SECURITIES AFRICA

For week ending 4 May 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:

	4-May-12	WTD %	YTD %
Currency	Close	Change	Change
AOA	95.10	-0.01	-0.17
DZD	73.87	-0.34	1.83
BWP	7.20	0.14	2.35
CFA	489.26	-0.53	1.11
EGP	6.03	0.03	-0.24
GHS	1.85	-0.29	-13.97
KES	81.96	0.01	1.91
MWK	165.64	-0.89	-2.00
MUR	27.79	0.63	1.22
MAD	8.45	-0.53	1.48
MZM	27,250.00	1.09	-2.06
NAD	7.66	1.09	5.88
NGN	157.00	0.16	1.74
ZAR	7.73	0.34	5.48
SDD	266.13	0.08	-0.01
SDP	2,261.00	0.00	0.00
SZL	7.68	0.94	5.79
TND	1.54	-0.40	-2.94
TZS	1,560.55	0.17	-0.01
UGX	2,443.33	1.30	0.16
ZMK	5,122.41	-0.81	-2.09

Source:oanda.com

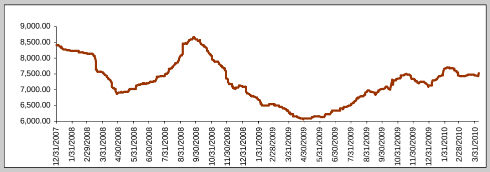
African Stock Exchange Performance:

Country	Index	04 May 2012	WTD % Change	WTD % Change USD	YTD % Change	YTD % Change USD
Botswana	DCI	7,115.81	-0.32%	-0.18%	2.08%	4.54%
Egypt	CASE 30	4,929.24	-0.12%	-0.09%	36.08%	35.75%
Ghana	GSE All Share	1,047.80	-0.76%	-1.05%	8.13%	-5.12%
Ivory Coast	BRVM Composite	148.59	-3.25%	-3.76%	6.99%	8.19%
Kenya	NSE 20	3,611.10	2.17%	2.18%	12.67%	14.87%
Malawi	Malawi All Share	5,770.63	0.12%	-0.76%	7.47%	5.37%
Mauritius	SEMDEX	1,798.07	0.11%	0.75%	-4.78%	-3.61%
	SEM 7	339.05	-0.06%	0.58%	-3.22%	-2.03%
Morocco	MASI	10,302.08	0.82%	0.29%	-6.43%	-5.02%
Namibia	Overall Index	899.86	-0.02%	1.09%	7.38%	14.09%
Nigeria	Nigeria All Share	22,665.99	2.52%	2.68%	9.34%	11.27%
South Africa	All Share	34,127.28	-0.79%	-0.45%	6.66%	12.84%
Swaziland	All Share	276.45	0.00%	0.95%	2.98%	9.31%
Tanzania	DSEI	1,318.17	-0.65%	-0.48%	1.15%	1.14%
Tunisia	TunIndex	5,066.84	5.53%	5.11%	7.30%	6.19%
Zambia	LUSE All Share	3,920.71	-0.03%	-0.83%	-5.97%	-7.63%
Zimbabwe	Industrial Index	129.90	0.00%	0.00%	-10.94%	-10.94%
	Mining Index	91.95	-6.47%	-6.47%	-8.69%	-8.69%

SECURITIES AFRICA

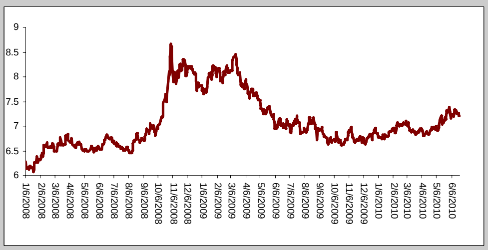
Botswana

Botswana Stock Exchange



Source: Reuters

BWP/USD



Source: Reuters

Economic indicators

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

Source: World Development Indicators

CPI Inflation

Stock Exchange News

The DCI lost a marginal -0.32% to close at 7,115.81 points. NAP and BettaBeta led the gainers after adding +2.17% and +1.84% to close at BWP 2.35 and BWP 35.94 respectively. Other notable gains were rcorded in FNBB (+1.82%) and FSG (+1.48%). On the losing front we had Aviva (-60%) to BWP 0.30, Olympia (-8.00%) and New Gold (-1.70%).

Corporate News

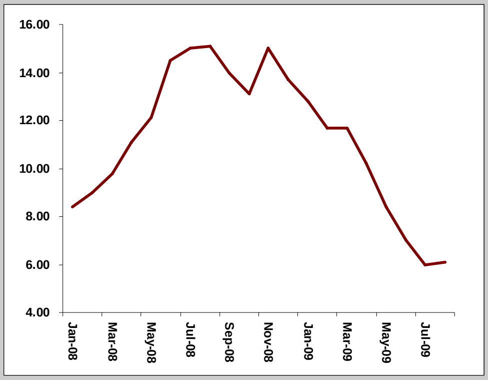
Property concern, New African Properties (NAP), has reported a profit after tax of P76m in its first reporting season since the firm's listing on the Botswana Stock Exchange (BSE) last September. In a statement accompanying the financials for the six months period ending 31 January, NAP's revenue came in at BWP55.9m whilst net income for the period came in at BWP 74m. Earnings per linked unit for the company, which is a fund holding Cash Bazaar's BWP 838m-property portfolio, stood at 12.64 thebe.

In the six months, the company's property portfolio was valued by the directors at BWP 912m, a four% rise that takes into account rental escalations. The company also said vacancies by the close of the period stood at two%. For the period, NAP declared distribution number one that amounts to 7.23 thebe payable on the 1 June 2012 to unit holders registered by the 18 May 2012. The 7.23 thebe comprises of 6.14 thebe interest and 1.09 thebe dividend.

Looking ahead the company says it continues to search for new growth opportunities and has identified prospects, which are currently under assessment. "We have identified certain property investment opportunities with a view to securing quality assets to enhance the existing portfolio and are in the process of assessing the investment merits," reads the statement. Last year, the company unveiled a BWP 400m kitty for further acquisitions mainly in the retail sectors of Botswana, Zambia and Namibia.

At present, the property holdings and interests of Cash Bazaar Holdings, its associated companies and subsidiaries include 65 properties in Botswana and Namibia, covering 130,000 square metres and valued at BWP 838.7m. The portfolio includes landmarks such as Riverwalk Shopping Centre, Riverwalk Plaza, Kagiso Centre, Mafenyatlala Mall, Gaborone Shopping Centre (popularly known as "Station") and others.

"We have a pipeline of BWP 400m in acquisitions but we cannot disclose details as these are at various stages; however, we want to stay true to our retail roots. Retail growth is there outside Botswana in places such as Namibia and Zambia. Ninety% of our portfolio is retail and shopping centres; we are in a league of our own in terms of retail pedigree and our managers will be using this in our acquisitions going forward. These projects are in various states of



Source: SAR

progress and are likely to become available during the next 24 months.

The proposed investments would introduce additional high quality income, diversification of risk as well as an opportunity to introduce more significant levels of leverage to the benefit of the shareholders," NAP managing director, Tobias Mynhardt, told journalists recently. *(Mmegi)*

The country's sole gold miner, Mupane Gold Mine, has budgeted UUSD 3.4m (P25.2m) for the exploration of new gold-bearing resource areas this year, in order to add to the venture's limited lifespan. By 2010, Mupane Gold's former owners, IAMGOLD, expected to shut down operations by 2015 owing to a depletion in economically recoverable resources. However, the mine's new owners, Galane Gold have embarked on an aggressive exploration programme since taking over last August.

Earlier this week, the Canada-headquartered company announced a comprehensive exploration programme comprising 16,000 metres of drilling near the existing mine and in other prospecting areas this year. Part of this USD 3.4m programme will include USD 1.52m in exploration activities focused on Jim's Luck, an area stretching between five and seven kilometres that has become Galane's prime exploration target. At Jim's Luck, the target of previous exploration, Galane will spend the next 18 months defining the resource before incorporating it into the four other mining lease areas currently contributing to Mupane's operations.

Galane Gold officials said the overall exploration programme was part of a post-acquisition aimed at both streamlining and extending Mupane's operations. "Following (the) acquisitions, management of the company immediately commenced the implementation of its improvement plan, with a focus on optimisation of the mining operations and expansion of the mine-life resource base," reads a management discussion and analysis released by the junior miner.

"While the company is still in the early stages of the implementation of the plan, positive progress has thus far been achieved in the stabilisation of operations, restructuring of the organisation and recruitment of quality senior personnel."(The) exploration program commenced at the end of March 2012 and the results are expected to be released after the company has completed the current phase." Besides Jim' Luck, Galane will also study the viability of four other exploration areas it acquired last year under a 190 square kilometre prospecting license in the north-east.

Jim's Luck falls within the portfolio of exploration projects previously held by the Northern Lights Exploration Company (NLE). While these other projects, which include Rainbow, Motopi, Tekwane Ni/Pt Project and the Tekwane Gold Project, are generally small in nature, gold from them will contribute to extending Mupane's lifespan. Under Botswana laws, the Canadian junior miner has until October 2013 to successfully estimate gold resources at each of the projects after which renewal of the prospecting license will require relinquishment of 50% of the ground held. The company said it would tap into excess cash from its mining operations to fund the exploration programme this year.

"(This) therefore will decrease the company's working capital," Galane Gold management said. "However, the company intends to ensure that the use of these funds will not have a material impact on the financial strength of the mining operations."If necessary, the company will seek additional sources of funding for these expenditures."

Galane acquired the exploration ground last August from NLE for 400,000 Canadian dollars (P3m at current rates) as well as the issuance of 3.125m shares. A further settlement of 8.75m shares was made dependent on the attainment of several conditions. *(Mmegi)*

Economic News

A report by a pan-African ICT research agency suggests Botswana has the 18th cheapest mobile phone tariffs in Africa, coming ahead of all other southern African states except for Namibia. The report, by Research ICT Africa, compared mobile phone usage costs for 46 African countries for the period January 2011 and January 2012. The report also gauges the level of competitiveness among players in an economy, by comparing the cost of the cheapest product of the dominant operator with the cheapest product offered in that market in general.

According to the report, in southern Africa, Botswana's mobile phone product costs were cheaper than South Africa, Zimbabwe, Zambia, Lesotho and Swaziland. However, Namibia was third highest in Africa as a whole with its dominant operator, MTC, slashing prices aggressively and introducing highly competitive offers. The report indicates that for Botswana, the cheapest mobile phone product from the dominant operator, Mascom, was six% more expensive than the cheapest product available in the market.

While such a finding in other countries would suggest an "absence of pricing pressure on the dominant operator in that market," Research ICT Africa notes that Botswana's mobile phone is cutthroat. "Although Botswana mobile market is relatively small, it is competitive since the country has three operators," the research agency said. According to Research ICT Africa, beMobile was Botswana most expensive operator at the end of 2011. "Mascom cut its tariffs between May 2011 and June 2011 with the introduction of My Zone and Flexicall tariff," the agency said.

"Mascom's pricing increased again between October 2011 and November 2011 when it introduced Masika le Ditsala tariff and increased Flexicall again. Subsequently, My Zone tariff increased. "In addition, Orange Botswana prices decreased between May 2011 and June 2011 due to a drop of the peak pre-paid tariff. The operator further reduced its prices between September 2011 and October 2011 as a result of introducing a zone tariff. "beMobile, instead, did not change the tariffs throughout the year, becoming the most expensive operator since June 2011." Across the continent, Mauritius was the cheapest mobile phone market in Africa last year, with a healthy market as reflected by the fact that the dominant operator offered the cheapest product in the market.

While Ethiopia was the second cheapest mobile phone market in Africa, Research ICT Africa experts noted that the low prices reflected, "politically determined, below-cost pricing by the single state-owned operator". The negative outcome of such low prices, because they are not cost-based, is that they do not generate sufficient surpluses to invest in the extension of the network," the agency said. "As a result, while Ethiopia has amongst the lowest prices in Africa, it also has the lowest penetration rate on the continent, with the service primarily available to the urban elite."

By comparison, a 2007 study by Research ICT Africa indicated that nearly 60% of Batswana aged 16 years and older had mobile phones. In addition, 65% of those aged 16 and older in urban areas had cellphones. Mobile phone penetration rates in Botswana have been estimated at more than 100%, with many users owing and operating more than one mobile phone. *(Mmegi)*

Botswana exported USD 411m worth of diamonds in March, amounting to a 19% drop from the previous month. Overall, the southern African nation exported USD 826.6m in diamonds in the first quarter of the year, equaling a 27% drop from the previous quarter, Diamond World reported. The data was accumulated by the Bank of Botswana.

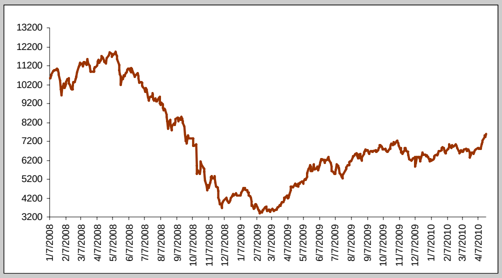
The country actually recorded an increase in exports in the month of February, reporting USD 306m in diamonds exported, a 25% year-over-year increase. But the month of January saw only USD 109m in exports of both rough diamonds and polished diamonds, a drop of 69%. The previous three months had also delivered disappointing numbers, with diamond exports dropping each time.

The Bank of Botswana's data was compiled from a representative sample of all diamond trading in the country, notably by the Teemane Manufacturing Company, Leo Schachter Botswana and the Diamond Trading Company Botswana, supplemented by data from the Central Statistics Office. *(Israeli Diamond)*

Botswana's central bank left its main lending rate unchanged at 9.5% on Thursday, saying maintaining rates would be conducive to its medium term 3-6% inflation target. The bank also said weak domestic demand and modest external inflationary pressures contributed to a positive inflation outlook in the medium term. *(Reuters)*

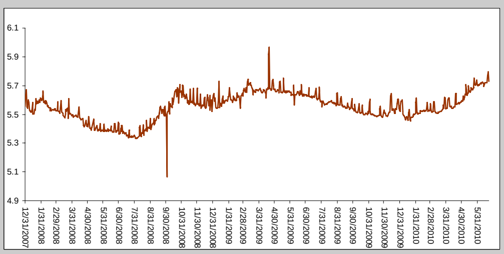
EGYPT

Cairo Alexandra Stock Exchange



Source: Reuters

EGP/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

Stock Exchange News

The EGX CASE 30 Index was down -0.12% to 4,929.24 points. General Silos and Storage led the movers after gaining +8.85% to EGP 20.17 followed by Trans Oceans Tours (+7.69%) and Upper Egypt Flour Mills (+5.05%). Egyptian Transport was the biggest loser after shedding -6.69% to close the week at EGP 5.72. Other notable losses were recorded in: Alexandria National Company for Financial Investment (-4.40%) and Arab Real Estate Investment Company (-3.23%).

Corporate News

Egyptian Co. for Mobile Services (EMOB.CI), known as Mobinil, Monday swung to a first-quarter net loss of EGP 74m (USD 12.3m) on higher depreciation and amortization costs, but aims to boost its broadband subscriber base to offset local competition. Mobinil booked a net profit of EGP 23m a year earlier, it said in an e-mailed statement. Analysts at Cairo investment bank Beltone Financial forecast a EGP 48m net profit, while Naeem Brokerage estimated a EGP 5m profit.

"The high depreciation and amortization resulting from the partial swap of the network from [second generation] to [third generation] in a continuous effort to modernize the network continues to weigh on the net result," Mobinil said in the statement. Mobinil said it directed its efforts in the first quarter towards improving the quality of the subscriber base and boosting further data, value-added services and fixed and mobile broadband services.

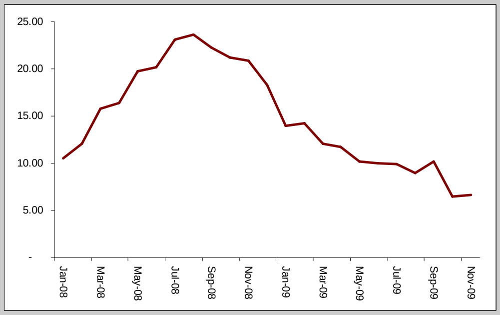
Its total fixed broadband subscribers reached 418,000, a 19.4% year-on-year increase. Post-paid subscribers grew 15.9% year-on-year, "reflecting successful execution of targeted strategy," Mobinil said. The total mobile-subscriber base stood at 32.6m subscribers by the end of March, an 7.5% increase from the same period last year.

Mobinil has been hit over the past year by an erosion of revenue from its voice operations. Mobinil had been the market leader in terms of subscribers until 2009, but local rivals Vodafone Egypt and Emirates Telecommunications Co., or Etisalat, have been eating up its market share. Mobinil Chief Executive Yves Gauthier told Zawya Dow Jones in December that he sees the company's mission as becoming Egypt's "main broadband operator," rather than chasing market share at the lower end of the voice market, where the company has lost its role as market leader.

Meanwhile, Mobinil said that its outlook for 2012 is still subject to a number of uncertainties such as the difficult and volatile political climate that continues to heavily weigh on the economy and an unstable regulatory environment. However, achieving growth and improving margins are expected, it said--subject to stabilization of the general environment and the normalization of competition.

Blended average revenue per user, or ARPU, was EGP 23.5 in the first quarter, compared with EGP 25.1 a year earlier. First-quarter revenue increased 3.9% to EGP 2.5bn from the same period a year ago. France Telecom, one of Mobinil's shareholders, said last week that the Egyptian regulator has authorized its offer for a stake in Mobinil. The tender offer is part of a France Telecom effort to take control of the Egyptian operator in a deal worth about EUR1.5bn. *(WSJ)*

CPI Inflation



Source: SAR

The Egyptian General Petroleum Corporation (EGPC) has made proposals to help the government cut EGP 35bn (USD 5.8bn) of subsidies on petroleum products from the country's budget over the next five years, the state-run Al-Ahram newspaper reported on Wednesday. Subsidies for petroleum products totalled around EGP 110bn in Egypt's budget for the 2011/12 financial year.

The new suggestions from EGPC, a state-run firm owned by the Ministry of Petroleum, include selling car-owners monthly books of coupons worth EGP 2,500 (USD 417) which can be exchanged for a total of 200 litres of petrol. Once a consumer spends all their coupons, they will pay for petrol at the standard, non-subsidised rates. A litre of Octane 80 currently costs EGP 0.9 (USD 0.15); Octane 90 sells for EGP 1.75 (USD 0.29), and Octane 92 for EGP 1.85 (USD 0.3).

Octane 95, which costs around EGP 2.75 (USD 0.45) per litre, should see a price hike to reflect production costs, EGPC said. The corporation also proposed that Egypt's government increase by 30% the prices for natural gas paid by energy-intensive industries. The price of fuel oil should be hiked to EGP 1,250 per tonne as it is used for industrial purposes, EGPC suggested. However it said that energy used by domestic consumers, such as cooking butane, should not see price readjustments.

In December 2011, Egypt's cabinet approved a plan to cut energy subsidies for energy intensive industries as part of an austerity plan to reduce the budget deficit by EGP 20bn (USD 3.3bn). But despite an agreement to gradually lift industrial subsidies from the start of this year, business figures say the plan has not been enacted.

Contacted by Ahram Online, Galal El-Zorba, head of the Federation of Egyptian Industries, said: "The minister of finance has given the go-ahead for reducing subsidies but the measures have not yet come into effect." *(Ahram)*

Egyptian private equity firm Citadel Capital said on Thursday it had narrowed its net loss in 2011 after reducing the size of writedowns of underperforming assets. Its consolidated net loss decreased to EGP 800.5m (USD 132.39m) from EGP 1.36bn in 2010, it said in an emailed statement. The write-downs included its investment in Egypt-based National Petroleum Co. (NPC), which Citadel said earlier in the year it intended to sell.

The private equity firm, which focuses on the Middle East and north Africa, said the value of assets under its management grew 6.3% in 2011 to USD 4.3bn and the value of assets under its control increased by 8.7% to USD 9.5bn. "Despite substantial headwinds from the economic fallout attendant to the revolution, we raised nearly three-quarters of abn dollars in new equity and debt for our investments," the statement quoted its Chairman Ahmed Heikal as saying.

The narrowing of the loss was largely due to reduced impairment charges against assets. Citadel took a charge of 199.7m pounds in 2011 versus a charge of EGP 1.07bn in 2010. These stemmed "largely from non-cash write-downs of previously impaired upstream oil and gas investment (at) NPC, non-cash expenses related to the clean-up of investments at the portfolio-company level at other platforms, as well as non-cash foreign exchange losses related to investments in Sudan," it said. Citadel said on Thursday it had extended until Aug. 8 a non-binding agreement to sell NPC to Canadian-listed company Sea Dragon Energy Inc in a cash-and-stock deal valued at USD 147.5m. *(Reuters)*

Egypt's Orascom Telecom said on Thursday it would receive a USD 2.5bn loan from its majority shareholder, Russia's Vimpelcom so it can develop networks in Bangladesh and other markets. "We are receiving a credit facility worth USD 2.5bn from Vimpelcom for five years at an interest rate of 12.5%," Chief Executive Ahmed Abou Doma said in a conference in Cairo.

"We need the loan to get liquidity to develop our networks, especially in Bangladesh." Abou Doma said the firm had a shortage of liquidity that was mainly caused by its inability to repatriate profits from lucrative Algerian unit Djezzy, which has been in a long-running dispute with the government there. *(Reuters)*

Economic News

Egypt's M2 domestic money supply rose 6.7% in the year to the end of March, the country's central bank announced on Monday. Money supply was EGP 1,054.7bn (USD 174.4bn), up from EGP 1,050.1bn at the end of February. The March 2011 figure was EGP 988.1bn. *(Ahram)*

Egypt needs to do more to secure a USD 3.2bn loan from the International Monetary Fund, including gathering broad political support and identifying other sources to finance its funding gap of up to USD 12bn, an IMF official said on Wednesday. Masood Ahmed, IMF director for the Middle East, told Reuters that Egypt still needed to do "some technical work" to finalize its economic programme. Asked whether he thought there was enough domestic political support for the programme, Ahmed said: "I think that process (of getting political support) is advancing but I do not think we are at the point yet where we could move forward."

"There's still more work to be done to close down those three areas," he said, referring to the economic programme, political support and alternative financial sources. "We are ready as soon as pillars are there for that programme to move forward relatively quickly," Ahmed said after presenting the regional economic outlook in Dubai. Egypt and the IMF are in discussions on a USD 3.2bn loan programme, which Egypt had requested earlier this year but which had been opposed by the powerful Muslim Brotherhood's Freedom and Justice Party.

Egypt's USD 236bn economy has been laid low by 18 months of political turmoil. Last week, parliament overwhelmingly rejected the army-appointed cabinet's plan to cut state spending, hampering the government's efforts to secure IMF help needed to avoid a fiscal crisis and potential currency devaluation. "Egypt has pressing economic and financial challenges and that's why we believe it is important to move forward now to finalize the content of the programme, to get support for it and to mobilize the financing for it," Ahmed said.

The country's finance minister said last week the government expected the Fund's aid to start flowing from May. The IMF is insisting that any agreement on financing is backed by Egypt's government and political partners ahead of presidential e l ections later this month. This would ensure the deal would outlast the political transition following the polls.

The IMF expects Egypt's inflation-adjusted economic growth to ease to 1.5% this year, which would be the slowest pace since a 0.3% expansion in 1992 and down from 1.8% in 2011. Its fiscal gap should widen to 10% of gross domestic product in 2012, from 9.9% last year.

Egypt has said it expects Saudi Arabia to deposit USD 1bn at the Egyptian central bank by the end of April as part of a USD 2.7bn package to support Egypt's battered finances. Egypt's foreign reserves have tumbled by more than USD 20bn to USD 15bn during a year of political turmoil following the ouster of Hosni Mubarak. Ahmed also said the IMF would consider further aid for Yemen after approving a USD 93.7m loan for the poorest country in the Arab world in April, which was aimed at addressing an urgent balance of payments deficit.

"It's hard to say yet (what the financing needs will be). But clearly the financing requirements for Yemen to embark on the programme of expanding employment and the economy will be significantly larger than the current phase of how to stabilize the economy after the crisis," he said. Yemeni officials have previously said the public sector would play a key role in job creation as the country attempts to stave off economic collapse after 15 months of political turmoil that saw President Ali Abdullah Saleh forced from office.

"In that context, that they move to the medium-term strategy the IMF would also consider how to support and accompany them during that process, including by providing financial support over a longer-term period and with amounts that are likely to be larger than the amount, we had so far provided for the immediate stabilization," he said. "The fiscal situation deteriorated significantly, this year, we believe it will stabilize," Ahmed said.

Yemen's USD 34bn economy is seen shrinking 0.9% in real terms this year after a 10.5% plunge in 2011, the worst contraction since North and South Yemen unified in 1990, the IMF's updated regional outlook showed on

Thursday. The IMF did not provide economic growth forecasts and 2011 estimates for Syria, rocked by a 14-month old uprising against President Bashar al-Assad, but Ahmed said that its economy was likely to contract this year as it did in 2011.

"It (the impact of sanctions) is hard to judge because it depends a bit on how rigorously the sanctions can be forced and depends on the shape and course of the conflict, which is hard to tell, and how it is going to affect production and what help if any Syria will be able to get," he said. "But nevertheless the best estimate is that there is going to be a continuous contraction of the Syrian economy this year." *(Reuters)*

Egypt's central bank kept its benchmark overnight deposit and lending rates steady on Thursday, warning that although economic growth was feeble, there was a risk that inflation might accelerate. The bank's Monetary Policy Committee (MPC) left its lending rate unchanged at 10.25% and the deposit rate at 9.25% after its regular meeting, it said on its website.

Gross domestic product grew by only 0.3% in the final quarter of 2011 after similarly weak second and third quarters and a 4.3% contraction in the first, the MPC said in a statement accompanying its decision. "The re-emergence of local supply bottlenecks and distortions in the distribution channels, as well as the probability of a rebound in international food prices pose upside risks to the inflation outlook," the MPC said.

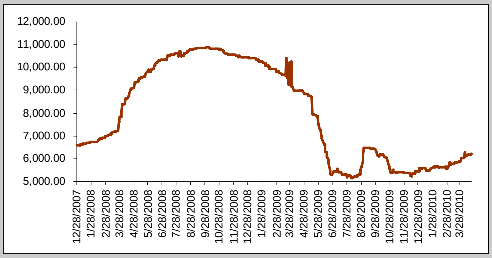
Urban consumer price inflation, the most closely watched indicator of prices, eased slightly to 9% year-on-year in March from 9.2% in February. Core annual inflation, which strips out subsidised goods and volatile items including fruit and vegetables, quickened to 8.68% in the year to March from 7.3% in February. All six economists in a Reuters survey had forecast the meeting would hold overnight rates unchanged. The bank also left the discount rate unchanged at 9.5% and the seven-day repurchase agreement (repo) rate at 9.75%.

Some analysts believe the economy contracted last year for the first time since the 1960s amid the turmoil of the country's popular uprising. Growth is forecast at around 3% for 2012, less than the average 5% a year recorded over the last decade. The government has not yet released growth figures for the first quarter of 2012 or inflation figures for April.

The central bank has kept monetary policy unchanged since November, when it unexpectedly raised interest rates for the first time in more than two years. Analysts said then that the increase was intended to support the Egyptian pound currency, under pressure from a slump in tourism and foreign investment following the political turmoil that ousted Hosni Mubarak. *(Reuters)*

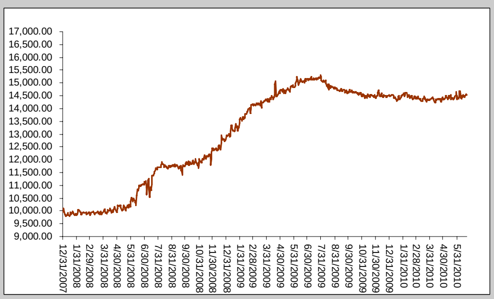
Ghana

Ghana Stock Exchange



Source: Reuters

GHC/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

Stock Exchange News

The GSE All Share Index lost -0.76% to close at 1,047.80 points. Unilever was the only mover after gaining +1.22% to GSh 8.30, while CAL (-4.00%), ETI (-7.14%) and FML (-0.90%) were on the losing front.

Corporate News

Ghana insurance provider SIC said on Wednesday net profits for the first quarter of 2012 rose 36% to 8.6m cedis (USD 4.9m), versus about 6.3m cedis in the same quarter a year ago. It said basic earnings per share increased to 0.0440 cedis from 0.0323 cedis. *(Reuters)*

Tullow Oil Plc will likely increase production at its Jubilee offshore field in Ghana to a long-delayed target of 120,000 barrels per day in 2013, its chief executive told local shareholders on Thursday. "We are currently doing around 70,000 barrels per day and while doing that we are also looking at various ways of enhancing the production to around 90,000 barrels by the end of this year and probably ramp up to 120,000 barrels next year," Aidan Heavey told the meeting in Accra.

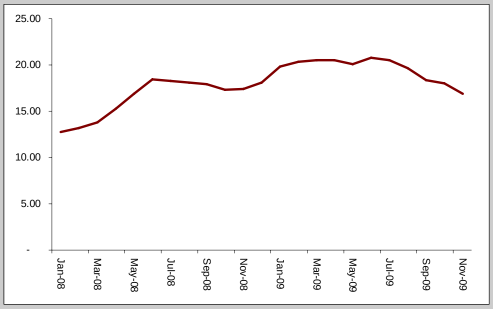
Heavey told Reuters later that a major problem was sand that had seeped into the wells and was blocking them. He said efforts were underway to remove the sand, for which a number of possible options presented themselves. "We are sure one of the options we have will solve the problem for the long term to enable production progress," he said adding Tullow estimated having to spend up to USD 400m on the remedial work.

"The cost could be cheaper, depending on which option works out well at the end of the day, but we estimate to spend about USD 400m maximum on this." Tullow, which is the lead operator for the Jubilee field, said earlier this year it hoped to resolve the issues hampering production by September, a goal Heavey said was still possible.

Tullow holds a 36.05% stake in Jubilee. Other shareholders include state oil firm GNPC with 13.75%, private investment group Kosmos with 23.49%, Anadarko Petroleum Corp with 23.49%, and Sabre Oil and Gas with 2.81%. The Jubilee field began production in December 2010 with reserves estimated to be up to 1bn barrels. Around 33m barrels have been produced so far. Heavey said Tullow's current total operation cost on Jubilee was USD 20 per barrel, including production cost of USD 11. The partners have spent a total USD 3.5bn to develop the field.

Heavey said Tullow was hoping to get approval in the third quarter to begin work on a second field, TEN, with reserve estimates of anywhere between 200m and 1.2bn barrels at 100,000 barrels-per-day. Aside from its oil, Ghana is

CPI Inflation



Source: SAR

the world's second largest cocoa producer after Ivory Coast and Africa's second biggest gold producer after South Africa. *(Reuters)*

South Africa's FirstRand Bank plans to acquire a mid-sized Kenyan bank when the opportunity arises to boost its presence in the largest economy in one of the fastest-growing regions on the continent, its Africa head said. Foreign lenders have been looking to set up operations in Kenya, driven by a desire for a piece of the action in a market where collective industry profits jumped 20.4% last year to KES 89.3bn (USD 1.07bn).

Jabu Khethe, chief executive for FirstRand Africa, said the sector was very competitive, with 43 lenders, making it difficult for a new entrant to adopt a greenfield model. A law requiring banks to raise their minimum capital to KES 1bn from KES 250m by the end of this year, would also throw up consolidation and acquisition opportunities, Khethe said.

"We tend to come in the mid-tier type level. It is easy to merge the cultures, people, systems, etc," Khethe said at the launch of the bank's representative office in Nairobi late on Wednesday. "More importantly you still have some work to do in capturing the market share. To buy a bank that is dominant already is not always the best solution."

The representative office will initially deal in infrastructure deals, project financing and pave the way for the acquisition that would eventually allow FirstRand to roll out its full spectrum of services, including retail banking. It will also allow the bank to make a play for the Africa-India trade corridor, which is growing fast due to demand for products and services on both sides, Khethe said.

The USD 19.4bn lender launched operations in India this year, becoming the first African bank to start retail banking in the Asian country. FirstRand, which is the second-largest bank in South Africa by market value, plans to increase its branches in Tanzania, where it established a subsidiary 18 months ago, he said.

"We have an intention to build up that infrastructure to the basic level required, which is somewhere in the region of 25 or 30 branches," Khethe said, adding that the eventual aim was to start operations in Uganda and Rwanda as well. FirstRand's business on the continent outside South Africa, which is mainly concentrated in southern Africa in countries such as Mozambique and Zambia, contributes less than 10% to the group's income, Khethe said.

But it is growing at a fast rate, prompting the bank to plan entry into Ghana and Nigeria in the west of the continent. "There is a two-prong approach in Nigeria where we already have a representative office and also we are in the space of looking for an acquisition. The Ghana situation is also an acquisition," he said. *(Reuters)*

Airtel customers can now access loans of up to KES 10,000 over the phone after the firm turned to short term lending to boost its revenues. The mobile phone company will be offering the loans through a partnership with micro-finance lender Faulu Kenya. The service dubbed “Kopa Chapaa” will allow its subscribers to get loans of between KES 100 and KES 10,000 at an interest rate of between three and 10%.

The loans are repayable in 10 to 30 days. Until now, mobile subscribers were only able to access airtime on credit and the new offer will now step up competition with its main rival, Safaricom's M-Pesa. To get the loan, subscribers must be registered on its mobile money transfer service Airtel Money and must be active users with a good history.

"More than 60% of our subscribers are registered with our mobile money service. We have been piloting the service with about 300 people and through building our subscribers' credit history, we will eventually increase the loan ceiling to KES 70,000," said Airtel Kenya managing director Shivan Bhargava.

The loan amounts and its partnership with the micro-finance institution indicate that the service is targeted at the low end market. Faulu and Airtel are counting on the credit reference bureau to help profile risky borrowers. But its lack of security may prove a litmus test given that apart from listing the defaulters with the credit reference bureaus, it will be difficult to force defaulters to pay given the small amounts involved.

To apply for a loan, customers will dial *305# and follow the menu, which will prompt them to quote the amounts they want and send a message. After that, an SMS will be sent back, telling the applicants whether or not they qualify and how much they will be given as well as when they are required to repay. Faulu Kenya's managing director John Mwara said the two firms will be sharing revenues from transactions and interest equally to begin with. The two are targeting to transact an average of KES 4bn a day. *(Nation)*

Economic News

Ghana's cocoa regulator Cocobod is investigating a shortfall of around 70,000 tonnes of beans between official cocoa purchases and its inventory after buyers reported inflated volumes, a Cocobod official told Reuters. A fall in cocoa output in the world's second largest producer, combined with tight credit conditions, could have contributed to local buyers overstating cocoa purchases in order to gain advance funding - bruising Cocobod's reputation for being a low risk loan recipient.

"It is true that we are dealing with an issue of discrepancy of almost 70,000 tonnes," said a Cocobod official with knowledge of the situation, who asked not to be named. "But some of us are not worried because the season is still on and we'll be able to close the gap before it ends." The government of Ghana has a monopoly over the export of cocoa beans. But domestic purchasing of beans is carried out by licensed buying companies (LBCs) who pay a fixed price to cocoa farmers, before selling to Cocobod, who pays them commission and transport costs on top of the producer price.

Cocobod provides seed funding to the LBCs for purchases at the beginning of the cocoa season, based on a combination of the LBC's market share in the previous season and the set price. There is usually a lag between official purchases and warehouse stocks as it takes time from when cocoa is bought for it to be graded and sealed, but traders said the difference is wider than usual for this point in the season. The Cocobod official was unable to give the average discrepancies in the past.

As LBCs are also entitled to top-up funds midway into the season from Cocobod, if they are able to prove that they have exhausted the initial seed fund, some could be misrepresenting their purchases in order to get additional money. Cocobod's purchasing data is based on information provided by licensed buyers and the official said that at least one of the licensed buyers has admitted that they sometimes report targets instead of actual purchases.

Cocobod held a meeting with licensed buyers in early April in an effort to resolve the issue, said the official. "The meeting was inconclusive because Cocobod needed to investigate further," said the official. "What is important now is to quickly conclude the investigation to establish which buyers were involved." Traders said a sharp fall in Ghana's official purchases in recent weeks could indicate Cocobod is already addressing the issue.

"Maybe there was a discrepancy because some people were over declaring the crop in which case the CMC (Cocobod's Cocoa Marketing Company) proposes slowing down the amount of cocoa purchases that have been declared because they need to adjust the purchased data compared to what was actually delivered to them, into their warehouses," said a European trader.

The latest figures showed that cocoa purchases declared to Cocobod for the week ended April 5 were 1,777 tonnes - down from 2,108 tonnes the week before and substantially lower than the 9,373 tonnes purchases in the comparable week last year. "I'd expect figures to stay low for another couple of weeks for deliveries to catch up to purchasing figures," said a second trader. Cocobod's official purchases data hit 720,000 tonnes by April 5 since the season began in October.

"If you consider that almost no cocoa has been declared over the past 2/3 weeks, normally people expect April purchases to amount to between 30,000-50,000 tonnes, if it continues this way it might be only 10-15,000 tonnes," said the European trader. That will make it tough for Cocobod to hit an 870,000-tonnes target for the October-to-May main crop. If purchases remain at historically low levels into the coming months it may also prompt some trade houses to revise down their estimate for the Ghana crop, said a trader.

Ghana produced a record over 1m tonnes during the 2010/11 season and was aiming to rival that level this year. Cocobod funds its cocoa purchases with an annual syndicated loan facility which totalled USD 2bn and was oversubscribed by over 20 international and local banks for the 2011/12 crop. It's the largest soft commodity deal in sub Saharan Africa and Cocobod financing has been seen as one of Africa's most solid investments.

"If it is true that there has been misreporting of up to 70,000 tonnes and it turns out the mid crop is not good and the suppliers cannot make up the difference, then it could damage the reputation of this financing for Cocobod, because in the past it has been one of the safe bets when it comes to trade finance in Africa," said Edward George, head of soft commodities research at Ecobank, which participated in the 2011/12 syndicated loan. "But ultimately if the shortfall is only 70,000 tonnes it won't affect the ability of Cocobod to repay as this represents less than 10% of expected production for the season." *(Reuters)*

An amount of USD 2.9bn passed through banks in Ghana as remittances within the first two months of 2012. According to the Bank of Ghana who disclosed this in its Monetary Policy Committee (MPC) report April 13, 2012 the amount represented a year on year growth of 10.6%.

"Total inward remittances through the banking system for the first two months of 2012 amounted to USD 2.9bn, representing a year on year growth of 10.6%," the report said. Transfers to individuals, the central bank indicated accounted for USD 311.6m constituting 10.7% of the total inward transfers. Remittances are mostly sent by Ghanaians living abroad to their relatives. *(Ghana Web)*

Ghana and the Republic of Korea on Monday signed two loan agreements totaling USD 122.7m to boost the supply of water and meet the increasing demand for electricity. An amount of USD 55.5m will be used to implement the Wa water supply system development project while USD 67.2m is earmarked for the Prestea-Kumasi Power Enhancement Project.

The two loans have an interest rate of 0.5% per annum and the government is required under the deal to provide counterpart funding of 15% of the total project cost. Dr Kwabena Duffuor, Minister of Finance and Economic Planning and Kyun Jea-min, the Korean Ambassador to Ghana signed the agreements. Dr Duffuor said, the Wa water project would not only improve the existing water supply situation in the city but also help eliminate the incidence of guinea worm in the Wa municipality and its surrounding areas. The project is also expected boost socio-economic development of the area.

Dr Duffuor said, the loan for the power enhancement project would enable the Ghana Grid Company Limited to develop the 330kV Prestea and Kumasi Substations transmission lines, to meet the increasing demand for electricity transmission and distribution across the country. Mr Kyun Jea-min said the signing of the agreements would open a new chapter for an upgraded Economic Development Co-operation Fund of the two countries. He said Korea had designated Ghana as a priority country for official development assistance, including long-term loans and grants for the period of 2011-2015. *(Ghana Business News)*

Ghana's government expects the local cedi currency to stabilise by mid-May as its latest measures, including the re-introduction of short-term bills, kick-in, Finance Minister Kwabena Duffuor told Reuters on Wednesday. The cedi has been sliding consistently, falling more than 11% since January. It hit fresh lows in recent weeks on strong dollar demand by local manufacturing and telecom firms.

The central bank said on Sunday it was reintroducing bills of 30, 60 and 270 days and has also requested 100% cedi cover for cedi accounts held at foreign banks in order to prop up the currency. "We've begun implementing the latest measures and I have hope that the situation will change soon. By the middle of this month, we'll see the cedi stabilise against the dollar," Duffuor told Reuters.

Ghana, the world's second biggest cocoa producer and Africa's second biggest gold producer, became one of the continent's oil producing nation in December 2010 after it's jubilee oil field came on-stream. In an attempt to stem the cedi's decline, the central bank raised its prime rate by 100 basis points to 14.5% two weeks ago. It also eased banks' net open position requirements - the difference between their assets and liabilities in a particular currency - to boost their foreign exchange flows to the market.

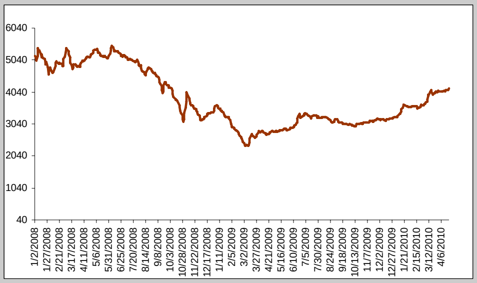
Despite the measures the cedi continued to fall, touching 1.8400 per dollar on Monday, representing a nearly three% decline since the central bank's announcement. Duffuor said he was confident the latest measures, which were announced last Sunday, would reverse the trend. "We are going to see positive results this time around and our target is not only to stem the rapid decline, but also bolster the cedi to a transaction rate of 1.6500 (against the dollar)," he added.

He said government was considering other measures to sustain the cedi at "desired levels", but declined to give specific details. "The most important thing is that this government is committed to jealously guarding the economic gains we've made whether we are in an election year or not," he said. The country will hold presidential and parliamentary elections in December and there are fears the government may overshoot its planned budget as seen in previous election years.

Traders said the interbank-market remained highly illiquid on Wednesday with the dollar-cedi rate indicatively offered at 1.8500 levels. "The dollar is just not there, but we have an indicative rate of 1.8550/1.8600, that is if you can find it," a trader told Reuters. *(Reuters)*

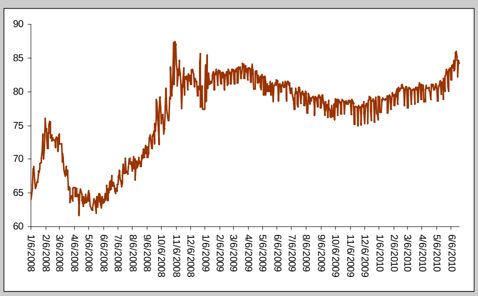
Kenya

Nairobi Stock Exchange



Source: Reuters

KES/USD



Source:SAR

Economic indicators

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

Source: World Development Indicator

CPI Inflation

Stock Exchange News

The NSE 20-Share Index gained +2.17% to close the week at 3,611.10 points. SGL led the movers after gaining +14.29% to KES 24.00 followed by Mumias which rose +11.54% to KES 5.80. Other notable gains were recorded in Britak up +10.42% to KES 5.30 and Olympia (+10.14%). Eaagads was the main loser, shedding -9.38% to KES 29.00 followed by Limuru tea (-6.98%) and BOC which lost -6.96% to KES 107.00. Market turnover was down -39.37% to KES 1.74bn.

Corporate News

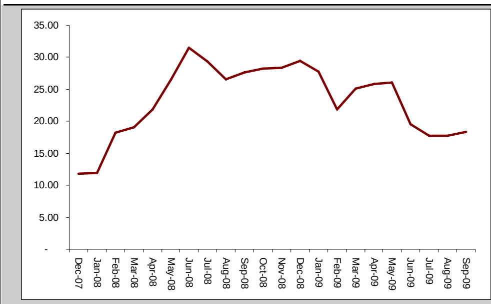
Kenya Power has received support from the government to increase prices from July to boost the electricity distributor's cash flow and finance its network upgrade. The firm had last May sought for a 25% adjustment in tariffs from June 2011, but the government suspended the application to cushion Kenyans because at the time, the cost of food and energy was high.

The Treasury expects Kenya Power to grow its revenues to KES 113.7bn in the year to June 2013 from this year's KES 86.6bn, reflecting an increase of 31% for the company whose sales have risen by between eight and 12% in the in the past three years. "There could be an element of a rate increment within the financial year," said Joseph Kinyua, the permanent secretary at Treasury.

The electricity distributor says time is ripe to review the suspended application even as Energy Regulatory Commission (ERC) says it's yet to receive a fresh application for the increment from Kenya Power. "We want to start the process (tariff review) to get funds for development of quality electricity supply and boost the confidence of multilateral lenders like the World Bank," Kenya Power CEO Joseph Njoroge told the Business Daily earlier.

"The delay has affected our earnings. As you know, the last review was more than three years ago, but the timing was wrong then," he said. Retail electricity tariffs are reviewed every three years save for periodic adjustments on the fuel cost, foreign exchange and inflation that are passed on to the end user and have a neutral effect on Kenya Power's revenue. Sources at ERC say the firm could target to have the new tariffs from July 1 and that it's likely to forward its application by May 30.

This comes amid fears that politicians might hijack the process in an election year to strike populist chord with voters. The proposed tariff structure seen by the Business Daily is expected to hit low and middle-income households that consume between 50 and 150 units of power per month hardest. Under the proposed tariffs, households consuming between 51 units and 1,500 units will pay KES 11.79 per Kwh from KES 8.10 per Kwh while those consuming above 1,500 units will pay KES 22 per unit from KES 18.75.



Source: SAR

It's seeking to increase to KES 3.70 the charge per kilowatt hour (kWh) on domestic consumers for the first 50 units up from the current rate of KES 2 per kilowatt hour. It is also looking to increase the monthly fixed charge—meant to recover costs related to meter reading, billing and accounting—from KES 120 to KES 160. The proposed tariff review is critical to Kenya Power's future financial health that is hinged on proper management of operational costs and ability to pay for the expected rise in bulk power purchase and transmission costs.

The cost of purchase of bulk power from generators is expected to increase in the next three years as the utility firm buys more electricity, especially from private producers whose bulk tariffs are higher than State owned KenGen. Kenya will add between 1913 megawatts and 2213 to the national grid in the next three years. Kenya Power also needs to upgrade its ageing network to boost supply and secure healthy cash flow to remain attractive to lenders.

Treasury estimates expect Kenya Power to spend KES 28.4bn in upgrading its networks to ease the rising incidence of power blackouts. This will be raised through internally generated funds of KES 9.9bn, borrowings (KES 13bn) and grants from development institutions (KES 5.3bn) It also needs to boost its earnings since it does not benefit from periodic review of prices, making the tariff review critical to its future profitability.

The firm's net profits stood at KES 2.28bn in the six months to December compared to KES 2.22bn, a 2.7% growth that highlighted the impact of the stagnant tariffs amid rising operational costs. *(Business Daily)*

Economic News

It has become increasingly expensive to get credit from any corporate or retail bank. But this shrinkage in demand for loans has not stopped commercial banks from turning in handsome profits and impressive returns to shareholders. However, a glimpse into the first quarter 2012 financial results for Kenya Commercial Bank (KCB), Equity and NIC bank, the three who have already announced their figures, shows an industry that is slowly crumbling under the weight of tight liquidity. Things are not looking up for the banks as borrowers flee high lending rates and high cost of living and political jitters associated with the 2013 elections.

"The loan books are not growing because customers are not borrowing that much. On the bank side, depositors are asking for higher rates. It is this increase in interest expense and a low uptake of loans that is affecting the mostly smaller and medium sized banks," said Tony Okpanachi, Managing Director, Ecobank Kenya Ltd.

"The effects of a tight credit regime, which became severe in the last quarter of 2011, will only become apparent in the first quarter of this year. While expectations are that inflation will ease this year, stability of the Shilling exchange rate will depend on the prevailing political climate, including clarity on when elections will be held," Cynthia Omondi, an analyst at African Alliance told Weekend Business.

While the credit environment deteriorated in 2011, she attributes impressive financial results made last year by banks to the fact that loan uptake was still high despite the fact interest rates were prohibitive. "There are those banks whose earnings were boosted by significant cost reduction measures while others made their cash from transaction incomes as well as huge profits from bond trading," said Ms Omondi.

Effects of high interest rates on loans prevailing since the last quarter of last year have begun to show on the books in 2012, as the portion of non- performing loans start to bulge. Equity, a dominant player in the low-income end of the market, is relying on fees and commissions to survive the tight liquidity market, as opposed to other players who rely on interest income. In the 2011 end year results, Equity loan book grew the fastest at 36%, followed by KCB at 30%.

"Equity has been able to ride on its innovative agency banking platform and other tech delivery channels, while KCB's large regional network is paying off with all subsidiaries now being profitable after being in loss making territory for a while," said George Bodo, an equity analyst at Apex Africa Capital Ltd. He, however, remains cautiously optimistic on how banks will perform this year. In its recent assessment, the Monetary Policy Committee-a key policy organ of the Central Bank of Kenya (CBK), maintains that although private sector credit growth was declining, its effect on both the demand for imports and consumer goods had yet to be adequately felt.

In addition, there are all possibilities that oil prices could shoot up again this year posing serious threats to stability of the Shilling exchange rate and continued easing of inflation pressure. The Central Bank raised its key lending rate by 11%age points to 18% in the final quarter of last year to prop up the shilling and fight high inflation. James Mwangi, the Chief Executive of Equity, whose shares are amongst the most traded on the Nairobi bourse, said his bank had kept the cost of funds low, allowing it to charge affordable lending rates that buoyed its profits.

In addition to being well capitalised with a liquidity ratio of 15%age points above the statutory minimum of 20%, Equity has cheaply priced loan agreements with multilateral lenders like the International Finance Corporation. KCB, the region's biggest bank by assets whose shares have surged 40% this year, making it the leading stock price performer on the Nairobi bourse, posted a 35% rise in its first-quarter profit to 3.4bn shillings.

"We have put in place a robust business plan that will ensure that our Kenya and international businesses continue to maintain the growth momentum witnessed last year," Martin Oduor-Otieno, its chief executive said. KCB increased its net bad debts provision by 21%, reflecting the impact of high interest rates on borrowers as well as growth in its lending book. *(Standard Media)*

Kenya's year-on-year inflation rate slowed in April to its lowest level since May last year, data showed on Monday, boosting the chances the central bank will trim its key lending rate soon. The inflation rate fell by far more than expected to 13.06% from 15.61% in March, despite a 1.21% increase in food prices from a month earlier, the largest component in the consumer price basket.

The consensus in a Reuters poll of seven analysts was for the inflation rate to slow to 15%. The Central Bank of Kenya has left its key lending rate unchanged at 18% since December, saying credit growth to the private sector needed to slow further while risks to the inflation outlook remained. While the majority of analysts polled by Reuters were expecting another hold decision when the bank's Monetary Policy Committee meets on Thursday, some said the surprising April inflation data made a cut this week more likely.

"It clearly raises the risk of rate easing being brought forward slightly. It's difficult to justify an 18% policy rate with headline inflation at 13.06%, and looking like it could fall further," said Razia Khan, head of research for Africa at Standard Chartered Bank. The rise in food prices during the month was mainly due to increases for milk, potatoes, maize flour and onions, while there were significant drops for tomatoes, sugar, cooking fat, bananas and spinach.

Transport costs rose 1.67% during the month, largely as expected, after an increase in the cap for diesel and petrol prices that also pushed up bus fares. No categories in the consumer price basket fell during the month. The statistics office said while consumer prices mostly rose, the inflation rate slowed due to base effects in the inflation calculation. Consumer prices rose more than 3% in April last year, meaning that even though the consumer price index rose this month, the comparison with the previous year was more favourable.

"The April CPI showed a somewhat stronger impulse from food prices than expected but is in line with our forecast for the headline rate to decrease at a faster pace in the second quarter," said Mark Bohlund, senior economist for sub Saharan Africa at IHS Global Insight. "However, with food prices still edging higher it now looks increasingly unlikely that inflation will drop within the central bank's targeted 7-11% interval by the end of the fiscal year," he said.

Kenya's inflation rate surged as high as 19.72% last year on the back of higher food and fuel prices, prompting the central bank to ramp up its Central Bank Rate to 18%. With inflation now slowing, all analysts expect the next move in rates to be down. The inflation data came right at the close of shilling trading. Analysts said a slowdown had been largely priced in and even though it was bigger than expected, the increase prices during the month meant there was still room for the central bank to remain cautious. *(Reuters)*

Kenya's central bank held its benchmark lending rate at 18% for a fifth month in a row on Thursday as expected, saying lingering price pressures still needed to be squeezed out of the economy. The Central Bank of Kenya's Monetary Policy Committee (MPC)said even though the year-on-year inflation rate fell to 13.06% in April from 15.61% in March, underlying food and fuel price pressures had increased.

The central bank, which was widely criticised for being to slow to raise rates when inflation surged last year, has been especially cautious so far this year, repeatedly flagging risks to the inflation outlook and high credit growth. The consensus forecast in a Reuters poll of 12 analysts was for the Central Bank Rate to be held at 18%.

The decision came after the market close, though analysts said it was likely to support the shilling against the dollar as the April inflation data had boosted expectations the central bank might start an easing cycle this month. "The decision to keep interest rates on hold today does not alter the view that we will see a significant rally in Kenyan bonds over the medium term, as the policy rate is gradually normalised over the coming years," said Razia Khan, head of research for Africa at Standard Chartered Bank.

"This should lend some support to the Kenyan shilling, even as interest rates come down from their current highs," she said. A central bank survey for April showed that the private sector expected inflation to keep declining, the exchange rate to stay stable and the economy to remain resilient, but policymakers said price rises needed to slow further.

"These considerations showed that there is still some lingering pressure on inflation that could give rise to adverse inflationary expectations," the MPC said in a statement. "These must be addressed to facilitate a return to high economic activity supported by a low inflation regime," it said. The central bank reiterated that private credit growth needed to come down. A surge in credit last year boosted import purchases. Coupled with high fuel import prices, this put pressure on the currency and increased the trade deficit.

The bank said the current account deficit widened to 13.6% of gross domestic product in March, and this continued to pose a threat to both exchange rate stability and future easing of inflation pressures. While private sector credit growth has slowed this year, it was still running at 24% in March. "Private sector credit growth is ... still too quick for their liking and I don't see them cutting until they have that under control," said Duncan Kinuthia, head of trading at Commercial Bank of Africa.

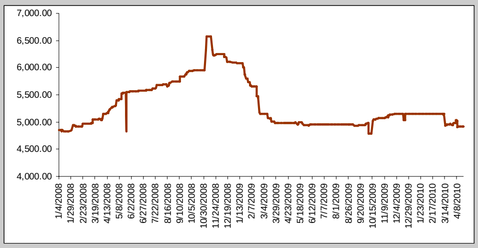
"Otherwise, they'll run into the same issues they had last year, the exchange rate could come under threat, balance of payments and so on," he said. The central bank in Uganda faced a similar situation to Kenya at the start of the year. It cut its benchmark lending rate in both February and March, but the currency slumped after the second cut, risking an increase in imported inflation.

The Bank of Uganda has since held the rate unchanged at 21%, a move that has helped the currency gain ground. Some analysts, however, said the Kenyan central bank was getting policy wrong again, this time by being too cautious after missing the tightening boat in 2011.

"I think the central bank is being overly conservative and that they should have been cognisant of the sharp move in market rates. In some respects, this decision is as egregious as the decision not to hike was last year," said independent Nairobi-based analyst Aly Khan Satchu. *(Reuters)*

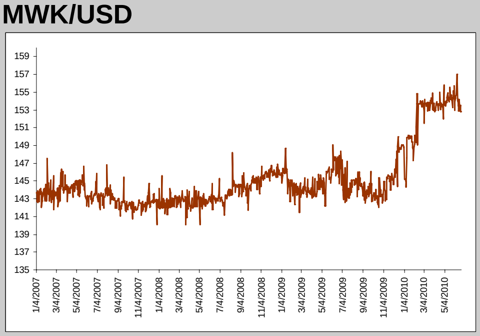
Malawi

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 gained a marginal +0.12% to 5,770.63 points, with thin trades across both local and foreign boards. MPICO was the only counter that recorded a price change during the week after adding MWK 0.20 to close at MWK 2.70. Market turnover for the week amounted to USD 159,279.84.

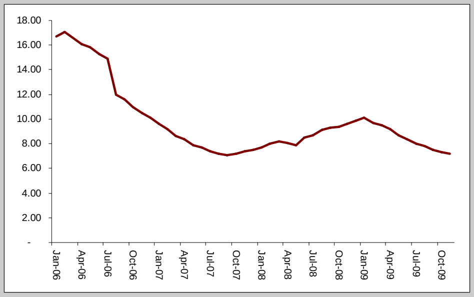
Corporate News

No Corporate News this week

Economic News

No Economic News this week

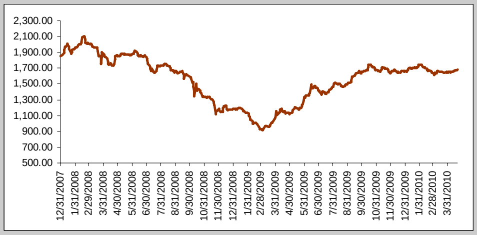
CPI Inflation



Source: SAR

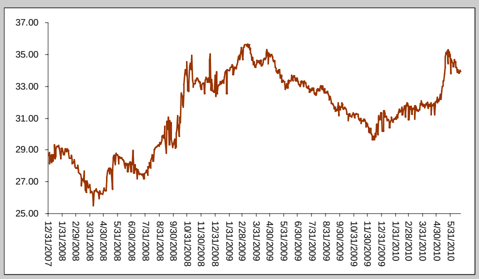
Mauritius

Mauritius Stock Exchange



Source: Reuters

MUR/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

CPI Inflation

Stock Exchange News

The SEMDEX was up +0.11% while the SEM 7 lost a marginal -0.06% to close at 1,798.07 and 339.05 points respectively. Go Life led the movers, gaining +12.50% to close the week at MUR 0.09 followed by MCFI, up +10% to MUR 33.00 and NIT (+4.80%). Rogers led the losers after shedding -1.8% to MUR 320 while United Docks lost -1.1% to MUR 87 and SBM shed -0.6%.

Corporate News

No Corporate News this week

Economic News

Mauritius' annual average inflation rate will slow to 4.7% by the end of the year, although high oil prices mean that figure could rise, the central bank said on Thursday. That is a sharper slowdown than that forecast by the island nation's Chamber of Commerce and Industry. The central Bank of Mauritius expects the annual average rate at this level to converge with the year-on-year rate reported each month that it uses to determine monetary policy. Headline inflation trended upwards to 6.5% in December 2011.

Oil price pressures remained stubborn, however, the bank said. "The risks around the most likely path for inflation have increased on the upside given the potential for renewed strength in oil and commodity prices," the central bank said in a statement. The Chamber of Commerce and Industry said inflation would fall to 5.5% this December.

The chamber also nudged up its growth forecast for the economy, citing an improved global outlook and lower local interest rates. It sees gross domestic product (GDP) rising 3.9% this year compared with the 3.8% it estimated in November. The economy expanded 4.1% in 2011. "(The) latest IMF forecast showed an improvement in global outlook. There is a reversal which should continue in 2012 and 2013," chamber of commerce economist Renganaden Padayachy told a news conference.

He said the central bank's decision to cut base rates by 50 basis points in March would boost growth this year, while putting downward pressure on the local rupee currency. Mauritius' statistics office has cut its growth forecast for 2012 to 3.6% from 4%, citing a bleaker outlook for key sectors of the economy. *(Reuters)*

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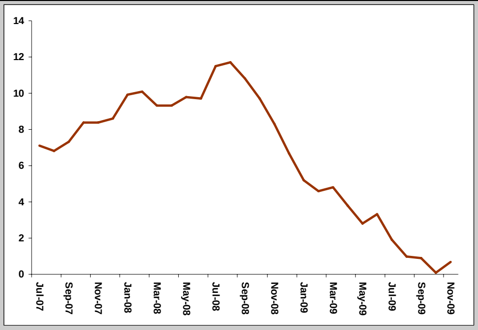

Source: SAR

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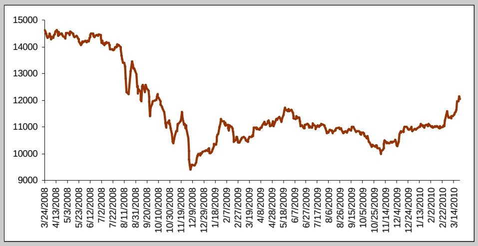
The chamber said inflation would fall to 5.5% this year from 6.5% a year ago. In March, Mauritius' statistics office cut its growth forecast for 2012 to 3.6% from 4%, citing a bleaker outlook for key sectors of the economy. The island is attempting to reduce its reliance on Europe its main source of tourism revenue and a major market for its textile, sugar and services industry and has been branching into information technology, business outsourcing and offshore banking. *(Reuters)*

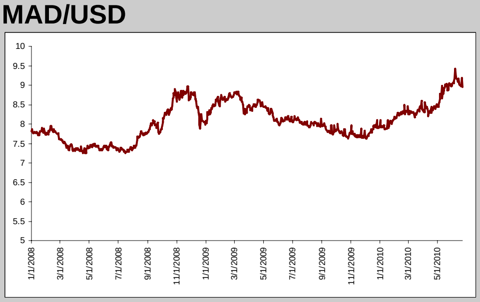
Morocco

Casablanca Stock Exchange



Source: Reuters

MAD/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

CPI Inflation

Stock Exchange News

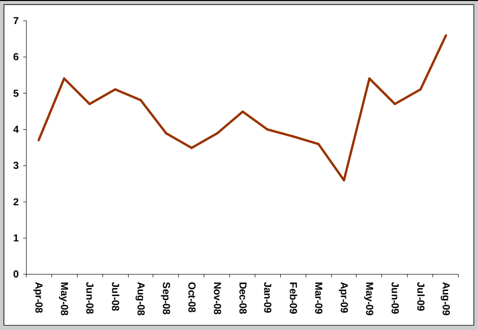
The MASI gained +0.82% to close the week at 10,302.08 points. Gains were recorded in Dari Couspate (+7.84%) to MAD 550, HPS (+5.74%) and Involys (+5.56%). On the losing front we had Olumes, down -11.32% to MAD 517, Acred which shed -10.75% to MAD 366 and Sothema (-6.00%).

Corporate News

No Corporate News this week

Economic News

No Economic News this week



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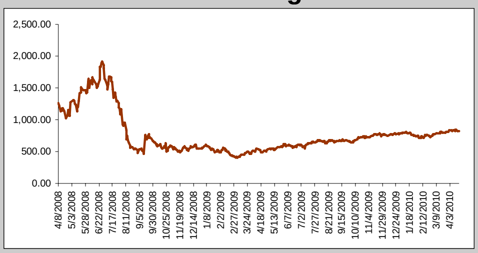
Source: SAR

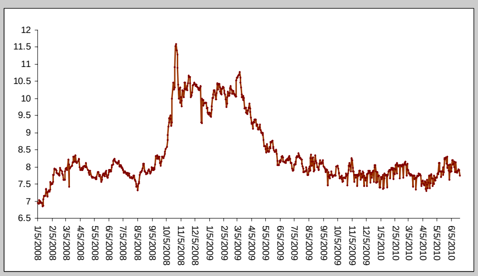
Namibia

Namibia Stock Exchange



Source: Reuters

NAD/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

Stock Exchange News

The NSX overall Index lost -0.02% to close at 899.86 points. On the NSX local and DevX, FSY was the only gainer after adding +8.42% to NAD 1.03 while EOG was the main shaker after losing -14.55% to close at NAD 0.94 followed by MMS which shed 4.35% to NAD 0.22.

Corporate News

Canada's Dundee Precious Metals Inc said the Namibian government asked it to reduce feed to its Tsumeb smelter by about half following an environmental audit. The gold miner said the environment ministry asked it to cut the feed, effective May 1, until projects designed to capture fugitive emissions have been completed in the second half of the year.

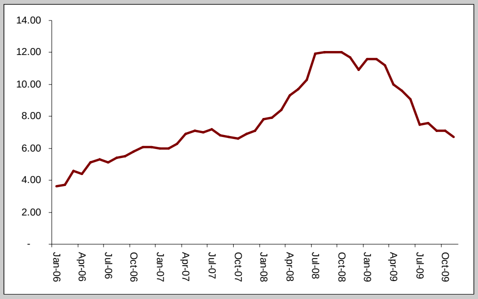
Fugitive emissions are gases or vapors released from pressurized equipment due to leaks. The Tsumeb smelter, operated by a unit of the company, is a concentrate processing facility in the South African country. Dundee Precious Metals, which also operates a gold mine in Armenia, said it will develop a plan to minimize the impact of emissions on the health of its workers and the locals.

"We have spent over USD 40m on the smelter in the two years we have owned it and are aware of the challenges that continue to exist there," Chief Executive Jonathan Goodman said in a statement. The company, which holds interests in a number of developing gold properties in Bulgaria, Serbia and northern Canada, has also been told to advance the installation of the sulphuric acid plant to 2013 from 2014. *(Reuters)*

Economic News

No Economic News this week

CPI Inflation



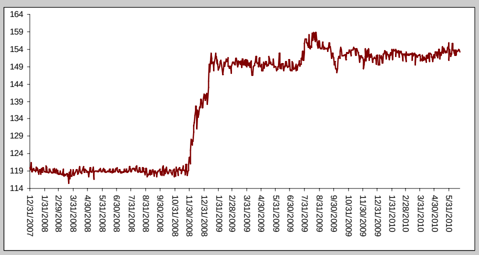
Source: SAR

Nigeria

Nigeria Stock Exchange

Source: Reuters

NGN/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

Stock Exchange News

The NSE All Share index gained +2.52% to close at 22,665.99 points. Access Bank gained +16.30% to close at NGN 6.78 while Diamond Bank was up +14.29% to close at NGN 2.80. Other notable gains were recorded in Paints and Coatings (+13.64%), UBA (+12.89%) and Zenith (+9.91%). On the losing front we had NCR (-16.41%), Mobil Oil (-15.52%) and May and Baker (-13.57%).

Corporate News

First City Monument Bank (FCMB) Plc last Monday reported a profit before tax of NGN 4.4bn in its first quarter ended March 31, 2012, showing a recovery from the a loss it posted for the 2011 financial year. The unaudited group results, which include the financials of its recently acquired subsidiary - FinBank, indicated a stronger balance sheet with improved revenues, asset quality, liquidity and capital adequacy ratio (CAR), in the first quarter of 2012.

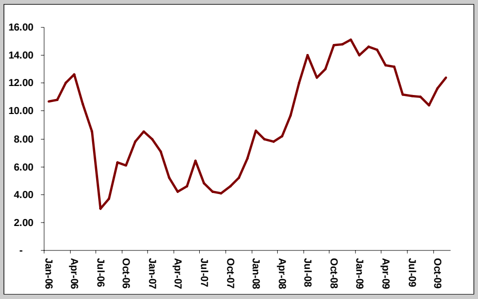
According to the statement from the bank, total assets recorded a growth of 46% to NGN 881bn, from NGN 603bn in December 2011, while deposits went up by 48% to NGN 609bn from NGN 411bn as at full year 2011. The bank also saw its operating income appreciate by 27% to NGN 16bn as against NGN 12bn recorded in December 2011. Loan to deposit ratio also went up by 56%. The group's non-performing loan ratio improved by 2.5%, while provision coverage for total non-performing loans stood at 127%. The results also recorded strong capital adequacy and liquidity ratios of 26% and 66%, respectively.

However, due to its on-going business combination with FinBank, cost to income ratio grew by 75% up from 64% in December 2011, while operating expenses increased by 48% to NGN 12bn from the NGN 8bn recorded at full year 2011. Commenting on the results, Chief Finance Officer of FCMB Mrs. Yemisi Edun, said an improved and healthier balance sheet coupled with improving margins combined to produce these good results.

"The bank's financial health indicators are also in excellent shape as evidenced by its ratios, particularly assets quality, liquidity and capital adequacy," Edun said. She assured shareholders and other stake holders that barring any unforeseen circumstances, performance indices would continue to improve during the course of the financial year.

Also reviewing the performance of the bank, analysts at FBN Capital Limited, said that PAT was well ahead of FCMB's guidance (via the NSE a few months back) of N2.4bn. But the bank had already indicated that the guidance via the NSE was conservative. Compared with our estimates, PAT was 20% above expectations, thanks to the tax line and positive surprises on the operating

CPI Inflation



Source: SAR

expenses and provisions line. *(This Day)*

Stanbic IBTC Bank Plc, a member of Standard Bank Group, said its pre-tax profit grew by 126% to NGN 3.44bn, compared to NGN 1.50bn recorded in the corresponding period of 2011. Its profit after tax equally increased by 136% to NGN 2.50bn from NGN 1.06bn in March last year. It said that its gross income rose by 19% to NGN 14.69bn, against the NGN 12.38bn recorded in the corresponding period of 2011.

Commenting on the result, Chief Executive Officer of the bank Mrs. Sola David-Borha said the result is indicative of continuing improvements in the group's operations, characterized by a highly disciplined approach to risk management and progressive investments in capacity building. She said: "After recording resilient performance in 2011, the group continued to report good profitability in the first quarter of 2012. We are delighted by the significant year-on-year growth of 19% and 136% achieved in our revenues and profitability respectively.

"We continued to witness a strong growth in our business as evidenced by growth in the balance sheet and increase in transaction. This performance is as a result of our continued commitment to providing customers with competitive and high quality services, as well as a function of our larger footprint across the country." The bank's net interest income stood at NGN 8.3bn, a growth of 25% over the NGN 6.6bn in March 2011, while non-interest revenue grew by 12% to NGN 6.4bn from NGN 5.8bn in recorded in March 2011.

These resulted in operating income increase of 19% to NGN 14.7bn, from NGN 12.4bn in the same period in 2011. The banks' total assets grew by 20% to NGN 667.4bn from NGN 554.5bn in December 2011. Gross loans and advances went up by 34% year-on-year and 3% quarter-on-quarter to NGN 276.5bn from NGN 207.2bn in March 2011 and NGN 268.1bn in December 2011, respectively.

Deposits and current accounts also went up by 34% year-on-year but down 6% quarter-on-quarter to NGN 270.6bn from NGN 202.6bn in March 2011 and NGN 287.2bn in December 2011. Signs of a sharp recovery in bank earnings for the first quarter are drawing investors to Nigerian shares. *(Daily Trust)*

Nigeria's leading fixed wireless and CDMA mobile telecoms firm Starcomms said on Wednesday its pre-tax loss widened more than three fold to NGN 15.61bn (USD 99.24m) in 2011, from NGN 5.16bn in the previous year, the company said in a statement through the Nigerian Stock Exchange. Turnover also dropped to NGN 20.10bn, from NGN 29.03bn in 2010. *(Reuters)*

Access Bank Plc's group unaudited results for the first quarter ended 31 March 2012 has shown that its gross earnings increased significantly by 143% to NGN 62.6bn as against the NGN 25.8bn it was in the comparable period of 2011. The results also showed that the financial institution's profit before tax also improved remarkably by 118% to NGN 15.5bn, up from the NGN 7.1bn it attained in the first quarter of 2011. Its net interest income also climbed by 188%, from NGN 12.9bn as at March last year, to NGN 37.2bn in the period under review.

Similarly, while the commercial bank's total operating expenses also increased by 189% to NGN 31.8bn, up from the NGN 11.0bn it realised in the comparable period of 2011, its loan Impairment charges dropped by 66%, to NGN 405.3m, as against the NGN 1.2bn recorded as at March last year.

Access Bank balance sheet also revealed that in the period under review, its total assets was at NGN 1.75tn up by 7.4% (quarter-on-quarter), compared with NGN 1.63tn as at the fourth quarter of 2011. But its total deposits fell by 6.8% to NGN 1.03tn, as against the NGN 1.10tn it was in the fourth quarter of 2011.

Commenting on performance, Group Managing Director/Chief Executive Officer, Access Bank, Mr. Aigboje Aig-Imoukhuede, said: “Our 2012 first quarter performance provides encouraging returns Access Bank is able to generate from its enlarged balanced sheet combined with our signature innovative and efficient management.

“With profit before tax already twice as high as this time last year, robust capital adequacy and low and stable impairment charges the bank is firmly on course towards delivering competitive double digit returns to shareholders in 2012 and beyond.”

The result also showed that the bank recorded total equity of NGN 218.5bn, compared with NGN 199.2bn as at the fourth quarter last year. It also revealed that, “effective 2012, Access Bank now reports only International Financial Reporting Standard (IFRS) and the revision of corporate philosophy to reflect sustainable business ethos.” *(This Day)*

Nestle Nigeria has posted an impressive first quarter results for 2012. The provisional and unaudited results announced by the company shows that revenue grew by 41% to NGN 28.7bn from NGN 20.4bn in the corresponding period of 2011. Gross profit rose by 42% from NGN 11.9bn in contrast to NGN 8.4bn recorded in 2011. Profit before income tax grew by 113% to NGN 7.4bn as against NGN 3.5bn in the same period last year; while profit for the period jumped by 140% to NGN 6.2bn from NGN 2.6 in 2011.

Commenting on the results, the board of directors of the company described the revenue and profit development in the first quarter as exceptional and in line with management expectations. The good performance in the period under review was attributed to capital investment in various infrastructural upgrades at Agbara factory as well as additional sales activities in March. Additional stock build of the company was required in quarter one for a smooth transition to a new distribution centre under construction in Agbara.

The new NGN 425.344m warehouse facilities is designed to manage the capacity increase following massive infrastructural upgrades at Agbara factory in the last four years for volume increase. Once completed, it is expected that the new distribution complex will see the company growth for the next ten years. As the company prepares for transition to the new distribution centre, there was a deliberate stock build up with distributors in the first quarter to facilitate uninterrupted distribution operations. *(Daily Trust)*

Shell Corporation has approved a fresh USD 4bn (NGN 636bn) investment to pursue its crude oil exploration and production activities in Nigeria, the Managing Director of Shell Development Company of Nigeria Mutiu Sunmonu has said. He said this yesterday at the on-going Oil Technology

Conference in Houston, Texas while, speaking on the investment opportunities in Nigeria in the era of Petroleum Industry Bill and National Content Development.

Sunmonu said the new investment approval covers new oil wells, gas, expansion of its operation and development of local content in Nigeria. The new investment decision is coming on the heel of speculation that the multinational company is leaving Nigeria because of unfavourable policies and operational environment. But Sunmonu said Shell has no time plan to exit Nigeria.

“We are not exiting Nigeria. My board has approved a fresh investment of USD 4bn on our expansion activities in Nigeria. That shows that we are not going anywhere. We will remain in Nigeria for many years to come while we will continue to contribute our quota in reshaping the landscape of oil and gas in Nigeria,” he said.

He said as part of efforts to expand the utilization of domestic gas and encourage indigenous participation in the nation’s gas sector in the country, 30 indigenous gas supplier firms have submitted application for the distribution of gas from the SPDC, emphasing that the project is being pursue by the multinational oil company in partnership with the World Bank.

Sumonu also disclosed that in 2011 about USD 1.4bn worth of contracts were awarded to Nigerian firms. This, he said, represents about 43% of total contracts awarded that year and about 68% of total amount spent in 2011. He urged foreign investors to take advantage of huge gas reserves of over 186tn cubic feet, about four tanks in United States to invest in the sector as government has review the gas price for the sector to be more profitable for new investors.

He said with the government’s plan to attract over USD 10bn in petrochemical and fertilizer between now and 2014, foreign investors, he said should see the sector as a goldmine and invest in it as the local content policy is meant to protect the local industry and not indigenization of any foreign companies.

“Foreign companies should not interpret Nigeria content development as nationalization of assets of companies operating in Nigeria but what the law is doing is to actually protect the right of all investors while also grow the local skill,” he said. He said for the local content policy to be successful, there is need to build skills and capacity. *(Daily Trust)*

First Bank of Nigeria Plc said it has committed about N500bn to financing oil and gas projects in Nigeria, to enhance local capacity and competitiveness, its Executive Director for Corporate Banking, Mr. Kehinde Lawanson, has said. Lawanson, who spoke to journalists on the sidelines of a forum sponsored by the bank at the ongoing Offshore Technology Conference (OTC) in Houston Texas, USA, said the sum represents the bank’s total financing activities for the upstream, midstream, and downstream sub-sectors of the oil and gas industry.

He said, “Our total play in the oil and gas industry as at 2011 is well over N500bn,” adding that the bank controlled at least 25% of the industry financing. “First Bank is widely acknowledged as the leading player in oil and gas financing and has a proven pedigree in providing both financial and advisory backing for players in the sector." Lawanson said.

He disputed the fact that most of the finance was channelled to the downstream sector for products importation, as opposed to the upstream which required long erm financing, saying, "That is not very true, I can say we are very actively involved in virtually all the Marginal Fields and service companies, most of those who bought the oil blocks were financed by First Bank.

"We are committed to growing our involvement in the oil and gas industry, and assisting particularly indigenous firms take full advantage of the opportunities in the industry in line with the Nigerian local content act," he added. Some of the Bank's financing activities in the sector include funding rig acquisition for indigenous operators, financing lines to indigenous fabricators for oil and gas contracts, funding specialized vessel acquisition scheme for local content support, and supporting major pipeline distribution and gas infrastructural development projects in several communities.

Lawanson said the bank was at the forefront of assisting indigenous firms take full advantage of the Nigerian Content Act, by providing requisite financing, but urged local firms to embrace good corporate governance practice and seek sound financial counseling to enable them improve their risk profile. According to him, this would position industry operators properly for increased funding from the financial institutions. *(Vanguard)*

The first quarter 2012 results of Zenith Bank Plc and Unity Bank Plc have shown strong earnings growth from the operation of both institutions. It also revealed that the banks had complied with the International Financial Reporting Standards (IFRS) as recommend by the regulators.

For Zenith Bank, its first quarter 2012 results showed that it made gross earnings of NGN 72.4bn, representing an increase of 33%, compared with the NGN 54.3bn it made as at 31 March 2011. Its profit before tax also improved by 25% to NGN 23bn, compared with the NGN 18.35bn it realised in March 2011. Zenith Bank's profit after tax also increased by 26% to NGN 19.23bn as at March this year, from NGN 15.26bn as at March last year.

Group Managing Director/Chief Executive Officer of Zenith Bank, Mr.Godwin Emefiele, while commenting on the results, ascribed the bank's continued superior performance to a well-motivated staff force, sustained investment in technology and focus on customer reach and service delivery excellence.

Emefiele added: "over the past year we experienced a significant increase in funding cost as average MPR and money market rates increased 80% through monetary tightening. Despite this headwind we are pleased to have maintained a strong net interest margin through low cost deposit mobilisation and highly efficient balance management. "These combined with a drop in our cost of risk to lower and stable levels produced a healthy 26% year-on-year growth in profit after tax signalling a strong return on equity for shareholders that came in above our expectations."

Also, Unity Bank said its profit before tax (PBT) as at first quarter this year, was NGN 2.3bn as against a forecast of NGN 1.6bn it had earlier released to the Nigerian Stock Exchange (NSE). This it said, represented an annualised PBT of

NGN 9.2bn compared with the NGN 7.1bn as at December 2011.

Managing Director, Unity Bank, Mr. Ado Yakubu Wanka, added that “customers’ continued and growing confidence in the brand is manifest in the growth in customer’s deposits from NGN 266bn at the end of 2011 to =NGN 271bn as at March 31, 2012.” He also assured that the bank had put in place a number of new initiatives aimed at increasing efficiency for sustainable growth and profitability. *(This Day)*

Ahead of its forthcoming Annual General Meeting (AGM), the board of Nigerian Breweries Plc, has proposed for the distribution a total of NGN 22.687bn as dividend for the year ended December 31. Chief Executive Officer of the company, Nicolaas Vervelde, who disclosed this at its pre-AGM press briefing in Lagos yesterday, said the dividend pay-out represents 300 kobo per share, as against the 240 kobo each paid the previous year.

He said revenue from sales within the period grew from NGN 185.862bn by NGN 44.261bn or 23.81%; profit before tax rose to NGN 56.372bn from NGN 44.88bn, representing a growth by about NGN 11.492bn or 25.6%; while net profit within the period increased by NGN 7.693bn or 25.36% to NGN 38.025bn from NGN 30.332bn in the previous year.

Earlier, the company’s Finance Director, Jasper Harmaker, noted that the dividend policy for the second-year running was a 60% of profit, keeping the rest to fund expansion, unlike before then, when the entire net profit was distributed to its shareholders. Vervelde also noted that NB had over the past five years since 2007 doubled sales revenue (turnover), PBT and PAT.

While turnover grew progressively from NGN 111.748bn at the beginning of the period to NGN 226.228bn, representing an increase of 102.44%; pre-tax profit climbed by 104.9% from NGN 27.876bn. Net profit also increased by 102.76% from NGN 18.942bn profit in the corresponding period 2007. Incidentally, the company’s share price has also almost doubled within the period from NGN 49 each in 2007 to NGN 94.42 per share as of December 31, 2011.

For 2011, he explained that growth in turnover and profit came principally from sales volume increase, rather than price increase, just as 10% of revenue also came from innovation within the period, an increase over the 9.0% recorded in 2010. He noted that the quarterlies and full year results would now be prepared and presented following International Financial Reporting Standard (IFRS) format as required by law.

“The impressive performance and success of the company over the years is the outcome of its history since 1946, up to when it established the first brewery in Nigeria,” he said. The success, Vervelde continued, is also the result of remaining competitive by identifying key “must-win-battles” for its management, including driving top-line growth, effective cost management, enhancing human resources, sustainability, and sustaining financial performance.

He said figures for Sona Breweries in Otta and Kaduna as well as Life Breweries, Onitsha, whose brewery assets were acquired in 2010, were only consolidated from October 2011. Following the acquisitions, the company, he continued, spent a lot of money upgrading production facilities of the breweries, besides repairs, maintenance, investments in the brands, and massive training for their workforce.

As reward, the new acquisitions, he said, would bring benefits such as ensuring extra capacities, and an expanded brand portfolio that will, in the coming years, help turnover and profit growth. He also spoke of plans to increase local content of its raw materials to 60 from the current 40%; adding that already, 80% of the packaging components- bottles, cans, labels was sourced domestically. Sugar and barley are considered foreign components in the process.

“The competition has become fiercer over the last few years. The competitors are reinvesting in their brands to offer Nigerian consumers more choice in terms of brand taste and value. All are investing in capacities and NB is looking at a growing market with further capacities. (In all of these), it is the consumer that would make the choice. “Overall, the number of brands and price propositions has gone up over the last two years,” he added. *(This Day)*

The Asset Management Corporation of Nigeria (AMCON) will go after the foreign assets of debtors with tainted loan agreements, the Managing Director/CEO, Mustapha Chike Obi, has said. Chike Obi, who spoke yesterday at the launch of the AMCON Road Show, in Abuja, admitted that some of the loans were executed by the bank, which connived with borrowers, leading to tainted assets. This, he said, compelled AMCON to ask banks to state which of their loans are insider related, tainted or where assets of borrowers cannot pay the loan.

AMCON, he said, "has extensive legal backing to go after assets abroad, whether the asset is captured in the loan agreement or not and will declare some borrowers insolvent before going after them." He said AMCON is about appointing debt recovery agents across the country to recover the pending loans, as it has "another one and a half to two years to recover the debts."

He stated that the agency is grappling with "dimensional borrowers" as a result of their spread in different states in the country, adding that AMCON has generated a database of debt recovery agents and lawyers to pursue different borrowers across the country. Mr. Chike Obi also disclosed that AMCON had nothing to do with the two recently licensed non-interest banks.

On the fate of the three nationalised banks, he said the corporation is now in the process of evaluating what the entities are worth, adding that AMCON has so far received 44 Expressions of Interest (EoI), but has shortlisted 11 entries that would soon get Requests for Proposals (RFPs). He said in another 46 weeks, AMCON will appoint/select the advisor for the nationalised banks."

He said the affected banks were losing between N2bn - N3bn monthly before their take over, adding that currently, "they are running as profitable institutions. The banking industry sinking fund of 30% basis point will fund the loses of selling the distressed banks."

AMCON, as the largest user of the capital market, Chike Obi, explained, cares about what happens at the market and would support the capital market in any way it can. This he explained, is because AMCON is the largest domestic issuer of bonds, with assets of about N5 trillion, thus making it the largest financial institution in the country.

He said the corporation is expected to reach its maximum size, sometime this year and decline as time goes on because of its 10 year life span. Consequently, he added that the corporation"will not engage in wastages." In her presentation, an Executive Director of the corporation, Mrs. Foluke Dosumu, said N1.3 trillion was spent to bail out the five distressed banks- Oceanic Bank, Intercontinental Bank, Fin Bank, Union Bank while Bank PHB, Afribank and Spring Bank were nationalised.

She said the loans will not be written off, as AMCON intends to recover them. But she stated the cost of the bailout "will be borne by the banking industry and not the tax paying Nigerian public who will never be called upon to pay for bank bailouts. AMCON is trying to be transparent in its operations and it will not dispose off assets in secret but openly," she added. *(Nation)*

Economic News

Nigeria's foreign exchange reserves rose by 2.96% on the month to USD 36.52bn on April 27, the highest level in more than one year, data from the central bank released on Monday showed. Forex reserves in Africa's top oil producer stood at USD 35.42bn a month earlier and were at USD 33.09bn a year ago.

Currency traders said rising dollar flows from offshore investors buying local debt and large dollar sales by local units of multinational oil companies had washed onto the market in the past few weeks. That has taken pressure off the official supply window for the dollar by the central bank, allowing reserves to recover in Africa's second biggest economy.

Nigeria relies on crude exports for more than 95% of its foreign exchange earnings. Investors watch reserve data closely to gauge the strength of its defences against a potential dip in oil prices. Analysts say USD 36bn is roughly enough to cover import bills for six months. *(Reuters)*

Despite the security challenges confronting the country, the Federal Government has vowed to continue with the aggressive reforms in the oil and gas sector for the benefit of all Nigerians. Minister of Petroleum Resources, Mrs. Diezani Alison –Maduekwe, made the declaration while declaring open the Nigerian stand at the kick off of the Offshore Technology Conference (OTC), in Houston, Texas, United States of America.

She said government would continue to give robust support to indigenous operators and service providers in the sector, noting that such cooperation would be needed for investment to thrive. The Minister noted that the passage of the Nigerian Content Act had opened tremendous frontiers for indigenous participation in the oil and gas sector, and predicted that the country might witness an industrial revolution over the next three years if the indigenous operators and service providers continued with the current pace of capacity building.

She said: “We will continue to give robust support aggressively to our indigenous operators and service providers, while at the same time acknowledging the technological wherewithals and financial expertise and partnership that our multinationals and our foreign partners bring. We will expect that this will continue for a long time to come because there are partners across the board.

“But I must say that since the advent of the Nigerian content act, as every year passes, it is really wonderful to see the tremendous frontiers that our indigenous operators and service providers are making in the oil and gas sector,” she said. Also speaking, Chairman of the Petroleum Technology Association of Nigeria (PETAN), Mr. Emeka Eneh said the greatest challenge confronting indigenous operators in the Nigerian Oil and Gas Sector was the lack of capital to build the needed infrastructure for capacity development.

He said: “The real challenge of capacity is not the lack of know –how, it is the absence of capital to build the infrastructure that is needed. The Nigerian companies have been playing a losing game. It is simple. Global finance the world over, for a company competing with the Nigerian company located in United States and Europe, they are looking at one or two% maximum interest on very long term capital, 5 years, 10 years, 20 years capital. Nigerian companies are dealing with 20-25% interest on two year capital, so it difficult to compete.

Now the advantage of creating bankable budget with the local content act comes with the Nigerian Content development Fund (NCDF), which if properly managed and linked together is going to create that kind of link to boost the capacity of Nigerian companies. So capacity is a real key issue and funding or capitalisation is real big challenge”. He said PETAN was jointly working with the Nigerian Conternt Development Management Board (NCDMB) to work out the criteria for the accessibility of the NCDF.

“Right now, we are at pilot stage and there are still a number of companies that are already being lined up to tap into the fund. Ofcourse they are still challenges, challenges of longer term tenures; interest rate to be lower; all these things are being worked out”. Eneh called for an urgent passage of the Petroleum Industry Bill (PIB), noting that the bill will define the boundaries for investment in the oil industry, and free up the International Oil Companies (IOCs) to invest for the long term in Nigeria.

“The PIB defines the boundaries for investment in the oil industry, very important. You see, how do you Play a game if you don’t know the roles?. The PIB essentially are a set of rules on how people can play the game in Nigeria,(investment side of the business). And think without the PIB, the local content act is kind of one legged race. The PIB is going to free up companies like Shell, ExxonMobil, the IOCs to invest for the long term.

Oil and gas projects are invested over a 10 and 20 years time frame. So if you don’t have the roles over that period of time, you don’t get investment. So we see the PIB as something very crucial. Ofcourse, the PIB needs to be simplified, it needs to be streamlined so everybody understands the roles. But with the PIB, with local content imbedded in it, will create the kind of stimulus that we see in countries like Japan, or countries like Brazil in a way government policies help to stimulate long term goals. We see that in India also and China,” he added. *(This Day)*

The Nigerian Communications Commisison (NCC) has said it will take another three years, until 2015 when sufficient frequency spectrum is

freed up from migration to digital broadcasting, before wireless broadband deployment would become a reality. Presenting a keynote address at a broadband discussion forum in Lagos, yesterday, the Executive Vice-Chairman, NCC, Dr Eugene Juwah, said: "Nothing much can happen in the wireless arena until 2015 when broadcast frequencies are freed up." He stated that not much can be achieved in providing broadband Internet access to Nigerians via wireless infrastructure, because the radio frequency spectrum required for such is not available.

Juwah said the frequency resources were being used by broadcasting entities and Code Division Multiple Acess (CDMA) operators, adding that repeated demand that the CDMA operators migrate to the Long Term Evolution (LTE) technology, to free up required frequency spectrum for broadband services had been unsuccessful. He said the band occupied by the operators was a major frequency band for wireless broadband deployment. He explained that wide scale extensive broadband development would not take place until 2015, the deadline for migration from analogue to digital broadcasting services.

Consequently, Nigerians will continue to be challenged in all areas of broadband access-coverage, speed and cost, according to industry stakeholders. In her keynote address at the forum, Minister of Communications Technology, Mrs Omobola Johnson, said despite having 45m Internet users in the country, only nine% (14.5m) are actual Internet subscribers, while broadband penetration is at a mere 6%.

She said: "Even though access to broadband using smartphones is increasing thereby increasing the number of subscribers, what this statistics tell us is that most Nigerians still access the Internet through public venues, such as offices, cyber cafes and computer labs. This is as a result of not only the lack of ubiquity of the broadband network, but also the cost of access."

"Today, we have one of the highest costs of access in the world at approximately N8 to N10 for 5Mbs of data. The average speed of access is still very low. In fact, recent statistics that I looked at, have us as one of the lowest speeds in Africa," she said. She assured that the ministry would achieve a ‘one national network’ capable of delivering broadband speeds of not less than 50% of the average speeds available worldwide in the next five years. *(Nation)*

The Ihonvbor 450 megawatts power plant under the auspices of the National Integrated Power Project (NIPP) will be commissioned in June, minister of power Prof. Barth Nnaji has said. He said the four-unit plant being handled by the General Electric will surely come alive in June given the level of progress and assurances from the contractors.

The Minister who was speaking in Abuja shortly after returning from an unscheduled visit to the plant also ordered all parties involved in the execution of power project with any constraints militating against meeting their deadlines to immediately bring them to his attention. “I paid an unscheduled visit to the facility to see things for myself, rather than being satisfied with mere assurances from contractors and other stakeholders”, Professor Nnaji said.

“From the look of things, the switch yard will be ready in May and the transmission infrastructure through which power generated from the NIPP Lot 19 will be evacuated will be ready in June,” he added. On the community issues affecting the pace of the project implementation, Nnaji caused laughter when he disclosed that shortly after the NDPHC diverted the transmission line to the Ihonvbor station at a considerable cost because of the presence of a shrine, a new shrine emerged overnight on the new route and the villagers “are demanding a huge amount to relocate it”.

The minister also advised the NDPHC to quickly arrange for hot gas operating at between 50 and 70 degrees centigrade to fire the plant, noting that the General Electric machines on site were not configured to take cold gas. On the dip in power supply across the country in the last one month, the minister attributed the development to the low water levels in the dams supplying water to the country’s three hydro power stations at Kainji, Jebba and Shiroro, and to gas problems.

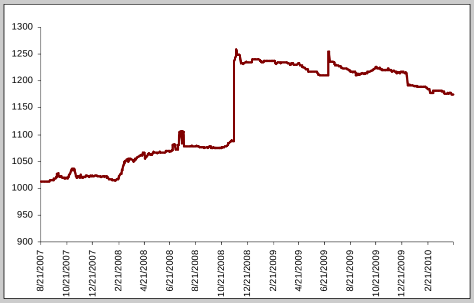
“It is our tough luck”, he noted, “that we are experiencing our worst water levels in 10 years because of the poor rainy season last year in neighbouring countries, from which we derive black flood for the hydro plants. “The white flood refers to flood derived during the rainy season in Nigeria, which gets to its climax in July of every year, unlike the black flood which gets to its peak in November.”

Prof Nnaji promised that Nigerians “will soon notice a gradual and steady improvement in power availability which is irreversible. “A minimum of 1000MW will be added this year to the quantum of 4,400MW which we had achieved in January, and all will be put on the national grid because of the immense work done on the transmission network. *(Daily Trust)*

SECURITIES AFRICA

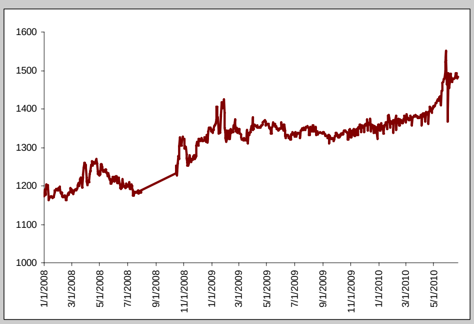
Tanzania

Dar-es Salaam Stock Exchange



Source: Reuters

TZS/USD



Source:SAR

Economic indicators

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

Source: World Development Indicator

Stock Exchange News

The DSEI a marginal -0.65% to close at 1,318.17 points. TTP led the shakers after shedding 12.31% to TZS 285 followed by TBL down -9.09% to TZS 2,400 and CRBD (-1.82%). All the other counters remained unchanged.

Corporate News

Ophir Energy's assets in Tanzania may contain up to seventy% more gas than previously thought, analysts said after a trip to visit the site. Blocks 1,3 and 4 offshore Tanzania could hold around 50 TCF (trillion cubic feet) of recoverable resources compared to original estimates of 30 TCF for the blocks, which straddle the Mafia Deep offshore basin and northern portion of the Ruvuma basin.

JP Morgan Cazenove analyst Jessica Saadat said the trip revealed the immense potential of the acreage offshore Tanzania as well as underlining the stable politics in the region. She said the company has identified around 23 TCF of gas in the Cretaceous play, which Ophir will test with the Mzia and Papa wells, with the former's results expected within the next month.

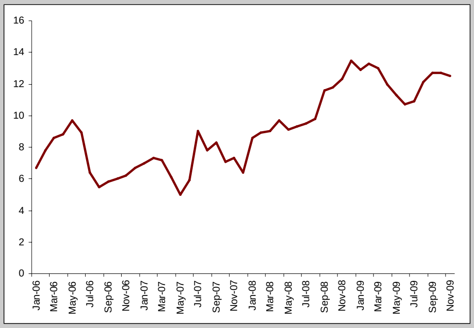
A resource estimate for the potential fan play pending the results of a 3D seismic programme has not yet been included but Saadat points out that this play has already proved up to 60 TCF in Mozambique. Even if neither play works, she says Ophir still has the Tertiary play, which "so far has had a 100% success rate in Ophir's wells".

Ophir and its partner BG Group made their fourth consecutive gas discovery in Blocks 1, 3 and 4 in March this year, which was also the largest in Ophir's history. Following Cove Energy's proposed sale to Shell, investors are expected to turn their attention to the London-headquartered group, which has an interest in 17 projects across Africa.

"Relevant to Ophir is a resolution to the Cove takeover situation which sets a direct read through value to East African gas-to-LNG [liquefied natural gas] resources," said Saadat who has a target price of 600 pence on Ophir. "The read through from Cove remains supportive and highlights predatory industry interest in East Africa," she added.

The company placed 30.5m shares at the end of March priced at 495 pence each, which will raise more than £150m in gross proceeds and bolster Ophir's already strong cash position to around £400m. "Following the recent placing, Ophir is funded for a high impact 2012/2013 drilling programme which will see frontier wells in Kenya and pre salt West Africa and lower risk appraisal wells in

CPI Inflation



Source: SAR

Equatorial Guinea," she concluded. *(Proactive Investors)*

Economic News

Tanzania, which vies with Mali to be Africa's third-biggest gold producer, increased shipments of the metal to a record last year as prices climbed. Exports grew to USD 1.9bn from USD 1.4bn a year earlier, according to provisional Mines Ministry data provided by acting Commissioner Ally Samaje. The central bank will release final data later this year. The value of gold shipments rose even as output dropped to 37,000 kilograms (81,571 pounds) from about 40,000 kilograms a year earlier, he said.

"The increase in exports is attributed to higher prices of gold on the international market," Samaje said in an interview in Arusha, 330 kilometers (205 miles) north of the capital, Dodoma. Apr. 27. Bullion for immediate delivery rose 13% to USD 1,563.70 in London last year. Tanzania earned TZS 876.3bn from its gold, silver and copper resources since 1998, when gold mining began in the East African nation. African Barrick Gold Plc (ABG) and Resolute Mining Ltd. own mines in the country.

Total receipts from minerals increased to USD 2bn last year from USD 1.5bn in 2010, generating 2.6% of gross domestic product in the region's second-biggest economy. Gold production may drop further next year when African Barrick's Tulawaka mine and Resolute's Golden Pride operations are scheduled to be closed, according to Samaje. "In Tulawaka, Barrick will conclude surface mining next year," Samaje said. "They have an option to go for underground production, or close. We have already given them permit for underground production at Tulawaka."

Deo Mwanyika, vice president in charge of corporate affairs at African Barrick, didn't answer his mobile phone when Bloomberg called three times today seeking comment. African Barrick's Nyanzaga project in Sengerema district has yet to produce a feasibility study and the process may take as long as four years before production starts, Samaje said. "The upcoming projects will still take time, which means our ambition of reaching annual production of 50,000 kilograms may not be achieved soon," he said.

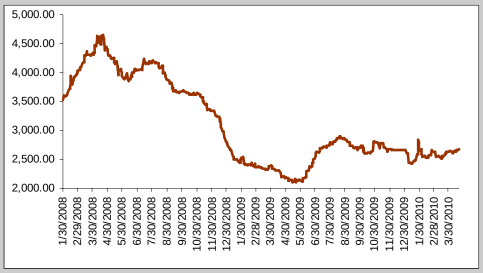
Gold output in Tanzania peaked at 48,000 kilograms in 2004, from which the country earned USD 596m in shipments, according to the ministry's data. The other company operating in Tanzania is AngloGold Ashanti Ltd. (ANG), which owns the Geita Gold Mine, the biggest by output. Shipments of diamonds dropped to USD 7.5m last year, the lowest in 11 years, from USD 16.3m in 2010, as output dropped to 28,377 carats from 80,498 carats, the data showed.

"This is because production was stopped at Mwandui to rehabilitate the old processing plant," Samaje said. Shipments of tanzanite dropped to an estimated USD 22.8m last year from USD 25.4m in 2010, even as production increased 17% to 15,000 kilograms (33,000 pounds) in the same period, according to the data.

Silver exports jumped to USD 11.6m from USD 7.7m, as output fell to 12,000 kilograms from 10,400 kilograms, while copper shipments fell to USD 30.2m from USD 37m, according to the ministry. *(Bloomberg)*

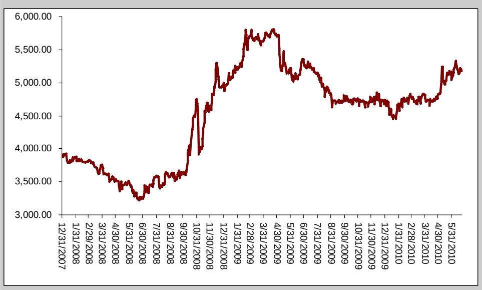
Zambia

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

Stock Exchange News

The LuSE index lost a marginal -0.03% to close at 3,920.71 points. FQMZ was the biggest loser after shedding -1.05% to ZMK 4,850 followed by CECZ, down -0.31% to ZMK 647 and ZAMEFA (-0.15%). All the other counters remained unchanged.

Corporate News

Barrick Gold raised its dividend by 33% on Wednesday and reported a higher quarterly profit, but worries about costs at its copper operations pulled down the shares of the world's top gold miner. The Toronto-based miner reaffirmed full-year gold production and cost forecasts, but copper output costs at its Lumwana mine in Zambia were higher than expected, and Barrick said it expects production from the mine to fall in the ongoing quarter, due to mill maintenance work.

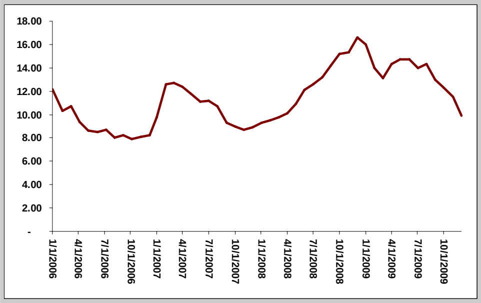
Barrick shares fell 2.6% in midday trading and were among the top drags on the Toronto Stock Exchange's benchmark index on Wednesday. Barrick's New York-listed shares were down 2.7% at USD 39.34."Costs were higher and the copper production was not what everybody was expecting, so that's putting pressure (on the stock)," said Sid Mokhtari, director of institutional equity research at CIBC World Markets.

In a nod to investors who have been anxious for dividend increases from the cash-rich gold miner, Barrick raised its quarterly payout to 20 cents a share from 15 cents. The company is holding its annual shareholder meeting in Toronto on Wednesday. Shares of Barrick and other gold miners have languished in recent months despite a strong gold price as investors have been concerned by rising costs and operational setbacks.

Gold miners have also faced a tougher time wooing investors recently due to the lure of exchange traded funds invested in the precious metal. Many see such funds as ideal vehicles for exposure to gold as they are not affected by the political and operational risks faced by miners. The Arca Gold Bugs Index, which tracks stocks of the world's largest bullion miners, has fallen nearly 25% in the past 12 months even though the price of gold risen roughly 7.5% over the same period.

Barrick reported net income of USD 1.03bn, or USD 1.03 a share, in the quarter ended March 31. That is up from USD 1bn, or USD 1 a share, a year earlier. Excluding one-time items, the company reported earnings of USD 1.09bn, or USD 1.09 a share. This was roughly in line with the average Wall Street forecast of earnings of USD 1.11 a share, according to Thomson Reuters I/B/E/S.

CPI Inflation



Source: SAR

"We had good operating performance, which translated into solid financial results," said Barrick Chief Executive Aaron Regent said in a statement, adding that the company continues to make progress in advancing its key growth projects. Barrick said its average realized gold price for the first quarter was USD 1,691 per ounce, up more than 20% from year-earlier levels.

Gold production in the quarter was 1.88m ounces at a total cash cost of USD 545 an ounce. That compares with output of 1.96m ounces at a total cash cost of USD 437 per ounce in the year-before quarter. Gold sales were 1.78m ounces, down from 1.86m ounces. Barrick said its Zaldívar mine in Chile produced 76m pounds of copper at a cash cost of USD 1.51 a pound in the period, while Lumwana - acquired in 2011 via Barrick's CUSD 7.3bn takeover of Equinox Minerals - produced 41m pounds at a cash cost of USD 3.15 a pound.

The miner said production and cash costs at Lumwana were hurt by lower mining rates caused by poor ground conditions due to the wet season. It said these conditions are also likely to affect production at the mine in the current quarter. Barrick reiterated its full-year gold production forecast of 7.3m ounces to 7.8m ounces, at a total cash cost of USD 520 to USD 560 per ounce. *(Reuters)*

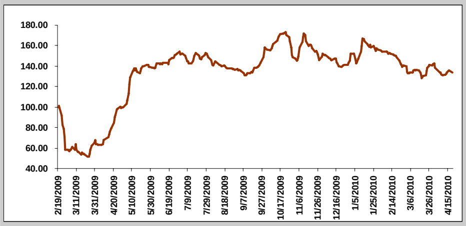
Economic News

Zambia's maize output declined by about 6% to 2.8m tonnes in the 2011/2012 season from 3m tonnes last year, the agriculture minister said on Monday. Emmanuel Chenda also said at a media briefing that Zambia still had a huge maize surplus because of carry-over stocks from last year and is planning to export some of the excess.

"When the carry-over stocks of 770,931 tonnes from the last season are added to the current production, the country ends up with a maize surplus of 1,035,333," Chenda said. Zambia needs just over 2.5m tonnes of maize for human consumption, strategic reserves, stock feed and brewing, he said. Erratic rains delayed the planting of this year's maize crop, the country's staple, raising the possibility of a poor harvest. *(Reuters)*

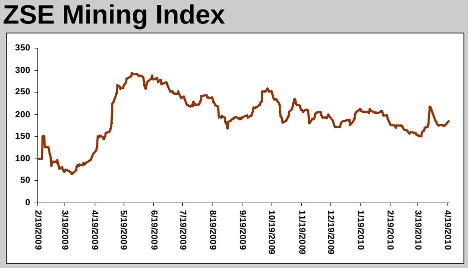
Zimbabwe

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 closing flat at 129.90 while Mining Index lost +6.47% to 91.95 points. Trust and NTS led the movers after gaining +25% and 19.57% to close the week at USD 0.01 and USD 0.0275 respectively. Other gains were recorded in SeedCo up +12.50% to USD 0.90 and Hippo which put on +10.53% to USD 1.05. M&R and Radar led the losers after shedding -37.50% and -36.00% to USD 0.05 and USD 0.08 respectively. Other notable losses were recorded in General Belting (-33.33%) and Pelhams (-27.27%)

Corporate News

Meikles Hotel has embarked on an USD 8m refurbishment exercise funded through a loan secured from Preferential Trade Area Bank (PTA Bank). Meikles Africa regional commercial director, Tham Mpofu said the first phase of the renovations currently taking place will affect 132 rooms in the hotel's north wing and will be completed by year-end.

"We are renovating everything from the air conditioning system, guest and service lifts, water tanks, installing a new back-up generator, rooms, suites, restaurants, and some lounging areas," Mpofu said. "..180 rooms in the south wing will remain catering for the public until the end of the year." Mpofu said.

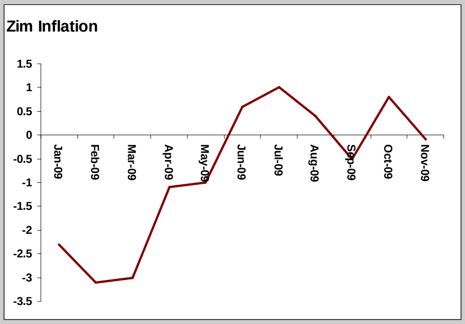
The Meikles best known for its traditional English look is expected to "adopt a more Afrocentric look" when work is completed. Mpofu said the 317-roomed-five star hotel will also incorporate two bedrooms specifically for use by paraplegic guests and presidential suites to cater for the top-end business and holiday traveller will be introduced.

Meikles Hotels managing director, Karl Snater said "It's our aim to offer world-class amenities and facilities in keeping with our role as a member of the prestigious leading hotels of the world group, which includes in its members some of the world's best known and most acclaimed hotels." Founded in 1915 and part of the listed Meikles Africa group, the hotel was last refurbished in 1995 and is set to celebrate a century in operations. *(Daily News)*

Impala Platinum's Zimbabwe unit Zimplats reported a 170% jump in third-quarter profit on Monday, buoyed by higher platinum prices. Zimplats said January to March operating profit rose to USD 52m from USD 19m the previous quarter. Revenue, at USD 128m, was 32% higher than the last quarter.

The company said production dropped by two% to 90,557 ounces after an illegal strike by some workers and electricity cuts, which affected operations at the mine's platinum matte furnace. A planned maintenance shutdown reduced ore milled by 4% to 1.1m tonnes. Implats, which owns 87% of Zimplats, said in

CPI Inflation



Source: SAR

March it had agreed to a deal that would see it comply with Zimbabwe's requirement that 51% of shares in Zimplats be held by locals. *(Reuters)*

PRIVATE equity firm Takura Capital has acquired a 51% stake in Agricom Trade Exchange, Mr Fungayi Mungoni of Takura confirmed yesterday. Agricom supplies pre-packed dry foodstuffs mainly to the local market. The investment, in the range of USD 2,5m-USD 3m will help Agricom expand its processing capacity, increase the number of retail outlets and provide working capital to recapitalise.

“We are convinced we can support Agricom’s expansion and development by providing it with access to growth capital and management resources,” said Mr Mungoni in a Press statement yesterday. The investment is the first under Takura’s USD 50m fund targeting investments of up to USD 5m, through equity and long-term debt instruments.
Mr Mungoni said they were excited to invest in Agricom, a company which empowers small-scale farmers by providing them with ready markets. Agricom managing director Mr Socky Kapnias welcomed the investment by Takura Capital. “Takura Capital has extensive experience of working in partnership with management teams and supporting the growth of leading companies and, therefore, it is the right partner to take Agricom to the next level,” he said.

Agricom supplies pre-packed sugar beans, groundnuts, sunflower, kapenta, madora and small grains such as millet, sorghum and rapoko. These are sourced from small-scale farmers and supplied to food processors, wholesalers and retailers under its Savonuts brand for selected products. In line with its growth strategy, Agricom will soon be adding value to some of its products to maximise on margins and increase consumer variety.

The management says the expansion in the product offering would include cold-chain white protein products, such as pork, chicken and fish. The Commonwealth Development Corporation, a number of European Development Finance Institutions and local financial institutions established Takura in 1997.

Its main focus was to invest in Zimbabwe. But now under the new ownership of African Century Group, Old Mutual Life Assurance Company Zimbabwe and Daidex Investments, the company has now evolved into the pre-eminent Zimbabwean-focused private equity firm, which invests in other Southern African countries. *(Herald)*

TRACTIVE Power, a retailer of cars and earthmoving machines, reported half-year profits to February this year fell 55% to USD 908 134 compared with the same period last year on high operating costs. Revenues were up 16% to USD 21,9m, driven by an increase in volumes, the group said in a financial statement to February 29. Operating costs rose 20% to about USD 20,7m, surpassing revenue growth by 4%.

Earthmoving sales rose 140% at Barzem, 75% in motor vehicle sales at Puzey & Payne and a 17 increase in spare parts. Tractor units at Farmec and generator unit sales at Northmec declined by 27% and 2% respectively. “The economic environment characterised by tight liquidity constraints, high interests rates and low disposable incomes adversely affected the group operations,” said Tractive Power, which foresees improved business in the second half to be spurred by mining expansions projects, road and dam construction and improved liquidity.

EBITDA margins declined to 6,3% from 9% the prior period. Finance costs grew 4,3 times as the group accessed short-term borrowings to finance working capital requirements. Cash flows were strained due to high working capital requirements. Net gearing deteriorated to 19,2% from 14,1%, although it remains manageable.

Demerged from Astra group in 2001 when 33% of the group floated, Tractive is a good indicator of the economic activity. Analysts expect increased capital expenditure in the mining and agricultural sectors will benefit Barzem, should the economic growth be sustained. The economy is expected to grow by 9,4% this year driven by a continued recovery in mining and agriculture, according to official statistics. But independent economists and the International Monetary Fund have forecast lower GDP growth of between 5 and 6%. *(Herald)*

A local consortium has gained control of Murray & Roberts Zimbabwe after acquiring a 46,6% stake from M&R South Africa and Trinvest. The deal was concluded through a special bargain on the Zimbabwe Stock Exchange yesterday, with 99 792 515 shares valued at USD 1,4m changing hands at US1,47c a share. This represents a huge discount of 79% on the last traded price of US7c, raising questions on why the SA investors were exiting at such a heavy loss.

The takeover has been linked to Zumbani Capital, reportedly controlled by ex-M&R chief executive officer Mr Canada Malunga, and businessman-cum-politician Mr Paddy Zhanda. This latest development will enable Murray & Roberts to rebrand, despite the strength of the international brand. The deal has received regulatory approvals from all the relevant authorities.

Analysts yesterday said it was surprising why M&R South Africa was exiting the country when the construction sector was showing strong signs of recovery. However, some analysts said the timing was perfect for the local consortium as business in the sector was picking up. The construction sector, often used as a barometer of economic performance, is expected to grow by 1,5% this year, up from 1% growth last year.

The construction sector has been negatively affected by liquidity challenges which have resulted in most projects being halted. Government is the major client and against the background of infrastructure development, more funding would be channelled to the construction sector. Murray & Roberts was listed on the ZSE in 1974 and boasts contracting and manufacturing divisions. The contracting divisions are Murray & Roberts Construction Zimbabwe and Pro-Plastics. *(Herald)*

ASTRA Industries posted a USD 751 412 profit for the half year ended February 29 2012. Growth in profitability was up 167% from the USD 281 803 recorded for last year's corresponding period. Group revenues increased 21% from the prior year to USD 13,5m driven by growth in sales. In addition to improved group sales volumes during the period, the company also attributed the better profitability to its decision to cease operations at the loss-making Steel Division in April last year.

The group's paint operations registered a 15% sales volumes growth despite competition from new entrants in the paints market during the period. The stiff competition, which largely affected the lower end of the market, resulted in Astra's paints division recording a decline in gross margins by 6%. The chemicals division also registered an increase in sales volume growth, up 20%. This division currently contributes 39% to group profits.

Astra chairman Dr Charles Utete said the company's recorded sales growth during the period under review was notwithstanding the challenges that have been dogging the wider manufacturing sector. "Despite the difficult operating environment the group achieved satisfactory sales volume growth. Aggregate sales volumes grew by 19%," he said. The 19% bump in total sales volume was, however, lower compared to the 28% recorded in the prior comparable period.

Manufacturing companies in the country have been facing a number of operational challenges particularly relating to low liquidity levels, antiquated machinery, high overheads and stiff competition from imports. Meanwhile, the company has also indicated plans to lease out premises previously occupied by the discontinued operation (Astra Steel). The property is valued at around USD 3m. *(Herald)*

OLD Mutual Zimbabwe has started rolling out its empowerment plan which it submitted last year, agreeing to give up 25% of its equity to various empowerment partners, including staff, ex-employees, pensioners and strategic business partners. "Old Mutual confirms that the Old Mutual Zimbabwe Limited (OMZL) board has formally approved the final stages of its plan to comply with indigenisation legislation in Zimbabwe, thus effecting the immediate implementation of the agreement with the Government of Zimbabwe", Luke Ngwerume, Old Mutual Zimbabwe Group CEO said this week.

The agreement, which was concluded in November last year, results in 7% of OMZL shares being awarded to qualifying staff and 3% towards the staff pension fund. Pensioners presently drawing their pensions from Old Mutual will be allocated 8% equity while the company's retired pensioners will be allocated 1% equity. Old mutual has been running a mass media campaign informing pensioners to complete and submit forms that would make them eligible for the scheme.

The OMZL indigenisation plan also includes allocating shares to strategic partners and the Youth Fund who have been allocated 3,5% and 2,5% shares, respectively. The group's indigenisation plan, which is broad-based, makes provision for empowerment and development of staff and management, customers and identified strategic business partners.

"We believe that by empowering our staff, clients and partners in this manner, we are creating sustainable wealth for them and helping improve their livelihood and as such making a tangible contribution to the ongoing growth of the Zimbabwean economy in general," Ngwerume said. *(The Independent)*

Economic News

First quarter mineral revenues surged 10,4% to USD 458,4m buoyed by an increase in output, latest statistics from the Chamber of Mines of Zimbabwe (CMZ) have shown. The increase in output was despite continued electricity supply constraints, funding challenge and high mining fees. Gold contributed USD 187,9m to the total amount with 3 494kg followed by platinum with 2 725 kg worth USD 121m, while palladium and high carbon ferrochrome contributed USD 40m and USD 38,6m respectively.

We also faced challenges in the interpretation and application of environmental regulations particularly sections that deal with the use of lined landfills. Fiscal environment characterised by increased royalties, as well as other fees and charged levies on the industry, said CMZ president Winston Chitando.

He said some CMZ members contributed resources to enable the countrys power utility Zesa Holdings to maintain essential power supplies. Platinum mining firms Mimosa and Zimplats recently advanced USD 10m to cash-strapped power utility to enable it to settle part of its debts and ensure guaranteed uninterrupted power supply.

Chitando said negotiations were on-going with Zesa subsidiaries Zimbabwe Power Company and Zimbabwe Electricity Transmission Distribution Company to arrive at an agreed tariff for ring fenced customers. He also said CMZ was in discussion with the government after mining claims fees for platinum and diamond mines applications were increased to between USD 2m and USD 5m per year.

The CMZ has come up with its own view and the paper has been given to the government. I think it will be unfair to go public and discuss what is in the document. Once we engage and agree or disagree, we will then comment, Chitando said. Meanwhile, the CMZ will next week hold its 73rd annual general meeting at Elephant Hills Hotel in Victoria Falls under the theme Powering the Mining Industry for Growth and Development.

Speakers at the mining indaba will include Mines and Mining Development minister Obert Mpofu, Finance minister Tendai Biti, Economic minister Planning and Investment Promotion minister Tapiwa Mashakada, Deloitte and Touche country manager, Tawanda Gumbo, head of resources Public Investment Corporation South Africa, Fidelis Madavo and chairperson for the Competition and Tariff Commission, Dumisani Sibanda, among others. *(Newsday)*

ECO-CASH has brought a huge sigh of relief to those whose geographic location or lack of bank accounts had found themselves in a quandary when it came to sending or receiving money via cellphone banking since it was introduced last year. With Zimbabwe's mobile phones outnumbering readily available ATMs by 2 000 to 1, mobile money transfer is set to become the first choice in sending and receiving money.Eco-Cash is a money transfer service that allows one to send or receive money when in Zimbabwe.

It is the first service in Zimbabwe that allows the transfer of money, from one mobile to another mobile network, a development widely appreciated in all corners of this southern African nation. Econet chief executive officer Mr Douglas Mboweni said his mobile network operator would continue to search for solutions that always make life easier."This is how fast Econet has and is growing technlogically. We are never satisfied with our developments, we look at ways of continuously improving and keeping up with international trends.

"A few years ago, we would not have imagined it possible, that we would be where were are today. As CEO I am excited to see the company entering this new dynamic chapter in our history," said Mr Mboweni. It is a service that is so secure, where one does not have to worry about the safety of money. Mobile Money Transfer is not new to Africa. The service was first introduced in Kenya in 2007 under MPESA. The product today claims over eightm users in Kenya while in Zimbabwe only slightly abovem people are believed to be using the latest cellphone banking.

Studies say that more than 10% of Kenya's GDP now passes through the mobile banking service. By 2015, the value of mobile money transfer will reach over USD 200bn, almost 8% of Africa's GDP. As money moves more easily across the country, the benefits to local businesses and the economy at large will grow.

To thems Zimbabweans with no access to banking services, Eco-Cash brings the convenience of banking, via mobile technology. Banks are not available across the country, a development that has seen people travel long distance to get to the nearest branch or ATM cash point to withdraw money. Sending money was also expensive and unrealiable. Even for some existing money transfer services, transactions takes at least 24 hour. *(Herald)*

Trade between Zimbabwe and China doubled to USD 800m in the last two years as ties between the two countries continue to strengthen, outgoing Chinese Ambassador to Xin Shunkang said on Thursday. Speaking at a public lecture organized by the Southern African Research and Documentation Centre, Xin said his tenure of nearly three years in Zimbabwe saw the two countries consolidating their economic, political and social ties.

"Bilateral trade has increased from USD 400m to USD 800m during my tenure," he said while presenting a paper on "Outlook of China's economy and Sino-Zimbabwe relations". Ambassador Xin leaves Zimbabwe this month to take up his new post in the Southern African Development Community (SADC) region. Tobacco is one of the major trade commodities between the two countries, with China standing as the single largest buyer of the golden leaf.

The Chinese envoy noted that China had provided support through donations to various initiatives in Zimbabwe worth more than USD 25m since 2009. Political relations, he said, were further cemented through high-level visits by leaders from both countries. Zimbabwe has pursued a so-called 'Look East" after relations with the West cooled over the last decade. The United States and Britain pushed the imposition of sanctions against the country over allegations of human rights abuses and suspected electoral fraud.

But President Robert Mugabe says the sanctions, which he blames for the country's economic problems, were meant to punish Zimbabwe for its land reforms and economic empowerment policies. Chinese involvement in the local economy has become so dominant that officials suggested the country adopts the Yuan as its main currency and drop the US dollar which, along with the Botswana Pula and the South African Rand, has kept the country afloat following the collapse of the Zimbabwean dollar. Chinese firms also dominated the just-ended Zimbabwe International Trade Fair in Bulawayo. *(New Zimbabwe)*

Notes

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