SECURITIES AFRICA

For week ending 18 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:

Currencies:

	18-May-12	WTD %	YTD %
Currency	Close	Change	Change
AOA	95.10	0.00	-0.18
DZD	74.22	-0.20	1.36
BWP	7.58	-2.83	-2.90
CFA	505.98	-1.94	-2.27
EGP	6.02	-0.09	-0.16
GHS	1.89	-1.13	-16.81
KES	82.91	-0.73	0.78
MWK	248.50	-0.76	-53.02
MUR	28.18	-0.60	-0.16
MAD	8.68	-1.47	-1.19
MZM	26,700.00	1.84	0.00
NAD	8.26	-3.89	-1.41
NGN	157.96	-0.41	1.14
ZAR	8.31	-3.89	-1.64
SDD	265.40	0.36	0.26
SDP	2,261.00	0.00	0.00
SZL	8.26	-3.95	-1.45
TND	1.58	-1.58	-5.89
TZS	1,556.85	-0.26	0.23
UGX	2,450.80	-0.40	-0.15
ZMK	5,156.49	-1.56	-2.77

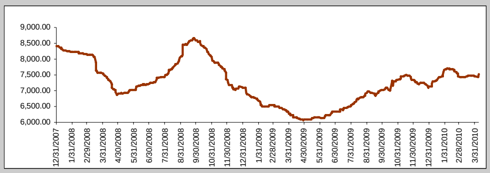
Source:oanda.com

African Stock Exchange Performance:

Country	Index	18 May 2012	WTD % Change	WTD % Change USD	YTD % Change	YTD % Change USD
Botswana	DCI	7,146.59	0.00%	-2.76%	2.52%	-0.37%
Egypt	CASE 30	4,890.30	-2.48%	-2.57%	35.00%	34.78%
Ghana	GSE All Share	1,046.94	-0.32%	-1.44%	8.04%	-7.51%
Ivory Coast	BRVM Composite	146.72	-0.36%	-2.25%	5.65%	3.30%
Kenya	NSE 20	3,699.69	2.79%	2.04%	15.43%	16.35%
Malawi	Malawi All Share	5,867.94	0.29%	-0.47%	9.28%	-28.58%
Mauritius	SEMDEX	1,821.63	1.20%	0.60%	-3.53%	-3.69%
	SEM 7	347.33	1.85%	1.24%	-0.86%	-1.02%
Morocco	MASI	9,747.04	-4.85%	-6.23%	-11.47%	-12.51%
Namibia	Overall Index	858.00	-4.35%	-7.93%	2.39%	0.96%
Nigeria	Nigeria All Share	22,381.11	-1.07%	-1.47%	7.96%	9.21%
South Africa	All Share	33,148.39	-3.57%	-7.18%	3.60%	1.93%
Swaziland	All Share	282.63	0.00%	-3.80%	5.29%	3.78%
Tanzania	DSEI	1,323.20	0.06%	-0.19%	1.53%	1.76%
Tunisia	TunIndex	5,117.01	-0.14%	-1.70%	8.36%	4.25%
Zambia	LUSE All Share	3,950.18	-1.15%	-2.67%	-5.27%	-7.55%
Zimbabwe	Industrial Index	131.64	1.04%	1.04%	-9.75%	-9.75%
	Mining Index	80.26	-7.53%	-7.53%	-20.30%	-20.30%

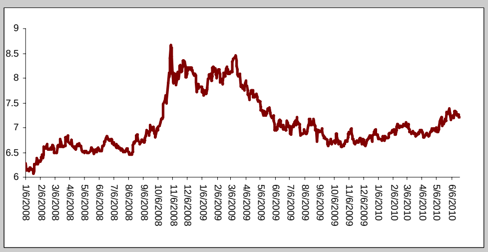
Botswana

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 was relatively flat at 7,146.59 points. Letlole and Lucara led the gainers after adding +8.33% and +2.67% to close at BWP 1.30 and BWP 7.70 respectively. Other notable gains were recorded in G4S (+1.20%) and Turnstar (+0.63%). On the losing front we had A-Cap (-20.77%) to BWP 1.45, Aviva (-18.75%) and BettaBeta (-6.09%).

Corporate News

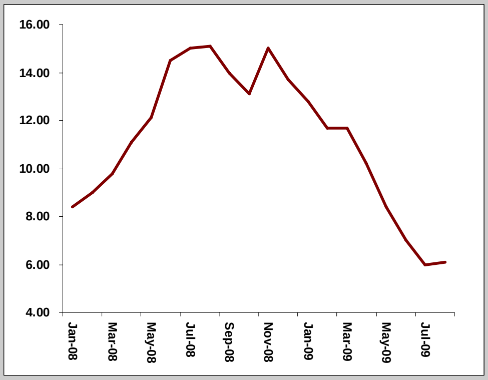
While junior miner, Firestone Diamonds, says a recent auction of rough diamonds from its suspended BK11 mine yielded "strong pricing," the British producer is silent on resurrecting the Boteti sub-district operation. Firestone Diamonds suspended operations at BK11 on February 28, citing a combination of operational challenges and current weakness in the diamond market. The move left 143 workers jobless, with only 15 retained to conduct care and maintenance activities at the mine.

Yesterday, the London-based company released an update on the first quarter revealing, among others, the results of a recent tender of warehoused stones from BK11. "The results of the recent diamond tender in Botswana showed strong pricing for diamonds in the better quality categories, however the smalls, browns and near gems remain under pressure," said chief executive officer (CEO), Tim Wilkes.

By comparison, the robust production at Firestone's Liqhobong Mine in Lesotho's Maluti Mountains included three large high quality stones, one of them a mammoth 74-carat light yellow, justifying the company's decision to shift focus to Lesotho. Conspicuously absent from the update was mention of BK11's future, with the statement instead focusing almost exclusively on Liqhobong. The company revealed that fundraising worth P174m during the quarter and cost cutting thanks to the BK11's suspension, saw it end the period "in a strong financial position".

With Wilkes unavailable for comment by yesterday afternoon, it is unclear whether the stronger prices and improved financial position will result in a review of BK11' status. Previous statements from the company suggest BK11 will reopen when diamond prices for lower grade stones and the state of its own coffers can support the estimated USD 5m (P37m) cost of uncovering or "stripping" new diamond bearing rock.

In addition, Firestone Diamonds will have to rebuild its financial position enough to improve BK11's processing systems, which are largely the "operational challenges" it cited in suspending the mine in February. However, workers rendered jobless by the suspension will be hoping Firestone Diamonds can see enough value in BK11's lifespan to justify the additional costs associated with



Source: SAR

ironing out the operational challenges and finding new diamond ore body.

According to unionists, the retrenched workers' packages consisted of payment for one month's salary in lieu of notice, severance pay according to days worked, accrued leave and overtime. In its latest update, however, Firestone Diamonds stresses that its strategic focus going forward remains boosting operational efficiencies at Liqhobong, including further studies for the development of a main treatment plant there. *(Mmegi)*

Lucara Diamond Corp is completing the final stages of its transition from development company to diamond producer. On April 23, the company announced production of the first diamonds from its wholly-owned Karowe mine in Botswana. The company said the outstanding quantity and grade of the diamonds have reinforced its high expectations for the mine. Apparently eager to let the market judge, the company has scheduled the first diamond sale for June.

Karowe means precious stone and is a name Lucara chose with the assistance of community members and schools in Botswana. The mine that now bears that name was nothing more than two sample trenches when Lucara acquired it. 18 months after the completion of the feasibility study, the property is now what the company describes as a world-class diamond operation. With reserves of 38m tons and throughput of 2.5m tonnes per annum (mtpa) the Karowe mine has a lifespan of 15 years.

In December, the company announced an updated valuation of the diamonds from Karowe. Based on production at that time, the 24% increase boosted the average modeled value to USD 301 per carat at a 1.5 mm cut-off size. That valuation was completed by Mercury Diamond, and according to Lucara, Mercury believes there is significant upside potential to the actual valuations. This assumption is based on expectations for the recovery of large stones, the correction of major breakage problems, and also the fact that the diamonds that were valued had not been subjected to a deep acid boiling process, which the company says typically increases values by up to five%.

Lucara has already reported production of 10,000 carats from 28,000 tonnes of ore in April. The grade of the ore was 34 cpht; the company expects to continue seeing such positive results. Nine of the diamonds from Karowe have been over 10.8 carats, with the three largest being 26.57 carats, 25.88 carats, and 24.59 carats. According to Lucara, six to ten% of the of diamonds from Karowe are type IIa. These diamonds are considered very rare. When a diamond is type II it does not have any detectable traces of nitrogen.

The “a” indicates that the diamond also lacks boron impurities. Type IIa diamonds are prized for their extreme clarity and brilliance and have a reputation for commanding high premiums. Lucara is aiming to produce 400,000 carats per year from Karowe and expects production of about 300,000 carats in 2012. In addition to having Karowe operating at its full design capacity of 350 tonnes per hour by the end of this quarter, Lucara’s goals include bringing another diamond mine online.

Lucara has a 75% interest in the Mothae project in Lesotho, where trial mining is currently underway. The company has also reported production of type IIa diamonds from this site. Included among them are a 56.51 carat diamond that sold for USD 2.1m (USD 37,019 per carat), a 19.2 carat diamond that sold for USD 490,000 (USD 25,520 per carat) and a 28.89 carat diamond that sold for USD 1.65m (USD 57,113 per carat). At a diamond sale in March 2011, 9,379 carats of Mothae diamonds yielded USD 8.2m, an average of USD 871/carat. At another diamond sale in December 2011, 7,190 carats sold for USD 6.4m, or USD 893/carat. Lucara believes these strong sales indicate the possible positive economics of the project, which is slated for production in Q1 2015.

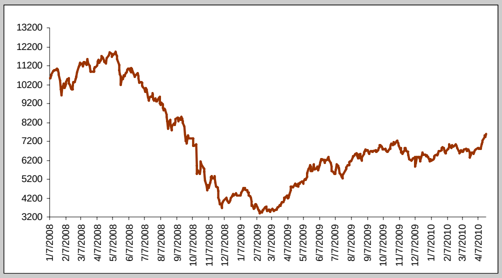
The next Mothae diamond sale is expected in August or September of this year. The inaugural Karowe diamond sale is scheduled for early June of this year and is expected to include an offering of 40,000 carats. The company plans to hold a total of six sales this year. "I'm proud to say that since the inception of Lucara we have achieved every objective we have set out to accomplish – a track record we intend to maintain," said Lucara's President and CEO, William Lamb. *(Business Insider)*

Economic News

Botswana's consumer inflation slowed to 7.5% year-on-year in April from 8.0% in March, the country's statistics office said on Tuesday. Month-on-month inflation quickened to 1.0% from 0.5% in April. *(Reuters)*

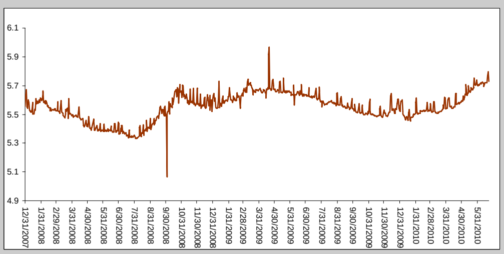
EGYPT

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 -2.48% to 4,890.30 points. Paper Middle East led the movers after gaining +8.10% to EGP 9.08 followed by South Cairo and Gizza Mills and Bakeries (+7.09%) and National Housing for Professional Syndicate (+4.15%). Suez Bags was the biggest loser after shedding -9.94% to close the week at EGP 194.00. Other notable losses were recorded in: Tourism Urbanisation (-9.75%) and Maldive Oil Services (-7.56%).

Corporate News

Landline monopoly Telecom Egypt reported on Monday a 1.7% rise in net profit for the first quarter of 2012, saying the Egyptian business environment was improving after a turbulent year in 2011. The company reported consolidated net income of EGP 912m (USD 151m) in the first three months of the year, compared to EGP 897m a year earlier.

"Following a turbulent year in 2011, the Egyptian business environment is showing signs of normalising. This is reflected in our revenue performance year on year and quarter on quarter," Chief Executive Officer and Managing Director Tarek Aboualam said in a statement. Egypt's economy has been battered by political turmoil since Hosni Mubarak was ousted from office in February 2011. Since then, a transition to democracy has been marred by violence and rows between political groups and the ruling army.

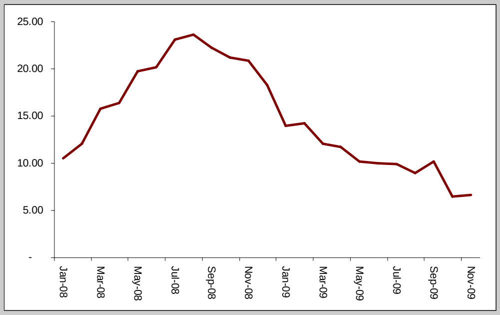
Consolidated revenues rose 12% EGP 2.68bn. Earnings before interest, tax, depreciation and amortisation (EBITDA) were EGP 1.39bn, delivering a margin of 52%, the company said. Earnings per share for the period were EGP 0.53.

Telecom Egypt owns a 45% stake in British operator Vodafone's local unit. It said Vodafone Egypt made a positive contribution to the share of profits of 192m pounds. Telecom Egypt shares closed at 13 pounds on Sunday. *(Reuters)*

Orascom Telecom (OT) is expected to post a first-quarter net profit of USD 45m on Monday, following a net loss in the fourth quarter of 2011 when it was weighed down by currency losses and impairment charges, according to analysts. The Egypt-based company, which has operations in Algeria, Pakistan, Bangladesh and Canada, should post a profit for the quarter in the absence of major currency effects, along with flat revenue quarter-on-quarter and a slight improvement in EBITDA (earnings before interest, tax, depreciation and amortisation) margin, said CI Capital's Amr El Alfy.

Orascom Telecom's net income attributable to equity holders soared in the first quarter of 2011 to USD 813m from USD 49m in the same period of 2010 after it accounted for gains from the sale of a stake in its Tunisian unit. The firm posted a net loss of USD 83m before minority interests in the fourth quarter of 2011 due to impairment charges and after the Bank of Algeria instructed banks not to process any overseas foreign currency transfers for its Orascom Telecom Algeria unit. Russia's Vimpelcom bought Orascom Telecom's parent company from Egypt's Sawiris family in April 2011. *(Reuters)*

CPI Inflation



Source: SAR

Egyptian vehicle distributor GB Auto's first-quarter net profit rose 61% on improvements in vehicle sales, its financing business and other activities, the company said in a statement on Monday. GB Auto said net profit rose to EGP 18.58m (USD 3.08m), compared with EGP 11.53m in the same period a year earlier. Its sales of cars and buses as well as other activities such as financing produced revenues of EGP 1.7bn, up from EGP 1.3bn in the same period a year ago.

GB Auto controls one third of the Egyptian passenger car market, which has grown fast in recent years thanks partly to easier access to credit, a wider range of cheaper Asian vehicles and a fast-expanding population. It shares were up 2.4% by 1244 GMT. The benchmark index was down 0.4%. *(Reuters)*

Talaat Moustafa Group, an Egyptian real estate company, reported a 2.5% rise in its net profit in the first quarter of 2012 compared to the same period last year. The company reported profit of EGP 173.7m in the period until March 31 in comparison with a profit of EGP 169.4m a year ago, it said in a statement. In February an Egyptian appeal court upheld a 15-year prison sentence for property tycoon and ex-politician Hesham Talaat Moustafa for his role in the murder of a Lebanese singer, ending his three-year battle to avoid jail

Talaat Mostafa, the ex-chairman of property firm Talaat Moustafa Group was found guilty in 2009 of paying an Egyptian security man to kill Suzanne Tamim, and sentenced to death by hanging. The verdict was commuted to 15 years in prison after a retrial in 2010 but Moustafa challenged it before the appeal court. *(Ahram)*

Citadel Capital said its opportunity-specific fund Golden Crescent Investments has entered into a second amended agreement for the sale of National Petroleum Company (NPC) Egypt to Calgary-based exploration company Sea Dragon Energy. Cairo-based Citadel Capital is a leading private equity firm in the Middle East and Africa with USD 9.5bn in investments under control.

As per the second amended and restated share purchase agreement, Sea Dragon will have until August 8 to complete the acquisition, subject to a 10-day extension, while Golden Crescent will have until August 1 to solicit and entertain alternative proposals.

In the event that Golden Crescent receives a proposal it wishes to accept, it may terminate the second amended agreement without any (a) penalty or payment in favor of Sea Dragon of the previously contemplated termination fee, or (b) right of Sea Dragon to match any alternative proposal, the Citadel Capital said in a statement.

Golden Crescent had earlier signed a share purchase agreement to sell 100% of its stake in NPC Egypt, a wholly-owned Portfolio Company, to Sea Dragon. The value of the closing consideration payable by Sea Dragon to Golden Crescent under the share purchase agreement is USD 147.5m, it added.

Under the new agreement, Golden Crescent may, prior to August 1, at its option without terminating the second amended agreement and in consultation with Sea Dragon, seek a farm-in partner for the North El-Maghara concession (to a maximum participating interest of 50% of the concession as well as a buyer for its 12.75% participating interest in the South Ramadan concession.

Citadel Capital, which has management control of Golden Crescent, warned that volatile local and global economic conditions could affect the conclusion of the transaction. This announcement does not constitute a promise to conclude the transaction, as Citadel Capital pointed out that Sea Dragon had to obtain approvals and other clearances from its lenders and regulatory authorities, among other parties. *(Trade Arabia)*

Egypt's Maridive and Oil Services, the biggest oil services company by fleet size in the Middle East, reported on Tuesday a net loss of USD 1.6m for the first quarter of 2012. The firm has posted USD 14.8m of net profit during the same period last year. *(Reuters)*

Egypt's Palm Hills, the country's second-biggest listed developer, said on Tuesday it had narrowed its first-quarter net loss as operating costs declined. The luxury real estate developer posted a net loss of EGP 16.3m (USD 2.7m) in the first quarter of 2012, compared with a loss of 36.2m pounds in the same period a year earlier.

The firm, battered by investigations into previous state land sales and by client cancellations after the uprising that toppled Hosni Mubarak last year, has made few new sales in the year since the uprising. Revenue for the first quarter fell to EGP 29m from EGP 193.5m in the same period a year earlier. Its operating costs dropped by 91% from EGP 201.7m in the first quarter of 2011 to EGP 17.7m, which analysts said could be an indicator of a lower rate of cancellations and slower construction and deliveries.

The company is just one of several real estate firms in the Arab world's most populous country facing legal challenges relating to their land holdings since a court ruled that a sale of state land to Talaat Moustafa Group (TMG) was illegal because it was not auctioned. TMG's first-quarter net profit rose 2.5% as sales rebounded from the same period of 2011.

Palm Hill Chairman Yasseen Mansour and former housing minister Ahmed el-Maghrabi were cleared of corruption charges in a state land sale in July. But the company is still awaiting a verdict from another court on whether the contract for the sale of a land plot should be scrapped. Palm Hills shares slid 3.5% at 1041 GMT, while the benchmark index dropped 0.9%. *(Reuters)*

Egypt's Mobinil has approved France Telecom's tender offer for 100% of its shares, according to local media announcements. The agreed price of EGP 202.5 per share is 73% higher than the stock valuation made by an independent financial advisor appointed by Mobinil. It is also 111% higher than the mobile operator's average share price over the last six months, according to figures from Beltone Financial. The Egyptian Financial Supervisory Authority (EFSA) gave its approval to FT's tender offer in late April, clearing one of the few remaining hurdles to the long-awaited takeover. *(Ahram)*

The real estate firm made a loss of EGP 5.5m in the first three months of the year, compared to a profit of EGP 1.3m in the same period of 2011, Egypt's stock exchange said, without giving further details. Egyptian Resorts and other property firms have been hit by the political and economic turmoil that followed the overthrow of President Hosni Mubarak last year. It has not sold any land to developers since the third quarter of 2008. *(Ahram)*

Egypt's state-owned Food Industries Holding Company (FIHC) bought 30,000 tonnes of sunflower oil and 19,000 tonnes of soyoil for arrival between June 20 and July 10, a trader said on Thursday. The 30,000 tonnes of sunflower oil were bought from Louis Dreyfus for USD 1,179.97 per tonne on a cost and freight basis.

Of the 19,000 tonnes of soyoil, 15,000 were from the National Vegetable Oil company and 6,000 were from Alex Seeds, for 7,100 Egyptian pounds (USD 1,200) per tonne on a cost and freight basis. *(Reuters)*

Shareholders in Orascom Construction Industries (OCI) have approved a plan to separate its construction and fertiliser businesses into two new companies, the group said on Thursday. The move is designed to make the two entities more competitive, widen their investor base, make their management more flexible and improve their profiles. Each stockholder should receive an additional share for each share held.

Usually companies go for stock splits when a company's share price has grown so high to many investors and too expensive to buy in round lots. "OCI reported a record shareholder participation rate of 84.48% of the company's total outstanding shares at the extraordinary general meeting," it said in a statement. Egypt's regulator must approve the move before it can go ahead.

OCI closed up 1% at EGP 273.7 on Thursday. It has the highest amount of capital on the Egyptian stock market and is owned by Naguib Sawiris. In early 2012, the Egyptian telecommunications giant Orascom Telecom, which is partially owned by Naguib Sawiris, was split following its partial sale to Russia's Vimpelcom the previous year.

The spun-off assets now form Orascom Telecom Holding (OTH), mainly comprised of overseas interests and owned by Vimpelcom, and Orascom Telecom Media and Technology (OTMT). *(Ahram)*

Economic News

Egypt's interim government expects 4 to 4.5% growth in the economy for the fiscal year that starts on July 1, a minister said on Monday. Growth has tumbled in the wake of Egypt's uprising that toppled Hosni Mubarak in February 2011. Economists predict it will rise by just 1.6% in the fiscal year 2012/13. Last week, the government submitted its draft budget for 2012/2013 that included 15% increase in spending.

"The government aims to increase the growth rate to 4 to 4.5%, which is a bold rate given the current circumstances, by making larger investments," International Cooperation Minister Faiza Abul Naga told reporters. Finance Minister Mumtaz al-Saeed said spending in the budget would be EGP 537.7bn, adding that the deficit would be about EGP 140bn.

His numbers differed from a previously stated spending figure of 516bn pounds with a deficit of 170bn pounds. Saeed said the state's revenue from taxes and tariffs would boost its income to EGP 392.4bn next year from EGP 349.6bn this year. He said government investment would increase by 10.3% in the coming year.

The budget is currently awaiting approval from the country's army rulers and elected parliament. Social justice and the fair distribution of wealth were the main reasons that erupted last year's uprising against Mubarak. The government of army-appointed Prime Minister Kamal al-Ganzourir is expected to resign by early July after the election of a new president. A presidential vote starts on May 23-24.

When it announced the 2011/12 budget in June last year, the government had put spending at 490.6bn pounds, up 14.7% from the previous year. In March, the finance minister put the deficit for the current year at 144bn pounds. Many economists believe the political and economic turmoil since last year's uprising, which has eaten into revenue and increased demands for higher wages, could end up pushing the actual deficit much higher.

Egypt has asked to borrow USD 3.2bn from the International Monetary Fund to help it plug next year's deficit, but the IMF is insisting the government put together a programme that reins in spending or comes up with new sources of revenue. A survey of 11 economists in March forecast, year-on-year gross domestic product (GDP) will grow by 1.6% in the financial year starting on July 1, 2012, but will rise to 4.0% the following year. *(Reuters)*

Egypt's government submitted its final draft budget for 2012/2013 to the state's military rulers on Wednesday, increasing spending by EGP 17.7bn from a previously announced figure earlier this month. Once approved by the army that took over power after the ouster of Hosni Mubarak last year by an uprising, the budget will be sent to the country's newly elected parliament, where it is likely to face heated debate.

The Parliament, dominated by the Muslim Brotherhood's Freedom and Justice Party, last month overwhelmingly rejected a cabinet plan to cut state spending. Finance Minister Mumtaz al-Saeed said in a press conference that spending for the coming fiscal year that starts on July 1 would be EGP 533.7bn (USD 88.38bn). A former draft for the budget published on May 9 put next year's spending at EGP 516bn.

Under the new budget, the deficit would be EGP 135bn. In March, Saeed put the deficit for the current year at EGP 144bn. Last Monday the government announced it expects 4 to 4.5% growth in the economy for the coming year. Social justice and unfair distribution of wealth were the main reasons behind last year's uprising against Mubarak.

The government of army-appointed Prime Minister Kamal al-Ganzouri is expected to resign by early July after the election of a new president. A presidential vote starts on May 23-24. Many economists believe the political and economic turmoil since last year's uprising, which has eaten into revenue and increased demands for higher wages, could end up pushing the actual deficit much higher.

Egypt has asked to borrow USD 3.2bn from the International Monetary Fund to help it plug next year's deficit, but the IMF is insisting the government put together a programme that reins in spending or comes up with new sources of revenue. A survey of 11 economists in March forecast, year-on-year gross domestic product (GDP) will grow by 1.6% in the financial year starting on July 1, 2012, but will rise to 4.0% the following year. *(Reuters)*

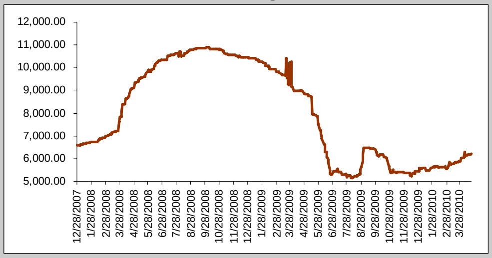
Egypt has resumed natural gas deliveries to Jordan, even as it has severed supplies to Israel and cancelled the gas sale contract with East Mediterranean Gas Company (EMG), in which Yosef Maiman in a shareholder. Until now, both Israel and Jordan were affected by the multiple attacks on gas pipelines in Sinai, which halted deliveries for 200 days in 2011, and stopped them almost entirely since the beginning of 2012. However, while deliveries to Jordan are due to resume this month, Israel will get nothing. The Egyptian Natural Gas Company (GASCO) announced that deliveries to Jordan will gradually increase from 500m cubic meters a year to more than 1.5bn cubic meters (BCM)

Jordan consumes 3.5 BCM of natural gas a year, most of which is supplied by Egypt, under a 2002 agreement. Before the fall of the Mubarak regime in February 2011, Egyptian gas generated 80% of Jordan's electricity, compared with 20% of Israel's. The disruptions in Egyptian gas deliveries forced Jordan to increase its expenditures on alternative fuels for generating electricity from USD 1.4bn in 2011 and will spend an estimated USD 2bn in 2012. Israel was forced to increase its spending on alternative fuels to NIS 12bn (over USD 3bn). However, the comparative cost to Jordan is far higher, given that its GDP is a tenth of Israel's.

But whereas Israel has raised electricity rates 25% following the crisis in Egyptian gas, Jordan's parliament refused to approve similar measures, forcing the government to subsidize the extra expenditures in full from the state budget. Egyptian gas deliveries to Jordan began to decline in 2010, when President Hosni Mubarak was still in power, due to domestic gas shortages. Egypt delivered 3.1 BCM of gas to Jordan in 2009, 2.26 BCM in 2010, and 0.88 BCM in 2011, as the disruptions kicked in. Egypt delivered 2.1 BCM of gas to Israel in 2010 and 0.7 BCM in 2011. *(Globes)*

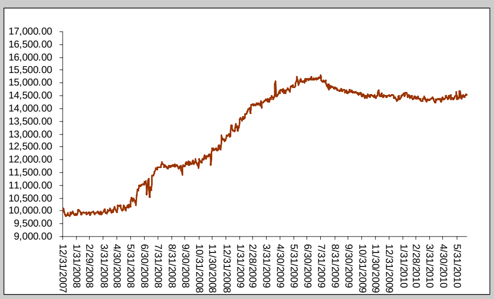
Ghana

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 -0.32% to close at 1,046.94 points. CAL was the main mover after gaining +8.70% to GHS 0.25 followed by ETI (+7.69%) and Goil (+4.88%). Total (-10.20%), EGL (-6.06%) and SIC (-2.63%) were on the losing front.

Corporate News

Ghana's Ministry of Energy has extended by 12 months, Tap Oil's exploration period to continue drilling at the Offshore Accra Contract Area. The Australian firm who confirmed the extension in a statement said May 11, 2012, "The Initial Exploration Period now ends on 23 September 2013, by which date the commitment well must be drilled."

Tap Oil said in 2011, it acquired a new 3D seismic over the deepwater part of the Contract Area and "interpretation of the data at hand indicates multiple large prospects within both the post-rift Upper Cretaceous fan sands (the same play type as Jubilee) and pre-rift Lower Cretaceous rotated fault blocks (the same play type as the Espoir and Baobab oil fields)".

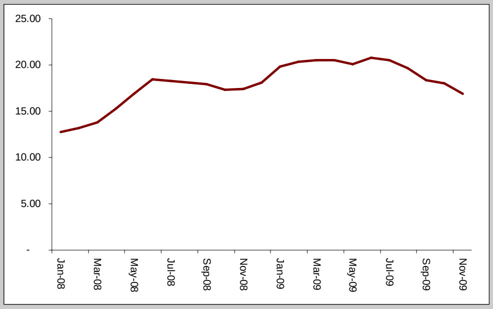
To date, the company indicated that several prospects and leads have been mapped and have unrisked prospective resources of greater than threebn barrels. Well planning is in progress with various rig options currently being investigated, Tap said. Located at the south-east of Accra, the offshore covers an area of 2000 square kilometres, in water depths ranging from less than 50 metres to greater than 2500 metres.

Partners at the Accra Contract Area are Tap Oil, Afex Oil, Challenger Minerals and the Ghana National Petroleum Company. The Petroleum Agreement between Tap, its Joint Venture partners, the Republic of Ghana and the GNPC governing exploration of the Contract Area was formally ratified on March 24, 2010. *(GBN)*

West African miner Golden Star Resources said on Friday net income for the three months ended March rose 66% to USD 9.059m compared to USD 5.455m for the same period in 2011. Revenues for the period increased by 12.5% to USD 131m dollars from USD 116.5m. *(Reuters)*

Tigo Ghana has launched a new voice based entertainment product, the Tigo Voice Chat Service, an interactive service that grants subscribers the opportunity to interact vocally in chat rooms. A statement copied to the Ghana News Agency on Tuesday, the new Tigo Voice Chat offers subscribers the option to choose from a variety of chat rooms ranging from love and romance, friendship, business and jobs.

CPI Inflation



Source: SAR

The product is accessible by both postpaid and prepaid subscribers, the statement said adding "…not only is it very easy to use, but it's affordable and convenient." To access the Voice Chat platform, subscribers have to dial 616 and follow the voice prompts. *(GBN)*

The Ghanaian subsidiary of South African mobile telecom group MTN has raised a syndicated loan worth USD 276m at current exchange rates to finance network expansion, its director said on Wednesday. MTN Ghana managing director Michael Ikpoki told Reuters that some 16 local banks, led by Stanbic Bank Ghana would provide GHS 410m (USD 215.8m), in addition to USD 60m from four foreign banks.

"It was a successful syndication - the first of its kind and proof that we do not have to be always looking outside to raise funds for investments," Ikpoki said after a signing ceremony. He said the cedi syndication was oversubscribed by 35% while the dollar counterpart was oversubscribed by more than 90%. He said the funds would be used to upgrade the entire network to 3G and above. MTN is the leading mobile network operator in Ghana with its subscriber base hitting 10m in January.

Other networks include Britain's Vodafone with about 4.2m, Millicom International Cellular's Tigo with nearly 4.1m and India's Bhati Airtel which has 2.5m. The rest are Sudan's Sudatel Expresso with less than 200,000 subscribers and Nigeria's Globacom which launched last month. *(Reuters)*

Tullow Oil has described as encouraging initial results of a program to boost productivity at the Jubilee Oil Field to the initial 120,000 barrels of oil per day. This is contained in the company's operational update in a press release copied to Citi Business News. Tullow Oil, reiterated that the projected 120,000 barrels of oil per day would be reached in early 2013.

According to the lead operator on the Jubilee field, production on the Jubilee Field has produced 33m barrels of oil after 34 liftings. The report said in 2012 to date, Jubilee Field production has averaged approximately 67,000 barrels of oil per day but this is likely to change early next year. Tullow said some of the initiatives it has taken to get the field producing oil at its maximum capacity, is to reposition some of the wells producing the oil and installing an alternative completion design in one of the affected wells.

Gross production is therefore expected to average between 70,000 and 90,000 barrels of oil per day in 2012 and field capacity is expected to be reached in early 2013. Technical work on the TEN development, which includes the FPSO design competition, subsea FEED and associated tendering is progressing to plan. The schedule to submit the Plan of Development to the Minister of Energy is on track for submission during the third quarter.

First production is expected approximately 30 months after receipt of Government approval. The only bad news perhaps is when the partners failed to find any oil in the Teak-4 appraisal well in the West Cape Three Points license and had to abandon it. Government approval for the Phase 1A development was received in January and will include five additional producing wells and three injection wells. The first well was drilled in April and first production from the Phase 1A development is expected in the fourth quarter of 2012.

In the West Cape Three Points licence, the Teak-4 appraisal well encountered thin non-commercial reservoirs and the well has been plugged and abandoned. Discussions are on-going in relation to further appraisal and development plans for the Mahogany, Teak, Akasa and Banda discoveries. In the Deep Water Tano licence, excellent progress was also made on the TEN appraisal programme over the period with three wells drilled. Enyenra-4A, a down-dip appraisal well encountered good oil bearing sands and proved a continuous oil column in the Enyenra field of approximately 600 metres.

Owo-1RA, the re-drill of the original Enyenra discovery well, was tested during the period at a co-mingled rate of approximately 20,000 bopd and Ntomme-2A, a down-dip appraisal well, discovered high quality oil bearing reservoirs. Technical work on the TEN development, which includes the FPSO design competition, subsea FEED and associated tendering is progressing to plan. The schedule to submit the Plan of Development to the Minister of Energy is on track for submission during the third quarter. First production is expected approximately 30 months after receipt of Government approval. *(GBN)*

Economic News

Cocoa purchases declared to Ghana's industry regulator Cocobod reached 744,298 tonnes by May 3 since the start of the season, down 6.7% on the same period last year, according to Cocobod data seen by Reuters on Monday. Cocobod said in mid-April it might not meet a 950,000-tonne output target this season due to dry weather that has hampered growing. The world's second largest cocoa grower after Ivory Coast produced more than onem tonnes last year. *(Reuters)*

The government of Ghana through the central bank will on May 23, 2012 issue a GHS 300m-three-year fixed rate bond. The purpose, the Bank of Ghana (BoG) in a statement said is to “support urgent government commitment falling due and to provide a benchmark yield of three years in the market.” The bond shall be available to residential and non-residential investors, according to the central bank. *(Reuters)*

The Volta River Authority (VRA) has secured deals in which two projects that will yield 900 megawatts of electric power to the country within the next three years are to be aggressively pursued. Contracts for feasibility studies have been awarded for the use of 100 hectares of land at the Domunli Gas and Power enclave, to implement the projects. According to the Chief Executive Officer of the VRA, Mr. Kweku Andoh Awotwi, the project, which is in two phases, will push to another level the power generation capacity of the VRA in its quest to remain the giant that it has always been in Africa.

Speaking to the media at the site of the project in Domunli in the Jomoro District of the Western Region on Monday, he said his outfit, working under the auspices of the Ministry of Energy, has earmarked 50 hectares of the enclave for a project that will produce 450MW in the first phase, which is expected to begin within nine months. He said this when the Minister of Energy, Dr. Joe Oteng-Adjei, paid a working visit to the area as part of his tour of the Western Region to ascertain progress on various projects being implemented by his ministry.

They include a USD 350m Rural Electrification Project being undertaken by Weldy Lamont/TMG, a US-Ghanaian company. He was accompanied by Deputy Minister of Energy in charge of Petroleum and Member of Parliament for Ellembele Constituency, Hon. Emmanuel Armah-Kofi Buah, and some technocrats from the ministry as well as top officials from the implementing agencies. So far, design drawings for 1,292 towns in 17 districts in the Western Region under first survey works by the contractor have been approved by the Electricity Company of Ghana (ECG) for construction. Out of this number, the state agency has issued work orders on 479 towns for award packages to the contractor for which works have commenced in 402 towns.

The minister’s visit took him to some of these towns, which include Suazo and Ansokrom in the Jomoro District, Banso and Asonsi in the Nzema East Municipality and Ajan in Ellembele District, among others. Kick-starting his tour with a meeting with members of the Jomoro District Assembly, he urged the people of Jomoro to ensure that they take advantage of various projects being embarked on in their District. Dr. Oteng-Adjei said the installation of a power generation plant in the area, which will feed on processed gas from Atuabo, will attract industries to the locality to provide jobs for the people.

He therefore called on them, especially the youth, to develop themselves in readiness for the opportunities that will become available. He also urged them to remain calm while the government undertakes the expected facilities, adding that ‘it is in peace that development is possible’. The minister is expected to inspect work on other rural electrification projects in various districts across the country in the coming weeks. *(GBN)*

Foreign investors are likely to take up a significant chunk of next week's bond auction in Ghana despite turmoil in the euro zone and recent currency volatility, a senior central bank official said on Thursday. Next Wednesday's sale of GHS 300m (USD 159m) in 3-year bonds could attract at least 500m cedis worth of bids, Adams Nyinaku, head of Treasury at the Bank of Ghana, told Reuters in a phone interview.

"We will issue 300m cedis but we expect the patronage to be more than that," Nyinaku, said. "It will be 500m up." Ghana's last auction of 3-year bonds in February was heavily oversubscribed, with more than 50% of the bids coming from offshore investors despite predictions that a weakening currency would turn them off. However, the cedi has declined even further since then and has fallen by more than 14% against the dollar this year, prompting the central bank to intervene.

It hiked its prime lending rate by 100 basis points to 14.5% in April and also re-introduced short-term bills. Nyinaku said he expected strong interest in the bond auction from foreign investors focused on Ghana's political stability, which would result in dollar inflows. "We still expect that the participation will be encouraging this time," he said. The central bank had not been expected to issue another 3-year bond before September. According to an issuance calendar for April to September, the bank was scheduled to offer 200m cedis in 5-year bonds in July.

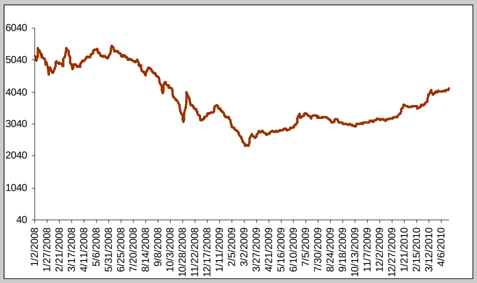
Emmanuel Nambware, head of rates and credit trading at Standard Chartered Ghana, said the planned issue was "a bold move" and should reinforce the recent measures to stem the cedi's slide. "By resolving to continue keeping a face in the bond market despite the recent currency concerns, the Bank of Ghana is not only showing consistency, which is key for the nascent bond market, but will also likely get dollar flows at this crucial time," he said.

The coupon will be determined at the auction and proceeds will be used for infrastructure development. Yields on Treasury bills and short-term notes have been edging up since the beginning of the year. The 2-year note yielded 16% at an auction last week, compared with 12.1% in January.

Nyinaku said no decision had been made on whether to extend the yield curve beyond five years, though Ghana's 2012 budget included a pledge to introduce 7- and 10-year bonds this year. "We are yet to have that instruction from the government," he said. "As of now we are aware of the 5-year." *(Reuters)*

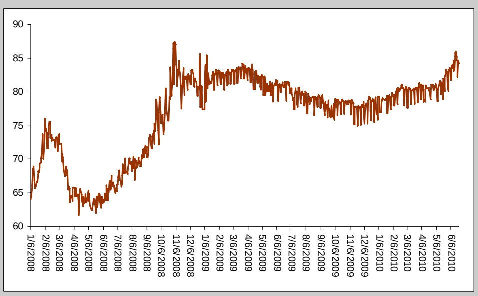
Kenya

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 +2.79% to close the week at 3,699.69 points. Uchumi led the movers after gaining +16.88% to KES 18.00 followed by NIC Bank which rose +15.87% to KES 36.50. Other notable gains were recorded in Kenya Re up +15.42% to KES 13.10 and Kenya Airways (+13.61%). Pan Africa Insurance was the main loser, shedding -5.93% to KES 27.75 followed by Nation Media (-2.91%) and Scangroup which lost -1.90% to KES 51.50. Market turnover was down -22.31% to KES 1.88bn.

Corporate News

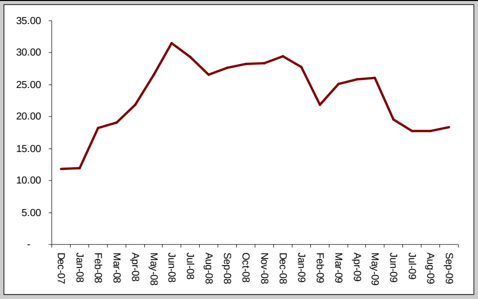
Kenya's second-largest cement firm Athi River Mining posted a 17% rise in first-quarter pretax profit to KES 396m (USD 4.7m), helped by higher production and growing demand for cement for infrastructure projects. The cement manufacturer, whose turnover jumped 61% to KES 2.7bn for the three months ended March, said on Monday it would recommend a share split of five for every one ordinary share and a name change to 'ARM Cement Limited' at an annual general meeting scheduled for July 24.

Its earnings per share rose to KES 10.40 from KES 8.90 in the same period in 2011. At 0910 GMT, its shares were up 1.5% at KES 201. The company said in March it planned to raise USD 50m, equivalent to 13.6% of its total equity, through a six-year convertible loan from Africa Finance Corp this year to finance expansion of its clinker and cement plants. *(Reuters)*

Kenya's Uchumi Supermarkets plans to open three new outlets in neighbouring Uganda to tap a fast-growing economy that has been underserved by retail chains, its chief executive said. "In Uganda we are expecting to have three more stores. One of them is expected to open in about three weeks and that is a hyper (market) on the busy Kampala-Entebbe road," Jonathan Ciano told Reuters. Another store would be opened in the western part of Kampala, which is not served by the large chains, he added.

The chain already operates two large stores in Kampala and a third one in the northern town of Gulu. Retail on the African continent has attracted a lot of interest in recent years from investors who are keen to play the continent's economic growth story, which typically drives consumption. "Uganda has been a very underutilised market.

Kenyan competitors are running there now but I don't think that is the right way. You have to be cautious in ensuring you have the right site," Ciano said. Uchumi shares relisted on the Nairobi bourse in 2011 at KES 15.9 after a five-year trading suspension due to insolvency. They initially tumbled, but have since recovered and are currently the top performers on the bourse this year. At 0900



Source: SAR

GMT, the stock was down 1.3% at KES 16.

The company, which also operates in Tanzania, said around the time of its relisting that it expected to increase its market value by 50-100% within two years thanks to expansion in the region. Uchumi had sales of KES 10.84bn (USD 129.7m) in the year ended June 2011. *(Reuters)*

Swiss oil firm Puma Energy has kicked off its bid for a 100% takeover of KenolKobil with a declaration that it intends to offer minority shareholders the option of selling their shares through a mandatory general offer. This follows the acquisition of a controlling stake in the listed company after it bought off the majority shareholders last week. Through the offer, the minority shareholders will have to sell shares at the same price as majority shareholders to pave the way for the full takeover.

Once Puma Energy acquires all available shares, the oil marketing firm will effectively change status from a public to a private company. In a statement to shareholders and business partners on Tuesday, KenolKobil Chairman and Group Managing Director Jacob Segman said the process will be governed by Capital Markets Authority (CMA) rules and regulations.

He added that through the potential transaction, KenolKobil will have better ability to finance operations, capital expenditure and other growth initiatives in petroleum and non-fuel development. "Especially since early 2011, the Board of Directors of KenolKobil realised that the group's shareholding structure may have to change in order for the group to continue being competitive and successful in its expansion program in Africa," Segman said.

Last week, the CMA suspended trading on KenolKobil shares on the local bourse indefinitely to curb speculative trading. Puma Energy is a subsidiary of Trafigura, the third largest petroleum trading company in the world which has interests in oil, coal and shipping among others. Puma Energy is already operating in a number of countries in Sub Saharan Africa where it is trading in the middle and downstream markets. *(All Africa)*

Rising total interest income buoyed Barclays Bank of Kenya's profit defying high interest rates and inflation to beat market expectations. The bank, majority owned by British lender Barclays , said in a statement on Wednesday that pretax profit rose 21% to 2.9bn shillings (USD 11.85m) for the first three months to the end of March.

"People were expecting the bank's profits to dip in the first quarter of this year following the spike in interest rate we saw at the end of last year, but they have proven to be resilient," said Ronald Lugalia, an analyst at Afrika Investment Bank. Total interest income soared 34% to 5.2bn shillings, while total operating expenses remained flat at 3.8bn shillings. The bank's total income rose 8% to 6.7bn shillings.

The bank's shares closed 0.4% higher at 13.05 shillings. The results were released after the market had closed. 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, creating worries that the demand for loans would fall and defaults rise.

The banks results mirrored those of its peers Kenya Commercial Bank (KCB) and Equity Bank, which posted strong first-quarter earnings and forecast strong profits the rest of the year. Barclays Bank of Kenya said its loan book grew by 10% in the quarter to 100.3bn shillings, while its net loan-loss provision decreased 39% to 702m shillings in the face of high interest rate during the period. *(Reuters)*

CIC Insurance received approval from the Capital Markets Authority on Wednesday to list on the Nairobi Securities Exchange. The firm will list by way of an introduction, meaning that it is not open to the public and investors interested in buying shares will have to wait until they are floated at the NSE. The listing, CMA chief executive Ms Stella Kilonzo said, would help to unlock the value of the company's investment and aid in price discovery. The approval follows that of Longhorn Publishers which was recently allowed to list through the same method.

"The Authority was satisfied that CIC Insurance Group made adequate disclosure of the material in accordance with requirements of CMA, capital markets (securities), public offers, listings and disclosures regulations, 2002," she said in a press release. CIC will list 2,178,195,820 ordinary shares costing a shilling each on the main investment segment of the NSE as part of its mandate to facilitate listing of additional securities in the stock exchange.

The insurance company in January appointed Faida Investment Bank as transaction advisors, Kingdom Securities as sponsoring broker and Deloitte & Touche as reporting accountants and Co-operative Bank as share registrars. *(Nation)*

Standard Chartered Bank of Kenya posted a 41% rise in quarterly pretax profit, helped by higher revenue and a smaller provision for bad debt. "Consumer banking income momentum has continued while wholesale banking has also had a strong start to the year with a record performance in client income," chief executive Richard Etemesi said on Thursday.

"Both the businesses enter the second quarter with good momentum, but we remain vigilant about the global outlook and the uncertainties within the political and economic environment in Kenya." The bank, controlled by London-listed Standard Chartered , posted a first-quarter pretax profit of KES 3.3bn (USD 39m), with revenue up a third to KES 5.5bn.

The bank said loans and advances grew 41% to KES 96.5bn while the provision for bad debts edged down to KES 134.3m from KES 135.5m a year ago. The cost to income ratio also fell to 38.0% during the quarter from 40.4%, said the bank, which is considering expansion into Ethiopia and South Sudan.

The results came after local peers Barclays Bank of Kenya's, Equity Bank and Kenya Commercial Bank posted strong quarterly profit, defying high interest rates and inflation to beat expectations. *(Reuters)*

Kenya is close to sealing a deepwater exploration contract with France's Total and has offered three other oil majors new offshore blocks, the country's petroleum commissioner said. Martin Heya told Reuters on Tuesday a production sharing contract with Total for block L22 offshore was with the Attorney General's office, meaning it is close to being signed. He said the energy ministry had offered Brazil's Petrobras , Norway's Statoil and Italy's Eni offshore blocks, but the companies had yet to sign agreements.

Oil and gas exploration in East Africa has surged in recent years, after hydrocarbon discoveries in Mozambique, Tanzania and Uganda. British explorer Tullow Oil has also found oil in Kenya, but its commercial viability is yet to be determined. Kenya said in March it was listing eight new deepwater blocks for leasing. It said on Tuesday it had signed production sharing contracts with U.S.-based CAMAC Energy Inc. for four blocks, two of which are new deepwater blocks.

In all, Kenya has 46 exploration blocks. With CAMAC's signing, 34 are licensed. Heya said last month Total had purchased data in the area that is now block L22. It approached the Ministry of Energy and requested it demarcate a block there. In July 2011, Total signed a heads of agreement with the government to acquire it. Normally, Kenyan authorities choose where exploration blocks will be, delineate the boundaries and then licence them.

However, because the country had been looking for a company to ramp up exploration efforts offshore - and Total has a long history of exploration in risky, deepwater areas - Kenyan officials responded warmly to Total's proposal, Heya said. Heya said Texas-based CAMAC was the first explorer to licence any of the eight new deepwater offshore blocks the country gazetted earlier this year.

Two of CAMAC's four blocks, L27 and L28, are in deep waters offshore, due east of the coastal city of Mombasa. Block L1B is onshore while L16 straddles land and sea. CAMAC has a 90% stake in the blocks and will be the operator, with the government holding the rest. CAMAC says it expects to find a local partner to take a minority interest.

CAMAC signed a preliminary heads of agreement on one other onshore exploration block, 11A in northwest Kenya in February, according to information from the company. The licences mark CAMAC's entry into East Africa. The Texas company also actively explores in West Africa.

"Signing the PSCs for these four blocks in Kenya represents a milestone in CAMAC Energy's strategy to acquire highly prospective exploration acreage in targeted oil and gas basins in Africa," said Segun Omidele, CAMAC's senior vice president of exploration and production, in a statement late on Tuesday. *(Reuters)*

Tullow Oil Plc Chief Executive Officer Aidan Heavey said Kenya's oil potential may be greater than neighboring Uganda, where the company and its partners have found about 2.5bn barrels of resources. "What surprised us in Kenya was that the first well had such a big section of oil," Heavey said in London. Drilling at Tullow's Ngamia-1 well revealed more than 100 meters (328 feet) of oil, more than double the amount at its other East African exploration wells, the company said earlier this month.

Tullow, which has unlockedbns of barrels in frontier regions from Ghana to French Guiana, is seeking to replicate those finds in East Africa. While Kenya has no proven oil reserves, Exxon Mobil Corp and Chevron Corp found natural gas in its Anza Basin in 1976. Tullow is working with Total SA (FP) and Cnooc Ltd. (883) to develop oilfields over the border in Uganda, where it expects to start production as soon as this year.

Ngamia-1's column of oil is the largest oil-bearing section Tullow has found in a single well, Heavey said today. "It's only one well in an area nearly the size of England," he said. The London-based company has drilled the well, in Block 10BB, to 1,515 meters and plans to extend the depth to 2,700 meters.

"We are pretty confident that we can move pretty fast in Kenya if we prove up the commercial amount of oil," Heavey told reporters. "It's a great start." Separately, the CEO said that Tullow is in talks with "a few companies" about the possible sale of its assets in Pakistan and Bangladesh. *(Business Week)*

Economic News

Kenya ranks top in Africa in readiness to adopt mobile payments, a new report shows. Out of 34 countries analysed globally on their readiness to use person to person, mobile-web commerce (m-commerce) and mobile contact-less payments at points of sale, the MasterCard Mobile Payments Readiness Index identified Singapore, Canada, the United States, Kenya and South Korea as the most prepared nations.

The MPRI, compiled by MasterCard Global Insights between October 2011 and February 2012, says consumer readiness is the critical success factor to drive mobile payments adoption, with Kenya ranking fourth globally, and first in Africa, in this regard. "Kenyan consumers' very high levels of familiarity with and frequent usage of mobile payments makes this nation the top score on the survey's Consumer Readiness component," MasterCard Worldwide, East Africa and Indian Ocean Islands Vice President Charlton Goredema noted.

The Index positioned markets' readiness for global payments on a scale of 0 to 100, with the global average settling at 33.2. The Kenyan market scored 40.4 on this scale. This is well above the average and a little more than one point behind the US, which came in at 41.5 but ahead of Nigeria and South Africa, two African markets surveyed. *(Nation)*

The number of tourists visiting Kenya from South Africa grew by 28% in the first three months of 2012, as part of growing intra-regional tourism on the African continent. Industry players are seeking to capitalise on this growth, even as traditional source markets in Europe threaten to stagnate in the face of an economic crisis that is eating into revenues in the sector.

While the number of tourists from South Africa grew by 16% last year, traditional source markets such as France, Italy, the US and Germany recorded declining market shares. "South Africa is set to become our fastest growing source market in the region. We are investing and marketing heavily in the country," said Tourism assistant minister, Ms Cecily Mbarire.

She added that 44% of South African tourists visiting Kenya came on business related excursions. She was speaking on Saturday on the sidelines of a tourism marketing event in Durban. Dubbed Indaba, the event attracted 13,000 exhibitors from across the world. It is Africa's largest tourism trade show and the third largest tourism marketing event in the world. 20 Kenyan companies are exhibiting at the trade show.

Growth in the number of South African tourists visiting Kenya is reflective of a positive trend in regional tourism on the continent. In 2011, African source markets contributed 24% of total arrivals to Kenya. Uganda had the highest number of arrivals followed by South Africa and Tanzania.

Meanwhile, South Africa reported 32.7% growth in tourists from Nigeria and 45% growth in tourist numbers from Tanzania. Kenyans travelling to South Africa during the period increased from 29,089 in 2010 to 30,279 in 2011, marking a 4.1% increase.

On Saturday, South Africa's tourism ministry revealed a plan to invest KES 2.2bn in marketing the country across the continent. The government is also planning five regional tourism marketing hubs. Insiders revealed that Nairobi might be one of those hubs. *(Nation)*

Kenya cut its economic growth forecast for 2012 on Tuesday saying high interest rates, soaring fuel costs and lower investment ahead of a general election would slow expansion in east Africa's biggest economy. Kenya's 2012 Economic Survey gave a 3.5-4.5% range for growth, downgrading the growth forecast from a 5.2% projection in a budget policy statement released in April.

"The high interest rates, that's a major issue. And of course as we move towards elections, most of the investors shy away, so this is likely to effect, and of course oil prices," Planning Minister Wycliffe Oparanya said. Oparanya said in addition to these factors, the economy would be hurt by erratic weather conditions, including both drought and too much rainfall, during the year. Economic growth in 2011 fell to 4.4% from 5.8% in 2010, he said.

Last year, a volatile shilling slid 25% to a record low of 107 on October 11, but has since recovered, after the central bank sharply raised its key lending rate to 18% in December from 7% in September. "The ... growth forecast for 2012 indicates a willingness from the government's side to tolerate a lower economic growth rate as a price to bring inflation back into single digits, but words will have to be followed by action here," Mark Bohlund, senior economist for sub-Saharan Africa at IHS Global Insight.

"While monetary tightening should contribute to bringing down inflation, a higher degree of government spending going to infrastructure investment rather than the recurrent expenditure envelope would also be beneficial over the medium term." The International Monetary Fund said in its latest forecasts for sub-Saharan Africa that Kenya's economy is expected to grow by 5.2% in 2012, and 5.7% in 2013.

Oparanya said high oil prices and interest rates, that could lead to defaults on loans, may persist this year, and coupled with slowing investments, would lead to lower the 2012 growth. At a separate function, Finance Minister Robins on Githae said slowing food prices would counterbalance fuel price rises. "Fuel prices have gone up again and we are hoping that when we get the inflation figures for this month that it will be overly compensated by a drop in food prices ... particularly cabbages and short-term cereals," he told reporters.

Inflation stood at 13% in April. Kenya's economy largely relies on agriculture, which slowed to a 2.4% growth last year from 6.4% in 2010, on account of erratic weather and the high cost of fertiliser. Tourism continued its recovery with earnings up 33% to KES 98bn (USD 1.17bn) versus 2010.

The sector is however expected to slow down on the euro zone crisis, travel alerts from foreign governments over the threat from al Qaeda-linked militants in neighbouring Somalia, and the elections due in March next year. Over the past three decades, Kenya has had its lowest growth periods in or just after election years, says the World Bank.

Oparanya said he expected increased spending by the government on elections and on a new administrative structure under a new constitution would also drain resources. "The government has the appetite to take more because of the commitments of implementation of the new constitution and the elections," Oparanya said. *(Reuters)*

Kenya plans to start negotiations on a sovereign bond after agreeing to borrow USD 600m in a debut two-year syndicate loan from foreign creditors at an interest rate of 4.75% above Libor, the finance minister said on Tuesday. The loan, which replaced a planned Eurobond and is meant to substitute nearly half of a KES 119bn local borrowing target for the 2011/12 (July-June) fiscal year, would go towards ongoing infrastructure projects, officials said.

Treasury said in April it had postponed the Eurobond to the 2013/14 fiscal year, and analyst said the success of the syndicate loan was a good pointer at the ability of the biggest economy in east Africa to access the global financial markets. Kenya is rated B+ by Standard & Poor's and Fitch. "Now we can start negotiating on the sovereign bond for the next fiscal year ... because the intention was to retire the expensive domestic debt," Finance Minister Robinson Githae said at the loan signing.

"The syndicate loan is competitively priced at an interest rate of 4.75% per annum over Libor, and is also competitively priced when compared with other similar African debt financing." Kenya decided to borrow internationally late last year after yields on government securities soared to highs of 20% in December from as low as 2% in January.

This made it costly to borrow domestically, especially to fund the government's infrastructure development plans which are core to its economic growth aims. Yields have since edged down in oversubscribed auctions this year as inflation dropped for five straight month to 13.1% in April. "The market had evidently nosed out the imminence of the loan and this is evidenced in the sharp fall in government yields," said Aly Khan Satchu, an independent analyst.

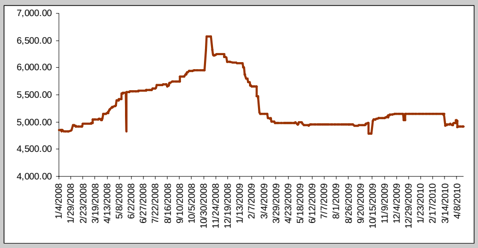
The arrangement of the loan was done by a consortium of foreign banks including Citibank London, Standard Chartered Bank and South Africa's Standard Bank, who also fully underwrote the loan facility. "We are particularly proud to have effectively delivered this financing solution for the sovereign during what has been a challenging period in the markets," David McCaig, Global Head of Debt Products at Standard Bank, said. *(Reuters)*

Kenya's central bank sought to take KES 2bn (USD 23.7m) out of the market via repurchase agreements on Thursday, the fifth straight session

it has done so after an increase in liquidity due to debt redemptions. The bank has so far mopped up KES 44.3bn in repos since April 27 to prop up the interbank rate near the desired 18% level where the key central bank rate stands and support the currency. The weighted average interbank rate rose to 16.3% on Wednesday from 15.9% on Tuesday, helped by the mop ups. *(Reuters)*

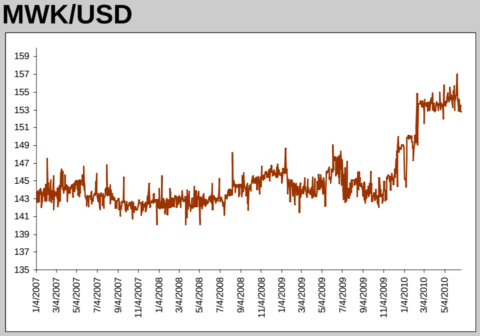
Malawi

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 +0.29 to 5,867.94 points, with thin trades across both local and foreign boards. NBS +7.84%) was the only counter that recorded a price change during the week to close at MWK 13.48. Market turnover for the week amounted to USD 64,402.36

Corporate News

No Corporate News this week

Economic News

An International Monetary Fund (IMF) team will visit Malawi next week to start thrashing out a support package for the impoverished southern African country, the head of the Fund's Africa department said on Monday. Antoinette Sayeh said the IMF would explore "various programmes" for Malawi, whose currency, the kwacha, lost 50% of its value in a devaluation last week. However, she declined to give details or say how much credit might be extended.

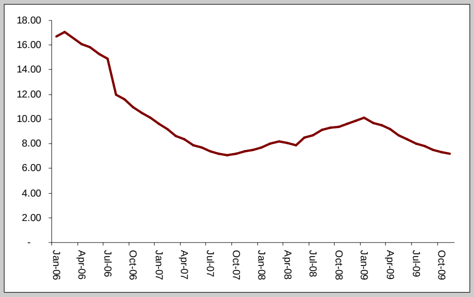
"We will be discussing with the government of Malawi potential new programmes that can be supported by IMF resources," she told Reuters in an interview. "It's too early to say exactly how much will be given." Aid has normally accounted for 40% of landlocked Malawi's budget, although donor flows took a knock last year after a diplomatic spat with Britain and the death in July of 19 people demonstrating against then President Bingu wa Mutharika.

Since Mutharika's death from a heart attack in April, new president Joyce Banda has moved swiftly to patch up ties with donors and the IMF, including last week's sharp devaluation of the kwacha. Her finance minister, Ken Lipenga, said last week the IMF would send letters to donors giving the thumbs up to Banda's financial plans in the hope that they will unlock donor funding and start to end a chronic foreign exchange shortage.

Besides Malawi, Sayeh, who was in Zambia for the launch of the IMF's latest regional economic outlook, also said aid-dependent African countries could take a hit as cash-strapped donors, especially in Europe, cut overseas funding.

Europe's budget crisis had already led to a drop in donor flows to Africa in 2011, Sayeh said. "Certainly as advanced countries deal with their own fiscal pressures there is the risk that they look at aid flows and seem to reduce them," she said. *(Reuters)*

CPI Inflation



Source: SAR

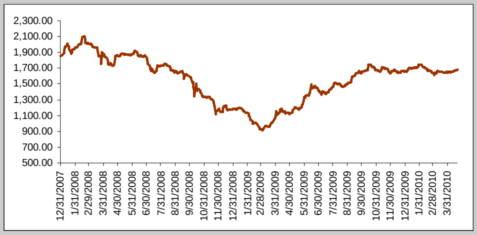
Malawi raised its 2012 inflation forecast on Wednesday to 15% from a previously projected 6% due to the effects of sharp currency devaluation last week. Finance Minister Ken Lipenga also said the landlocked southern African nation's economy had grown only 4.3% in 2011, compared with a previous estimate of 6%, due to power cuts and chronic shortages of fuel and foreign exchange.

Inflation stood at 11.4% in March, from 10.9% in February, and is set to keep climbing as the impact of a 50% devaluation in the kwacha filters through into the cost of imported goods. "In 2011, inflation edged up to 10.2% and is expected to rise to 15% in 2012 - much higher than what we had earlier forecast," he said during meetings to hammer out the 2012/13 budget, which is due to go before parliament next month.

The central bank has already hiked its benchmark interest rate by 300 basis points to 16% in a bid to contain the price pressures already building in the aid- and agriculture dependent economy. The devaluation is one of a series of measures by new president Joyce Banda to patch up ties with the International Monetary Fund and external donors that had broken down under her predecessor, Bingu wa Mutharika, who died in April. *(Reuters)*

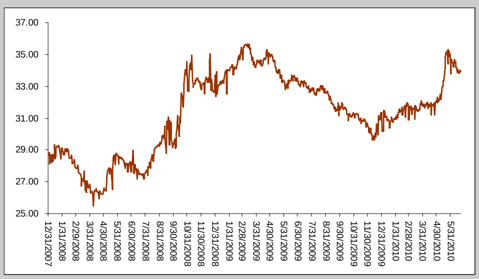
Mauritius

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 +1.20% while the SEM 7 rose +1.85% to close at 1,821.63 and 347.33 points respectively. Gamma Civic led the movers, gaining +6.3% to close the week at MUR 340 followed by SBM, up +4.4% to MUR 83.50 and H Mallac (+4.3%). Rodgers led the losers after shedding -2.9% to MUR 330 while ASL lost -2.1% to MUR 91.50 and Terra shed -1.3%.

Corporate News

First-half pretax profits at New Mauritius Hotels (NMH) fell 2.2%, hit by a weaker euro, the company said on Monday. Europe is the largest source of tourists for the Indian Ocean island of Mauritius. The company, which owns eight hotels in Mauritius and one on the Seychelles archipelago, said earnings per share rose marginally from MUR 5.59 to MUR 5.60 a year earlier due to lower taxes.

"The euro was down by a 6.3% on average against the rupee," it said in a statement. Shares in NMH, ranked among the Indian Ocean Island's most traded stocks, were unchanged at 71.50 rupees. *(Reuters)*

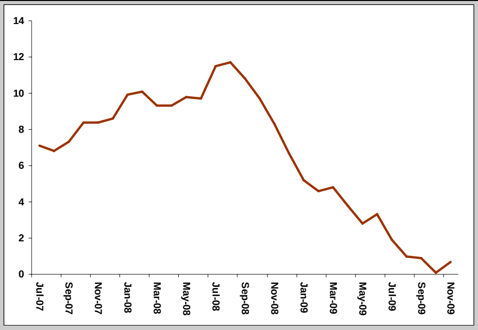
Mauritius hotels group Lux Island Resorts has reported a rise in pretax profits for the first nine months of its fiscal year to MUR 124.9m (USD 4.26m) from MUR 60.4m buoyed by its Maldives unit. The luxury hotel group, which has properties in the Maldives and Reunion, as well as the Indian Ocean island, said on Tuesday occupancy rates for the nine months to the end of March rose by 3% to reach 76%.

Group revenue was up to MUR 2.99bn from MUR 2.36bn and earnings per share climbed to MUR 1.06 from MUR 0.56, the company said in a statement. Tourism typically generates about 10% of Mauritius's gross domestic product. European tourists account for two thirds of arrivals.

The group's unit in Maldives, best-known as the Indian Ocean's top five-star beach destination, helped push up profits, despite political turmoil there early this year. But the performance of the tourism industry in the region was influenced by the impact of the euro zone crisis, the company said. Unfavourable exchange rates are also affecting on the revenue stream of hotel companies in the region and occupancy rates are under pressure as the industry enters the low season.

The company, which changed its name from Naiade Resorts, said it expected results for the year ending June 30 to be about the same as the previous year. The results were posted after market had closed. Shares in Lux fell 0.4% to MUR 20.50. *(Reuters)*

Mauritius Commercial Bank expects growth in overseas operations to help it deliver broadly flat full-year pretax profits, after rising impairment



Source: SAR

charges contributed to a 9.4% drop in nine-month profits. MCB, the biggest bank in east Africa and the Indian Ocean region by assets, said on Monday pretax profit fell to MUR 3.66bn (USD 124.8m) in the nine months to end-March.

Earnings per share decreased to MUR 12.75 from MUR 14.26 a year earlier. MCB said the results were adversely impacted by a rise in the allowance for credit impairment, reflecting the challenging market conditions. Contributions from associates were also impacted by increased impairment charges, it said in a statement.

MCB's stock rose 0.6% to MUR 168. The results were announced after the market had closed. MCB's pretax profit in 2011 rose to MUR 5.37bn from MUR 4.11bn the previous year. *(Reuters)*

Leading Mauritian sugar producer Omnicane swung to a pretax loss of MUR 92.30m (USD 3.1m) in the first quarter of 2012 blaming lower production of refined sugar. The company said on Monday it posted a pretax profit of MUR 66.54m in the same period a year earlier.

"For the quarter ended 31 March 2012, turnover fell by MUR 33.5m as a result of a lower production of refined sugar which is due to the commissioning of the new silo at the refinery," it said in a statement. It said the reduced profit from exceptional items to MUR 8.9m from MUR 112.6m in 2011 contributed to negative intercrop earnings per share of 1.67 rupees.

Omnicane said in line with its strategy for value addition, it paid MUR 223.9m for the acquisition of a 12.97% stake in Real Good Food Company plc, a UK-listed company. "With a now enhanced capacity, refined sugar production is likely to be more than in 2011. The energy segment is expected to perform at the same level as last year," it said. The firm said it expected its ethanol production plant to start operations in July 2013. *(Reuters)*

Mauritius clothing group Ciel said on Tuesday nine-month pretax profit leapt to MUR 340.38m (USD 11.6m) from MUR 110.53m on the back of aggressive cost cutting. The group, which supplies Britain's Marks & Spencer and Next along with Spain's Zara, said profitability in the three quarters through March 31 continued to be generated from international operations.

However, it said the current socio-political climate in Madagascar, and the relative strength of the Mauritius rupee remained areas of concern. Listed on Mauritius' secondary Development and Enterprise Market, Ciel Textiles said earnings per share rose to 2.80 rupees from 0.93 rupees a year earlier.

The company said trading conditions remained difficult in its main export markets, with very aggressive pricing from competitors as a result of excess supply. Ciel said it expected results for the last quarter to be satisfactory. *(Reuters)*

State Bank of Mauritius's(SBM) nine-month pretax profits rose 25% to MUR 2.44bn (USD 83m), driven mainly by higher net interest income. SBM, the Indian Ocean Island's second-largest bank by assets, said non-interest income rose to MUR 1.5bn from MUR 1.3bn a year ago, while net interest income rose to MUR 2.32bn from MUR 1.89bn for the nine months ended March 31.

Earnings per share rose to MUR 7.60 from MUR 6.21. The results were released after the close of the day's trading. SBM's share price shed 0.6% to 80.50 rupees. SBM, which has about a 25% share of total banking sector assets in the island, is involved in retail and corporate banking, currency and securities trading, e-Business, leasing and asset management. It said it aimed to diversify into other products and markets. *(Reuters)*

Economic News

The number of tourists visiting Mauritius from Europe slowed in April, hit by the fallout from the euro zone crisis, official figures showed on Wednesday. Statistics Mauritius said arrivals from Europe, the Indian Ocean island's main tourism market, fell 5.1% to 50,050 visitors. Arrivals from France were down 3.4% to 24,740.

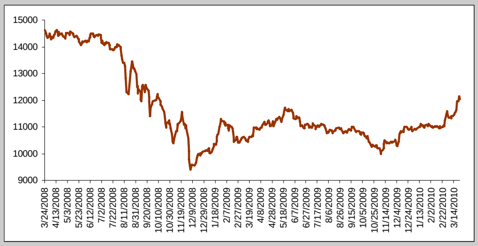
Overall, 79,137 tourists visited Mauritius in April, unchanged from a year ago. Tourism typically generates about 10% of gross domestic product for Mauritius' USD 10bn economy. European tourists account for some two thirds of arrivals. *(Reuters)*

The Bank of Mauritius said on Wednesday it was re-opening a three-year Treasury bond worth 1.5bn rupees (USD 51.1m) with a coupon rate of 5.50% for the third and last time this year. The auction would be held on May 23, the central bank said in a statement on its website. The paper, which was first offered in October, has previously been re-opened in January and March. *(Reuters)*

SECURITIES AFRICA

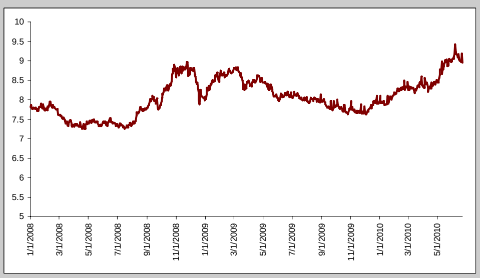
Morocco

Casablanca Stock Exchange



Source: Reuters

MAD/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

CPI Inflation

Stock Exchange News

The MASI lost -4.85% to close the week at 9,747.04 points. Gains were recorded in Ennakl (+9.73%) to MAD 48.74, Risma (+7.04%) and Salafin (+3.77%). On the losing front we had BMCE, down -16.67% to MAD 160, CDM which shed -11.44% to MAD 619 and Delattre Levivier (-11.40%).

Corporate News

Morocco's leading chocolate-making company, Compagnie Cherifienne de Chocolaterie, will build a 40,000 tonne-per-year chocolate factory in Cameroon this year, Cameroon's government said on Friday. Cameroon is the world's fifth largest grower of cocoa, the main ingredient in chocolate, with more than 200,000 tonnes of production, and its government has been seeking to boost value-added exports.

"The Compagnie Cherifienne de Chocolaterie is going to set up a major modern chocolate-producing factory here in Cameroon through its subsidiary, the Cameroon Investment Company (CIC)," Trade Minister Luc Magloire Mbarga Atangana told reporters. He said construction of the factory would start in June with first output before the end of the year. He estimated the project would cost between 30 and 50bn CFA francs (USD 60-100m) and would employ 500 people.

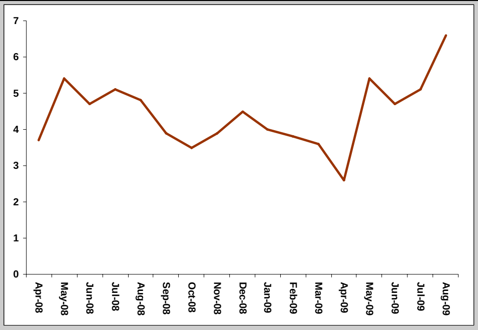
Cameroon currently has just one local cocoa processing firm Sic-Cacaos, based in the economic capital Douala, with an annual grinding capacity of 30,000 tonnes. The new project comes on the heels of another investment in the central African country by a Moroccan firm. Morocco's Addoha Group announced on Wednesday a planned USD 26m cement plant project. *(Reuters)*

Economic News

Morocco's foreign exchange regulator on Tuesday said the country's trade deficit for January-April stood at MAD 64bn (USD 7.41bn), an increase of 6% from the year-earlier period. The regulator released the following data on the country's trade, tourism receipts, transfers by Moroccan emigrants and private foreign loans and investment (PFLIs) for the period.

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

Morocco will keep import duties on soft wheat suspended until the end of May before raising them to 17.5% in the June 1 to end-December period as



Source: SAR

it braces for higher imports, official and trade sources said on Wednesday. A combination of dry weather and long cold spells reduced the north African country's cereals crop to 4.8m tonnes this year, down 43% from the previous season.

Bread and semolina are staples for Morocco's 34-million population. A senior government official said import duties on barley and durum wheat will remain suspended until the end of 2012, confirming information obtained from Paris-based traders and two members of Morocco's private National Cereals Traders Association (ANCL).

"For soft wheat, the import duty will remain suspended until the end of May. It will then be raised to 17.5% for the rest of 2012," the official said. The customs authority declined to comment pending the publication of decrees on the official gazette. The 17.5% import duty pales in comparison to 100-plus% duty Moroccccan authorities usually impose on wheat imports in years of good harvests.

"This (17.5%) is a low import duty that factors in the rise in import needs after the bad harvest we will be having this year," said a member of ANCL, which lobbies for the interests of private cereal importers. The agriculture ministry on Wednesday said Morocco's cereals harvest is expected to include 2.6m tonnes of soft wheat, onem tonnes of durum wheat and 1.2m tonnes of barley.

Last year's harvest comprised 4.17m tonnes of soft wheat, and 1.85m tonnes of durum wheat. Around half of the country's soft wheat harvest usually ends up in the formal distribution chain while the other half is consumed by growers due to the predominance of basic subsistence farming. For durum wheat, the whole production is consumed by growers.

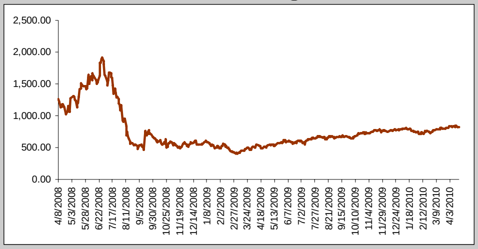
The average yield per one cereal-planted hectare fell in 2012 to 0.95 tonne, down 42% from last year and 32% below the average yield in the ten years to 2011, the agriculture ministry said. "About half the population lives in rural areas where there are no bakeries," said an ANCL member.

Morocco will likely import at least 4m tonnes of soft wheat in the 12 months to end-May, 2013, which would be the highest since 1981, according to ANCL's data. The figure can rise to 4.8m tonnes if durum wheat prices reach "prohibitive levels", they said. *(Reuters)*

Morocco's consumer price inflation jumped to an annual 1.2% in April from 0.3% in March after a surge in food prices, official data showed on Friday. Food prices, which make up about 40% of the consumer price index's total weighting, rose 2.7% in April compared with a year ago, data from the High Planning Authority showed. A month earlier, food prices were up an annual 0.8%. Morocco revised down growth projections for 2012 after drought slashed its agricultural output. *(Reuters)*

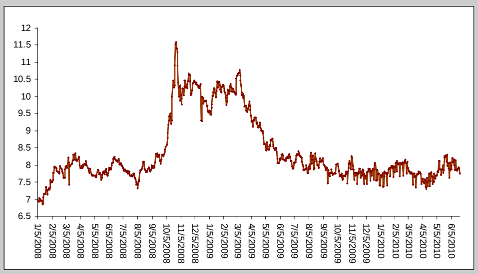
Namibia

Namibia Stock Exchange



Source: Reuters

NAD/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

Stock Exchange News

The NSX overall Index lost -4.35% to close at 858.00 points. On the NSX local and DevX, BVN was the only gainer after adding +6.92% to NAD 10.50 while DYL was the main shaker after losing -25.00% to close at NAD 0.06 followed by EOG which shed 20.93% to NAD 0.68 and XEM (-20.00%).

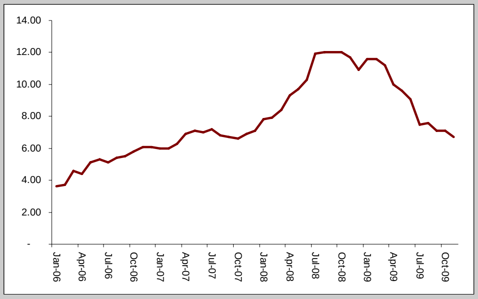
Corporate News

No Corporate News this week

Economic News

Namibia's consumer inflation slowed to 6.4% year-on-year in April from 6.9% in March, the Central Bureau of Statistics said on Friday. On a monthly basis inflation however edged up slightly to 0.4% from 0.3% the previous month. *(Reuters)*

CPI Inflation



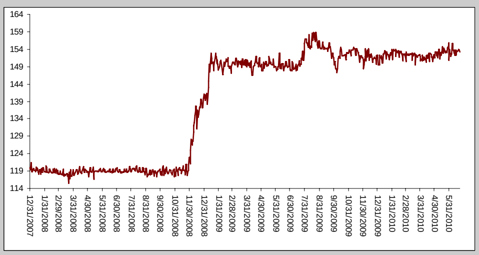
Source: SAR

Nigeria

Nigeria Stock Exchange

Source: Reuters

NGN/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

Stock Exchange News

The NSE All Share index lost -1.07% to close at 22,381.11 points. Transcorp gained +23.73% to close at NGN 0.73 while Dangote Flour was up +15.31% to close at NGN 6.96. Other notable gains were recorded in Bagco (+14.69%), Livestock Feeds (+14.58%) and Presco (+9.96%). On the losing front we had NAHCO (-27.70%), Union Bank (-18.04%) and FCMB (-13.90%).

Corporate News

Etisalat Nigeria, an affiliate of the No. 2 Gulf Arab operator Etisalat, said a lack of reliable electricity and sabotage were to blame for poor service after the regulator fined telecom firms for failing to meet quality targets. Etisalat Nigeria, Airtel Nigeria, Globacom and MTN Nigeria, a unit of South's Africa's MTN, were fined a total of 1.17bn naira (USD 7.43m), according to local media reports.

Etisalat Nigeria said fines averaged USD 2m per operator for "non-compliance with the quality of service targets set by the regulator", according to an emailed statement. "This year alone we are investing more than half abn dollars in expansion of our network capabilities and capacity," Chief Executive Steven Evans said. The company said capacity constraints alone where not to blame for poor service, citing roadworks, sabotage and a lack of electricity as industry challenges.

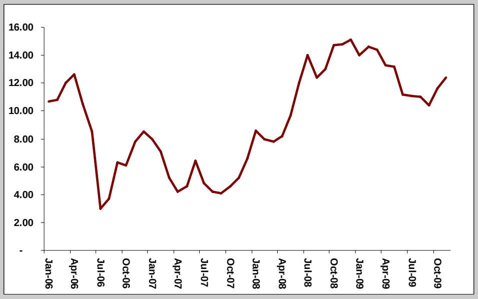
"Foremost among these is the absence of reliable power which necessitates that every one of our over 3,000 cell sites needs to be served by two generators which run 24 hours a day and need regular maintenance and provision of weekly supplies of diesel," it said. Nigeria only provides its 167m inhabitants with around a quarter of the amount of electricity used by New York City, leaving those who can afford it to use expensive diesel generators and those who cannot to live without any power.

The country's power ministry has said it is confident privatisation in the sector will be completed by October and current power output of under 4,000 megawatts can be boosted to 6,000 by the end of the year and 10,000 by the end of 2013. UAE's Etisalat owns a 40-% stake in Etisalat Nigeria, which launched services in 2008 and had 10.75m mobile subscribers at the end of 2011, data from the regulator showed.

This gave it a mobile market share of 11.9%, behind MTN Nigeria's 46% and Globacom's 22%. Airtel, a subsidiary of India's Bharti Airtel, had a 19.9% share. Etisalat's network covers 74% of Nigeria's population, according to its parent firm's 2011 annual report, up from 59% a year earlier. *(Reuters)*

Ecobank Transnational Incorporated (ETI), which operates in more African

CPI Inflation



Source: SAR

countries than any other lender, said it may raise USD 2bn by June 2013 as it seeks further expansion in the continent. Having been mandated by shareholders in 2008 to raise as much as USD 3bn, Ecobank said it would this year, take another USD 100m loans from the World Bank's International Finance Corporation, about USD 50m from "small companies" and a further USD 100m from European funding sources.

Bloomberg at the weekend quoted the Chairman, Ecobank, Mr. Kolapo Lawson, to have made these remarks in an interview at the World Economic Forum on Africa, holding in Addis Ababa, Ethiopia. "We are hoping to enter Angola this year and will move very fast if we get our license. We may buy in East Africa," he added

Ecobank, which is based in Lome, Togo, is present in more than 30 African countries and wants to dominate the retail banking markets in what it calls "middle Africa"; the region from Kenya in the east to Guinea-Bissau in the west and from just below the Sahara to just above South Africa. In the past six months it has taken a USD 285m loan from its South African alliance partner, Nedbank Group Plc (NED), and sold a 20% stake to the Public Investment Corporation- Africa's largest pension fund manager, for USD 250m.

Ecobank may also move into South Sudan and Mozambique and remains cautious about growing its Zimbabwean operations, Kolapo said. Having bought Oceanic Bank International in Nigeria earlier this year with the help of Nedbank's loan, Ecobank hopes to be one of the top three banks in Nigeria, he further said. *(This Day)*

Directors of Dangote Sugar Refinery Plc (DSR) have reported a profit before tax (PBT) of N4.12bn in the first quarter ended March 31, 2012. The 2012 first quarter profit is more than double the NGN 2.05bn recorded in the corresponding period in 2011, a statement from the company said. The statement said that the Sugar refinery posted a gross profit of NGN 5.34bn in the period under consideration in contrast to gross profit of NGN 3.24bn for the preceding year.

According to the results released on the floor of the Nigerian Stock Exchange at the weekend, profit after tax rose to NGN 2.80bn from NGN 1.393bn reported in the corresponding period of 2011 while its revenue grew from NGN 21.54bn to NGN 26.73bn. The statement said that DSR performance was buoyed by the introduction of the company's new retail Dangote Vitamin A fortified sugar packages in one kilogram, 500 grams and 250 grams packs.

The management said the figure was as a result of various sustainable growth strategies being implemented by the company. "However, the board is mindful of continued economic challenges facing businesses in recent times, but barring any unforeseen circumstances, it is hopeful that this trend will be sustained even in the remaining quarters of the year," the statement said.

It would be recalled that Dangote Sugar Refinery had embarked on strategic introduction of the Dangote Vitamin A fortified refined white sugar, in a more consumer friendly packages into the market. The acceptance of the three new different sizes of one kg, 500 grams and 250 grams in the market has been a source of encouragement to the management and is therefore positive that it will achieve the targets anticipated by impacting positively on the sales volume, earnings and ultimately profitability.

The management assured its consumers that it was applying all available resources and its strategies effectively to ensure quality processes and output as well as the delivery of goods and satisfactory services to ensure the achievement of the stated objectives for the year. The board is also optimistic that with continued implementation of its strategic policies and improved operating efficiencies, high turnover and improved margin are expected before the year runs out and all the stakeholders would see a positive trend in its subsequent performance. *(Daily Trust)*

Etisalat Nigeria's chief executive, Steven Evans, on Monday said the telecom firm will invest USD 500m to expand its network operation in 2012. Evans said that during the past 3 years, the firm, a unit of UAE's Etisalat, had spent USD 2bn on upgrading its Nigerian network. Etisalat which has more than 12m subscribers in Nigeria said its service had been hit by an intermittent electricity supply and deliberate damage.

The biggest problem in Nigeria is "the absence of reliable power", Etisalat said. "Allied to this challenge is the regular damage and cuts to the fibre networks due to roadworks and in some cases sabotage," it added. Nigeria Communication Commission (NCC), on Saturday, imposed a cumulative N1.17bn on local operators, accusing them of failing to meet minimum service standards.

Etisalat was fined N360m for poor service. The telecom company hit back by calling on Nigerian officials to provide greater protection of telecommunications infrastructure. "What we would like to see is the declaration of the telecommunications industry as critical national infrastructure, which would afford the industry and its facilities greater protection," it said. *(Business Day)*

An Abu Dhabi -based satellite company, Al-Yah Satellite Communications Company (Yahsat), has launched its new broadband satellite service in Nigeria, with a pledge to reduce the cost of internet by 10%. The company said in Abuja last week that it had brought its broadband satellite investment of USD 1.6bn to Nigeria to crash the cost of internet by 10% and make the service available across Nigeria.

The new technology, according to Yahsat's Nigerian partner, Coolink, would "make internet available in all spots in the country and to all Nigerians wherever they may be in the country." Speaking at the launch and resellers' forum in Abuja last week, the Regional Director of Yahsat, Mr Kevin Viret, said the broadband which is based on Ka-band satellite technology, would offer download speeds of up to 15Mega bits per second (Mpbs) and upload speeds of up to 3Mbps.

Ka band covers the frequencies of 26.5-40 GHz. GHz stands for GigaHertz. Giga is approximately 1bn and Hertz stands for cycles per Second. According to Viret, while traditional satellite technology utilizes broad single beams covering entire continents and regions, YahClick Ka-band spot beams provide coverage over highly targeted areas which eliminate issues with spectrum availability.

He said Yahsat had selected Coolink as its first and preferred service partner in

Nigeria to roll out the broadband offering to across Nigeria. According to him, Coolink would in turn sign on local resellers in all the 36 states and Abuja to make the service available in every nook and cranny in the country. He said the service is already in Lagos, Abuja, PortHarcourt and would be launched in Kano very soon.

Also speaking at the event, the Chief Operating Officer of Coolink, Mr Shanin Nouri said the YahClick Ka-band broadband service compliments Coolink's vision of providing the widest possible range of telecommunications products and services to consumers and businesses.

"While satellite is an obvious choice for areas that lack access to formal telecommunications and ICT services, Coollink's new range of satellite package will ensure that satellite is a viable alternative to any internet user in Nigeria", he said, promising that more people in the rural areas would now have internet access. It is much cheaper because the bandwidth and the equipment (smaller antennas) is N15,000 per month. *(All Africa)*

President Goodluck Jonathan is expected to inaugurate the USD 100m SABMiller brewery located in Onitsha, the Anambra State capital in August, this year. The Business Development Manager of the company, Peter Stuttard, who disclosed this in Onitsha while conducting reporters round the company's premises to assess the level of work done in the on-going brewery project which started late last year, said production would start in September, this year.

He said construction on the brewery, has gone up to 90%, adding that out of 22.5% share owned by indigenous entrepreneurs, Anambra State government has only 10%, while other private Nigerian investors have 12.5%. He commended Governor Peter Obi for his initiative in bringing the firm to the state, adding that SABMiller, the world's biggest brewers, have already turned around two ailing breweries in Port Harcourt, Rivers State and Ilesha, in Ogun State.

Stuttard said the company's decision to site the brewery in Onitsha is as a result of the enormous business opportunities that exist in the city, adding that the firm is not in Onitsha or Anambra State to compete with any body but to give the consumers what they want. Describing Nigeria as a strategic country for any serious minded company that wants to achieve success in their business endeavour, he maintained that any prospective company, which has not come to Nigeria could be said not to have arrived in Africa.

"Any company that wants to expand its scope cannot afford to neglect Onitsha where the biggest market in west Africa is in existence," he stated. "We are in Nigeria to do good business and we are here to generate employment, create wealth and attend to our corporate social responsibilities to the people and to the communities where we operate. All we need is co-operation from the people, as we grow, we grow with them".

He said Intafact Beverages is a purely Nigerian company that started as Intafact Properties, a subsidiary of SABMiller Plc which has more than 200 brands of beer world wide and 70,000 employees. *(Nation)*

The Managing Director of Skye Bank Plc Duro Simi-Etti said yesterday that

the bank's loans exposure to the oil and gas sector rose to USD 1bn (about N159bn) within the last 24 months. Simi-Etti who disclosed this in Lagos during the presentation of the bank's 2011 financial results, also explained why the bank's agric loan portfolio remained low, at two% of its overall lending portfolio.

Of the total USD 1bn loans, upstream sector which, according to him, include sole financing of four oil marginal fields and part financing of additional four, gulped USD 700m, downstream USD 200m while total loans to oil service companies amounted to USD 120m. Etti said though there were some problems of repayment especially when the crude oil price fell last year, the oil companies, he said, have been servicing their loans.

On the bank's low interest in agric business financing, Etti attributed this to high risk of the sector which has been bedeviled with lack of collateral coupled with lack of insurance facility and low yield factor. He said: "The bank is not playing so much in the sector because of the high risks involved. Skye Bank's lending to agriculture is about 2% of its total lending portfolio while the entire lending industry portfolio in the sector is 2%. For now, the incentive to lend to agriculture is not there because of the high risks involved in the industry."

He said Nigeria's banks are capable and willing to invest in the sector, emphasizing that banks would always want to protect shareholders' funds and this, he said, explains why banks would always be willing to put their money where there can be yield income. The MD said the bank's capital would further strengthen by the time the USD 100m tier 2 capital which is currently before the Central Bank of Nigeria (CBN) is finalised.

Etti said once the CBN gives its approval, the fund would form part of the bank's short and long term capital. He said by the second quarter of this year, they would complete divesting from all non-banking subsidiaries. *(Daily Trust)*

Gross earnings of Sterling Bank Plc in 2011 improved by 49% to close at N45.2bn as against NGN 30.4bn it recorded in 2010, the Chief Executive Officer, Mr. Yemi Adeola has said. Presenting the company's 2011 financials at its 50th Annual General Meetings yesterday in Lagos, Mr. Adeola said the profit after tax of the bank increased by 11% to NGN 4.6bn as against the NGN 4.2bn achieved in 2010.

Its profit after tax and exceptional item rose by 60% to NGN 6.7bn from NGN 4.2bn in 2010. He also noted that the bank's return on average equity improved by 3%, ending at 20% from 17% in 2010.

The bank's total assets (including contigencies) grew by 89% to NGN 583.1bn as against the NGN 308.5bn in 2010 while loans and advances rose by 60% to NGN 163.5bn in 2011 as against NGN 101.9bn in 2010. Customers deposit also doubled to NGN 406.5bn, he said. *(Daily Trust)*

May and Baker Nigeria Plc has recorded a loss of NGN 33.4m or 3.5% in its turnover at the end of first quarter of the year. From the result released at the Nigerian Stock Exchange in Lagos yesterday, the company recorded NGN 957.3m turnover during the first quarter of 2011 compare to NGN 923.9m turnover in 2012.

The cost of sale increased from N561.1m in 2011 to NGN 586. 8m at the end of first quarter of 2012. The company's gross profit went down by N59.1m or 14.9% from N396.2m it recorded in 2011 to stand at NGN 337.1m at the end of the first quarter of this year. It recorded a loss before tax of N34.8m in the first quarter of the year compared with NGN 34.3m profits before tax of 2011.

The company also recorded loss in profit after tax during the period. Its profit of NGN 23.3m in the first quarter of 2011 dropped to NGN 34.8m in same period of this year. The share price of the company currently stands at NGN 0.0141 per share. *(Daily Trust)*

The four Global System for Mobile communications (GSM) operators-MTN, Globacom, Airtel and Etisalat-have said they have invested more than NGN 1tn in building and enhancing mobile networks since commencing telecoms operations in the country. The operators made the disclosure in a statement jointly by them, adding they are investing a further NGN 400bn this year to enhance infrastructure across their networks.

Following the recent fine slammed on the operators by the Nigerian Communications Commission (NCC) over poor service, the operators assured subscribers of improved service quality within the next twelve months; calling for 'understanding' in the face of the harsh operating environment. The NCC, last week fined the four operators for "failure to meet Quality of Service standards."

While MTN and Etisalat were fined NGN 360m each, Globacom and Airtel were fined NGN 180m and NGN 270m respectively. The Telcos appealed to subscribers over poor service, pledging improved services with the next 12 months through aggressive roll out of requisite infrastructure. They, however, fingered the operating environment as a major hindrance to achieving the pre-determined benchmark set by the NCC.

They described the environment as frustrating and volatile, urging the NCC and stakeholders to encourage rather than condemn them. The operators added that it was unfair to expect the same standards of delivery in Nigeria as obtained in advanced countries where the environment is conducive to good service delivery and national backbone infrastructure are available. (*Nation)*

Diamond Bank Plc said it made a profit before tax of NGN 7.8bn in the first quarter of the year. Group Managing Director and Chief Executive Officer of the bank Dr. Alex Otti said the results shows a consistent improvement in profit after tax growth which indicates that the bank is on track towards delivering significant returns on investment in 2012.

While the bank recorded a net interest income of NGN 20.2bn, operating expenses stood at NGN 13.5bn. "Our customer base is growing with recurring monthly fee income improving, and our growing retail liabilities have continued to sustain our low cost of funds. We have shown that we have a leading position in net interest margin which is sustainable. In addition, our operating efficiency is robust and yielding strong operating performance," Otti said.

Diamond Bank's group balance sheet results for first quarter of 2012 indicate that its cash balances with Central Bank is NGN 61.8bn, loans and advances to customers are NGN 433.5bn, total assets are NGN 855.3bn and deposits from customers are NGN 641.1bn. These IFRS results are similar to the one prepared according to NGAAP where the bank recorded NGN 61.7bn, NGN 440.3bn, NGN 858.3bn and NGN 640.1bn respectively. Indeed, the bank's loans and advances to banks, and deposits from banks were uniform at NGN 92.7bn and NGN 7.1bn respectively for both standards. *(Daily Trust)*

Economic News

Nigeria's privatisation body said on Saturday the preferred bidders for state power assets would be announced in October, hoping to alleviate chronic electricity shortages holding back Africa's second biggest economy. Nigeria plans to sell off 11 distribution and 6 generation companies as part of plans to privatise a power sector rife with inefficiency and corruption. The Bureau of Public Enterprises (BPE) said the 152 potential investors had been sent transaction documents and once bids had been received they would be vetted.

"The announcement of the preferred bidder for the 17 successor companies by the National Council on Privatisation (NCP) will be made on/or before October 23, 2012," a statement signed by Chukwuma Nwokoh, BPE spokesman, said. BPE has said Nigeria's economy could be growing at over 10% if it solved its power crisis but it would need USD 15-USD 20bn of investment in the next three years.

Nigeria holds the world's seventh largest natural gas reserves but decades of corrupt governments have chosen to cash in on crude oil rather than investing for domestic power needs. Nigeria only provides its 167m inhabitants with around a quarter of the amount of electricity used by New York City, leaving those who can afford it to use expensive diesel generators and those who can't to live without any power.

President Goodluck Jonathan has made reforming the power sector a priority and a significant upsurge in electricity output would bring him support from the Nigerians who have been disappointed with his progress since taking office last year. *(Reuters)*

With local output of the cement manufacturing sector projected to hit at least 45m metric tonnes per annum in 2015, the Cement Manufacturers Association of Nigeria (CMAN) has disclosed that the economy is poised to receive not less than N1.8tn investment; both from internal and external investors. Managing Director of Lafarge Cement WAPCO, Mr. Joe Hodson, who dropped the hint on behalf of the association at a forum organised by CMAN in Lagos weekend, said the consumption of cement in the country was currently inconsistent with the existing economic realities in the country and would inadvertently rise.

Hudson said the local cement manufacturing sector in Nigeria was now poised to fulfil the demand for rapid development of infrastructure in the country. He stressed that with per capita consumption of cement in Nigeria standing at less than 1kg in Nigeria, compared to about 600 kg in Egypt, a lot of potential for development of the cement industry still abounds in Nigeria.

Hudson noted that, having grown local cement output in Nigeria from less than 10m tonnes per annum in 2008 to about 28m metric tonnes in 2012, the cement manufacturing sector in the country had made significant effort to save scarce foreign exchange and helped to achieve the much desired objective of job creation in the country.

He also pointed out that with the cement output in the country now projected to hit 45m tonnes per annum in 2015, the country is well-positioned to receive investment of around N1.8tn between 2012 and 2015. He however called on the Federal Government to intensify effort towards tackling the manifold challenges affecting investment in the cement sector, which he said included the lack of affordable power, lack of transportation infrastructure and dearth of skilled manpower.

The FG, at the event, also stated that it was now set to release the final result of the concession exercise it conducted for three major road construction projects in the country, which are to be handed over to the private sector. Minister of Works, Mr. Mike Onolememen, said the three road projects comprising the Second Niger Bridge linking Delta State and Anambra State; the Bridge over River Niger at Nupeku in Niger State and the Expansion/upgrading of the Apakun-Murtala Muhammed International Airport Road in Lagos were close to conclusion and handing over to the private sector.

“The Federal Ministry of Works has already called for expression of interest from willing private sector investors in the concession of the following roads: Second Niger Bridge linking Delta State and Anambra State; Bridge over Niger at Nupeku, Niger State as well as expansion and upgrading of Apakun-Murtala Muhammad International Airport in Lagos.

“The response is impressive and we are reassured in our determination to deliver a world class concession on these Federal Roads,” he said. The minister, who was represented at the event by the Director in charge of Material Geothecnics and Quality Control at the ministry, Mr. Abubakar Dambo, noted that as part of the reforms being embarked upon by the ministry in the road sector they have created the National Road Fund and the Federal Roads Authority.

He stressed that the bill for the creation of these reform agencies was now before the National Assembly. “We are confident that the establishment of these agencies will go a long way to facilitate and improve the management and financing of the road sector in line with the global best practice,” the minister stressed. Tracing the history of road development in Nigeria the minister said it started as bush tracks that evolved for the purpose of trade and evacuation of agricultural produce from one area to another in pre-colonial times.

He added that in the colonial days a few thousand kilometres of road, paved mainly with bituminous surface dressing, were laid in the main commercial centres and between major cities. “Today, there are about 200,000 kilometres of road in Nigeria with ownership structure shared between Federal, State and Local Government in the proportion of 18%, 15% and 67% respectively. As at 2005 the total asset value of the national road network has been put at N4.567tn, with the Federal Government alone accounting for approximately N2.213 tn,” he said. *(This Day)*

As part of the efforts to increase gas supply to the various power stations across the country from the current level of 530m standard cubic feet per day (mmscf/d) to 1.5bn cubic feet per day that is required by the plants, the Federal Government is set to deliver gas pipeline projects worth about USD 4bn by 2013. To actualise these projects, the whole country has been divided into different segments for the purpose of segmenting the various projects.

Group Executive Director in charge of Gas and Power at the Nigerian National Petroleum Corporation (NNPC), Dr. David Ige, who confirmed the development at a recent conference in Lagos, said a 48-inch pipeline, one of the largest in the country was being constructed from the east to the western part of the country, across the River Niger to Oben in Edo State.

He noted that the Ob/Ob – Oben Pipeline, as it is popularly called would have the capacity to deliver 2.2bn cubic feet per day of gas, which he said is more than the requirement of the power sector in the next decade. “The delivery time for Ob/Ob-Oben pipeline is 2013/2014. What is happening is that we have too much gas in the east but we don’t have much in the west. So, the gas has to be moved to the west and the pipeline is capable of delivering 2.2bn cubic feet per day and that is more than sufficient for us in the next decade,” he said.

Ige stated that on getting to Oben in Edo State, the pipeline will branch to Geregu Power Station in Kogi State, and Lokoja; Kwara and Maiduguri. “It is one of the largest pipeline in the country – 48-inch pipeline that is capable of delivering as much gas as possible from the eastern part of the country,” he said. Ige further disclosed that a larger pipeline was being constructed from Escravos to Lagos, to complement the existing line, which was built in 1989.

He stated that Phase 1 of the project, which is offshore from Escravos to Warri, had been completed. According to him, Phase 2 from Warri to Itoki in Ogun State and then, to Lagos is ongoing. “The ELP A is the offshore segment. That has almost been completed. By this May, we will do the final testing. As we speak, they are doing what we call hydro-testing – that is, pressurising the gas pipeline. The second segment, which is the ELP 2 is currently under construction.

All the line pipes required have been delivered on site. Construction is about to start. In fact, in about two months, you will see enormous construction activities on Escravos Lagos Pipeline,” he said. Ige, who was represented by a senior official of the NNPC, Mr. Sam Ndukwe, noted that the new 36-inch 324kilometre pipeline was being built separately from the old line, adding that the project would be delivered in 2013.

He stated that the country’s power sector requires 1.8bn cubic feet per day of gas but is currently getting 530m scf/day, adding that the sector’s gas demand would jump to 4.1bn by 2016. *(This Day)*

Nigeria's inflation rate rose to 12.9% in April, year on year, driven largely by non-food items and a very price stable comparative month in April last year, data from the National Bureau of Statistics showed on Tuesday. Nigeria - Africa's top energy producer and second biggest economy - is closely watched by emerging market investors and Africa-focused funds.

Though its economy is one of the fastest growing in the world and bond yields are attractive, poor fiscal management has had a tendency to build inflationary pressures. The figure compared with a 12.1% increase in March, year on year. Food inflation, the largest component of the index, fell slightly to 11.2%, compared with 11.8% in March.

The change in the overall index was largely because inflation in the month of April 2011 had been so subdued. "The higher year-on-year change could be partly attributable to base effects as the index was relatively more stable in April of 2011 ... lower price levels in April 2011 will reflect higher year-on-year%age changes in April of 2012," the statistics bureau said.

Inflation was worse in urban areas last month, registering a 13.4% rise, compared with 12.4% in rural areas. Core inflation, stripping out volatile agricultural produce, rose by much more than the headline rate, by 14.7% year on year, the statistics bureau said. Analysts expect the upward trend in inflation to peak later this year, before it tails off slightly.

"Inflation will probably peak at 14.4% y/y in Jul-Aug, which is close to CBN and market expectations," said Standard Bank's Samir Gadio, adding that a sell off in bonds, whose yields are very inflation sensitive, was unlikely. "Inflation is set to drop in Q4 2012 and reach high single-digits in early 2013, based on our forecasts," he said.

The central bank has warned that inflationary pressures are too strong, hinting that it is likely to keep monetary policy tight this year, but nobody expects a rise in rates at the next meeting. The bank held rates at 12% last month, and governor Lamido Sanusi noted a "resurgence of inflationary pressures", though he praised the government for efforts to introduce fiscal discipline into its 2012 budget.

"Given that inflation remains in the range projected by the CBN, we do not expect rates to be changed from 12% at the May MPC meeting," said Alan Cameron, a London based economist for Nigerian stockbroker CSL. "The CBN has said that it expects inflation to peak at 14-15% in Q3 2012 ... inflation would need to move above this range in order for the CBN to reconsider its stance." *(This Day)*

The Federal Government, on Tuesday, signed a Memorandum of Understanding (MoU) with a Switzerland-based commodities and mining company, Glencore International Plc, to invest N157bn in the mining sector of the economy. Glencore is one of the largest commodities trading companies in the world, with production facilities in several parts of the globe.

The Minister of Trade and Investment, Segun Aganga, said the presence of the International mining company in the country would greatly improve the industry and stimulate growth in other areas. The Minister, who opened a two-day workshop organised by the ministry on Enhancing the Productivty of Nigeria's Industries, in Lagos, said that reviving the manufacturing sector was critical for generating wealth.

“Africa’s share of the global trade is only 3%. This is because Africa has been exporting raw materials rather that exporting finished products. For us as a country, manufacturing is very important because it solves three critical problems: it solves the problem of GDP growth, unemployment and balance of payment," Aganga said.

“If we are going to move from a poor nation to a rich country, industrialisation holds the key because it has the potential for unlocking the wealth of our country. This is why we are kicking off an Industrial Revolution Plan for our country.” Also speaking at the event, the Minister of Power, Prof. Barth Nnaji, pointed out that the FG recognised the importance of power in revitalising the manufacturing sector and was working hard to improve the current situation.

“As part of this strategy, we are going to partner the Ministry of Trade and Investment on delivering more power to the country’s industrial areas such as Lagos, Kano, Kaduna, Onitsha, Aba, Shagamu and other places," Nnaji said. "Already, we have mapped out the industrial areas and more power will be delivered to these industrial centres.

For example, we have concluded plans to move power about 1,000MW from the two power plants at Olorunsogo to Shagamu. This is because we have identified power as very critical to Nigeria’s industrial revolution plan." According to him, part of the problem militating against investment in the power sector is that we operate a non-cost reflective tariff structure. Currently, power producers owe gas producers about NGN 24bn due to our non-cost reflective tariff. *(Vanguard)*

The Federal Government has entered into agreements with two French companies for the expansion of Nigeria’s transmission network, valued at about USD 200m or NGN 3.14bn. Under the agreements, which is said to have the blessing of the French Government, the companies will first undertake the feasibility studies for the transmission upgrade, and thereafter, select and construct a high voltage transmission line and substations.

The Memorandum of Understanding, MoU, for the kick off of the project was signed, yesterday, between the Ministry of Power and two French companies in Abuja. Minister of Power, Prof. Barth Nnaji and Chief Executive Officer, CEO, Transmission Company of Nigeria, TCN, Mr. Sola Akinniranye, signed on behalf of Nigeria while Mr. Jean Paul Mairesse of the Electricite de France, EDF, and Mr. Jean Philippe Trin of the Enterprise de Transporte et Distribution D’electricity, ETDE, signed on behalf of their companies respectively.

EDF and ETDF will source the funds from their home government to execute specific feasibility studies as well as select a specific project that will help expand the transmission grid. Transmission glitches have remained the biggest challenge in Nigeria’s power delivery system, as the existing 330 and 132 kv network continues to suffer from prolonged and frequent outages, thus underscoring the need for fortification.

In a statement made available to Vanguard by the ministry, “the MoU has been in the works since 2008, when both countries executed a protocol for the development of electrification networks in Nigeria, followed by a series of meetings to determine areas of need for the expansion of Nigeria’s transmission grid infrastructure.”

Talks on the project were said to have been concluded on November 28, 2011, with the parties agreeing to “execute a partnership agreement for the development of specific power projects in Nigeria." Nnaji was quoted as saying that the parties shall jointly identify and agree on a specific transmission project within the range of USD 100m to USD 200m, evaluate the feasibility for the project, and thereafter, select a project for implementation.

"Funds for execution of the projects the construction of high voltage transmission line and substations that would be undertaken by the contractors are to come from the French government in the form of a grant," the statement added. In line with government's local content policy, the French companies are to partner with a Nigerian company, Transnational Energy and Power Systems Ltd, TEPS, for the execution of the project.

The CEO of TEPS, Prince Albert Awofisayo, was quoted as commending the President Goodluck Jonathan administration's commitment to transform the power sector. "This is a sign of investors growing confidence on the power sector reform. We believe that the Jonathan administration is on the threshold of providing Nigerians with the true dividends of democracy and democratic leadership," he said.

Nigeria's foreign exchange reserves rose to their highest in 21-months to USD 37.02bn by May 14, from USD 36.66bn at the end of last month, the latest figures from the central bank showed on Wednesday. Forex reserves in Africa's biggest crude exporter stood at USD 33.94bn a year ago. The last time the reserves were at this level was in August 2010. *(Reuters)*

Nigeria plans to auction NGN 126.33bn (USD 800.19m) in treasury bills ranging from 3-month to 1-year maturities at its regular monthly debt auction on May 23, the central bank said on Wednesday. The bank said it would issue 30.65bn naira in 91-day paper, 45bn naira in 182-day bills and 50bn in 364-day bills next week Wednesday. Nigeria, Africa's second biggest economy after South Africa, issues treasury bills regularly to reduce money supply, curb inflation and help lenders manage their liquidity. *(Reuters)*

The Federal Government has announced the endorsement of an agreement that will lead to investment of about NGN 155bn in the country. Minister of Trade and Investment, Mr Olusegun Aganga, who dropped the hint in Lagos, said the agreement, which the Federal Government sealed with Glencore, will be in infrastructure and other areas. The proposed areas of investment, according to the minister, included mining, energy and infrastructure.

With its headquarters in Baar, Switzerland, Glencore is one of the world's leading integrated producers and marketers of commodities. The company, which has worldwide activities in the production, sourcing, processing, refining, transporting, storage, financing and supply of metals and minerals, energy products and agricultural products, has 50 offices in over 40 countries.

Aganga also noted that an industrial revolution that will strategically position and empower the nation's manufacturing sector as the key driver of economic growth through job creation and increased contribution to Gross Domestic Product had kicked off. He said the industrial revolution commenced last Monday with a two-day workshop on: "Enhancing the Productivity of Nigeria's Industries, organised by the Ministry."

Aganga who declared the workshop open, noted that as part of the industrial revolution, the Ministry of Trade and Investment had started brainstorming with the Organised Private Sector and the Ministry of Power to reduce the cost of doing business in Nigeria and ultimately increase the productivity of the manufacturing sector.

He said the nation's industrial revolution plan would be based on areas where the country had comparative and competitive advantage, adding that the government had embarked on far-reaching reforms aimed improving the business climate and making Nigeria the preferred investment hub in Africa and globally.

He said: " Africa 's share of the global trade is only three%. This is because Africa has been exporting raw materials rather that exporting finished products. For us as a country, manufacturing is very important because it solves three critical problems: it solves the problem of GDP growth, unemployment and balance of payment. Also, manufacturing is critical for wealth creation.

"If we are going to move from a poor nation to a rich country, industrialisation holds the key because it has the potential for unlocking the wealth of our country. This is why we are kicking off an Industrial Revolution Plan for our country." "Part of the objectives of this workshop is to come up with big, practical and implementable steps on how to remove the barriers to industrialisation because we must industrialise our country. If we are going to diversify our economy, then the industrial sector must play the leading role. If we are going to move from a poor nation to a big nation, we must have a strong and vibrant industrial sector," he added.

Aganga said that his ministry had already mandated the Standards Organisation of Nigeria to step up the war against fake and sub-standard products in order to protect local industries and enhance their capacity utlilisation. "We are working towards reducing fake and sub-standard goods from about 80% to 30% working with SON. And because we have so many fake and substandard goods, the cost of producing goods in the country is more expensive than those cheap sub-standard products that are brought into this country. We are going to take drastic actions with respect to tackling this problem," he said.

Speaking during the event, the Minister of Power, Prof. Bart Nnaji, said the Federal Government was committed to the successful implementation of its Power Sector Reforms Programme, adding his ministry would partner the Ministry of Trade and Investment on the provision of dedicated, uninterrupted power supply to key industrial areas across the country to fast-track the country's Industrial Revolution Plan.

Nnaji assured: "The Federal Government is committed towards the implementation of the Power Sector Reforms Programme, which is aimed at providing sustainable uninterrupted power supply to meet domestic and industrial demand. Part of the on-going reforms is the implementation of a cost-reflective tariff structure that will open up the sector to attract more local and Foreign Direct Investment.

"As part of this strategy, we are going to partner the Ministry of Trade and Investment on delivering more power to the country's industrial areas such as Lagos Kano, Kaduna , Onitsha , Aba , Shagamu and other places. Already, we have mapped out the industrial areas and more power will be delivered to these industrial centres." He added: "For example, we have concluded plans to move power about 1,000MW from the two power plants at Olorunsogo to Shagamu. This is because we have identified power as very critical to Nigeria 's Industrial Revolution Plan. Part of the problem militating against investment in the power sector is that we operate a non-cost reflective tariff structure.

Currently, power producers owe gas producers about N24bn due to our non-cost reflective tariff. "While we intend to address this problem, we also have plans to provide adequate incentives to rural dwellers through the new tariff regime. What we want to achieve in this country is to have a power sector that is robust to deliver sustainable uninterrupted power supply to drive the Industrial Revolution that is being spearheaded by the Ministry of Trade and Investment." *(This Day)*

Yields on Nigeria bonds and treasury bills rose across all maturities on Thursday after a pickup in inflation in Africa's second-biggest economy, dealers said, prompting investors to hold positions ahead of next week's rate decision. Nigeria's central bank will hold its rate setting meetings next Tuesday and analysts expect the bank to keep interest rates on hold at 12%, despite an uptick in inflation.

Bond and treasury bill yields have adjusted upwards, rising between 20 and 100 basis points, dealers said, after April inflation climbed to 12.9%, year on year, from 12.1% in March. Successive hikes in interest rates by the central bank had spurred a sustained rally in bonds, but Tuesday's inflation data reversed some of those gains, traders said.

The shortest 3-year bond inched up to 15.4% on higher inflation, from 15.1%, while longer tenor 20-year paper was unchanged at 14.39%. Prior to the release of inflation, the 5-year bond was yielding 15.05%, but had now gone up to 15.36%, one dealer told Reuters, adding that next week's rate decision was going to be key for bond yields.

"We are waiting to figure out what the central bank will do. Will they react to the trends in the rise in inflation? So far, investors have priced in a hold decision for rates," he said. Nigeria auctioned 35bn naira worth of 5-year bonds maturing in 2017 on Wednesday at a yield of 15.24%, compared with 15.1% at its last auction in April.

"The market and central bank are both anticipating a peak in inflation of around 14.5% y-o-y in Q3. This mitigates the possibility of an unexpected hike in policy rates ... or a significant sell-off in bonds," Samir Gadio, emerging market strategist at Standard Bank, wrote in a note to clients. Domestic pension funds, the largest buyers of Nigeria government debt, have switched from relatively poorly performing equities over the last year into fixed income.

Dividend yields for equities are around 8%. Dealers say foreign investors have been attracted Nigerian bond yields but worries over liquidity naira stability mean they have stuck with short term one-year treasury bills yielding around 14%. The naira on Wednesday fell to its lowest level in two months against the U.S dollar on the interbank market, on strong dollar demand.

"The currency will continue to be important for the overall inflation outlook, and in the very recent past we've seen what may possibly be temporary pressures on the back of the euro area crisis," said Razia Khan, head of Africa research at Standard Chartered Bank. *(Reuters)*

Nigeria sold NGN 70bn (USD 440.31m) worth of 5-year and 10-year bonds maturing in 2017 and 2022 at its regular auction on Wednesday, the Debt Management Office (DMO) said on Thursday. The debt office said it sold 35bn naira each in 5-year and 10-year paper with maturities of four years, 11 months and nine years, eight months, respectively.

The bonds are due to mature in 2017 and 2022, respectively, and are re-openings of previous issues. The 2017 bond has a coupon of 15.24%, compared with 15.1% at the last auction in April, while the 2022 paper pay a rate of 15.45% against 15.47% previously.

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

The Minister of Finance, Dr Ngozi Okonjo-Iweala, yesterday in Abuja asked the National Assembly to quickly approve the Federal Government's external borrowing plan of USD 7.9b, about NGN 1.8tn. Okonjo-Iweala made the request during an oversight visit to her office, by members of the House Committee on Finance. President Goodluck Jonathan had written the Senate and House of Representatives in February seeking approval for the loans to fund key projects in various sectors of the economy.

Nigeria is seeking the loan facility from the World Bank, Africa Development Bank, Islamic Development Bank, Exim Bank of China and India lines of credit. "We have an external borrowing plan that we have put to the National Assembly, as we are required to do and I am really counting on your help to get out the borrowing plan as quickly as possible." The Minister, said the loan is required to complete some on-going projects captured in the 2012 budget.

She said government will spend the loan on several projects in agriculture, water resources and power. On the monthly meeting of Federation Accounts Allocation Committee (FAAC), which distributes money to the three-tiers of government, she explained that delay in disbursing funds was not an issue of concern. With regards to government's revenue, Mrs. Okonlo-Iweala said Nigeria recorded 17% drop in oil out in April 2012 as a result of theft and smuggling, adding that the development is giving government serious concern.

She stressed that the government is determined to check the theft and smuggling of oil out of the country thus denying the government of needed funds. She revealed that the federal government is being owed over NGN 100bn by corporate entities, adding that negotiations were on with the defaulters to resolve the issue. "We also have more than NGN 100bn that is outstanding. That is why the number of companies is quite substantial but we are working at this. Government is "not out to just publish names until we have discussed with the companies and use every means to try and persuade them to pay.

It is not the arrest that is important but the money that comes in. Our job is not to arrest but to get them to remit the money that they owe." The minister noted that a lot of things depend on this external borrowing plan "and until the National

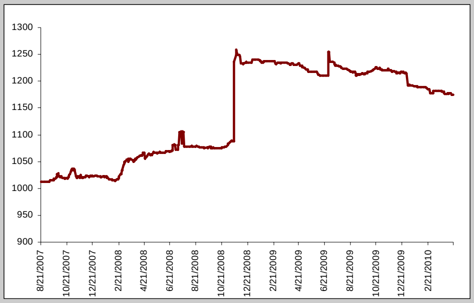
Assembly gets it out, all those who want to assist us with soft credit will not be able to do so." Most of the credits in that borrowing plan "are mostly soft credits with very low%age of interest. Some of them are outright zero interest, but with a commitment charge, from the African Development Bank and the World Bank, the Islamic Bank and the other multilateral donors, including China and India.

These are people who want to assist us. These resources are very key for our 2012 budget," she stressed. The loans when secured will cover a spectrum, mostly "for very productive investments in agriculture, water resources, power and transport. Earlier, the chairman House Committee on Finance Abdul Mumin Jubrin called the minister of finance to look into the matter of remittances of revenue to government coffers. All agencies he said are supposed to be remitting revenue to the Federation Account as such there should efforts should be redouble to ensure that whatever is due to the government is remitted.

On the issue of insurance Jubrin lamented that National Assembly looks "at it year after year we are budgeting lots and lots of money for insurance of government property and assets and it is important for us to go out there and review the value of these assets that are being insured and the amount of money that is being paid as premium and see if procedures are being followed in line with laid down rules and regulations." He urged the finance minister to conduct "a lot of investigative work in that regard to compliment the efforts of the National Assembly. *(Nation)*

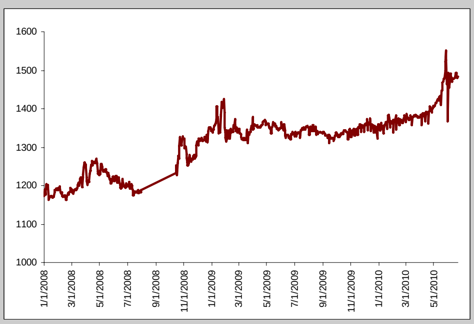
Tanzania

Dar-es Salaam Stock Exchange



Source: Reuters

TZS/USD



Source:SAR

Economic indicators

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

Source: World Development Indicator

CPI Inflation

Stock Exchange News

The DSEI gained a marginal +0.06% to close at 1,323.20 points. Total was the top mover after gaining +10% to close at TZS 220 followed by NMB (+1.11%) to TZS 910 and TBL (+0.78%) while CRBD was the only shaker after shedding -1.92% to TZS 130.

Corporate News

In a bid to curb frequent power woes in Ruvuma Region, the Tanzania Electric Supply Company Limited (Tanesco) will be looking for oil importers with the ability to store enough oil to run the sector. This was revealed by Tanesco director general William Mhando at the weekend when he spoke to reporters on the status of electricity in the country at the company's headquarters.

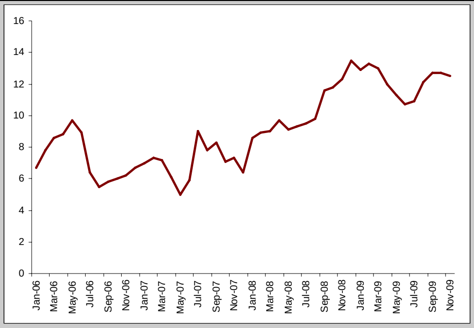
Mr Mhando admitted that the frequent power outages in the region were mainly caused by the current inability by oil importers to store enough fuel to generate electricity for the southern highlands region. "We will not renew the contract with the current oil company because it lacks a depot to store the fuel… instead, we will be looking for a company with the ability to store oil," said Mr Mhando. *(The Citizen)*

British gas firm BG Group and explorer Ophir Energy said they had found more gas off the coast of Tanzania, raising hopes that the East African country will become a major new gas province. The partners said that the discovery at the Mzia well will provide a substantial boost to their total estimate of how much gas they have found in Tanzania, helping prove there is volume enough to build a liquefied natural gas (LNG) export plant.

"The success at Mzia-1 is a major step towards a Tanzanian LNG hub development in Block 1," Ophir's Chief Executive Nick Cooper said in a statement on Wednesday. Industry interest in East Africa has intensified in recent years and the previously little-explored area is tipped to become a major natural gas producing region, exporting LNG to fast-growing energy-hungry countries in Asia.

U.S. explorer Anadarko Petroleum Corp said on Tuesday it discovered a major new gas field off the coast of nearby Mozambique. The Mozambican fields have drawn oil major Shell to the area - it is in the process of trying to buy Britain's Cove Energy, Anadarko's partner in the country.

BG and Ophir said they discovered the gas in a deeper geological zone than the previous finds that they've made in Tanzania, which added to their confidence that they'd make additional finds in the same zone on neighbouring



Source: SAR

exploration blocks. Mzia is the partnership's fifth successful exploration well off the coast of Tanzania. *(Reuters)*

African Barrick Gold said it will pay the Tanzanian government an additional 1% in royalty, citing the current gold price environment. The FTSE 250 miner, a unit of the world's largest gold producer Barrick Gold, said the new royalty would be in addition to its prevalent three% rate stipulated in its existing mineral development agreements with the government.

Spot gold is currently trading at a four-and-a-half month low of USD 1,531.13 an ounce on concerns over the European debt crisis. U.S. June gold futures, which often dictate spot gold, are at their lowest since late December. Last month, African Barrick that has four producing mines -all in northwest Tanzania - reported a 17% fall in first-quarter output, but reiterated its full-year production forecast.

Shares of the company, which have fallen 8% since reporting first-quarter results, were down 4% at 316 pence at 0716 GMT on Wednesday on the London Stock Exchange. *(Reuters)*

Economic News

Donors have pledged to increase aid to Tanzania to USD 495m for its 2012/13 budget but warned future disbursements could depend on how it tackled corruption and misuse of public funds. The east African nation of 42m people is among the continent's biggest per capita aid recipients. Donors contributed almost 29% of its 2011/12 budget and they are an important source of hard currency.

"Clear results in the fight against corruption are crucial for economic and social development in Tanzania," a group of donors said in a statement on Thursday. "Over the coming year continued and strong attention will be paid to the way public finances are spent by closely monitoring how the findings in the latest Controller and Auditor General's annual report are being acted upon."

The nation received USD 453m of aid for its 2011/12 budget, but the government's medium-term goal is to cut donor dependency in its budget to just 10%. Donors that provide general budget support to Tanzania include the African Development Bank, Canada, Denmark, the European Union, Finland, Germany, Ireland, Japan, Norway, Sweden, Britain and the World Bank.

They said more than half of the funds would be disbursed in the first quarter of the next financial year to boost government spending in development projects. President Jakaya Kikwete sacked six senior ministers this month, including the finance minister, after a report by the government's chief auditor exposed widespread misuse of funds in ministries and public institutions. *(Reuters)*

Tanzania's year-on-year inflation rate fell for the fourth straight month in April on lower food and energy costs, but analysts said the decline was too slow and forecast the rate to remain in double-digit figures for the rest of the year. Poor rains across east Africa for much of last year affected food security and electricity output, triggering spikes in the levels of inflation and threatening economic growth.

The state-run National Bureau of Statistics (NBS) said inflation in Tanzania fell to 18.7% in April from 19% a month earlier after food price rises slowed to 24.7% year-on-year in April from 24.9% a month ago. "Excluding food and energy, which are the most volatile components in the total national consumer price indices (NCPI), could provide a more stable inflation rate figure for policy makers," NBS said on Tuesday.

Food and non-alcoholic beverages make up almost half of the basket of goods used to measure Tanzania's inflation. Food accounts for 47.78% of the basket of goods used to measure inflation in east Africa's second biggest economy. NBS said prices rose 0.8% on the month in April, mainly as a result of higher food and energy prices.

The annual inflation rate for energy decreased to 24.9% in April 2012 from 29.4% registered in March 2012, the statistics agency said. Tanzania raised power tariffs by 40% in January 2012 to cover higher costs of power generation from imported fuel. Energy is the second-biggest component in the basket of goods used to calculate Tanzania's inflation rate after food, with a 13.9% weight.

The World Bank has backed the government's forecast that inflation could be lowered to single digits by mid 2012, while the International Monetary Fund has said it expects this to happen towards the end of the year. Analysts said neither target was likely to be met. "The speed of the decline of the inflation rate is just too slow. I don't see the inflation rate falling to single digits within 2012," said Honest Ngowi, an economics lecturer at Mzumbe University's Business School in Dar es Salaam.

"There are reports that Mtera, which is the country's biggest hydro-electric dam, has started to dry up. This will have implications on the availability of electricity, which is a major issue as far as the inflation rate is concerned." *(Reuters)*

Tanzania's gold production rose to 40.4 tonnes in 2011 from 35.6 tonnes a year ago after mining companies invested in higher output due to cash in on the rising price of the precious metal, its central bank said on Tuesday. The east African state, Africa's fourth largest gold miner behind South Africa, Ghana and Mali, said exports earnings surged 47% to USD 2.226bn from gold exports last year, helped by higher output and world market prices.

"The price of gold went up by 28% to USD 1,568 per troy ounce and the export volume increased to 40.4 tonnes from 35.6 tonnes recorded in 2010," the central Bank of Tanzania said in a report on its website. Gold, Tanzania's biggest foreign exchange earner, accounted for 59.1% of the country's total non-traditional exports last year.

"Gold and other precious metals including diamond and tanzanite are the major exports to Switzerland, China and South Africa," said the central bank. Tanzania plans to increase the contribution of the mining sector to gross domestic product (GDP) to 10% by 2025 from 3.8% last year.

African Barrick Gold said on Wednesday it will pay the Tanzanian government an additional one% in royalty, citing the current gold price environment. Other major gold producers in Tanzania include Anglogold Ashanti Ltd, which owns the Geita gold mine, and Resolute Tanzania Ltd, which owns the Golden Pride mine. Large-scale gold mines have invested around USD 3bn in Tanzania over the past decade, according to government estimates. *(Reuters)*

Tanzania's mobile phone subscribers rose 22% to 25.6m last year, helped by lower tariffs, senior telecommunications officials said on Thursday. Communications is the fastest-growing sector in east Africa's second biggest economy, with seven players in the local mobile telecoms industry fighting for market share, forcing tariffs lower.

Communications Minister Makame Mbarawa said this week that phone tariffs were halved in Tanzania over the past 10 years due to increased competition. "There are now eight licensed mobile phone subscribers, with seven in service. Besides increasing consumer choice, the increase in the number of service providers has led to a 50% fall in mobile tariffs," he said in a statement.

Interconnection charges, the rate mobile phone operators charge each other for calls made across networks, fell to 7.16 U.S. cents in January this year from 7.83 U.S. cents in 2008, he said. A new interconnection rate due to be put in place from January 2013 will be lower, Mbarawa said. However, the decrease in interconnectivity charges, which should have trickled down to lower user tariffs, had been offset by a volatile local currency.

Mobile phone penetration in Tanzania stood at 47% last year, the regulator said. Tanzania said the number of internet users rose to 6m by May this year from 5.3m at the end of last year. Vodacom Tanzania, part of South Africa's Vodacom, is the market leader with a 43% market share followed by Bharti Airtel (28%), Millicom's subsidiary Tigo Tanzania (22%) and Zantel (6%). Other smaller players are state-run telecoms firm TTCL, Sasatel and Benson, which have tiny market share. *(Reuters)*

Dar es Salaam. Tanzania's energy sector is heading for good tidings, going by the announcement issued yesterday to the effect that the country will start producing geothermal power in the near future. Geothermal power refers to electricity that is produced by harnessing internal heat of the earth. Further prospects of more electricity came from the launch of the board of director for a joint venture company, which seeks to produce power from coal as at the Mchuchuma and Liganga fields.

While the geothermal project targets at producing 100MW within the next two years, a foreign company, Tanzania China International Mineral Resources Limited (TCIMR), plans to produce 300MW by the year 2014. Both projects would be implemented in Mbeya Region. While TCIMR is a joint venture between National Development Corporation (NDC) and a Chinese company, Sichuan Hongda, the geothermal project would be carried out by Geothermal Power (Tanzania), a local company.

Information released in Dar es Salaam yesterday said that TCIMR plans to start exploration work after six months. While China Development Bank has provided a USD 2.4bn loan for the project, the company itself has made available USD 600m, making it the single largest investment venture in East Africa.Geothermal Power (Tanzania) Limited chairman Graeme Robertson told reporters in Dar es Salaam yesterday that the company has initially invested USD 5m (about Sh8bn) for the project.

He said his company has been granted prospecting licences for geothermal exploration in Mbeya Region. Drilling of the geothermal wells would be starting within the next twelve months along the Ngozi volcanic area in the southern highland region. “Our target is Mbeya because this is a volcanic region, Arusha Region was also fit for such an exploration, but there is a drawback because the larger part of the potential fields is located within game reserves,” he added.

“Such a geothermal investment will highlight Tanzania’s involvement in sustainable power generation, aiming at eradicating the current shortage of electricity generation,” he stressed. The company has already embarked on exploration and drilling along the Mbaka and Livingstone faults, which would between them be a source of close to 10 megawatts that would benefit 5,000 villagers around the area. According to Mr Robertson, the company would also spend USD 250m (about Sh400bn) as total capital cost in generating geothermal energy in Mbeya Region, should the exploration prove to work.

Asked how much in tariffs the company would impose on its customers, Mr Robertson highlighted that his company needed first to do thorough research to establish how deep the site was. Partners in the project include investors from Australia and the Netherlands with 70% worth of shares, Interstate Mining and Minerals Limited with 25% and the National Development Corporation (NDC) with five% of the shares.

Geothermal technology has proved to work in Rift Valley areas of Kenya and Ethiopia, and according to Mr Robertson, the technology would be a new and worthwhile undertaking for Tanzania. For his part, the director of Interstate Mining and Minerals Limited, Mr Henry Nyiti, noted that the technology would be first of its kind in Tanzania since independence. He added that the country was set to benefit immensely at the time when the country is grappling with punishing power shortages.

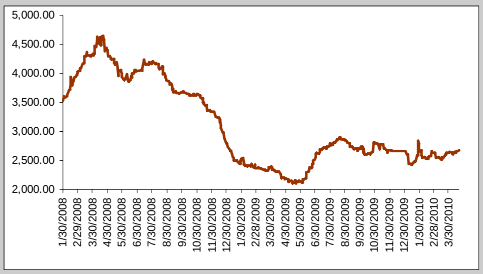
Meanwhile, launching the TCIMR board yesterday, the NDC board chairman Chrisant Mzindakaya said the occasion marks the beginning of serious implementation of the coal power project at Mchuchuma and Liganga. He said equipment for the initial works of feasibility studies as well as exploration have already been shipped to Dar es Salaam. Dr Mzindakaya said the initial work of evaluating the iron ore and coal would officially start in July this year, after fresh feasibility studies to determine the exact amount of iron ore and coal deposits at the site.

Apart from alleviating power problems, the project would also see Tanzania enter into the global league of coal exporting countries. Initial projections show that there are about 480m tonnes of coal at Mchuchuma. The aim is to produce 3m tonnes of coal annually, part of which would be used to produce 600MW, half of which would be used to run iron ore extraction machines and the other half would be pumped into the national grid. When fully operational, the Liganga mine would produce 3m tonnes of iron ore and 1m tonnes of iron and steel annually.

He said availability of power would encourage several locals to establish small-scale industries that would foster development and generate income for the people. He said that through the lesson acquired from other mining projects, Tanzania shouldn't repeat mistake at the Mchuchuma project. In the joint venture, NDC would hold a 20% stake and the Chinese firm would hold the remaining 80%. Dr Mzindakaya said TCIMR would be responsible for raising the USD 3bn required for the implementation of the projects in two phases. *(The Citizen)*

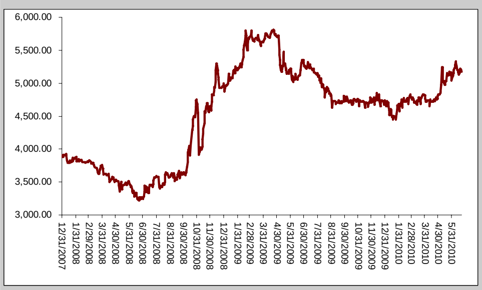
Zambia

Zambia Stock Exchange



Source: Reuters

ZMK/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

CPI Inflation

Stock Exchange News

The LuSE index lost -1.15% to close at 3,950.18 points. Zambeef was the only gainer after adding +3.70% to ZMK 2,800 while SCB was the biggest loser after shedding -5.71% to ZMK 3.30 followed by AELZ, down -2.78% to ZMK 3,500 and Puma (-2.55%).

Corporate News

No Corporate News this week

Economic News

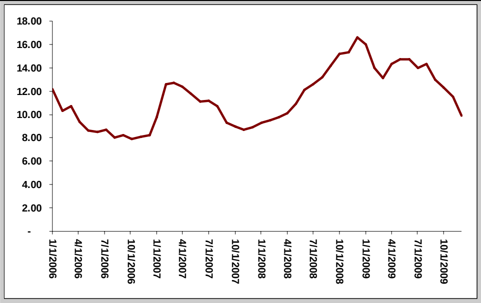
Zambia's government will target annual economic growth of 8% over the next five years and wants to stabilise inflation around 5% in the medium term, Finance Minister Alexander Chikwanda said on Monday. Chikwanda said the combination of high growth and low inflation was needed to cut poverty that he said stood at 60% in urban areas and 80% in the countryside.

"We aim to achieve a growth rate of at least 8% per annum over the next 5 years. The government aims to stabilize annual average inflation at around 5% over the medium term," he said in a statement. The government was also tightening up the way it collects taxes from the mining companies operating in Africa's biggest copper producer, but would not be applying undue pressure, he added. *(Reuters)*

The Zambian government has shortlisted six international companies for the supply contract of petroleum products and crude oil to the Southern African nation, a senior government official has said. The government earlier this year invited tenders for the supply of 1.4m tonnes of oil after the expiry of a two-year supply contract with Glencore. The six unnamed companies have been evaluated and submitted to the Zambia Public Procurement Authority (ZAPA) for final selection. Two successful bidders are to be selected for the supply of finished petroleum products and crude oil, according to Energy, Mines and Water Development Permanent Secretary, George Zulu.

In a telephone interview from Lusaka on Wednesday, Zulu explained that, “We have scrutinised and evaluated the capacity of these companies and have since submitted to ZPPA for final consideration before picking two successful bidders, preferably by next week”. Zambia seeks to import 1.4m tonnes of commingled fuel, in addition to 216m litres of diesel and 21m litres of unleaded petroleum for the country’s consumption following the expiry of a contract with Glencore.

The minister said the government is satisfied with the transparent manner in which the bids were evaluated. ZPPA’s board secretary, Justin Matimuna,



Source: SAR

could not be reached for comment on Wednesday to shed more light regarding the selection process. Under the current arrangement, successful bidders are expected to deliver the first consignment of feedstock and finished petroleum products to Zambia through the port of Dar es Salaam, Tanzania, within a minimum of 90 days. The deliveries should be completed in 120 days.

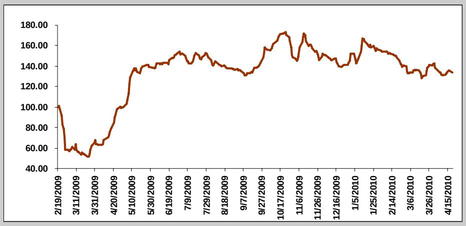
All companies that bid for the supply of the consignments paid USD 2m as bid guarantee with their respective banks acting as guarantors for the supply of the products. Companies that have submitted their bids include Mercury Energy Trading (South Africa), Agipol Africa Limited, Gunvor (South Africa), Crown Hill Investments Limited, KenolKobil Limited, Trafigura PTE Limited, Vitol SA, Independent Petroleum Group Company of Kuwait and Addax Energy SA.

Others are Independent Petroleum Group Company, Gapco Kenya Limited, Oryx Supply and Storage, Dalbit Petroleum Limited, Strauss Logistics, Agipol Africa Limited, Mocoh SA, Trafigura PTE Limited, Galana Petroleum Limited, Oilcom (T) Limited and Mogas International Limited. *(Southern Times)*

Securities Africa

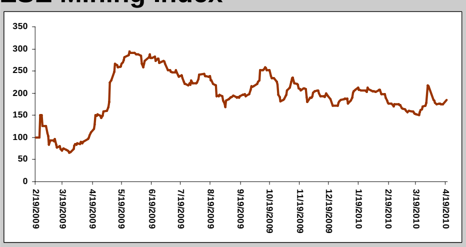
Zimbabwe

ZSE Industrial Index



Source: Reuters

ZSE Mining Index



Source: Reuters

Economic indicators

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

Source: World Development Indicators

Stock Exchange News

The market closed the week on a mixed note with Industrial Index closing 1.04% higher at 131.64 points while Mining Index lost -7.53% to 80.26 points. Willdale and Phoenix led the movers after gaining +80% and 50% to close the week at USD 0.0018 and USD 0.015 respectively. Other gains were recorded in CAFCA up +40% to USD 0.70 and Pelhams which put on +27.27% to USD 0.007. Interfin and Nicoz led the losers after shedding -94.12% and -56.67% to USD 0.001 and USD 0.013 respectively. Other notable losses were recorded in Bindura (-42.86%) and Pioneer (-40.00%)

Corporate News

Telecel Zimbabwe has slashed the cost of its data bundles, making them the cheapest on the market. With effect from today, Telecel subscribers will be able to purchase data bundles from 55 megabytes upwards at 50% discount in a promotion aimed at moderate and high-level data users. The cost per megabyte will drop to less than 5 cents per megabyte for those purchasing the 55 megabyte bundle and 2,5 cents for those buying the largest bundle, which is three gigabytes.

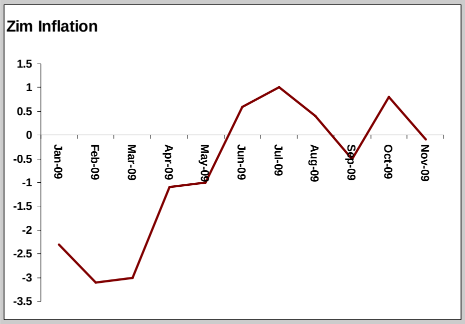
The new rates are also competitive with internet service provider rates. A Telecel spokesperson said the promotion was intended to give subscribers more value for their money. “We have become well known for providing our subscribers with value for money services. We took the lead in slashing the price of SIM cards and mobile phone handsets in 2010 and followed this with a reduction in the cost of international calls to major international destinations.

“Now that our data network has become well established we have decided to slash the cost of data bundles in a promotion that is set to benefit subscribers who regularly access the internet from their mobile phone or through a Telecel dongle plugged into their laptop or desktop computer. “Giving best value for money is one of the brand values we announced when we rebranded in February. This promotion gives data users, we believe, unbeatable value for money.”

Telecel has invested a great deal in establishing 3G and 2G sites around the country. It is continuing to expand its 3G and 2G networks. It expects to double the number of 3G and 2G sites it has in the course of this year. Telecel said the 55 megabyte bundle, which normally costs USD 5, will cost just USD 2,50, which amounts to 4,55 cents per megabyte.

The 550 megabytes bundle that is normally USD 45 will cost USD 22,50, which is 4,09 cents per megabyte. For USD 42,50 it will be possible to buy 1 250 megabytes of data, which would normally cost USD 85. This calculates to just over 3 cents per megabyte. The 3 000 megabytes bundle, which normally costs

CPI Inflation



Source: SAR

USD 150, will cost USD 75 or 2,5 cents per megabyte.

Since the promotion is targeted at moderate and high-level data users, the price of the smaller denomination data bundles of five megabytes and 10 megabytes will remain unchanged at 50 cents and one dollar respectively. *(Herald)*

MEIKLES, one of the country's five-star hotels, has embarked on a USD 7,5m refurbishment programme to give the premier hotel a facelift, in line with international standards. The hotel last had refurbishments 17 years ago. Meikles Hospitality managing director, Karl Snater, said refurbishment works started in March, when all 132 bedrooms and suites in the north wing were cleared of fittings and furnishings. They also demolished existing bathrooms.

"Renovation work is now well underway and we are expecting to have completed the exercise by the end of November," he said. Snater said the north wing was now closed to the public, with the exception of La Fontaine Grillroom, the hotel's flagship restaurant. The restaurant will also be closed for refurbishment during the course of the year.

Snater said this would further enhance Meikles's status as Zimbabwe's premier hotel. "It is 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." After completion of renovations of the north wing, attention would be shifted to the south wing ahead of Meikles centenary celebrations in 2015. *(The Standard)*

The Zimbabwe Mining and Smelting Company last week said it had secured US35m capital injection from its largest shareholder, Sino Steels, to revamp furnace number two which was damaged by fire in 2006. The ferrochrome producer currently has five furnaces running. Zimasco marketing and administration general manager Clara Sadomba said the company was already revamping the furnace, which would increase production.

"The investment from Sino Steel, which owns 73% of the company, towards rebuilding furnace number two was received and work is currently underway. "The restoration of the furnace will increase output of high-carbon ferrochrome from current levels of 170 000 metric tonnes per anum to 230 000 metric tonnes per anum," she said. Ms Sadomba said the rebuilding exercise was expected to be finished by year end. The Zimbabwe Chamber of Mines estimates chrome output this year will increase to 3,5m tonnes from last year's 1,5 tonnes. *(Herald)*

Final bids for the expansion of Hwange Power Station units 7 and 8 will be submitted next month, says the Government. If all goes according to plan, the construction of a new plant would begin next year. Energy and Power Development permanent secretary Justin Mupamhanga told delegates at the Chamber of Mines conference last week the winner of the contract would be announced next month, with construction scheduled to start in January.

"We anticipate that on the 5th of June, bidders will be submitting their final bids to Zimbabwe Power Company for adjudication," he said. Government also shortlisted five contractors for the expansion of Kariba Hydro Power Station, but no dates have been announced for the final bids. The expansion of Hwange requires USD 1,9bn while Kariba would need about USD 600m.

The expansion of the two power stations would add 900 megawatts to the national grid. Mr Mupamhanga did not disclose the names of the shortlisted firms. Zesa Holdings is struggling to meet the national power demand, producing an average of about 1 200 megawatts, almost half of the demand. Zimbabwe's electricity sector has had no meaningful investment for nearly three decades, which has resulted in frequent breakdowns, especially at Hwange.

Power shortages have triggered load-shedding which has adversely affected productivity in the key economic sectors of agriculture, mining and manufacturing. Zimbabwe imports additional power from Mozambique, Zambia and the DRC. But due to financial constraints, Zesa cannot import enough electricity to cover the shortfall.

Meanwhile, Zesa has managed to reduce its debt with HCB of Mozambique to USD 31m from USD 76m, after leading platinum miners Zimplats, Mimosa and Unki made pre-payments of about USD 35m. Last month, HCB had agreed to an uninterrupted power supply deal with Zesa if the power utility paid USD 40m. *(Herald)*

The USD 750m Essar Africa takeover of Ziscosteel is facing fresh hurdles amid indications the Mines and Mining Development ministry wants an independent auditor appointed to quantify and validate iron ore mining claims at Buchwa Iron Mining Company (Bimco) before handing them over to the Indian firm. As part of the deal, Essar also acquired 80% of Bimco to form NewZim Minerals Limited. But sources in the Mines ministry said some sections of the inclusive government were of the view certain issues were not done above board hence delays in handing over the mining claims.

Essar won the bid to take over the operations of Ziscosteel after the government in 2010 opened a fresh expression of interest following its reluctance to award the bid to multinationals. Initial bidders to take over the moribund steel giant included Indias Jindal Steel and Power and ArcelorMittal South Africa.

Essar, which now holds a 54% stake in the new constituted entity NewZim Steel Limited, is yet to start operations as a result of the reluctance by the government to hand over the mining claims. Bimco held the rights to iron ore claims for feedstock into Zisco operations.

The proper procedures were not followed in the first place and the Mines ministry was not involved in the deal initially, a source close to the developments said. What the ministry is saying is that there should be an independent evaluator to look into the amount of claims that exist at Bimco and then put a value to it.

Whoever the investor is should then pay for the resources after evaluation. This should not bee seen as being anti-investment, but things should be done properly.Essar wants to exploit the iron ore claims in Mwanezi Ranch, but has failed to do so as the Mines ministry is yet to hand over the claims. Mines and Mining Development ministry secretary Prince Mupazviriho said officials working on quantifying the Bimco claims had completed the process.

Our team was ascertaining each and every claim and its validity. As the ministry we should be given the instruction by the Industry ministry to transfer the claims to Essar Holdings, he said. However, sources said the Ministry of Industry had bypassed the Mines ministry resulting in the current standoff.The Ministry of Mines and Mining Development controls mining titles and the Minerals Act.

In this case the Ministry of Industry and Ziscosteel settled the deal bypassing the ministry of Mines, the source said. Industry and Commerce minister Welshman Ncube has on numerous occasions expressed concern at the slow pace of implementation of the agreed positions with the Mines ministry.

Last year, Essar announced plans to roll out a USD 100m exploration, technology assessment and testing programme of former Ziscos mining assets, including Ripple Creek Iron Ore Mine in Redcliff and Mwanesi Iron Ore deposit in Chivhu. The steel company also undertook to set up a USD 3,5bn project should the feasibility study succeed.

The beneficiation process is expected to convert raw ore into an internationally marketable product with a 500% increase in value. Ncube could not be reached for comment at the time of going to press yesterday. *(News Day)*

Hotel group African Sun Limited is back in the black, recording USD 743 259 in profits for the six months ended March 31, 2012. The group's first profit since dollarisation is attributed to growth in arrivals and strong performance in resort hotels. During the period under review, revenue increased 16% to USD 26,1m up from USD 22,5m recorded in the preceding period.

Occupancies were 52% in positive variance, compared with the six months last year as revenue per average room went up 23% to close at USD 46 from last year's USD 37. This resulted in earnings before interest, tax, depreciation and amortisation profit of USD 2,17m. Chief executive Dr Shingi Munyeza said the group had turned the corner and would continue growing business to restore value.

He said the group was also excited by the eight new projects in West Africa and Zimbabwe. The projects would be under management contracts. Foreign investment has continued to drive growth in West Africa, presenting an opportunity for further rooms growth within that market. The group said Nigeria and Ghana would remain the primary focus as much of the growth was from the two countries.

However, the group is pulling out of one project in Ghana after it conflicted with one of its new projects. Travel into Zimbabwe has also remained strong, with arrivals from Europe registering the highest increase of 16%, followed by the Pacific and the Americas at 14 and 8% respectively. "We have also embarked on our second phase of refurbishment, consisting of the main hotels," he said.

The first phase included six hotels three city hotels and three resort hotels. Commenting on negotiations with Dawn Properties, Dr Munyeza said a committee was set to deal with the matter. It is understood that the committee agreed on seven hotels, except for one. "The legal route cannot solve value creation for Dawn," he said. "What we are doing is to restore shareholder value to assets and the primary reason is that for creation of value. I am confident that the issue would be resolved in the short to medium term."

Board changes also took place at the group. Mr Bhekithemba Nkomo is now the new chairman, taking over from Mr Tim Chiganze. The group is optimistic of increasing profits as 70% are realised during the second half of the year. Frequencies into Zimbabwe remain positive and the revival of flights into Harare and the Victoria Falls would increase accessibility, he said. *(Herald)*

ESSAR Holdings, the majority shareholder in New- Zimsteel, has struck a deal to lease Zesa's Munyati power station to ensure reliable electricity supplies to its Redcliff steel plant, a Cabinet minister has said. Industry and Commerce Minister Welshman Ncube said in an interview yesterday that Cabinet recently approved a Memorandum of Understanding between the power utility and Essar.

"They (Zesa and Essar) negotiated through the Ministry of Energy and Power Development and their MoU was approved by the Cabinet," said Professor Ncube. His ministry led the USD 750m acquisition of the Government's 54% stake in Zisco by Essar. Munyati is a coal-fired thermal unit in Kwekwe, about 200km west of Harare. It has an installed capacity of 98 megawatts.

Munyati Power Station will guarantee Essar, which had initially indicated plans to build a 600-megawatt plant, of uninterrupted electricity supplies at a time when Zesa is unable to meet local demand. Minister Ncube could not give details about the lease tenure, but sources at the Ministry of Energy and Power Development said Essar had negotiated for 30 years while Zesa wanted to lease it for only 10 years. Essar would rehabilitate the plant at a cost of up to USD 4m and also wanted permission to sell excess power to customers of their "choice".

"Those were the sticking issues about the deal as the ministry felt that the tenure that Essar wanted was too long and also that allowing Essar to sell excess power to customers of their choice could have resulted in them exporting," said a source that asked not to be named. No comment could be obtained from Energy Minister Elton Mangoma. Essar plans to invest USD 4bn in Zimbabwe's steel industry in the next 10 years, resident director for Africa, the Middle East and Turkey Mr Firdhose Coovadia said in February.

But he said the company will start when mining rights, previously owned by Zisco, are transferred to the new entity. Under the deal, Essar also acquired 80% of Zisco's mineral assets in Mwenezi, Buchwa and Bimco but Government is yet to transfer the mining rights to Essar, more than a year after the deal was sealed. Prof Ncube said the Minister of Mines and Mining Development Dr Obert Mpofu had the capacity to transfer the claims to the new entity. *(Herald)*

The Securities Commission of Zimbabwe (SECZ) has begun scrutinising the recent acquisition of construction giant Murray and Roberts (M&R) Zimbabwe amid suspicions that the transaction was shrouded in irregularities. A consortium of local and foreign investors two weeks ago bought controlling stake in M&R after the South Africa-headquartered parent company disposed of its shareholding.

It has since emerged that aggrieved shareholders approached the capital markets regulator raising questions on how the deal was conducted. Zumbani, a consortium made up of M&R Zimbabwe chairman Paddy Zhanda, former M&R Zimbabwe chief executive officer Canada Malunga and international partners Malcom McCulloch, which represents Carlmac of South Africa and Brait, an international investment group, bought 99 792 515 shares at a special bargain price of USD 0,0147 per share.

The special bargain price was at a 79% discount to the last traded price of the share which was USD 0,07. The special bargain was brokered by Lynton Edwards Securities. SECZ chief executive officer Tafadzwa Chinamo said the commission was looking into the transaction after it observed the acquisition was “unusual”. “We are looking into how that transaction was conducted. It was an unusual transaction that needs an explanation.

“We will scrutinise and do that in the interest of the public,” Chinamo said. It is understood that minority investors were worried with the level of disclosure and the “vagueness” of a cautionary statement, which preceded the transaction. “The valuation and subsequent price agreed upon between the buyer and the seller were not disclosed to all shareholders through a circular as is required for a public-listed company when a change of control occurs,” said sources close to the developments.

“At the very least, a mandatory offer was to be made to minority shareholders at the price the seller was willing to offload the shares. “This was waived by the ZSE (Zimbabwe Stock Exchange) in a letter written to the broker handling the transaction.” It is also understood that this waiver was not approved by the ZSE-listing committee, which is in charge of such transactions.

ZSE listing requirements entail that listed companies ensure that full, equal and timeous public disclosure is made to all holders of securities and the general public at large regarding activities of an issuer that are price sensitive. The sources said the deal could have dented investor confidence given that a former chief executive officer and the current chairman of M&R were part of the consortium, which acquired M&R SA shares.

Minority shareholders, according to sources, are also concerned that the two, through their positions in the company, could have had access to information that other shareholders did not have and used it to make private bids for a public-listed company. Although Chinamo could not comment what possible action the commission would take, reliable sources said the commission could “privately censure” LES regarding the irregularity of the transaction.

“Buyers can possibly be charged with insider trading since they could have had privileged information on which they transacted to their benefit and to the detriment of minority shareholders,” said an equities market player who requested anonymity. *(News Day)*

Fidelity Printers and Refiners, the gold buying arm of the Reserve Bank of Zimbabwe, is set for a USD 50m recapitalisation as Government moves to curb exports of raw gold, Finance Minister Tendai Biti said yesterday. The recapitalisation will see Government selling some of its shares in Fidelity and will also seek lines of credit, Minister Biti told journalists as he presented the State of the Economy Report for the first quarter.

Government owns Fidelity 100% through the Reserve Bank of Zimbabwe. “What Government is working on right now is to recapitalise Fidelity so that all gold mined in Zimbabwe is refined at Fidelity before it is exported,” said Minister Biti. “So, USD 50m is sufficient” he said. “We are talking to local and foreign investors over recapitalisation. “We are not just looking at lines of credit but we are also prepared to give them equity.”

Fidelity lost its status as the country's sole gold buyer when the central bank liberalised the marketing and trade of gold in 2009 to boost the sector. At that time, most miners had stopped production after Fidelity failed to pay for gold deliveries. Some gold firms are still owed huge amounts. Zimbabwe's gold output fell to an all-time low of 4,2 tonnes in 2008, compared with a record high of 29 tonnes 10 years earlier when the country went through successive recessions characterised by hyperinflation.

The investment returned following the liberalisation of the gold sector and after the dollarisation of the economy. But it has slowed down on indigenisation and empowerment concerns, which require foreign-owned companies to sell their majority stakes to indigenous Zimbabweans. In the three months to March this year, gold production was 3,1 tonnes worth USD 150m and this is consistent with benchmarking for achieving the annual 15 tonnes target.

This would enable the country to be re-admitted onto the London Bullion Market, said Minister Biti. He said Fidelity would require at least USD 12m to buy gold from miners. Gold mines are collectively producing an average 1 100kg per month. *(Herald)*

DELTA Beverages and its wholesaler clients seem to be headed for a collision after the manufacturer slashed margins for the wholesalers to 2,6% from 5% recently. The move, claimed the wholesalers, was meant to exclude them from the distribution chain. The review in margins comes hard on the heels of a previous one which reduced the margins from 7 to 5%.

Delta Beverages manufactures and distributes lager beer, traditional sorghum beer and sparkling soft drinks. Wholesalers are accusing Delta of seeking to boost its profits at their expense through these periodic reviews and by promoting direct contact with the market by placing less value on traditional distribution channels (wholesalers and retailers). In terms of its own distribution network, Delta has 38 beverage centres and seven customer collection depots.

One wholesaler who spoke to Herald Business on condition of anonymity said Delta was "abusing" its monopoly status. "Delta continues to eat into our margins as distributors while they make more and more profits," said the wholesaler. "They are taking us for granted because they are the sole player in this industry. "This is also reflected in their supply side where we are now hardly getting any pints as well as some brands such as Castle, while selected outlets always have these in stock." Questions sent to Delta management this week had still not been answered at the time of going to print.

Delta head of corporate affairs Mr George Mutendadzamera (who usually responds to the media) is said to be out of the country. Earlier this week, Delta held a meeting with 13 selected wholesalers and retailers, at which several others were not invited described by some of the disgruntled agents as a "divide-and-rule" tactic. A wholesaler, one of 13 at the meeting on Monday, told this newspaper the manufacturer was standing firm on its decision to reduce wholesaler margins to 2,6%.

But the wholesaler said Delta had said it would soon improve on the supply side challenges once its new production plant was commissioned in a "few months' time". As a result of the problems with Delta, the wholesalers and retailers are considering plans to establish a Liquor Retailers Association to lobby for their interests. Meanwhile, a source close to the issue said the Liquor Licensing Board had planned for a “liquor industry stakeholders’ meeting” today and has invited representatives from Delta, the Retail Association of Zimbabwe, Zimbabwe Republic Police Licence Inspectorate, and the City of Harare health director, among other key players.

According to the source, the meeting is aimed at finding a solution to the steadily deteriorating relationship between Delta and the retailers and wholesalers. Delta’s lager beer business manufactures such brands as Castle Lager, Castle Milk Stout, Golden Pilsener, Lion Lager, Carling Black Label, Zambezi Lager, Zambezi Lite Lager, Bohlinger’s Lager, Eagle Lager, while its traditional beer business consists of Chibuku and Rufaro. *(Herald)*

Listed hospitality group African Sun Limited (ASL) plans to settle its lease wrangle with Dawn Properties by the end of next month, chief executive officer Shingi Munyeza said on Wednesday. Munyeza said the company had so far agreed on the leases for seven out of the eight hotels it handles.

Dawn Properties approached the High Court under case number HC3014/12 seeking cancellation of eight property leases citing breaches in the contract, ranging from late rental payments, lack of maintenance and diminishing commercial standing of the buildings due to low business.

Munyeza said the two companies entered into a 50-year lease agreement and 10 years had lapsed since the signing of the agreement. “We are inexplicably joint at a landlord and shareholder level,” Munyeza said. “We hope before June we will conclude discussions, but unfortunately I cannot comment on the legal issues.”

Properties which were under dispute include Hwange Safari Lodge in Hwange, Holiday Inn Mutare (now African Sun Amber Mutare), Carribea Bay Sun in Kariba, Elephant Hills Hotel in Victoria Falls, Crowne Plaza Monomotapa Hotel in Harare, Express Holiday Inn in Beitbridge and Troutbeck Inn Hotel in Nyanga.

ASL recorded its first profit before tax since dollarisation due to closure of some of its loss making hotels in South Africa. ASL has been recording losses since the country dollarised in 2009 and it disposed of loss-making hotels. Profit before tax for the group stood at USD 1,3m for the half-year ended March 2012 from a loss of USD 1,1m during the same period in 2011. *(News Day)*

Economic News

The price of raw sugar for the 2012/13 marketing season has surged to USD 700 per tonne from USD 525 last year. When the season started last year a tonne of raw sugar was selling at USD 525 with the price closing at USD 701 by March, which sugar cane growers say has brought confidence in the sector.

Sugarcane is grown commercially in the south-eastern part of Zimbabwe. Estates that grow sugarcane in the country include multinationals Triangle, Hippo Valley, Mkwasine as well as Chapiwa, a resettlement scheme where the farmers have about 10 hectares each and Mpapa, a group of farmers with about 35 hectares each. Commercial Sugar Cane Association of Zimbabwe secretary-general Darlington Chiwa said this year's price was viable.

"When we deliver raw sugar to the market farmers we always want to go back to the field and with USD 700 we will be able to recoup production costs," he said. "Farmers will also be able to prepare for the 2012/13 cropping season," he added. Chiwa said farmers had negotiated the price, which was determined by global sugar prices trends. "The price is reviewed quarterly and if there is an increase farmers will get their bonus," he said.

"For now farmers are being paid USD 700 until the next review. We hope the price will continue on the upward trend on the international market," he said. Harvesting of sugarcane started in April and is expected to run until December. Sugarcane production in the 2012/13 season is estimated at 3,5m tonnes, 17% more than the 3m tonnes of 2011/12 season.

Zimbabwe exports at least 40% of its raw sugar onto the international market. Sugar is the third foreign currency earner after tobacco and cotton. Zimbabwe is expecting to harvest 372 000 metric tonnes this year, representing an 11% increase from last year's 335 000 tonnes. *(Herald)*

Overall tax paid by the mining sector is estimated around USD 311m, representing about 12% of the USD 2,6bn revenue collected in 2011, Chamber of Mines President Winston Chitando has said. Speaking at the Chamber of Mines AGM in Victoria Falls on Friday, Chitando said incorporating alluvial diamonds mined in the eastern Manicaland province would bump mining's the contribution to about 18%.

"The contribution of the mining sector is expected to grow phenomenally to constitute between 20% and 25% of the total government revenue by 2016," he said. "However, total tax paid to government currently consumes approximately 17% of mining industry revenue and 60% of the sector's profitability." Credited with helping drive the country's recovery from a decade-long recession, the mining sector now dominates foreign exchange generation with exports increasing significantly from 20% between 1993 and 2003 to 43% between 2004 and 2011.

"In 2011 alone the sector contributed USD 2,1bn to national exports, representing 50% of the country's total foreign exchange earnings," Chitando said. "Output over the same period is estimated to account for 13% of GDP with indirect multiplier effects taking the contribution to about 18,4% of GDP in total. The indirect multiplier effects include backward linkages such as transport, suppliers and professional services."

The Chamber also said a regional analysis had revealed that the contribution of the mining sector to GDP for Zimbabwe was comparable to that of Tanzania, South Africa, Namibia and Zambia. "In fact the contribution of the mining sector in Zimbabwe to GDP is higher than the Sadc region average and that of more diversified economies such as South Africa and Namibia," Chitando said. *(New Zimbabwe)*

The increase in deposits realised in the first quarter should translate in the reduction in punitive lending rates, Confederation of Zimbabwe Industries president Dr Joseph Kanyekanye has said. Bank deposits increased to USD 3,7bn in the first quarter, up from USD 3,1bn during the same period last year, a development believed to reflect restored confidence within the financial sector.

Dr Kanyekanye said that the rise in deposits should enable banks to reduce charges on interest rates. He said this could help industry to recapitalise. “The increase in total banking sector deposits should reflect by offering loans to productive sectors. “Capital injection to the manufacturing sector will result in increased capacity utilisation which will see growth in the economy,” he said.

Dr Kanyekanye said persistent liquidity challenges have affected industry, resulting in many companies failing to raise production levels. He also said the financial sector should come up with strategies to harness money believed to be circulating outside the banking systems. “Financial institutions should focus on workable policies to tap more than USD 3bn which is reportedly circulating outside the formal banking channels.”

Bankers’ Association of Zimbabwe past President Mr John Mushayavanhu said the rise in deposits reflected restored confidence within the financial sector. “People are now beginning to realise the importance of banking with financial institutions. “However, many of these deposits are short term ranging between three and six months,” he said.

Mr Mushayavanhu said the sector would come up with plans that would restore more confidence within the sector. He said 70% of the deposits were of short term nature which made it difficult to increase lending. *(Herald)*

Zimbabwe's headline consumer inflation rate quickened to 4.03% year-on-year in April from 3.98% in March, the national statistics agency said on Tuesday. On a month-on-month basis, inflation was at 0.19% in April compared with March's 0.43%, the Zimbabwe National Statistical Agency said. *(Reuters)*

Zimbabwe’s increased platinum production could play a more significant role in the global economy than hitherto, as the fortunes of the largest platinum producer South Africa are projected to dip, according to the latest Johnson Matthey platinum projections. Johnson Matthey is a renowned metals refiner that closely monitors prices and output trends on the global metals market.

Zimbabwe is home to the second-largest known reserves of platinum, after South Africa. The country’s platinum output last year rose 21% to 340 000 ounces driven by new entrant Anglo American Platinum’s Unki Mine, said the Johnson Matthey report. At the same time, Anglo American Platinum, the world’s largest platinum producer, has indicated it expects to produce between 2,5 and 2,6m ounces of platinum this year, a ramp-up in Unki’s output.

JM said Zimbabwe’s platinum sector managed to skirt challenges in respect of lack of new investment and negative global perception to record the volume growth. “A ramping up of mined output in North America, following shutdowns in 2010, and new and expanding operations in Zimbabwe coming on-stream, together contributed significant additional ounces,” read part of the report.

The platinum report noted that there was little prospect for a rise in South African platinum supplies this year and shipments of the precious metal from the world’s top producer would most likely decline. Supplies of platinum from South Africa increased by 5% in 2011 to 4,86m ounces because of inventory releases, the metals refiner said in an annual report. “The potential for an increase in platinum supplies (from South Africa) in 2012 is weak . . . We conclude that overall, shipments of platinum are likely to decline this year,” Johnson Matthey said.

An estimated 80% of the world’s known platinum group metal reserves lie in South Africa, where the industry has been hit by labour unrest and a government safety drive. For instance, Impala Platinum (Implats), the world’s second largest producer of the precious metal, lost 120 000 ounces in first-quarter production due to an illegal and often violent six-week strike at its Rustenburg operation.

Meanwhile, another JM metals report shows that platinum prices lost ground during the course of last month, trading below USD 1 600 for much of the month, the lowest since late January. Platinum was fixed at a month high of USD 1 658 on April 3, before trending downwards for much of the remainder of the month.

With indications from the United States Federal Reserve that there would be no further quantitative easing, platinum plunged, along with gold, falling below USD 1 600 for the first time since late January to fix at USD 1 596 on April 11. Platinum also suffered from investors turning against risk assets as fresh concerns emerged about the financial stability of the eurozone. *(Herald)*

The government is considering lifting a ban on chrome ore exports amid reports that large mining firms are shortchanging small-scale miners extracting on their behalf. Chrome ore exports were banned in April last year to promote value addition and boost revenues on government coffers. Mines and Mining Development minister Obert Mpofu on Monday told the Parliamentary Portfolio Committee on Mines and Energy that the government was under pressure to make a U-turn on the policy.

He singled out mining firms like Zimasco for paying low prices on chrome ore extracted on their behalf. These people (small-scale miners) are like employees of Zimasco. It is Zimasco which determines the price and processes and semi-processes the chrome. We are under pressure to allow raw exports (of chrome) just to empower our people for a given period because of the actions of Zimasco and others, said Mpofu.

The minister added that the government was also considering granting chrome claims held by large mining firms to small-scale miners. We are also, as a ministry, looking at even cancelling the tributing of these claims by certain big organisations and allow our people to mine those claims and sell that chrome to whoever they want to at competitive prices.

This can only be done if companies like Zimbabwe Alloys (ZimAlloys) are fully operational, he added. Last year, the Zimbabwe Miners Federation, an organisation representing mainly small-to- medium-scale miners, urged the government to lift the export ban on chrome arguing the decision had resulted in job cuts in the sector.

Fast-growing economies like China and Brazil have been the major source markets of ferrochrome minerals currently in demand. Zimbabwe has large ore deposits found on the Great Dyke, a linear geological feature that runs nearly north-south through the centre of Zimbabwe passing just to the west of the capital. *(News Day)*

The government yesterday said it has plans to build a coal conversion plant to produce synthetic fuels as part of efforts to promote the use of biofuels in the country. Energy and Power Development minister Elton Mangoma, said studies were still at preliminary stages and he could not disclose any figures in relation to the coal plant.

“We are looking at an equivalent of Sasol in South Africa. Conversion of coal into liquid coal there are studies taking place (on that issue),” he said. “I cannot disclose more information. As I said there are studies that are being carried out.” The Sasol plant in South Africa produces 150 000 barrels of synthetic fuel a day and caters for 28% of the country’s needs.

In 2010, the government issued 10 special grants to new players and 129 applications for coal mining rights have also been filed with the Mines and Mining Development ministry. The decision by the government is likely to result in an influx of coal miners in the country. Key industrial uses for coal include electricity generation, cement and steel manufacturing and hydrogen production.

Hwange Colliery Company has enjoyed a monopoly in the sector for a long period of time. The Chamber of Mines of Zimbabwe estimates that the country’s coal mining industry requires USD 280m to recapitalise in five years since 2010. To date no significant amount of capital has flown into the mining sector due to various challenges such as lack of confidence and viability problems.

Coal is among the country’s 37 minerals. Zimbabwe’s coal can be extracted from the Zambezi Basin and the Sabi-Limpopo Basin, which together hold 26 500m tonnes of the mineral. *(News Day)*

Zimbabwe's may cut its economic growth projections for this year, while inflation forecasts could be higher than previously expected, Finance Minister Tendai Biti said on Thursday. Since 2009, the southern African country has been recovering from a decade of decline, but the economy remains fragile with coalition government partners President Robert Mugabe and Prime Minister Morgan Tsvangirai bickering over policy.

Last year Biti projected the economy was expected to grow by 9.4% in 2012, driven by strong performances in mining and agriculture. "The first quarter of the year has been an extremely difficult period. We have not been able to meet our revenue targets. The key cause is non-performance of diamonds," Biti told reporters during a quarterly economic update.

"It's foreseeable...that major projections will be revised downwards." The government generated USD 30.5m from diamond sales from Marange fields in the first quarter of this year, far below the target of USD 123m. Biti decried what he called "opaqueness" in the sale of Marange diamonds, which have in the past grabbed global attention over charges of human rights violations by the army. Harare denies the charges.

Revenues in the first three months of this year were USD 771m compared to a target of USD 870m. Biti said economic growth could also be affected by falling global demand for minerals, which accounted for nearly three quarters of Zimbabwe's export revenue. The maize output for this year was 968,000 tonnes, Biti said, far below last year's 1.35m tonnes.

"The resultant general decline in maize production will have an adverse impact on the overall agriculture output and this year's GDP projection," Biti said. A rise in the price of pump fuel and rentals and planned food imports would continue to stoke inflationary pressure. Zimbabwe's headline consumer inflation rate quickened to 4.03% in April.

The government has put a target of below five% by the end of this year. Biti said, however, gold output reached 3.1 tonnes during the January-March period and that the country was on course to produce 15 tonnes this year. *(Reuters)*

Notes

Securities Africa Limited

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