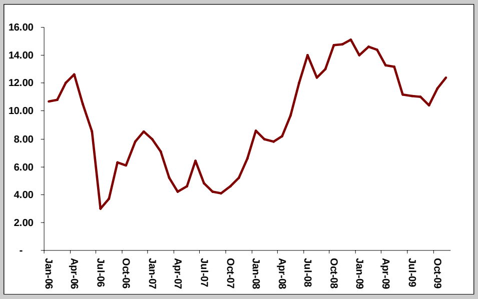
"Our products are available in every nook and cranny of Nigeria today, thanks to the commitment you continue to show," he said. The CEO recalled the 'Etisalat Heroes Awards' on Wednesday, and described 2011 as a very eventful and fruitful year for the Etisalat brand. *(iAll Africa)*

The shareholders of one of Nigeria's deepwater mega oil fields, Usan field, Total, ExxonMobil, Chevron and Nexen are celebrating the first oil from the field, which is expected to produce 180,000 barrels of oil per day. Discovered in 2002, the Usan field is located in Oil Mining Lease (OML) 138 in water depths of between 750 and 800 metres, and approximately 62 miles about 100 km off Nigerian coast, south east of Port Harcourt, Rivers State.

Total Exploration and Production (E&P) Nigeria Limited holds 20% interest in the asset and is the operator of the filed, Esso Exploration and Production Nigeria (Offshore East) Limited, a subsidiary of ExxonMobil holds 30% interest, Chevron Nigeria Limited holds 30% interest and Nexen Petroleum Nigeria Limited holds 20% interest.

Commenting on the development, Chevron's Vice-Chairman, George Kirkland, said: "Usan represents an important milestone in progressing Chevrons queue of major capital projects. The project demonstrates our growth in West Africa, which is a leading global resource basin."Usan is Chevron's second deepwater project in Nigeria after Agbami, which achieved first oil in 2008, and is currently

CPI Inflation



Source: SAR

producing approximately 240,000 barrels of crude oil per day. Chevron holds a 67.3% interest in it and is the operator of the Agbami project.

Commenting, the President, ExxonMobil Development Company, Neil Duffin, said: "This project represents another major achievement of the industry and Nigerians working together to develop the country's resources. Usan is providing significant benefits including revenues, employment and opportunities for local suppliers."ExxonMobil is active in both shallow water shelf and deepwater acreage offshore Nigeria. In the deepwater ExxonMobil has interests in seven blocks, operates the producing Erha and Erha North fields and also produces from the co-venturer operated Bonga field.

The floating production, storage and offloading (FPSO) vessel that would produce the Usan field arrived on site on the July 31, 2011 after three months of being towed from Ulsan, South Korea. The FPSO is planned for the production of first oil from the field in January but the first came on Friday. The Usan project is a showpiece of Nigerian Content development with more than 11m man-hours of engineering, fabrication, assembly and offshore integration of equipment being performed in Nigeria.

Managing Director of Total Upstream Companies in Nigeria, Mr Guy Maurice, had said that barring unforeseen circumstances, Total and its partners will in January 2012, pump the first oil from the Usan field. The oil field will be producing 180,000 barrels of oil per day (bpd) for 25 years while associated gas from the field would be reinjected. Usan project is designed to attain first oil within four years from the date drilling began on the field and is planned to take a USD 2bn investment annually, which supposed to be a total of USD 8bn.

Although the field was discovered in February 2002, actual drilling began in June 2009 from where the company set a period of four years to achieve first oil. The project, according to Total, would have numerous economic gains including increased revenues and reserves base for the shareholders and the government. Usan is Total's second deepwater development in Nigeria after Akpo, which began production in March, 2009.

Maurice said: "The Usan project is a production sharing contract (PSC) with the Nigerian National Petroleum Corporation (NNPC) as concessionaire. The field will come on stream in 2012, and will produce 180,000 barrels of oil equivalent per day at peak production and expected to produce for 25 years. Very much like Akpo, which was delivered on schedule and within budget, Usan will be delivered within budget and on schedule. *(Nation)*

Diamond bank at the weekend introduced a private banking proposition known as Diamond Privilege. According to the Head, Corporate Communications of the Bank, Ms. Akpo Daniyan, the new banking proposition is designed to cater for the diverse needs of the rich segment of the population.

"Diamond Bank prides itself with continually seeking ways of providing quality services to all our customers in all segments of the market and this new proposition, specially designed for our affluent customers, is just one more way to ensure that they have the very best," she said.

Daniyan said in addition to traditional banking services, the Diamond Privilege proposition offers an investment advisory services ranging from financial planning to global financial and investment advisory services; wealth management; and other lifestyle benefits like a special Visa credit card embedded with a certified diamond. *(Daily Trust)*

Nestle has decided to invest some more money into the local unit in Africa in order to increase sales of its leading brands in this country where the population is high. Chief Executive Officer Martin Woolnough said in a Feb. 26 that "We've got a lot of money going into the country and that will be to do with improving capacity on our key brands,"

Since 2003 Nestle SA has invested about USD 446m in Nigerian Unit because of high hopes for its retail market, besides last year they opened also a factory over there. Further plans of new investments are being prepared. To date, Nigeria its second-biggest market in Africa after South Africa, Nestle plans to make its business twice as big as it is currently in three years time.

As Company admited , its annual sales in South Africa comes to about USD 1bn compared with USD 600m in Nigeria. 'The company exported products to other central and west African countries last year, earning about 1.7bn naira", Woolnough said. He also added that "Exports will continue around our region, but this year we'll pick up more towards Angola as well,"

Nestle's net income for 12 months to Dec 31 has increased to 33% as it was posted by the Nigerian Stock Exchange, so it seems to be highly possible that plans for investments in this Unit might be profitable. *(International Supermarket News)*

Airtel Nigeria, a subsidiary of India's leading telecommunications services provider Bharti Airtel, has introduced 3.75 Generation (3G) services across the 36 States of Nigeria in an effort to deepen its network capacity and quality in the oil-rich African country. The company said today it is set to boost customers' experience with high speed mobile broadband and internet access, empowering telecoms consumers to watch live TV, download music, make video calls as well as send and receive emails using enabled devices.

The company said today it is set to boost customers' experience with high speed mobile broadband and internet access. Reuters Speaking at the launch, Airtel Nigeria's Chief Executive Officer and Managing Director, Rajan Swaroop said the telecom firm has yet again raised the bar in its quest to delight Nigerians with more innovative and affordable telecoms offerings.

He said the latest innovation is timely and a direct response to the yearnings of telecommunications consumers across the globe and especially in Nigeria where technological advancement is moving with the speed of light in line with global trends. "Today, we are the only operator with five different channels for data bundle activation and our 3.75G capacity is up to 42 megabytes per seconds," Swaroop said.

He said this is in sync with its commitment to Nigerians on commencement of operation not too long ago, "that we shall provide our customers with mobile telecommunications services that will be innovative, affordable, delightful and impactful regardless of our customers' class, social status or income level. We will continue to live by our commitment to becoming the most loved brand in the daily lives of Nigerians".

Airtel, which crossed 50m customer mark in Africa last November, announced the investment of USD 600m in Nigeria's mobile market alone in 2010 following its take-over of the country's holdings of Kuwaiti-based Zain after closing a USD 10.7bn deal.

The company has also invested in rural telephony and introduced a corporate social responsibility programmes that include setting up of schools that offer free quality education to underprivileged children in rural communities. Recently, it partnered First Bank, one of Nigeria's financial institutions to promote mobile financial transactions in form of seamless mobile money services. *(First Post)*

Indorama Group, the core investor in Eleme Petrochemicals Limited, Rivers State, has concluded arrangements to invest additional NGN 325.5bn (USD 2.1bn) in three new plants at Eleme Petrochemicals for PET, fertilizer and methanol projects within the next three years. The additional investments will complement the about existing USD 575m, which the Group has injected to revive the moribund plants that currently produce various petrochemical products such as polyethylene and polypropylene for exports.

The Minister of Trade and Investment, Mr. Olusegun Aganga made the remarks on the group's new investment plan during his inspection visit of the facilities and operations of the company Monday. A statement from the Ministry of Trade and Investments said that the Indorama Corporation, with headquarters in Indonesia, was founded in 1976 and operates in Singapore, India, Thailand, Egypt, Sri-Lanka and Turkey, among other countries.

The company emerged core investor in the privatization of Eleme Petrochemicals in 2006 with federal Government controlling 15%, Rivers state government 10%, host communities 7.5%, employees 2.5% while the group controls 65% ownership. Speaking, the minister said that the Federal Government would initiate policies and a regime of incentives, which would drive the petrochemicals sector to ensure that Nigeria becomes the hub of the petrochemicals industry in Africa and globally.

"The Indorama Group said they had concluded plans to invest additional USD 2.1bn in three new plants at Eleme Petrochemicals for PET, fertilizer and methanol projects. This is a clear indication that we have the potentials to make Nigeria the hub of petrochemical industry in Africa and then compete with other major global players. "This is because we have the raw materials and the people. The model today is that most of the raw materials used in the petrochemical industry are produced in the Middle East.

The latest Forbes ranking of the wealthiest nations, which was released a few days ago, showed that Qatar has become the richest country in the world, with per capita income of more than USD 88,000. This is based on the growth of their petrochemical industry," he said. He said that with the plans the Indorama Group has on ground, Nigeria will have the second largest petrochemicals facility in Africa, second to South Africa adding that "it won't take long, within the next two to three years, we should have the largest petrochemicals industry in Africa." *(Daily Trust)*

Bharti Airtel Ltd, the Indian-based parent company of Airtel Nigeria, has said it isn't aware of a reported USD 3.1bn damages claim by Econet Wireless Ltd in a dispute over ownership of the India Telco's Nigerian unit. The comments came after Nigerian media cited court documents to report that Econet Wireless has claimed damages from Bharti Airtel after a local court decision in late January.

The court said Bharti's purchase of the Nigeria unit--now called Airtel Nigeria-from Mobile Telecommunications Co. in 2010 was "null and void" because Econet wasn't consulted on the deal. Econet officials couldn't be reached for comment, but media reports cited the company as saying that its five% stake in the unit was unfairly cancelled when Zain took over the Nigerian company in 2005.

It also claimed that any subsequent change in ownership, including Bharti's deal with Zain, should be declared null and void. The court upheld Econet's claim, but Bharti has challenged the order. Bharti said that Econet's comments are "grossly spurious and misleading." Econet Wireless's disputed five% stake in Airtel Nigeria hasn't "been cancelled but has been set aside since 2006, pending final resolution of the ongoing litigation on this matter," said Bharti, India's largest and the world's fifth-largest mobile phone company by subscribers.

"The partial award has also not determined any damages," it said, referring to the January court order, adding that it expects a hearing on its appeal shortly. Nigeria contributes more than a third of Bharti's Africa business subscribers and about 10% to its consolidated profit. *(Nation)*

President of Dangote Group, Aliko Dangote has unveiled plans to expand the newly commissioned Ibese cement plant's capacity from sixm metric tons per annum to 12m metric tons per annum. He also assured Nigerians of the availability of cement in the country, adding that in no time, the supply of cement will surely be more than the demand and that will ultimately result in significant reduction in price of the commodity.

Speaking on Tuesday at the floor of the Nigerian Stock Exchange (NSE) in Lagos, Alhaji Dangote said that the agreements for the expansion of Ibese and Obajana plants had been signed. He disclosed that with the planned commissioning of production line-three of the Obajana Cement plant in Kogi State next month and the extra onem metric tonnes expected from Gboko plant in Benue State, Dangote Cement is set to become the world largest cement producer.

In a statement from the Dangote Group, the Company's President said the above projects will be ready in the next 26 months. Giving a presentation on 'A Pan African Cement Producer,' the entrepreneur explained the logic behind his plan for the spread of his cement project across other African countries especially the sub-Saharan African countries.

He stated that the group's vision in building cement plants across Africa is to diversify risk across geographical boundaries, be the leading cement producer in Africa, the next logical step after achieving domestic dominance, capture demand in the large commercial centers with high population and urbanization growth rates.

"To supply land locked countries which pay a very high price for imported cement. As of now, Dangote Cement is the fastest growing cement company in Africa as it presses on with an impressive expansion drive in spite of the tasking global financial climate," he said. Dangote said that the group was planning to build a 1.5m metric tonnes per annum cement factory in Calabar, adding that with the abundance of gas in the area, it would be easier to produce clinker in Calabar and export the same to Gabon for cement production in the country.

Dangote Cement, he told the stockbrokers aims at becoming a leading international cement producer and being ranked amongst the top 8 cement producers by 2014. In his address earlier, the Director General, Nigerian Stock Exchange (NSE), Oscar Onyema expressed happiness that Dangote Cement was the first Nigerian company to join Forbes Global 1000 companies.

He urged other Nigerian entrepreneurs to emulate Dangote in investing in the Nigerian economy, pointing that the size of the nation and the largeness of her population were a great incentive for genuine investors to latch on to. *(Daily Trust)*

Nigeria is liquidating its state-run telecommunications company after failing to sell it with its debts over more than a decade. A spokesman for the Bureau of Public Enterprises said in statement Thursday that a government body has approved the liquidation of Nigerian Telecommunications Ltd., locally known as Nitel, and its mobile arm, M-Tel. He said the companies found no other "viable financial alternative" due to their "huge liabilities."

Analysts say the liquidation of these decrepit companies would allow buyers to buy the companies' assets, without being burdened by their debts. Nitel is meant to provide landline telephone services across Nigeria, but its failings spawned a mobile phone revolution in Africa's most populous nation that now boasts an estimated 90m lines. *(Canadian Business)*

Nestle (Nigeria) has announced its full year 2011 numbers, with turnover coming in strong at N98.0bn, 18.4percent higher than the NGN 82.7bn reported for Full Year 2010. Although profit before tax recorded a marginal 1.6percent rise to NGN 18.5bn, post-tax profits came in stronger by 33.4percent from NGN 12.6bn to NGN 16bn. Commenting on the food processors results, analysts at Vetiva, said Nestlé's Quarter 4 (Q4) sales has beaten management estimates increasing by 4% to NGN 27.1bn (from NGN 25.9bn) compared to management's forecast of a 7% de-growth, report from Vetiva Research has revealed.

According to them, the Q4 sales represent a 28% contribution to total sales. Typically, Q4 contributes the largest to sales, which is lower than 29% in the prior year. The Year-on-Year (YoY) increase in sales was, according to Vetiva, largely reflective of increased volumes and prices across its product portfolio, especially in Maggi and Milo, its flagship products. "This is on the back of increased capacity that came on board in the first quarter of 2011 at the Flowergate factory in Sagamu, Ogun state," it states. It adds that input costs rose quite significantly by 30% YoY to NGN 57.2bn from NGN 43.9bn in 2010, representing 58% of sales.

Marketing and distribution expenses inched up 10%, lower than expectations of an 18% uptick. A higher marketing spend to support capacity increase was anticipated. According to Vetiva analysts, of significance, finance charges spiked 324%, owing to the loans from two local banks (secured in 2010 in a bid to reduce its foreign exchange exposure. As a result before tax earnings (PBT) came in relatively flat at NGN 18.5bn (2% growth YoY).

Nestlé's profit after tax grew 33% YoY. This substantial leap was due to the pioneer tax status granted to Nestle by the Federal Government (to boost domestic manufacturing. Government awards tax concessions to companies investing in the productive aspects of the economy). This provided some relief, thereby boosting bottom-line performance which would have otherwise been flat (applying a 30% effective tax rate as against the 9% actual).

Management has provided Full Year'12 guidance which shows improvement in sales and PAT of 15% and 0.5% respectively. Nestlé is expected to slightly outperform this forecast (Vetiva estimates sales growth of 17% and PAT growth of 2%) even as cost pressures (particularly on input and finance) remain. The analysts revised Target Price (TP) stands at NGN 418.67, which yields an upside potential of 5% on current price of NGN 400; hence, their neutral rating.

Meanwhile Nestle Nigeria Plc plans to spend more money on boosting output of its leading brands to increase sales in Nigeria. The local unit of Nestle SA (NESN), the world's largest food company, has invested over 400m Swiss francs (USD 445m) in Nigeria since 2003, opening its second factory at the start of last year and is planning to invest a further 83m francs this year, Chief Executive Officer Martin Woolnough said in Lagos. "We've got a lot of money going into the country and that will be to do with improving capacity on our key brands," he said.

Nestle forecast last year that it could double the size of its business within three years in Nigeria, currently its second-biggest market in Africa after South Africa. Annual sales at the time in South Africa were close to 1bn francs compared with 550m francs in Nigeria, according to the company. Maggi food-seasoning products, Milo chocolate-malt drink, and Golden Morn cereal are Nestlé's best-selling products in the nation of over 160m people and will be the focus of the expansion, Woolnough said.

Nestle Nigeria posted a 33% jump in full-year net income of NGN 16.8bn (USD 107m) for the year end Dec. 31 2011 as revenue advanced 22% to 98bn naira. The company started exporting products to other central and West African countries last year, earning about 1.7bn naira, Woolnough said. *(Business Day)*

The South Africa NEDbank has said it plans to acquire 20% stake in Ecobank within the next three years. Nedbank is the fourth South African financial institution, after FirstRand Limited, Standard Bank Group Limited and Old Mutual had in 2010 together with Ecobank Nigeria expressed their interest with the Central Bank of Nigeria (CBN) to acquire any of the eight distressed banks. But speaking on the year 2011 finances of the bank yesterday, NEDbank chief executive officer, Mike Brown, said the bank has secured rights to acquire 20% stake in Ecobank as the bank deepens its interest in Africa.

"We deepened our strategic alliance with Ecobank by providing a facility in support of Ecobank's corporate development programmes, including its transformational banking acquisition in Nigeria, and in so doing secured rights to acquire up to 20% of Ecobank Transnational Inc within two to three years," he said. The bank earnings jumped by 26.2% to R6.184bn for the year ended December 2011.

He said Nedbank Group performed well in 2011, achieving a record level of headline earnings, but more work lies ahead to meet all medium-to-long-term financial targets. "These results were underpinned by continued delivery on our key strategic focus areas of repositioning Nedbank Retail, growing non-interest revenue (NIR) and implementing the portfolio tilt strategy," he said. *(Daily Trust)*

Economic News

The Ngozi Okonjo-Iweala led Nigerian delegation to China has returned back to the country with a report of enhanced strategic relationship with the Chinese government and a special investment support to the tune of about USD 3.5bn. The 18 member delegation which comprises of some state governors, ministers and lawmakers tripped to China last week to seek investors in infrastructural development from China. Okonjo reporting the outcome of the trip said, "We had a very good trip, we are taking back to Nigeria two things, support for strategic relationship between Nigeria and China from the top level of Chinese policy making.

Second, is a special support in terms of about USD 3 to USD 3.5bn that we will materialise over the next two years for us to support projects in aviation, building new terminals, light rail in rail transport, agriculture, rods, this is focused on infrastructure and agriculture areas where Nigerians want us to make progress. We will also see some openings up, the possibility of Chinese companies coming to set up factories in Nigeria and Nigerians manufacturing in China bring their work back home so that we can create jobs. We made some progress both the government, saying yes, they are interested, they will work with us with the world bank and also the companies, showing some interest."

The Chinese government has promised a strong strategic partnership with Nigeria which would in the next few years see them support funding for key infrastructure projects at concessionary rates, provide needed technology in the process and even bring their companies to set up factories in the country. Nigeria has been a major market for Chinese products. The Chinese investors however, express concern about access to power which has been a major issue and determinant in the Nigerian economy, among other factors. Iweala, the Minister of Finance and Coordinating minister for the economy, reported that "they expressed their concerns about access to power, if their company should come to Nigeria, the rule of law, to ensure that the legal environment is such that their companies have rights.

"They talked about the issue of having clusters of free zones, in which they could operate, but we were able to assure them on access to land and other things that would be needed and I think that in those areas, we will be able to satisfy them." "We visited two companies, TCL which makes LCDs, LED Televisions and household appliances like washing machines, fridges, irons, fans, etc and also media which makes really very nice products, also household appliances and we felt that some of these things can be brought here.

"We are hopeful that at least they can begin with assembling, and then later, they can progress to manufacturing and they said they needed a little bit of time to visit Nigeria and make sure that the environment is suitable for them to set up…we feel strongly that if Chinese companies are to be setting up in Africa, we want to ensure that Nigeria benefits and since we are consuming their products, if we can get them to manufacture them in our country, that means we gained through the job creation."

The delegation was amazed to meet thousands of Nigerians working and owning factories during her visit to Gwandong province which is the manufacturing hub of China. are there. "we went to talk to them that instead of having factories here in China, creating jobs for the Chinese, let them come home and establish the factories so that they can help create jobs for young Nigerians" the minister advised. *(Daily Times)*

Investors staked NGN 169.093bn on 204.313m units of Federal Government of Nigeria (FGN) bonds last week at the Over- the-Counter (OTC) market. The performance showed an increase of 24% above the NGN 136.713bn invested in 163.1m units the previous week. However, as in the preceding week, the most active bond (measured by turnover volume) was the 5.5% FGN February 2013 (7th FGN Bond 2013 Series 1) with a traded volume of 41.225m units valued at NGN 37.344bn in 386 deals. This was followed by the 10.70% FGN May 2018 (5th FGN Bond 2018 Series 2) with a traded volume of 40.6m units valued at NGN 32.733bn in 255 deals.

Stakeholders have been calling for the trading of the FBN bonds on the NSE instead of the OTC market. According to them, the OTC market was limiting access of many investors to the bonds. Meanwhile, the corporate bonds sector of the NSE would soon record a new listing, as Chellarams Plc two weeks ago raised NGN 540m through bond issuance meant to replace infrastructure and invest in its associated companies.

The bond is the Series 2 Senior Unsecured Floating Rate Bonds under the NGN 5billion Chellarams Plc Medium Term Note Programme. The NGN 540m bond, which has a coupon of Monetary Policy Rate (MPR) plus five%, would be due on February 17, 2019. It has an issue price of NGN 1,000 per unit and was assigned a ''BBB-' and 'BBB-' rating from Global Credit Rating and DataPro Limited respectively. This is the 2nd Bond issued under the NGN 5bn Chellarams Plc Medium Term Note Programme. The first bond issuance was for NGN 1.5bn in December 2010.

Commenting on the NGN 540m bond, Managing Director/Chief Executive of Dunn Loren Merrifield, the Issuing House/Book Runner, Mr. Sonnie Ayere, had said the Bond issuance was a reflection of the appeal of the Corporate Bonds market. "Furthermore, the rich history of the Chellarams Plc spanning over 60 years in Nigeria and the success of the series 1 issue contributed in no small measure to the Series 2 bond issuance."

Ayere noted that the proceeds of the bond would be applied by Chellarams towards replacing infrastructure, investment in associated companies (Dynamic industries and Woolworths Retails Stores), Woolworths Retail Store is a 50/50 joint venture with Woolworth South Africa. According to him, 55.56% of the issue proceeds would be used to refinance maturing debt obligations to reduce the company's interest burden.

Chellarams Plc was incorporated as a private limited company on August 13, 1947 and was listed on the Nigerian Stock Exchange as a public company on November 29, 1990. The principal activities of Chellarams Plc and its subsidiaries comprise of distribution, trading, assembling of motorcycles and bicycles, manufacturing of bakery products, packaging materials, chemical supplies, retail clothing, electronics, packaging of milk products and other dairy products. *(This Day)*

The volume of trade between India and Nigeria is now worth about USD 9bn annually Engr. Ernest Nwapa, Executive Secretary of the Nigerian Content Development and Monitoring Board has said. About 10 Indian business firms took part in a business summit in Abuja last week setting the stage for joint ventures that could create more opportunities between the two countries.

The summit, organised by the Shell Petroleum Development Company (SPDC) in Abuja, brought together more than 50 Indian and Nigerian companies to explore areas of collaboration and partnership as part of efforts to encourage Nigerian content development, the company said in a statement.

Engr. Ernest Nwapa, at the opening ceremony said “the business summit is a welcome opportunity to help drive new partnerships.” He said the growth recorded in the Nigerian economy has not resulted in employment opportunities, “so we’re looking for partners to set up manufacturing bases in Nigeria, thereby creating jobs and developing talent and technology. SPDC has done well in providing the connection – last year, it was China, now it is India.”

His remarks were echoed by the General Manager, Materials, Engr. Hussaini Tahir who outlined the opportunities in the oil and gas sector in Nigeria. He said “the fundamentals are right at this time because, in addition to the huge resource base of oil and gas, investors can expect to benefit from ambitious reform programmes and tax incentives and the presence of a large workforce.”

The General Manager, Nigerian Content Development, Shell Companies in Nigeria, Igo Weli said “India and Nigeria have a lot in common and we believe both countries will benefit from increased trade and cooperation especially in the oil and gas sector. SPDC is happy to provide the platform.” *(Daily Trust)*

Nigeria’s interbank lending rates eased marginally last week to an average of 15% from penultimate week’s 15.25% on expectations of cash inflows from budgetary allocations to government agencies on Friday, traders said. “People know that budget allocation has been approved and will soon be released, so there is this psychological impact on the market pricing. We are expecting that the budget funds will come in on Monday (today) and then rates will fall further,” a dealer said.

Traders according to Reuters News, said the market opened with a cash deficit of about NGN 9.50bn (USD 3.18m) on Friday, reflecting tight liquidity. But they said the cost of borrowing among banks should ease further next week with the expected release of budgetary funds.The secured Open Buy Back (OBB) was unchanged at 14.50%, 250 basis points above the central bank’s 12% benchmark rate, and 4.50%age points above the Standing Deposit Facility (SDF) rate.

Overnight placement dropped to 15% from 15.50%, while call money traded at 15.50% last week compared with 15.75% penultinate week. “There has been no cash inflow this week (last week), but the market recorded huge outflows, pushing the market into deficit,” another traders said. CBN sold NGN 149.65bn (USD 953.00m) worth of treasury bills last week with yields on the 182-day and 364-day papers lower than the previous auction, while the 91-day yields rose slightly. *(Nation)*

Arrangements have been concluded by the Bauchi State Government to build an independent power plant for state, Daily Trust learnt at the weekend. Mr Ishola Micheal Adeyemi, the Chief Press Secretary to Governor Isa Yuguda, disclosed this to newsmen in Bauchi. He said the state government has signed a memorandum of understanding with a Chinese firm that would undertake the project.

Mr. Ishola explained that the independent power project would gulp USD 100m (NGN 15bn) and would provide 75 megawatts of electricity to the state upon completion. He said the Federal Government has agreed to serve as the guarantor of the project while a bank has also agreed to provide the loan to the Chinese company to execute the independent power project.

“I assure you this power project will soon materialize considering the commitment of the governor in executing meaningful projects that have direct bearing to the populace in the state. Already, the state government has shown its commitment towards the actualization of the project where the Federal Government serves as our guarantor with a Chinese company,” he said. The governor’s spokesman said the project would be completed within six months of its commencement.

Already, the government has constructed an administrative block for the take off of the project. He pointed out that the project, when completed would improve the revenue base of the state while also attracting more foreign investors to it. He then urged citizens of the state to rally round the governor for the success of the projects. *(Daily Trust)*

The Nigerian Stock Exchange (NSE) has perfected plans to create viable retail trading platform for fixed income this year. The Managing Director/CEO of the exchange, Mr. Oscar Onyema said this when South-east, South-south professionals of Nigeria honoured him in Lagos. He said the plan is to develop a viable retail trading platform for fixed income in 2012, thus providing retail investors another asset class that can be used in building diversified investment portfolios.

He said: “We have seen a significant uptick in the bond market activity, especially on primary issues. Secondary market trading has also been very active, providing ample opportunities to investors to diversify their portfolios.” He said bonds enabled banks to diversify their income source in a rising interest rates environment. Given detail on bonds, he said 53 fixed income securities divided into 27 federal government bonds; 11 state government bonds; and 15 corporate bonds currently listed on the exchange.

“As of this month, 53 securities have a market value of NGN 8.273tn. Fixed income securities accounted for 56.2% of market capitalization of NGN 14.73tn," he said. In his statement, President, South-East South-South Professionals of Nigeria, Mr. Emeka Ugwu-Oju said as a professional, the group always tries to make sure that the professionals from the region that are on national assignment either in public or private sector do their best. "We always try to encourage them on their assignment and let them know that we are watching their performance," he said. *(Daily Trust)*

Nigeria's foreign exchange reserves fell to USD 34.74bn by Feb. 27, from USD 35.03bn on Feb. 13, their highest in six months, the latest data from the central bank showed on Wednesday. The forex reserves of top Africa's crude exporter stood at USD 33.24bn around the same date a year ago and were USD 34.41bn a month earlier than that.

Analysts attributed the decline to a withdrawal by the government to top up revenue shortfall for January's budgetary distribution to the three tiers of government. Nigeria say its revenue from oil exports dropped in January against due to production outages, leading to a withdrawal from the excess crude account to keep distributions steady when crude oil revenues dip. *(Reuters)*

Chief Executive Officer of Vodafone, Vittorio Colao has cautioned global telecoms investors against imminent risk in telecoms investments, following shortage of wireless spectrum, while calling for immediate remedy. Colao who spoke at the on-going Mobile World Congress (MWC) in Barcelona, Spain, said mobile network investment, along with job creation and service innovation, were under threat if regulators do not ditch 'legacy' thinking.

According to him, "We need vast quantities of spectrum, which creates efficiencies and lower prices. The current thinking of allocating spectrum a bit at a time should change because investment is under threat." Colao's call for more wireless frequencies was echoed by President and CEO of Mobility at AT&T, Ralph de la Vega, as well as many telecoms operators that attended the congress. "More spectrum licence needs to be made available, which leads to new networks, innovation and job creation," Vega said.

The Vodafone chief repeated his accusation made at last year's Congress that European regulators were running on 'auto-pilot', routinely cutting mobile termination rates (MTRs) without thinking through the consequences. "The European mobile industry is not growing," Colao said. "People think that every time there is an MTR reduction it puts more money in the pocket of customers, but this is not totally true. The European Commission calculates that for every ten% in cuts, only two% end up in customers' pockets."

Colao added, however, that Vodafone has made offers to co-invest in open, fibre-optic infrastructure. Without giving details about which companies those offers were made, Coloa said the firm's overtures have so far been rebuffed. In Nigeria, Executive Commissioner at the Nigerian Communications Commission (NCC), Bashir Gwandu had before now raised fears on the shortage of 2.3 GHz spectrum in Nigeria, which he said was already exhausted and that the NCC was planning to meet with the International Telecoms Union (ITU), the global telecoms regulatory body for more spectrum allotment.

The call for more wireless frequency by Vodafone boss is an indication that shortage of spectrum remained a global issue. Earlier this year, the Vodafone

Group was reported as assessing the possibility of buying the extensive UK and global fibre-optic assets of Cable & Wireless Worldwide. The Vodafone CEO also took time in his Congress presentation to highlight a number of mobile-led initiatives that could help emerging markets. These included mAgriculture, which using mobile devices for weather forecasts, financial services and giving advice.

Colao said that mAgriculture could increase farming incomes by as much as USD 140bn by 2020. The Vodafone 'SMS for Life' service is also helping to save lives by improving the availability of anti-malarial drugs in remote areas in Tanzania. "Our industry really can change the state of the world," says Colao. *(This day)*

After more than two years of reform, Nigerian banks are now fewer, larger and supporting the economy, foremost rating agency, Standard & Poor's, has said. In a report published yesterday, entitled: Strong regulatory action proves its worth for the Nigerian banking system, the rating firm noted: "After more than two years of Central Bank support, Nigeria's commercial banks are again engaging with the domestic economy. Nigeria now has fewer, but larger, banks, with better corporate governance and regulatory oversight."

The report, which examined the progress of the country's overhaul of its banking system, however, said the sector needs a longer regulatory track record before we stop considering corporate governance and regulatory oversight to be among its key risks. The Central Bank had in 2009 sacked the managements of eight banks Afribank, FinBank,Intercontinental Bank, Oceanic Bank and Union Bank. Others are Equitorial Trust Bank, Springbank and BankPHB over the huge non-performing loans of their banks and other alleged financial abuses.

The apex bank injected over N620bn into them, saying lax governance had left the these banks dangerously undercapitalised. It responded strongly, removing executive teams from failed banks, fully guaranteeing the interbank market, and setting up the Asset Management Company of Nigeria (AMCON) to purchase a large proportion of non-performing loans from banks. It also set up sizable intervention funds to support credits to the real economy. The banking watchdog is also facilitating a series of mergers between failed banks and their stronger competitors.

S&P, which totally endorsed the banking reform, noted that the industry and its regulation have improved significantly. "In our view, long-term success for Nigerian banks will chiefly depend on them enhancing their risk management, improving their governance, diversifying their loan portfolios, and securing their funding profiles."Commenting on S&P's endorsement of its reform, spokesman of the CBN Abdulahi Mohammed, said: "We are satisfied with the report, which confirmed the gains of the reforms embarked upon by the CBN. We will continue to sustain our efforts to improve corporate governance and risk management in the industry, while we build on the gains achieved so far."

Meanwhile, the CBN Governor Lamido Sanusi said the surge in inflation last month was in line with policy makers' expectations and doesn't require an interest rate response. "We front-loaded most of the tightening in anticipation of these policies and thus can afford to hold so long as inflation behaves in line with our forecast," Sanusi told Bloomberg news in an e-mailed response to questions on Tuesday. *(Nation)*

Nigeria raised NGN 111bn (USD 703.73m) at a bond auction on Wednesday, its second this year, with yields on the 2019 bonds marginally higher than at its previous auction, while yields fell on its 2012 bonds, the Debt Management Office said on Thursday. The debt office said it auctioned NGN 35bn each in the 10-year bonds due to mature in 2019 and 2022, while it issued an additional 41bn naira in 2022 maturity paper in a non-competitive sale.

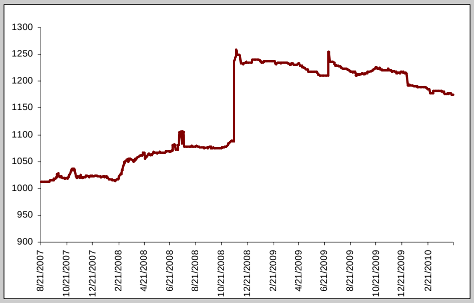
The 2019 bonds were sold at a marginal rate of 16.16%, higher than the 16% they yielded at the previous auction, while the 2022 instruments were issued at 15.89% compared with 16.39% at the January auction, the debt office said. Two of the instruments are re-openings of previous issues. Total subscription at Wednesday's auction stood at NGN 141.65bn compared with NGN 109.35bn at the previous auction. An Official of the DMO said the NGN 41bn worth of bonds in 2022 were sold to some mandate customers with large volumes of funds outside the auction proper.

"Usually, mandate customers are not allowed to participate in the auction, but are given special allotment so that they will not crowd out other investors," the official said on the condition that he would not be named. The DMO said the original coupon rates of 16.39% each for the October 2019 and January 2022 will be maintained.

Nigeria, Africa's second-biggest economy after South Africa, issues sovereign bonds monthly to support the local bond market, create a benchmark for corporate issuance and fund its budget deficit. *(Reuters)*

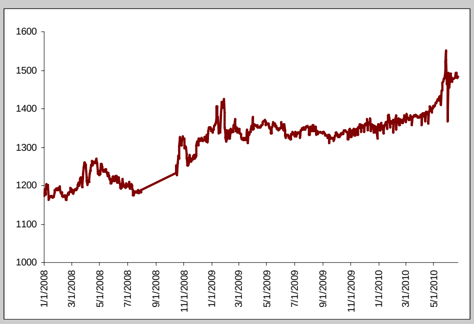
Tanzania

Dar-es Salaam Stock Exchange



Source: Reuters

TZS/USD



Source:SAR

Economic indicators

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

Source: World Development Indicator

CPI Inflation

Stock Exchange News

The DSEI gained a marginal 0.21% to close at 1,314.91 points. TWIGA, Tanzania Breweries and Swiss were the only gainers after adding +4.81%, +1.63% and +1.14% to close the week at TZS 2,180, TZS 2,500 and TZS 890 respectively. All the other counters remained unchanged.

Corporate News

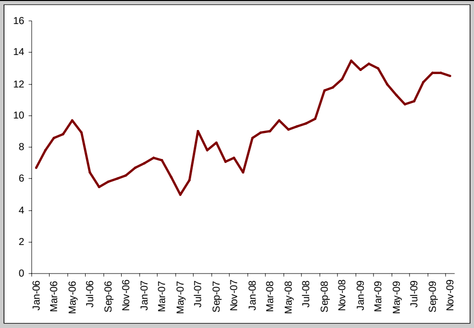
Tanzania Minerals Corp, is pleased to announce the addition of three new gold licences to its extensive property portfolio in Tanzania. The new licences are located in the Musoma-Mara, Serengeti, and Siga-Mabale greenstone belts in the Lake Victoria area of northern Tanzania, and are all located in areas of known gold mineralization.

Kal Matharu, CEO of Tanzania Minerals Corp. said, "The addition of the three new licences gives the Company additional exploration opportunities in new geographical areas in Tanzania known to contain economic gold deposits. We are particularly pleased to acquire ground proximal to Barrick's Gokona/Nyabigena mine in the highly-prospective North Mara Gold District. Aggressive gold exploration programs are currently underway on our existing permits and we eagerly anticipate results from them and the newly acquired ground."

Licence PL7505 covers an area of 6.03 km^2 and is located approximately 6.5 km northwest from African Barrick Gold's Gokona/Nyabigena mine and 8 km due north of their Nyabirama mine. Both mines are collectively known as the North Mara Mine and are located in the Tarime District of the Mara Region. The licence is underlain by Archean mafic volcanic and volcaniclastic rocks of the Musoma-Mara greenstone belt, and is located adjacent to the Nyarwana Break - Gena Trend (previously known as the Mara Shear Zone).

This structure is interpreted to control gold mineralization in the Gokona/Nyabigena mine and several gold occurrences along its length. The licence area is poorly exposed due to the flat terrain, a 10 to 20 m weathered rock profile (saprolite), and the presence of alluvial cover. PL5928 covers an area of 27.45 km^2 and lies within the Archean Serengeti greenstone belt and is located 12 km southeast of Musoma town and approximately 20 km southeast of the historic Negoti gold mines (mined from 1900-1913, and 1920-1945).

The property is underlain by intermediate-mafic volcanic rocks, banded iron formations and sheared carbonated- felsitic and chloritic schist, with granitic intrusions in the south of the licence. Gold mineralization within the Serengeti greenstone belt (including the Negoti mine) is typically associated with late-stage white quartz veins.



Source: SAR

The third licence granted to Tanzania Minerals is HQ-P17797 (official licence number is pending), located 130 km south-southwest of the city of Mwanza. The licence covers an area of 51.42 km^2 and is underlain by the Archean Siga Mabale greenstone belt and associated granites. Much of the licence is covered by alluvial deposits associated with Lake Nyanza, which obscures the surface geology.

The licence is located immediately to the south of the colonial-period Jubilee Reef or 'Augusta Victoria' gold mine, and, where exposed, is underlain by banded iron formation and granite. Gold mineralization at the Jubilee Reef is recorded as being associated by shear-zone hosted quartz veins, and this style of mineralization will be investigated on HQ-P17797.

Following detailed desktop research field-based exploration programs will commence with the verification of geology and initiation of geochemical sample surveys to define drilling targets. This work will be run in conjunction with the other gold properties in the Company's portfolio, i.e., Mrangi South, Mrangi East and the four licences in Kagera Region. *(Digital Journal)*

Economic News

Tanzania's economy could rebound to 7% growth in 2012/13 if the global economy recovers, with gas revenues expected to boost domestic growth in the next decade, a World Bank official said on Friday. Tanzania's natural gas reserves are now estimated at more than 10tn cubic feet following major gas discoveries in the country's deep-water offshore region.

Norwegian oil firm Statoil said on Friday its Tanzanian gas discovery, the biggest oil or gas discovery ever made in the country, has so far proven to hold up to 5tn cubic feet of gas, or about 891m barrels of oil equivalents. High inflation driven by food and fuel prices dampened growth in east Africa's second biggest economy last year. But the World Bank echoed government forecasts inflation would fall to single digits by June from 19.7% in January.

"If the world economy recovers, as is now cautiously expected, we forecast a higher GDP growth rate in 2012/13, reverting to the recent historical trend of 7%," the body's lead economist for Tanzania, Jacques Morisset, told Reuters. "Tanzania will benefit from natural gas production, but this will not happen before the beginning of next decade." Morisset said Tanzania's economic expansion was expected to slow to 6% in 2011/12 from 6.5% a year ago partly due to a chronic energy crisis, before rebounding in 2012/13.

"The ongoing energy crisis has contributed to the slowdown in economic growth both in the short and longer terms." Power output in the country of 42m people fell 22% in the third quarter of last year, Morisset said. This was due partly to low water levels in its key hydroelectric reservoirs. The World Bank economist said the slowdown in inflation was dependent on no sudden increases in international food and energy prices, a satisfactory harvest in the next few months, and policymakers maintaining a prudent monetary policy stance.

"It has to be noted that the core inflation rate, excluding food and energy prices, has remained below 10% during 2011." Analysts, however, expect that the

0.1%age point dip in inflation in January was likely only a temporary reprieve, especially with global oil prices under pressure. Ranked Africa's fourth biggest gold producer, and famed for its game-viewing beneath the snow-capped peak of Mount Kilimanjaro, Tanzania relies on tourism, mining and agriculture. It is, though, attracting increasing investor interest in its telecommunications, energy, and financial services sectors.

Morisset said Tanzania needed to focus on education and job creation, as well as supporting small businesses. The country should also invest in developing its struggling energy sector, he said, with just 13.5% of the population having access to electricity, despite the country having some of the cheapest power tariffs in the region. "(Lack of access) is the real problem for private sector development and sustainable economic growth. The priority should therefore be on production and distribution," he said.

Uncertainty surrounding the cost of Tanzania emergency energy plan, demands for higher public sector salaries and external threats such as a global recession pose risks to the country's economy. *(Reuters)*

Tanzania plans to start opening up its capital account this year, its central bank chief said on Tuesday, enabling it to attract more investment initially from other members of the East African Community and then from the rest of the world by 2015. An open capital account is among the prerequisites for the financial market integration of the regional bloc's five members, a step towards a monetary union protocol, expected to be signed by end 2012.

"It is by 2012 for Tanzania within East African Community, and by 2015 for the rest of the world," Bank of Tanzania Governor Benno Ndulu told a news conference. The bloc's protocol will set up a timeline for achieving a monetary union with coordinated fiscal and monetary policy, among others. Tanzania will need to liberalise its capital account to get a sovereign rating, analysts say, if it wants to boost investor interest in its financial markets.

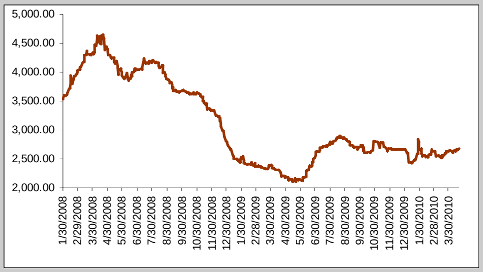
EAC Secretary General Richard Sezibera, from Rwanda, told a joint conference hosted by the bloc and the International Monetary Fund on Monday that other areas of the financial services sector still require further opening up. "We are ... regrettably aware that the securities, pensions and insurance market is yet to be regionalised and the capital account is yet to be sufficiently liberalised by all partner states to enable our people to participate outside the present framework of cross-listing of market shares at national level," he said.

"Removal of restrictions on capital flows should serve as a catalyst for capital market development and the provision of long term and risk capital most needed to spur economic development." Other members of the East African Community are Uganda, Rwanda, Burundi and Kenya.

South Sudan, which became independent last year, has applied to join the group. Its application to join the bloc will be presented for approval at an EAC heads of state summit later in the year. The EAC has a population of 133m people and a gross domestic product of USD 79bn. It has a fully-fledged customs union that came into effect in January 2010. *(Reuters)*

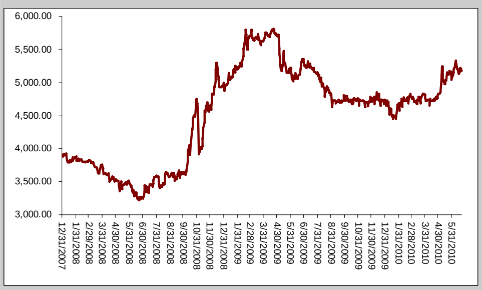
Zambia

Zambia Stock Exchange



Source: Reuters

ZMK/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

CPI Inflation

Stock Exchange News

The LuSE index gained +0.52% to close at 3,880.24 points. AELZ, Investrust and PUMA led the gainers after putting on +12.50%, +5.56% and +4.90% to close the week at ZMK 4,500, ZMK 19.00 and ZMK 1,049 respectively while Zambeef (-3.04%), BATZ (-3.13%) and SCB (-1.44%) were on the losing front.

Corporate News

MTN will rollout a mobile money transfer service in Zambia after the Bank of Zambia awarded it a full commercial mobile money licence, Africa's largest cellular network provider said on Monday. It faces stiff competition from rival Airtel's Zap service including leading financial institutions FNB and Standard Chartered Bank and smaller competitors who have also launched similar services and will battle each other for the distribution channel, according to a telecoms industry analyst.

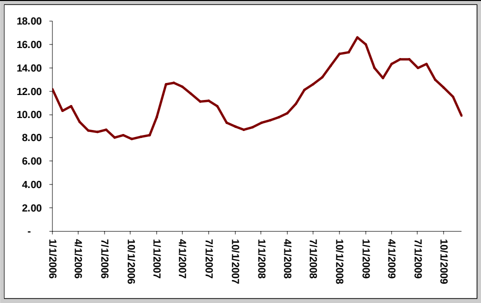
MTN has partnered with BancABC, a sub-Saharan banking group of which Old Mutual is a shareholder, and would use the bank's 19 branches and 10 mobile banks network in Zambia as well as the MTN agent network to grow the services footprint. MTN piloted the project from July last year and had to date more than 170 000 customers and a network of 340 agents countrywide.

Banked and unbanked subscribers can load and withdraw money and open a mobile money account at the banksend money to any MTN client or subscribers of other networks. Ernst Fonternel, Chief Marketing Officer, MTN Zambia told Business Report the unit aimed to achieve between 35% to 40% penetration within the next two years with direct mobile money revenue contributing between three% and five% of total turnover.

"There are many more indirect benefits...which includes a reduction in airtime distribution costs and a reduction in churn," Fonternel said. He said other major banks in Zambia had also shown "a lot of interest". Spiwe Chireka, a telecoms expert at the International Data Corporation said money transfers had become the "main value added offering for service providers who took advantage of the low bankedness in Africa." Chireka said MTN's strong brand in Zambia would guarantee a notable uptake

MTN's product is available in 11 other countries including Ghana, Swaziland and Cameroon.It has sixm mobile money customers. Twom are in Uganda. Thecla Mbongue, a telecoms analyst at Informa Telecoms said, money transfers represented three% of Africa cellphone subscriptions last year and cellphone payments are expected to jump from 86m by the end of last year to nearly 650m by 2016 in Africa.

The Bank of Zambia awarded the new licence last month but the deal was



Source: SAR

announced last week. Christian de Faria, MTN Group commercial officer said the launch in Zambia opened opportunities in financial services inclusivity for the company. Across its operations MTN is also competing wth Orange money, while Uganda Telecom and Yu in Kenya are also competitors.

However, international remittances, which allow people to send money to their home countries, was unchartered area and lucrative option but could be stymied by regulation. Last week Mark Levy, joint CEO of Blue Label Telecoms, SA's largest coupon and payments provider said BLT saw opportunities in "big remittance corridors in China, India, and Mexico."

Chireka said, "It will be interesting to see if the South African market can make the necessary changes to regulation to allow for wide-spread availability of these services." *(iol)*

Production at the Zambian flagship copper mine of Canada's First Quantum Minerals has ground to a halt because of a strike over wages, the Zambian labour minister said on Friday. Workers at the Kansanshi mine, Zambia's largest copper mine, which produced 231,000 tonnes of the red metal in 2010, downed tools on Thursday, Fackson Shamenda said in a statement.

"There is a deadlock in salary negotiations. The union is demanding a 17% salary increment and the management is offering 13%," Shamenda said. Kansanshi mine company spokesman Godfrey Msiska separately said workers had blocked the entrance to the mine and nobody was allowed to enter the premises. "There is nothing happening," Msiska said. "The workers have blocked the entrance to the mine and we are not producing copper."

Union officials and the mine management will meet Zambia's vice president Guy Scott later on Friday over the deadlock, Charles Mukuka, acting president of the Mine Workers' Union of Zambia, told Reuters. Glencore International's Mopani Copper Mines in Zambia in February agreed a 17% pay rise with unions, almost triple the rate of inflation. Konkola Copper Mines, part of London-listed Vedanta Resources, awarded a similar pay increase in January. *(Reuters)*

Economic News

Fitch revised Zambia's rating outlook to negative from stable on Thursday, citing concerns about the direction of economic policy in the southern African state. "The revision ... reflects the agency's concerns about some of the government's recent actions and announcements, which bring into question the direction of economic policy," Fitch said in a statement.

The agency affirmed Zambia's short-term issuer default ratings at 'B' and the country ceiling at 'BB-'. It said Zambia's recent decision to reverse a privatisation deal could undermine property rights, while planned reforms of the mining and banking sectors could negatively impact investment and consequently macro-economic stability.

"The government's decisions to reverse the privatisation of Zamtel and investigate the privatisation of Zanaco represent perhaps the most worrying recent development," Fitch added. The new government of President Michael Sata is investigating the 2007 sale of a 49% stake in state-owned Zanaco Bank to Rabobank, in a case that could lead to a reversal of a deal involving foreigners.

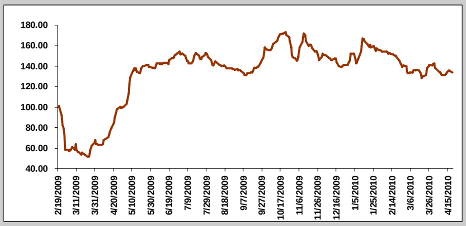
It has also said it will take full control of fixed-line operator Zamtel from Libyan owner LAP Green Networks after an inquiry in November ruled the 2010 transaction illegal. "A further concern surrounds a recent announcement by the Central Bank to significantly increase the minimum capital requirements for the banking sector," said Fitch.

"Although the government's objective of increasing the size and capitalisation of the banking sector is laudable, Fitch is concerned about the potential impact on asset quality, inflation and foreign bank participation in the sector."*(Reuters)*

SECURITIES AFRICA

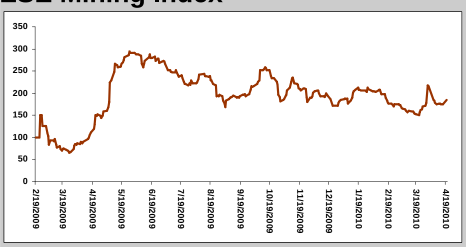
Zimbabwe

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 -1.74% to 144.37 while Mining Index shed -3.47% to 92.53 points. Meditech and ZECO led the movers after gaining +100% and 66.67% to close the week at USD 0.0010 and USD 0.0020 respectively. Other gains were recorded in Interfin up +50% to USD 0.06 and Border which put on +45.45% to USD 0.16. RTG led the losers after shedding -35.29% to USD 0.011. Other notable losses were recorded in ZBFH (-30.00%), Dawn (-27.00%) and Pelhams (-25.00%)

Corporate News

Improved market conditions and additional earnings from recently acquired African Traction and Associated Technologies (Afritrac) spurred Zimplow revenues by 26% to USD 15,5m for the full-year ended December 2011. In 2010, one of the countrys largest makers and distributors of agricultural implements recorded total revenues of USD 12,3m. Last year Zimplow acquired 49% of a South African animal traction distribution company, Afritrac.

Afritac contributed USD 1,5m to turnover and USD 145 000 to income before tax, over a ten month period. Zimplow chief executive officer Zondi Kumwenda told an analysts briefing last week domestic and foreign revenues were up 30% and 17% respectively. The company plans to grow by 20% with the new acquisition in 2012, said Kumwenda. Zimplow net income before tax for the period under review was USD 3,64m compared to USD 2,92m the previous year.

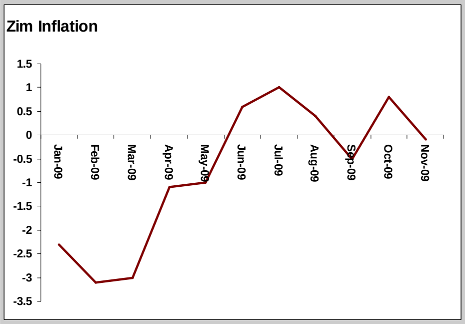
Net cash flow from operating activities decreased from USD 2,2m in 2010 to USD 1,8m as a result of to an advance corporation tax payment of USD 443 000. Kumwenda said huge wage demands were likely to exert more cost pressures. The full impact of electricity tariff increases of 51% by the Zimbabwe Electricity Supply Authority and increases in all utilities will be fully felt in 2012. Additionally, rainfall patterns in the region have been erratic, said Kumwenda.

He said the group would pursue growth strategies aimed at improving local and regional competitiveness. Mealie Brand volumes increased by 27% to 74 000 implements as compared to 59 000 implements in 2010. Spare parts volumes decreased by 11% in 2011 when compared to 2010. CT Bolts mild steel volume sales were up 15% to 146 tonnes from 127 tonnes.

Mild steel bolts in units increased by 34% in 2011 while high-tensile bolts in units substantially increased by 87%. Tassburg volume sales increased by 47% to 107 tonnes for the 12 months ended 31 December 2011 as compared to 73 tonnes for the same period in 2010. *(Reuters)*

Impala Platinum's Zimbabwe unit, Zimplats, has been ordered to transfer 29.5% of its shares to a state-run fund in order to comply with local

CPI Inflation



Source: SAR

empowerment laws, according to a letter written by a government minister. Zimplats, 87% owned by Implats, had failed to comply fully with the law, which seeks to localize at least 51% of shares in all foreign-owned firms, empowerment minister Saviour Kasukuwere wrote in a letter seen by Reuters on Sunday.

Failure to present the government with a plan to transfer the holding within two weeks would result in unspecified "enforcement mechanisms", the letter added. Kasukuwere has in the past threatened to cancel the mining licences of firms that do not comply.On Friday, Implats said Zimbabwe had rejected part of its empowerment plan, along with that of Mimosa, its 50-50 joint venture platinum mine with Aquarius Platinum.

Both mines have recently launched community share ownership trusts, to which they each gave 10% shareholdings each. Zimbabwe's empowerment laws, being championed by President Robert Mugabe, have been criticized by Prime Minister Morgan Tsvangirai, his partner in a shaky coalition government formed three years ago after violent and disputed elections in 2008.

Analysts say the law is holding back the impoverished southern African country's economic recovery from a decade of turbulence and contraction. Critics link the empowerment push to Mugabe's plans to hold elections this year. *(Reuters)*

Mining firm RioZim Limited (RioZim) has secured an unnamed investor, whom it claims will help "restore efficiency and improve productivity". The development comes as the miner has been linked with a deal to a consortium including Old Mutual, some local and European investors aiming to inject up to USD 35m into the ailing base metals company — reportedly owing USD 59m to various financial institutions and which have lodged an application to put the company under judicial management.

The Zimbabwe Stock Exchange-listed company said in a cautionary statement yesterday that it was engaging key stakeholders, mainly banks, to secure approval of the deal. "An agreement has been concluded with the investor to recapitalise the company and significant progress has been made on ensuring acceptance of the proposal by key stakeholders," the statement read.

RioZim chief executive Josh Sachikonye has been quoted saying the company intends to raise USD 47m through a combination of a rights offer and private placement. However a local company teaming up with an international private equity group have also been roped in the running for a planned capital injection into RioZim. Last month, the company announced it will oppose any plans to place it under provisional judicial management as it had secured funds to restructure its debt.

An initial plan by the miner to convert the debt into equity failed due to disagreements with creditors over its evaluations and the conversion rate. The miner also had a setback when its USD 40m rights issue fell through after its intended under writer pull out due its debt position. RioZim owes banks such as BancABC, Kingdom Bank, Trust Bank, Imara Corporate Finance, Infrastructure Development Bank of Zimbabwe, Metropolitan, Premier Banking Corporation now EcoBank ZB Bank.

The company operates Empress Nickel Refinery, Renco Gold Mine and has a 22% shareholding in Murowa Diamond. RioZim owes USD 59m to a consortium of banks. *(Daily News)*

Savanna Tobacco last week took delivery of a second multi-million-dollar cigarette-making machine as it forges ahead with its expansion drive and preparations to start exports to African countries. The machine came three months after Savanna successfully installed and commissioned its 10-pack cigarette machine. Adam Molai, the company's executive chairman, said following the successful launch of the 10 Pack machine three months ago, and increased sales on the traditional 20-pack brands, the company was eyeing the African market.

"Our importation of the 10-pack machine, as well as the importation of the current machine, are co-ordinated to respond to our African research findings that informed us of the spending dynamics of consumers in Africa," he said yesterday. "We are now preparing ourselves for Africa. This machine seeks to fulfil the void existing in the local market as well as in Africa." Over 65% of cigarette consumption in Africa is believed to be at a sticks platform.

Savanna Tobacco's installed capacity has grown to 4,5bn sticks per annum in its 10-year existence. "With the phenomenal growth in our brand acceptance, we have also seen counterfeiting of our brands increasing in our regional markets," he said. "All this is a co-ordinated effort to stifle our brands and ultimately our survival. "We have had to invest a significant amount of time and resources to investigate and ascertain the origin and models run by these clandestine players."

Molai said corporates operating in Africa should package their offerings to suit African dynamics rather than to continue to pursue eurocentric solutions to African dynamics. He said cigarettes were manufactured within the parameters of food production and hence should be packaged in a manner that meets the highest hygiene standards. "What you put on your lips can easily be contaminated if not properly packaged.

"We are discouraging naked cigarette stick sales and offering affordable quality products that are packed," he said. Molai said the company entered the industry with an idea and purpose of restoring and advancing African identity through beneficiation of local resources. Pacific is Savanna Tobacco's flagship brand. Beyond direct marketing efforts, Molai said the company was seized with contract manufacturing for many international house brands for various customers. *(News Day)*

African Rainbow Minerals (ARM), the South African mining company controlled bybnaire Patrice Motsepe, says it will invest in Zimbabwe's platinum sector. Motsepe said his company will allocate resources in Zimbabwe. "We are looking, and we will allocate" resources in South Africa and Zimbabwe," Motsepe told investors on Monday in Johannesburg. "I think Zimbabwe will come around. It has to."

The Zimbabwean government said Impala must transfer 29,5% of its Zimplats unit to a Zimbabwe government fund in order to meet local ownership requirements, a letter to the company from the indigenisation minister obtained by Bloomberg News shows. African Rainbow has nobody "actively looking" at platinum in Zimbabwe, managing diretor Andre Wilkens said on the call. "We're keeping our ears on the ground."

ARM said it had appointed merchant banks to advise it on potential platinum deals. "We hope to make the first announcement in the next two to three months," Wilkens said. The Johannesburg-based company would prefer assets close to its current operations it can control rather than buying stakes in listed companies, he said. Motsepe was looking at platinum assets because "now is the best time" to invest in the metal, he said at a presentation earlier.

African Rainbow and Anglo American Platinum, or Amplats, own the Modikwa platinum mine and control the Two Rivers mine in partnership with Impala Platinum Ltd. Both are in South Africa's platinum-rich Bushveld Igneous complex. Amplats and Impala, the two biggest miners of the metal, face rising labour and electricity costs in South Africa and demands for increased local ownership in Zimbabwe. Anglo American Plc which owns about 77% of Amplats, had said February 17 it would review its platinum business, which was failing to generate acceptable returns. *(News Day)*

Kingdom Financial Holdings Limited (Kingdom) says it has concluded a deal with Mauritian AfrAsia Holdings Limited (AfrAsia) in which the latter invested USD 9,5m into the local financial institution. The investment, which enables Kingdom's banking arm to meet the Reserve Bank of Zimbabwe's (RBZ) minimum capital requirements, has also seen AfrAsia acquiring a 35% stake in the group.

The transaction completes the re-capitalisation of Kingdom's banking unit which has been pursuing several initiatives to raise USD 25m, comprising USD 15m equity and USD 10m debt finance. AfrAsia's investment and the USD 2,8m raised through the rights issue will be used to re-capitalise Kingdom Bank, which together with the existing capital will result in Kingdom Bank having core capital in excess of the minimum capital requirements set by the Reserve Bank of Zimbabwe.

"A capital injection of USD 9,5m has been made by AfrAsia into Kingdom in exchange for 35% shareholding," Kingdom said in a statement. "The investment by AfrAsia has resulted in the full and adequate capitalisation of Kingdom ahead of the regulatory deadline given by the RBZ." RBZ had set a USD 12,5m minimum capital for all commercial banks.

The central bank said financial institutions that fail to raise the stipulated capital would no be allowed to conduct business effective April this year. Struggling banks could be forced to merge or be acquired if they fail to meet the set minimum capital requirements. According to the latest RBZ figures, Royal Bank and ZABG Bank were the two only commercial banks which are yet to meet the set USD 12,5m minimum capital requirements.

ZABG, created by RBZ governor Gideon Gono in 2004 to save seven struggling banks, had a negative USD 15m capital base while Royal Bank stood at USD 3,2m. Royal Bank has however, said it has submitted a revised re-capitalisation plan to the apex bank. Barbican Bank, also faces closure due to its failure to resume banking operations for more than a year after the reinstatement of its banking licence as dictated by the Reserve Bank Act.

Merchant banks, Genesis Investment with a USD 3,2m negative capital base and Renaissance, which is currently under curatorship are also short of the USD

10m minimum capital threshold required of merchant banks. *(Daily News)*

Impala Platinum, the world's second-largest platinum producer, said on Wednesday that it would not exit Zimbabwe despite the demands being made by the government that it hand over majority stakes in its local operations to Zimbabweans. Implats Chief Executive David Brown told private radio station 702 Talk Radio the company still saw the southern African nation as a "good investment destination".

"There's huge expansion potential ... but we need certainty," he said. Zimbabwe, which holds the world's second largest PGM deposits after South Africa, is crucial to the future of the platinum industry because of its massive resources. But platinum companies, as Zimbabwe's largest investors, are being targeted in the government's drive to get all outside companies to hand over 51% stakes in their mines.

Implats has offered to hand over between 25% and 30% in equity and make up the balance through credits it hoped to receive in exchange for giving up some of its land five years ago. But the minister in charge of Zimbabwe's black empowerment drive Saviour Kasukuwere has rejected part of Implats proposal and has given the company till Wednesday next week to hand over 29.5% of its Zimplats operation.

"The problem with Brown is that he talks too much. We are sick and tired of his delaying tactics," Kasukuwere told Reuters. Kasukuwere has previously threatened to cancel the mining licences of non-compliant firms. *(Reuters)*

BARCLAYS Bank posted a USD 1,4m after-tax profit for the full year to December 2011, driven by strong performance from non-funded income. Presenting its financial results yesterday, chairman Mr Antony Mandiwanza said the bank had recovered from a USD 1,3m loss in the prior year. The profit was largely the result of a 65% contribution from non-funded income, which came in at USD 25m compared with funded income of USD 9m. Earnings per share rose 112% from 0,06 cents the prior year a share to 0,07% in 2011 while revenue rose 27% to USD 32m.

The bank recorded positive results for the full year on the back of an 11% increase in costs to USD 37m from USD 33m the previous year. But excluding the USD 7m from the Barclays head office for staff rationalisation, which saw 92 members leaving the bank, the costs increased by 9%. Mr Mandiwanza said the bank's loan book closed the year 36% up at USD 58,5m on December 2010 levels with a significant portion either repaid or awaiting drawdowns.

"Over and above reported balances, USD 16,7m was marked and available for drawdown by customers as at December 2011 while a further USD 30m was available for drawdown in offshore structures," he said. The chairman said the loan loss ratio remained less than 1% comprising general provisions and the bank said it would continue with rigorous credit vetting and prudential lending to safeguard depositors' funds.

Chief finance officer Mr Samuel Matsekete said deposits increased from USD 181m in 2010 to USD 214m of which 67% of the amount were corporate. Barclays managing director Mr George Guvamatanga said the full financial results reflect the success of the bank's growth and operational strategies. "I am pleased that we have made genuine strides towards achieving the goals that we had set for ourselves. Our profit before tax went up from USD 1,9m in the prior year to USD 2,1m on the back of prudent risk management," he said.

The bank's retrenchment exercise was meant to ensure a business model that was fit for its purpose and in line with macro-economic realities. Looking ahead, the bank said it aimed to grow its customer base by 6% from the current 155 000 customers. "We also project sustained growth in total income targets for 2012 and expect it to grow by at least 14%," said Mr Guvamatanga.

The bank expects to continue benefiting from the process and structural efficiency programmes done over the past two years with payback from the restructuring costs being realised, according the bank's projections. Focus would also be placed on widening the product range, mainly for the retail customers as well as enhancing the distribution and service channels. *(Herald)*

Delta Corporation's long-serving chief executive officer Joe Mutizwa will leave the beverages manufacturing firm in May this year after transforming it into one of the best performing local companies. Mutizwa leaves Delta after a career spanning over three decades. In a trading update yesterday, Delta chairman Canaan Dube said: "Joe Mutizwa steps down as chief executive officer of the group and director of the company on May 31 2012 after a distinguished career with the group spanning nearly 30 years."

"He leaves the group in a very strong position, which is a testimony to his strong leadership skills." Delta's current chief operating officer Pearson Gowero will take over Mutizwa's post on June 1 this year. Gowero has been with Delta since 1997 and has been chief operating officer since July last year when he returned from a secondment to the SABMiller group.
Delta is an associate of SABMiller.

Mutizwa joined Delta in 1983 and rose through the ranks until his appointment as the group's chief executive officer in 2002. He was involved in the company's de-merger and unbundling of non-beverages business between 2000 and 2001. He also presided over the consolidation and refocusing of the beverages business under Delta Beverages. *(Newsday)*

Energy minister Elton Mangoma says his department has prioritised the processing of Essar Africa Holdings' (Essar) application for a thermal power licence. Essar, an Indian firm that acquired a controlling stake in Zimbabwe's steel giant New Zimsteel in a USD 750m deal, together with China Africa Sunlight sought approval from the Zimbabwe Energy Regulatory Authority (Zera) at the beginning of February to produce a combined 1 000MW of electricity.

"The two projects are a priority and we are looking into them so that we finish processing them soon," Mangoma said, although he could not be drawn to give intricate details of the licensing process. Essar is planning to produce 600MW of power. The electricity venture comes at a time the country is experiencing massive load shedding due to a shortage of electricity. Zimbabwe currently has capacity to generate about 1 200 MW compared to a rising national demand of about 2 200MW.

The deficit, Mangoma said, would be met through expansion of existing power stations and construction of new electricity projects. The Energy minister announced government would award tenders for its power generation and expansion projects by July. So far 11 companies, comprising financiers and contracting firms, have expressed interest for the expansion of Kariba hydro and Hwange thermal power stations.

"From where we are sitting, we should be announcing successful bidder from July onwards. I have not been told if the State Procurement Board (SPB) requires extra time to go on," Mangoma said. "A lot of the companies had the financial backing to be able to carry out their work (and) a final registration of proposals to SPB was done on February 3," he added. A final registration of proposals entails presentation of specific technical information on finance plans, equipment and implementation methodology.

The remaining part of the tender process is anticipated to be finalised within 90 days. "The adjudication process should be completed between 30 to 45 days." However, questions have been raised on how government, currently reeling under an USD 80m debt for power imports from Mozambique, is going to pay for the projects. Recently government made a USD 20m down payment for its USD 100m power import debt to Mozambique's Hydro Cahora Basa (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 part of the Zesa Holdings (Zesa) collections from the USD 450m it is owed by consumers. 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."

Zesa has started disconnecting customers who have failed to pay their bills or adhere to approved payment plans. The state-owned utility company said it was unable to collect bills because consumers could not afford the charges. "One of the reasons is to do with the general state of the economy. Some private corporates and individuals find themselves unable to pay these bills," Zesa chief executive Josh Chifamba told businessdaily. *(Daily News)*

TURNALL Holdings Limited posted a profit of USD 3,9m for the year ended December 31, 2011 compared to USD 3,4m recorded in the prior year, largely driven by growth in some key economic sectors in the period under review. The company manufactures and supplies fibre cement, roofing and pipe products. Turnall attributed its improved profitability to growth in a number of economic sectors, namely mining, agriculture and financial services, which in turn had a positive impact on the construction sector and infrastructure development in general.

Turnall chairman Mr Herbert Nkala said the improved economic environment as reflected in a Gross Domestic Product growth of 9,3% came largely from the growth in mining, agriculture and the financial services sector. "The construction industry, while growing a mere 1%, saw increased activity levels in the mortgage-backed property development sector. "These initiatives and the proceeds from tobacco and cotton pushed home construction and other infrastructural upgrade activities to a three-year high."

Turnall achieved a turnover from continuing operations of USD 51,9m, a 48,8% increase from the previous year. The firm said export contribution to the overall revenue growth at 3,2%, was on the low side due to delays in the commissioning of the Newtech Plant. Early commissioning of the plant would have benefited the company in respect of exports of the Newtech products. The plant was, however, commissioned in November with initial exports going into South Africa.

The non-asbestos plant, acquired from Italy using a loan facility from the PTA Bank, has the capacity to produce 35 000 tonnes of Newtech products annually. Turnall exports its products to South Africa, Mauritius, Malawi, Mozambique, the United States, Botswana and Namibia. Operating profit from continuing operations stood at USD 7,4m representing an increase of 40% compared to the same period last year.

The firm's operating margins were negatively affected during the period under review at 14,2%, which was below the prior year margin of 15,1%. Turnall currently imports 100% of its chrysotile fibre requirements from Brazil and Russia at a higher cost of USD 1 200 per tonne, which is almost double the local price of USD 690 per tonne, because the local mines are not producing the commodity. Cement, which makes up 70% of the raw materials, is sourced locally and the prices are stable at USD 200 per tonne.

Chrysotile, however, constitutes only 10% of the raw materials. Profit-before-tax of USD 5,1m was achieved, representing an increase of 5,4% over the same period last year after finance charges of USD 2,2m. The company closed the period with net short-term borrowings of USD 11,8m comprising USD 9,3m secured largely for the purposes of purchasing chrysotile fibres from Brazil and Russia and USD 2,5m representing the current potion of the PTA loan for the Newtech Plant.

On the other hand, volumes produced during the period under review amounted to 83 910 tonnes which is 23% more than the previous year. Turnall reported export volumes of 3 312 tonnes, which grew by 18% from the same period last year. A total of 4 700 tonnes of pipes were produced, representing a 55% increase from the previous period, with growth mainly coming from water and sewer reticulation projects that were undertaken by local authorities and the Zimbabwe National Water Authority.

Targeted infrastructural projects in the outlook period should further benefit the company. It is also anticipated that improvement in the local financial services sector will drive local construction growth as mortgage lending and funding for infrastructure projects increase. Turnall management is also looking at taking advantage of infrastructure projects outside Zimbabwe's borders. "Growth in export volumes is also anticipated from regional markets given the number of projects that are underway in South Africa and elsewhere in the region.

"The company is excited about the prospect of growing exports into the region during 2012. We continue to target the South African Rural Development Programme (RDP) housing projects and to date we have made inroads into this segment. "Supplies into a 6 500 housing unit project valued at R15m in KwaZulu Natal started this January," said Mr Nkala. Turnall is one of the few manufacturing concerns with a significant level of capacity utilisation at around 75%, compared to a sector average of 57% according to the latest Confederation of Zimbabwe Industries survey. *(Herald)*

DAIRIBORD Holdings Limited's after-tax profits for the full year to

December 2011 increased by 14,4% to USD 7,1m, driven by high volumes and improved margins. As a result, the company's earnings per share increased by 11,9% to US1,97c on the back of a 28% growth in revenue, which at USD 95m, was near the forecast levels.

Chief executive Mr Anthony Mandiwanza said the group was targeting USD 100m worth of sales by the end of last year. Dairibord attributed the volume growth to better capacity utilisation after the company had invested significantly in plant and new product machinery to enhance operational efficiencies. The company invested USD 6,2m on capital projects, including the Cascade processing plant, commissioned in the first half of last year, and the Nutriplus plant, commissioned in the third quarter of last year.

A new yoghurt plant was commissioned in the third quarter of last year while two packing lines for Chimombe milk were installed in the last quarter to minimise repairs and maintenance costs. More commercial vehicles were acquired to improve the group's distribution capacity. Dairibord chairperson Mr Tim Chiganze said: "Sales volumes increased by 20% over 2011, driven by 15% growth in beverages, 19% (growth) in foods and 26% growth in liquid foods."

To further enhance volumes, efficiencies and profitability, the group mobilised USD 4m, at 11% annual interest, from the PTA Bank for recapitalisation and settlement of short-term loans. A total of USD 10m is earmarked for capital projects in the current financial year. The company said raw milk intake increased by 16% over the year. Malawi operations recorded a 26% growth in volumes while Zimbabwe operations registered 13% increase.

But overall group profitability was weighed down by poor performance in an associate company, M.E. Charhons Limited, whose loss worsened to USD 512 362 from USD 200 503 in 2010. Mr Chiganze said Dairibord has since resolved to exit the associate, which has been weighed down by protracted plans to raise the money needed to give the firm a new lease of life. Zimbabwe Stock Exchange-listed Dairibord said it would exit Mulanje Peak Foods, which it controlled indirectly through Dairibord Malawi, due to its inability to grow and become profitable. But the group increased its stake in Dairibord Malawi from 60% to 68,4%.

Other shareholders, National Investment Trust of Malawi and the workers, hold 22,8 and 8,8% respectively. Looking ahead, the group expects to reap benefits of increased volumes, plant efficiencies and better margins this year due to last year's capital investments in plant and machinery. *(Herald)*

Economic News

The Securities Commission of Zimbabwe is working on additional financial disclosure requirements as part of new rules for listed firms to enhance assessment of their value by investors. Broadly, the rules will cover investor protection, insider trading, advertisements, listing requirements, accounts and financial statements, mergers and acquisitions and custodial services. The additions would tighten regulatory requirements, especially for the public firms.

It is not yet clear when the Securities Commission will start implementing the new requirements as that depends on how long it will take the Ministry of

Finance to gazette them. Mr Chinamo confirmed this when he said: “As to when the (new) rules will be enacted that will depend on the time it takes us to have them gazetted by the ministry.” An excerpt from the draft reads: “Following the registration and/or listing of securities, companies must file annual and other periodic reports with SECZ to update information contained in the original filing.

“In addition, issuers must send required reports to requesting shareholders. The Securities Act and these rules emphasise full and timely disclosure of specific or precise information to ensure that the market can then fairly set the prices of the securities.” The new rules come in the wake of reports that some public firms were not disclosing sufficient information in financial statements, including when the firms want to undertake capital raising initiatives. It comes as SECZ is in the process of drafting the new rules for local securities and capital markers amid strong suspicions that some underhand activities have been taking place.

Yesterday, the commission said it was investigating suspicious share price movements and three companies had reportedly fallen under the regulator’s spotlight. This follows allegations that the share prices of the three firms under investigation gained by more than 20% in December last year, but no fundamentals seemed to support the gains. SECZ contends the behaviour of some listed firms made it difficult for investors to have exhaustive information about a company, which is critical in evaluating them for possible investment.

As a consequence, investors ended up putting their hard-earned money in financially distressed companies that run into serious problems not long after investors had invested fresh capital into them. Mr Chinamo recently said the regulatory authority had an obligation to ensure that investors were adequately protected from unscrupulous practices by corporates. The new disclosure rules come as the commission is also considering criminalising insider trading and would prosecute such delinquency at the earliest occurrence, as a test case to curtail the practice.

The requirement comes as SECZ is continuously improving regulatory requirements to enhance confidence in local capital in the wake of irregularities in some listed firms. Investment advisors are now required to register with the supreme securities regulatory with effect from last Thursday in a bid to protect investors from unauthorised dealers. The directive applies to any investment specialists, including pension funds, stockbrokers, transfer secretaries, pension fund trustees and unit trust advisors, among many other stakeholders. *(Herald)*

The Zimbabwe Stock Exchange (ZSE) recorded its highest turnover value since July 2009 in January amounting to USD 55,8m from 383,2m shares. According to the Zimbabwe Monthly Economic Review for February by Africa Development Bank (AfDB), the ZSE started the year on a turbulent note. This shows a marked improvement in the average price of shares, an indicator of confidence on the stock market. There was also an improvement on foreign deals which saw a net inflow of capital of USD 17,8m, said AfDB.

Market capitalisation declined to USD 3,5bn in January from USD 3,7bn at close of trade in December 2011. The mining index hit its lowest level since 2009 to close the month of January at 70,09 points. The index had recorded levels of more than 200 for the beginning of the year, since the multi-currency system. The downward spiral began in April 2011, possibly resulting from the intensification of the implementation of the indigenisation policy which raised a lot of uncertainties on the long-term viability of the mining sector, reads part of the report.

The industrial index also declined since the beginning of the year to close the month of January at 138,52, the lowest level since August 2010. This could be attributable to the slow recovery of the manufacturing sector due to liquidity challenges. The development for January could also be attributable to low activity of the sector as most counters were on their annual shutdown, AfDB said.

Meanwhile AfDB said gold output for the month of January increased to 1 153,16kg from 724,8kg last year. When compared to January 2011, a marked improvement in gold production can be observed as small-scale producers produced only 125,6kg while primary producers produced 599,2kg, the report said. It said gold and platinum prices firmed by 9% and 15% respectively while copper and nickel prices increased by 8% and 10% respectively.

The report said rough diamond prices were affected by increase in supply of diamonds especially from Zimbabwe following the lifting of the ban on Marange diamonds in the period under review. *(Newsday)*

African Development Bank (AfDB) says local financial institutions high loan-to-deposit ratio reflects increased risk-taking on the part of both lenders and borrowers. Over the period December 2010 to December 2011, banks have been lending a high proportion of bank deposits, with an average loan-to-deposit ratio of 87,4%, the regional bank in its January Zimbabwe Monthly Economic Review said.

“The loan-to-deposit ratio increased from 76,8% in January 2011 to 87,4 % in December 2011. The general increase in the loan-to-deposit ratio suggests that banks have been increasingly lending more out of the deposits mobilised,” AfDB said. Despite imminent threats to the country’s financial services sector stability by liquidity constraints, banking sector deposits according to the AfDB continue to grow although they are largely short term as is the case with loan facilities.

The Reserve Bank of Zimbabwe (RBZ) says total banking sector deposits, which are net of inter-bank deposits, increased from USD 2,33bn in December 2010 to USD 3,32bn in December 2011. “Demand deposits constituted 57,4% while saving and short-term deposits accounted for 33%. Long-term deposits stood at a mere 9,6%, an unfavourable environment for long-term investment given the asset liability mismatch,” the AfDB report said.

“However, this increase has not reduced the liquidity shortages in the economy. In early January 2012, some banks experienced a Real Time Gross Settlement System (RTGS) gridlock, which resulted in some banks failing to clear their RTGS transactions,” AfDB said. This has exposed some challenges faced by the RBZ in acting as the lender of last resort (LOLR).

Treasury recently indicated plans of providing USD 20m to the central bank to help bolster its function as a LOLR to the banking system. Additionally the Finance ministry has committed towards mobilising an additional USD 73m for the RBZ to undertake this function. A Special Purpose Vehicle is to be established by the RBZ where financial institutions and other investors will contribute to the LOLR function.

Zimbabwe's worsening liquidity challenges, circulation of large amounts of cash outside the formal banking system, delayed cash payments and illegal cash externalisation have prompted the central bank to effect a daily cash withdrawal limit, which according to AfDB, is likely to destabilise the country's banking sector.

The RBZ set a USD 10 000 ceiling on all individual daily withdrawals in order to allow banks sufficient time to prepare for the withdrawals in the face of liquidity challenges, but the initiative is likely to be counterproductive and worsen the situation, given the historical background of the cash shortages that characterised the period before the multi-currency system.

According to the new regulations, the banking public is required to give a 24-hour notice for transactions exceeding USD 10 000 and five days prior notice for withdrawals above USD 50 000. The regional bank however, said the central bank will be lifting the previously announced cash withdrawal limits effective March 2012. "The reversal of the original directive is apparently recognition that it was counterproductive and rather adversely impacted on confidence in the banking system."

The cash limits and the possible subsequent lack of depositor confidence also come at a time a number of indigenous banks are facing closure for failing to meet the country's statutory capital requirements. Struggling banks could be forced to merge or be acquired if they fail to meet the set minimum capital requirements. The RBZ says non-compliant banks would not be allowed to conduct any business with effect from April 2012. According to the latest RBZ figures, four banks are still to comply with its requirements. Local banks loan-to-deposit ratio increased from 76, 8% in January 2011 to 87,4 % in December 2011. *(Daily News)*

MBCA Bank Limited has facilitated lines of credit worth USD 65m in support of the tobacco industry from its South African parent firm Nedbank Group and Afreximbank. Spokesperson Ms Dedrey Mutimutema said the lines of credit made MBCA one of the largest supporters of the golden leaf, Zimbabwe's single biggest foreign currency earning cash crop.

Ms Mutimetema said the tenure of the facilities will be 12 months on a revolving basis while interest will be at "preferential rates". "These lines of credit have been structured in such a manner that they will fund the entire value chain in the production of green leaf tobacco," said Ms Mutimetema. The funds will cover input financing, grower financing, (tobacco) processing, export logistics as well as export debtors."

MBCA Bank said working hand in hand with seasoned tobacco merchants would ensure inputs and working capital were readily available for farmers to avoid disrupting their programmes. Tobacco is currently Zimbabwe's biggest foreign currency earner, accounting for about 26% of the agriculture sector's contribution to total foreign export earnings. Development of the agriculture sector is critical for Zimbabwe as it provides income and employment to over 70% of the population and accounts for 30% of formal employment.

The sector provides 60% of raw materials used by industry, while it consumes about 65% of outputs from the manufacturing sector. While mining has recently emerged as the driver of the economic resurgence, developing policies that support agriculture remains vital for sustainable economic recovery. Tobacco will contribute significantly to agriculture's 11,6% growth projected by Finance Minister Tendai Biti, who expects the economy to grow by 9,4% this year.

Tobacco production has risen from an all-time low of 48,8m kg in 2008 to 60m kg in 2009 where it was buoyed by adoption of multiple currencies and favourable prices at the floors, 123m kg in 2010 and 132,5m kg last year. MBCA last year facilitated part of the funding for Schweppes Zimbabwe's new USD 15m production line to double its output and maintain the firm's competitiveness. The bank structured the deal, negotiated with the financiers, secured the funding (external and local) and acted as the liaison medium with all the regulatory authorities.

The facilities funded core plant replacement, civil works and latest "fast bowler' technology. This will bring a number of economic benefits, including more jobs and export capacity. In recognition of its efforts, MBCA Bank has previously been awarded the Afreximbank Gold Award for the best performing bank in the area of trade finance, having excelled in facilitating lines of credit destined for the tobacco industry. Tobacco merchants have already begun drawing down on the funds made available by MBCA Bank Limited. *(Herald)*

The Zimbabwe Stock Exchange (ZSE) has finally applied for an operating licence from the Securities Commission of Zimbabwe (SEC). The application was submitted amid reports the ZSE had embarked on a raft of reforms to transform it into a modern bourse. Last year, SEC summoned members to the exchange raising concerns on viability and non-issuance of an operating licence to the ZSE.

Section 30 (2a) of the Securities Act makes it mandatory for the ZSE to register with SEC for it to be considered a bourse. The ZSE is currently operating as a mutual society run by stockbrokers. SEC chief executive officer Tafadzwa Chinamo said the commission became operational after the stock exchange was already in existence hence the need for the ZSE to be properly registered.

He said SEC did not have records of the bourse.ZSE has applied for a formal licence to operate as an exchange, Chinamo said. They submitted the papers first week of February. We are going through the application now and we hope by the end of this week we would have completed the process. He said the process could take time as some of the requirements might be missing from the applications and the exchange might be told to resubmit its application.

We believe the current structures need to be improved. They are not adequate in terms of running an exchange, he said. We actually did not know the structure for ZSE, but we had for all brokers in the country. The brokers had fulfilled all our requirements as SEC. In January this year, SEC chairperson Willia Bonyongwe said the ZSE should automate to increase levels of transparency as opposed to the current manual system of trading that could easily be manipulated.

Last week, SEC said it instituted investigations into unusual price movements of some stocks on ZSE. It said it had noted a disturbing trend over the past years, where unusual price movements were exprienced at the end of a quarter and also at the end of the year. The price movements are apparently not supported by any fundamentals. SEC failed to meet its September 2011 deadline for automation of the ZSE.

Notes

Securities Africa Limited

South Africa
☎ Direct: + 27 11 243 9030
Fax: + 27 11 268 5708
Zimbabwe
☎ Direct: + 263 4 706012
Fax: + 263 4 705816
UK
☎ Direct: + 44 20 7101 9290
Fax: + 44 20 7691 7057
USA
☎ Direct: + 1 441 278 7620
Fax: + 1 441 295 6735
Email: Mail@SecuritiesAfrica.com