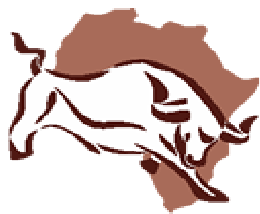


SECURITIES AFRICA

For week ending 23 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:

- Botswana
- Egypt
- Ghana
- Kenya
- Malawi
- Mauritius
- Morocco
- Namibia
- Nigeria
- Tanzania
- Zambia
- Zimbabwe

Currencies:

	23-Mar-12	WTD %	YTD %
Currency	Close	Change	Change
AOA	95.08	-0.01	-0.15
DZD	73.90	0.27	1.78
BWP	7.16	-0.31	2.82
CFA	486.61	1.15	1.64
EGP	6.01	0.01	-0.01
GHS	1.76	-2.20	-8.35
KES	81.62	-0.67	2.32
MWK	165.16	-0.19	-1.70
MUR	27.92	0.52	0.75
MAD	8.42	0.94	1.82
MZM	27,620.00	-2.49	-3.45
NAD	7.65	-0.12	5.98
NGN	157.35	0.19	1.52
ZAR	7.68	-0.26	6.05
SDD	266.43	-0.05	-0.13
SDP	2,261.00	0.00	0.00
SZL	7.65	-0.01	6.11
TND	1.51	0.48	-1.12
TZS	1,570.69	0.10	-0.66
UGX	2,455.76	-0.92	-0.35
ZMK	5,231.08	-0.87	-4.26

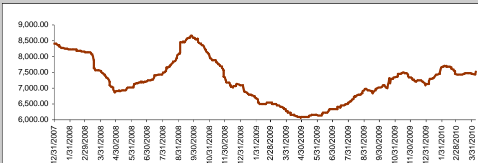
Source:oanda.com

African Stock Exchange Performance:

Country	Index	23 March 2012	WTD % Change	WTD % Change USD	YTD % Change	YTD % Change USD
Botswana	DCI	7,038.07	-0.30%	-0.61%	0.96%	3.89%
Egypt	CASE 30	5,145.32	-0.47%	-0.45%	42.04%	42.03%
Ghana	GSE All Share	1,039.11	0.59%	-1.57%	7.23%	-1.03%
Ivory Coast	BRVM Composite	152.43	1.14%	2.32%	9.76%	11.59%
Kenya	NSE 20	3,312.85	-0.18%	-0.85%	3.36%	5.82%
Malawi	Malawi All Share	5,512.07	0.61%	0.42%	2.66%	0.94%
Mauritius	SEMDEX	1,763.53	0.13%	0.65%	-6.61%	-5.91%
	SEM 7	328.49	-0.51%	0.00%	-6.23%	-5.53%
Morocco	MASI	11,000.78	-0.79%	0.15%	-0.08%	1.78%
Namibia	Overall Index	891.00	-3.05%	-3.16%	6.32%	13.08%
Nigeria	Nigeria All Share	21,191.22	1.76%	1.96%	2.22%	3.80%
South Africa	All Share	33,572.07	-1.90%	-2.15%	4.93%	11.68%
Swaziland	All Share	277.72	0.00%	-0.01%	3.46%	10.19%
Tanzania	DSEI	1,324.02	0.36%	0.46%	1.60%	0.93%
Tunisia	TunIndex	4,795.87	0.67%	1.15%	1.56%	2.32%
Zambia	LUSE All Share	3,913.33	0.39%	-0.48%	-6.15%	-9.72%
Zimbabwe	Industrial Index	139.26	0.43%	0.43%	-4.52%	-4.52%
	Mining Index	85.45	0.00%	0.00%	-15.14%	-15.14%

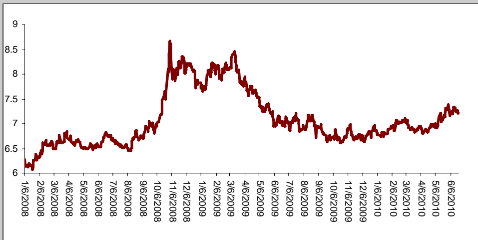
Botswana

Botswana Stock Exchange



Source: Reuters

BWP/USD



Source: Reuters

Economic indicators

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

Source: World Development Indicators

CPI Inflation

Stock Exchange News

The DCI lost a marginal -0.30% to close at 7,038.07 points. BOD and Imara were led the gainers after adding +4.44% and +4.17% to close at BWP 0.47 and BWP 2.50 respectively. Other counters to gain included Cresta (+2.80%), Turnstar (+2.22%) and ABCH (+1.12%). Notable losses were recorded in AF Copper (-17.07%), Choppies (-6.25%) and Betta Beta (-2.67%). Market turnover for the week amounted to BWP 3.68m after 1.75m shares exchanged hands.

Corporate News

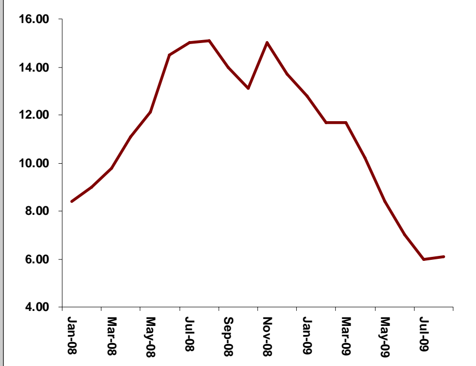
Botswana Insurance Holdings Limited has moved up in Letshego's share register, snapping up more equity in the leading consumer finance lender following the divestment of a long-time shareholder last year. Latest available information indicates that BIHL took advantage of private equity fund manager, Kingdom Zephyr Africa's divestment last year, snapping up more shares in Letshego to climb into pole position.

From its entry in 2004, Kingdom Zephyr was Letshego's top shareholder, at one point holding 27% of the pan-African consumer financier, followed through the years by BIHL and other investors represented by asset managers. However, Kingdom Zephyr, who manages the investment in Letshego Holdings Limited via the investment vehicle of PAIP-PCAP-FMO Letshego Limited representing diverse international investors, last year pulled out of Letshego, allowing BIHL and other shareholders to increase their holdings.

By January last year, BIHL held about 16.5% of Letshego, with PAIP-PCAP-FMO Letshego Limited as managed by Kingdom Zephyr holding 13.1% as the private equity manager reduced its shareholding in Letshego. As of February 29, 2012, the shareholding managed by Kingdom Zephyr held only four% in the consumer financier, with BIHL having further consolidated its position, together with other shareholders.Available documents indicate that between 2009 and 2012, the shareholding managed by Kingdom Zephyr's holding in Letshego declined from 27.8%, to 22.9%, to 13.1% and eventually four% in 2012.

Over the same period, BIHL increased its holdings from 13.1%, to 13.6% and to 16.5% in 2011. While figures for 2012 are as yet unavailable, trends suggest BIHL has further consolidated its pole position. This week, Kingdom Zephyr's future was shrouded in mystery after South African media claimed the private equity manager was experiencing internal unease, following the departure of a key executive.

According to Reuters, the departure of Chief Investment Officer Panos Voutyritsas, last September had unsettled some investors, as "investment



Source: SAR

professionals with local knowledge in emerging markets such as Africa, are not easily replaceable."Panos, together with another Kingdom Zephyr executive, Kofi Jude Bucknor, were also Letshego board members who resigned last year, in line with the divestment. Senior officials at Letshego were quick to dispel any impact on the pan-African lender from any internal concerns at Kingdom Zephyr. They also dismissed any appearance of "mystery," surrounding Kingdom Zephyr's disinvestment from Letshego.

"These are private equity firms and they have a window of how long their investment should run and what the return should be. They disinvested in order to return the funds to the investors," Letshego chief financial officer, Colm Patterson said."The investment came to an end and they exited as we knew they would.""From our perspective, it was business as usual.

We are happy and grateful for the contribution Kingdom Zephyr and its representatives made during their time on the board of Letshego Holdings." During its seven years as Letshego's leading shareholder, Kingdom Zephyr representing PAIP-PCAP-FMO Letshego Limited had two board positions and played an important part in the board setting the strategic direction of the Letshego group along with other directors. *(Mmegi)*

Botswana Diamonds, an Ireland-based junior diamond explorer, is hoping that ancient alluvial-type deposits, known as paleoplacers, at its 8000 km exploration tenement in Cameroon, have the potential for significant diamond yield, according to Mining Weekly. The company's founder and chairperson, John Teeling, was quoted by Mining Weekly, saying that 'Few people, if any, in the diamond industry believe that Cameroon has the geological potential for diamonds.

However, as a result of out work in Zimbabwe where massive diamond discoveries were made in paleoplacer deposits in the Marange area, we understand this type of rock and realized its potential'. Teeling said that a 300 t bulk sample of the deposits is underway to confirm the presence of diamonds, and that he believes that diamonds have already been discovered there by local artisans. On the basis of this discovery, C&K Mining obtained a mining license and is now developing a diamond mine due to come on-stream later this year. *(Isirali Diamonds)*

Alternative Investment Markets listed firm, Botswana Diamond (BoD), says it has begun carrying out small bulk sampling on diamond claims in Masvingo to determine if there are any kimberlites. In a trading update on Monday, BoD also said sampling operations had commenced on its Mobilong licence in Cameroon while data gathering preparation and analysis continued.

"Rio Tinto discovered diamond indicator minerals and kimberlites on the claims," BoD said. "The purpose of the work on the claims which are 49% owned by BoD and 51% local Zimbabwean ownership, is to confirm the presence of kimberlites and to determine if they are diamondiferous."

BoD plc is a diamond exploration and project development company that holds exploration licences in Botswana and Cameroon as well as early-stage diamond licence applications in certain areas of Zimbabwe. Last month, the diamond exploration and project development company announced it had

conditionally raised GBP 1,51m mainly for its exploration projects in Botswana, Cameroon and Zimbabwe.

It also announced it would mobilise exploration projects at the Chimanimani and Marange sites in Zimbabwe as soon as mining licences were obtained. The company has an interest in exploration licences in the Democratic Republic of Congo.

The company's strategy is to have a pipeline of projects in Southern and Central Africa stretching from early stage diamond exploration to existing late stage development and eventually production. *(News Day)*

Debswana is targeting production of around 24m carats in 2012, but the Botswana diamond company is currently mining at diminished levels as global economic uncertainties continue to impact its operations. "We're tailoring our production a little bit to the market," Jim Gowans, Debswana's chief executive, told Rapaport News. "We were on a schedule to make about 24m carats in 2011 but we pulled back a bit in the fourth quarter because the market flattened off in terms of consumption and prices dropped a little bit."

Gowans (pictured) added that while the volume of production has been lower in this first quarter of 2012, prices have held steady, and this trend should continue through the first half of the year. Debswana, which is a joint venture between the Botswana government and De Beers, has four diamond mining operations, including its Jwaneng, Orapa, Letlhakane and Daamtshaa mines. Total production rose 3% year on year to 22.89m carats in 2011 and accounted for 73% of De Beers Group output.

De Beers recently stated in its annual report that it shifted its operations to focus on waste mining and is carrying out care and maintenance during the period of softness in the diamond market. Gowans explained that in doing so, Debswana is absorbing slightly higher costs but is positioning itself to ramp up production towards the end of this year, or in 2013, when the market is expected to be more robust.

Gowans noted that Debswana's life of mine plan enables production of up to 30m carats but the current price level for rough would not support such a quantity. "The market is very sensitive at the moment so if we ramped up to 25m carats I believe that would have a detrimental impact on the market," he said. "It would mean an oversupply which would result in prices softening."

Debswana has lowered its price forecasts for 2012 and is working according to an average production value of around USD 150 to USD 160 per carat, compared with an average of about USD 170 per carat in 2011. Gowans added that production mixes have also changed as the company has pulled back its output at Jwaneng and is currently more dependent on the Orapa goods, which tend to be of lesser quality.

Diamond mining through Debswana's operations has historically formed the mainstay of Botswana's economy, accounting for an estimated 80% of all exports. "Botswana's economy very much depends on Debswana," explained Keith Jefferis, managing director of eConsult Botswana and former deputy governor of the Bank of Botswana.

Jefferis therefore cautioned that the long term future of Debswana remains in question as the company's mines will be exhausted by around 2030. "A normal company looks for the next generation of assets or look at international expansion but Debswana does neither," he said.

Debswana has embarked on a USD 3bn expansion project at Jwaneng called "Cut 8" to extend the life of mine by eight years to around 2025 and gain access to an additional 100m carats. Gowans reported that the required infrastructure relocations were completed at Cut 8 and waste removal, which is expected to last about five years before commercial mining can commence, began towards the end of 2011.

He said that a decision whether to invest in a Cut 9 extension would need to be made by 2016, adding a potential 40m carat to the life of mine. "The decision to do Cut 9 is all going to be driven by price and cost differentials," he explained. "Then you would have to look at underground but that resource won't be so significant because the fact that we can do a deep open pit doesn't lend itself to a deep underground mine."

Debswana is also currently assessing the feasibility for Cut 3 at Orapa after which a decision to go underground mine would need to be made. De Beers carries out exploration activities on behalf of Debswana in Botswana with some prospective kimberlite pits around Orapa. Gowans noted that other sites found in the Central Kalahari Desert are currently not economically viable but may become so if rough prices rise sufficiently and technological advances are made to make them feasible.

With an estimated 15 to 20 years left in the mines, given current production levels, the government has embarked on a program to diversify away from mining. Its diamond hub project has seen the establishment of a cutting and polishing sector and diamond trading is expected to be launched later this year.

Debswana will be supplying 11% of production in 2012 to the recently formed Okavanga Diamond Trading Company, which will conduct rough diamond sales on behalf of the government. Supply to government will increase by 1% per year until it reaches 15% of Debswana's total in 2016, with the remainder being sent to the Diamond Trading Company Botswana (DTCB) to be mixed with other De Beers production for distribution to sightholders.

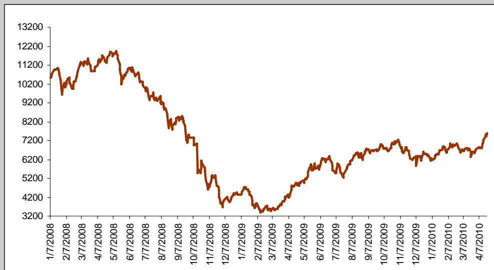
In the short term at least the country will still rely on diamond mining and Debswana has invested significantly to extend its life of mines. "The Botswana government has enough leverage from mining in the next 20 to 30 years to allow for diversification," Gowans said. The question thereafter, as Jefferis stressed, is if beneficiation programs currently being developed on the back of Debswana's production, can sustain themselves. *(Diamonds Net)*

Economic News

No Economic News this week

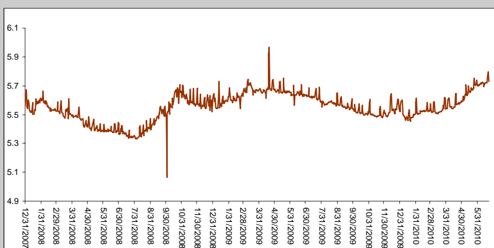
EGYPT

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 lost -0.47% to 5,145.32 points. Development and Engineering Consultants led the movers after gaining +9.79% to EGP 12.67 followed by The Arab Dairy (+5.33%) and Orascom Telecom (+4.13%). Bisco Misr was the biggest loser after shedding -7.60% to close the week at EGP 30.03. Other notable losses were recorded in: Egyptian International Tourism Projects (-5.00%) and ODH (-4.85%).

Corporate News

Real Estate Company Egyptian Resorts posted a narrower full-year loss, helped by new revenue from its Sawari project on the Red Sea. Egyptian Resorts said on Sunday it made a 2011 net loss of EGP 7.4m (USD 1.2m), compared with a EGP 9.1m loss in 2010. Revenue nearly doubled to EGP 28.2m. The company has not sold any land to developers since the third quarter of 2008 when the global financial crisis reduced appetite for big real estate purchases in Egypt.

Egyptian Resorts, hit by political turmoil since President Hosni Mubarak was ousted, has been working with Orascom Development Holding to develop land for Sawari, a mixed-use development that will include a marina on a 2.5m square-metre plot at Sahl Hasheesh on the Red Sea. Its chief executive told Reuters in October it expected sales of 2.2bn pounds from Sawari's first phase.

The company said on Sunday it expected to start construction on the project in the third quarter, but was still waiting for licences from authorities. Real estate firms in Egypt sell units off-plan or before they are fully constructed and delivered to their clients, meaning Egyptian Resorts reported 10.8m pounds revenue from Sawari for 2011. The company, like other developers in the Arab world's most populous nation, is reeling from challenges to state land purchases that started before last year's uprising and which have gathered pace since.

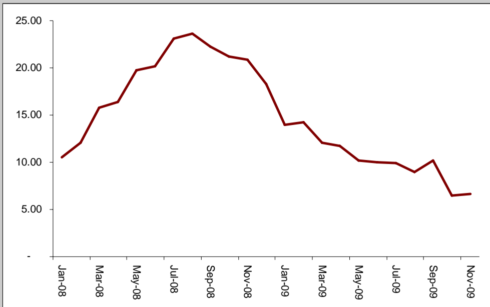
It said the impact of the uprising on the tourism sector, where the number of visiting tourists has slumped 33%, was partly to blame for the net loss. Egyptian Resorts shares were down 3.5% at 1303 GMT, with Egypt's main index 2.0% lower. *(Reuters)*

A unit of Egyptian private equity firm Citadel Capital plans to cultivate up to 40,000 acres of farmland in South Sudan to sell staple foods such as maize in the newly-independent nation, an executive said on Tuesday. South Sudan seceded from Sudan in July under a peace agreement that

ended decades of civil war with Khartoum, but the new nation is struggling with food shortages and widespread tribal and rebel violence.

The United Nations warns that around a third of the country's roughly 8m people will need food assistance this year after bad weather and violence hit farming. The young nation, one of the least developed in the world, also needs to cope with an influx of more than 80,000 refugees from Sudan's South Kordofan and Blue Nile states, where the army is fighting rebels.

CPI Inflation



Source: SAR

Citadel is investing about USD 30m to produce staples such as maize, sorghum and sunflower in the oil-producing Unity state bordering South Kordofan, project manager Peter Schuurs told Reuters. "We have so far 4,000 acres and we will be planting this year, primarily maize with some sorghum and sunflowers," said Schuurs, managing director of Concord Agriculture, a fully-owned Citadel unit.

"Our focus is food security in South Sudan ... we will be supplying the local markets," he said on the sidelines of an investment conference in Juba. "We will plant the crop in June." The firm has leased land from Unity state to be developed with the help of local farmers who it trains and equips with heavy machinery.

Schuurs said Citadel plans to add between 6,000 and 8,000 acres every year to reach between 30,000 and 40,000 acres within three to five years, when the firm expects to make its first profit from the project. Total production would be around 67,000 tonnes at the start.

"There is a food deficit for hundreds of thousands (of tonnes)," he said, adding that the United Nations, South Sudan's army and local merchants would be customers. A camp with refugees from South Kordofan is located close to Citadel's farming land. "They will need to be fed," Schuurs said.

Citadel expects a return of 15 to 20% from the project, which it plans to reinvest in the Unity state farmland. Like other investors, Concord is facing a long list of challenges doing business in South Sudan, which is struggling to set up a functioning administration.

The biggest headache is importing farming machinery to the landlocked nation from the Kenyan port of Mombasa along poor roads in Kenya and Uganda. Few paved roads exist in South Sudan outside the capital Juba. It not only takes weeks to get the machinery but local officials frequently try to impose unexpected duties on the imports, Schuurs said.

"There are always challenges. At the border between Uganda and South Sudan there is a problem at the moment," he said. Promised by the government in Juba to be exempted from customs in the first 10 years of the project, Citadel now faces demands from South Sudan border officials. "And then all of a sudden you get a duty of 20%," he said. He said customs officials have become much stricter since a row between Sudan and South Sudan over oil payments escalated.

South Sudan needs to export its crude via Sudanese pipelines to a Red Sea port but has been unable to agree on a fee with Khartoum. In January Juba shut down its entire oil production of 350,000 barrels a day in a protest at

Sudan taking some oil for what it called unpaid transit fees. Since then officials have been scrambling to find alternative sources of revenue.

"There is no revenue from oil and all of a sudden they are looking for ways to generate revenues," Schuurs said. "The easiest way to generate money is to put up a road block and ask for a kind of a fine for a passing truck or car." *(Reuters)*

Economic News

Egypt's finance ministry will offer EGP 4bn in three-year and five-year bonds at an auction on 26 March, the central bank said on Monday. The three-year bonds mature on 17 January 2015 and have a 16.15% coupon. The five-year bonds mature on 17 January 2017 and carry a 16.35% coupon. Settlement is on 27 March. The central bank is acting on behalf of the finance ministry. *(Ahram)*

Only ten days remain for taxpayers to benefit from a 25% tax cut, the ministry of finance said in a statement Monday. The new law, issued earlier this year, gives incentives for taxpayers to get cuts if they pay all or part of their dues before 31 March. The move comes as Egypt's government seeks to bolster its budget revenues and control deficit, which is expected to reach EGP 144bn, 9.1% of GDP.

The incentive scheme grants a 25% cut if dues are paid before 31 March, 15% if paid between 1 April and 30 June, and 10% if paid between 1 July and 31 December. Delayed wage taxes amount to 67.2% of total revenues of the sector; which translates to EGP 3.42bn, according to a report published Sunday in Al-Shorouk daily. Most of the delays in wage taxes are in public institutions such as the petroleum authority, ministries of justice, interior and foreign affairs.

The government plans to raise EGP 1.67bn of this year's delayed wage taxes in the current financial year. Total tax revenues grew by 15.6% during the 2010-2011 financial year to reach EGP 169.7bn, versus EGP 146.6bn for the previous year. Ministry officials said the increase was due to "taxpayers' sense of national duty" along with new dispute resolution policies undertaken by Egypt's tax authority. *(Ahram)*

Egypt will launch a scheme on Saturday to reduce its budget deficit by selling plots of land near Cairo to Egyptians living abroad, the housing minister said on Tuesday, with the aim of raising USD 15bn over four years. The deficit has widened since last year's popular uprising hammered the economy, cut tax revenue and led to demands for higher salaries and more benefits.

The government has forecast a budget deficit of EGP 144bn (USD 23.9bn) in the fiscal year to June 30, about 8.7% of gross domestic product. Housing Minister Fathi Abdelaziz el-Baradei told reporters the government planned to offer an initial 8,000 plots in at least two satellite cities near Cairo via a website, and said Egyptians living abroad would be able to reserve the plots as of Saturday.

They include 800 square metre lots in Sheikh Zayed City that the government will sell for USD 675 per square metre and 400 square metre lots in Badr City for USD 250 per square metre. The government said in a 10-page economic plan it sent to parliament this month that it hoped to raise as much as USD 15bn from the land sales over four years.

It is also working on plans to raise foreign currency by selling certificates of deposit to Egyptians living abroad and Islamic sukuk bonds to foreign institutions. Egypt has been negotiating a USD 3.2bn loan from the International Monetary Fund, which now has a team in Cairo, to help it avert a fiscal crisis. *(Reuters)*

Egypt's central bank cut its reserve requirement on local currency deposits to 12% from 14% on Tuesday, in a move to provide banks with more cash to lend to the government and business. The government has increased its borrowing to finance a burgeoning budget deficit since last year's popular uprising, but that has driven up interest rates on treasury bills and also crowded out lending to the private sector.

Analysts said lowering the reserve ratio would free up funds sitting idle at the central bank and supply banks with more cash to lend, both to the government and to business. "This move should help to bring T-bill yields down; they have already stabilised over the past month," said Simon Kitchen, a strategist at EFG-Hermes. The new ratio is effective as of Tuesday, the central bank said. "This measure will provide permanent liquidity into the banking system and help ease credit conditions in the market," the bank said on its website.

Analysts said 12% was still within safe limits. "The average elsewhere in Arab countries is like 7 to 10%, but we have it higher here in Egypt," said Radwa el-Swaify, an analyst at Beltone Research. She said the fears of a run on banks immediately following the uprising had since receded, and the central bank could afford to loosen the reserve requirement.

"There has been some crowding out because of the treasury offerings that have been done by the government," she said, adding that the central bank "wants to stimulate lending activity in general because they would like to jump-start the economy." A year of political turmoil has increased the government's borrowing needs by hammering the country's economy and lowering tax revenue while sparking worker demands for higher salaries and more benefits.

The average yield on one-year T-bills was 15.92 at the last auction on Monday, up from 10.44% immediately before the uprising that toppled President Hosni Mubarak in February 2011. The government has forecast a deficit of 144bn Egyptian pounds in the current fiscal year, which ends on June 30, or about 8.7% of gross domestic product. *(Reuters)*

Egypt is unlikely to lure the foreign investment it hoped for this year as nervous overseas businesses spend small following political unrest there, the chairman of a state-run investment agency said on Wednesday. However, Osama Saleh, chairman of Egypt's General Authority for Investment, said he expected investment flows into the country to start gathering pace in the summer.

Investment into Egypt slumped last year as a popular uprising overthrew

President Hosni Mubarak, prompting investors to withdraw capital and put projects on hold. Egypt is now trying to attract labour-intensive investments and make a dent in its long lines of unemployed people. "(FDI) is recovering but not, of course, at the previous momentum. I would assume towards the end of the third quarter this year it will start picking up," Saleh said in an interview on the sidelines of an investment forum in Abu Dhabi.

"The reported figure is between USD 2.5bn and USD 3bn which I don't think will be achieved this year," he said, referring to earlier estimates for inflows of foreign direct investment. FDI is likely to recover slowly as investors deploy a small initial chunk of capital before following through with larger amounts as projects progressed, he said. However he pointed out that a number of notable investments by multinational corporations, including GlaxoSmithKline and Electrolux, have already been made since the Mubarak's exit.

Saleh said Egypt was looking to market its strengths in labour-intensive industries where the country had strong expertise, such as in agriculture. "We are looking for real investors ... not big in capital as much as big in numbers of people - job creation." The country still remains politically fragile ahead of a presidential election in May and some international banks are still reluctant to lend into the country. Other institutions are, however. On Monday, the Japan International Cooperation Agency signed a USD 1.28bn loan to help fund construction of Cairo's fourth metro line.

Saleh believed Egypt was making strides towards returning to a time when it was one of the largest recipients of inward investment in the Middle East and North Africa. "During 2011, it was a little bit vague for outsiders to see how Egypt looked. "With the transition going smoothly right now towards the presidential election, a lot of stability is coming back - in particular on the political side." *(Reuters)*

Egypt's central bank kept its overnight deposit and lending rates unchanged on Thursday, saying economic growth remained feeble and warning that local supply bottlenecks and a recent outbreak of foot and mouth disease could speed up inflation. The rates decision was in line with expectations after inflation increased only mildly in February and following a cut in the reserve requirement on deposits to help spur growth.

Headline inflation accelerated to 9.2% year-on-year in February from 8.6% in January. The bank's Monetary Policy Committee (MPC) warned that inflation might quicken even though non-food prices were tame and international food prices were now less likely to rebound.

"The repercussions of the outbreak of the foot and mouth disease along with the re-emergence of local supply bottlenecks and distortions in the distribution channels pose upside risks to the inflation outlook," it said in a statement accompanying its decision. Egypt has had 40,222 suspected cases of a dangerous new strain of foot and mouth disease, and 4,658 animals, mostly calves, have already died, the United Nations' Food and Agriculture Organisation (FAO) said on Thursday.

The central bank also said the effect of Egypt's political troubles on consumption and investment could continue to hurt growth. "Moreover, downside risks continue to surround the global recovery on the back of

challenges facing the Euro Area. These factors, combined, pose downside risks to domestic GDP going forward," the MPC statement said.

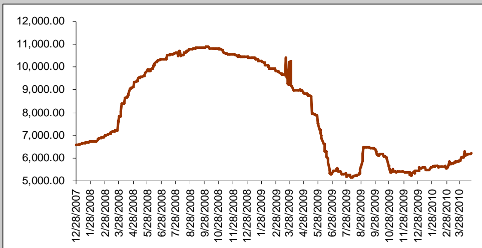
On Tuesday, Egypt's central bank cut its reserve requirement on local currency deposits to 12% from 14%, a move analysts said would free up funds sitting idle at the central bank and supply banks with more cash to lend, both to the government and to business.

The bank's Monetary Policy Committee kept its benchmark lending rate steady at 10.25% and the deposit rate at 9.25% after its regular meeting, it said on its website. All five economists in a Reuters survey had forecast that the meeting would hold overnight rates unchanged. The bank also left the discount rate unchanged at 9.5%. *(Reuters)*

SECURITIES AFRICA

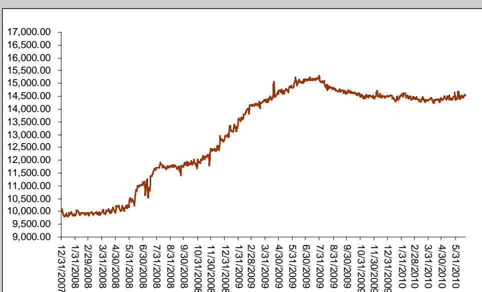
Ghana

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 +0.59% to close at 1,039.11 points. Gains were recorded in ETI (+10%), GGBL (+6.37%) and SIC (+2.70%) while ALW (-41.67%), Tullow (-4.35%) and CAL (-4.00%) were on the losing front.

Corporate News

Crude oil lifted from Ghana's Jubilee Field, over the weekend crossed over the 30-mth barrel of Jubilee Oil, since the field started production on November 28, 2010. The 30mth barrel pumped from the field was reached following the successful lifting of the 31st cargo of about 990,000 barrels of the light sweet crude oil from the field by Anadarko & Sabre Oil and Gas Limited , bringing the total crude lifted from the field to over 30,300,000.

Jubilee operator Tullow Oil's lifting of 996,358 barrels on 2nd March, 2012 brought the total lifting to 29,327,955 and with a favourable world crude price hovering above the USD 120.00 per barrel mark, partners have been lifting around their maximum allowable cargo of 997,500. The Anadarko- Sabre Oil Group parcel of about 997,500 barrels lifted over the weekend sent total crude oil lifted from Ghana's Jubilee Field, crossing over the 30-mth barrel, since the field started production on November 28, 2010.

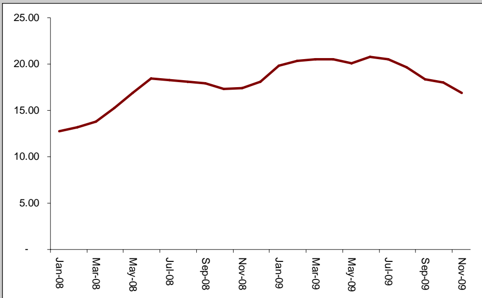
The successful lifting of the 31st cargo of about 997,500 barrels of the light sweet crude oil from the field by Anadarko & Sabre Oil and Gas Limited, brought the total crude lifted from the field to over 30,300,000. Jubilee operator Tullow Oil's lifting of 996,358 barrels on 2nd March, 2012 had sent the total lifting to 29,327,955 and with a favourable world crude price hovering above the USD 120.00 per barrel mark, partners are expected to be lifting their maximum allowable cargo of 997,500.

Ghana, which is the last to lift in the schedule of lifting, is billed to round off the current round with the 32nd cargo of 997,500 barrels of Jubilee oil, which would be its sixth cargo, around the 2nd of April. Ghana has so far lifted 4,926,673 barrels and therefore its sixth cargo would bring the country's total lifting to date to about 5,924,173 barrels.

Field Operator, Tullow Ghana Limited, has so far lifted the highest quantity of Jubilee Oil of 10,609,113 barrels, followed by Kosmos Energy with 6,901,950 barrels, with the Anadarko – Sabre Oil & Gas Holdings group raking in 6,890,219. Production from the field, which started at a daily rate of less than 40,000b/d rose steadily to 85,000 b/d sometime last year, before it declined to below 80,000 b/d rate, registering a shortfall of a third of the projected plateau for 2011.

Jubilee Operator, Tullow Ghana Limited in November 2011 reported that

CPI Inflation



Source: SAR

"production rates have been below expectations due to mechanical issues in certain wells related to the design of the well completions," adding that such problems were not unusual for a new field development of this type and remedial work was ongoing.

The Jubilee Field is currently produced by the floating production, storage and offloading FPSO Kwame Nkrumah MV 21 vessel, owned by the partners. The Jubilee partners are already implementing Phase 1A development of the field, to boost production to the 120,000 barrels per day capacity of FPSO Kwame Nkrumah MV 21. *(Ghana Web)*

For its compliance and commitment to the payment of the right tax due government, Newmont Ghana has been awarded the most outstanding corporate taxpayer for 2011. In 2011, Newmont Ghana paid more than USD 152m (GHS 241m) to the Large Tax Payers Unit of the Internal Revenue Service. The amount paid included payments on corporate tax, income tax, stabilization levy and withholding tax.

The Ghana Revenue Authority (GRA) in recognition of its tax payment compliance cited Newmont Ghana as "demonstrating good corporate citizenship in the prompt payment of its taxes". A statement issued by Newmont Ghana in Accra on Thursday quoted Mr Dave Schummer, Senior Vice President, Africa Operations as saying: "We appreciate being recognised by the GRA for our commitment to this aspect of our business and we look forward to continue to work with the Government and affected communities to enhance the long-term benefits of our operations to Ghana and Ghanaians."

A study by Professor Ethan Kapstein, a renowned political economist and sustainable development expert, shows that Newmont Ghana's Ahafo Mine, in 2009 was a major contributor to Ghana's economy, generating nearly 10% of the nation's total exports (USD 528m) and about 4.5% of its total foreign direct investment in 2009.

This directly and indirectly supported about USD 174m of Value Added, some 48,000 jobs in Ghana and played a significant developmental role in the communities around the Ahafo mine in 2009 alone. It also provided 99 local companies with nearly USD 6m in contracts and thereby supported more than 400 jobs, not including direct mine employment.

In 2006, Newmont Ghana in partnership with 10 communities around the Ahafo Mine area signed an agreement to contribute USD 1 per ounce of gold sold and one% of annual net profit from its mining operation into a fund for the sustainable development of the company's host communities.

The fund, Newmont Ahafo Development Foundation (NADeF), has so far accumulated about USD 8m for sustainable development projects, including community libraries, schools, teachers' quarters and micro-credit schemes in 10 communities in the Ahafo Mine. NADeF has awarded scholarships worth GHS2,026,279.01 to 2,335 tertiary and second cycle students from communities around Newmont's operations pursuing various programmes across the country.

The company has also instituted comprehensive social investment programmes at all its project areas in Ghana; in the areas of education, health

care, infrastructure, job training and small business development. *(Ghana Web)*

Ecobank Ghana Ltd. (EBG), a unit of Lome- based Ecobank Transnational Inc. (ETI), said profit in 2011 increased 20% as it earned more from loans. Net income rose to GHS 72.4m (USD 41m), the company said in a statement e-mailed by the Ghana Stock Exchange today. Net interest income, the money banks make from loans, climbed 18% GHS 128.6m.

"The bank employed a very robust risk management system that enabled it to grow its loan book significantly without much impairment," Randy Mensah, a stock trader at Databank Financial Services Ltd. in Accra, said by phone today. Loans and advances to customers grew 71% to GHS 849.9m while impairment costs climbed 7% to GHS 6.2m, according to the statement.

The lender will pay a dividend of 0.24 cedi per share on May 18, according to a separate statement. That's an increase of 20%, data compiled by Bloomberg show. Shares of Ecobank were unchanged at GHS 3.15 as of close of trading in Accra. *(Business Week)*

Economic News

Parliament on Tuesday approved a Buyers Credit Agreement between Ghana Grid Company Limited (GRIDCo) with the Government as guarantor and Societe Generale/COFACE of France for 34,054,465.08 Euros for infrastructural upgrade. The facility would enable GRIDCo finance its Substations Reliability Enhancement Project (SREP), intended to upgrade the operational reliability of its equipment at the Bulk Supply points by replacing identified obsolete and faulty components of the transmission network that are contributing to unreliable and low power quality in its network.

The loan which has a repayment period of 10 years, a maturity period of 12 years and a grace period of two years, attracts an interest rate of 1.75% per annum, and arrangement fee of one% and a commitment fee of one% per annum. GRIDCo would also raise a counterpart funding of 5,484,723.55 Euros being 15% of the loan.

Mr James Klutse Avedzi, Chairman of Finance Committee, who recommended to the House to approve the loan, said government, as a major policy objective, intended to increase the installed capacity of Ghana's general electricity capacity from the current level of about 2,000 megawatts to about 5,000 megawatts by 2015. Mr Avedzi said government intended making Ghana a net exporter of electric power to her neighbours including Togo, Benin, Cote d'Ivoire, Burkina Faso, Mali and Nigeria. *(GBN)*

The Ghana Export Promotion Authority (GEPA) has pledged to meet its goal of USD 5bn in Non-Traditional Exports revenue by 2016. The sector currently rakes in more than USD 1.0bn. A key element of this was to ensure that management and staff acquired the relevant expertise in anticipation of the lead role GEPA would play in the implementation of the National Export Strategy.

Speaking at a validation workshop of the TRADECOM Capacity Building Project in Accra on Wednesday, Mr Alexander Dadzawa, Head of Projects

Department, said the project was in line with GEPA's quest to develop the necessary skills and expertise in leading activities in the sector. The overall objective of the TradeCom Capacity building project is to promote sustainable development and contribute to poverty eradication in the Africa, Caribbean and Pacific region through regional integration and gradual integration into the world economy.

It is also to strengthen the capacity of GEPA in the area of market access. Mr Dadzawa said the TradeCom Facility supported GEPA with a capacity building programme, to enhance their preparedness to implement policies and programmes aimed at achieving the Non-Traditional Export target of USD 5.0bn revenue by 2016.

In the course of the Tradecom Project, GEPA tested new methodologies and mechanisms such as individual sales missions to the two key targeted markets of the EU and ECOWAS in favour of Ghanaian exporters of non-traditional products.In anticipation of the key role that GEPA would be playing in the implementation of the National Export Strategy, the National Export Development Programme (NEDP), the project also assisted GEPA to prepare a methodology for the formulation and implementation of sector strategies.

In the process, a strategy was prepared for the horticultural export sector. The mission to Germany (EU) in February 2012 focused on the export of fresh and dried fruits, spices, medicinal plants and coffee. Eight exporters from Ghana joined the mission to Germany; each exporter had approximately 8-10 individual meetings with the German importers.

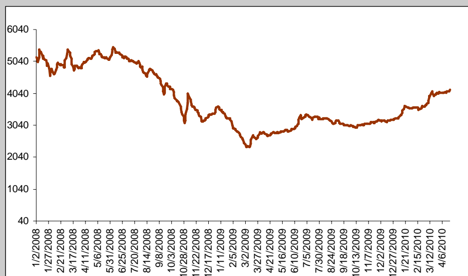
Eight exporters of wooden furniture, aluminium household utensils and roofing sheets joined the mission to Liberia and Mali (ECOWAS) in March 2012. During the mission to ECOWAS each exporter had more than 10 individual meetings with potential importers in Liberia and Mali. To estimate the market potential of the targeted countries and to find suitable business partners for the selected exporters from Ghana, an exploratory mission to ECOWAS took place in advance to prepare the sales mission in a professional way.

During the exploratory missions to Liberia and Mali, GEPA officers identified suitable business partners and fixed the meeting appointments with the identified potential importers on behalf of the Ghanaian exporters. Due to the success of the two sales missions, which has been confirmed by the participants, GEPA will deploy this tool increasingly in its market entry activities with a view to assisting the exporters in obtaining more orders for their products.

GEPA expresses its sincere gratitude to the European Commission and particularly, Dr Mohammed Ibn Chambas, President of ACP-EU Commission for his efforts which resulted in the funding of the Project and the AFC Consultants International, Germany for providing the technical guidance for the successful execution of the project. *(GBN)*

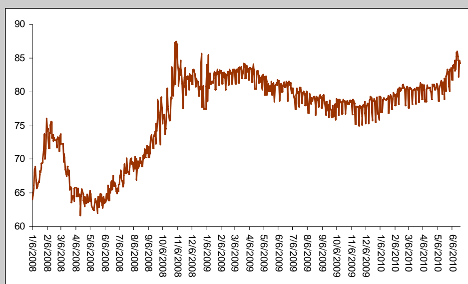
Kenya

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 lost -0.18% to close the week at 3,312.85 points. Uchumi led the movers after gaining +10.64% to KES 10.40 followed by KCB which rose +8.54% to KES 22.25. Other notable gains were recorded in Unga up +7.78% to KES 9.70 and DTK (+6.21%). Total was the main loser, shedding -19.22% to KES 14.50 followed by Kenya Airways (-13.20%) and NBK which lost -12.59% to KES 17.35. Market turnover was up +18.44% to KES 1.67bn.

Corporate News

National Bank of Kenya's pretax profit slid 9.4% last year to KES 2.44bn (USD 29.31m), hurt by a rise in provisions for bad debts, its chief executive said on Monday. Earnings per share fell to KES 3.19 from KES 4.18 the previous period, Reuben Marambii told an investors briefing. *(Reuters)*

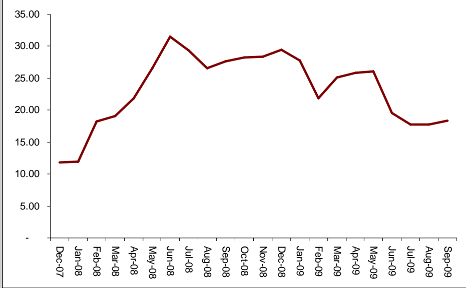
Cigarette manufacturer BAT Kenya plans to increase the capacity of its Nairobi factory to meet a rising demand. The company, which has witnessed a significant increase in the export market at a time the domestic market is experiencing challenges like high excise tax and tough regulations, plans to invest KES 1.2bn this year to expand the factory.

BAT Kenya Finance Director Philip Lopokoiyit said the investment would be in addition to Sh1bn the firm invested last year in capacity expansion. The factory churns out between 22bn and 25bn sticks of cigarettes per year. "We project that the export market will grow faster than the domestic market and that is why we think it is important to expand the capacity of the factory because we want more export volumes," he said.

Besides manufacturing cigarettes for the domestic market, BAT has contract manufacturing for Egypt. It also exports its products to Uganda, Mauritius, Tanzania, and the Horn of Africa. Exports are split between cigarettes and semi-processed tobacco leaves that are exported to Egypt. During the last financial year when the company posted 65% rise in pre-tax profit, the export market accounted for KES 11.4bn of the KES 20bn revenue realised, while the domestic market accounted for KES 8.8bn.

To grow the exports market, BAT has started exporting to South Sudan and the company is optimistic of potentials in the newest African nation. Lopokoiyit says one of the major challenges facing the domestic market is the instability of the excise tax regime. He said the arbitrary increase in excise duty is undermining the war against illicit cigarettes. Last year illicit trade dropped from 10% to 8%.

The tobacco industry is also suffering from heavy regulations following the implementation of the Tobacco Control Act. The firm, however, said the anti-



Source: SAR

smoking law has not had a huge impact on its domestic performance, due to what Lopokoiyit said was engagement with all stakeholders, including Government to make the industry sustainable.

The firm further contends that congestion at the Port of Mombasa remains a major bottleneck to business. BAT says it incurred a loss of Sh70m due to delays in clearing of its exports and imports. "The rapid results initiative has done well and we hope that the situation will improve significantly over the coming days," said Lopokoiyit.

Energy costs is also a major concern, although BAT reduced its manufacturing costs by seven%, mainly driven by resource optimisation, energy saving initiatives, and efficiencies of scale, as a result of increased volumes. *(Standard media)*

Kenyan carbon dioxide maker Carbacid posted on Tuesday a 34% rise in pre-tax profit to KES 257.2m (USD 3.1m) for the half-year to end-January, lifted by sales to new export markets. The firm's turnover rose to KES 473.7m from KES 290.6m in the same period a year earlier. "This increase in turnover was achieved by penetrating new export markets," Carbacid said in a statement. "Continued high costs of power and fuel will remain the major challenges to maintain margins in the second quarter of the year. Currency movements will also impact on the results in the second half of the year."

The Kenyan shilling hit a series of record lows last year, pressured by rising inflation on the back of higher fuel prices and a severe drought, but recovered after a tightening of monetary policy by the central bank in the fourth quarter. Directors recommended an interim dividend of KES 3 per share, up from KES 2 in the same period last year. *(Reuters)*

Kenya's national environment protection agency has backed down on its order to shut down a clinker plant operated by Athi River Mining, the company's chief executive said on Tuesday. Pradeep Paunrana had told Reuters last week that the firm, which is the east African nation's second-largest cement-maker, expected sales and profit to rise this year, provided it resolved the row with the environment agency.

Paunrana said the company had submitted a plan of action to comply with the issues raised by the environment agency, which led the National Environment Management Authority to withdraw its order. "We are fully compliant with our modern technology clinker manufacturing plant and expect to operate the plant at full capacity going forward," Paunrana said in a statement.

Closure of the plant, over Athi River's failure to tarmac a road leading to it among other points raised by the agency, would have forced it to import clinker, which would have added to the costs of making cement at its main plant near Nairobi. *(Reuters)*

Telkom Kenya, which has sunk into a fantastical debt trap, is asking taxpayers for a KES 10bn bailout. The firm, which made a record loss of KES 18.2bn in 2011, has about a week to raise KES 5.8bn to repay a bank loan by the end of the month. The country spent more than KES 90bn of taxpayers' money to prepare the company for sale to French Telecom in 2007. This resulted in loss of 16,100 jobs in five years.

Additionally, the government surrendered its crucial fibre optic network as a KES 10bn sweetener for what is turning out to be one of the messiest privatisation transactions in recent times. Now the company, whose turnover was only KES 9.2bn, owes a massive KES 51bn in expensive loans and is not expected to make any money for years to come.

According to official documents, Telkom Kenya's management says it has hit a "brick wall" and warned the Treasury and its parent shareholder France Telecom that if the emergency cash injection does not come through this month, it will be unable to make short term cash repayment worth KES 1.6bn to Standard Chartered Bank.

This will trigger a chain reaction that could see bank loans worth KES 12.5bn from Standard Chartered and KCB called in, sinking the company deeper into insolvency, forcing taxpayers to fund an even bigger rescue package. In this situation, the management says it will only be able to pay basics like electricity, water, security guards and salaries and it will even be unable to pay the outstanding bills of connecting its customers' calls to other mobile networks.

Other suppliers owed KES 1.9bn since 2011 will not be paid on time. In an interview with The EastAfrican, Mickael Ghossein, the chief executive of Telkom Kenya, said that the final amount of the shareholder loan being requested was still under discussion. The management has also requested its parent company to roll over KES 35bn in principal and interest that is also falling due at the end March.

Kenya Union of Civil Servants secretary general Tom Ondege was outraged by the firm's woes and questioned the rationale of privatising such companies in the first place. "It is the role of the government to make sure that the parastatals are self-sustaining and succeed in creating jobs for the citizens, not reducing the jobs already available in the country. *(Nation)*

Australia's Pancontinental Oil and Gas has completed seismic surveys on a third Kenyan offshore exploration block which the company said should add considerable potential to the block's hydrocarbon prospects. The Australian company said it had completed seismic surveys on the Nanaa prospect in block L8. The Australian company plans to start drilling a second prospect in L8 in the third quarter of this year.

"The new Nanaa 3D survey should add considerable volumetric potential to the L8 inventory of hydrocarbon prospects and leads and in the event of success on Mbawa we expect to have a substantial ready-made inventory of follow-up opportunities for drilling," Pancontinental's Chief Executive Officer Barry Rushworth said in a statement.

Data processing and analysis would be completed by the end of 2012, the company said. Pancontinental with partners holds exploration licences for four blocks off Kenya's Lamu archipelago - L10A, L10B, L6 and L8. Pancontinental said in January it had completed 2D and 3D seismic surveys on blocks L10A and L10B and expected to analyse and map them later this year, ahead of exploratory drilling.

The explorer plans to drill two wells in block L10A and L10B between 2013 and

2014, according to its work plan. It plans to drill one well on block L6 between 2012 and 2013 and one well on the Mbawa prospect on block L8 this year. Pancontinental said late last year it planned to raise up to USD 15m through a cash call to fund its exploration activity in Kenya and Namibia and shore up its working capital.

Kenya has no proven oil or gas reserves, but interest in east Africa's hydrocarbon potential has been fuelled by gas discoveries in Tanzania and Mozambique andbns of barrels of oil in Uganda. The offshore East African margin, including Kenya, has become an international hot spot for oil and gas exploration. *(Reuters)*

Kenyan oil marketer KenolKobil has won a tender to import and deliver 80,000 tonnes of Murban crude oil to Kenya in May, it said on Thursday. Earlier this month Kenya's energy regulator raised petrol and kerosene prices for the first time since November, citing an upward trend in the price of crude and refined petroleum products globally. It however trimmed the cost of diesel.

In February, Kenya bought more than 400,000 tonnes of oil products for March to May, the highest volumes it has purchased for this year, as demand increases in the country amid a growing economy and a shortfall in refining capacity. *(Reuters)*

Kenyan investment company TransCentury reported a 38% jump in pre-tax profit in 2011 from a year earlier to KES 869.3m. Earnings jumped 57% to KES 10.7bn, the company said. In a statement of audited results, the company said it was recommending a final dividend of KES 0.25 per share, up from KES 0.20 in 2010. TransCentury invests mainly in the energy sector, through the manufacture of cables and transformers. It also invests in transport, with a stake in Rift Valley Railways. *(Reuters)*

British American Kenya , a holding company for two insurance firms and an asset manager, posted a KES 1.7bn (USD 20.5m) loss in 2011, hit by a fall in the value of its holdings in listed companies, and said it was diversifying into real estate to improve future performance. Earlier in the year the company, which made a pretax profit of KES 2.7bn in 2010, warned profits would fall in 2011 by at least 25% on the back of high inflation and exchange rate volatility.

On Thursday the company said it made an unrealised loss on shareholdings of KES 3.3bn, which drove its overall loss, but hoped for a better performance going forward. "The companies in which we hold significant stakes in, continued to record higher profits in 2011 in relation to 2010 suggesting that the current unfavourable trends on stock market values might correct in the short to medium term," managing director Benson Wairegi said in a statement.

"To curb the effect of the stock market on our performance we are focusing on the diversification of our asset portfolio by investing in real estate and reducing the concentration on equities." The Nairobi Securities Exchange's main NSE-20 Share Index fell 29% in 2011. Despite that, British American said its insurance and asset management arms fared better, posting a 30% rise in revenues to KES 5.6bn. Life insurance, its main business, rose to KES 3bn from KES 1.8bn in 2010.

The firm said profit from general insurance underwriting rose to KES 377m from 152m previously. The company, with an 11% stake in Equity bank and 15.9% in mortgage firm Housing Finance, also operates in Uganda, and says it plans to spread to South Sudan, Tanzania and Rwanda.

Insurance is seen as a growth area due to low levels of penetration. Only about 7% of the 40m people in Kenya, east Africa's biggest economy, are covered by any form of insurance. British American said its total assets rose to KES 25.6bn from KES 25.4bn a year before, while assets under its management were up 18% to KES 20.4bn.

The firm made a loss per share of KES 1.09 compared with earnings per share of KES 1.81 in 2010. It recommended a final dividend of KES 0.15 a share from KES 0.13 previously. *(Reuters)*

Kenya's East African Cables posted on Friday an 80% jump in full-year pretax profit for 2011 to KES 464.8m (USD 5.59m), helped by a growth in exports, the company said. The cable manufacturer, which also operates in neighbouring Tanzania, said revenue rose 38% to KES 4.97bn, though revenue was hurt by the sharp depreciation of the shilling last year.

"However we are encouraged by the stabilisation of the economic environment," the company said. Earnings per share climbed to KES 1.15 from KES 0.89 in 2010 and company declared a final dividend of KES 0.50 per share in addition to a paid interim dividend of KES 0.30 in the first half. *(Reuters)*

Economic News

Kenya will this week sign an agreement with Ethiopia for a KES 54bn (USD 666m) transmission line that is expected to enhance trade in electricity between the two countries and the East African region. Kenya seeks to import up to 400 megawatts of power from Ethiopia stabilising energy supply, which investors have blamed for the high cost of doing business and therefore eroding the competitiveness of goods in regional markets. “The signing ceremony for the ground breaking and construction will be held at Suswa in the Rift Valley where a base station will be built.

The power line will go up to Sodo in Ethiopia,” said Kenya Electricity Transmission Company communications manager Jeff Otieno. The International Development Association, African Development Bank, the French Development Agency and the government will fund the project. Imported power from Ethiopia is expected to cost about USD 5 cents a kilowatt hour compared to some power plants in Kenya that cost above USD 10 cents a kilowatt hour.

The project is part of the larger Ethiopia-Kenya and Uganda interconnection, which will cost an estimated KES 94.4bn. Kenya targets to cut over reliance on expensive thermal energy, which currently accounts for 34% of the total national power production. “The Gibe III dam in Ethiopia is at an advanced stage and we should have our line ready to start buying power by 2014,” said Raphael Khazenzi, the director of renewable energy.

The electricity line is expected to cushion the country from power shortages, especially during the dry seasons when water levels in the dams normally drop.

The power transmission line project is expected to go on despite protests by activists that the dam would affect water levels at Lake Turkana, among other adverse environmental impact. Supply of renewable energy to the national grid remains low due to high costs and bureaucracy.

The proposed transmission crosses from Ethiopia into Kenya about 90km west of Moyale town and traverses Marsabit, Samburu, Isiolo, Laikipia, Nyandarua and Nakuru. From Moyale, the transmission line route runs adjacent to the Marsabit-Moyale road southwards avoiding the Marsabit National Park.

The Ethiopia-Kenya power interconnection project was conceived in 2006 when the two countries signed a memorandum of understanding, which undertook to establish the transmission line. Kenya currently has an installed capacity of 1,180 megawatts against a domestic demand of 1,194 megawatts.

The project is part of the plan to establish a regional power pool expected to extend to Tanzania in future resulting to ensure efficient distribution of energy resources from areas to high supply to those with less. *(Business Daily)*

Borrowers could get a reprieve on high interest rates as competition forces banks to lower them on personal and business loans. A month after Standard Chartered Bank lowered its rate on personal loans to 19.9%, Barclays Bank has responded by cutting its rate to 18.9%. Ms Nuru Mugambi, Barclays Bank of Kenya's corporate affairs manager, said this is in response to improving economic conditions in the economy.

"The new rate reflects the improving macroeconomic environment, and is applied to certain personal and business loans. But this will not apply to mortgages," she told the Nation. The rate cut comes despite failure by Central Bank of Kenya to lower its indicative benchmark rate in the latest review saying time is not ripe for rate cut. In its monthly review, CBK retained the CBR at 18%.

However, with the new trend could be an indication of conducive environment to lower the interest rates. Already, inflation has fallen consecutively to 16.9% this month, from a high of 19.72% recorded in December last year. According to the Kenya Bankers Association CEO Habil Olaka, conditions in the financial market are stabilising as seen in the overall reduction in the rate of inflation. Also, the cost of interbank loans has reduced from highs of 30% to 20%, with an indication that they will fall further.

The reduction in the cost at which banks access funds in the market has also brought in competition, which is forcing them to revise their rates downwards. However, Mr Olaka said the coming down of rates is not out of pressure from the market. "Once conditions start stabilising, they have an overall effect on reduction in the cost of funds in the market. These are some of the benefits some banks would like to transfer to their customers," he said on phone. Commercial banks have been criticised for maintaining high interest rates on loans, while giving little on deposits and savings. *(Nation)*

The Nairobi Securities Exchange plans to list a 40% stake on the bourse in 2014, its chairman said on Tuesday, after it is demutualised. "We will do a valuation of the exchange and determine what the price of the shares should be," Chairman Eddy Njoroge told Reuters after a news conference to unveil the bourse's new board members.

The largest bourse in east Africa had said in December 2010 it would demutualise, a process seen as reining in stockbrokers' influence on the bourse's management. Njoroge said it was now awaiting regulation from the Capital Markets Authority (CMA) to allow other shareholders such as the government and an investor compensation fund to take a stake. At present the bourse is owned by 22 stockbrokers. *(Reuters)*

Kenya expects its 2012 wheat output to almost triple compared with the previous year buoyed by increased planting and favourable weather forecasts, the Agriculture ministry said on Wednesday. It expected to harvest 6.3m 90-kg bags of wheat in 2012 up from the 2.2m realised last year when prolonged drought slashed production in its main crop season.

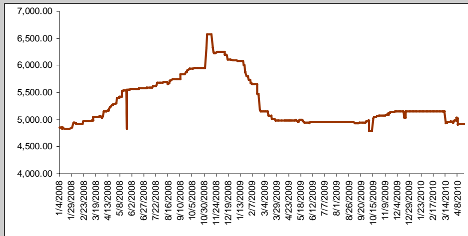
Kenya is a net importer of wheat, with consumption of about 900,000 tonnes per year. In past years annual production has stood at an average of 350,000 tonnes, implying it usually imports close to two-thirds of its requirements. It mainly imports wheat from Egypt and Mauritius through the trade bloc the Common Market for Eastern and Southern Africa.

The ministry said the overall food situation in east Africa's largest economy was likely to remain stable over the next six month months as harvesting of crops grown during the short rains season and imports of key staples continue. Kenya said it expected a surplus of 39,218 90-kg bags of maize by August, due to improved harvests from its long and short rainy seasons and a steady flow of free imports.

The ministry said its maize stocks as of February 29 stood at 18.94m bags having dropped from 19m at the end of January due to local consumption, with the state-run National Cereals and Produce Board (NCPB) holding 2.3m bags. The east Africa nation said it planned to import 1.35m 90-kg bags of maize from regional and international markets between March and August 31 to bolster supplies. *(Reuters)*

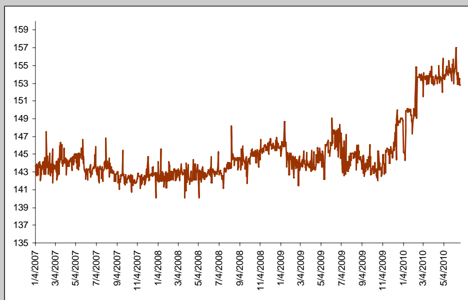
Malawi

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 market index was up +0.61% 5,512.07 points, with thin trades across both local and foreign boards. Gains were recorded in NBS (+10.27%), and TNM (+2.94%) while MPICO (-10%) was the only shaker. Active counters were; FMB, Illovo, MPICO, NBM, NBS, Standard Bank, NITL, TNM and OML, generating MWK 56.06m (USD 337,700.47) in market turnover.

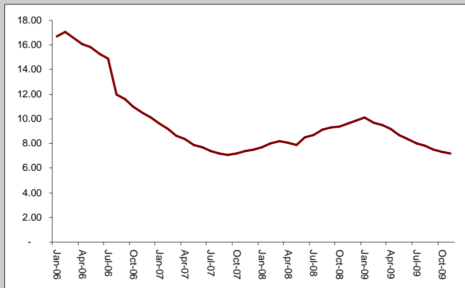
Corporate News

No Corporate News this week

Economic News

Malawi's consumer inflation quickened to 10.9% year-on-year in February from 10.3% in January, the National Statistics Office (NSO) said on Wednesday. *(Reuters)*

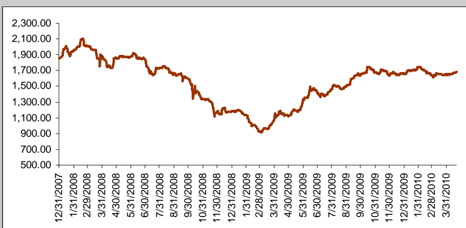
CPI Inflation



Source: SAR

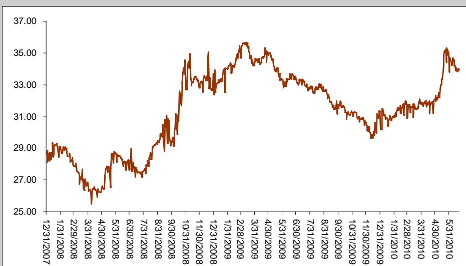
Mauritius

Mauritius Stock Exchange



Source: Reuters

MUR/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

CPI Inflation

Stock Exchange News

The SEMDEX was up +0.13% while the SEM 7 lost -0.51% to close at 1,763.53 and 328.49 points respectively. MCL led the movers, gaining +55.40% to close the week at MUR 11.50, followed by Lux Island Resorts, up +2.9% to MUR 21.00 and MUA (+0.8%). Go Life led the losers after shedding -12.5% to MUR 0.07 while UBP lost -5.7% to MUR 100 and Caudan shed -3.8%.

Corporate News

No Corporate news this week

Economic News

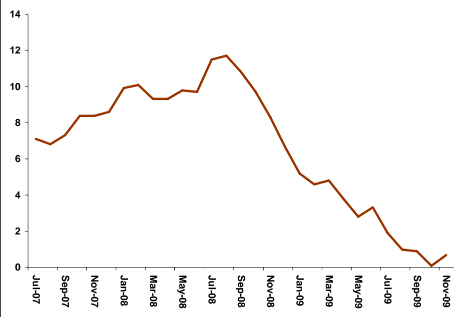
Mauritius cut its key repo rate by a surprise 50 basis points to 4.9% on Monday due to risks to its growth outlook, which it also trimmed to take account of uncertainty in global markets. The central bank's Monetary Policy Committee said there was momentum for growth in the tourist-dependent Indian Ocean island's economy, which has been hit by the euro zone crisis, but that it would experience some slowdown before improving.

Seven out of nine economists surveyed by Reuters had predicted a cut, with most going for a 25 basis point reduction to 5.15%, after a 10 basis point cut in December. "Growth is projected to decline to 3.8% in 2012 but could turn out to be lower due to the continuing uncertainty in the global environment, especially if tensions resurface in critical markets," the Monetary Policy Committee said on Monday. The MPC said a rate cut was needed "in view of the higher downside risks to the domestic growth outlook compared with the upside risks to the inflation outlook".

The Joint Economic Council, an umbrella group of private sector associations, welcomed the rate cut. "(The) central bank sent the right signal to the market. This rate cut will not only reduce the cost of investment but might also have an impact on the exchange rate of the rupee," Raj Makood, the body's director, told Reuters.

Pluriconseil economist Eric Ng added: "The ball is now in the court of the private sector. We would expect to see an increase in investment now that they have obtained a rate cut." Finance Minister Xavier Duval said growth could be slower than a previous forecast of 4%. The International Monetary Fund cut its 2012 economic growth forecast to 3.7% from 4.1%.

The MPC it expected headline inflation to decline to around 5.3% by June 2012, assuming no policy changes. It saw year-on-year inflation at 4.8% in June 2012 and 4.7% by December. An IMF statement released on Monday said that, while



Source: SAR

the growth outlook for Mauritius was broadly positive, external risks had increased.

"The key priorities going forward are to sustain fiscal consolidation, reduce external imbalances, enhance competitiveness and public sector service delivery, and foster inclusive growth," it said in a statement. *(Reuters)*

Mauritius' trade deficit widened 42% to MUR 6.6bn (USD 226.8m) in January from a year earlier, driven by a jump in imports costs of machinery and transport equipment, official data showed on Wednesday. Imports overall climbed 18.9% to MUR 11.9bn, with machinery and transport equipment inflows increasing to MUR 3.2bn from MUR 1.9bn.

Exports fell 1.3% to MUR 5.3bn, on the back of a drop in revenues from sales of manufactured articles, Statistics Mauritius said in a statement. Britain was the main buyer of goods from Mauritius in January, accounting for 17.9%, while India supplied 19.2% of the island nation's imports. *(Reuters)*

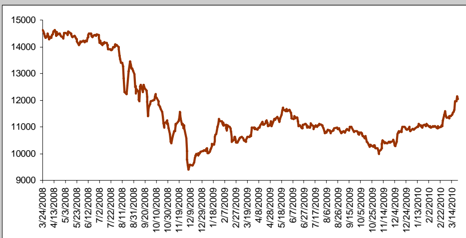
Tourism revenues in Mauritius rose 12.1% in the year ended Jan. 31, on higher visitors arrivals, data showed on Wednesday. "Tourist receipts for the period February 2011 to January 2012 rose by 12.1% to reach MUR 44.2bn (USD 1.52bn) compared to 39.4bn registered over the previous corresponding period," the Bank of Mauritius said in a statement.

It said 961,592 tourists had visited the Indian Ocean Island from February 2011 to January 2012 compared to 944,857 a year earlier. January tourism revenues rose 34.4% year-on-year to MUR 5.5bn, the bank said. Tourism typically generates about 10% of gross domestic product for Mauritius's USD 10bn economy. European tourists account for some two-thirds of visitors. *(Reuters)*

SECURITIES AFRICA

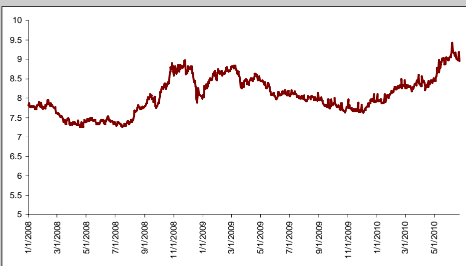
Morocco

Casablanca Stock Exchange



Source: Reuters

MAD/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

CPI Inflation

Stock Exchange News

The MAS lost -0.79% to close the week at 11,000.78 points. Gains were recorded in SCE (+17.44%) to MAD 330, Olumes (+12.05%) and Delattre Levivier (+11.24%). On the losing front we had Med Paper down -11.81% to MAD 531, Sofac Credit which shed -11.62% to MAD 303 and STROC Industrie (-11.41%).

Corporate News

Office Cherifien des Phosphates (OCP) plans to raise its output of fertilisers by 2020 to 10m tonnes, from 3.6m, as Morocco's top export earner bets on a rapid increase in global demand, company sources said on Thursday. The state-owned phosphate monopoly also plans to raise mining capacity to 55m tonnes by 2020 from 28m tonnes of phosphate rock currently, the sources told Reuters.

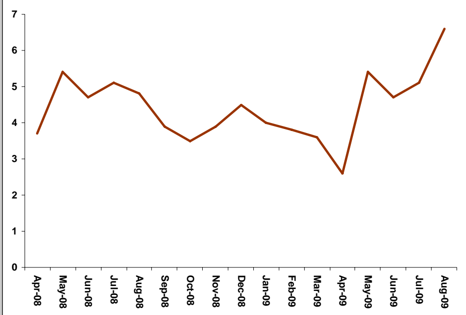
OCP aims to complete 65% of the planned increases in fertiliser and phosphate mining capacity by 2015, the sources said. "This expansion plan aims to boost OCP's role in the Moroccan economy and respond to a speeding increase in global demand for fertilisers," one of the sources said. Phosphate demand is expected to increase steadily, driven by rising world population, changing diets and the need to improve agriculture yields in Africa and other developing regions.

King Mohammed on Wednesday launched works for some of the expansion projects which include the new Halassa mine at OCP's main Khouribga mining site, which will add 6.7m tonnes to its annual phosphate output capacity from 2013 at a total cost of USD 240m. By 2013, OCP will also add two new phosphate rock washers with a processing capacity of 19.2m tonnes per year at a total cost of around USD 710m.

One of the two washers will be connected to a slurry pipeline that will take the rock to its chemical complex Jorf Lasfar on the Atlantic Coast. This would help OCP reduce its emissions of carbon dioxide by a third, or 900,000 tonnes, the sources said. The expansion plan will allow OCP to reduce production costs by between 30 and 40% in comparable terms, the sources said.

The North African country's USD 97-bn economy desperately needs to increase export revenue: The current account deficit soared to its highest level since the 1980s in 2011 due mainly to higher energy and food import bills and growing competition for iits exports, phosphates excluded.

OCP says it already controls around 45% of the world market for lime phosphate and over 30% of global phosphate exports. It has used its market clout to boost global phosphate prices, OCP officials and foreign traders said. Compared to



Source: SAR

their level in 2010, OCP's exports grew 34.8% in value to 48.4bn dirhams (USD 5.73bn) in 2011 while the volume of exports fell 4.4% to 15.4m tonnes, official data shows.

The value of its phosphate rock exports rose 40% in value to 12.6bn dirhams while exported volumes fell 8% to 9.42m tonnes. Unlike many commodities whose price is determined on futures exchanges, phosphate transactions are mostly negotiated directly between producers and industrial users. *(Reuters)*

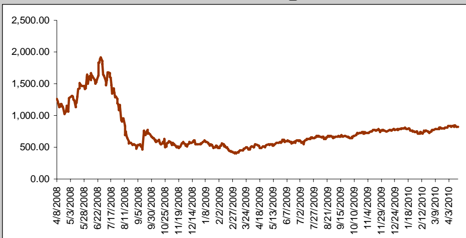
Economic News

Morocco's foreign exchange regulator said the trade deficit for January-February stood at MAD 32.8bn (USD 3.88bn), an increase of 27.6% from the year-earlier period. The regulator released the following data on the country's trade, tourism receipts, transfers by Moroccan emigrants and private foreign loans and investment (PFLIs) for the period.

Morocco's currency is not fully convertible and growth in tourism and remittances helps mitigate any destabilising impact on the banking system from a net outflow of foreign exchange caused by the surge in the trade deficit. *(Reuters)*

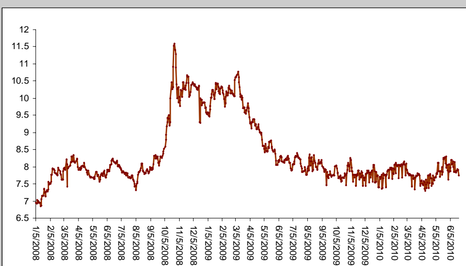
Namibia

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 -3.05% to close at 891 points. On the NSX local and DevX, BMN led the movers after adding +10% to NAD 0.22 followed by FNB which rose by 2.72% to NAD 14.74 and BVN (+0.31%) while FSY was the the only shaker after shedding -2.11% to close at NAD 0.93.

Corporate News

Global miner Rio Tinto has accepted China Guangdong Nuclear Power's (CGNPC) offer for its 14% stake in Extract Resources, owner of the giant Husab uranium project in Namibia. Monday's move had been expected after Rio accepted CGNPC's bid for its separately held stake in Extract's 42% shareholder, Kalahari Minerals, in January.

Australian-listed Extract's board backed the USD 2.4bn Chinese offer earlier this month. The bid, worth AUSD 8.65 per share, valued Rio's Extract stake at roughly USD 330m. Husab is potentially the second-largest uranium mine in the world, and Rio Tinto has been in talks with Extract to combine its neighbouring Rossing mine, the world's longest-running open pit uranium mine, with Husab.

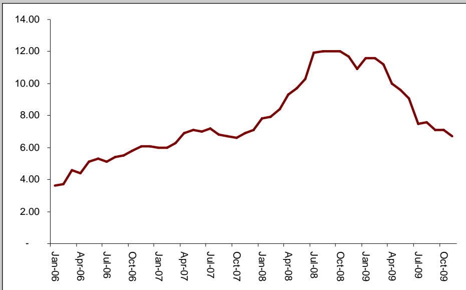
"Rossing remains interested in pursuing a joint development with the new owners of Husab," its managing director, Chris Salisbury, said. "A joint development of the Husab deposit with Rossing would bring benefits to the shareholders of both Rossing and Husab, the local community and Namibia." CGNPC, which has bid alongside the China-Africa Development Fund, is hoping to boost access to uranium supplies. *(Reuters)*

The head of the Namdeb diamond mine in Namibia said that a major expansion project is underway that will keep the mine running until 2020. According to a report in The Namibian, Namdeb plans to construct a mine and a central recovery plant to make sure that the diamond recovery process is more efficient. Namdeb general manager Riaan Burger told The Namibian that the new mine, which will costms to build, will replace an older mine, the Daberas, when it is due to shut down operations in 2013.

Burger also said the company spentms in refurbishing the Elizabeth Bay mine, all with the hope of keeping the mine productive until 2050. “Current mining operations need to be run effectively to keep unit cost low and making right business decisions to pay for these projects,” Burger told The Namibian. *(Israeli Diamond)*

Namibia Breweries has declared an interim dividend of 27 cents after recording a 9% increase in earnings to 58 cents per share in the six months ended 31 December 2011. The increase was at the back of a 13%

CPI Inflation



Source: SAR

growth in revenue underpinned by strong beer volume sales. Revenue increased to NAD 1.07bn up from NAD 947m in the comparative period with profit after tax also increasing 7% to NAD 120m (NAD 111m in 2010).

Namibia Breweries financial director, Bruce Kidner said growth was influenced by significant brand investments made, reflected in the increase in administration and marketing expenses. He said: “NBL invested across the portfolio, but particularly on the Tafel brand and the Windhoek Trademark. The new contemporary packaging for the Windhoek Trademark, the research costs of which were incurred during the period, was launched in March 2012. This has impacted overall margins which are 19%, down 1% from the last period.”

Beer sales volumes in the local market grew by 6% compared to the last period, with the Tafel brand being the main driver of growth. The business made a significant investment in Tafel in the period and the brand benefited from new labelling, and the launch of the “Freedom of choice” campaign which was rolled out nation-wide. This investment has helped accelerate the strong growth in Tafel Lager in the period under review. Windhoek Draught also continued to perform well contributing to the overall growth in volumes.

The South African joint venture, DHN Drinks, continued to grow its portfolio, with increasing sales compared to the prior period. The Windhoek Trademark’s success continued to be underpinned by Windhoek Draught, which delivered double digit growth. The operating loss attributable to DHN Drinks decreased compared to the previous period - NAD 32m down from NAD 37m.

The export markets outside South Africa continued with their mixed fortunes. Brands, spearheaded by Windhoek Lager and Windhoek Draught, are growing in Zambia, Cameroon and Uganda while despite a contracting formal beer market in Botswana, following a successful national consumer promotion; Namibia Breweries has managed to hold its market share.

On the other hand, the business’ rate of sale in Zimbabwe has slowed and Angola sales have been hampered by importation challenges. The company said it still remains hopeful to increase sales in the United Kingdom by improving its route to market. Going forward, whilst the recent brand investments have impacted operating margins, it is expected that the business will benefit from these investments.

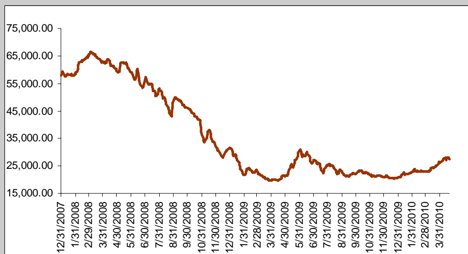
“The Namibian market has returned to steady growth and this is forecast to continue. Whilst the South African market is highly competitive, NBL is confident that its portfolio of African and International brands will carry on growing. Other export markets will continue to get increasing focus as the source of new sales opportunities. In the short term, financial performance is expected to continue at similar levels for the remainder of the financial year,” Kidner said. *(The Economist)*

Economic News

No Economic News this week

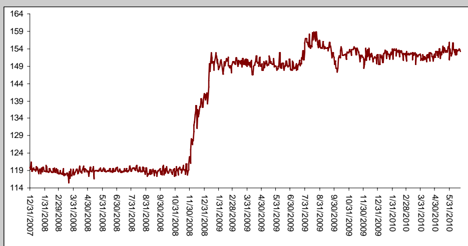
Nigeria

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 +1.76% to close at 21,191.22 points. Paints and Coatings gained +23.19% to close at NGN 0.85 while FCMB was up +21.88% to close at NGN 4.40. Other notable gains were recorded in Presco (+20.20%), May and Baker (+15.38%) and UACN (+13.03%). On the losing front we had Union Bank (-22.32%), Int Breweries (-9.83%) and IPWA (-8.79%).

Corporate News

Guaranty Trust Bank Plc and Access Bank Plc at the weekend put smiles on the faces of their respective shareholders by declaring dividends for the financial year ended December 31, 2011. Both companies had initially paid interim dividends before declaring final dividends. GTBank Plc, which had paid an interim dividend of NGN 0.25, recommended a final dividend of 85 kobo, bringing the total dividend to NGN 1.10 per share.

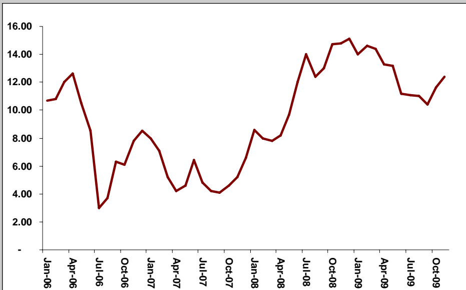
On the other hand, Access Bank Plc recommended a final dividend of 30 kobo, having paid an interim dividend of 20 kobo. Thus, shareholders are going home with a total dividend of 50 kobo per share. In all, GTBank posted group earnings of NGN 188.8bn for the financial year. Profit before tax was NGN 65.6bn, up by 35.4% from the NGN 48.5bn reported in 2010, while profit after tax and extra-ordinary item for the period was NGN 52.7bn, representing a 35.4per cent improvement over 2010's N38.3bn.

The bank's total assets and contingents increased by 35.6% to NGN 2.1tn from NGN 1.6tn in the previous year, and it closed the year with a balance sheet size of NGN 1.6tn, 39.9 % above its opening position of NGN 1.2tn in January 2011. Besides, GTBank grew its deposit liabilities by 35.7%, from NGN 761.2bn in December 2010 to NGN 1.03tn in 2011 and reported an impressive cost to income ratio of 50.8% only for the year. Return on Equity was 23.4% for the year, while Non Performing Loans formed only 3.7% of the Bank's total loan book. The bank's shareholders' funds increased from NGN 210.8bn to NGN 238.8bn.

Commenting on the results, Managing Director/ Chief Executive Officer of GTBank, Mr. Segun Agbaje, said the impressive results came from a well defined business plan, the passion of its employees and a determination to achieve results without compromising on the GTBank standards of service quality, professionalism and integrity. "Despite the complexities of today's financial landscape, we continue to remain true to our founding values: Service excellence, Professionalism, Integrity and Innovation, whilst ensuring we understand and meet the peculiar needs of our various stakeholders, every single time.

Our employees imbibe this vision and that is why we are a successful financial

CPI Inflation



Source: SAR

institution today," he said. According to him, bank intends to further consolidate its position in 2012 by pioneering service innovations, developing value adding products within all markets, promoting excellence and creating role models for society through a myriad of social and other initiatives.

Meanwhile, Access Bank Plc posted gross earnings of NGN 138.949bn in 2011, up from NGN 91.142bn recorded in 2010. Profit after tax rose by 50%% from NGN 11.068bn in 2010 to NGN 16.708bn in 2011. The directors proposed a final dividend of NGN 0.30 for the end of year and an interim dividend of 20 kobo, which was earlier declared in the half year 2011. *(This Day)*

Federal Government said it will partner Dangote Group in the development of the Mines and Steel sector of the economy, a statement from Dangote said. According to the statement, the Minister of Mines and Steel, Musa Mohammed Sada disclosed this at the weekend when he led a delegation of his ministry official to the Ibese Plant of Dangote Cement in Ogun State.

He said the government did not view Dangote Group as just a stakeholder in the economic rejuvenation of the country but as a development partner whose giant strides in entrepreneurship has helped in shaping government's economic agenda. He said the exploits of the Dangote Group and the foresight in taking the lead role is worthy of emulation by other Nigerian investors.

The minister said that if other Nigerians are doing what Dangote is doing, "what government would only do is to sit back and regulate the economy with appropriate investment friendly policies, while the operators take the front seat." In his remark, the president of the Group, Alhaji Aliko Dangote who was represented by a Director, Isa Tata, said the successful completion of the plant was in fulfillment of the desire of the Group to ensure the nation stops further importation of cement. *(Daily trust)*

Telecoms operators in the country spend an average of N6.7bn to power over 18,000 Base Transceiver Stations (BTS), deployed across the country to transmit telecommunications signals. These include the Global System for Mobile communications (GSM) and Code Division Multiple Access (CDMA). Investigations by The Nation revealed that an average of 2,200 litres of diesel is utilised monthly to power each of the BTS sites across the country. This means an operator with 1,000 base station would spend an average of N374m monthly to fuel the generating sets in the sites.

According to the Chief Technical Officer (CTO) of MTN Nigeria, Mrs Lynda Saint-Nwafor, MTN, which accounts for almost 50% of total telecoms BTS across the country, utilises 15.5m litres of fuel every month to power more than 7,000 BTS sites in the country. "When multiplied by the N170 retail price of diesel, we spend a whopping N2.6bn monthly to ensure our BTS sites are running," she said.

Currently, the total number of BTS sites of operators in the country is about 18,000. This means 39.6m litres of fuel would be needed to power these sites. Thirty-nine point sixm multiplied by N170 for a litre of diesel amounts to N6.7bn At present, electricity supply in Nigeria is powered mainly by hydro and natural gas fired plants and these have been epileptic in recent times. Political disturbances, poor pipeline infrastructure and receding rainfalls have contributed to severe reductions in electric power supply.

Current average power generation is about 3,400MW, instead of the required 10,000MW for uninterrupted power supply. The MTN chief said the power situation was stifling Foreign Direct Investment (FDI) in the country, a major economic driver of globalisation. She said: “To do business in Nigeria is expensive. That is why manufacturers that are already in Nigeria are moving their businesses to Ghana. Our policies and the environment are not reflective of people who want to attract Foreign Direct Investments.”

Besides affecting FDI inflows, over 70% of downtime being experienced by telecoms subscribers in the country have been traced to the lingering electricity problem. Chief Operating Officer of Airtel Nigeria, Mr Deepak Srivastava, said in spite of the continuous investments in network expansion by the operators, poor electricity remains a challenge. “The poor power supply across the country to companies’ sites has been responsible for over 70% of downtime, resulting in poor quality of service,” he said.

Plagued by unreliable, intermittent and often non-existent access to electricity, especially in rural areas, operators have begun to introduce “green” power solutions for base stations, based on renewable energy sources. Mrs Saint-Nwafor disclosed that MTN plans to deploy hyper-hybrid power solutions incorporating solar, wind and gas turbines to power its BTS sites. She said: “Currently, we are deploying hybrid solutions that combine batteries and generators to generate power for our sites. We are exploring solar opportunities too. We are exploring even gas turbines and wind energy in some parts of the north where the wind speed is higher.

“We are exploring these not only to reduce costs but to improve quality of service, because when you have those, you don’t have diesel outages. So, availability is improved and cost of operation is reduced, which you can now pass down to your subscribers. By the end of 2012, we’ll have hybrid power solutions in about 5,000 of 10,000 sites we are going to have.” Airtel Nigeria has also started powering a sizeable number of its BTS sites across the country with solar power. The firm said the initiative would go a long way in addressing the power challenge, including partnership with the World Bank for power supply to remote communities in the country. *(Nation)*

Nigeria's First City Monument Bank (FCMB) said on Monday it had made a pre-tax loss of NGN 11.35bn (USD 72.02m) in 2011, compared with a NGN 9.02bn profit before tax in 2010, on underwriting losses and bad loans. Revenues rose to NGN 80.39bn, from NGN 62.68bn naira the previous year, it said. FCMB attributed the loss to the underwriting of several share issues dating back to 2009, and on some non-performing loans sold to Nigeria's state-backed rescue bank AMCON (Asset Management Company of Nigeria).

"All legacy loans and weaknesses associated with capital market and oil and gas transactions have been fully regularised through sales to AMCON or outright provisioning/ write-offs," the bank said in a statement. FCMB said it expects that the first half of 2012 will see improvements and is likely to exceed its released forecasts. The bank's shares fell 2.49% to NGN 3.70 per share on Monday. *(Reuters)*

Nigeria’s aspiration to become a hub for the petrochemical industry is

becoming a reality as a new petrochemical production plant built by Indorama Group, the core investor in the Eleme Petrochemicals plant, has been slated for inauguration in May this year. The massive plant, which will produce Poly-Ethylene Terephthalate - a major raw material for automobiles, pharmaceutical and textiles industries, was built at a cost of USD 300m.

The company said the plant, with a capacity to produce 86,000 metric tonnes per annum of Poly-Ethylene Terephthalate, is one of the three new projects Indorama is pumping a total USD 2.1bn investment in the Eleme Petrochemical plant. Two other projects, methanol and a fertiliser plants, the company would cost the group USD 1.8bn. "The Poly-Ethylene Terephthalate plant will come on stream between April and May, 2012 when all regulatory procedures have been completed," Indorama spokesman was quoted to have said.

"Production will serve all local demands first before any exports," the spokesman said, adding that Africa's top energy producer would be able to save a lot of foreign exchange it expended on importing the raw material. Indorama bought into the Eleme Petrochemicals, a former subsidiary of the state-oil company Nigerian National Petroleum Corporation (NNP) for USD 400m when it was privatised in 2006.

The Eleme plant currently produces polyethylene and polypropylene, with production capacity of 240,000MT/year and 95,000MT/year, respectively. Minister of Trade and Investment, Olusegun Aganga, who was thrilled by Indorama's investment plans in the Eleme plant, said in February that Nigeria would have the second-largest petrochemical facility in Africa.

Agagu had explained that for years, Nigeria the seventh largest producer of crude oil worldwide and well-endowed with abundant natural gas, had neglected this key sector that had served as the catalyst in the transformation of the economies of countries such as Qatar, China, South Korea and Singapore.

The minister said that the country's abundant oil and gas reserves offered her another opportunity to develop a strong petrochemical industry. The minister had noted that EPCL, since its privatisation through which Indorama invested USD 575m, had generated dividends worth N45bn to both the Federal and Rivers State governments, adding that the company had also paid taxes close to about N16bn. *(This Day)*

Chevron Corporation is delivering strong financial results and progressing the projects that will drive the next significant growth phase, top officials of the company said during a recent yearly security analysts' meeting. Chevron's Chairman and Chief Executive Officer, Mr. John Watson, stated at the meeting that financially, 2011 was a record year for Chevron, according to a statement released by the company.

"We generated the strongest earnings and cash flow in our company's history. Looking ahead, we are well positioned and committed to delivering consistently strong financial and operating performance. For 2012, we have a sharp focus on executing our major capital projects, which underpin 20% volume growth over the next six years," he said.

During the meeting, the Vice Chairman and Executive Vice President, Upstream and Gas, Mr. George Kirkland recapped the 2011 results of the upstream

business, which included the Number 1 ranking relative to industry peers in earnings and cash flow per barrel and return on capital employed.

Kirkland also reviewed Chevron's portfolio and production growth prospects, rounding out the presentation with a focus on the legacy liquefied natural gas (LNG) projects under construction in Australia. “As we start up Gorgon, we will begin seeing the financial power of our LNG investments. These are long-lived assets that will generate significant cash flow for decades,” he said.

In a contribution to the upstream discussion, President, Chevron North America Exploration and Production, Gary Luquette, focused on the company’s deepwater, heavy oil and unconventional portfolio.

“For years, we have had strong positions in deepwater and heavy oil. Our capabilities and technology make us a leader in these asset classes where we see significant growth opportunities. In our global unconventional portfolio we have grown our acreage position, now holding more than 8m acres of diverse shales,” Luquette said.

Executive Vice President, Downstream and Chemicals, Mr. Mike Wirth, provided an update on downstream restructuring progress. “Improvements in all aspects of our downstream business are ahead of schedule. We are two years into our three-year plan to improve returns, and we already have surpassed our original goal,” he said.

Wirth also outlined Chevron's targeted growth opportunities, notably in the petrochemicals and lubricants sectors. Vice President and Chief Financial Officer, Pat Yarrington, highlighted Chevron's continued financial strength and value-generation focus. “We have delivered record performance, and we continue to distance ourselves from our competitors on key financial metrics,” Yarrington said.

Yarrington highlighted Chevron's quarterly dividend increase of 12.5% in 2011. “Looking forward, I'm confident in the quality of our investment queue, in the cash generation expected from those projects, and in our ability to sustain meaningful dividend growth and fund future growth investments,” Yarrington added. *(This Day)*

The Ekiti State Government and Chellarams Plc Friday announced the listing of bonds worth NGN 21bn on the daily official list of the Nigerian Stock Exchange (NSE). The Ekiti State Government listed N20bn fixed rate infrastructure development bond of N1,000 each at par under the N25bn debt issuance programme admitted on the daily official list last week.

The coupon rate is 14.5% and by this action the number of listed state government bonds stands at 12 on the NSE. While Chellarams listed NGN 540m unsecured floating rate of NGN 1,000 each at par series 2 under the N5bn medium term note programme. *(Daily Trust)*

Nigeria's FCMB will target a 14% return on equity and earnings per share of NGN 1.10 (USD 0.01) this year, after it acquired rival lender Finbank last year, chief executive Ladi Balogun said on Tuesday. Ladi told an investor conference call he expected Finbank, which was one of the lenders rescued by

the central bank in 2009, to become profitable and add more than 10% to FCMB's overall profitability this year.

"Our ROE will get back to the mid-teens this year and our expectation is that EPS will be around NGN 1.10," he said. "With a wider retail customer base, with the fact that we will have far greater liquidity, we are confident that this transaction (the Finbank acquisition) will improve profitability and overall liquidity of the bank."

FCMB shares gained 4.59% to NGN 3.88 naira on Tuesday, recouping some of the losses sustained on Monday after the mid-size lender posted a pre-tax loss of NGN 11.35bn (USD 72.02m) in 2011 due to bad loans. FCMB said it expects to complete operational integration of Finbank into FCMB by June 2012, which will see it double its combined branch network and customer base. *(Reuters)*

Notore Chemical Industries Limited plans to raise more than NGN 160bn through an initial public offering (IPO) in the first quarter of 2013 as the fertiliser company embarks on an ambitious expansion programme that is expected to more than double its capacity. Managing Director, Notore Chemical Industries Limited, Mr Onajite Okoloko, yesterday in Lagos said arrangements were on for the IPO and the company would have completed all requisite pre-offer processes by the end of this year.

He said the net proceeds from the IPO would be used to finance a brand new fertiliser plant, with a conservative estimated at USD 1bn. Okoloko said the new fertiliser plant was part of the expansion programme to augment the current attainable capacity of the existing plant of 750,000 metric tonnes. He said the Notore's fertiliser plant acquired from the Bureau of Public Enterprises ('BPE') in 2005 has shown significant performance improvement since its successful rehabilitation.

The plant now has a capacity of 350,000 metric tonnes of ammonia per annum, 500,000 metric tonnes Urea per annum and 650,000 metric tonnes of blended NPK. According to him, the company has exceeded its production targets and is working on a financing programme to align with improved production.

Okoloko, who noted that local fertiliser production falls short of the onem current effective demand and potential demand of 3.5m metric tonnes, said the new fertiliser plant would be significantly larger than the current 750,000 metric tonnes - capacity plant, putting the company in good stead to surpass local demand and further encourage utilisation of fertiliser. *(Nation)*

Nigeria's Guaranty Trust Bank (GT Bank) expects loan growth to top 16% in 2012, with return on equity of between 23 and 25%, while it starts expansion to French- speaking west Africa next month, the bank's chief executive said on Wednesday. The lender grew its loan book last year by 20.6% to NGN 715.84bn (USD 4.5bn), Segun Agbaje told an investors' conference call, pushing up profit before tax 35% to 65.6bn naira.

He said the lender had completed its English-speaking west African expansion, with subsidiaries in Gambia, Ghana, Liberia and Sierra Leone and will drive its expansion into Francophone west Africa through a combination of acquisition and organic growth. "Ivory coast will open next month and it was a green field

project. Over the next five to seven years we would look to expand into a number of other African countries," Agbaje said, adding there were 10 to 12 such countries it was targeting which were growing at 7% and had a decent population size.

He said the lender will set up between five and seven new branches in Nigeria this year to add to its existing 177-strong branch network in Africa's second biggest economy. *(Reuters)*

Nigeria's leading cement producer Dangote Cement, is making good its promise to expand its cement operations across Africa as it has recently made major inroads into Cameroon, Senegal, Zambia and most recently Liberia. A recent approval by the government of Liberia, gave the company the nod to invest USD 20m in the country's cement industry, following which the President of the group, Aliko Dangote, signed a 20-year agreement with the Liberian government in Monrovia last Friday. The agreement paves way for his company to build a cement factory at the Freeport of Monrovia.

The deal was sealed with the Freeport of Monrovia, National Port Authority (NPA) head, Matilda Parker, who congratulated the Nigerian investor for demonstrating African solidarity by choosing to invest in Liberia. "I gratefully expressed my gratitude to you, Dangote, and your company for extending operations to Liberia," she said. The NPA boss, who signed for the government of Liberia, pointed out that this investment would help build up the Liberian economy. "It will speed up reconstruction, create more jobs and expand the economy," Parker noted.

While responding, Dangote expressed his company's willingness to work with the government and people of Liberia to ensure the production and supply of quality and affordable cement on the local market. According to him, the new investment, Dangote Cement-Liberia, is committed to job creation for Liberians with an initial employment opportunity for 250 Liberians. The Dangote Group CEO also pledged his company's commitment to being law abiding, to include paying their taxes on time. The USD 20m investment is expected to kick off within six weeks. *(Business Day)*

Economic News

Nigeria's consumer inflation eased to 11.9% in February from a year earlier, compared with 12.6% in January, as the removal of fuel subsidies had a more muted impact on prices than analysts expected. The government scrapped subsidies on petrol imports on Jan. 1 but was forced to partially reinstate them to quell protests over the costs of petrol. Fuel prices fell but stayed higher

The governor of the Central Bank of Nigeria (CBN) said in January he expected inflation to pick up to around 14-15% in the first half of this year, before moderating towards single digits by the end of 2013. "This will come as a huge surprise to the market and no doubt lead to much focus as to what was behind the outcome," said Razia Khan, Head of Africa Research at Standard Chartered.

"The increase in fuel prices no doubt had a contractionary impact on real disposable income. In some sectors, a slowdown in momentum had been evident for some time, so pricing power the key ingredient needed to see a translation into any meaningful secondary impact was largely missing," Khan added. Food inflation, the largest component in the headline figure, eased to 12.9% year-on-year in February, compared with 13.1% in January, the data on Monday showed.

The CBN will meet to review policy on Tuesday. The unexpected easing in inflation in February strengthens analysts' views that the benchmark interest rate will be kept on hold at 12%. *(Reuters)*

Nigeria expects USD 150bn Foreign Direct Investor (FDI) into the oil and gas sector in the next five years, Minister of Petroleum Resources Mrs. Diezani Alison-Madueke has said. She disclosed this Friday in Lagos at the commissioning of Nigerian National Petroleum Corporation and Mobil Producing Nigeria Satellite Field Development Project Platforms.

The minister said that the investment was due to the tremendous growth the sector has witnessed in recent times. Earlier in his speech, President Goodluck Jonathan stressed the need for the country to give priority attention to the oil and gas sector.

He explained that the sector can only grow if over 80% of the instruments or facilities used are manufactured in Nigerian. Also speaking, Governor Babatunde Fashola said that his administration is in total support of the local content in the oil and gas sector. *(All Africa)*

Nigeria's central bank praised government steps to tighten fiscal policy in the face of growing inflationary pressures, and held rates at 12%, as expected by analysts and despite parliament voting through increased budget spending. Nigeria - Africa's top oil producer and second biggest economy is closely watched by emerging market investors and Africa-focused funds. Its economy is one of the fastest growing in the world, but has been marred by poor management of its huge oil revenues.

A Reuters poll of analysts on Monday had unanimously expected rates to stay on hold. "The committee commended the fiscal authorities for the discipline being introduced into government spending, the tightening of fiscal controls and the renewed focus on spending on capital projects," Governor Lamido Sanusi said in a speech. He noted a "resurgence of an inflationary threat to the economy" from higher fuel prices, amongst other things.

But he said February inflation had been moderated by several factors, including "a re-allocation of spending by consumers caused by a rise in fuel prices (in January)" and "a slow down in fiscal spending and ... strengthening of the naira." Nigeria's inflation rate eased in February as the removal of fuel subsidies had a more muted impact on prices than forecast, official figures showed on Tuesday.

Sanusi commended the government for reducing its oil price benchmark in the 2012 budget passed last week - despite last minute moves by parliament that diluted it by putting it up to USD 72 from USD 70 per barrel - saying the improved fiscal stance would help dampen demand. "Although parliament

passed it with a higher benchmark it is still pegged at a lower level than the USD 75 a barrel in the 2011 budget," he said. "In light of the above ... the committee unanimously decided to retain MPR at 12% with an interest rate corridor of plus or minus 200 basis points."

The cash reserve ratio was kept at 8% and the liquidity ratio at 30%. The bank raised rates to 12% in a surprise move late last year to support the naira currency after a broader sell-off of riskier assets hit currencies across much of Africa. Nigeria's lower and upper house agreed total expenditure of NGN 4.88tn (USD 31bn), increased from NGN 4.65n proposed by Finance Minister Ngozi Okonjo-Iweala last month, but the increases were seen as slight.

President Goodluck Jonathan blocked the changes the last time parliament tried to increase spending, but he is seen as unlikely to do so this time because the adjustments are relatively small. Sanusi told Reuters over the weekend he was broadly satisfied with government efforts at tightening up fiscal policy, even with parliament's move to inflate the budget.

"The increase as I understand it, is principally in capital expenditure and not recurrent or revenue expenditure. And ... is being funded by some new sources of revenue such as signature bonuses in the oil industry," Sanusi told a question and answer session after the October rate hike. Huge scepticism remains however over the government's ability to contain spending, reflected in a continual raiding of its oil savings in the excess crude account (ECA) over the past few years, while oil prices have stuck at historic highs.

But analysts agree with Sanusi that a stricter benchmark and focus on capital expenditure are encouraging. "While spending is set to increase in 2012, encouragingly - by our estimates - much of this is accounted for by higher capital expenditure, and the development: recurrent spending ratio is also more positive," said Razia Khan, head of Africa Research at Standard Chartered Bank. After seeing falls last year, Nigeria's markets are recovering, with the main stock index up 1.62% since the start of the year and the naira recovering to 157.65 to a dollar, from 162 naira at the start of the year. The markets closed before the rates decision. *(Reuters)*

The Asset Management Corporation of Nigeria (AMCON) is planning to refinance its NGN 1.7tn (USD 11bn) three-year bond. The bonds came with maturities of between seven and 10 years. AMCON Chief Executive Officer, Mustapha Chike-Obi, told Reuters that the corporation had launched a road-show in Lagos to meet investors and would make trips to New York, Boston and London next month to invite foreign investors to buy the new debt.

The AMCON last April listed NGN 1.7tn bond issues to buy Non Performing Loans (NPLs) from the books of banks in the country. It was meant to take-off NPLs valued at NGN 2.2tn from the books of all the banks. The listing was meant to put some earning assets on the books of banks, especially the rescued ones, which have sold the largest chunk of NPLs to AMCON. AMCON has, since December 2010, issued bonds in several tranches to banks in exchange for NPLs on their books.

Analysts said AMCON could trade the bonds to interested investors for cash or discount it at the Central Bank discount window or sell it to other banks at the interbank market for cash. The banks will also be able to compare the returns

they get on the AMCON bonds with new risk assets they seek to create. Also, the new listings will have a liquidity impact on the banks as they will now have earning assets instead of the current non earning assets they are holding.

The corporation could also allow the bonds backed by shares to be borrowed for "short selling" purposes, a process that will help deepen the capital market, and provide a two-way directional trading in shares on the Nigerian Stock Exchange (NSE). *(Nation)*

Nigerian oil exports are set to rise to around 2.1m barrels per day (bpd) in May, trade sources said on Wednesday citing provisional loading programmes, a level that Reuters data showed to be a nine-month high. Shipping lists showed the west African country will load around 65m barrels of oil on 73 tankers. The May exports are set to be the highest since August 2011, according to Reuters data. Daily exports are up from a planned level of 1.96m bpd in April.

Nigeria is Africa's top oil producer and exports have risen in the last two months due to rising production at Total's giant offshore field Usan. Exports for the new grade are rising fast and it will load 5 cargoes or around 150,000 bpd in May compared with 3 cargoes in April, the shipping lists showed. "It's over 2m (bpd) thanks to Usan," said a west African crude trader.

Exports for the benchmark Nigerian export grade Qua Iboe are set to be steady in May at 12 cargoes. Bonny Light volumes are set to fall from eight tankers to five in May. OPEC member Nigeria produces an average of around 2.5m barrels per day (bpd) of oil and light gas liquids and has the world's seventh largest gas reserves. *(Reuters)*

Yields on the country's most liquid three-year government bond fell yesterday, after a surprise decline in inflation and a move by the Central Bank of Nigeria (CBN) to hold rates steady for a third time in a row. Financial markets were already shut on Tuesday when the CBN rate decision was announced, but yesterday the three-year note, which had almost two years to maturity, traded at 15.1%, from Tuesday's close of 15.4%.

The five-year bond, which had three years to maturity, traded flat at 15.4%. Three-year bond yields according to Reuters had already fallen to 15.45% on Monday, from 15.75%, after the statistics bureau announced a surprise slow down in inflation to 11.9% year-on-year last month from 12.6% in January. The apex bank kept its base rate on hold at 12%, as analysts had expected, saying that while it was concerned about core inflation in Africa's second-biggest economy, the government had tightened fiscal policy.

"Fixed income instruments across the yield curve rallied earlier this week in the aftermath of the February CPI figure release, but also in anticipation of the neutral-to-more-dovish MPC direction," Samir Gadio, emerging market strategist at Standard Bank, wrote in a note to investors. The main all-share index traded flat yesterday, while the local naira currency was stable at NGN 157.50 to the dollar after the neutral rate decision.

Demand for bonds was on the increase, dealers said, because investors were taking the position that inflation could moderate further and government revenues disbursed last week would provide liquidity support to markets.

(Nation)

Trade between Nigeria and Brazil has reached USD 6bn, according to the Ambassador of Nigeria to Brazil, Mr. Vincent Okoedion Okoedion. He said this during an investment forum in Sao Paulo, Brazil yesterday. Although the trade was in favour of Nigeria, it was basically from oil export as Nigeria remained the biggest exporter of oil to Brazil, a statement from the ministry of Trade and investment said.

"We want to see the trade diversified to non-oil products and that is why the government is doing all it can in that regard," he said.The envoy said in Africa, Nigeria is the biggest exporter to Brazil. We are Brazil's most important trading partner. "And we can be Brazil's most important destination of investment in Africa," the ambassador said.

The Minister of Trade and Investment, Mr. Olusegun Aganga who led a Nigerian delegation to the country said from next year, industrial centres in Nigeria would have regular power supply which is part of efforts aimed at industrialising the Nigerian economy. He said the initiative would move to reduce production costs and make Nigerian manufactured goods more competitive in the global economy.

"The idea is to make sure that the industrial centres have uninterrupted power supply, at least during the day, until the problem of the power sector is totally fixed. The ministry of power has identified nine cities, and the pilot has started in one city already," Aganga noted. "The government has begun moves to make the Nigerian Investment Promotion Council one stop shop more effective and efficient. This will enable investors to do all their registration within 48 hours," he said.

He added that the Committee on the Review of Nigeria's Trade Policy had also submitted a report/draft strategy that would lead to the birth of a workable and result-oriented trade and investment policy in the next few weeks. Mr. Newton de Mello, a director of one of the leading industrial federations based in Sao Paulo said Nigeria and Brazil had so many things in common, adding that there should be further collaboration between the two countries in order to see to increased investment flow. *(Daily Trust)*

South Africa has called a news conference for Friday to announce an African candidate for the World Bank presidency, widely expected to be Nigerian Finance Minister Ngozi Okonjo-Iweala, sources familiar with the discussions said on Thursday. South Africa chairs one of the three African seats on the 25-member World Bank board, and Okonjo-Iweala's candidacy was being proposed after consultations between South African President Jacob Zuma and Nigerian President Goodluck Jonathan, the sources said.

A statement from South Africa's Treasury said the Finance Ministers of Angola, Nigeria and South Africa would hold a news conference in Pretoria on Friday, although it did not disclose details of the agenda. Okonjo-Iweala and former Colombian Finance Minister Jose Antonio Ocampo are set to make the first concerted challenge to the U.S. grip on the top job at the World Bank, sources told Reuters this week.

Brazil said this week that both Okonjo-Iweala and Ocampo would be "great"

candidates to replace Robert Zoellick as head of the Washington-based development institution, the latest sign of emerging nations wanting more say in how it is run. Washington has held the presidency since the bank's founding after World War Two, while a European has always led its sister organization, the International Monetary Fund.

Despite the push by emerging nations, the United States has the bank's largest voting share and is expected to win the support of most developed nations, making it likely that another American will succeed Zoellick. The United States has yet to identify a nominee. *(Reuters)*

Nigerian National Petroleum Corp., the state-owned oil company, invited bids for the sale of crude oil for loading from June 1, 2012 to May 31, 2013, the Abuja- based company said. “Applicant must have a minimum annual turnover of USD 600m and net worth of not less than USD 300m; applicants must attach three years audited accounts,” the company also known as NNPC said today in the e-mailed notice from Abuja, the capital.

“Payment for all cargoes shall be on the basis of confirmed irrevocable Letter of Credit from approved local and international banks.” Nigeria is Africa’s top crude producer and the fifth- biggest source of U.S. imports. At least 90% of the country’s oil is pumped by Royal Dutch Shell Plc (RDSA), Exxon Mobil Corp., Chevron Corp. (CVX), Total SA (FP) and Eni SpA (ENI) in joint ventures with the NNPC. The tender for the sale of crude closes on April 5, according to NNPC. *(Business Week)*

Not less than N3 trillion would be generated as revenue by the management of the Nigeria Customs Service (NCS) if Customs brokers are given a%age of the revenue. This declaration was made by the National President, Association of Nigeria Licensed Customs Agents (ANLCA), Prince Olayiwola Shittu, while speaking with THISDAY in Lagos.

The new strategy, Shittu said, would not only boost the revenue accruing into the central till but would also eliminate the root cause of bribery and corruption in the nation’s seaports, airports and international borders. He contended that once Customs are granted a%age by the Federal Government, the issue of concealment and under declaration by importers in collaboration with some unscrupulous licensed customs agents and men and officers of NCS would be a thing of the past.

Shittu stated that if government gives Customs agents a%age of the revenue they generate for NCS, such an incentive would block all the revenue leakages currently being suffered in the system. His words: “If you give us that our%age, revenue leakages will block because you will succeed in removing the basis for cutting corners”.

Shittu, within two years in office, has achieved international recognition for customs brokers in Nigeria with membership of the International Federation of Customs Brokers Association (IFCBA) also known as World Customs Brokers Organisation. He noted that with such an incentive, no customs broker would accept to connive with any customs officer to engage in under declaration of cargo or evade duty payment, since the more government revenue increases the more his%age earnings increase.

He noted that the N1trillion revenue target "is our challenge and not even the Customs. That is what the government wants, Customs must implement and our own is to generate it. While we are talking about N1 trillion, maybe the money outside there could be N3 trillion." Shittu wondered why the federal government has not deemed it fit to pay a%age to Customs brokers since it was already doing so with other organisations.

According to him, "the Federal Inland Revenue Service (FIRS), NCS have a%age of their collection. Again, contractors to government like service providers in the ports including Cotecna Destination Inspection Limited, SGS Nigeria Limited and GlobalScansystems Limited all receive one% free on board (FOB) as incentive when their service is not commensurate with the efforts we make in making importers pay duty."

The ANLCA chief, a respected voice in the maritime sector of the economy with his involvement in many government committees, argued that as long as it is the importer that pays the agents, their loyalty lies with importers, whereas they are actually Customs agents and not importers' agents.

"We have made our representations to customs. We talk through them to government and it is their responsibility to take the proposal to government for approval, unless if they are comfortable with the present situation. We are not asking for seven% but for something reasonable like one% FOB," he added. *(This Day)*

Nigeria's oil production will begin falling soon unless the government can reduce political uncertainty, corruption and criminality. Rising output of Nigeria's high grade crude, highly prized by competing U.S. and Chinese buyers, could stall and even sharply reverse, shattering the ambitious development plans of Africa's most populous nation.

Oil output from ageing onshore fields in the Niger Delta is declining, data analysed by Reuters shows, and while deep offshore production has been steadily increasing over the last decade, it is set to plateau due to a lack of new projects. Energy consultants Wood Mackenzie forecast Nigeria's oil production could drop by 20% by 2020.

"Nigerian oil production from currently commercial projects will be steady until around 2015/2016 but then will drop off sharply unless investment increases," said Gail Anderson, Africa analyst at Wood Mackenzie. "The consequences of fiscal uncertainty, inefficiency, bureaucracy, the time taken getting decisions made, will all take their toll."

Nigeria produces an average of around 2.5m barrels per day (bpd) of oil and light gas liquids and has the world's seventh largest gas reserves, which due to mismanagement are largely untapped. Reuters' data show that while Nigerian oil production from onshore or shallow inshore fields has declined over the last five years, output from offshore and deep-water fields has barely made up for the decline. Much of the vast offshore potential has not been realised, despite early optimism.

Nigeria's oil and gas earnings were growing at double-digits a decade ago but they have been volatile in recent years and shrank by 0.57% last year, data from the National Bureau of Statistics seen by Reuters showed this month. The

ambitious Petroleum Industry Bill (PIB) to overhaul everything from fiscal terms on projects to the state oil company, has been blocked by political wrangling for five years.

During that time, oil majors say they have largely stopped investing in big new exploration projects because they have no idea what it might end up costing them. Widespread corruption and risks associated with oil theft and piracy are also making investing less attractive. Despite deterrents, foreign oil majors seem keen to cling onto producing oil blocks they already own.

Exxon agreed a 20-year renewal of its onshore oil licences last month and Shell, Chevron and Eni are lobbying the government to sign-off on theirs - a sign they are still keen to maintain their existing investments in Nigeria, even if they aren't making many new ones. With prices at USD 125 a barrel there would be huge interest in more offshore exploration, if the investment framework was clarified.

The major exploration onshore has already taken place and the potential there is likely to be left to smaller Nigerian players, rather than foreign firms, especially since a law that favours indigenous operators was passed last year. The PIB should set out the terms for long-term investment and pave the way for a fresh offshore licensing round, which could uncoverbns of barrels of oil.

It is supposed to break up the state-oil company, NNPC, whose funding shortfalls in joint ventures have also been a major brake on progress. So many targets for passing the legislation have been missed that investors are disillusioned. “We have very little reason to be optimistic about progress on the PIB. Momentum has stalled,” a strategist at a major European oil company said, asking not to be identified.

The high price of oil means politicians are under little pressure while the revenue stream remains so robust. High returns are also encouraging industrial scale theft in the vast wetlands of the Niger Delta, rising in the last six months. Foreign oil firms estimate around 150,000 bpd is stolen. “There is little question that we might see a faster pace of reform all around if oil prices were more pressured,” said Razia Khan, Head of Africa Research at Standard Chartered.

Funding problems within NNPC and oil theft are problems that are exacerbated by deep-rooted political graft. Corruption within NNPC and the wider Nigerian energy sector have been highlighted in audits which have emerged since a public outcry over graft in January, following the controversial removal, then reinstatement, of fuel subsidies.

Shell, the biggest foreign oil producer in Africa's most populous nation, said last month that the appetite for exploring in Nigeria had waned in recent years, but oil output of 4m bpd could be easily achieved if the political and security environment changed. Total's new deepwater Usan project came onstream this month and is going to add around 180,000 bpd to production, but it is one of the last major offshore projects coming off the production line.

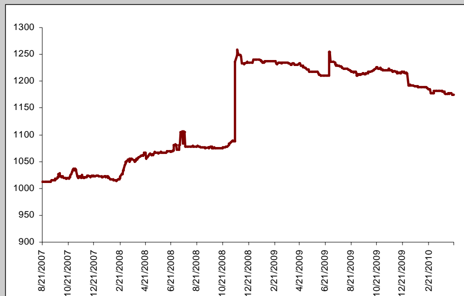
It takes five years on average to develop deepwater projects so time is running out for Nigeria to replace oil reserves but investors are ready to pump in money if bottlenecks are eased. “Nigeria has the developed oil infrastructure with proven reserves and potential that makes it difficult to ignore,” said Kayode

Akindele of Lagos-based investment firm 46 Parallels.

"Nigeria needs to seize this opportunity now as the investments made now will come onstream in the next few years to replace some of the existing production as fields decline." *(Daily Trust)*

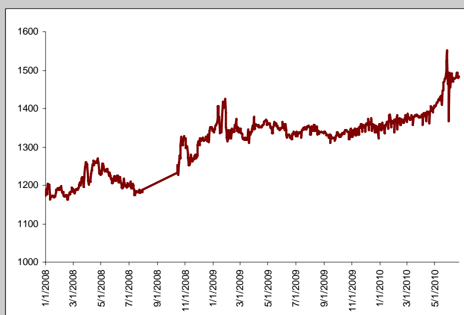
Tanzania

Dar-es Salaam Stock Exchange



Source: Reuters

TZS/USD



Source:SAR

Economic indicators

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

Source: World Development Indicator

CPI Inflation

Stock Exchange News

The DSEI gained a marginal 0.36% to close at 1,324.02 points. Gains were recorded in TWIGA up +10.09% to TZS 2,400, SWISS which rose +7.53% to TZS 1,000 and TBL (+4.84%) to TZS 2,600.. All the other counters remained unchanged.

Corporate News

Twiga Cement has said it will raise its annual production capacity this year which will overcome its normal capacity of 1.4m tonnes despite the prevailing power problems. Speaking at the company's 2012 family day in Dar es Salaam at the weekend, the firm’s Human Resources director, Jayne Nyimbo said the company expects to increase its production capacity to foster the construction industry in the country.

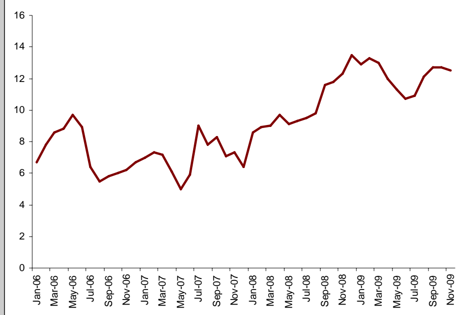
KES e said that the company's mission and vision will not be affected by increasing production capacity in the company goals and strategies in serving majority of Tanzanians. "Currently Twiga Cement is producing a minimum of 5000 tonnees due to various company's plans and strategies supplying the cement products to majority of people across the country," "Nevertheless the ongoing power rationing countrywide is a huge challenge for the firm in its implementations," she said.

Explaining further at the handing over ceremony of awards to the company's best workers for the year 2011, she said the firm also recognises the welfare of its workers. At the occasion, the leading cement producing company handed over 350,000/- in cash awards to 13 best employees each as a way of motivating them. For, his part, Twiga Cement managing director Lesoinne Pascal thankrf the company's workers for the commitments shown last year and called on them to work hard this year to meet the firm’s set targets.

Apart from its production capacity, he said, Twiga Cement also will ensure that its products are available in every part of the country. “Twiga Cement has various strategies and goals this year but it need a teamwork to accomplish them, he said. *(IPP)*

Economic News

Tanzania has tendered for more than 600,000 tonnes of oil products for delivery over May and June on the back of strong economic growth, industry sources said on Wednesday. State-run oil company the Petroleum Importation Coordinator is seeking 416,000 tonnes of 500 parts perm sulphur gasoil, 200,000 tonnes of 93-octane gasoline and 30,000 tonnes of jet A-1 fuel



Source: SAR

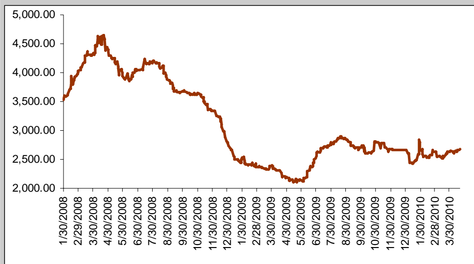
for delivery over May and June, traders said. The tender closes on March 26. The large volumes of gasoil sought are expected to further increase premiums for the 500 ppm sulphur gasoil which have exceeded a one year-high in the past few months, traders said.

Tanzania's economic growth could beat its 6.0% forecast for fiscal 2011/12, with inflation falling to single digits by the end of the year in June, despite power shortages and a sluggish global economy, the country's central bank said. East Africa's second-biggest economy has attracted major investment over the past decade but the disruption from last year's drought in the region slowed electricity production.

Power output in the country of 42m people fell 22% in the third quarter of last year, partly due to low water levels in its key hydroelectric reservoirs, forcing it to seek fuel from the international market. Tanzania has consistently bought large volumes of gasoil and gasoline in the spot market since January, when its government introduced a bulk procurement system to lower fuel costs. Both of the previous tenders for delivery over January to April were awarded to Swiss company Augusta Energy, traders said. *(Reuters)*

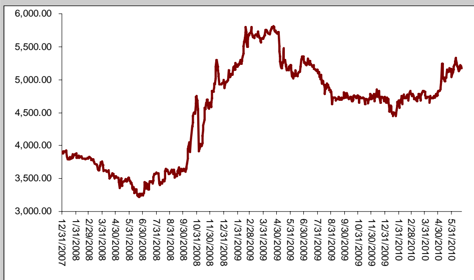
Zambia

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 +0.39% to close at 3,913.33 points. Zambrew, and Zambeef led the gainers after putting on +14.00% and +1.15% to close the week at ZMK 2,850 and ZMK 2,630 respectively while AELZ (-11.11%), Zambia Sugar (-6.81%) and FQMZ (-1.96%) were on the losing front.

Corporate News

Libya's LAP Green Networks is suing the Zambian government for USD 480m over the seizure of its 75% stake in the country's only fixed line telephone operator, the company said on Monday. "We are compelled to take this course of action as dictated by the procedure set out in Zambian law," LAP Green said in a statement.

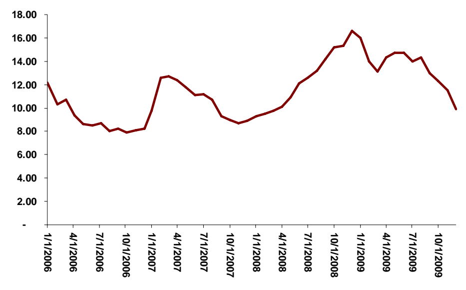
"The petition filed today outlines LAP Green's right to financial compensation for the value of the asset at the time of seizure should the shareholding not be restored to it, which is calculated to be USD 480m," it said. Under its previous government, Zambia sold a majority stake in Zamtel to the Libyan operator for USD 257m.

An inquiry in November ruled that 2010 transaction illegal, a move that has rattled investor confidence in the southern African country. It was cited by rating agency Fitch as one of the reasons behind its decision to downgrade Zambia's outlook to negative from stable. Zambia's new government in January dissolved the board of Libya-controlled Zamtel and appointed a new chief executive. *(Reuters)*

Construction of the USD 400m Dangote Cement plant in Masaiti District on Zambia’s Copper belt is on schedule and progressing well, with more equipment arriving in the country, Dangote logistics manager Kampewa Nundwe revealed, in an interview in Lusaka over the weekend. The Chinese contractor moved on site shortly before the container carrying part of the equipment arrived in the country in January this year.

Nundwe said the contractor had since completed clearing the site and had started piling. He said more equipment from Germany was expected to arrive in the country soon. Nundwe said the earth moving equipment and steel would also be arriving at Chirundu border in a few days time. Full construction was expected to commence as soon as the equipment arrives in the country.

“We are expecting more equipment which consists of steel for construction of the plant to arrive in the country in a few days time,” Nundwe said. The plant which would be the largest in Zambia is expected to be completed in 27 months. The plant is expected to produce 1.5m tonnes of cement per year upon reaching full capacity by 2013 and would create more than 1,000 jobs during construction and operational phases.



Source: SAR

Nundwe also disclosed that, Dangote had acquired land for its limestone mining in the same area and all that remained was for the company to be issued mining license. “We are currently waiting to be issued with the mining license and then we can commence limestone mining,” he said.

Dangote cement, Nigeria’s biggest company by Market capitalization, with a market value of N1.73tn has embarked on the construction of cement plants all across Africa with the aim of producing 50m metric tonnes of the building material by 2015. Dangote Cement shares has risen 3.3% this year, compared with a 0.45% rise in the Nigerian Stock Exchange All-KES are Index over the same period. *(Business Day)*

China's Jinchuan has agreed a 17% pay rise with workers at Zambia's Chibuluma copper mine, almost triple the inflation rate, the acting president of the Mine Workers' Union of Zambia said on Friday. "We reached agreement on Wednesday for a 17% salary increase for our 500 members at Chibuluma," Charles Mukuka said.

Mukuka also said a court decision was expected on April 19 on a dispute between unions and Canada's First Quantum Minerals over how long a 15% raise agreement between them should stay in place. Glencore International Plc's Mopani Copper Mines agreed a 17% pay rise with unions in February and Konkola Copper Mines, part of London-listed Vedanta Resources Plc, has awarded a similar pay increase to its workers.

President Michael Sata, who swept to power last year with promises to spread the benefits of Zambia's mineral wealth, has asked labour unions to keep salary demands close to inflation, which slowed to 6.0% in February. He also told cabinet ministers not to interfere in salary negotiations, saying that could scare foreigners looking to invest in Africa's biggest copper producer.

Sata's support base is with the working class in Lusaka and the northern Copperbelt. Before last year's election, he frequently attacked foreign investment, most notably from China, although has toned down the rhetoric since coming to power. *(Reuters)*

Economic News

Commercial maize production in Zambia will fall by about 80% in the 2011/2012 season compared with the previous crop season after farmers turn to more lucrative cash crops, the farmers' union said on Monday. Zambia's commercial maize farmers produce a fraction of the national output compared to small-scale farmers.

"Maize output by commercial farmers will fall to 60,000 tonnes in 2012 from 350,000 tonnes harvested in 2011," Zambia National Farmers' Union spokesman Calvin Kaleyi told Reuters. "The expected lower output is due to the fact that most commercial farmers have gone into soya beans and other crops with ready market and more attractive prices."

Zambia's maize production in the 2010/2011 season rose to over 3m tonnes from 2.8m tonnes in the 2009/2010 season, a crop forecast showed last year.

Kaleyi said although final maize production figures for small-scale farmers would only be known later this month after a survey, initial indications showed that output would reduce.

Erratic rainfall delayed planting of Zambia's staple maize crop that feeds the impoverished southern African nation, raising the possibility of a poor harvest after several bumper seasons. *(Reuters)*

Zambia, Africa's top copper producer, will not reintroduce a mining windfall tax it scrapped in 2009 because it may force mine closures, the minister of finance said on Thursday. "Mining has a long gestation period and we don't want to tax the mines out of business," Alexander Chikwanda said on state-owned ZNBC radio

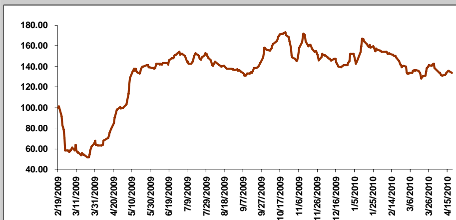
"In fact, there are a lot of complaints from the mines on the government's hike in the mineral royalty tax from 3% to 6% but we need to strike a balance," he said. Zambia's former mines minister Wylbur Simuusa said in February the country might bring back the windfall tax if copper prices hit USD 10,000 per tonne. Prices are now at around USD 8,455.

But Chikwanda said that could push up mine production costs by as much as USD 500 per tonne, which he said would be too high. Zambia scrapped the 25% windfall tax in 2009 following complaints from miners that it raised production costs and discouraged investment.

The new government of President Michael Sata doubled royalties on copper miners to 6% in the 2012 budget to bring in revenue to increase social sector spending and farm subsidies, a move miners have warned may cause them to scale back operations. Foreign miners operating in Zambia include First Quantum Minerals, London-listed Vedanta Resources Plc and Glencore of Switzerland. *(Reuters)*

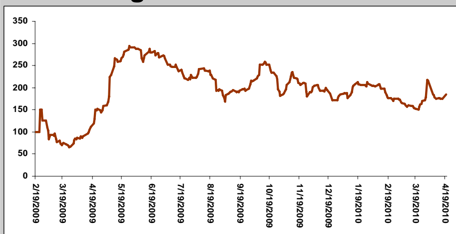
Zimbabwe

ZSE Industrial Index



Source: Reuters

ZSE Mining Index



Source: Reuters

Economic indicators

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

Source: World Development Indicators

Stock Exchange News

The market closed the week on a mixed note with Industrial Index gaining +0.43% to 139.26 while Mining Index was flat at 85.45 points. Celsys and RTG led the movers after gaining +100% and 33.33% to close the week at USD 0.0006 and USD 0.02 respectively. Other gains were recorded in Lafarge up +16.39% to USD 0.71 and Natfoods which put on +14.29% to USD 1.20. Gulliver and PGI led the losers after they shed -33.33% and -16.67% to USD 0.0002 and USD 0.015 respectively. Other notable losses were recorded in CBZ (-16.67%), M&R (-13.04%) and African Sun (-11.25%)

Corporate News

The Zimbabwe Stock Exchange will soon have a fresh listing as Cambria Africa Plc is set to reverse list through Celsys. This will be a secondary listing for Cambria, previously known as LonZim. It is already listed on the Alternative Investment Market. A reverse listing is a method by which an unlisted firm goes public. In a reverse listing, a public company acquires the shares of an unlisted company and in the process becomes a public company, obtaining the public company's listing status.

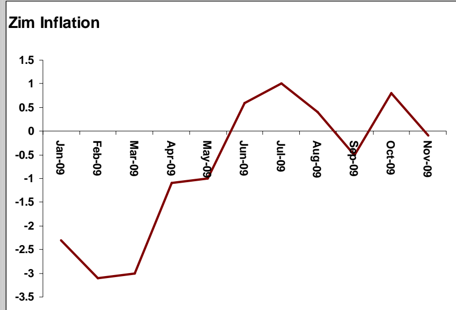
Cambria is the majority shareholder in Celsys, with 61% equity. It will offer its shares to exiting shareholders in Celsys at an agreed ratio. The transaction will be subject to approval by regulatory authorities and shareholders will convene an extraordinary general meeting. "There will be some valuations and that will determine the ratio," said a source familiar with the transaction. Before opting for the reverse listing route, Cambria had plans to go public via an initial public offer. Celsys was valued at USUSD 479 894 at a price of US0,03c per share last Friday.

Celsys published a cautionary statement last week advising "all shareholders that the company is currently engaged in discussions that may have a material impact on the value of the company". There was no comment from Mr Paul Turner, a director for Celsys. Cambria believes the ZSE listing will help strengthen growth prospects and therefore maximise the value of the company and its shares. It would also facilitate direct investment in Cambria by Zimbabweans, corporations and financial institutions and support local economic growth in line with the company's objective of playing an integral role in the revival of the Zimbabwe economy.

This would also provide Cambria with opportunities to access capital for growth, future expansion and the implementation of its existing plans. Cambria owns 61% in Celsys, one of the least capitalised companies on the ZSE, which specialises in security printing, information technology and telecommunications. It also owns 100% stake in Millpal, 51% in pharmaceutical distributor Panafmed and 51% in mobile software producer ForgetMeNot.

SECURITIES AFRICA

CPI Inflation



Source: SAR

In addition, the company owns 100% of electronic transfer solutions Paynet and 100% of the exquisite Leopard Rock Hotel in the Eastern Highlands of Zimbabwe. The Zimbabwe-focused conglomerate sold its 79% stake in beachfront-located Adeamento Turistico de Macuti Hotel in Mozambique and is planning a number of investments in and outside Zimbabwe. Companies that went through a similar route include Aico, which replaced Cottco listing in September 2008. TN reverse listed Tedco after acquiring a stake in the furniture and household goods retailer. *(Herald)*

TN Holdings (TNH) plans to add four fast food outlets within a month in an aggressive strategy meant to strengthen and consolidate its flagship arm, TN Bank's deposit base. On Saturday, the group unveiled its supermarket and fast foods business. The supermarket chain, TN Mart and the fast foods business, TN Grill are new additions to the TNH family.

The supermarket and fast foods outlets are housed in TN Malls. Tawanda Nyambirai, TNH group CEO, said the new fast food outlets would be introduced within 30 days. He said the group was working on other products to fine-tune the supermarket business. "Before we roll out our next mart there are a number of add on products that we need to introduce. For example, we are making an application to introduce cheap transport service for the convenience of our customers," Nyambirai said.

He said the group plans to offer selected customers grocery on credit leveraging on their accounts in the furniture business, TN Harlequin Luxaire. "These are customers who have bought furniture because their furniture is collateral. In a country where banks don't normally lend to people because they don't have collateral but because of the diversified nature of the group that we have, we create collateral for you," Nyambirai said.

"You buy furniture and you have paid three months without defaulting, it qualifies you to buy grocery on credit." Asked why the TN group had ventured into so many businesses thereby diverting from its core business banking Nyambirai said the focus is on the bank that is at the core of its model and other businesses are channels through which "we are delivering banking services to our customers".

He said that it is now a global trend where banking institutions are abandoning traditional models because they are no longer viable. "If you have a whole branch that does not do anything except sell banking products and if you try to calculate revenue per square metre you realise most of the branches are not breaking even. So it is important for banks to efficiently utilise the space they occupy by selling not only banking products, but by inviting partners to occupy the same space and draw customers so that they can access more products," Nyambirai said.

The model, Nyambirai said, has ensured the bank weathers the liquidity crisis presently gripping the banking sector by leveraging on the synergies within the group. "When the liquidity crisis started in October we did a cash promotion for furniture which raised USD 6,5m in one month, which helps oil liquidity. That is why we are able to say to customers we are prepared to sacrifice profitability and sell things to you at half price," he said.

"At times when you sell on credit you are chasing a profitability objective then at times you want to oil your wheels on liquidity, you cut the price by half, chase a liquidity agenda and sacrifice on profitability." *(News Day)*

Zimbabwe's largest mobile telephone network provider Econet Wireless this month connected over onem users to its mobile money transfer system EcoCash, since it was launced in September last year. The company said consumers' uptake on the product resulted in Africa's fastest ever rate of growth for such a service.

While the growth has been phenomenal, Econet said it expects even faster growth as existing users encourage others to subscribe to EcoCash and customers are able to do even more over the platform. "We are obviously excited and grateful for the growth we have seen so far. However, we are even more excited about the future.

"We are yet to unleash the full capacity of the service. Soon, our customers will be able to pay utility bills, buy groceries, and send and receive cash across the borders using EcoCash. "This will make an even bigger positive impact on the economy," Econet chief executive Douglas Mboweni said.

The mobile operators announced usage was firm, with rising volumes of cash transfers and airtime purchases being recorded. EcoCash has been a significant stimulus to economic activity, bringing major convenience to people in both rural and urban areas especially given thatms of Zimbabweans do not have bank accounts.

As a resultt EcoCash has enabled the unbanked community, believed to be accounting for about USD 3,5bn cash circulation, to participate in the formal financial system, Econet said. When EcoCash was launched, some commentators were quick to draw comparisons between EcoCash and existing bank transfer services and other mobile banking products.

However, the fast uptake of EcoCash shows the market is attracted to the value offered by EcoCash in terms of its simplicity, convenience and availability. The market has seen a flurry of new mobile banking product launches on the market over recent months. However, what has attracted more Zimbabweans to EcoCash is its flexibility.

Unlike other mobile banking products, EcoCash continues to attract a vast section of the population including those that have no bank accounts. EcoCash customers have benefitted from Econet's wide mobile network and an extensive network of agents. More agents continue to be signed in.

While there's no need for an EcoCash customer to go to a bank, transfer of money is secure as EcoCash is supported by regulated financial institutions that are supervised by the Central Bank. *(Daily News)*

Pearl Properties (Pearl) has announced a planned expansion of its Arundel Office Park as it seeks to expand its portfolio. Managing director Francis Nyambiri told the company's annual results presentation for the period to December 2011, that funding negotiations had already commenced. "We are targeting an entry yield of 10%, and it will be through the addition of two office blocks with a combined 7 000 square metre rental space at a cost of USD 8,5m.

Negotiations for funding terms with regional financiers are in progress," he said.

In another development, Pearl said it was tendering for construction of its Kamfinsa housing cluster development following the completing of civil works in August last year carried out by Murray & Roberts. The company is planning to construct 48 cluster homes for trading purposes under the housing development expected to cost USD 2,7m.

"The housing project is targeted to bring a 25% return in the long run," the property executive said. He said the listed property concern expects to reopen its George Square Shopping Centre in May following the completion of USD 1,5m worth of refurbishments at the property. "Uptake on the rental space remains low with TM Supermarkets being the only anchor tenant through its Pick-n-Pay brand," Nyambiri said.

He said the properties rental yield increased seven% to 11,35% after the facelift. In the period under review, Pearls gross let able area stood at 119 913 square metres with an occupancy rate of 77,5% mostly as a result of a huge uptake on the central business district rental space.

In the half, Pearl increased its rental cost by an average 31,2%. Peddy Chigunduru, Pearl's finance general manager said rental income stood at USD 8m, 14,5% up from USD 7m at the end of 2010. He said the company's profit for the year went up 14,8% to USD 18,6m after a USD 19,4m fair adjustment value and USD 6m tax charge. *(Daily News)*

RIOZIM Limited will go ahead with its Extraordinary General Meeting this Friday to approve its capital raising initiative after clearing the air on concerns on certain aspects of the transaction raised by the Securities Commission of Zimbabwe. The commission had raised the red flag after RioZim issued a circular to shareholders based on unaudited financials ahead of the EGM.

RioZim is seeking shareholders' approval to raise USUSD 55m through a USUSD 5m rights issue, USUSD 10m private placement and the remaining USUSD 45m through convertible debentures to GEM Raintree Investments of Mauritius, who are the underwriters. SEC chief executive officer Mr Tafadzwa Chinamo said the commission wanted RioZim to give shareholders enough details on the transaction ahead of the EGM, which they have since done.

"We do not want to involve ourselves in company transactions but we felt it was prudent for RioZim to deal with these disclosure issues," he said. "The decision is up to the shareholders and their decision is based on the information they would have received. That is why we were concerned that appropriate information be circulated." RioZim elaborated on all the issues raised by the SEC. But the group said audited financials would be published before Friday. This means that the listed company only has less than three days to do so.

However, they said: "RioZim shall endeavour to ensure the audited financial statements are published prior to the EGM. It is not anticipated that there would be any material changes to the unaudited financial statements disclosed in the circular ".SECZ had ordered RioZim to give more background on GEM Raintree and disclose the relationship of the three companies involved in the transaction.

SEC has also queried the limited dilution aspect of the transaction, as GEM can easily own 56% through converting debt and the private placement. They said there was also inadequate disclosure on the debenture, saying the convertible debenture on its own would need its own circular than just a term sheet. RioZim has now indicated that if holders of the debentures elect to effect conversion, existing shareholders would be diluted.

If the USUSD 45m is raised from the issue of convertible debentures and the conversion is at USUSD 1,20, the maximum number of ordinary shares to be issued to holders of the convertible debentures represent 41,29% of the company's share capital. Against this background, it means GEM Raintree could raise its shareholding in the group to 55,96% of the shares in issue.

This has raised questions, as the transaction would have exceeded the country's indigenisation threshold that requires foreign companies to own not more than 51% in local operations. On debt retirement, the SEC demanded disclosures on the RioZim debt maturity profile. *(Herald)*

The deadline for undercapitalised banks to meet regulatory capital thresholds is drawing close and some will inevitably exit the banking business, be merged into others or be bought at a discount. The consequences of failing to comply are dire; and would inconvenience depositors in a big way. But mergers would seem most appropriate at this point, considering the complexities associated with other options.

Regulatory authorities have already indicated that they have no appetite for more extensions for compliance periods and are intent on dealing with the issue conclusively this time around. While the April 1 deadline came as a surprise for the banks, some of which had been given until next September, the timeline appears harsh but necessary for sound, safe, secure and steady banks.

Compliance with minimum capital requirements is critical, considering the repercussions in the case of a bank failure. The banking sector crisis of 2003-2004 is good testimony of that.
During this period, depositors lost money, had their funds trapped, while other financial institutions experienced a run on deposits once news filtered through that certain banks were struggling.

It will be interesting to note what, if any deal, the three undercapitalised banks Genesis, Royal and ZABG will strike in barely a fortnight to meet the regulatory capital requirements. All banks were given, for all intents and purposes, sufficient time to mobilise resources to beef up their capital levels, some of which were in negative levels. Up to now the three have not complied.

In fact, ZABG has a capital deficit of USUSD 15,3m while Genesis has negative capital of USUSD 3,2m, making the case for fresh capital at these two banks more critical than in any other bank. Analysts believe mergers at this point would not materialise, but would worsen their already weak balance sheets.

"The problem with the undercapitalised banks is that on their own they have negative capital positions and merging with one another would create even weaker balance sheets," he said. A foreign investor would seek a huge discount, considering the undercapitalised banks' situations in terms of the time left until the deadline, which would put shareholders at a major disadvantage.

Royal Bank said it had engaged a Kenyan investor for a USUSD 20m fresh capital injection while Genesis Bank was discussing with SwissCharge of Zambia, and ZABG was negotiating with the trio of Unicapital of Mauritius, Swiss AFG Global and local private firm Trebor and Khays. Notwithstanding the challenges around raising the USUSD 12,5m minimum capital for commercial banks, compliance remains critical for a sector that had lost the peoples' confidence.

Finance Minister Tendai Biti last week gave another hint that there would be no tolerance on non-compliant banks. He said he had instructed the central bank to work on a framework for mergers. “In order to develop a strong and secure banking sector that is immune to systemic risk,” he said, “I have mandated the Reserve Bank to develop a framework for mergers between the banking institutions, given that some banks are failing to comply with capital requirements.”

Minister Biti said modalities of the framework for bank mergers will be announced in due course. But this needed to be in place sooner rather than later, considering developments in the banking sector. *(Herald)*

Econet Wireless (Econet)'s planned acquisition of a 49% stake in TN Bank is almost complete, TN founder and chief executive Tawanda Nyambirai has said. He said regulatory approvals were at various stages of finalisation. “There is a transaction that is coming, but at the moment my hands are tied. Draft circulars have already been done,” said Nyambirai who is also Econet chairman. “It's now a case of following procedural issues,” he added.

The Securities Commission of Zimbabwe and the Zimbabwe Stock Exchange are mandated to approve all the terms of the acquisition before it can be publicly announced. Recently, media reports indicated Econet, Zimbabwe's largest mobile telephone network provider had agreed to pay TN USD 20m for the stake in the financial institution.

The transactions, according to Pan African Capital Plc, values the bank at around USD 40m and is believed to be driven by the mobile phone operator's desire to enhance its mobile money transfer platform EcoCash.

Meanwhile TN officially opened its shopping mart and grill, at a colourful ceremony held in Harare on Saturday. The event, dubbed the “twin opening” was graced by Zimbabwe Tourism Authority (ZTA) chief executive officer Karikoga Kaseke who was the guest of honour and Apostolic Faith Mission (AFM) president Aspher Madziyire.

The two outlets are located at the corner of Robert Mugabe and Fourth Street where they share the same premises with the group's flagship TN bank. “The model we are using is very effective in that it reduces occupants' costs, reduces staff overheads and delivers convenience to customers,” TN group chief executive Tawanda Nyambirai said adding that the group plans to open four fast foods outlets in a month.

Asked about the magic behind his business group's phenomenal rise considering the difficult local business environment that has seen other businesses faltering Nyambirai said: “It is not a secret that there is a liquidity

crisis. “Our model puts us in a better position. We balance between liquidity and profitability, which helps oil liquidity.” *(Daily News)*

Bulawayo-based textile Company, National Blankets Limited’s (NBL) efforts to turn around the company are being hampered by the reluctance of banks to offer it loans for re-capitalisation, a company official has said. KES ingi Samuriwo, NBL managing director said the company was in dire need of capital but regrettably banks were hesitant to offer loans due to a creditors debt of USD 5m.

“The problem with National Blankets is the issue of working capital. The capital that we had identified in the last few years unfortunately did not come,” said Samuriwo adding that it was still to get feedback on its application for the Distressed Industries and Marginalised Fund (Dimaf). “We had applied for about USD 3m from the Dimaf and we were hoping by February this year we would have got it but nothing has come,” he said.

He said the company’s problems were being worsened by its placement under judicial management since 2010 which has affected its production capacity. “The problem is that we under judicial management and banks are sceptical to provide us loans for recapitalisation,” Samuriwo said. “The number of workers that we have had in the past four years has come down from 600 employees to about 103 and this is purely due to lack of working capital,” he said.

Samuriwo said its failure to service its loans due to high interest rates had impacted negatively on its operations leading to its current state. “In 2009 we borrowed USD 3m from banks but due to the crisis in the market and the high interest rates charged by the banks, it completely destroyed us to a point where we were now struggling to repay the bank loan,” he said.

He added unfair competition from cheap imports from far Eastern countries also affected the company’s cash flows during that time. “Things went so bad that unfortunately we were unable to service that debt within the six months and we had to file for judicial management which is where we are today,” he said. The managing director was however optimistic that the current challenges dogging the company were temporary and could be overcome once they had acquired the required capital to take off.

“We still think in terms of going forward we have got a viable business model. The market is there and the demand for our goods is there locally and for the last three years we have been unable to meet the demand,” he said. Samuriwo said new importation measures controlling textile products was favourable for NBL provided they had the working capital.

He said despite a commitment by its shareholders to revive the company, the funds were insufficient. “Given the resources we can be very soon starting to absorb some of the workers that we had sent home,” he said. Samuriwo said due to challenges facing the company in the past six years it had lost its grip on the export market.

“We have lost most our markets,” he said. National Blankets used to be a major market-leader in blanket manufacturing but due to operational challenges the company scaled down production retrenching hundreds of workers.

NBL has operated in the country for more than 71 years and had been identified as part of the beneficiaries of Dimaf. Dimaf is a USD 40m bail-out package for Bulawayo companies set up by government and Old Mutual. *(Herald)*

ESSAR Global, the majority shareholder in Newzim Steel, says it will invest about USD 4bn in Zimbabwe's steel industry in the next 10 years. Resident director for Africa, the Middle East and Turkey Mr Firdhose Coovadia disclosed this at the Euromoney conference that opened yesterday. The funds would be spent on rehabilitation of its steel plant in Redcliff, construction of a beneficiation and electricity plant and exploration of iron ore reserves.

"We will invest USD 1bn in a steel plant to achieve annual production of 1,2m tonnes and USD 100m on ore reserves that have not previously explored and USD 3bn to create a world-class beneficiation plant and a separate power plant," he said. Essar Global bought 54% of Newzim Steel stake and 80% of Buchwa iron ore reserves in a deal worth more than USD 750m, probably one of the biggest investment deals since independence.

The global giant has already applied for a licence to set up a thermal power station in Hwange to produce about 600 megawatts. The fact that Essar Global, a major multinational with interests in various economic sectors across the globe, invested in Zimbabwe will help build confidence in the country as an investment destination, said a Harare- based economist.

"This should send a massage to other potential investors that Zimbabwe is certainly a destination to look at. With the macro-economic situation now more on the friendly side, this is the time to invest."I do think the partners in the inclusive Government would want to see the economy plunging back into pre-2008 levels.

It is my view that the (growth) momentum will be maintained," said the economist. Government sold its stake to NewZim, formerly Zisco last year, after it became apparent that it had no capacity to revive the firm. *(Herald)*

ARISTON Holdings projects a USD 4,2m profit in the fifth year after a USD 8m capital injection it intends to raise through a rights offer. The company revealed the target in a statement yesterday after bowing to the Securities Commission of Zimbabwe's directive for additional information on its capital raising initiative.

SECZ directed Ariston to provide more details on the underwriter, Afrifresh, dilutive impact of the rights offer, debt maturity profile, financial projections and breakdown of capital projects.
But the latest statement did not say anything about reconvening a shareholders' meeting to reconsider the cash call proposal, as has been directed by the commission.

According to the new statement, Ariston is targeting USD 4,2m profit in five years, before tax and adjustment for biological assets. The firm is targeting profits of USD 463 000 this year, USD 2m next year, USD 3,6m in 2014 and USD 3,8m 2016. Ariston sees its debt at USD 1,3m this year and at a constant USD 3,1m in the four years to September 2016. Of these liabilities, USD 500 000 matures in less than a month, USD 1,3m in three months, USD 1,2m in a year

and USD 4,3m has to be repaid over a period of five years.

After a capital injection of USD 8m, raised from the cash call, the firm projects finance costs at USD 631 000 this year and to remain flat at USD 505 000 in the four years to 2016. “The projected information includes certain assumptions, estimates and statements, which are forward-looking and are subject to certain risks and other factors, some of which are beyond Ariston Holdings Limited and its directors,” said the statement.

The company intends to undertake a USD 2m mechanisation programme to cut on high fixed costs for optimal profitability. And USD 3m, from the USD 8m rights offer proceeds, will be used to retire expensive debt, pay off outstanding liabilities and refinance the remaining interest-bearing debt. Another USD 3m will be invested in vegetable concern Favco to enhance its trading performance, as significant value. *(Herald)*

Government has engaged independent advisors for the restructuring of Agribank through a private placement of 49% shareholding to a strategic partner. Agribank, owned 100% by the Government, was also considering an initial public offering on the Zimbabwe Stock Exchange as part of options to raise funds. Either way, a new investor is expected in the bank to inject fresh capital — to enable the bank to underwrite more business.

The State Procurement Board has invited advisors to spearhead the restructuring of the country’s largest financier of agriculture. The tender closes on April 17 2011. The plan to restructure Agribank was approved by Government in May last year. Plans to dispose of a chunk of the State’s shareholding in Agribank to private players is in line with Government’s thrust to foster public private sector partnership to recapitalise ailing State enterprises.

Agribank has met the Reserve Bank of Zimbabwe minimum capital requirements of USD 12,5m and is among the 10 enterprises targeted for privatisation. According to the approved plan, Government would retain the remaining 51% and farmer organisations would be given preference to take over. A number of foreign partners have been inquiring on Agribank. Sources say Chinese investors are keen to invest in the bank.

However, the bank has been getting lines of credit from the Industrial Development Corporation of South Africa. The decision by Government to shed its stake comes at a time when most banks are seeking foreign partners to strengthen their capital base. Recently, Kingdom Financial Holdings Limited completed a USD 9,5m deal with AfriAsia bank resulting in KFHL meeting banking capital requirements.

Royal Bank and ZABG Bank have since submitted their proposals to the central bank and in their proposal, they are also courting foreign partners. The Government is presently facing serious financial limitations and is therefore ill-equipped to provide the capital required to fund more clients and expanding its revenue base. The bank has also embarked on a five-year strategic plan whose key elements include bringing in a strategic partner, mobilisation of additional lines of credit, aggressive deposit mobilisation, IT upgrade and enhancing multi-delivery channels.

Agribank’s strong capital base, through fresh capital injection by the new partner,

will change the face of Zimbabwe's agriculture through onlending to farmers. The Government wants to maintain Agribank's mandate of financing farmers. Agriculture contributes 16% to Gross Domestic Product and has been the major economic driver since 2009, mainly through tobacco and cotton. *(Herald)*

The Central African Building Society (CABS) has agreed to ease "stringent " lending terms for companies to access the USD 40m Distressed Industries and Marginalised Areas Fund (Dimaf). Industry secretary Abigail Shonhiwa yesterday told Parliament's portfolio committee on industry and commerce, the building society, according to results of a March 9 meeting, had finally yielded to pressure from the distressed industry.

"We indicated to them that applicants were concerned primarily because of the requirements. "Indications are that they have shown some flexibility in terms of interest rates and collateral especially for Small to Medium Enterprises (although) the terms will not be the same for companies that are listed on the Zimbabwe Stock Exchange," she said, adding that the applicants felt the requirements did not observe their distressed nature.

"Other companies felt they did not even stand a chance to access the money because of what was required of them," she added. Shonhiwa said the new loan conditions will be announced after cabinet approves. Stanslous Mangoma, the director for enterprise development in the ministry of Industry, said most companies wanted CABS to renegotiate terms on collateral security required to access the fund.

"They said interest rates were too high and the issue of audited results for the past two years they said they could not meet that," he said. Companies were required to be professionals registered with a recognised professional association who should have been in practice for at least five years. Furthermore, clean tax records and sound credit standings are required.

However, the committee raised concern on the capability of companies to pay taxes if they can't produce audited results as it "poses a default threat to the institution." Mangoma said 80 companies, with a total requirement of USD 50m were identified at inception of Dimaf. The USD 40m fund is a five-year collaborative facility between government and OMZ with each party contributing a seed capital of USD 20m; however government is yet to provide its half of the money.

It was set up last year to bail out Bulawayo firms following the closure of more than 80 companies leaving 20 000 workers jobless. According to statistics provided by the industry ministry only USD 3,1million has been approved and distributed out of combined applications worth USD 73m. Finance minister Tendai Biti said the facility is aimed at ensuring regional balance in promoting economic development in Zimbabwe while funds will be channelled to struggling Bulawayo companies through banks and vetted by the "Let Bulawayo Survive" Cabinet task force.

The Cabinet task force under "Let Bulawayo Survive" campaign is chaired by Industry and Commerce minister Welshman Ncube and includes Biti, Agriculture minister Joseph Made, Labour and Social Welfare Minister Paurina Mupariwa, Economic Planning and Investment Promotion minister Tapiwa Mashakada, Water Resources Development and Management minister Samuel Sipepa

Nkomo and Youth, Indigenisation and Empowerment minister Saviour Kasukuwere.

Bulawayo was historically known as Zimbabwe's industrial hub. All big companies like Zimbabwe Engineering Company, Hubert Davies, Radar Metal Industries, National Blankets, G & D Shoes, Merlin, Tregers Group, Stewarts and Lloyds, Hunyani Holdings, Cold Storage Company (which processed beef exports), among others, used to be major contributors to the city's revenues and provided employment to thousands of local residents. *(Daily News)*

Zimbabwe has accepted a proposal by Impala Platinum's joint venture with Aquarius Platinum to turn over a majority stake to locals, a government minister said on Thursday. Empowerment minister Saviour Kasukuwere said Mimosa mine outside Harare, a 50-50 partnership between Implats and Aquarius, will transfer 10% each to workers and local communities, 6% to state employees and 25% to a state fund.

"They have submitted a compliant 51% plan. It has since been submitted to the ministry which has been accepted," Kasukuwere told reporters on the sidelines of an investment conference. The proposal comes more than a week after Implats bowed to Harare's demands that the world's second largest platinum miner transfer a similar stake in its Zimplats operation to locals. Implats has said the Zimbabwean government would have to pay for the shares it wants.

On Thursday Kasukuwere said the agreement with Implats should include an evaluation of assets and resources owned by Zimplats but he did not give further details. "At the end of the day we want a win-win situation. We need a fair share of what is due to us," he said.

Kasukuwere has previously said the cash strapped government would not pay for shares in mines, arguing that it already owned the mineral resources in the ground. Zimbabwe, with the second-largest known platinum deposits in the world after South Africa, is seen as a growth area for the platinum sector. *(Reuters)*

ZB Financial Holdings has returned to profitability after recording a USD 7m tax profit following strong performances by its commercial banking and life assurance arms for the year ended December 2011. In 2010 the group posted a loss of USD 2,6m. Operating profit before loan loss provision and transfers to the life fund grew from USD 7m the previous year to USD 15,1m.

The strong performance was despite a provision for extra-ordinary expenses amounting to USD 2,6m representing the negotiated final settlement of warranties and indemnities issued during the recapitalisation of former subsidiary company, Intermarket Banking Corporation (Zambia).

The bank realised a 6% improvement on its cost to income ratio closing the year at 82%. Group assets increased from USD 198,6m to USD 272,6m last year on the back of a 46% increase in deposits to USD 169,2m. In a statement accompanying the group's audited financial results, ZB chairman Bothwell Nyajeka said despite the group having sufficient capital to meet all regulatory requirements, additional injection of capital would boost its product offering.

"On the back of a highly volatile operating environment, the group was able to achieve a profitable outturn, with a net profit having improved by 370% from a

loss position in 2010 to a profit of USD 7m in 2011," Nyajeka said. As a result of the non existence of the lender-of-last-resort function at the Reserve Bank of Zimbabwe and a lethargic inter-bank market, the group was forced to carry substantial non-earning cash or low yielding balances in order to cater for customer demands.

ZB Bank posted a profit after tax of USD 7m reflecting a 394% increase from the previous year while profit for ZB Building Society was up 105% to USD 2,2m. The society's assets grew 43% to USD 35,8m and the mortgage book closed at USD 4,5m The group realised an increase in loan charges to the income statement of USD 3,1m up from USD 1m in 2010.

ZB Life's gross premium increased by 23% to USD 6,1m compared to USD 4,9m the previous year. The unit recorded an after tax profit of USD 2,2m from a loss position of USD 5,1m in 2010. Depressed activity on the Zimbabwe Stock Exchange affected the group's fund management and stockbroking operations. Group chief executive officer, Elisha Mushayakarara said in the short term operating imperatives for ZB Asset Management and ZB Securities would be to preserve capital.

ZB Asset Management and ZB Securities posted losses of after tax of USD 53 000 and USD 194 000 respectively. Mushayakarara said the group will implement a suit of risk management systems after successfully carrying out a technology-enhancement project and treasury management and trade finance systems.

"The current operating environment is fraught with risk of fraudulent loss. "The group will continue to review its processes in order to minimise loss events," he said. Gross premiums for ZB Reinsurance were up 16% to USD 12,5m resulting in an after tax profit of USD 588 000. *(News Day)*

Economic News

Zimbabwe faces a huge grain deficit this year after a third of the current maize crop was written off due to a prolonged dry spell, state media reported on Monday. The southern African country, once a regional bread basket, has struggled to feed itself since 2000 when President Robert Mugabe embarked on the seizure of white-owned commercial farms to resettle landless blacks.

Agriculture Minister Joseph Made told the state-controlled Herald newspaper that the government had halted sales from its strategic grain reserves after a state crop assessment showed that a third of the 1.689m hectares put under maize had been declared a write-off. Although the production of the staple maize has rebounded from its low of 400,000 tonnes in 2007/08 to 1.35m tonnes in 2010/11, the country still struggles to meet its annual grain consumption of nearly 2m tonnes.

Zimbabwe is likely to resort to grain imports, although there were fears that regional suppliers South Africa, Zambia and Malawi may not be in a position to export. "There are indications that our neighbouring countries are likely to have grain shortages. We are calling farmers to show how much in terms of grain they are likely to deliver," Made was quoted as saying. *(Reuters)*

Zimbabwe continues to wobble in attracting Foreign Direct Investment, drawing in a mere USD 250m against USD 55bn that went into African economies last year, according to a research report. The report by Invictus Securities says that Zimbabwe performed worse than previously smaller economies such as Zambia and Mozambique. "Zimbabwe received derisory USD 250m (0,46%), which was (however) above the USD 105m secured in 2010," said Invictus.

"In comparison, Zambia and Mozambique each received over USD 1bn in FDI inflows last year, reflecting investor confidence in the region." The report attributed the dismal performance in terms of attracting foreign investment to indigenisation coupled with increased perceived country risk profile. It said a clear, consistent and transparent policy taking into account the fragility of the economy was critical, as concerns on the policy warped the confidence brought by the inclusive Government in 2009.

However, the report pointed out that there has not been any expropriation of foreign assets as investors feared, under the guise of indigenisation. Invictus said 2011 was characterised by policy uncertainty dominated by the Indigenisation and Economic Empower Act, which compels foreign-owned firms to sell, at fair value, at least 51% equity to locals.

"This, unsurprisingly inhibited investor confidence at a time the economy was, and continues to be, in dire need of foreign capital. It is worth noting that policymakers could not agree on the implementation (modalities) of the policy, causing jitters in the market," the report said. Indigenisation and economic empowerment is meant to bring previously marginalised blacks into mainstream economic activities of the country.

But despite investor scepticism of the economy, which suffered almost 50% decline in GDP in the decade to 2008, has grown for three consecutive years. The economy grew by 4,5% in 2009, 8,1% in 2010, 9,3% in 2011 while Finance Minister Tendai Biti forecast 9,4% expansion this year. Growth is seen anchored by increased output in agriculture (tobacco, cotton, sugar and soyabeans) mineral exports, mainly constituted by diamonds, gold and platinum, driven by high prices on global markets.

However, the International Monetary Fund sees lower growth this year and has put the economic growth rate at 3% saying FDI remains subdued. The IMF cited significant structural impediments, the accelerated indigenisation in mining and uncertainties about ownership in the sector.

The multilateral lender also cited political disturbances, export price declines, higher than anticipated fuel prices, reversal of capital flows and bank instabilities. After a decade of instability, Zimbabwe possesses unlimited investment potential in various sectors including manufacturing mining, agriculture, tourism, mining, infrastructure, ICT and transport. *(Herald)*

Trade between India and Zimbabwe has doubled to USD 125m in the four years to 2010-11, India's Commerce Ministry said Tuesday. Vice President Joice Mujuru is in India to for the eighth India-Africa Project Partnership Summit where Zimbabwe is the "focus country". On Tuesday Mujuru met the country's Commerce, Industry and Textiles Minister Anand KES arma.

"Bilateral trade has shown an impressive growth, increasing from USD 64.02m in 2006-07 to USD 125m in the year 2010-11," the Ministry said in a statement. In 2010-11, India's exports to Zimbabwe topped USD 114m against imports worth about USD 11m. Meanwhile, KES arma urged Zimbabwe to ratify the Bilateral Investment Promotion and Protection Agreement (BIPPA) between which was signed back in 1999.

He said the agreement would help increase investments between the two countries. He added that India was keen to cooperate with Zimbabwe in sectors like mining, power generation, railway, ICT and agriculture. "In fact, the tripod on which the India-Africa relationship stands today with the resonance of South-South cooperation is that of technology, trade and training," he said. *(Daily News)*

Zimbabwe yesterday unveiled a new debt strategy policy aimed at securing comprehensive external arrears and debt relief from its creditors. Finance minister Tendai Biti speaking at an official launch of the country's Zimbabwe Accelerated Arrears Clearance, Debt and Development Strategy (ZAADDS), said Zimbabwe has finally adopted a "unique" debt strategy after three years of negotiations, since inception of the inclusive government in 2009.

"What we are now doing as a ministry is to implement, but there are three things required. "We need strong support from the international community, a strong relationship with international finance institutions as well as a consistent government position with people speaking with one voice," added Biti.

The debt strategy, Biti said seeks to end the country's USD 9,1bn foreign debt which has been accumulating since 1999 and deals with the role natural resources play in the process. "It has gone post HIPC (Highly indebted poor countries) to deal with our debt because the rules are, for as long as you have arrears you will not be able to access lines of credit," he said.

Earlier on, Biti told a Euromoney Zimbabwe Investment conference the country required USD 14bn to get its economy back to 1990 level. Government's move on debt clearance comes as economists suggest the country should get HIPC status to manage its arrears. Politicians, particularly from President Robert Mugabe's Zanu PF say the country is not a beggar.

Economist Antony Hawkins earlier this year said the country should stop politicking and accept debt relief offers from the international community. He said it was worrying to see that Zimbabwe's USD 9bn international debt situation remained unchanged three years after the formation of the inclusive government and dollarisation, a position among the reasons investors have no confidence to commit their funds to the country.

"It (debate) has been divided between political sides one saying we need debt relief and the other saying we have diamonds and we don't need aid. We should go for it (debt relief) because it's something for nothing," he added. "They (politicians) are worried that foreigners would intrude into our policies (but) we are now used to foreigners intruding. We just get on with what we want to achieve," said Hawkins, adding this would not undermine the country's sovereignty as apparently purported by Zanu PF.

"We are in a policy vacuum and a lot of issues need to be addressed and these include elections, debt relief indigenisation and rationalisation of the land reform if we want to attract investment." Zimbabwe is in the midst of a liquidity crunch, is currently in need of foreign direct investment to capitalise its industry and stimulate further economic growth and recovery.

According to Hawkins, the local economy has recovered about half of what it lost between 1998 and 2008 at an average economic growth rate of 7%. "We are now in rebound mode; we have recovered half the ground that we had lost. The bulk of the growth is backed by an increase in consumer spending," he said.

HIPC is a debt relief programme managed by the World Bank, the International Monetary Fund (IMF) and the AfDB. It comprises a group of 40 least developed countries with high levels of poverty and debt overhang which are eligible for special assistance from the IMF and the World Bank. *(Daily News)*

SECURITIES AFRICA

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