SECURITIES AFRICA

For week ending 25 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:

	25-May-12	WTD %	YTD %
Currency	Close	Change	Change
AOA	95.11	-0.01	-0.18
DZD	75.15	-1.25	0.12
BWP	7.61	-0.27	-3.17
CFA	511.95	-1.18	-3.48
EGP	5.92	1.63	1.46
GHS	1.88	0.69	-16.01
KES	84.15	-1.50	-0.70
MWK	261.80	-5.35	-61.21
MUR	28.70	-1.84	-2.00
MAD	8.54	1.65	0.47
MZM	27,820.00	-4.19	-4.19
NAD	8.16	1.17	-0.22
NGN	158.97	-0.64	0.51
ZAR	8.32	-0.22	-1.86
SDD	263.96	0.54	0.80
SDP	2,261.00	0.00	0.00
SZL	8.18	0.98	-0.45
TND	1.60	-1.21	-7.17
TZS	1,566.85	-0.64	-0.41
UGX	2,447.48	0.14	-0.01
ZMK	5,171.33	-0.29	-3.07

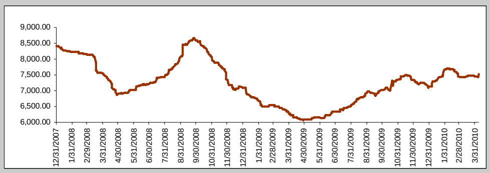
Source:oanda.com

African Stock Exchange Performance:

Country	Index	25 May 2012	WTD % Change	WTD % Change USD	YTD % Change	YTD % Change USD
Botswana	DCI	7,172.25	0.36%	0.09%	2.89%	-0.28%
Egypt	CASE 30	4,971.72	1.66%	3.34%	37.25%	39.29%
Ghana	GSE All Share	1,035.37	-1.11%	-0.42%	6.85%	-7.90%
Ivory Coast	BRVM Composite	144.37	-1.60%	-2.75%	3.95%	0.46%
Kenya	NSE 20	3,634.85	-1.75%	-3.20%	13.41%	12.62%
Malawi	Malawi All Share	5,875.58	0.13%	-4.96%	9.43%	-32.12%
Mauritius	SEMDEX	1,814.36	-0.40%	-2.20%	-3.92%	-5.81%
	SEM 7	344.68	-0.76%	-2.56%	-1.61%	-3.55%
Morocco	MASI	10,052.14	3.13%	4.86%	-8.70%	-8.26%
Namibia	Overall Index	859.00	0.12%	1.30%	2.50%	2.28%
Nigeria	Nigeria All Share	22,232.36	-0.66%	-1.30%	7.24%	7.79%
South Africa	All Share	34,375.51	3.70%	3.48%	7.44%	5.48%
Swaziland	All Share	282.51	-0.04%	0.95%	5.24%	4.77%
Tanzania	DSEI	1,322.58	-0.05%	-0.68%	1.48%	1.07%
Tunisia	TunIndex	5,058.42	-1.15%	-2.32%	7.12%	1.83%
Zambia	LUSE All Share	3,849.60	-2.55%	-2.83%	-7.68%	-10.17%
Zimbabwe	Industrial Index	133.08	1.09%	1.09%	-8.76%	-8.76%
	Mining Index	83.95	4.60%	4.60%	-16.63%	-16.63%

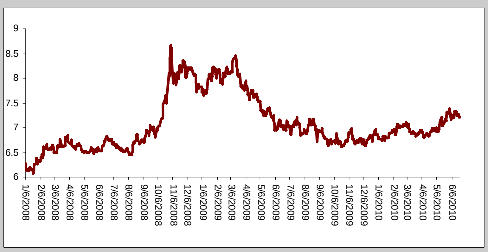
Botswana

Botswana Stock Exchange



Source: Reuters

BWP/USD



Source: Reuters

Economic indicators

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

Source: World Development Indicators

CPI Inflation

Stock Exchange News

The DCI gained a marginal 0.36% to close at 7,172.25 points. African Copper and Choppies led the gainers after adding +6.67% and +2.50% to close at BWP 0.32 and BWP 1.64 respectively. Other notable gains were recorded in FNBB (+1.79%) and Furnmart (+0.66%). On the losing front we had Blue (-10.26%) to BWP 0.35, Discovery (-9.09%) and LUC (-7.14%).

Corporate News

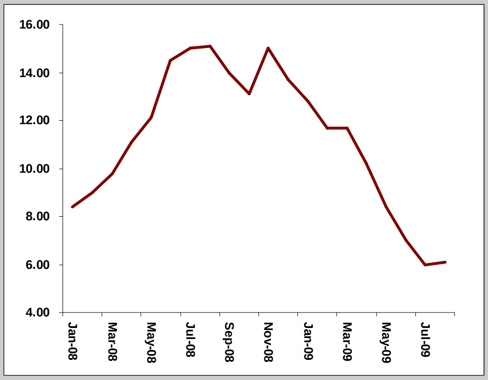
Hana Mining, the Canadian junior miner developing the Ghanzi copper and silver project, listed on the Botswana Stock Exchange (BSE) on 24 may 2012, giving local investors access to the upcoming venture. The introduction to the BSE is a dual listing of the nearly 100m shares it already has listed on the Toronto Stock Exchange in Canada. On 24 May 2012, Hana Mining executives, together with sponsoring broker, Stockbrokers Botswana and BSE officials officially listed the local bourse's newest counter.

Hana Mining will be listed on the Foreign Companies' Venture Capital board. Stockbrokers Botswana head of trading, Kennedy Kgomanyane told Mmegi Business that the dual listing was an opportunity for local investors to participate in the project. He said the listing was also designed to raise Hana Mining's local profile. Kgomanyane said as is common with early stage ventures, the listing would likely attract investors willing to accommodate risk. "To invest, you must be aware that it's not the normal type of company," he said.

"It carries a higher risk and it's for those with a higher appetite for risk.' Hana Mining regional manager, Johannes Tsimako said the listing was timed with the progress made in assessing and advancing the Ghanzi copper and silver project. "As you are aware, we have just finished our preliminary economic assessment which is an indication of the project economies, and it was very positive in terms of development of the mineable resource," Tsimako told Mmegi Business.

"We have an initial 13 years of open pittable mining and we also have a lot of upside with potential zones which are as economic or even higher, adjacent to our main zone. "This is a good time for us to indicate that we are going ahead with the project and the developments on the exploration side." Tsimako said the Ghanzi project would significantly benefit the local community by transforming the micro-economy from one based on tourism activities to mining.

"For locals, there is going to be a significant upliftment of lives, so that they are not only looking at tourism, but also mining," he said. Hana Mining has been exploring in Botswana since 2007 and currently controls five prospecting licences covering 2,169 square kilometres situated south of Maun. *(Mmegi)*



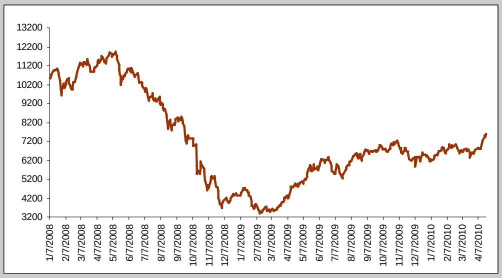
Source: SAR

Economic News

No Economic News this week

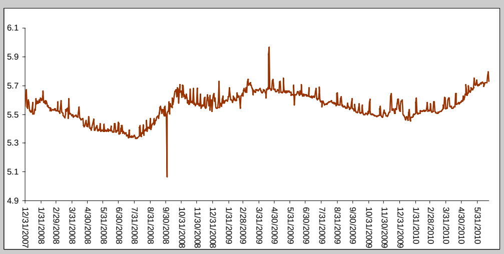
EGYPT

Cairo Alexandra Stock Exchange



Source: Reuters

EGP/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

Stock Exchange News

The EGX CASE 30 Index was up +1.66% to 4,971.72 points. Trans Ocean Tours led the movers after gaining +7.69% to USD 0.13 followed by Bisco Misr (+6.25%) and Faisal Islamic Bank of Egypt (+6.02%). Kafr Zayat was the biggest loser after shedding -5.53% to close the week at EGP 30.56. Other notable losses were recorded in: El Kahera El Watania Investment (-5.48%) and Misr Hotels (-4.02%).

Corporate News

No Corporate News this week

Economic News

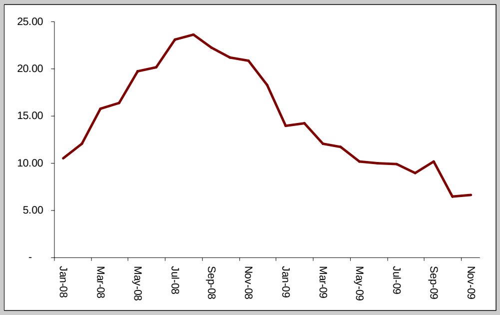
After a year of periodic violence and economic disarray, foreign companies are looking to Egypt's presidential election to usher in the beginnings of a coherent and stable government that could unlock the potential of the Arab world's most populous nation. The poll, to be staged over two days later this week with a possible second round next month, is intended to mark the formal end of a chaotic transition under the stewardship of a council of army generals.

A dozen candidates are running for president, and the military have promised to hand over power by the end of June. Leading contenders include two Islamists, Abdel Moneim Aboul Fotouh and Mohamed Morsi, two former officials in the ousted regime of Hosni Mubarak, Ahmed Shafiq and Amr Moussa. All say they favour a free-market economy model and will work to promote foreign investment.

The end of army rule should also lead to the formation of a coalition government almost certainly led by the Muslim Brotherhood, which also supports economic liberalism. "There is some optimism that the transition is taking place, and there are plenty of investors waiting for Egypt to calm down to invest," said Simon Kitchen at EFG-Hermes, the regional investment bank.

Investment plunged after the revolution early last year, with businesses taking USD 482m out of the country in 2011, a dizzying drop from the USD 6.4bn of inflows it saw in 2010. There are no figures for 2012, but analysts say investment remains on hold as foreign companies wait to see the results of the presidential poll. "They need to see what will be the tax rate, energy prices and labour laws," Mr Kitchen said. "Also for the first time arguably we will have a fragmented political system.

CPI Inflation



Source: SAR

So how will parliament deal with the president? Will they disagree over cutting energy subsidies, privatisation and salaries? All these questions are up in the air." The restoration of security on the streets and stable government would prompt "a lot of money will flow in", said Tarek Tawfik, the chairman and chief executive officer of the Cairo Poultry Company, which is partially owned by the Kuwaiti Kharafi Group, one of the biggest foreign investors in Egypt.

"We need an elected president and a stable parliament, and we need to know if parliament will be dissolved after a new constitution has been drafted," he said. "Over the past four months [since parliament was elected] we have seen a lot of political haggling. If this stays, it will hold things up." Foreign investors are less concerned about the election of an Islamist president than they are about predictable policy and security, western diplomats and analysts say. The economy has not only been severely hit by plummeting investment and tourism, but also by drift and the lack of decision making by officials afraid they would be accused of corruption.

"A lot of service contracts signed with foreign companies such as in the field of wastewater management have been put into question because they were signed before the revolution," said a western diplomat. "With new projects it has been difficult to get access to land because they are afraid to sign."

Investors are also eager to see how problems which have emerged over the past year will be resolved under a new administration. International oil and gas companies complain of delayed payment from the Egyptian government. BP has had to delay a USD 13bn gas investment because of a local backlash. Three previously privatised companies have been nationalised.

"Investors will need a government more focused on key strategy," said another western diplomat. "What Egypt will need going forward is a reformist government that would take a critical look at fundamentals and take the hard decisions." *(Globes)*

Egypt's economy grew by 5.2% in the first quarter of the 2012 calendar year, the country's minister of planning said on Monday. "The economy has started to pick up this year, and I am very optimistic," Fayza Abul-Naga, a veteran official who served during the Mubarak era, was quoted as saying on Egypt's cabinet official Facebook page.

Egypt's gross domestic product (GDP), hit by turmoil since a popular uprising toppled President Mubarak in 2011, shrunk by 4.3% compared to the same period a year earlier. *(Ahram)*

Egypt has agreed to sell USD 500m in treasury bonds to Saudi Arabia in an agreement signed on Sunday, Planning Minister Fayza Abu El-Naga said on Monday. The bonds are part of a package of financial support promised by Saudi Arabia a year ago.

As part of the package, Riyadh earlier this month transferred USD 1bn as an eight-year deposit at Egypt's central bank, Abu El-Naga said at the time. Speaking at a new conference on Monday, she did not give the maturities of the bonds or say when they would be sold. *(Ahram)*

Egypt's official jobless rate is continuing to rise, hitting 12.6% in the first quarter of 2012, state data showed on Monday. Figures from the Central Agency for Public Mobilization and Statistics (CAPMAS) show 3.4m unemployed people in Egypt at the end of March 2012, 62,000 more than in the fourth quarter of the previous year.

The total jobless figure is around 8% higher than for the first three months of 2011. Urban unemployment is offically around 16%, with the rate nearer 10% in rural areas. There is also a marked difference in terms of gender; the jobless rate for men is 9.3%, versus 23.8% for women.

Egypt's official employment statistics have long been criticised as an inaccurate reflection of the country's economic reality. Experts cited in 2011 by the Global Policy Network, an independent research group, said Egyptian employment could be 17% if not much higher. In April, the Arab Labor Organisation predicted that unemployment in the Arab world will reach at least 16% in the wake of last year's uprising. *(Ahram)*

Egyptian mobile phone subscriptions climbed to 112.67m in March 2012, an increase of 19% on the previous year, official data showed on Monday. This latest rise puts mobile penetration in Egypt at 113% in a population of 82m, according to figures published by the Ministry of Communications and Information Technology.

The report also shows the number of internet users in Egypt at 31m, an annual rise of 28%. Internet penetration is now at 38% of the population. More than a third of users have internet at home, while 50% access the web via mobile phones or USB sticks, data shows. *(Ahram)*

Egypt's trade balance deficit climbed by an annual 9.8% to reach EGP 17.2bn in January 2012, according to official figures cited by Ahram's Arabic gate. The country's trade balance deficit was EGP 15.6bn in January 2011. Exports increased by 11.4% or EGP 1.4bn on the start of last year to reach EGP 13.6bn in January 2012, figures from CAPMAS, the official statistics agency show.

This increase in exports was outpaced by a massive growth in imports, which rose from EGP 2.9bn to EGP 30.8bn. CAPMAS attributed the tenfold hike in the value of imports to rising global prices of oil, steel, corn and chemicals. Climbs in prices of garments, dairy products and ceramics were behind the milder rise in imports, the statistics agency said. *(Ahram)*

Egypt has bought 1.1m tonnes of local wheat so far in the 2011/2012 season despite diesel shortages that have hampered harvesting, an official at the Ministry of Supply and Domestic Trade said late on Monday. "The diesel shortages meant that farmers couldn't operate their machinery to harvest the crops properly, but the prices we are offering were very tempting for farmers so we managed to procure a good amount so far," Yehia Mahmoud, spokesperson for the ministry, said over the telephone.

Egypt, the world's largest importer of wheat, said in October it had raised the price it pays local farmers for their wheat to EGP 380 (USD 63.60) per ardeb (140 kg) from 350 pounds during the last season to give them an incentive. "The figure shows that we might get to the same local procurement figure we got last year by July," a Cairo-based trader said.

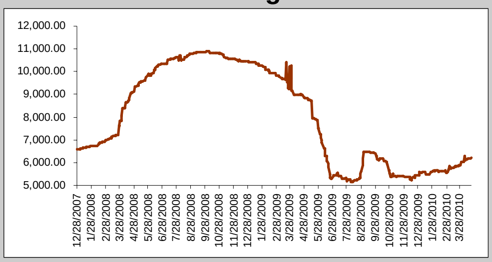
Local procurement increased in 2011 to 2.6m tonnes from 2.1m tonnes a year earlier due to better prices. Prior to the announcement of the figure, trade sources had said farmers were facing difficulties harvesting their crops amid a diesel shortage that has plagued Egypt since the beginning of the year. Egypt consumes around 14m tonnes of wheat annually and imports around half of that amount. *(Ahram)*

Saudi Arabia's Finance Minister Ibrahim Al-Assaf said in a speech on Tuesday that the OPEC country was in the process of finalising its USD 2.7-bn aid package for Egypt. The funds are aimed at helping Cairo secure a USD 3.2-bn IMF loan following the uprising that swept Hosni Mubarak from power in February 2011.

After the transfer of USD 1bn to Egypt's central bank earlier this month, the Saudi package also includes USD 500m of support for development projects, USD 250m to finance purchases of petroleum products and USD 200m for small- and mid-sized firms. *(Ahram)*

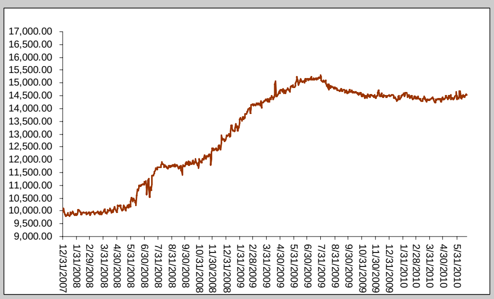
Ghana

Ghana Stock Exchange



Source: Reuters

GHC/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

Stock Exchange News

The GSE All Share Index lost -1.11% to close at 1,035.37 points. Goil was the main mover after gaining +6.98% to GHS 0.46 followed by GGBL (+1.69%) and Unilever (+0.24%). ETI (-7.14%), EGL (-6.45%) and CAL (-4.00%) were on the losing front.

Corporate News

No Corporate News this week

Economic News

Ghana is poised to achieve its 8.5% inflation target for 2012 by reinforcing fiscal and monetary measures, including support for the local cedi currency, finance minister Kwabena Duffuor said on Friday. Ghana's year-on-year inflation rose to 9.1% in April from 8.8% in March, mainly on the pace of depreciation of the cedi, the West African nation's statistical office said in its latest release.

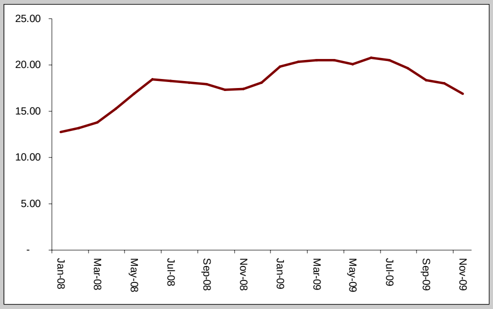
"From next week, we are going to see a more robust support for the cedi by the central bank," Duffuor said, adding that mode of intervention would also change. "The central bank is not just going to intervene, but it is going to do it in a more effective way - that we have not seen in the past," Duffuor said, but did not give details. "We will soon see action from the central bank and its impact on the interbank market."

The cedi currency has so far declined by more than 14% against the dollar this year, touching fresh lows on strong demand for the dollar by local telecom and manufacturing firms. The Bank of Ghana responded to the cedi's slide, which also pushed up inflation, by hiking its policy rate by 1% percentage point to 14.5% in April. It also reintroduced short-term bills, changed bank reserve rules, and required 100% cedi cover for vostro balances -held by local banks on behalf of foreign banks - to help stabilise the cedi.

The central bank plans to issue a 3-year bond on May 23 to raise 300m cedis for social projects. It is open to offshore investors. Duffuor said earlier measures announced by the central had started showing intended "mopping up" effects. "All these give us hope that we will contain the rate of inflation and bring it back to our target for the year."

Ghana, the world's second largest cocoa producer after Ivory Coast and Africa's no.2 gold miner after South Africa, is preparing to hold presidential and parliamentary elections in December. Duffour denied market rumours that Ghana was planning to cut fertiliser subsidy for cocoa beginning next season

CPI Inflation



Source: SAR

due to cost.

"It is not true - rather, we may have to increase the amount as we have done over the years," he said, adding that negotiations with suppliers were almost completed for this year's distribution to begin. "We have paid them USD 38m this month to clear all the arrears and we will soon roll out the next leg of the programme - Next year, it will continue."

Duffuor said the government and Ghana's cocoa regulator, the Cocobod, would be meeting a consortium of international banks to discuss the next cocoa season's loan syndication of USD 1.5bn. Every year, Cocobod raises money through a syndication of international banks for the next crop's purchases. It got USD 2bn from a similar arrangement last September. *(Reuters)*

Ghana and some other African countries are to benefit from a USD 3bn fund to help fight hunger on the continent. The fund was announced by US President Barack Obama at the G8 Summit on Friday. President Obama said the level of starvation that has engulfed parts of Africa is “unacceptable” adding that some private US investment companies would be investing a total of more than USD 3bn in Africa to deal with the starvation.

Mr Obama said "It's a moral imperative, it's an economic imperative and it's a security imperative... there is no reason why Africa cannot feed itself." In an interview with Citi News, Information Minister Fritz Baffour said Ghana’s share of the grant will be channeled fully into developing the agric sector. *(Ghana Web)*

Ghana will extend its pact with the International Monetary Fund (IMF) to December after the current programme expires in coming weeks, Finance Minister Kwabena Duffuor said on Monday in a move intended to show willingness on fiscal discipline in an election year. "We have agreed with the IMF to extend the programme to December, so we are continuing after June," Duffuor told Reuters on Monday of an existing Extended Credit Facility launched in July 2009 that gave Ghana access to some USD 600m funding.

"We believe it is important to reassure investors and the international community that we'd continue to submit ourselves to scrutiny, elections or no elections," Duffuor said. The IMF's presence and its monitoring role is seen as a form of reassurance for foreign investors. Some analysts feared the absence of the Fund in Ghana six months before presidential and parliament elections could have meant spending overshoots.

Duffuor said Fund would conduct its next assessment in late December after which the incoming government would decide whether to sign up a new pact or not. President John Atta Mills is seeking a second term in December and will face main opposition candidate Nana Akuffo-Addo - the rival he beat in 2008. *(Reuters)*

Bilateral trade between Ghana and India is expected to reach USD 1bn by the year 2013, Ghana’s High Commissioner to India has been cited by Indian media to have said. Two-way trade between the countries in 2011 was USD 818m, he said. “We expect bilateral trade between India and Ghana to reach USD 1bn by 2013. The bilateral trade in 2010-2011 was at USD 818m. Though this is projected growth, we are very hopeful about it,” he was quoted as saying.

Meanwhile, Food and Agriculture Minister, Kwesi Ahwoi has said the Ghana government was negotiating with India on financing the construction of a fish processing plant in Elmina, in the central region. The Confederation of Indian Industries will hold a three-day “India Show” in Accra. The trade show would provide a platform for Indian firms and their Ghanaian counterparts to network with the key stakeholders like policymakers, captains of industry, financial institutions and business solutions providers. The show is an initiative that promotes “Brand India” and Indian industry overseas, especially in developing and developed countries with Indian population and demand for Indian products and technologies, the reports said.

India’s High Commissioner to Ghana, Rajinder Bhagat, was cited as saying that the show is expected to attract over 100 Indian companies from agriculture, construction, consumer durables, pharmaceuticals and textiles among others. In addition, he said, the show would strengthen corporate ties between West Africa and India. *(GBN)*

The National Insurance Commission - NIC is targeting a 10% penetration of the micro insurance market in the next two to three years. The country’s overall insurance penetration currently hovers around 2%, with micro insurance penetration speculated to constitute less than half of that. Speaking to Joy Business at the ongoing International Microfinance Conference, Insurance Commissioner, Nyamikeh Kyiameh outlined to Joy Business some strategies being instituted to achieve the target.

“For the time being we will target the market women and their associations first. Once we get them on board I think the word will spread around. It’s a new area and you have to study it closely before you make projections. With respect to the target we are obviously not looking at the end of this year but in the next two to three years” *(Ghana Web)*

Government is sourcing USD 990m from the Investment and Commercial Bank of China for rehabilitation works on the Eastern Rail lines; Nsawam to Accra and Achimota to Tema. Another USD 1.95bn is being sought from the Exim Bank of China for rehabilitation works on the Nsawam to Kumasi rail lines. In an interview with the Ghana News Agency in Accra on Tuesday, Mr Emmanuel Opoku, Acting Chief Executive Officer of Ghana Railway Development Authority (GRDA), noted that USD 500m would be taken from the USD 3bn Chinese loan facility for rehabilitation works on the Western Rail line.

He noted that currently, all three rail lines including the Western, Central and Eastern were not in good shape due to bad tracks. “Rehabilitation works would include mainly the tracks, bridges, signals and telecommunication systems,” he said. Mr Opoku said as part of the rehabilitation works; all the gauges (distance between the two sleepers) would be upgraded from 10.67 millimetres to 14.35 millimetres to enable it to link Ghana to other ECOWAS countries.

“The use of the standard gauge would enable us increase the speed of our trains from 57 kilometres per hour to about 180 kilometres per hour,” he added. Mr Opoku said government had instituted plans to extend the railway service to the Northern sector and the Volta Region as well. “Currently only the southern sector of the country makes use of the rail services due to some socio-economic importance.” He said the Western Line is linked to the Takoradi Port while the Eastern Line is linked to the Tema Port with the Central Line being linked to both Takoradi and Tema Ports. *(GBN)*

Ghana's annual producer price inflation slipped to 15.81% in April from a revised 16.20% in March, driven by a decline in world gold prices, the statistics office said on Wednesday. Producer price inflation is seen by some analysts as a bellwether for consumer price inflation, which hit a one-year high of 9.1% in April as the local cedi currency slumped to fresh record lows against the dollar.

"Ex-factory prices for all industry increased by 15.81% in April 2012, compared to April 2011," deputy government statistician Baah Wadieh told a newsconference. "The inflation for Mining and Quarrying dropped by 7.2%age points, relative to the rate recorded in March 2012 due largely to the decrease in world gold prices over the period," he said.

The Bank of Ghana raised interest rates by a full%age point in April and has since altered bank reserve requirements and reintroduced some short-term bills in an effort to stabilize the cedi currency and keep inflation in check. Ghana is Africa's second largest gold miner behind South Africa, and also produces cocoa and oil. *(Reuters)*

The Bank of Ghana said Wednesday that its GHS 300m (USD 158.73m) three-year bond was heavily oversubscribed and it accepted GHS 534,05m of bids at a yield of 24%. The Bank received GHS 775.03m in bids of which GHS 216m were from offshore investors, Adams Nyinaku, the bank's head of treasury, told Reuters. "It was heavily oversubscribed with keen offshore participation," he said, adding that the rates ranged between 18.9% and 32%.

The bond sale, Ghana's second auction this year and opened to offshore investors, had been seen as a test of foreign appetite for Ghanaian debt during an election year. "It was good and it shows the investor confidence in the fundamentals of our economy despite the depreciation of the cedi," Finance Minister Kwabena Duffuor told Reuters.

Traders had hoped for a successful auction to support the cedi, which has declined approximately 15% this year against the dollar on surging imports to fuel the growing economy. *(Reuters)*

Ghana will update its consumer inflation index which currently uses 2002 as its base year, resulting in new weightings for the components of its Consumer Price Index (CPI) basket, the national statistics office told Reuters on Wednesday. The move is to be launched next year and will set the new base year as 2011. "There will be additions to the basket and most of the weightings will also change because the structure of people's expenditure has changed over the years," Magnus Ebo Duncan, head of economic statistics at the Ghana Statistical Service, told Reuters.

Duncan did not say what the impact of the re-basing would be on the headline figure - which rose to a one-year high of 9.1% in April thanks to the weakness of the cedi currency. However he noted the weighting of transport costs in the basket - which includes fuel - would rise from the current 6.21%, a level that is lower than in some other West African countries.

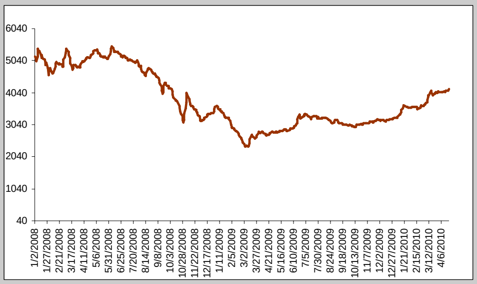
"The weight of transport as we have it now is the true reflection of the 2002 base year and until 2003 when fuel prices, for example, were significantly increased, Ghanaians were spending less on that area," Duncan said. Standard Chartered's Razia Khan said the higher weighting of transport might lead to a higher overall inflation read-out but said other variables could emerge, such as government measures to keep a lid on fuel prices before December's election.

"If the authorities hold domestic prices ahead of the election, then potentially Ghana will see a big adjustment next year, at precisely the time when transport will have a greater weighting in the overall CPI basket," she noted. Duncan said the 2002 index did not cover mobile telecoms, adding that it included only fixed telephone lines. Items such as cassette recorders would be removed from the basket.

"Many more people spend a lot more on mobile telecommunication these days and this will significantly increase the weight of communication in the consumer basket." The rebased index will cover a total of 271 consumer items, up from 242 currently. *(Reuters)*

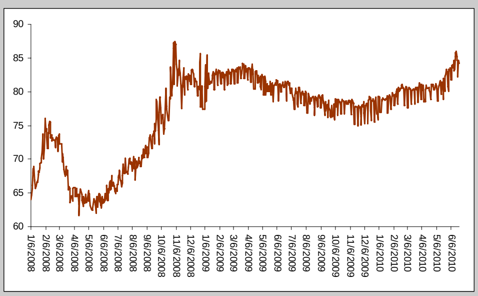
Kenya

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 down -1.75% to close the week at 3,634.85 points. Crown Berger led the movers after gaining +13.46% to KES 29.50 followed by Pan Africa Insurance which rose +8.11% to KES 30. Other notable gains were recorded in Eveready up +5.71% to KES 1.85 and Olympia Capital (+4.11%). NIC Bank was the main loser, shedding -8.22% to KES 33.50 followed by Safaricom (-7.14%) and Kenya Airways which lost -6.89% to KES 15.55. Market turnover was down -5.85% to KES 1.77bn.

Corporate News

Kenyan electricity generating company KenGen plans to raise funds from private investors for a USD 686m gas-fired power plant to run on imported liquefied natural gas (LNG), Managing Director Eddy Njoroge said on Friday. KenGen, which relies largely on hydro power, said the plant would help meet growing demand for electricity and help prevent frequent blackouts in east Africa's biggest economy caused by generation shortfalls and an ageing grid.

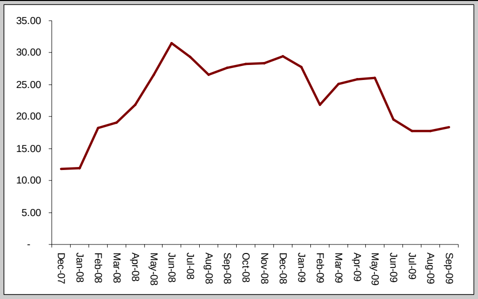
The company plans to raise the money for the project due by 2015 by appealing to private investors, and also expects the government to contribute capital, Reuters reported. "We are now exploring ways to finance the project," Njoroge told Reuters. "We have not raised any funds yet, but we are working closely with the PPP unit (private public partnership) on how we can structure the project to be implemented as a PPP project."

Because the government lacks funds, PPP have become a popular method for financing infrastructure projects in recent years. Under similar agreements, private entities and government both contribute capital for projects. However, unlike other arrangements, PPPs usually end up with the government as the owner of the asset.

To be based at the port city of Mombasa, the plant will be fuelled by LNG processed at a facility located nearby and will reduce over-reliance on the more costly heavy fuel oil KenGen has resorted to during dry spells. Kenya last October said it planned to float a tender for a LNG terminal at Mombasa. Construction is expected to take up to 5 years.

KenGen generates a total of 1,414 MW from a mix of thermal, renewable energy and existing hydropower dams, while Kenya's electricity consumption stands at 1,200 MW and is rising fast as the country strives to become industrialised. Njoroge said he expects the plant to provide 485 megawatts to the country and to have an economic life of 20 years.

Once in production, the plant may be aided by several large natural gas finds off



Source: SAR

the coast of Tanzania and Mozambique. Western companies announced finds of huge additional quantities of gas off the coast of Mozambique and Tanzania this week, cementing the future of east and southern Africa as a new supplier exporting LNG to energy-hungry Asia.

KenGen said the LNG could also come from the Middle East and other parts of the world. Njoroge said gas will play a major role in fulfilling the region's power needs in the coming years. *(Reuters)*

The Togolese-based Ecobank Kenya has received fresh capital injection of KES 2.1bn (USD 25m) from its parent company and majority shareholder, Ecobank Transnational Incorporated. The move signals the West African bank's determination to increase its foothold in the competitive Kenyan banking sector. The funds will help the bank continue with its expansion programme and business growth objectives. This development come days after Ecobank launched its new promotional campaign aimed at encouraging a savings culture.

This was to reward the bank's customers and increase deposits. The campaign focuses on savings and current accounts. "We are delighted to receive these funds which will undoubtedly help our bank continue with our expansion, business growth and address challenges associated with rising cost of funds", announced the Bank's Managing Director, Tony Okpanachi. Ecobank Kenya's total assets stood at KES 27.2bn as at December 31, last year, while profitability rose to KES 202m from KES 125m made over the previous financial year. *(Standard Media)*

The decision on whether to sell shares in East African Portland Cement or not lies with Lafarge, Bamburi Cement has said. The cement maker moved to dissociate itself from an ultimatum by the Government of Kenya asking French conglomerate Lafarge, its parent company, to voluntarily offload part of its shares in East African Portland Cement (EAPCC) on grounds that it is a separate entity.

"Lafarge is not Bamburi. As Bamburi Cement, we only own 12.5% of Portland and have no influence at the firm's AGM. We also do not appoint directors at the firm," said Mr Hussein Mansi, managing director of Bamburi Cement in an interview, adding that Bamburi cannot speak on behalf of Lafarge.

A shareholder can only be entitled to appointing a representative to the company's board if his or her stake is above 15%. It is understood that the director of the Competition Authority has threatened to force the French multinational to sale its stake to reduce its influence on the cement sector. *(Nation)*

Economic News

Kenyan Treasury bill yields are likely to fall to single digits for the first time since September at an auction next week, while healthy demand is expected at Zambia's first bond auction in two months on Thursday. Yields on Kenyan Treasury bills are set to fall into single digits at an auction next week, a level last seen in September, dragged down by high demand and lower inflation.

Rates at the short end of the curve have fallen by about 300 basis points at auctions in the past two weeks as a build-up in liquidity from debt redemptions fuelled demand. The Central Bank of Kenya is due to auction KES 2bn (USD 23.7m)of 182-day bills on Wednesday and KES 2bn of 91-day bills on Thursday.

The bank is also offering a new 5-year bond worth KES 3bn with bids closing on Tuesday. Traders are expecting heavy demand, mainly from commercial banks, to bring 5-year primary market yields down to about 10.5% from 12.5% at the last sale in August. "We're witnessing a correction along all debt classes. I'm seeing yields tumble into the single digits we saw before central bank hiked rates," said Brian Mutunga, a trader at Standard Investment Bank.

Yields soared in the last quarter of 2011 after policymakers tightened liquidity aggressively by hiking the benchmark central bank rate (CBR) to 18% in December to stem rising inflation and stabilise the shilling. The central bank has held the CBR steady for five consecutive months. Inflation has since edged down for five straight months to 13.1% in April and is expected to fall further in coming months keeping real returns on debt investments positive.

At this week's auction, yields on 91-day Treasury bills fell 131 basis points to 10.08%, while those on the 182-day bills came in 100 basis points lower at 12.08%. Both were oversubscribed. "Guys are expecting inflation to come in much lower in May, so they want to lock in these high rates," said Mercy Njoroge, a trader at Tsavo Investment Bank. *(Reuters)*

It is survival for the fittest in the banking industry, as major players rush to secure cheaper capital and seek ways to tap into new markets to boost revenues. Propelled by the burning desire to expand clientele base, commercial banks are now pumping in fresh capital to shore up their balance sheets, strengthen their lending muscles, and comply with minimum capital requirements that allows further growth in loan book and deposits.

With an expanded customer base, commercial banks will also be staring at improved transaction and interest-based incomes. The unfolding scenario in the banking landscape has seen many players seek cash calls from shareholders, an option that is considered cheaper and less sophisticated compared to commercial debts and initial public offerings (IPOs).

With the increasing popularity of the rights issue as a convenient and safer method of raising new capital, a growing proportion of commercial banks have either recapitalised, or are in the process of wooing shareholders to free more funds into their companies' operations. "Given that rights issue is limited to the existing shareholders, it is a strategy to raise capital without destabilising the%age holding of the shareholders or dilution in the extreme, unless a shareholder decides so, by not participating.

It is also a surer way to raise the money, as the existing shareholder already believe in the company are familiar with its strategic direction, so they are willing to fund the strategy," said Habil Olaka, Chief Executive, Kenya Bankers Association (KBA), the industry's umbrella body. "As opposed to IPOs, rights issues are still better and safer bet. Of course, it also has risks, in that the rights issue may also be undersubscribed. But it has better prospects than an IPO."

Olaka says a number of commercial banks are looking to raise new capital to fund their ambitious expansion strategies into the large East Africa Community (EAC) market. “A number are already operating at their deposit taking capacity, and would only increase their deposit base for on-lending by increasing their capital base,” he said adding that, “With the current policy of financial inclusion that seeks to increase services to the previously un-banked and the under-banked members of the Kenyan community and the region, banks would need to develop the capacity for this, hence the capital appetite.”

Standard Chartered Bank, Diamond Trust Bank (DTB), NIC Bank, CfC Stanbic bank are among commercial banks that have expressed interest in turning to their shareholders for additional capital. Kenya Commercial bank (KCB) executed three rights issues within the last eight years, with the third issue occurring in 2010 when the bank managed to raise KES 12.4bn against a target amount of KES 15bn. *(Standard media)*

Kenya’s advertising market, which grew more than 30% last year, is set for further expansion because of intense competition among consumer goods companies, according to TBWA Worldwide’s local unit. “International companies are now facing stiffer competition from stronger local companies,” Tim Smythe, chief executive officer of TBWA East Africa, said in a phone interview today from Nairobi.

TBWA, owned by Omnicom Group Inc. (OMC) (OMC), set up an office in Kenya’s capital, Nairobi, in February as part of a plan for expansion in East Africa. Clients there include Standard Bank Group, Visa International, GlaxoSmithKline Plc and Unilever Plc. TBWA Worldwide, which has had an affiliate agency in Uganda for six years, also plans to start a business in Tanzania next month, Smythe said.

Advertising spending in Kenya grew 33% last year to KES 65.4bn (USD 769m), according to the annual report of Scangroup Ltd., East Africa’s biggest marketing company by sales. *(Business Week)*

The International Finance Corporation plans to increase its investment in Kenya to Sh42.1bn (USD 500m) for the 2012/13 financial year from the USD 400m committed for the year ending June 30, 2012. Kenya constitutes 15% of the IFC's sub-Saharan investment portfolio of KES 219.1bn (USD 2.6bn) for the FY 2011/12 and 72% of the East African region's USD 550m earmarked for spending this year.

Since 2010, the IFC's investments in Kenya increased from Sh5.05bn (USD 60m) to the current KES 42.1bn. The Vice President at IFC Thierry Tanoh said Kenya remains a key priority investment country with infrastructure being an area of dire need, which received 40% of the investment budget for the FY 2011/12.

"Kenya is a country we would like to see grow beyond the current numbers. We've been keen in highlighting challenges in the infrastructure being updated and improved," he said. The IFC is in the process of closing a KES 4.21bn (USD 50m) investment deal with Kenya Power to help expand its distribution network as well as investments in two power generating plants for Gulf Power KES 2.61bn (USD 31m) and Thika Power KES 2.36bn (USD 28m).

Tanoh said Kenya still has to improve the investment climate adding that the IFC would be willing to provide the government with technical assistance in improving its "doing business" indicators. As the private sector lending arm of the World Bank, the IFC has also contributed significantly to building capacity of local Small and Medium Enterprises (SMEs) through investing in the financial sector having already pumped 40% of this year's KES 42.1bn into the sector.

"We just committed USD 100m with Equity Bank which will go to Small and Medium Enterprises that is their focus. We have advisory services in Kenya focusing on SMEs where we do training and capacity building," IFC Eastern and Southern Africa Director Jean Phillipe Prosper said. The IFC signed its first project in South Sudan with a Kenyan company to the tune of KES 421.5m (USD 5m), as it extends its investments in the region.

The financier has increased the number of staff based in Nairobi now a little over 120, and has jointly purchased a building with the World Bank and International Monetary Fund to service the Eastern and Southern region.

"We've staffed up so we're looking at areas in wind, energy and tea sector as well as the manufacturing sector. So the pipeline is looking very promising. We're going into an election year and we hope the vibrancy of the private sector will continue," IFC Principal Investment Officer Aida Kimemia said. *(All Africa)*

Kenya may not attain Vision 2030 goals due to failure to utilise development funds, Ms Agnes Odhiambo, Controller of Budget said. According to the Third Quarter 2011/12 Budgetary Review Implementation Report released by the Office of Controller of Budget released on Friday, the development expenditure of all the sectors for financial year 2011/2012 was estimated at Sh396.6bn, which represents 34.2% of the total budget.

However, the total expenditure for development during the same period was Sh145.1bn, which 36.6% of the gross estimates. She blamed failure to spend the entire development budget in the third quarter of the 2011/13 financial year to rigid procurement procedures and donor funding conditionalities.

“Our report shows that only 36.6% of the development vote for the period July 1, 2011 to March 31, 2012 was spent,” Ms Odhiambo said. “This poor use of budgetary allocations is a worrying trend and one that jeopardises efforts aimed at achieving the Vision 2030,” she said adding that non-utilisation of resources results in non-provision of goods and services to the public.

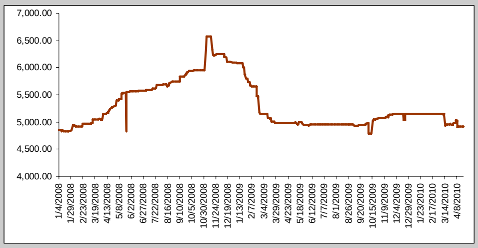
Development funds are earmarked for infrastructure, energy, healthcare, education as well as ICT projects. These sectors have been touted as key to the attainment of Vision 2030. According to the report, the uptake of donor funds has been slow and challenging due to problems with the rigid procurement processes, governance and accountability issues, lack of adequate capacity for project management and delays in obtaining no objections to facilitate the absorption of the funds.

“Parliament and Treasury should look into the factors that impede expenditure of development funds to avoid last minute purchases that border on wastage and graft,” she said. “Money that is not utilised should be carried over to the next financial year rather than spending it on hurried projects to avoid returning funds to Treasury.” The same report noted that while some ministries are stuck with unspent funds, many others are cash-strapped. They include Ministries of Trade, Tourism and Industrialisation.

“It is ironical that this should be happening yet some of these underfunded sectors are flagship sectors in the Vision 2030,” she said. In the Vision 2030, these sectors are expected to drive the economy in terms of trade and opening up new opportunities for business. *(Standard Media)*

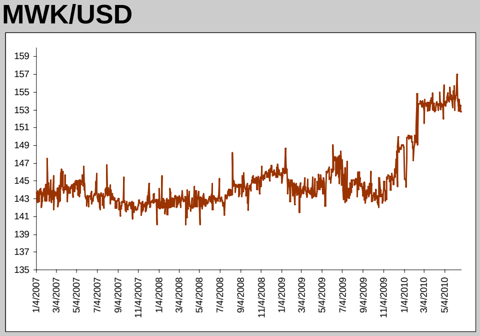
Malawi

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 +0.13% to 5,875.58 points, with thin trades across both local and foreign boards. NBS (+3.71%), NITL (0.057%) and MPICO (-1.96%) were the only counters that recorded price changes during the week to close at MWK 14.00, MWK 17.50 and MWK 2.50 respectively. Market turnover for the week amounted to USD 111,073.57.

Corporate News

No Corporate News this week

Economic News

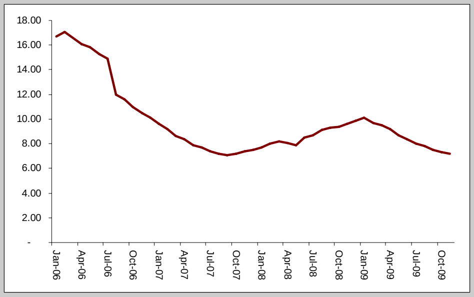
Malawi's consumer inflation quickened to 12.4% year-on-year in April from 11.4% in March, data from the National Statistics Office (NSO) showed on Tuesday. *(Reuters)*

The Bank of England is expected to dispatch one of its economic experts to Malawi to help the country deal with the effects of the recent local currency devaluation. The expert is expected to work through the Reserve Bank of Malawi which has been heavily criticised for the risky manner with which it handled the 49% devaluation of the Malawi kwacha three weeks ago. The technical assistance is part of the British Government's MWK 12bn (GBP 30m) urgent support package to Malawi released last week to support the country economic recovery effort.

"As part of this support, Andrew Mitchell, Britain's International Development Secretary has agreed with the Governor of the Bank of England for a British economic official to be drafted in to help the Government of Malawi deal with the effects of devaluing the kwacha," a statement from the Department for International Development announcing the aid said. Commenting on the development, Head of Political and Public Affairs at the British High Commission in Malawi Lewis Kulisewa said the UK was responding to a request from the Malawi government for technical assistance to help Malawi deal with its balance of payments crisis.

"The Bank of England has agreed to provide expert support to the Reserve Bank of Malawi and we are in contact with the Governor of the RBM to discuss the exact requirements and specifications," said Kulisewa in an e-mailed response. According to the statement, Britain will also reactivate previously agreed aid to Malawi. "Britain will bring forward previously-agreed funding to help the new President, Joyce Banda, to continue with a positive reform programme in the face of economic turmoil which is threatening to engulf the country," the statement reads. Britain in July 2011 suspended up to GBP 19m

CPI Inflation



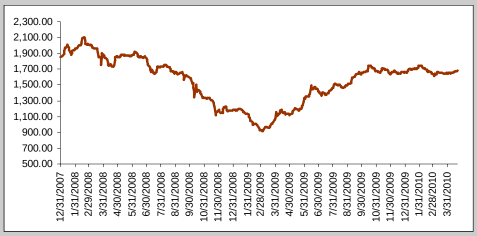
Source: SAR

(MWK 7.6bn) of budgetary support to Malawi government over the country's failures on economic management and democratic governance.

However, the new administration of President Banda has swiftly moved to restore relations with the former colonial master. The Malawi Government is currently revamping its monetary, fiscal and revenue policies, including foreign exchange rate adjustment and expenditure control as it tries to recover the economy and win back aid to the country. *(Daily Times)*

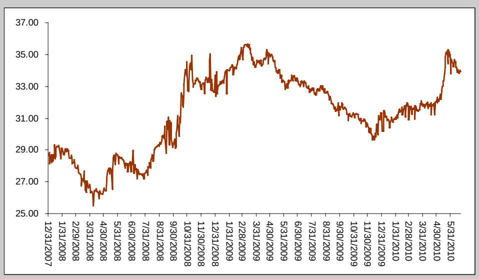
Mauritius

Mauritius Stock Exchange



Source: Reuters

MUR/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

CPI Inflation

Stock Exchange News

The SEMDEX was down -0.40% while the SEM 7 lost -0.76% to close at 1,814.36 and 344.68 points respectively. Go life led the movers, gaining +11.1% to close the week at MUR 0.10 followed by Policy, up +6.1% to MUR 8.70 and Gamma Civic (+2.9%). Moroil led the losers after shedding -3.0% to MUR 26.00 while UBP lost -2.6% to MUR 38.00 and Terra shed -2.6%.

Corporate News

No Corporate News this week

Economic News

Tourism revenues in Mauritius rose 15.6% in the first quarter to March compared to a year ago although arrivals were slightly lower, data showed on Monday. "Gross tourism receipts for the first quarter of 2012 were estimated by the Bank of Mauritius at MUR 13.81bn (USD 465.77m)... compared to 11.94bn estimated for the same period in 2011," Statistics Mauritius said in a statement.

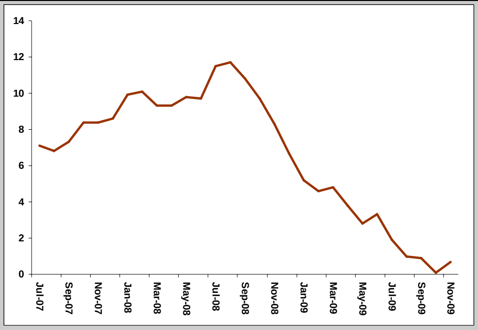
It said 261,995 tourists visited the Indian Ocean island in the first three months of the year, slightly less than the 262,626 visitors a year ago. Statistics Mauritius maintained its forecast for 2012 even though arrivals from Europe, the country's main market which accounts for two-thirds of visitors but which is suffering from a prolonged debt crisis, fell 5.1% in April.

The statistics board expected arrivals to grow 1.6% to 980,000 in 2012. Bank of Mauritius said tourism revenues would grow 0.8% to 43.17bn rupees from 42.84bn in 2011. Tourism typically generates about 10% of gross domestic product for Mauritius's USD 10bn economy. *(Reuters)*

Mauritius trade deficit narrowed 21.9% to MUR 5.25bn (USD 177.7m) in March from a year ago on lower imports, official data showed on Tuesday. The trade deficit in March last year came to MUR 6.7bn. The value of exports overall fell by 0.8% to MUR 6.7bn on a drop in revenues from sales of manufactured goods, Statistics Mauritius said in a statement.

Imports fell 11.3% from a year earlier to MUR 11.95bn, with the cost of mineral fuels and lubricants slowing to MUR 2.1bn from MUR 4.6bn. Britain was the main buyer of goods from Mauritius in March, accounting for 19.5%, while India supplied 19% of the island nation's imports. *(Reuters)*

Mauritius' balance of payments surplus will halve this year due to a higher oil price, the Indian Ocean island's finance minister said. Xavier Duval forecast the balance of payments surplus at MUR 2.5bn (USD 84.3m) down from



Source: SAR

a surplus of MUR 5bn last year, based on an oil price of USD120 per barrel. Duval also said the country's inflation rate was seen at 4.5% in 2012 from 6.5% last year.

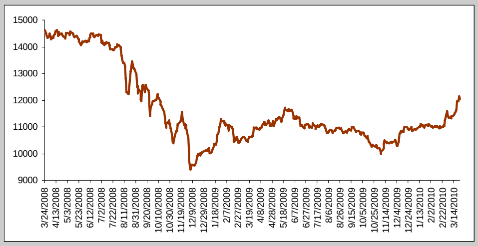
Consistently rated one of Africa's best performing economies, Mauritius' textile and construction sectors are expected to stagnate, but the key tourism sector, though hit by the euro zone crisis, could see some improvement. “Inflation is largely contained because of reduced pressure on commodity prices and stability of the MUR,” Duval told reporters.

He said the economy would grow by 3.6%, in line with a projection in March by the statistics office, citing the bleaker outlook for key sectors in the economy. The country's economy had expanded 4.1% in 2011. Tourism, a key driver of economic growth and source of hard currency, saw revenues rise 15.6% in the first quarter compared to a year ago although arrivals were slightly lower.

The economy in the island nation of 1.3m people was initially expected to grow by at least 4.0% this year, as the country diversifies away from the sugar, textiles and tourism sectors into offshore banking, business outsourcing, luxury real estate and medical tourism. (*Reuters)*

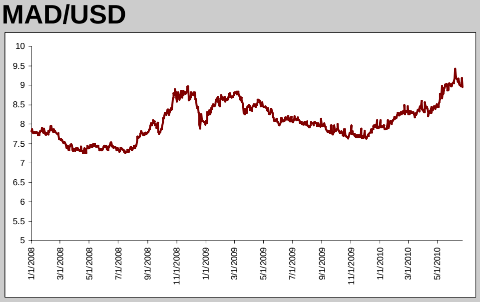
Morocco

Casablanca Stock Exchange



Source: Reuters

MAD/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

CPI Inflation

Stock Exchange News

The MASI gained +3.13% to close the week at 10,052.14 points. Gains were recorded in Olumes (+25.00%) to MAD 475.00, BMCE (+18.75%) and Attijariwafa (+14.65%). On the losing front we had Involys, down -6.58% to MAD 171.00, Delattre which shed -6.20% to MAD 481.00 and M2M Group (-4.06%).

Corporate News

No Corporate News this week

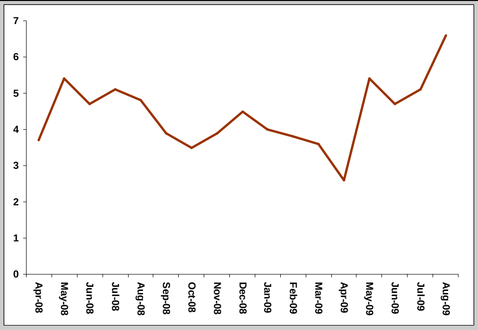
Economic News

Morocco will launch a tender in the autumn to sell 4G licences in a move that may allow the entry of a fourth operator to the market, a business weekly reported on Friday citing the head of the industry's regulator. "The (telecoms watchog) plans to launch an international tender for this purpose (4G licences) in fall, 2012," Azdine el-Mountassir Billah, head of the Telecommunication Regulatory National Agency (ANRT), said in remarks carried by La Vie Economique.

ANRT plans to award the licences at the start of 2013 and expects they will be operational by the end of that year at the earliest, he added. An ANRT spokesperson could not immediately comment the report. Morocco's telecommunications market is dominated by Vivendi's Maroc Telecom, France Telecom's affiliate Meditelecom and Wana, owned by a holding controlled by the Moroccan monarchy and Kuwait's Zain. While mobile penetration hovers around 110% of the 33m population, Internet subscribers reached only 3.2m by the end of 2011, rising 70% from the previous year, ANRT data shows. *(Reuters)*

Morocco plans to speed up tender processes for the development of a 2,000-megawatt solar energy plan, starting with the award this year of a first contract for 160 megawatts to be generated using concentrated-solar technology (CSP). Mustafa Bakkoury, who chairs the Moroccan Agency for Solar Energy (Masen), said a winning consortium for that first phase of a 500-megawatt solar power plant, in the southern region of Ouarzazate, would be announced by the start of summer.

Ouarzazate's 500-megawatt complex, which should be completed by 2015, is the first in the so-called Moroccan Solar Plan that aims to produce 2 GW of solar power by 2020, which corresponds to 38% of the country's current installed power generation capacity. "Works (on Ouarzazate's first 160-megawatt phase) will start in the third or fourth quarter of 2012 and we aim to complete the work," Bakkoury told the two-day Solar Maghreb conference in Casablanca.



Source: SAR

Masen will pick a winner for the 160-megawatt parabolic trough plant from the three following consortia:
- Abeinsa ICI, Abengoa Solar, Mitsui and Abu Dhabi National Energy Co.
- Enel and ACS SCE
- International Company for Water and Power (ACWA), Aries IS and TSK EE.

Masen will then launch tenders to build a 50-megawatt photovoltaic module and CSP towers of at least 50 megawatts, both of which in Ouarzazate, Bakkoury said. "We will be moving faster in the launch of Morocco's Solar Plan projects. Our initial goal to have 2,000 megawatts from solar energy by 2020 is still on," he said. Morocco has embarked on one of the world's biggest renewable energy development plans involving solar and wind power.

The solar power plan is worth USD 9bn in investment and will include five power stations, two of which are located in the disputed Western Sahara. Facing an electricity demand that rises by an annual 7% and a gaping trade deficit from heavy reliance on fossil fuel imports, Morocco also bets renewable energies would enable it to export electricity to energy-hungry trade partner, the European Union.

Coupled with a wind energy development scheme, the solar development plan should reduce Morocco's annual imports of fossil fuels by 2.5m tonnes of oil equivalent and prevent emissions of 9m tonnes of carbon dioxide. Morocco aims to export surplus electricity to Europe via Spain, where it has a power market trading licence that allows it to sell electricity.

"We expect energy demand to double by 2020 and then to quadruple by 2030," said Taoufik Laabi, head of planning and strategy at power utility ONE. He noted that the%age of solar-generated electricity that will be exported would depend on "availability of surpluses". Pending a drop in the high production costs of solar plants, the Moroccan government will cover any gap between the cost of producing solar electricity and the price one pays to buy the electricity from Masen, said Masen's Bakkoury.

"The costs are high but we think they will be declining going forward. Developing solar power is an irreversible choice for us," said Bakkoury. "I hope we will not rely on public funding for too long," he added. *(Reuters)*

Morocco is considering a potential dollar-denominated international bond of up to USD 1bn in September or October, a senior finance and economy ministry official said on Wednesday. "It would be our first issue in dollars and give us the opportunity to diversify," said El Hassan Eddez, deputy director, treasury and external finance at the ministry's debt office.

"(If issued) it would be an important size, between USD 500m and USD 1bn," he said, speaking on the sidelines of an Arab Monetary Fund conference, adding an issue could come in September or October. Morocco, the biggest recipient of European Union financial aid outside Europe, raised about 1bn euros via its most recent international bond issue in 2010.

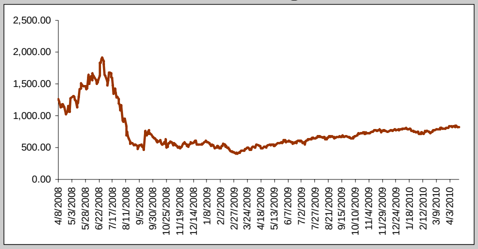
Eddez said it was still unclear whether the North African country, which has managed to avoid some of the "Arab Spring" turmoil that has struck other countries, would proceed with a bond. "The uncertainty (over issuance) is because we are almost five months late in our schedule. The budget was only voted on (recently) so we still don't have a clear idea on the policy."

Last month, the country's parliament passed the 2012 budget, targetting a deficit below 5% and imposing higher taxes on corporates and alcohol as the government seeks to reduce wide social inequalities and tame protests over unemployment. Morocco's current account deficit surged last year to the highest since the 1980s but government ministers have said the country is under no pressure to borrow.

Eddez said the government is also mulling issuing Islamic bonds, or sukuk, once the legal framework is in place possibly by next year. Morocco's government, led since December by the moderate Islamist Justice and Development Party (PJD), outlined in March how it intends to develop Islamic finance in the country. *(Reuters)*

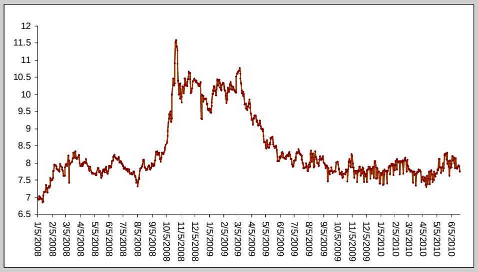
Namibia

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 gained +0.12% to close at 859.00 points. On the NSX local and DevX, EOG was the only gainer after adding +2.94% to NAD 0.70 while DYL was the main shaker after losing -16.67% to close at NAD 0.05 followed by TUC which shed -14.63% to NAD 0.70 and FNB (-1.29%).

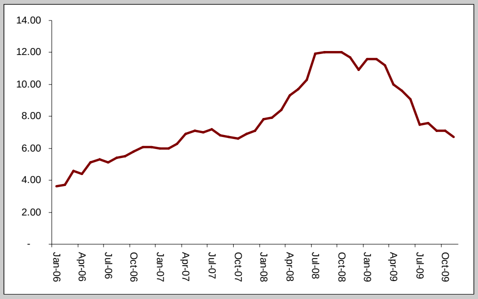
Corporate News

No Corporate News this week

Economic News

No Economic News this week

CPI Inflation



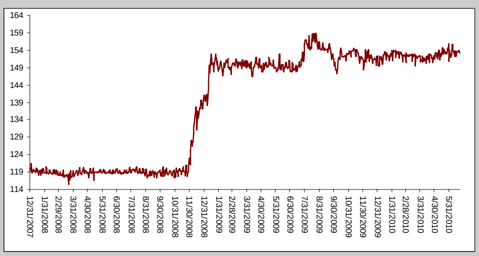
Source: SAR

Nigeria

Nigeria Stock Exchange

Source: Reuters

NGN/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

Stock Exchange News

The NSE All Share index lost -0.66% to close at 22,232.36 points. Transcorp gained +23.29% to close at NGN 0.90 while Gold Link was up +10.91% to close at NGN 0.61. Other notable gains were recorded in Julius Berger (+9.47%), Ikeja Hotels (+9.09%) and MRS Oil (+8.63%). On the losing front we had Nascon (-22.38%), May and Baker (-14.58%) and Union Bank (-13.20%).

Corporate News

Nigeria's telecoms regulator fined the country's four main mobile operators, including MTN and Bharti Airtel, a total of NGN 1.17bn (USD 7.38m) on Sunday for poor-quality service. The telecoms industry is hugely profitable in Nigeria, Africa's second-biggest economy and home to some 160m people, but users complain that the service is poor, with frequent dropped calls and network interruptions.

"The penalties are as a result of the contravention of the provisions of the quality of service regulations by the Nigerian Communications Commission (NCC) as the operators failed to meet with the minimum standard of quality of service" during May and April, an NCC statement said.

There was no immediate reaction from the operators, although MTN has complained that sabotage of its equipment and shutdowns by state agencies over tax disputes in some parts of Nigeria are impeding improvements to its service.

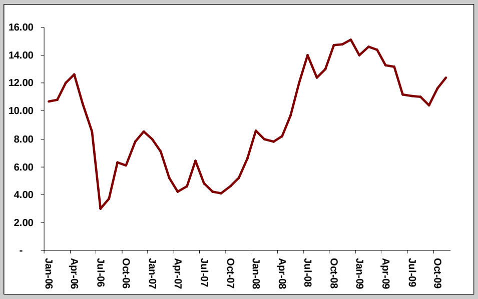
MTN and Etisalat were fined 360m naira each, Bharti Airtel was ordered to pay 270m naira and Globacom, a privately owned network of Nigerianbnaire tycoon Mike Adenuga, got a 180-million-naira bill. *(Reuters)*

The UACN Property Development Company Plc (UPDC) said it recorded a turnover of NGN 10.75bn for 2011. The company also declared a dividend of NGN 0.65 per share to its shareholders, chairman of the company, Mr. Larry Etteh, said. The NGN 10.75bn turnover represents an increase of 31% compared with N8.19bn for 2010, a statement from the company's public relations manager, Mike Asuquo, said.

Etteh said this at the company's Annual General Meeting in Lagos, the statement said. Also, the company posted a Profit Before Tax of NGN 2.72bn for 2011 as against NGN 2.54bn in the preceding year. Profit After Tax stood at N1.99bn for the year under review. *(Daily Trust)*

Shareholders of Lafarge Cement WAPCO Nigeria Plc have said the future looked very rosy considering the strategies board and management are have put place in recent times. The National Coordinator,

CPI Inflation



Source: SAR

Independent Shareholders Association of Nigeria (ISAN), Sir Sunny Nwosu, told journalists in Lagos, during an investors' forum of the company, that investors were very happy with the progress the company had begun to make.

"It is always good to belong to number one and Lafarge is number one in cement industry. Although it is very difficult to manage the number one position, we believe they are doing everything possible to maintain the standard and number one position. The shareholders are very happy with the achievements in the line of dividends. "We are very happy with the progress being made in the company. The board and management are responsive to the advice given to them and this has helped. We believe that future will be very rosy," Nwosu said.

Meanwhile, the Managing Director of the company, Mr. Joe Hudson, has assured shareholders of increased performance in the coming years, saying the company would ensure that its dividend policy was sustained. According to him, it was obvious from its impressive performance at the end of the financial year ended December 2011, and the first quarter ended March 31, 2012, Lafarge was in a better stead to reward shareholders better going forward.

"We are grateful to our shareholders who stood by us all through the years, especially when we were involved in the setting up of our Lakatabu Plant. Now that the plant has taken off, we are going to see even increased activities in our company, and this would be translated to our shareholders. "Over the years, we have maintained a progressive dividend policy, and we want to assure our shareholders that we would not relent on this; we will ensure that we steer the company in the direction of value generation to all our stakeholders," he said.

Lafarge Cement WAPCO had ended 2011 financial year with profit after tax of NGN 8.5bn up from NGN 4.9bn in 2010 and the directors have recommended a dividend of NGN 0.75 per share . Hudson said the performance would be sustained in the future, noting that investors would get better reward for their faith in the company.

Also speaking at the forum, the Country Chief Executive Officer, Lafarge Nigeria and Benin Republic, Mr. Jean-Christopher Barbant, said with over 150 years of experience in cement manufacturing globally, the company would do all it could to ensure domination in the different markets where it operates.

Chairman, Lafarge Cement WAPCO Nigeria, Chief Olusegun Osunkeye, said the inauguration of Ewekoro II not only marked another remarkable milestone in the annals of our company, but also in the economic and industrial development of Nigeria and Africa as a continent.

According to him, "the new plant helps to keep Nigeria self-sufficient in cement. It will create the foundations for future economic development in our country. It will employ, and provide skills for hundreds of Nigerians and it will benefit hundreds more indirectly." *(This Day)*

The shareholders of Fidelity Bank Plc have approved 14 kobo per share dividend for the financial year ended 31, 2011, the same amount it paid during the 2010 financial year. Speaking at the annual general meeting of the bank, Group Managing Director and Chief Executive Officer, Mr. Reginald Ihejiahi, said the financial year ended December 31, 2011 was an exciting and challenging one for the bank.

“We are thrilled by the progress made in improving key operating parameters including gross earnings, deposits and the loan book. Our focus on reworking our funding base to a more sustainable and balanced deposit mix, through excellent branch roll-out strategy and increased recruitment of key businesses, has continued to show in strong positive growth in sustainable low cost deposits while expanding the base for non-interest income” Ihejiahi said. A review of the bank’s audited report for the period ended December 31, 2011, shows that gross earnings increased by 25% as the bank recorded N70.048bn in year 2011 compared to N56.049bn.

In his remark, President, Solidarity Shareholders Association of Nigeria, Mr. Timothy Adeshiyan, noted that the company had invested on projects that would generate good returns to shareholders, adding that the company has done well by giving shareholders dividend. He said the bank posted a profit after tax of NGN 5.361bn in the review period of year 2011 compared to NGN 6.108bn in year 2010 end indicating a slip of 12.23%. *(Daily Trust)*

Shareholders of United Bank for Africa (UBA) Plc are in support of repositioning plans of the bank, and have urged the management to sustain the momentum and continue on the strong performance trend set in the first quarter of 2012. This was made known during the 50th Annual General Meeting (AGM) of the bank, held in Lagos.

The shareholders also acknowledged the corporate targets of the bank in the current financial year as outlined in the address by the Group Managing Director and Chief Executive Officer of the bank, Mr. Phillips Oduoza, noting that the initiatives will propel the bank to an industry leader’s position.

Oduoza in his report to shareholders, said UBA will continue to drive its business focus on wholesale, commercial and retail market segments and vigorously pursue business opportunities in key sectors expected to drive growth in the African economies where it operates. *(Daily Trust)*

Sterling Bank Plc has said would maintain double digit revenue growth and deliver higher returns on equity in the years ahead, Managing Director of the bank, Mr. Yemi Adeola, has said. Speaking with THISDAY in Lagos on the bank’s strategic plan, he said the bank had both medium and long-term strategic plans. According to him, under the medium-term plan, spanning 2011 to 2014, the bank would maintain a double-digit revenue growth year-on-year, low single-digit cost of funds and diverse retail funding base. The bank had recorded a growth of 49% in revenue in 2011, which was the target set the previous year.

Adeola said going forward, the bank had targeted three to 5% market share measured by assets and become a leading consumer banking franchise as a bank of choice for customers in its target markets. On long-term strategic plan (2015 and beyond), he said Sterling Bank would become a globally competitive financial services franchise. “Sterling Bank would be a fully scaled business, model with institutionalised processes beyond the stewardship of current owners and managers and a systemically important operators materially impacting all our sectors of the business participation,” he said.

Speaking on the headline priorities of the bank for 2012, the chief executive highlighted: “Improvement on customer experience at each of its on-and off line service delivery channels; conclude the seamless integration with technology assets of former Equitorial Trust Bank; improve operational efficiency and cost of funds while delivering a competitive return on investment (ROI) for shareholders.” “Our mind-set at Sterling Bank has been that risk throws up new opportunities for the discerning.

We see clearly opportunities for reducing the bank’s cost-to-income ratio and increase revenues as the improved economies of scale arising from the business combination with ETB kick in,” he said. He added that the business combination had opened up several tangible opportunities for Sterling Bank to significantly strengthen its position within the retail and corporate banking segments.

“The outcome we seek is to become the financial institution of choice through the creation of exceptional value for all our stakeholders: employees, shareholders, customers, business, communities were we operate, partners, vendors, the financial services industry and the country as a whole,” Adeola said.

Chairman of Sterling Bank Plc, Alhaji Sulaiman Adegunwa, had last week assured shareholders that the financial year, had entered the new business year in a position of strength anchored on unbroken leadership continuity, sound governance structure, adequate liquidity, a thicker capital cushion, a well-advanced effective integration programme and a wider national coverage.

Sterling Bank had ended 2011 with gross earnings of NGN 45.173bn , up by 49% from NGN 30.386bn in 2010. Operating income grew by 32% to NGN 27.0bn in 2011 compared with NGN 20.4bn in 2010. Profit after tax and extra-ordinary income thus jumped by 60% to NGN 6.7bn in 2011 as against NGN 4.2bn in 2010.

The directors recommended a dividend of NGN 1.6bn as cash dividends for the 2011 business year, which was approved by the shareholders at the annual general meeting in Lagos. *(This Day)*

Shareholders of First City Monument Bank Plc (FCMB) last Monday approved a bonus issue of three shares for every 20 shares for the year ended December 31. They also approved the a proposal by the directors to establish a Holding Company(Holdco) in compliance with the Central Bank of Nigeria’s (CBN’s) Regulation on the Scope of Banking Activities and Ancillary Matters 2010.

The approvals were given at the 29th Annual General Meeting (AGM) of the bank in Lagos The board of the bank had instead of a cash dividend, recommended the creation of an additional 2,440,678,830 units of ordinary shares, by means of the capitalisation of N1,220,339,415 from the share premium account, in order to pay for the bonus shares.

Speaking at the AGM, the Chairman of FCMB, Dr. Jonathan Long, said the recommendation of bonus issue was made in demonstration of the appreciation of the board and management to the bank’s shareholders for their continued confidence, commitment and support. Long said: "The board believes that shareholders have every reason to look forward to better returns on their investment after this year's substantive provisioning, as the bank continues on a path of sustainable profitability.

Your bank has maintained a dividend policy over the years that has tried to balance the dual objectives of appropriately rewarding shareholders through consistent dividend payments while at the same time ensuring reinvestment of retained earnings, adequate to support future growth. However, in light of the bank's overall performance, it has not been able to recommend a dividend payment for the financial year ended December 31, 2011," Long said.

Presenting the audited results, Group Managing Director, FCMB, Mr. Ladi Balogun, reported a gross earnings of NGN 80bn, up 28% from the NGN 63bn in 2010. Net revenues rose by 35% from NGN 40bn to NGN 54bn while operating profit (before provisions) soared by 116% from NGN 9bn to NGN 18.5bn.

Total assets stood at NGN 602bn compared with NGN 539bn in 2010, while deposits grew by 22% from NGN 335bn to NGN 409bn. Provision coverage for total non-performing loans was 128% while capital adequacy and liquidity ratios stood at 28% and 44% respectively.

Balogun also pointed out that the bank's financial health indicators were in excellent shape as reflected in its key ratios - asset quality, liquidity and capital adequacy. The bank has already reported impressive results for the first quarter ended March 31, 2012. Management also expects earnings accretion in the second half of 2012, as FinBank concludes integration and, eventual merger with FCMB on 1 July 2012. Balogun assured shareholders and other stakeholders that barring any unforeseen circumstances, performance indices would continue to improve during the course of the financial year.

Meanwhile, the shareholders have authorised the board to, as necessary, established a Holdco and devise a suitable plan for divesting from and where required, reorganising the non-permissible businesses including but not limited to direct sale, auction, transfer, distribution in specific or such other divestment mechanism and upon such terms and conditions as the directors may determine to be in the best interest of the bank. *(This Day)*

Oando Plc yesterday announced a turnover of NGN 586.619bn for the year ended December 31, 2011, up from NGN 378.925bn in 2010. It however added that profit before tax and after tax went down significantly due to high operational cost and exceptional charges. Oando ended the year with profit before tax of NGN 14.928bn, showing a decline of 39%. Profit after tax dipped by 76% to NGN 3.446bn in 2011, from NGN 14.374bn in 2010.

A further analysis of the results showed that total expenses rose from NGN 29.705bn in 2010 to NGN 50.1bn in 2011, while exceptional charges of NGN 9.625bn was recorded in 2011 compared to none in 2010. However, the company appears to have overcome the reduced profitability in 2011 as it recently projected a profit before tax of NGN 5.3bn and profit after tax of NGN 3.6bn for the second quarter (Q2 ending June 30, 2012.

The company projected a turnover of NGN 191.354bn and an operating profit of NGN 11.618bn but after making provision for operating expenses, interest expenses and charges and depreciation, a profit before tax of NGN 5.339bn was being envisaged by the company. In all, Oando is targeting a profit after tax of NGN 3.611bn. Commenting on the forecast and performance of Oando, analysts at Vetiva Capital Management Limited, had said the energy company's long term outlook was still positive.

"Oando, with the commencement of East Horizon Gas Company gas pipeline system and OES Passion rig deployment for Shell drilling contract, has established further revenue streams with expectations of NGN 5bn and NGN 5.4bn revenue contributions in 2012 respectively. We believe this business is on a sound footing and poised to tap into growth opportunities across Nigeria's energy space," they said. Meanwhile, the Consular-General of the United States Embassy, Mr. Joseph Stafford, yesterday commended the management of the Nigerian Stock Exchange (NSE) for the on-going reforms at the Exchange and operating a free market.

Speaking during a courtesy visit to the NSE in Lagos, Stafford said the exchange was recognised worldwide, assuring that the US Embassy would cooperate with the exchange on training. In his speech, the Chief Executive Officer of the NSE, Mr. Oscar Onyema, urged Stafford to spread the good message so as to encourage more foreign investors to patronise the Nigerian bourse.

Speaking in the same vein, the Chairman, Association of Stockbroking Houses of Nigeria, Mr. Emeka Madubuike, urged the embassy to ease processing of visa, disclosing members of ASHON would soon embark on road show to the US. Trading at the market remained bearish as the NSE All-share Index fell by 0.32% to close at 22,309.61. *(Vanguard)*

Lafarge Wapco Nigeria Plc has agreed to consider the increment in its local materials in the production of cement in the country. This confirmation came at the company's Annual General Meeting held yesterday in Lagos. According to its Chairman, Chief Olusegun Osunkeye, the company will look out for the getting more local input. "We will look out for where we can get materials locally to further reduce cost of production," he said.

This response came on the heels of having the company spending more in importing production materials of cement, which at the end translates into higher cost of production. However,shareholders commended the 200% increase in dividend payout of 75 kobo per share from the 25 kobo the company gave in the 2010 financial yearend. Also, shareholders urge the board to consider a higher dividend for them in the next financial year at the same time request for the government to ensure the refineries work which at the end of the day will translate into reduction of cement price.

Still on the workability of having a more reduced cement price, the chairman said the company is doing its best to contain the cost of cement but that the external challenges such as infrastructure is what they are contending with. *(The Nation)*

The board of Dangote Cement Plc, 24 May 2012, announced plans to attain a production capacity of 60m tonnes before the end of the financial year

2015. Also, according to the Chairman, Alhaji Aliko Dangote, a new production outlet situated in Calabar, Cross River State would be commissioned in July 2012. He explained that the Calabar production outlet is expected to generate 6m metric tonnes for the eastern market and some African countries such as Cameroun. In his address to shareholders during the company's yearly general meeting in Lagos yesterday, Dangote explained that Senegal plant is scheduled to commence operation before the first half of the year.

"On 9 February 2012, our ultra-modern 6m tonnes Ibese Cement plant was officially commissioned. As of that day, production capacity of Dangote Cement Plc in Nigeria Stood at Gboko 3m metric tonnes, Obajana 5m metric tonnes and Ibese 6m metric tonnes, bringing total production to 14m metric tonnes. "Obajana line three with capacity of 5.250m metric tonnes will soon be commissioned.

Senegal comes up before end of first half of the year. "We are also constructing 3,000 tonnes per day cement plants in other African countries such as Zambia, Tanzania, Ethiopia, Congo and Gabon as well as bult cement terminals/cement grinding units in Sierra Leone, Ivory Coast, Liberia, Ghana, Tanzania and Cameroon.

"And as you know, with the additional production volume, increase in turnover and profitability, our esteemed shareholders are soon to be smiling with robust dividend to their banks", said Dangote. For the year ended 31 December 2011, Dangote told shareholders that the company achieved a turnover of NGN 235.7bn compared to NGN 202.6bn in 2010.

He added that operating profit grew from NGN 102.9bn in 2010 to NGN 117.3bn in 2011 while profit after tax grew from NGN 105.3bn in 2010 to NGN 125.5bn in 2011. Based on the performance, shareholders are entitled to a dividend of NGN 1.25bn coupled with bonus issue of one for 10. While commending the company for the result, shareholders yesterday approved payment of the bonus and dividend.

Dangote also used the opportunity to explain that the company took steps to join global companies that report, under the new International Financial Reporting Standards, "which is a globally accepted set of accounting standards and interpretation established by the International Accounting Standard Board. "To this end, we engaged KPMG, one of the leading global consulting firms, to assist in making the process of transition to the new framework seamless and timely.

"Complying with IFRS requirements will further help project our status as a global brand in the international market place. It will also enable us to be able to compare our financial performance with international competition, attract foreign investors into our business and grant us easy access to foreign capital markets such as London Stock Exchange, where IFRS reporting is a requirement".*(The Guardian)*

Economic News

Nigeria earned NGN 626.18bn (USD 3.95bn) in oil revenues in April, down 13.8% from NGN 726.77bn in March due to lower production, the

accountant general said on Friday. Nigeria distributed NGN 563.09bn to its three tiers of government in April, down from NGN 613.70bn in March. To make up for the shortfall it removed NGN 21.465bn (USD 135m) from its excess crude account savings. *(Reuters)*

Nigeria's interbank lending rates rose this week to an average of 14.66%, from 14.16% last week, as cash outflows to bonds and dollar purchases drained liquidity in the market further, traders said on Friday. Nigeria sold NGN 70bn (USD 440.67m) worth of 5-year and 10-year bonds maturing in 2017 and 2022 at its regular auction on Wednesday, while a total of USD 350m was sold at the bi-weekly foreign exchange auction this week.

Traders said the market opened with a cash balance of about 32bn naira on Friday, compared with an 87bn naira balance last Friday. "The market is short. That was the reason rates went up slightly higher this week ... but the inflow of about 71bn naira on Friday in cash call to joint venture oil producing partners helped calm the market a little today (Friday)," one dealer said.

The secured Open Buy Back (OBB) was unchanged at 14%, 200 basis points above the central bank's 12% benchmark rate, and 4%age points above the Standing Deposit Facility (SDF) rate. But overnight placement and call money traded at 15% each, compared with 14.25% each last week.

"We see rates initially trending downward early in the week because of the anticipated flow of about NGN 200bn in matured treasury bills and bonds, but it could be back up with selling of treasury bills at the primary auction and open market operations later in the week," another dealer said.

The central bank plans to raise about NGN 126bn in primary market treasury bills next Wednesday, while cash flow to foreign exchange purchases could further soak up cash from the system. 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. *(Reuters)*

Nigeria has cut the official selling price (OSP) of Qua Iboe and Bonny Light crude oil in June to dated Brent plus USD 2.00 a barrel, the Nigerian National Petroleum Corp (NNPC) said on Monday, down 60 cents from May. *(Reuters)*

Former Head of Interim National Government, Chief Ernest Shonekan, has stated that from the stand point of economics, the proposed Train 7 of the Nigerian Liquefied Natural Gas (NLNG) in Rivers State would attract Foreign Direct Investment (FDI) estimated at over USD 8bn. Speaking recently on the occasion of his visit to the plant in Finima, Bonny Island, Shonekan said Train 7 would also contribute significantly to reduction of flared gas, while further monetising Nigeria’s gas resources and improving the country’s revenue profile.

On employment generation, he stated that Train 7 would provide about 10,000 jobs for Nigerians, and particularly the youths in the Niger Delta. “Since it opened shop in Bonny, Nigeria LNG Limited has provided more than 2,000 jobs each construction year and 18,000 jobs at the peak of construction. The sequential nature of the project ensures that labour force is retained over the years,” he said.

Shonekan said Nigeria no longer had the luxury of deferring major decisions or picking and choosing developmental projects to do and in what order, adding that the LNG market was tightening, with other nations not staying idle. “The United States, formerly a major LNG export destination, will become a net LNG exporter by 2016, starting at 1.1bn cubic feet per day and rising to 2.2 bcf/d in 2019. Australia has 10 fully sanctioned LNG projects with a total of 20 trains, 81m tonnes per annum (mtpa) of capacity and USD 215bn worth of final investment decision. China and United States will soon become major exporters of shale gas. Chinese reserves are estimated at 1,275tn cubic metres. Mozambique will next year take a final investment decision to build a two-train facility for its recent gas finds offshore Mozambique,” he said.

He stated that the Nigeria LNG Limited was once the fastest growing facility in the world but had lost its place in front of the queue to Qatar and Australia. According to him, these countries have moved their output from 20m metric tonnes range to 80 and 81m metric tonnes respectively, while NLNG is stuck at 22m metric tonnes.

“NLNG used to have 10% of the market share. That has slipped to about seven% with serious threat for further erosion to its market share by the big players coming into the market. In effect, if the market becomes saturated without gas from Nigeria, we shall never be able to monetise our gas and may still be flaring for sometimes into the considerable future,” he said.

While decrying the delay in taking the Final Investment Decision (FID) for Train 7, Shonekan described as unacceptable, the argument that gas export should wait for gas to power projects. He noted that with a gas reserve of 187tn cubic feet, the country has more than enough gas for every project, adding that domestic gas and export gas are not in competition.

“We must also prove to the world that we are a country that is capable of doing more than one project at a time. We are competent adults capable of taking right decisions and making the right investments for our future. This is why I call on the President of the Federal Republic of Nigeria to immediately order the acceleration of these gas projects in the interest of this country. Train 7 is a low-hanging fruit. I urge the government to immediately pursue that,” he said.

According to him, from the stand point of investment: it will cost Nigeria nothing as the project will be built with third-party loans, adding that Nigeria LNG Limited has solid credit ratings and can raise funds with relative ease. “I am not entirely sure about what is delaying train seven. I gather that sales and purchase agreements for it were signed five years ago with buyers. Whatever might be delaying train seven, I call on the government to step in and ensure that the construction of that train takes off immediately. The time for it is now,” he added.

He was however upbeat that Brass LNG was about to take FID for 20m metric tonnes, while OK LNG was in consideration for 2014 but added that these efforts were grossly inadequate. “With more gas reserves than Australia we cannot constrain ourselves to less than half of their output. Also, it is almost a shame that with more gas reserves, we produce less than 5,000 megawatts of power compared to Australia’s 265,000 megawatts,” he said. *(This Day)*

As part of effort to ensure that communities in Ogun State enjoy stable

power supply, the Ogun State Government has concluded arrangements to partner Energy Commission of Nigeria on the survey of energy demand and supply in 20 local government areas of the state. The aim of the collaboration, according to Special Adviser to Governor Ibikunle Amosun, Chief Taiwo Fagbemi was to establish energy demand and supply for the state.

He said the energy consumption survey was needed to enable government provide accurate and adequate energy of each community. Fabgemi, who spoke in Abeokuta, Ogun State capital during a brainstorming session of local government chairmen and professionals from various energy sectors said about nine local government areas had been considered to start off the survey.

He noted that the exercise had been categorised into urban, semi-urban and rural communities, adding that the local councils(Obafemi Owode; Ado-Odo/ Ota; Sagamu; Abeokuta South; Ipokia; Imeko Afon; Waterside; Ijebu ode and Odeda) chosen cut across the three senatorial district of the state.

According to him "the data collected will be analysed and used to design an intervention plan to improve energy supply in the rural and urban areas of the state. Specific projects on renewable will be proposed to alleviate the energy and power supply situation in the state."

He added that the decision on energy provision for the state was to take advantage of federal government liberalisation of energy in ensuring that every nooks and cranny of communities in the state generate energy, noting that the survey would identify adequate energy that suits the council and as well determine what type and level of energy consumption.

According to him, the administration of Amosun was determined to ensure that the people of the state and investors were provided with adequate energy with 60% private and 40% national grid. He recalled that the state government organised a workshop where professional were trained on how to determine energy requirement and consumption of the people to enable government provide adequate and accurate energy need of each community for socio-economic development. *(This Day)*

To cushion the effects of the impending hike in electricity tariff, the Federal Government has agreed to pay about N100bn in subsidy over the next two years under the second phase of the Multi Year tariff Order, MYTO 2. The subsidy will be paid at the rate of N50bn in the 2012 financial year, and another N50bn in 2013, and thereafter cease to pay anymore electricity subsidy, as it is anticipated that as time goes by, more power will be available, and less need for subsidy.

Parts of the mitigating measures also include the distribution of meters and electricity bulbs for free to consumers. The Chairman, Nigerian Electricity Regulatory Commission, NERC, Dr. Sam Amadi, disclosed this to journalists at the weekend in Lagos, while explaining some facts about the new tariff, which becomes effective from June 1.

He said that the subsidy for 2012 is only applicable to specific consumers categorised as R1, R2 and C1, which include the lifeline consumers, the majority of other consumers and the small and medium enterprises, SMEs respectively. Amadi argued that the tariff is structured to attain cost reflective pricing that will ensure private sector investment in the generation, distribution and transmission of electric power in Nigeria.

He clarified further, “Under the new tariff regime, different classes of consumers will pay different rates applicable to their classes for their electricity supply. Low income earners who use less electricity will pay less than high income earners who consume more electricity.”

Accordingly, the R1 consumers will pay N4 per kilowatt hour, Kwh; while R2 and C1 will pay between N11 and N12/Kwh, instead of an average of about N24/Kwh. Amadi further explained that the R1 customers are paying much less because they “will enjoy the special benefit of not paying a fixed charge for their electricity,” as well as the removal of maintenance charge for ll classes of consumers.

In spite of the slight increases, the NERC boss argued that electricity tariff in Nigeria remains one of the lowest in the African continent compared with other countries such as Ghana N24/Kwh; Benin N24; and Chad N27. Under the new structure, consumers are not expected to pay for meters, be it the analog or pre-payment meters because “this cost has been included in their tariff,” Amadi stressed, adding that “they only have to pay a minimal fee for connection which is approved by NERC.”

He said that all the distribution companies, DISCos, within the next 12 to 18 months are expected to distribute meters to all classes of customers to reduce the incidence of estimated billings and resultant crazy bills. “Before the commencement of the new tariff, all distribution companies will submit their meter installation plan to NERC in order to receive the meter component of the tariff. This will address the perennial billing fraud suffered by many consumers through estimated billing,” he said.

Furthermore, he said that a methodology to ensure accuracy of estimated billing is being designed by NERC to further protect the rights of customers and prevent overbilling while estimated billing is being phased out. For decades, many electricity consumers have been without meters either analog or prepaid, and even where meters exist, the DISCOs prefer to estimated billings rather than reading the accurate consumption level from the meters, such that consumers have had to pay for energy not consumed or utilised. *(Vanguard)*

Nigeria's central bank kept its policy rate on hold at 12% on Tuesday for the fourth time in a row, saying the worrying trend of slowing economic growth countered largely expected higher inflation. Central bank governor Lamido Sanusi said the bank was concerned about a slowdown in global economic activity and lower crude oil prices and domestic oil output, which meant Nigeria was facing a potentially sustained decline in its previously surging growth rates.

Underscoring the worry over growth, figures from the National Bureau of Statistics (NBS) showed on Tuesday that Nigeria's economy grew 6.17% in the first quarter of this year, down from 7.68% in the previous quarter. Oil production meanwhile fell to an average of 2.35m barrels a day (bpd) in the first quarter of 2012, from 2.4m bpd in the fourth quarter of 2011, the bureau said.

Analysts had unanimously expected rates to stay at 12%. The bank also kept its

+/- 200 basis point corridor around the base rate, so its recommended deposit rate is 10% and its lending rate is 14%. "At this point in time the trajectory of prices is more dependent on fiscal than ... monetary policy," Sanusi said. "Sluggish growth in credit, a stable exchange rate ... and benign month on month inflation do not suggest a need for further tightening at this point."

He added hastily that cutting rates would also be largely ineffectual, before giving the bank's decision. Though Nigeria's economy has been one of the fastest growing in the world, poor fiscal management has had a tendency to waste some of these gains and cause inflationary pressures.

Nigeria's economy is expected to expand at a slower rate of 6.5% this year, down from 7.4% in 2011, due to disruptions to oil production and ongoing weakness in developed countries that buy crude from Africa's largest producer. "This confirms a disturbing and uninterrupted trend of decline going back to Q1 2010," Sanusi said. "Crude oil production was estimated to have declined by 2.32% in quarter one 2012 ... Non oil GDP growth was much lower ..."

Sanusi noted "the very dark clouds gathering over global economic recovery in 2012," and said this would surely further impact Nigeria's oil-dependent domestic growth. The NBS said in its report that "the non-oil sector continued to be a major driver of the economy in the first quarter of 2012 despite its decline," with 7.93% growth.

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, but the underlying trend is seen as relatively benign. Owing to weaker growth and relatively benign prices, most analysts expected rates to stay on hold, possibly for much of the rest of the year.

"Although the CBN sounded a decidedly more dovish note, we believe that there will be limited room to ease interest rates," said Razia Khan, head of Africa research at Standard Chartered Bank. "We expect the monetary policy rate to be maintained at 12%, most likely until the end of the year."

Sanusi, who rarely misses an opportunity to call for broader reforms outside the bank's remit, said keeping Nigeria's economy on track required "that power and petroleum sector reforms as well as infrastructure investments ... be scaled up as quickly as possible". "These should complement measures to enhance credit growth to the private sector," he said.

He added that the bank welcomed "efforts being made to improve fiscal consolidation," as a result of which government revenues had improved in the last quarter. He attributed a recovery in foreign exchange reserves since December, to near two-year highs, to favourable commodity prices and an easing of restrictions on hot money.

Sanusi noted that a main cause for a downward trend in GDP growth was lower agricultural output. "Interest rate movements would not be effective in stimulating growth under such circumstances," he said, adding that the government needed implement key agricultural reforms.

Agriculture makes up more than a third of Nigeria's GDP.The NBS figures showed agricultural GDP growth fell to 4.15% in the first quarter of 2012, against 5.54% in the same period last year. *(Reuters)*

The Nigerian Stock Exchange (NSE) is planning to send a proposal to the Central Bank of Nigeria (CBN), which will facilitate the payment of dividends into savings accounts by investors. Currently, banks refuse to accept dividend warrants into savings accounts because of the Know Your Customer (KYC) issues. This development has not only discouraged many investors from patronising the capital market but has also led to high level of unclaimed dividends in the market.

However, THISDAY checks revealed that the NSE was finalising a proposal that would be sent to the CBN so that apex bank would authorise banks to accept dividends into savings accounts. Apart from some hybrid accounts which combine both features of savings and current accounts that accommodate the payments of dividends warrants, banks only accept dividend warrants into current accounts. This has been a disincentive in market.

“As part of efforts to reform the market and encourage more patronage and reduce unclaimed dividends, NSE is sending a proposal to the CBN on the need to ease its regulation in respect of dividend warrants payment into accounts,” a source close to NSE said. Before now the Securities and Exchange Commission (SEC) has introduced electronic (e) dividend to solve the problem but the e-dividend has not worked as expected.

While some investors, mostly those in the remote areas, hardly have access to registrars to fill the e-dividend mandates, there have been complaints that some registrars fail to execute the e-dividend mandate given to them by other investors. SEC disclosed recently that the unclaimed dividends in the capital market stood at NGN 52.2bn as at December 31, 2011.

And apparently worried by the rising level of unclaimed dividends, the House of Representatives last April passed a resolution mandating the House Committee on Capital Markets and Institutions “…to investigate the high volume of unclaimed dividends in quoted companies in Nigeria. SEC had hailed the resolution saying that legislative attention to the intractable issue of unclaimed dividends was a positive development.

“It was out of concern for this unfortunate situation in which return on shareholders’ investment by way of dividends is perennially locked in the unclaimed dividends saga that as far back as in 2002, the SEC sponsored a bill in the National Assembly for an act of parliament which will set up the “Unclaimed Dividend Trust Fund”.

This fund and the Act of Parliament which set it up were intended to drastically reduce or completely eliminate the incidence of unclaimed dividend by providing alternative domicile for funds deriving from unclaimed dividends to what was stipulated in Section 382(1) of the Companies and Allied Matters Act,” SEC said.. *(This Day)*

Yields on Nigerian government bonds fell on Wednesday after the central bank held rates at 12%, with a boost to liquidity from maturing debts and oil revenues expected to push yields down further, dealers said. Nigeria's central bank left its benchmark interest rate on hold on Tuesday for the fourth time in a row at its by-monthly meeting, citing slowing economic growth and rising inflation, which spurred demand for bonds at current yields.

Traders said investors had been holding off from taking a position pending the rate decision. Financial markets were closed on Tuesday when the rate decision was made. On Wednesday, yields on the shortest three-year bond, which has less than two years to maturity, fell to 14.75%, from Tuesday's close of 15.1%. "The reaction is (also) on the back of bond maturities on May 22nd and another expected on the 25th totalling 295bn naira," sid Ayodeji Adelagun, head of rates and credit trading at Standard Chartered Bank.

Bond prices were moving up, as proceeds from the May 22 maturity and expected flows from the May 25 one are reinvested, he added. Dealers said the decision to hold rates lifted a layer of doubt over what steps the central bank might take to stabilise rising price levels in Africa's second biggest economy, after April inflation rose to 12.9%. The five-year bond was trading at 15.18% on Wednesday, compared with 15.25% before the rate decision.

Nigeria will retire 295bn naira worth of maturing three- and five-year debt issued at 10.5% next week, boosting bond liquidity. The central bank will auction 126.33bn naira in T-bills to soak up some of it. "We expect yields to drop up to 50 basis points, across maturities next week, with the lower end of the yield curve the worse-hit," a dealer at a mid-tier Nigerian lender told Reuters.

The central bank has favoured positive real interest rates in Nigeria to encourage foreign participation in the bond market and support the naira. It had hiked rates six times last year to fight inflation, pushing yields up. Dealers say greater liquidity is preserving that trend.

On Friday, Nigeria distributed 563.09bn naira in proceeds from oil sales in April to its three tiers of government, which is also expected to feed into the banking system next week, dealers said. *(Reuters)*

The naira weakened to the lowest in more than three months, snapping two days of gains, after demand for dollars increased from oil importers and debt investors. The naira depreciated by as much as 0.2% to N159.1 per dollar, the lowest since February 14 on a closing basis, before trading at N159 per dollar in trading yesterday. The naira gained 2.1% this year.

"The oil importers are getting comfortable and are increasing demand for dollars," Jide Solanke, an analyst at First Securities Discount House Limited, said in a telephone interview yesterday, adding that investors in local debt are also exiting trades on concern over rising inflation.The naira weakened 0.7% last week, falling the most since December 23.

Last week's "depreciation was partly due to strong dollar outflow to cover petroleum import bills and repatriation of dividends by foreign investors," Ecobank Transnational Inc. (ETI) analysts, led by Paris-based Paul-Harry Aithnard, stated yesterday, adding th at "pressure on the naira will likely be sustained." *(Nation)*

Nigeria's economic growth measured by the Gross Domestic Product (GDP) decreased by 0.96% on an aggregate basis recording 6.17% in the first quarter of 2012 as against 7.13 in the corresponding quarter of 2011, report from the National Bureau of Statistics (NBS) said. The report said the decrease was driven by decline in economic activity due to the partial removal of petroleum subsidy, the subsequent protest and weaker consumer demand following the higher price levels across major segments of the economy.

“Higher costs of production and prevailing security concerns contributed to the decline in growth rate of real GDP during the period. The nominal GDP for the first quarter of 2012 was estimated at NGN 9,142,858.51 against the NGN 8,311,227.61 in the corresponding quarter of 2011.” The report further said that estimated crude oil production decreased by -2.32% in the first quarter of 2012 when compared with the level produced within the corresponding quarter of 2011.

While crude oil continues to play a prominent role in the Nigerian economy, the average daily production inm barrels per day (mbpd) for the first quarter of 2012 was 2.35 mbpd as against 2.51 mbpd produced in the first quarter of 2011. The non-oil sector as a major driver of the economy in the first quarter of 2012 also recorded a decline when compared with the corresponding quarter in 2011. *(Daily Trust)*

The Lagos State government said yesterday that it is seeking N31.4bn (USD 200m) loan from the World Bank to finance projects in the 2012 fiscal year. Commissioner for Finance, Mr. Adetokunbo Abiru, made the revelation in Lagos while briefing newsmen. He said the money would provide assistance to the government in key areas such as budget execution, investment, climate change and revenue generation.

According to the commissioner, the loan comes at concessionary terms and very apt for development projects. He said the “interest rate is about 1% and tenor of 40 years (inclusive of 10 years moratorium),” adding that Lagos hopes to access the loan before the year ends. He said the loan is budget support granted by the bank for three consecutive years.

Abiru noted that total revenue for the state has grown in the last three years from NGN 18bn in 2008 to NGN 25bn in 2011, and that the Internally Generated Revenue (IGR) accounted for 65%. While speaking on the N275bn bonds issued in 2009 and 2010, the commissioner said that in compliance with the prospectus to the programme, the state government set up a sinking fund for the redemption of the bond at maturity. The fund, he said, is managed by a consortium of independent trustees.

“Fifteen% of monthly IGR collections are deposited into a dedicated Consolidated Debt Service Account (CDSA) in line with our financial prudence,” he said, adding that the account today has a standing balance of over 50%. “This further affirms the debt sustainability and capacity of the state in meeting its obligation as and when due”, he said.. *(Daily Trust)*

Nigeria's weakening growth outlook is making it difficult for the central bank to raise interest rates, the country's deputy central bank governor said on 24 May 2012, after the bank held rates for the 4th time in a row this week. Nigeria, Africa's largest oil producer, is in danger of losing its allure as a fast-growing investment destination as the oil price falls and infrastructure bottlenecks frustrate investors. "We cannot rule out any possibility of a rate rise if the circumstances call for it, but we do not have too much more room to raise rates without inflicting damage on the economy," Kingsley Moghalu told Reuters in an interview on the sidelines of a Nigeria conference.

"Our concern is about the need for structural reform and continued fiscal consolidation monetary policy is fast reaching its limits." Nigeria's central bank left interest rates on hold at 12% this week for the 4th time in a row, citing the need to balance inflationary concerns with slowing growth. Nigeria's economy is expected to expand at a slower rate of 6.5% this year, down from 7.4% in 2011, due to disruptions to oil production and ongoing weakness in developed countries that buy crude from Africa's largest producer. Inflation rose to 12.9% year-on-year in April 2012, but the underlying trend is seen as relatively benign.

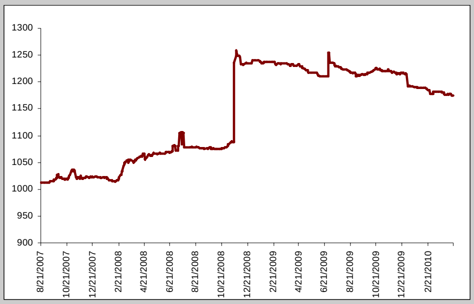
There are risks to the economy from the euro zone crisis, if retrenching international banks break their credit lines with Nigerian banks, Moghalu said, while a fall in the euro would hit the 15% of Nigeria's USD 37bn in foreign exchange reserves which are denominated in EUR. A fall in the oil price was also a major concern for Nigeria's oil-driven economy. Nigeria's 2012 budget assumes a USD 72 a barrel oil price, and oil has been dropping sharply in recent weeks to around $105 a barrel. "If oil went below USD 85 a barrel, it could become quite problematic," Moghalu said. Nigeria is supposed to save excess oil revenues - over USD 72 a barrel in the 2012 budget into an excess crude account to cushion the economy against potential oil price shocks.

But the account has been repeatedly raided by politicians and despite record high oil prices, it contained only USD 3.5bn earlier this year. The possibility that the account, which Nigeria is trying to replace with a more resilient sovereign wealth fund, could run out of money was "quite a clear worry", Moghalu said. The NGN has been hitting 3-1/2 month lows against the USD and trading at its band limit around 160 per USD, but the central bank will continue to defend it, Moghalu said. "We do not have a problem defending the currency at this point, we can also toy with the band," he said, adding he was not aware of any current plans to adjust the band, currently trading at plus or minus 3% around a central rate of 155 per USD.

Nigeria's banks, which underwent a USD 4bn injection, recently passed stringent International Monetary Fund stress tests, Moghalu said. "The banking system passed very, very high quality stress tests IMF stress tests are quite stressful." Moghalu said there was interest in Nigerian bad bank Amcon's 3 nationalised banks from banks and private equity investors, but there was no timetable yet for a sale of the banks. "There is a huge amount of interest for these banks, both domestically and internationally."*(Reuters)*

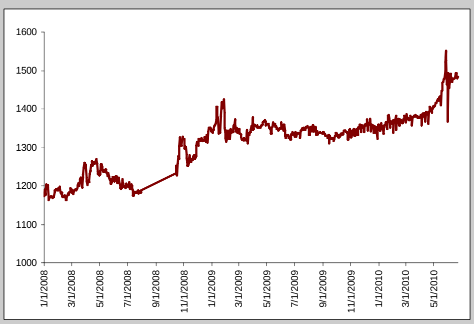
Tanzania

Dar-es Salaam Stock Exchange



Source: Reuters

TZS/USD



Source:SAR

Economic indicators

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

Source: World Development Indicator

Stock Exchange News

The DSEI lost a marginal -0.05% to close at 1,322.58 points. TTP was the only mover after gaining +14.04% to close at TZS 325 while CRBD was the only shaker after shedding -1.96% to TZS 125.

Corporate News

Tanzanian group Tanga Cement, the country's second-largest cement maker, said full-year profit fell 31% on higher production costs, and announced plans to invest USD 165m to boost output and exports. Majority-owned by Afrisam Mauritius Investment Holdings, Tanga Cement's profit fell to TZS 22bn (USD 14m). Revenue rose 8% to TZS 161bn.

The company, which trades as Simba Cement, said on Friday it planned to increase exports to member states of the East African Community trade bloc, and would build a second kiln to be commissioned in the first quarter of 2015. The new kiln will increase the production capacity of clinker, the main ingredient in cement making by 600,000 tonnes a year from 500,000 tonnes.

Simba Cement increased its cement production capacity in 2010 to 1.2m tonnes from 750,000 tonnes after commissioning a second cement mill. The EAC has a population of 133m and a gross domestic product of about USD 79bn. It has had a fully fledged customs union since January 2010. *(Reuters)*

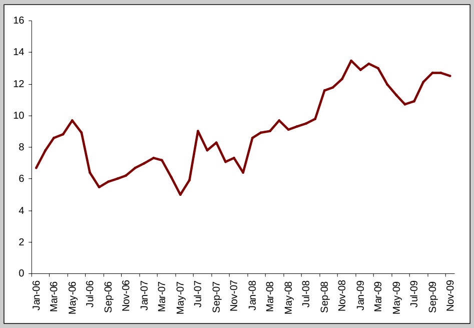
Economic News

Gas-rich Tanzania's energy shortage has driven its current account deficit to widened by 135% on soaring oil imports to generate power in the face of shortages and blackouts. Despite a rise in gold exports in east Africa's second-biggest economy, the nation's total imports bill rose 39.1% in the year to February to USD 12.6bn, mostly due to a rise in oil imports, its central bank said on Tuesday.

Tanzania's coastline is fast becoming a major gas hub with major discoveries made in the east African region and the country has licensed at least 18 international companies to look for offshore and onshore energy reserves. But hydro power accounts for around half of Tanzania's energy supplies, with prolonged drought resulting in rolling blackouts across the country. The Tanzanian government has shifted its focus to thermal power projects to wean itself off rain-dependent hydropower stations.

Energy demand is expected to grow to 1,583 megawatts by 2015 from the

CPI Inflation



Source: SAR

current demand of around 800MW, according to estimates by the country's energy ministry. Analysts said rising oil imports could hurt the import-dependent economy, which has been struggling with a high inflation rate and slower growth. "Tanzania must do away with generating electricity from oil-fired power stations. This source of electricity is very costly to consumers and the economy and is not sustainable.

It actually adds up to the cost of doing business in Tanzania, with a high inflation rate," said Humphrey Moshi, professor of economics at the University of Dar es Salaam. "Tanzania can no longer depend on hydro-power stations due to the effects of climate change, hence the need to turn to alternative sources of energy such as natural gas and coal."

Tanzania's year-on-year inflation rate fell to 18.7% in April from 19% previously 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 undermined food security and electricity output, triggering spikes in the levels of inflation and threatening economic growth.

In the year to February, the current account deficit widened to USD 5.248bn from USD 2.233bn a year ago, and slightly higher than in January, when it stood at USD 5bn from USD 2.341bn the year before period. Oil imports surged 85.7% to USD 3.519bn due to a rise in domestic demand for oil for power generation amid chronic energy shortages. "A rise in imports of goods particularly oil ... outweighed the impact of an increase in exports," the central Bank of Tanzania said in a report on its website.

"Similarly, there was a substantial increase in imports of machinery by 53% to USD 1.858bn mostly for gas and oil exploration projects under foreign direct investments." Total exports rose 12.1% to USD 6.851bn, helped by an increase in gold sales and tourism earnings. The central bank said gold exports, the country's top foreign exchange earner, rose 41.3% in the year to February largely due to rising gold prices at the world market, fetching USD 2.269bn.

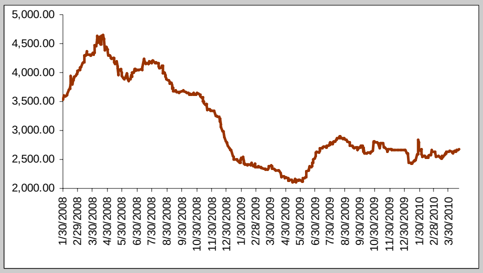
Tanzania, with a population of 40.7m, is Africa's fourth-largest gold producer after South Africa, Ghana and Mali. Gold accounted for 58.9% of the country's total non-traditional exports. The price of gold at the world market went up by 28.1% to USD 1,623.7 per troy ounce in the year to February, while the export volume of the precious metal increased to 40.2 tons from 36.4 tons previously.

"This was exacerbated by the decline in official current transfers by 19.1% t USD 568.7m." Tanzania, one of the continent's biggest per capita aid recipients, received USD 453m of aid for its 2011/12 budget, with the foreign exchange inflows helping to bolster the local currency.

Gross official foreign exchange reserves held by the central bank fell to USD 3.51bn in the year to February, or 3.7 months of import cover, from USD 3.9bn a year ago. The central bank's monetary policy target is to have an accumulation of international reserves adequate to cover at least 4.5 months of projected import of goods and services. *(Reuters)*

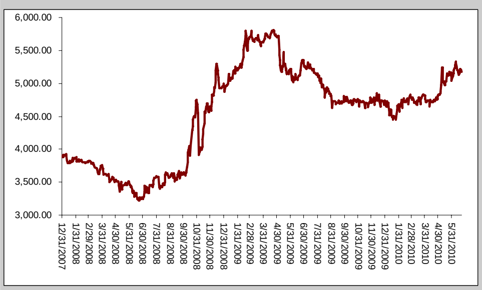
Zambia

Zambia Stock Exchange



Source: Reuters

ZMK/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

Stock Exchange News

The LuSE index lost -2.55% to close at 3,849.60 points. Zanaco led the gainers after adding +0.63% to ZMK 160, followed by CECZ which rose +0.16% to ZMK 646 and Zambrew (+0.04%). SCB was the biggest loser after shedding -12.12% to ZMK 2.90 followed by Zambia Sugar, down -6.69% to ZMK 251 and Zambeef (-3.57%).

Corporate News

One of Zambia's more successful business concerns, the Zambia Sugar Company, has reported a 40% increase in operating profit for the year ending March 31. Profits for the subsidiary of the Illovo Group increased to USD 59-m (ZMK 307bn) from USD 33m (ZMK 174bn) for the previous year.

Higher sales revenue combined with effective cost control and improved factory output led to better operating margins and profit. But net finance costs increased by 22% and totalled USD 30m as interest rates on local currency-denominated loans increased.

The reduction in the agricultural tax rate resulted in the effective tax rate falling to 14% for the year. Headline earnings were USD 25-m (ZMK 128bn). The company has projected an increase in sugar production in excess of 400000 tons in the 2012/13 season. But sugar output for the year ending March 31 was 3% lower than the previous year and totalled 374000 tons.

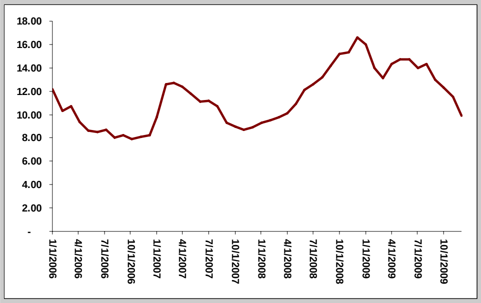
The expanded factory, however, met design capacity and achieved exceptional crush rates, resulting in an accelerated season and younger cane being processed. But the sucrose content was lower than usual because of the weather. The crushing of younger cane resulted in lower yields, leading to reduced sugar output.

However, better factory performance meant that all available cane from the estate and out-growers was processed. Output from the estate was 1.90m tons compared to 1.95m previously. Out-growers delivered a record 1.15m tons from an increased planting area of 9411 hectares. They delivered 1.13m tons from 8684 hectares in 2011.

Sales benefited from record growth of the domestic sugar market, attributed to strong economic fundamentals and a favourable exchange rate. The company has projected better overall results in the 2012/13 season because of good weather, increased age of cane and increased area planted by the out-growers. *(Times Live)*

Economic News

CPI Inflation



Source: SAR

The European Investment Bank has agreed to provide USD 30m to fund the upgrade of the Kafue – Livingstone transmission line in Zambia. According to the European Investment Bank, this project will improve regional energy distribution and double electricity transmission capacity between the Victoria Falls hydro-power station and Lusaka, and is a priority initiative for the Zambia Electricity Supply Corporation. Funding agreements were signed in Lusaka by the Zambian Minister of Finance Alexander Chikwanda MP, and senior officials from the European Investment Bank. Representatives of the Zambia Electricity Supply Corporation and European Union Delegation to Zambia were also in attendance.

"Access to electricity is essential to achieve the Millennium Development Goals and promote sustainable development. Upgrading the Kafue – Livingstone transmission line will assist the Zambian Government's efforts to ensure that a reliable supply of energy can keep pace with economic growth in Zambia and improve electricity distribution across southern Africa. The European Investment Bank is committed to supporting the Zambian energy sector and contributing to global goals highlighted by the 2012 International Year of Sustainable Energy for All." said Plutarchos Sakellaris, European Investment Bank Vice President.

"We all know that access to energy is crucial for the development of Zambia. Energy is so important for the delivery of health services, education, food security, business activities, and economic development in general. Through the promotion of our technology, expertise and financial aid, the EU helps increasing access to energy services for the Zambian population." said Ambassador Gilles Hervio, Head of the Delegation of the European Union to the Republic of Zambia and COMESA.

"Upgrading of the Kafue - Livingstone transmission line project will provide extra power to the southern and western provinces of Zambia and other countries in the Southern Africa Power Pool" added ZECO Managing Director, Cyprian Chitundu. Upgrading the 341 km Kafue – Livingstone transmission line will significantly enhance electricity transmission through the only major electricity connection in south-western Zambia. The project will enhance the energy link of regional importance between Zambia and Namibia and enable the possible trading of electricity through the Caprivi interconnector.

The energy improvement scheme will include construction of new substations replacement of energy infrastructure over 50 years old. The project is a priority in the ZESCO Master plan. Overall transmission capacity will be increased from 120 MW to 360 MW. The European Investment Bank will also require that specific environmental concerns are addressed during project implementation.

The Kafue – Livingstone transmission line will allow power flows between the northern and southern part of the Southern African Power Pool to bypass Zimbabwe and reduce the risk of regional electricity blackouts. Use of renewable energy in the region will be reinforced through increased access to hydropower and the project will reduce Zambia's dependence on electricity generated from oil and coal.

The project is expected to be completed by the end of 2014 and will create significant technical employment during the upgrade. The original line was built in the 1970s to allow easy and cost-efficient upgrading when necessary. The upgrading scheme will use existing infrastructure and proven technology, resulting in low environmental impact and reduced investment costs.

The transmission line will be supported by the EU-Africa Infrastructure Trust Fund through a total grant of EUR 5.55m split in two different components. This includes a EUR 5.2m interest rate subsidy and a Technical Assistance Grant of EUR 350,000 to support procurement and monitoring.

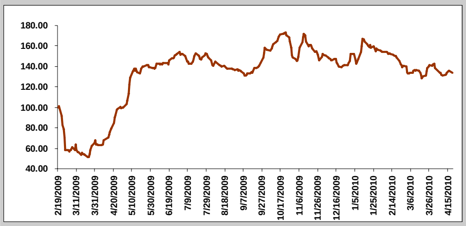
The total project cost is estimated at USD 100m and will be co-financed by the European Investment Bank, the World Bank and by the project Promoter, the Zambia Electricity Supply Corporation, ZESCO. *(Fin Channel)*

The International Monetary Fund has agreed with the current government's view that despite having recorded impressive performance, the Zambian economy has not benefited the people. IMF deputy director of African department Sean Nolan said Zambia had achieved significant economic success over the past decade and yet the poverty levels were still high. He said the GDP growth and other macroeconomic indicators were impressive but the record of converting output growth into poverty reduction and expansion of formal employment had been mixed.

This is according to a statement by the IMF on the conclusion of the just-ended IMF International Labour Organisation Zambia conference held in Lusaka early this week. During the conference Vice President Guy Scot said the government was responding to the very real impact of unemployment and under employment on working people. Dr Scot said the gathering should help to define the steps that must be taken to bring millions back into the workforce. *(Times of Zambia)*

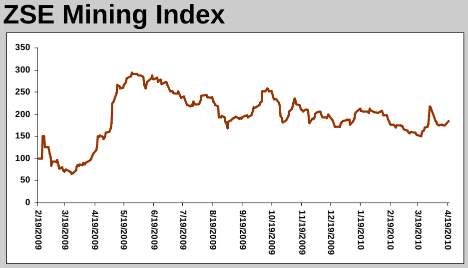
Zimbabwe

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 positive note with Industrial Index closing +1.09% higher at 133.08 points while Mining Index gained +4.60% to 83.95 points. Cains and Nicoz led the movers after gaining +66.67% and 53.85% to close the week at USD 0.005 and USD 0.02 respectively. Other gains were recorded in CBZ up +14.12% to USD 0.08 and Innscor which put on +9.09% to USD 0.60. Phoenix and Pelhams led the losers after shedding -40% and -28.57% to USD 0.006 and USD 0.005 respectively. Other notable losses were recorded in Bindura (-28.57%) and AICO (-7.69%)

Corporate News

The inter-parastatal debt rose by 69% to USD 1,5bn in six months to March this year, according to latest official figures, as service delivery by the State-run companies continued to deteriorate. The inter-parastatal debt rose from USD 488m in September last year, with Government now working on a strategy to liquidate the debts.

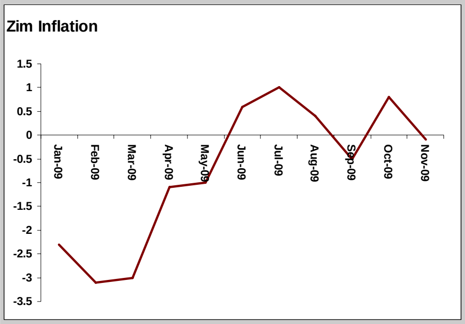
Notable entities owing, and also being owed, include Zesa, TelOne, Civil Aviation Authority of Zimbabwe Zinwa and the National Railways of Zimbabwe, Finance Minister Tendai Biti said last week. “An analysis of financial statements and management accounts of some public enterprises showed that they are owed not only by individuals, but by other public entities and Government departments.

“The inter-parastatal debt and debts owed by other creditors have crippled public entities, resulting in them failing to fulfil their mandate in an efficient manner, leading to a public outcry,” he said. Inter-parastatal debt remains a major challenge, influencing their performance adversely affecting their ability to effectively contribute to economic development.

The Government will next month host an inter-parastatal debt all-stakeholder conference to consult on the development of a comprehensive debt strategy. The conference will seek to fully appreciate the causes of inter-parastatal debt and its effect on State enterprises and the economy. Minister of State Enterprises and Parastatals Gorden Moyo said the Government would come up with strategies to reduce the accumulation of inter-parastatal debt and come up with strategies to deal with inter-parastatal debts already incurred.

He said the Government is also seeking strategies to deal with ministries and Government departments debts to State enterprises. “Inter-parastatal debt remains one of the most serious challenges affecting the cash-flows of most of the State enterprises to the detriment of economic recovery efforts initiated by Government,” he said.

CPI Inflation



Source: SAR

The conference is expected to address one of the major challenges faced by the State enterprises, which has not allowed them to fully contribute to the development of the country through efficient provision of goods and services. Zimbabwe has 78 State enterprises with the capacity to contribute 40% to the Gross Domestic Product, but most of them are underperforming.

Some of them have for long been operating without boards of directors while others have failed to publish financial accounts and reports. Their poor performance has resulted in poor service delivery, particularly in the supply of water, road, air transport and electricity. *(Herald)*

ESSAR Africa has initiated a management reshuffle at Ziscosteel in a move, observers say, signals the company's anxiety over delays in completing its USD 750m acquisition of the Redcliff-based steel maker. A company spokesman confirmed from Indian that an Essar executive would be dispatched to ZISCO, now renamed NewZim Steel, to support the group's head of Africa operations, Firdhose Coovadia.

"Essar is still proceeding with the transaction closure. We remain committed to our plan," the spokesman said. "Essar is strengthening the team at Zimbabwe. Firdhose Coovadia continues to be the resident director - Middle East and Africa." The development comes at a time management at the company had stopped paying salaries, blaming the lack of production.

Company sources told NewZimbabwe.com Monday that the plant has been without electricity for more than a month now, after being cut off by ZESA for non-payment of its bills. "The problem we have is that there are members of senior management from the previous regime who do not want the takeover to go ahead because they are worried they might lose their jobs," a workers' representative said.

"These are the people briefing Ministers against the takeover and claiming that the deal is bad for the country. "It is unfortunate that Essar have decided to stop paying salaries. But we understand their position. They can't go on paying us for doing nothing." Essar Africa acquired 60% of Ziscosteel and 80% of its mining subsidiary, Buchwa Iron Mining in March last year in a deal that was expected to help revive a company that had ceased production back in 2009.

But the transaction has stalled over the transfer of mineral rights to Essar with some in the coalition government arguing that ZISCO's iron ore reserves had been given away on the cheap. Deputy Prime Minister, Arthur Mutambara claimed that the government had realised that they may have sold a USD 30bn asset for just over USD 700m. Essar spokesperson acknowledged the stand-off. "While control of the steel company has been transferred, Essar has not been able to resume operations due to lack of an iron ore supply agreement from Bimco," he said.

There had been fears that the deal was in danger of collapse but sources close to Essar in India said the company's move to reshuffle the management team at Redcliff demonstrates its commitment to resolving the impasse. Essar is understood to be keen on ZISCO's reputed 500m tonnes of iron ore reserves which are vital for its steelmaking operations in Zimbabwe and Canada. *(New Zimbabwe)*

MBADA Diamonds one of the companies operating at Chiadzwa says it has remitted nearly USD 300m to the Treasury since launching its operations in 2009. Addressing a Parliamentary committee Monday, company chairman Robert Mhlanga said the government could have realised much more if the company's operations were not being undermined by Western sanctions.

"In total we have paid a total of USD 293.5m to Government and this constitute nearly 50% of the gross we generate with 26% going to working capital while 24% went to the other shareholder (Reclamation)," he said. "We have challenges because you would appreciate that all buyers from the US and Europe were coming in and we were selling transparently we would have a bigger number of people coming in and higher competition and push the price up."

Mbada is a 50-50 joint venture between private investors and the state-owned Zimbabwe Mining Development Corporation (ZMDC). The United States added Mbada Diamonds and Marange Resources to the list of companies sanctioned under its Zimbabwe Democracy and Economic Recovery Act (ZIDERA) last December.

The companies were apparently punished for partnering ZMDC which was already under US sanctions for allegedly financing rights abuses and anti-democratic activities in the country. ZMDC chairman, Godwills Masimirembwa also told the Parliamentary committee that the Mbada's operations even more difficult by the fact that most of the major buyers were from the US and Europe.

Masimirembwa said it was also difficult for buyers in other countries to make purchases using the US dollar as the money has to pass through the New York office of Foreign Assets Control where the funds could be seized. Mbada has since blasted the sanctions saying they were unjustified and warned that they could adversely affect some "100,000 people participating directly or indirectly in the diamond industry through entrepreneurship, employment and service provision to the diamond industry".

Even so, Finance Minister Tendai Biti has claimed some of the companies at Chiadzwa were diverting funds away from Treasury and warned that economic targets for this year were no longer achievable after anticipated diamond revenues failed to materialise. But Mhlanga said his company operations were transparent adding the government also received audited accounts detailing its activities.

"Our accounts are audited by KPMG and all our audits to date do not have any qualifications," he said. "If you look at these statistics, these are the statistics that Government actually has and they are not just coming from Mbada but are funds that Mbada has given to Government under this challenging environment." *(New Zimbabwe)*

Gold producer New Dawn Mining Corporation has reported a revenue of USD 14,8m for the quarter ended March 31 2012. The revenue increase was a 86,1% increase from last year's similar quarter revenue of USD 7,9m, which was largely driven by a significantly higher gold prices during the period under review. The company has said its operating cash flows are being re-invested in Zimbabwe to fund 2012 expansion and development plans.

The Toronto Stock Exchange-listed New Dawn owns 100% of the Turk, Angelus the Old Nic Mine and the Camperdown Mine. In addition, it also owns approximately 85% of the Dalny Mine, the Golden Quarry Mine, and the Venice Mine (currently not in operation), and a portfolio of prospective exploration acreage in the country. During the quarter just ended, the average sales price per ounce of gold sold was USD 1,685, compared to USD 1,389 for the quarter ended March 2011 quarter.

New Dawn's gold sales for the latest quarter, however, declined 3,8% compared to the December quarter figure of USD 15,440,766. The company attributed the decrease in gold sales to production issues related to the Turk and Angelus Mine. "Gold production at the company's Turk and Angelus Mine for the quarter ended March 31 was 2,763 ounces. "This production decrease was the result of the impact of a short-term work stoppage in January 2012, and certain geological, structural and technical mining issues at the Turk and Angelus Mine that are now largely identified and understood," said the company in a statement.

New Dawn has, however, said it is in the process of implementing a new mine plan that addresses the aforementioned technical mining issues. It therefore does not expect a significant improvement in production or operating costs at the Turk and Angelus Mine until this plan has been fully implemented over the next several quarters. Other than at the Turk and Angelus Mine, the company's mining operations had a combined increase in gold production of approximately 14,5% during the latest quarter compared to the previous quarter.

Total gold production for the quarter under review of 8,736 ounces was a 4% decrease from the December quarter figure of 9,095 ounces. On a year-on-year basis, however, the current output was 40,3% higher than the comparable period last year. New Dawn says a drilling programme at its Camperdown Mine gold project, part of the company's Gweru Gold Camp located in the Shurugwi District, is underway and should be completed in six months' time, with analysis of the drilling results set for completion by the end of this year.

Based on the results of this drilling programme, the company said it may consider additional exploratory work to further define and develop Camperdown. New Dawn also says it is still holding discussions with the Government over its indigenisation compliance plan. Last month, the the National Indigenisation and Economic Empowerment Board wrote to New Dawn proposing for the company's consideration a modification in the allocation of equity and the form of consideration to be paid by the respective recipients.

In a letter dated April 27, the company responded, requesting clarification for the basis of NIEEB's proposal and also noting a number of significant issues that needed to be addressed and awaits further communication from the NIEEB. New Dawn has since said it is in the process of engaging with various indigenous investor groups and potential financing sources with respect to an investment in the company as part of its compliance plan. *(Herald)*

The Reserve Bank of Zimbabwe (RBZ) has granted Ecobank Zimbabwe Limited a commercial banking licence, bringing to 14 the number of retail banks operating in the country. Norman Mataruka, the central bank's Registrar of Banking Institutions, confirmed plans by the former investment bank to transform into commercial bank, in a statement yesterday. This means that the banking institution met the USD 12, 5m minimum capital requirements for commercial banks.

The former merchant bank indicated its plans to convert into a commercial bank after Ecobank Transnational Incorporated the majority shareholders controlling 70% of the group last year injected USD 10m into the financial institution. “It is hereby notified that Ecobank Zimbabwe Limited (formerly Premier Banking Corporation Limited) has been authorised in terms of Section 16 of the Banking Act (Chapter 24:20) to commence the business of a commercial bank with effect from 15 May 2012,” reads part of the RBZ notice.

Experts say the conversion could suggest that the future of merchant banking in the country remains bleak as capital was still elusive on the domestic market due to limited foreign direct investment. ReNaissance Merchant Bank, which received a last-minute bailout, is the only viable merchant bank in the country. Genesis Bank, another investment bank, is struggling to remain afloat after it failed to meet the USD 10m minimum capital threshhold prescribed by the central bank.

Before this development, Ecobank accounted for USD 45,6m of deposits in the entire banking sector, which represents 1, 38% market share as at December 31 2011.Despite the liquidity constraints, independent forecasts indicate that total banking sector deposits would rise to USD 4, 24bn by year-end from USD 3,3bn recorded last year as confidence in the financial services sector continues to grow.

As at December 31 2011, commercial banks accounted for 87% of the total assets, while building societies and merchant banks accounted for 10% and 1% respectively. Total loans and advances for the banking industry grew by 70% from USD 1,7bn as at December 31 2010 to USD 2,9bn by year end 2011.

Total profit for the reporting banks for the full-year 2011 was USD 107m, a 114% surge from USD 50m reported under the same period in 2010. Only three banks, Kingdom, Trust and Ecobank were in loss positions as at December 31 2011. *(News Day)*

Property firm Pearl Properties posted an increase in rental income of 9,91% for the four months to April 2012 compared to December 31 2011. Rental income for the group stood at USD 2,8m for the four months under review compared to USD 2,55m in December 2011, indicating a variance of 1,21% from the budgeted USD 2 839m. The company’s general manager, Peddy Chikunguru, at an annual general meeting (AGM) yesterday said rental yield declined to 8,18% from 9,80% in December last year.

But the average rental per square metre was up 4% to USD 7,62 from USD 7,33 in December 2011.He said the collection rate was 74,9%, down from 77,6% last year reflecting normal trend for the first half and expected the trend to improve in the second half of the year. Pearl Properties occupancy rate was 1, 42% up to 78,6% from 77,5% as at December 31 2012.

Chikunguru said the firm will be opening George Square shopping centre at Kamfinsa in Harare next month with tenants already finalising fittings. The company invested USD 1,2m for the shopping centre last year, while USD 2,7m was invested in the Kamfinsa cluster housing project. “The Kamfinsa cluster housing project has been retendered. Negotiations are underway. The contractor has been identified and contract negotiations are in progress. The Arundel Office Park Extension has been put on hold pending tenant negotiations," he said.

The Kamfinsa cluster project was supposed to have been completed in nine months since last September. Four new board members were appointed to the board at the AGM and these include Andreas Mlalazi, Nangisai Jessica Mugabe, John Philemon Travlos and James Keith Gibbons.

Rental income for the group for the full-year ended December 31 2011 stood at USD 8m due to successful rental review last year, while direct property expenses were USD 1,16m and operating profit was USD 5,47m for the full-year. *(News Day)*

Econet Wireless Group (EWG) has concluded a USD 362m loan facility to use in some of its African operations. The facility was arranged by AfriEximbank, and syndicated to development and financial institutions from Germany (Deutsche Investitions-und Entwicklungsgesellschaft mbH [DEG]), France (Societe De Promotion Et De Participation Pour La Cooperation Economique (PROPARCO), China (China Development Bank Corporation [CDB]), the Netherlands (Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. [FMO]), South Africa (Industrial Development Corporation of South Africa [IDC]), and Sweden (Exportkreditnämnden [EKN]).

It was signed in London at a special ceremony on May 23 2012, attended by representatives from all the financial institutions. Strive Masiyiwa, the Econet Wireless founder, signed on behalf of his group. A significant amount of the facility - USD 307m - has been earmarked towards EWG's Zimbabwean subsidiary, Econet Wireless Zimbabwe (EWZ), which is listed on the local exchange.

In a statement, Douglas Mboweni, CEO of the Zimbabwe business, said USD 255m from the USD 307m would re-finance existing short-term facilities, whilst USD 52m will finance equipment purchases for further expansion. He said the tenor of the facilities was an average of 5 years and the blended rate was LIBOR plus 5.3%. Mr Mboweni noted that borrowing for its expansion projects remained possible only through its parent company. *(Econet Investor Relations)*

AICO Africa Ltd will pursue other recapitalisation options in the last quarter of the year after shareholders refused to support the USD 50m rights issue last year, chief executive Mr Patt Devenish has said. He said the fund-raising initiative was put on hold as major shareholders feared dilution, opting to invest elsewhere. "Major shareholders decided that we should not do the rights issue because they would be diluted. We were held back on that," said Mr Devenish at the Imara Conference in Harare yesterday.

"We should come up with a capital-raising initiative in the next three or four months." The Aico share price has remained weak as the deadlock of arrangement for possible capital injection reduced investors' appetite for the stock. The proposed fund-raising is expected to expunge debt and necessitate the restructuring of Aico's loans. The group is under pressure to deal with an estimated USD 35m Cottco debt and an additional USD 16m Olivine Industries debt.

Initially, Cottco's debt was USD 50m and had managed to deal with the other

USD 15m.Mr Devenish said there was no plan in sight to clear the debt until the conglomerate gets funding from shareholders. In its analysis, Imara said the group still had its invaluable business portfolio and through the “cash cow” Seed Co and the upcoming Cottco debt restructuring the group was likely to improve as the debt issue is addressed.

Aico has a volatile earnings stream due to the seasonal variability of dry land cotton production and unpredictable lint prices on world commodity markets. The conglomerate is in the process of offloading its 75% shareholding in subsidiary, Scottco and the entire loss-making frozen vegetable arm, Exhort. It is understood the sale of Exhort is nearing completion while Scottco’s disposal has remained problematic and is likely to be closed.

From Its disposals Aico was targeting USD 8m that could be used to recapitalise Olivine Industries. Going forward, management is anticipating a marginal increase in group sales for the full year 2012, mainly impacted by the fast moving consumer goods business. The cotton and seed businesses are expected to post significant earnings growth. Recoveries in the cotton business for the out grower scheme recovered to average 90%. *(Herald)*

Zimbabwe's Mimosa Mine expects to lose 75,000 tonnes of platinum ore when it restarts production next week, it said on Wednesday. The mine was suspended after a fire trapped miners. The company also said it had sufficient stocks to meet its platinum output target for the month and quarter.

Around 60 miners at Mimosa's mine in south western Zimbabwe were trapped underground on Tuesday but were brought back to the surface without injury. Mimosa's managing director Winston Chitando said in a statement operations at the mine would resume on Monday and that production would initially average 70% during the first 19 days before hitting full capacity.

"The mining production loss during this period is estimated at 75 000 tonnes of ore which is more than covered by the current surface stockpile of about 140,000 tonnes of ore," Chitando said. "As a result production of platinum ounces for the month and the quarter will not be affected and is expected to be on budget."

Mimosa is a joint venture between South Africa's Impala Platinum (Implats) and London-listed Aquarius Platinum Ltd. The platinum miner produced 104,000 ounces of platinum group metals in its 2011 financial year. *(Reuters)*

Troubled Zimbabwe Stock Exchange listed mining concern, RioZim Limited, this week postponed a scheduled annual general meeting days after The Financial Gazette's Companies & Markets reported that its USD 45m capital raising project had crumbled. The move came as it emerged that the company had been struck by fresh woes, triggering panic among directors as well as new shareholders roped in to rescue the mining concern from insolvency.

In a notice to shareholder issued on 21 May 2012, the RioZim board, still chaired by Ticha-endepi Masaya who was expected to quit the board at the planned AGM, said the postponement was "due to the late finalisation of the annual report and possible adjustments and or re-classification resulting from information that has recently come to light". "Shareholders are further advised that the notice for the re-scheduled annual general meeting will be published within the statutory and regulatory time frame applicable to a listed company," said the RioZim board.

C&M can report that the collapse of the capitalisation project, under which Mauritius-based GEM Raintree Investment Limited was to inject USD 45m through convertible debentures under a USD 57m funding initiative that included a cash call and a private placement, had stalled the planned AGM. But the situation had been further compounded by the fact the company's external auditors had reportedly given a damning opinion on the company's financial results for the year to 31 December 2011.

They had reportedly raised several issues, a source said, indicating that the board and management were now frantically seeking to make the necessary adjustments to secure favourable opinion from the auditors. The accounts have not been signed by auditors," a source in the market familiar with the situation at the company said. He indicated that new debts had also emerged, setting off a potential crisis at the company. As at 31 December 2011, RioZim's short-term borrowings amounted to USD 58,8m, according to unaudited financial results for the full year to 31 December 2011. RioZim received shareholder approval at a March 23, 2012 extraordinary general meeting for the recapitalisation of the company through a rights offer to the tune of USD 5m, a private placement of ordinary shares to the value of USD 6 662 500 and the issue of convertible debentures valued at USD 45m.

The rights issue and private placement have already been completed, raising a combined USD 11 662 500. GEM Raintree took up 13 325 000 ordinary RioZim shares under the private placement, representing 24,99% of the enlarged share capital after the rights issue. But the amount raised did little to turn RioZim into solvency; much of the money raised is said to have gone into debt repayment. Five financial institutions made an application in the High Court seeking an order for RioZim to be placed under judicial management after the mining concern defaulted on its loan repayments.

ReNaissance Merchant Bank Limited, which was recently rescued from collapse through a take-over by the National Social Security Authority, had also instituted legal proceedings against RioZim by way of provisional sentence summons at the High Court claiming USD 2 243 105 lent to RioZim plus interest amounting to USD 388 050 as at 31 October 2011.

African Banking Corporation (Zimbabwe) Limited currently holds a pledge over stock and cession over debtors for USD 8 500 000 lent to RioZim. Moreover, RioZim is also struggling with a debt owed to former shareholder, Rio Tinto Plc through its unit, Rio Tinto European Holdings Limited, which apparently supported its investment in diamond mining company, Murowa Diamonds, through cash injection. Rio Tinto Plc now has a first ranking claim over RioZim shares in Murowa as security for a loan made from Rio Tinto European Holdings Limited to Murowa, with Centametall AG holding a second ranking over RioZim shares in Murowa as security for ENR contractual obligations to Centametall AG.

Originally a joint venture between Rio Tinto Zimbabwe and Rio Tinto Plc, the Murowa ownership structure was changed in 2004 when Rio Tinto Plc increased its interest in Murowa Diamonds to 78% after a swap of its 56% interest in Rio Tinto Zimbabwe for a proportionate share of Murowa Diamonds. Rio Tinto Zimbabwe became independent from Rio Tinto Plc, but retained a 22% interest in the Murowa Mine, and subsequently changed its name to RioZim Ltd.

Management and directors were reportedly mulling a strategy to placate restive lenders as well as minority shareholders before facing them at an AGM over the unfolding crisis.

C&M reported two weeks ago that the Ministry of Youth Development, Indigenisation and Empowerment was probing the debenture deal with the Mauritian firm, with indications suggesting that it could eventually veto the debenture agreement. Indigenisation and Economic Empowerment Minister, Saviour Kasukuwere alleged that RioZim had not been transparent in its disclosure to minorities and government. "There are a number of areas they've not disclosed," Kasukuwere told C&M, noting: "Our guys are still investigating." GEM Raintree, which already controls 25% of RioZim following the private placement, could end up owning over 51% of RioZim if it were to convert its debentures into shares under terms agreed with RioZim directors.

This would undermine the government's controversial indigenisation and economic empowerment drive, under which all foreign-owned companies operating in Zimbabwe are to cede at least 51% of their shares or interests to indigenous Zimbabweans in terms of the Indigenisation and Economic Empowerment Act, which was passed by Parliament towards the end of 2007, and gazetted on 7 March 2008. The Act was signed into law on 17 April 2008. *(Financial Gazette)*

The Reserve Bank has directed banks to stop offering banking services to Zimplats after the platinum producer defied an order to repatriate funds in its offshore accounts. In February 2012, the Government put in place a policy compelling mining firms to close offshore accounts and transfer the money into local accounts, but Zimplats did not comply. RBZ Governor Dr Gideon Gono said this will not be allowed to continue, warning that any bank that did not take heed will face serious penalties. RBZ senior division chief (Exchange Control) Mr Morris Mpofu yesterday directed banks not to process any transactions from Zimplats.

“Due to failure by Zimplats to adhere with the provisions of this directive to close their offshore accounts and transfer their funds to a bank onshore as directed, exchange control has taken corrective administrative measures to enforce compliance,” read part of the letter. “In this regard, authorised dealers are hereby advised to stop processing and facilitating international or any cross border payments on behalf of Zimplats and to stop processing and facilitating any exports, including the issuance of export documentation, electronic or otherwise on behalf of Zimplats.” Zimplats spokesperson Mrs Busi Chindove yesterday said Zimplats had received the RBZ directive and had no objection to it.

“Zimplats acknowledges receipt of the RBZ directive. However, we must say we were surprised because in reality Zimplats had no objection to the initial communication from the RBZ. To this end, the company is now paying for 75% of its expenditure in Zimbabwe. The remaining 25% related to observing the tenets of its foreign loans that were raised with the knowledge, support and approval of the monetary authorities. Zimplats is urgently liaising with the Monetary Authorities to resolve this matter amicably,” Mrs Chindove said. Earlier yesterday, Dr Gono had told a Parliamentary Portfolio Committee on Small to Medium Enterprises that he will take drastic action on Zimplats.

“Just this morning, before I came to this meeting, I had a running battle with one of the companies that sought to defy the central bank directive," said Dr Gono. "This company is Zimplats. I have said no to that. If it defies, everyone else will defy. I will not accept a situation which causes anarchy." Zimplats once resisted the indigenisation policy, but later submitted an acceptable plan on how it intends to allocate at least 51% of its stake to indigenous people. In an interview after the session, Dr Gono said other big mining companies like Mimosa had complied.

Dr Gono said Zimplats accounted for at least 25% of the country's mining exports. Zimplats, said Dr Gono, was the only firm in this country that sought to defy the RBZ, saying executives from the company were now inciting other firms to disregard the directive. Mimosa, owned by Implats, the majority shareholder in Zimplats, had complied. "The same shareholder is now questioning why Mimosa management should not learn from Zimplats' management style, political and other connections. "We are not taking their operating licence. That's for Minister Dr Obert Mpofu. I am merely expelling them from using the country's financial infrastructure of which I am the chief superintendent," said Dr Gono, adding Zimplats was free to appeal to the Minister of Finance.

"They are free to appeal to my Minister and only when and if the Minister gives me instructions otherwise, then they can operate a bank account but without that, they must comply with my directives borne out of exchange controls and directives of the central bank," said Dr Gono. He said defiance by any bank to the directive will not be tolerated. In March, Mines and Mining Development Minister Dr Mpofu said Cabinet resolved that all mining firms should bank with local banks after it emerged that billions of dollars in export earnings were kept offshore.

This was happening at a time when the economy was facing serious liquidity constraints. In February, Dr Gono and Finance Minister Tendai Biti also announced that with effect from March 1 2012 banks will be required to maintain a maximum of 25% of their nostro accounts balances offshore to meet their day-to-day international payment obligations while repatriating the balance. The maximum will rise to 30% with effect from June 1 this year. This was intended to increase liquidity in the local market, which has been suffering from shortfalls since the introduction of multiple currencies in 2009 *(Herald)*

Economic News

Officials from the International Monetary Fund (IMF) and the World Bank will visit the country next month for crucial talks in Zimbabwe's first step towards clearing its USD 9,1bn external debt. The visit comes after two crucial meetings in Tunisia and Washington DC, where consensus was built among all creditors and other stakeholders over the process of resolving the country's external debt.

Finance minister, Tendai Biti, said on Thursday the resolution of the debt question would unlock fresh capital into the country needed to drive economic growth. Biti said he had briefed President Robert Mugabe on the debt question and was given the nod to re-engage the country's creditors. This has resulted in negotiations with the IMF and World Bank a framework for accelerated engagement next month. "If we reach this agreement, it will pave the way for donors to help us with our USD 9,1bn, either through cancellation or forgiveness.

We need to deal with the arrears because these are a precondition for us to access the huge amounts that are at the World Bank and IMF," Biti said.

Zimbabwe's arrears to the World Bank are USD 507m, USD 140m to IMF and USD 409m to the African Development Bank (AfDB) Biti said Zimbabwe had moved mountains for the donors to come to the decisions reached in Tunisia and in Washington DC and Zimbabweans have to speak with one voice for the debt question to be addressed.

Zimbabwe's external debt had been termed unsustainable up to 2029 by a consultant hired by government three years ago. The principals in the inclusive government approved the Zimbabwe Accelerated Arrears Clearance, Debt and Development Strategy (ZAADDS) in March after months of haggling, as one faction of the inclusive government was arguing the country was too rich to be declared a poor country.

ZAADDS uses a combination of debt relief and resources pledging to clear the country's debt. The programme was then presented at a High Level Debt Forum in Tunisia in March. Another meeting was held on the sidelines of the IMF/World Bank Spring meetings in Washington DC last month. IMF and the World Bank are considered the international "Commissioner of Oaths" and once they agree on anything, Zimbabwe's other creditors would follow suit.

Biti said once the debt question was settled, the country could tap into the huge amounts from the Bretton Woods institutions to address the infrastructure deficit in the country. AfDB estimates that Zimbabwe needs USD 16bn for infrastructure rehabilitation. "You will not get that money from the private institutions, but from the IFIs (international financial institutions), the IMF, World Bank and African Development Bank, so it's important that we deal with the issue of arrears," he said. *(The Standard)*

A total of 92,6m kgs of tobacco valued at USD 362,1m has been sold since auction floors opened in February according to figures released by the Tobacco Industry and Marketing Board (TIMB). At least 56m kgs were sold through the auction system while the remainder of 40,3m was sold under individual sales.

TSF has sold the highest amount of tobacco under individual sales, taking in 13,4m worth USD 49,8m followed by Boka Tobacco Floors with 12,4m kg worth USD 44,6m. Millennium Tobacco Floors has sold the least amount of tobacco so far at 6,9m kg worth USD 25,5m.

TSF had the highest average price of USD 3,71 per kg followed by Premier Tobacco Floors at USD 3,68 per kg, Millennium Tobacco Floors at USD 3,67 per kg and Boka Tobacco Floors at USD 3,35. A total of 150m kg of tobacco is expected to be delivered to the auction floors. Prices have also remained firm at the auction floors hovering above USD 3 per kg despite decline in deliveries in recent days.

TIMB says the season average price was USD 3,76 per kg, which is 41% higher than the USD 2,67 per kg that was recorded during the same period last year. In terms of the auction floors, Tobacco Sales Floors has the highest seasonal average of USD 3,71 per kg followed by Premier Tobacco Floors with an average of USD 3,68 per kg, Millennium Tobacco Floors USD 3,67 per kg and

Boka Tobacco Floors USD 3,59 per kg. *(New Zimbabwe)*

Government has, with immediate effect, slashed mining licence fees for small-scale miners to avoid leakages and ensure the viability in the sector, a Cabinet minister said yesterday. Speaking at the official launch of the Mining Loan Fund at Master Cecil Mine in Bubi, Matabeleland North Province, Mines and Mining Development minister Obert Mpofu said the move was not political.

"From today, gazetted licence fees have been reduced and all officials are in agreement. Some people might say its politics, but it's pure economics," he said, adding the new figures would be announced soon. However, Mpofu said licence fees for large-scale miners would remain unchanged. He accused large-scale miners of making smaller remittances compared to their counterparts in the small-scale mining sector.

"Between January and March, small-scale miners contributed one tonne of gold to the economy," he said. In February this year, government increased the mining fees to between USD 3 000 and USD 5m in a move that courted the ire of small-scale miners who viewed it as a ploy to kick them out of the industry and bring in foreign players.

Mpofu also said he had engaged Finance minister Tendai Biti for a possible scrapping of presumptive tax on small-scale miners. The Zanu PF Umguza MP, who last week advocated for the legalisation of gold panning activities, said his ministry was pushing for the opening-up of more gold-buying centres countrywide to encourage gold dealers to sell their gold on the formal market.

"In India and China, their economies are thriving because of what they call cottage industries," he said. "Informal traders do not want to be asked many questions but here in Zimbabwe, we do that and that is affecting our economy." Last week, President Robert Mugabe called on the panners to be orderly and not go around digging and degrading the environment. *(News Day)*

Finance minister Tendai Biti is pushing for a raft of reforms that could clip Mines minister Obert Mpofu's wings and bar the army from running diamond mines, to improve transparency in the mining of the precious mineral. Commenting on the proposed Diamond Policy drafted by the Mines and Mining Development ministry, Biti on Tuesday proposed several changes on the blueprint that could divide Cabinet ministers along political lines.

Cabinet is next week expected to approve the policy, which seeks to ensure gems contribute towards economic development. Biti said the government should create a new State-owned diamond entity in a development that could bust economic sanctions imposed on the Zimbabwe Mining Development Corporation (ZMDC) a government investment vehicle. ZMDC formed joint venture partnerships to establish Mbada, Marange Resources and Diamond Mining Company. "The advantage of the proposed arrangement is that it gives room for specialisation in diamonds," Biti said.

"ZMDC currently focuses on all minerals, hence there is no room for specialisation. "Whereas ZMDC is under sanctions, the proposed diamond agent will not be a victim of restrictive measures. "Furthermore, the law should make it clear that co-ownership and investment in diamond mining should be vested solely in ZMDC and not any other government arms, such as security forces."

Clearly frustrated by lack of revenue remitted by Anjin, a diamond mining company jointly owned by the military and Chinese investors, the Finance minister said the creation of alternative exchange for gems would also promote transparency. “The idea to establish a diamond bourse in order to obtain optimum value from the sale of diamonds in Zimbabwe is fully supported,” Biti said.

“Furthermore, a diamond exchange that will be regulated by the Securities Act should be established.” Biti said the country’s revenue collector should monitor proceeds raised from the gems at every production stage. “The draft Diamond Policy states that there shall be access to diamond trade and financial records of all companies involved in diamond activities by the Ministry of Mines and Mining Development, or its appointed agency and other relevant arms of the government,” he said.

“It would, however, be appreciated if the role of the Zimbabwe Revenue Authority is clearly spelt out from the production up to the marketing of diamonds.” On the creation of the country’s first sovereign fund, the Finance minister could be headed for a clash with his Indigenisation and Empowerment counterpart Saviour Kasukuwere, after he proposed that treasury should oversee creation of the fund.

“Currently all resources collected by government agencies are deposited into the Consolidated Revenue Fund for appropriation by Parliament as provided for under the Appropriation Act,” Biti said. “Treasury, thus has to create a Sovereign Wealth Fund, where some of the funds will be deposited, in terms Section 6(d) of the Public Finance Management Act (22:19).”

Biti last week said failure by Anjin to pay proceeds from diamond sales to Treasury would impact negatively on the USD 4bn National Budget where USD 600m was expected from the sale of the precious mineral. Figures released by the ministry showed that Mbada Diamonds topped the list of local diamond exporters accounting for USD 87,6m during the first quarter of the year and Anjin was placed second after selling USD 72,3m worth of gems. *(News Day)*

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