SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

We have included summaries for the countries listed below, please click on the country name should you wish to navigate to it directly:

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

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change		YTD % Change	
Country	Index	22-Feb-13	1-Mar-13	Local	USD	Local	USD
Botswana	DCI	7,861.91	7,945.98	1.07%	6.30%	5.80%	7.23%
Egypt	CASE 30	5,626.92	5,489.46	-2.44%	8.25%	0.50%	0.54%
Ghana	GSE Comp Index	1,447.69	1,513.44	4.54%	2.41%	26.15%	23.81%
Ivory Coast	BRVM Composite	184.73	192.57	4.24%	-2.78%	15.60%	7.70%
Kenya	NSE 20	4477.89	4510.47	0.73%	5.10%	9.13%	13.20%
Malawi	Malawi All Share	6,086.97	6,082.65	-0.07%	34.41%	1.12%	21.27%
Mauritius	SEMDEX	1,872.82	1,875.13	0.12%	-3.20%	8.26%	8.44%
	SEM 7	369.32	370.38	0.29%	-3.04%	9.81%	9.99%
Namibia	Overall Index	978.00	974.00	-0.41%	6.54%	-1.24%	1.77%
Nigeria	Nigeria All Share	33,895.07	33,183.20	-2.10%	-2.05%	18.18%	18.03%
Swaziland	All Share	286.84	286.84	0.00%	7.74%	0.41%	3.79%
Tanzania	DSEI	1,499.53	1,505.76	0.42%	4.77%	1.35%	3.32%
Tunisia	TunIndex	4,614.95	4,642.73	0.60%	-2.34%	1.37%	-2.53%
Zambia	LUSE All Share	3,900.30	3,924.86	0.63%	6.63%	5.36%	11.83%
Zimbabwe	Industrial Index	186.60	184.76	-0.99%	-0.99%	21.23%	21.23%
	Mining Index	80.48	68.45	-14.95%	-14.95%	5.11%	5.11%

CURRENCIES

	22-Feb-13	1-Mar-13	WTD %	YTD %
Currency	Close	Close	Change	Change
BWP	7.94	7.88	- 0.71	3.04
EGP	6.71	6.72	0.11	11.04
GHS	1.87	1.90	0.06	- 0.12
CFA	495.85	499.86	0.81	0.91
KES	86.10	85.13	- 1.12	- 0.54
MWK	360.00	374.91	4.14	16.79
MUR	29.49	29.66	0.59	- 2.90
NAD	8.80	8.87	0.89	4.73
NGN	156.39	156.55	0.10	0.29
SZL	8.81	156.55	0.56	4.82
TZS	1,611.96	1,599.95	- 0.75	1.58
TND	1.56	1.57	0.56	1.53
ZMK	5,176.20	5.27	- 99.90	- 99.90

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

Egypt

Corporate News

Egypt's domestic wheat crop is expected to rise sharply in 2012/2013, a top official said on Sunday, adding that the state had not cut funds for overall grains purchases despite a rising budget deficit and falling foreign currency reserves. Nomani Nomani, adviser to Egypt's supply minister, told Reuters that the higher local wheat production was due to incentives offered to farmers. Nomani, who until last week was in charge of imports at state grains supplier GASC, said he expected local wheat to increase by "at least 500,000 tonnes in 2012/2013, if not more, raising the amount of local wheat to 4.2 million tonnes". The Egyptian financial year runs from July to June. A steady fall in Egypt's foreign currency reserves to $13.6 billon in January from $36 billion before the 2011 revolution has raised concerns on international commodities markets. Wheat imports since January 1 have been sharply lower than levels in the same period last year. Nomani acknowledged the government's problems but said the state, which has prioritised food imports, was maintaining its funding for both domestic and foreign purchases.

"The state has not at any point reduced its payments or failed to deliver to us financial guarantees," he said, adding that the government had budgeted 11 billion Egyptian pounds for domestic purchases. "We have proper planning. We were aware of the conditions the state is going through and we made a list of factors to rely on for securing our essential supply of wheat, including offering attractive incentives and prices to local farmers," he said. *(Reuters)*

Egypt's Citadel Capital hopes to raise $300 million from divesting non-core assets within three years, its chairman said, predicting that some of its businesses would benefit from an export boom because of the weak Egyptian pound. The pound has tumbled about 8 percent to record lows against the U.S. dollar since late December, when the central bank softened its defence of the currency, which is under pressure because of the country's political and economic turmoil. Citadel, one of Africa's largest investment firms managing $9.5 billion worth of assets, has stakes in companies which export over $300 million a year across different businesses, including food, founder and chairman Ahmed Heikal said in an interview on Monday. "Currency devaluation is affecting our business positively. If you are investing in an exporter or import substitute, then you'll benefit," Heikal said. "We expect that (exports) will be increased substantially rather than go down." Since the ouster of authoritarian president Hosni Mubarak in early 2011, Egypt's transition to democracy has been plagued by conflict between Islamist and secular forces, disrupting the economy and leading to capital flight. "We took a view a long time ago that Egypt will go into tough conditions. Since we saw it coming, we positioned our portfolio to have investments that will be least affected, if not positively affected, by what's happening," Heikal said.

The management of the transitional period in Egypt aggravated things and made them worse. The economy is now being negatively affected in a faster way than we expected." As part of its strategy to focus on core businesses, Citadel plans to sell its stakes in eight firms and focus on five industries: energy, transportation and logistics, agriculture and consumer foods, mining, and cement manufacturing. The company will sell its stakes in an "orderly manner" and may take up to three years, depending on market conditions, Heikal said. "Given the restrictions that are there in the region on capital, we need to focus and grow only a select number of our companies. Those five sectors offer the best risk/return for shareholders." The company expects to raise $300 million from the sale of non-core portfolio companies worth a total of $1 billion. Citadel narrowed its third-quarter net loss by 13.4 percent from a year earlier to $22 million. The company has said it sees great opportunities in Africa, given growth in population, the supply of natural resources and improving governance in target countries such as Mozambique, Ethiopia and Kenya. *(Reuters)*

The Egyptian government is holding talks with the country's biggest listed company, Orascom Construction Industries, to dissuade it from delisting from the local stock exchange, Investment Minister Osama Saleh told the state news MENA agency on Thursday. Last January, the Dutch-listed parent OCI NV announced an offer to acquire the ordinary shares of its Egyptian-listed subsidiary. The Egyptian Financial Supervisory Authority (EFSA) asked last week for more information on the offer. The company was not available for comment. *(Reuters)*

Economic News

Egypt will reopen talks with the IMF next month on a $4.8 billion loan, a minister said on Monday, and the government laid out plans to reverse a slide in currency reserves and tackle the dire state of public finances. A revised government economic reform programme, essential for securing a lifeline from the International Monetary Fund, called for a levy on stock market transactions and a flat 25 percent tax rate for Egyptian companies, many of which are struggling for survival in a national economic crisis. Investment Minister Osama Saleh expressed hope that help was on its way as Egypt battles with a falling currency and a budget deficit soaring to unaffordable levels. "There have been pledges of international and regional support to Egypt and most of these are in progress," he told a conference in Dubai. "Negotiations with the IMF over the $4.8 billion loan will resume in early March." Cairo and the IMF agreed in principle last November on the loan, based on an earlier version of the reform programme, but talks were suspended in December at Egypt's behest due to street violence. Any IMF deal would involve unpopular austerity measures just as Egyptians vote in four-stage parliamentary elections due to be held from April until late June. Under the latest programme, the government will impose a 0.001 percent levy on stock market transactions, according to excerpts of the programme seen by Reuters, and corporate tax will be standardised at 25 percent. Current rates are 20 and 25 percent, meaning tax bills for some firms will rise at a time of great economic hardship. The programme also seeks to end the alarming slide in foreign currency reserves as the central bank has tried to prop up the Egyptian pound in recent years. It targets reserves of $19 billion by the end of June, climbing to $22.5 billion a year later.

Reserves tumbled to $13.6 billon in January from $36 billion before the overthrow of president Hosni Mubarak in February 2011, and the Egyptian pound has fallen 8.2 percent since the central bank began auctioning dollars at the end of December. Economists expressed caution about the figures, and whether Egypt could secure IMF help by the end of the financial year in June. "They had their targets before and they didn't reach them," said Mona Mansour, chief economist at CI Capital. "Maybe they are targeting to have the IMF programme by then, but I think it will be difficult. Other than that, they may have an agreement with regional countries," she said. Egypt has secured funding from Qatar in recent months but this has not halted the fall in reserves or the drop in the pound. On top of the economic crisis, Egypt is in political turmoil with the Islamist government of President Mohamed Mursi in conflict with the liberal and leftist opposition. Some opposition politicians want to boycott the elections, which are supposed to complete Egypt's transition to democracy after Mubarak's fall, over a range of disputes including a new constitution produced by an Islamist-dominated assembly. Mansour noted that the loan talks had been repeatedly delayed during the political turmoil. "The situation has to be calmer politically," she said. The revised reform programme confirmed the daunting budget problems that the government faces. It targets a deficit for this financial year of 189.7 billion Egyptian pounds, or a huge 10.9 percent of total economic output. Even this assumes economic reforms are made and the deficit would hit 12.3 percent of GDP without such action, it forecast. The government gave scant details on personal income tax. The threshold below which Egyptians pay the lowest rate tax would be raised, but it gave no details of any changes in rates paid by higher earners. *(Reuters)*

Funding problems are forcing top world wheat buyer Egypt to consider abandoning its regular public tenders that have been a center piece of world grain trade for decades. Egypt's state grains buyer General Authority for Supply Commodities, (GASC), is exploring options beyond systematic tenders to secure future needs, banks involved in commodity trade finance for the country said. Imports to the north African country are sharply down this year, with strategic stocks falling as it endures economic and political crisis, but state and private buyers insist they have funds to keep the nation supplied with its staple bread. Falling currency reserves are hindering GASC's ability to buy wheat in a timely manner, banks said. GASC, which last week saw its influential head Nomani Nomani step aside, declined to comment. "Very clearly people are looking for alternatives because the classic route of letters of credit or cash against documents are not working as they were," said Fehmi Hannachi, head of commodity finance for Middle East and North Africa at ABC International Bank plc and board member of ABC Egypt. Karel Valken, global head of trade and commodity finance at Rabobank, said: "Letters of credit are not working to the satisfaction of all parties. It's definitely restricting the volumes and the timely arrivals of wheat and undoubtedly it's having an impact on the price. Consequently all the parties involved are looking at different ways to mitigate these issues." Egypt normally buys strategically to ensure it has wheat stocks equal to at least six months' consumption in its silos. By contrast, the government said on Wednesday that it has stocks to last until May 29, or just three months.

GASC tenders are watched avidly by international wheat traders and without them world markets would lose a vital window of transparency. Banks said trade houses were exploring options outside of GASC's current sourcing strategy, including private deals. "GASC's main objective is to feed the Egyptian population in the most cost effective way and if that means for them to go out of tender terms and do a private deal they will undoubtedly do that," said Valken. When GASC awards a tender the company selling the wheat typically asks for the issuance of an Egyptian state bank letter of credit, which is then confirmed with its own bank. A recent development has been a requirement for GASC to post cash with Egyptian banks which serves as security for the banks confirming the letters of credit on behalf of sellers. "This flow is still working, it's just becoming more difficult because of amongst other things the (country's situation with) FX reserves and consequently GASC's access to cash and credit with its own banks," said Valken. "It is definitely delaying the purchases and it's more expensive. The costs for them of importing wheat have risen due to a combination of demurrage costs and financing." Demurrage charges are incurred when a ship is delayed. The Egyptian pound has fallen more than 8 percent since the start of January, and foreign currency reserves have tumbled to $13.6 billion in January from $36 billion before the 2011 fall of former president Hosni Mubarak. The pound's drop is putting a heavy strain on the government budget as it has pushed up the cost of state subsidies on energy and food, much of which is purchased in dollars.

ABC's Hannachi said the crisis meant other options for wheat procurement were being explored. "A lot of operators abroad and local Egyptian importers are questioning the method because you open a tender which is pricing driven, but on the other side those providing the most competitive prices are not necessarily the most flexible suppliers in terms of financing," he said. Importers are trying to find mechanisms with their suppliers to import the goods to Egypt, building stock locally to release progressively, to avoid the situation of having to pay for everything in one shot. "You could supply sugar or wheat by building stock in Egypt and only release it against partial payments based on the availability of hard currency," Hannachi added. Rabobank's Valken saw room for more structured finance in different forms to facilitate banks, grain traders and GASC. "Trade is desperately looking at alternative structures because GASC continues to be the single largest wheat buyer globally. People definitely need wheat and the government needs to put enough foreign reserves aside to make imports possible," said Valken. Egypt imports about half the 18.8 million tonnes of wheat it consumes a year, with business split roughly evenly between private importers and GASC. The U.S. Department of Agriculture had estimated Egypt's imports at 9.5 million tonnes in 2012/13. GASC has bought 235,000 tonnes of wheat since Jan. 1, about a third of what it purchased in the same period a year earlier. Regular participants in recent tenders include Archer Daniels Midland -controlled Toepfer, Bunge, Cargill, Louis Dreyfus, along with Egyptian traders Alex Grain and Venus. *(Reuters)*

Egypt's government deficit rose by more than a third in the seven months to the end of January from the same period a year earlier, state media reported on Wednesday. Two years of political turmoil has battered state finances by driving away foreign investors and tourists, and a sharp fall in the Egyptian pound has pushed up the cost of subsidies for imported energy and food. The deficit hit 119.8 billion Egyptian pounds ($17.8 billion) in the first seven months of the fiscal year, which begins in July, compared with 88.2 billion a year earlier, the state news agency MENA said. Citing a finance ministry report, it said the figure equaled 6.7 percent of annual gross domestic product (GDP). In a revised economic reform plan, the government said it is targeting a deficit for the whole financial year to June of 189.7 billion pounds, or about 10.9 percent of total economic output. However, this factored in economic reforms and it forecast the deficit would hit 12.3 percent of GDP without action. Cairo has said it will reopen negotiations early next month on a $4.8 billion loan from the International Monetary Fund to bolster its finances. Foreign currency reserves have also fallen to critical levels. *(Reuters)*

Ghana

Corporate News

Adjudged as the most outstanding corporate income tax payer for 2011 by the Ghana Revenue Authority (GRA), Newmont Ghana Gold Limited, a subsidiary of Newmont Mining Corporation has once again fulfilled its obligation to the Government of Ghana by paying an amount of US$180,568,902.06 (GHC330,531,037.70) as tax for the financial year ending 2012. The amount represents Corporate Income Tax payment of US$132,264,125.00 (GH¢244,235,080.01) and a Mineral Royalty of US$26,158,000.00 (GH¢ 47,038,032.65). The company also paid a National Fiscal Stabilization Levy (NFSL) balance of US$ 227,087.00 (GH¢385525.60), Withholding Tax (WHT) of US$8,222,746.57 (GH¢14,733,648.33) and Pay As You Earn Tax of US$13,696,943.30 (GH¢24,138,751.11). In total, Newmont Ghana has paid a total tax of US$483,375,126.75 (GH¢752,249,247.57) to the GRA since its first gold pour in 2006.

Newmont Ghana over the years has made significant contributions in its Ahafo and Akyem communities. It's Newmont Ahafo Development Fund (NADeF) established to fund development initiatives in its host communities has built community libraries, teachers quarters, water system facilities, micro-credit schemes and awarded scholarships to over 3,091 at a cost of GH¢3million. The fund as at December, 2012 had accrued approximately US$13million (GH¢24million). Newmont's Akyem Project has also undertaken various significant community intervention programs such as construction of Nurses quarters, female and maternity wards and a 275 KVA generator for Akyem Government Hospital. Others include expansion of small town water project, construction of two six-unit classroom blocks and 176 latrines for various households in the community. In partnership with the Ministry of Food and Agriculture and other relevant stakeholders, the company supports over 5, 000 farmers in its Ahafo Mine host communities, and has contributed to the steady increase in agri-business and food production in the Asutifi District since 2006. Newmont's Agricultural Improvement and Land Access Program (AILAP) also gives farmers increased land access, extension services and modern farm inputs.

Ahafo Linkage Program, a local content development program by Newmont Ghana has also trained over 100 local suppliers and entrepreneurs who contributes to the local economy. As a result of hard work and excellent execution of the program, Mr. Alex Boampong, Chief Executive Officer (CEO) of Alexiboam Company Limited, a local supplier located at Gyedu-Ntrotroso in Ahafo and a beneficiary of Newmont's ALP program was adjudged the 2012 Young Enterprise (Innovation and Entrepreneurship) of the year by The Association of Ghana Industries (AGI). Newmont is committed and will continue to support communities in which it operates in Ghana through its various Corporate Social Responsibility (CSR) intervention Programs to impact lives especially the underprivileged in society. Newmont applauds all employees, contractors and stakeholders for their contribution towards this achievement. *(Ghana Web)*

The Ghana National Gas Company (GNGC) has contracted AECOM Technology Corporation (AECOM), a US-based provider of professional technical and management support services, to offer project management consulting services for the implementation of the Western Corridor Gas Infrastructure Development Project. The US$ 15.6 million contract was signed on Wednesday. Under the terms of the agreement, AECOM will take over the construction and engineering management from Ghana Gas, conduct factory acceptance testing of all critical equipment, supervise integration of all systems, perform pre-commissioning and commissioning of the entire systems and manage transition from construction to operational startup. AECOM will also develop the Project Management Directorate of Ghana Gas by providing training to Ghana Gas personnel in project management "AECOM's provision of professional technical management support is perfectly in line with Ghana Gas' strategy to employ the most advanced technology and project management systems in delivering high quality, reliable gas processing and delivery infrastructure. We believe that our strategic partnership with AECOM will help achieve greater efficiency in the project implementation and also enable core Ghana Gas staff to focus on the commercial and other critical dimensions of our corporate strategy," Dr. Kwesi Botchwey, Chairman of the Board, commented. Hitherto, the execution of the project was supervised by personnel of Ghana Gas, as well as specialist staff seconded from the Ghana National Petroleum Corporation (GNPC), Tema Oil Refinery (TOR), the Energy Commission (EC), Bulk Oil Storage and Transportation Company (BOST). In addition, other independent consultants were engaged by Ghana Gas to provide Quality Assurance & Quality Control advisory Services.

The project execution is now at the stage where the additional complementary services of an industry-experienced and competent project management company to support the Ghana Gas to enhance the project management, expedite construction completion, conduct factory acceptance testing and integration of facilities and systems, perform pre-commissioning and commissioning, as well as manage transition to operational startup have become particularly critical. In a similar release in the USA and other media outlets, AECOM also expressed its commitment to support the effective delivery of its services to meet, if not exceed the expectations of Ghana Gas. The Western Corridor Gas Infrastructure Project (WCGIP) Project comprises a 45-kilometre offshore pipeline to link the existing deep water pipeline of the Jubilee Fields, 111 kilometres onshore pipeline to the VRA Aboadze power plant enclave, a gas processing plant at Atuabo complete with LPG storage tanks and a loading gantry for discharge of LPG and other condensates. It also involves a natural gas liquids (NGLs) export system comprising a pipeline, NGLs tank farm to be sited at Domunli as well as a catenary anchor leg mooring (CALM) buoy for handling sea-going vessels and an operation and controls complex at the project site. *(Ghana Web)*

Zenith Bank (Ghana) Limited posted a net profit of GH¢30.4 million last year following a sharp rise in interest income and a decline in its interest expenses. The bank's profit after tax for 2012 represented a 29.6 per cent rise over the 2011 close of GH¢23.5 million, its 2012 financials available to the Daily Graphic had shown. While interest income shot up by 24 per cent, rising from GH¢64.2million in 2011 to GH¢ 80.0 million in the year under review, interest expenses declined by 32 per cent within the 12-month period. The Managing Director(MD) of Zenith Ghana, Mr Daniel Asiedu, said in an interview that the bank's 2012 performance was a reflection of its image as a reference point for exciting and innovative banking services in the country. "We knew we were going to achieve these having positioned ourselves to be a reference point for the provision of prompt, flawless and innovative banking services in the industry," he said. Zenith Bank's financial statements further showed that the loans and advances portfolio increased by 62.7 per cent and its MD said the trend would likely continue in the 2013 financial year. "We will continue to grow our loan book significantly and provide funding to good businesses in the country." "We are not sector bias. Once the business will contribute to the development of the economy, we will be ready to support it to grow," Mr Asiedu added.

He, however, noted that the bank would not engage in activities that "could potentially threaten" the interest of its stakeholders. It's financial statements showed that the bank's assets grew by 35 per cent with shareholder investments (return equity) rising by 28 per cent in 2012, developments the MD said would not be compromised. "Ultimately, every engagement should result in a mutually beneficial outcome," he noted. Mr Asiedu mentioned power, infrastructure, the downstream petroleum and cocoa sub-sectors, hospitality, manufacturing and mining as some of the areas the bank would be looking to increase funding. He commended the bank's staff for their commitment and hard work over the years and further entreated them to be ready for the challenges ahead. The MD also called on the business community not to hesitate to contact Zenith Bank for services, explaining that his outfit was ever ready to partner genuine businesses to expand in line with their visions. *(Ghana Web)*

The West Africa Gas Pipeline Company (WAPCo) has given April 30 for the completion of works on the damaged pipeline that has led to the shortage of natural gas in the power sector. The damage to the Togo end of the pipeline sometime last year resulted in a halt of the company's operations, leading to a shortfall in supply hence the load shedding. But management of the WAPCo, who transport natural gas to its partners including the Volta River Authority (VRA) have stated that the shortage will be addressed once contractors working on the project complete their work by the April 30 deadline. "We have mobilized one contractor and a second one has also been signed on to manage the drilling of the pipeline and the discharge of the water and debris that will come out at the Takoradi end; we have given a tentative date of April 30 as the date that we will complete this exercise and inform our customers on the availability of gas through the WAGP," said the General Manager in charge of Corporate Affairs at WAPCo, Harriet Wereko-Brobby.

The WAPCo is a limited liability company that owns and operates the West African Gas Pipeline. The company on August 28 last year shut down the pipeline system after experiencing a loss of pressure around the Lome segment of the pipeline. The company says it is however working hard to ensure that natural gas is back on stream for onward transportation to its clients. *(Ghana Web)*

Economic News

Export of ferrous scrap metal could soon be banned as government begins moves to seek parliamentary approval to stop it. Joy News has learnt that many steel manufacturing companies in the country are operating below capacity due to the non-availability of raw materials as a large volume is exported. An administrative ban is currently in place but the Ministry of Trade and Industry is seeking an indefinite ban on their export. Trade and Industry Minister, Haruna Iddrisu, told Joy News the law, when finally passed, will ensure available raw materials for the steel industry. He said: "There's been an administrative ban on the export of ferrous scrap to save and protect our steel industry in order that they are assured of some raw materials to use."

The government, he added, is "elevating that administrative ban into a legal ban and consequently within the expiration of 21 days after the Committee on Subsidiary Legislation has considered it, it will become law." Haruna Iddrisu said: "Our steel industries are operating below capacity; I understand they are operating at 30 per cent, some even less and not more than 40 per cent, because of the absence of the raw material." Earlier this month seized scrap metals destined for export went missing while in the care of customs at Tema Harbour. It is alleged that the metals for offered for sale to a local company and there is currently an ongoing investigation as to their whereabouts. *(Ghana Web)*

Ghana's annual producer price inflation tumbled by 5.6 percentage points in January to 11.5 percent, driven lower by falling petroleum prices and a stable cedi currency, the national statistics office said on Wednesday. Producer price inflation is an advance indicator of consumer price inflation, which the West African country's government is seeking to keep in single digits. CPI was unchanged at 8.8 percent in January. "Year-on-year inflation from the producer's perspective for all industry was 11.5 percent for January 2013," Ghana's acting deputy statistician Baah Wadieh told a news conference. Producer price inflation stood at 17.1 percent in December. "The key driver for the decline was mainly the petroleum component of the manufacturing sector which recorded negative growth during the period," Wadieh said. Petroleum accounts for 22.94 percent of the manufacturing sector, which constitutes two-thirds of the entire basket. Wadieh said the stability of the local currency in the past months also contributed to the drop. "We pay dollars for aviation fuel and the exchange rate in the past months has been stable," he said. Razia Khan, an analyst at Standard Chartered Bank, said the decline would likely be temporary due to a decision by Ghana's National Petroleum Authority to slash fuel subsidies. "It certainly won't be long lasting with the lifting of the fuel subsidy and the markets should pay little attention," she said. Ghana cut fuel subsidies on February 17 as its new government took measures to curb spending after the West African exporter of cocoa, gold and oil overshot its budget deficit target by almost 100 percent last year. *(Reuters)*

Kenya

Corporate News

Kenya Power intends to use the funds raised from the planned tariff review to finance the set up of energy generation plants. The tariff review, according to the electricity distributor, will enable it to offset the payment obligations for the power capacity from the plants which will be commissioned from next month. Further, the utility company said increased tariff prices will also help maintain the company's daily operations which have been raided over time by fuel price fluctuations, unstable foreign exchange and financing of the Rural Electrification Programme. "Going forward, additional system losses reduction will continue to be a challenge for KPLC especially taking into account the current transmission capacity constraints, distribution network expansion, increased customer connectivity activities and the intensified Rural Electrification Programme," read part of a proposal application written by Kenya Power to Energy Regulatory Commission (ERC) to increase the tariffs. A nod from the energy regulator to implement the tariff price reviews will increase the prevailing electricity bills for consumers with the fixed charge poised to jump to Sh200 from the current Sh120 starting next month and further to Sh250 in July.

The move will increase the average power bill by eight per cent for the next four months to June and a further seven per cent for the one year starting July 2013. Kenya Power is targeting the months between March and June to raise funds for the 36 megawatts (MW) OrPower4 geothermal plant, the 87MW Thika1 diesel plant and the Wellhead Units geothermal projects to be commissioned on March and June respectively. The next proposed tariff review is set for July of this year to fund five other power projects; the Olkaria 1— life extension, the 16MW OrPower4 geothermal plant, the Athi River 1 and 2 diesel power plants and the 15MW Wellhead Units geothermal plant. The power distributor is further proposing to review the tariff rates in July every year for the next four years. ERC allowed Kenya Power to conduct three-year tariff reviews in 2008. The second review was to take place in 2011 but was deferred because there were no projects then which deserved to be financed, according to Kenya Power spokesperson Migwi Theuri. "The projects that have been commissioned lately were already accounted for in the 2008 tariff review and therefore their revenues were not immediately required," he said.

Wananchi will today bring in their views on the proposed increment in a session that will be held in Nairobi's Kenyatta International Conference Centre. "By 2016, we will not have fuel price levies and inflation adjustments. The consumers will be at an advantage, there will be more power capacity and the cost of electricity will have been reduced," said Mr Theuri. Kenya Power purchases electricity from the KenGen and six Independent Power Producers (IPPs) — Iberafrica Power, Tsavo Power Company Limited, Rabai Power, OrPower4, Mumias Sugar and Imenti Tea Factory Small hydros.

The firm also buys energy from Tanzania Electricity Supply Company Limited (TANESCO), Uganda Electricity Transmission Company Limited (UETCL) and Ethiopian Electric Power Corporation (EEPCO). The power capacity in the market currently stands at 1,672MW and 19 power generation projects in the next four years are expected to increase the energy capacity by a further 1,248MW. This will reduce the reliance of Kenya Power on electricity imports. *(Daily Nation)*

Kenya's Uchumi Supermarkets said on Monday its profit tumbled 35.4 percent in its first-half ended December, hit by slower sales and higher operating costs. The firm, which is Kenya's second largest retail chain with stores in neighbouring Uganda and Tanzania, said pretax profit fell to 131.93 million shillings in the period, from 204.25 million shillings in the previous year. Net sales rose marginally to 7.59 billion shillings from 7.50 billion shillings a year ago, while operating expenses jumped 18 percent to 1.55 billion shillings, Uchumi said. In October, the company announced it was opening at least eight new branches in the east Africa region by 2014. African retail has attracted interest in recent years from investors keen to take advantage of the continent's economic growth, which drives consumption. Brenda Kithinji, an analyst at Standard Investment Bank, attributed the drop in earnings to Uchumi's expansion programme. Shares in Uchumi, which resumed trading at the Nairobi bourse in 2010 after a six-year suspension due to insolvency, fell 1.02 percent to 19.40 shillings each. *(Reuters)*

Kenya's East African Cables posted a 62 percent jump in pretax profit last year to 753.4 million shillings as lower costs offset a drop in revenue. The electric cables manufacturer is controlled by a Kenyan specialist infrastructure firm, TransCentury, which also manufactures transformers and switch gears. Its revenue fell 12 percent to 4.3 billion shillings as a result of lower world metal prices, it said. Finance costs, however, tumbled 80 percent to 22.1 million shillings, helped by lower interest rates in the second half of last year. "The growth in earnings was driven by increased export sales, production efficiency, cost reduction, more stability in the regional currencies and improved profit from our subsidiary in Tanzania," the company said on Monday. Earnings per share climbed 66 percent to 1.74 shillings and the company declared a final dividend of 0.60 shillings per share in addition to an interim dividend of 0.40 shillings. *(Reuters)*

Kenya's East African Portland Cement plans to expand after returning to profit during the six months ended December, boosted by cost cutting and improved cement sales. Portland, Kenya's No. 3 cement producer, said on Monday it was optimistic of strong full-year results and was exploring expanding to Tanzania. The firm, which also operates in Uganda and South Sudan, was also looking to grow its clinker production line after returning to profit for the first time in two years. "We are now discussing the financing of these projects," managing director Kephar Tande told investors in Nairobi. Portland plans to raise new capital through the Nairobi bourse, with the aim of increasing clinker production to 1.5 million tonnes by 2016 from 450,000 tonnes. Tande also expects Portland to double its export market to 10 percent by 2014, while noting "good prospects" of the company paying a dividend to shareholders for the first time since 2010. Construction has been one of east Africa's fastest growing sectors over the last decade, fuelled by a burgeoning middle class with higher disposable incomes. Returns on investment in the sector have outpaced those of equities and government securities. Portland made a pretax profit of 376.27 million shillings for the six months ended December, compared with a pretax loss of 247.20 million shillings during the same period last year. Tande said the business boosted profits by saving about 850 million shillings by reducing inefficiencies at its plants, which led to greater production of clinker, a key raw material for making cement. *(Reuters)*

Potential investors in exploring Kenya for oil and gas are holding back to see the outcome of next week's presidential election, worried about the potential for instability and for policy changes under a new leadership. Huge discoveries in eastern Africa from Mozambique to Uganda have attracted bids from international oil companies for exploration and drilling rights. Kenya's sector is the least developed, with medium-sized companies heading the search for commercial reserves. These firms are more vulnerable than majors to the risk of post-election violence, which five years ago knocked the $35 billion economy flat and forced political rivals to form a rocky coalition. With President Mwai Kibaki barred from a third term, Kenya's forthcoming change in leadership is also creating concerns that the government may alter contractual terms. Promising discoveries have given east African governments an advantage in negotiations. Canada's Simba Energy estimates its block in northeast Kenya sits atop 1 billion barrels of oil, but it needs investors to help stump up the cash. "I really, really want to drill in 2013. I was prepared to commit to 2D seismic but had to consider feedback from some of our potential farm-in partners," Hassan Hassan, Simba's chief operating officer said in an interview. "We've decided to wait, but believe me it pains me to wait," he added.

The uncertainty is affecting new money. Explorers already licensed in Kenya are locked into spending agreements and still releasing capital.
In another development that raises the spectre of a trade embargo, a front-runner in the race, former Finance Minister Uhuru Kenyatta, faces trial for crimes against humanity linked to the election violence in 2007/2008. If Kenyatta is elected, western governments will face a dilemma over how to balance a principled stance with diplomatic, security and trade ties with Kenya. The United States, without naming Kenyatta, cautioned "choices have consequences". Officials in other Western capitals have said any talk of economic sanctions is premature, but some investors are anxious. "You want to go in when you think there is certainty. If sanctions were to be placed on Kenya, I don't think we would survive two years," said Don Riaroh of Nairobi-based Bahari Resources. The small firm, which is already exploring in the Indian Ocean's Comoros archipelago, has targeted Kenya. The stakes are rising. British explorer Tullow Oil this month announced Kenya's first potentially commercial flow rates, taking it a step closer to production.

Tullow's venture partner, Africa Oil, estimates there are 23 billion barrels of oil beneath two onshore basins that extend from southern Ethiopia to the southwestern tip of Kenya. If proven, that would make Kenya the 13th-largest holder of oil reserves in the world, above the United States. At today's oil prices the reserves would be worth $2.6 trillion, more than 60 times Kenya's 2012 gross domestic product. Two additional basins have hardly been explored. Kenya's next president will probably oversee multi-billion dollar investments and new legislation to govern production agreements and how to spend hotly anticipated petrodollars. In his manifesto, Kenyatta says 5 percent of energy revenues will go into local communities and another 5 percent will fund renewable energy projects. Oil will "benefit all Kenyans", the manifesto says, but gives no details such as tax structures. The manifesto of his rival, Prime Minister Raila Odinga, does not even mention oil. He has stated at campaign rallies in Turkana that he would seek to avoid the so-called "oil curse" that has befallen African countries, where the wealth has not been used to fight poverty.

Some oil players are concerned that both presidential hopefuls have not laid out more detailed plans for infrastructure, taxation and the handling of oil proceeds. "I was surprised that oil didn't get brought up in the debate, really surprised," Africa Oil Chief Executive Officer Keith Hill said, referring to Kenya's first ever televised presidential debate on February 11. If Kenya is to produce and export oil, it will need a pipeline network stretching hundreds of kilometres to link inland oil fields to the coast. It will need a new refinery to supply the domestic market from its own crude. The existing facility in Mombasa is dilapidated and runs only at partial capacity. And while there are laws that set out how oil revenue is spent, they are old and vague. The 13-page Petroleum Act became law in 1986. Back then, few expected a serious oil find. Nine oil companies operating in Kenya including Tullow, Anadarko and Africa Oil have formed the Kenya Oil and Gas Association. It wants the government to legislate faster. "We're very keen on fiscal stabilization. It's very key that investors know terms are going to be fixed. Investors and oil companies don't like the idea that terms will be changed after the fact," Hill said. They point to neighbouring Uganda, where commercial production is finally slated for 2017 after being delayed almost a decade by rows over tax and infrastructure projects, and hope Kenya avoids such setbacks. The major oil companies are poised to come in once the small-caps do the dirty work, they say. "Barely a week goes by when I don't get a call from one of the super-majors who say: 'How do we get in?'," Hill said. *(Reuters)*

Kenya Power posted a 5 percent rise in first-half pretax profits on Wednesday, helped by a sharp fall in foreign exchange costs that kept operating expenses lower than the previous year. The company, which is the sole electricity distributor in east Africa's biggest economy, saw its foreign exchange costs rise sharply in 2011 when the shilling lurched from one record low to another before the central bank arrested the slump in 2012. Pretax profit in the six months to end-December increased to 3.58 billion shillings while total operating expenses fell 13 percent to 41.30 billion shillings. Kenya has worked to increase power supplies to meet growing demand but the country still faces frequent blackouts due to supply shortfalls and an ageing grid. The company's board did not recommend the payment of an interim dividend. *(Reuters)*

Scangroup, Kenya's top marketing firm, posted a 14 percent drop in full-year pretax profit to 1.1 billion shillings, hit by costs setting up in new west African markets. Scangroup, the only listed marketing and advertising company on the Kenyan bourse, said on Thursday direct costs jumped by a third to 3.3 billion shillings, mainly due to startup expenses in Nigeria and operations in Ghana. During the year, the firm launched two units in Nigeria, Millward Brown Nigeria and Scanad Nigeria. "Operating margins have declined due to investments in additional resources to support expansion strategy and improve offerings to clients," Scangroup said on Thursday. The company, part-owned by WPP - the world's largest advertising group, handles many of east Africa's biggest advertising accounts and also operates in Tanzania and Uganda. Revenue last year rose 18 percent to 4.23 billion shillings, while billings grew 11 percent to 13.1 billion. The dividend was cut to 0.60 shilling, from 0.70 shilling, basic earnings per share down 13 percent to 2.21 shillings. *(Reuters)*

Kenyan flour miller Unga Group Ltd on Thursday posted a 43 percent drop in half-year profit before tax, mainly due to currency exchange losses, and warned its full-year results could be hurt by weakness in regional currencies. The miller said the Kenyan and Ugandan shillings continued to be under pressure, eroding previous gains, while margins remained tight in a competitive market. "Should the local and regional currencies continue to weaken against the dollar, further losses will be incurred, which will negatively impact the full-year results," the company said in a statement. The consumer and animal food producer said profit before tax in the six months to end of December fell to 84.9 million shillings from 149 million. The company said profitability was down as a "consequence of the difference between foreign exchange losses incurred in the current period and gains recorded in the prior period." Turnover was marginally lower, falling to 8.2 billion shillings from 8.4 billion. Operating profit also dipped slightly, falling to 206 million shillings from 213.8 million during the same period last year. Earnings per share fell 43 percent to 1.12 shillings from 1.97 shillings. The firm's directors did not recommend an interim dividend.

(Reuters)

Kenya's main electricity generator KenGen posted a 14 percent rise in pretax profit to 2.43 billion shillings for its fiscal first half ended December. The firm said on Wednesday revenue grew by 8 percent to 8.43 billion shillings, thanks to additional output from new small plants that totalled just over 50 megawatts. Chief Executive Eddy Njoroge said in a statement the firm expected the second half to see normal capacity generation from its main hydro plants. The company plans to raise 30 billion shillings via a 20-year bond to build geothermal power plants that will inject an additional 560 MW into the grid. "We are on course to deliver KenGen's capacity expansion," Njoroge said. The firm's operating costs inched up to 5.14 billion shillings during the period from 5.13 billion shillings in the same period the year before, while earning per share rose to 0.75 shillings from 0.68 shillings. The board did not declare an interim dividend. *(Reuters)*

Mumias Sugar Company share price dropped to a 12-month low on Thursday after the company announced a Sh1 billion in loss for the half year to December 2012 and issued a profit for the full year result. The stock fell by 17.5 per cent to a low of Sh4 during Thursday's morning trading session but recouped slightly to close at Sh4.20. Despite this, Mumias stock was one of the bourse's top movers trading 2.53 million shares. "The loss and the profit warning came as a shock to the market. However, the number of shares moved seems to indicate that there might be confidence in Mumias' long-term performance," said Standard Investment Bank analyst, Mr Eric Musau. Mumias has attributed the dismal performance to drought experienced in 2011 and aggressive cane poaching from rival sugar companies in western Kenya. Further, the miller cited alleged sugar dumping in Kenya by unscrupulous traders from Tanzania and Uganda that depressed local sugar prices.

Faced with this tough environment, Mumias has been diversifying its products to venture into bottling water, generating electricity and ethanol. In January, the company indicated that it may go into the dairy business. But addressing an investor conference on Thursday, the company's managing director Mr Peter Kebati said plans to put up a Sh33.6 billion factory plant have been put on hold awaiting approval from the newly gazetted land commission and other authorities in the county government. "We want to wait until the land commission demarcates the local area to ensure that there are no issues. We also want to work very closely with the county government," he said. Its other diversification efforts also fell flat during the period due to technical issues that affected production capacity. Revenue from the sale of electricity was reported at Sh162 million, an increase of 5.2 per cent from the previous year. Ethanol and water raked in Sh50 million and Sh10 million respectively. *(Daily Nation)*

Kenya's Bamburi Cement posted a 15 percent drop in pretax profit last year to 7.17 billion shillings, hurt by lower gains on its foreign currency holdings, it said on Thursday. Controlled by French firm Lafarge SA, Bamburi is the biggest cement maker in Kenya, where demand for cement has been high in recent years on the back of a construction boom. The Kenyan shilling was stable against the dollar during the year under review, having weakened sharply in the previous period, thus accounting for the lower gains on foreign exchange holdings by the firm. Turnover edged up 4 percent to 37.5 billion shillings, but higher costs drove operating profit down 14 percent, Bamburi said in a statement. "The group anticipates underlying cement demand to continue growing in the region despite a slow start in Kenya influenced by the election period, supported by improved political stability in the inland Africa export markets," Bamburi said.

Kenyans go to the polls on March 4 to pick a president, parliament, senate and local authorities, in the first vote since a disputed outcome of the last presidential election in 2007 led to widespread violence. Bamburi's earnings per share slid to 12.17 shillings from 14.44 shillings in the previous period, it said. It raised its final dividend to 8.50 shillings per share from 8.00 shillings a year ago. It had paid an interim dividend of 2.00 shillings in October. *(Reuters)*

British American Tobacco Kenya posted a 6 percent jump in pretax profits for last year to 4.75 billion shillings, thanks to lower operating costs. The firm, majority owned by British-based group BAT Plc which also reported results on Thursday, raised its final dividend to 29 shillings a share to bring the total for the year to 32.50 shillings, up from the 30.50 shillings it paid the previous year. Earnings per share rose to 32.71 shillings from 30.98 shillings in 2011, the company said. Operating profit rose by 9 percent to just over 5 billion shillings on revenue up 6 percent at 30.5 billion shillings, although a doubling in financing costs to 350 million shillings weighed on the pretax result and a 25 percent rise in taxes to 11.1 billion shillings weighed on earnings. During the year the government introduced a flat rate excise regime as opposed to the previous system where the tax was pegged by product category, which is preferred by firms. Cigarette manufacturers are usually subjected to increasing taxes every year as the government seeks to contain the health risks associated with smoking and boost revenues. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

No Corporate News this week

Economic News

Mauritius recorded a 3.9 percent increase in tourism revenues in 2012 compared to the previous year, official figures showed. The tourism sector is a key driver of the Indian Ocean island's $10 billion economy. But long-haul luxury destinations like Mauritius have suffered as the global economic slowdown discourages visitors. Arrivals rose by 0.1 percent last year to 965,441. "According to the Bank of Mauritius, tourism receipts for the period January to December 2012 amounted to 44.37 billion rupees, up from 42.71 billion in 2011," Statistics Mauritius said in a statement issued on Thursday. The government's statistic office said the tourism sector would generate 47 billion rupees this year as visitor numbers hit the one million mark. *(Reuters)*

Nigeria

Corporate News

Exxon Mobil Corp has lifted a force majeure on the Nigerian Qua Iboe crude stream put in place on Feb. 7, the company said in a statement on Friday. The company said that pipeline work had prompted the declaration. "Mobil Producing Nigeria, operator of the Nigerian National Petroleum Corporation, (NNPC)/MPN Joint Venture today confirms that it has lifted the Force Majeure it declared on February 7, 2013," the company said in a statement. "We express gratitude to all customers, purchasers and Joint Venture partner, the NNPC for their understanding during the temporary disruption in supply," it said.

Earlier on Friday, trade sources said exports of the key benchmark grade will be down by nearly 40 percent in April as the force majeure had cut oil flows from Africa's top producer. The country will export around 222,000 barrels per day of Qua Iboe in April, trade sources said, down from a planned 368,000 bpd in March. A trade source said that around four Qua Iboe cargoes from March had been deferred to April and that delays were between four and 12 days. The OPEC member suffered major outages late last year due to rampant oil theft and the worst floods Nigeria had seen in 50 years. Nigeria typically produces around 2 million to 2.4 million bpd, and its oil is sold to customers in the United States and Asia. *(Reuters)*

Nestle Nigeria plans to triple its revenues in Nigeria to 351 billion naira over the next ten years, its chief financial officer told Reuters. Martin Kruegel earlier said the food manufacturer would invest 100 billion naira over a ten year period to achieve its sales target. "Our aim is to triple our Nigerian sales over the next ten years from 117 billion naira currently," he said, adding that the additional investment would drive that target. *(Reuters)*

Investors' high demand for N54.6 billion rights issue by Oando Plc has led to an oversubscription of the offer, indications emerged last Friday. The integrated energy firm had issued 4.548 billion shares to existing shareholders at N12 per share to raise N54.6 billion. The offer opened December 28 and closed last Wednesday. However, sources close to the issuing houses and registrars said the returns so far collated showed that shareholders requested for more shares, a development that will lead to an oversubscription. "There was last a minute rush for the shares few days to the closure of the offer last week following the attractive price and the confidence investors expressed in the business fundamental and the future outlook of the leading integrated energy company," the source said. Oando has made huge investments over the years that would begin to yield fruits very soon and analysts believed that the prospect of having a stake in the very lucrative crude oil production might have increased investors' appetite for Oando rights issue offer.

When Oando made a similar rights issue in 2010, it was oversubscribed by 28 per cent and the market experts had expressed optimism that this latest capital raising exercise would equally enjoy high patronage. Analysts had already predicted immediate capital gains as they said the offer was made at discount, considering the future prospects in the leading energy firm that is well diversified across all sectors of the oil and gas industry. For instance, analysts at Meristem Securities Limited said the equity would assume a bullish run to reach N22.14 within the year. In the same vein, analysts at FSDH Securities Limited have projected a price of N19.12 for Oando shares. The Group Chief Executive of Oando, Mr. Wale Tinubu, last week assured shareholders of a constant dividends payment going forward, saying that the company had put a strategy in place to enhance value for shareholders through a balance sheet optimisation that would lead to a reduction in debt and improvement in earnings. *(This Day)*

Economic News

Nigeria's external reserves, which have been on the upswing since the last quarter of 2012, due to the stability enjoyed by the naira as well as reasonably high oil prices, climbed higher to close at $47 billion on Friday, THISDAY investigations have shown. THISDAY learnt that the current value of the country's foreign exchange reserves, derived mainly from the proceeds of crude oil sales, represented a year-to -date appreciation of $2.68 billion or six per cent, compared to $44.337 billion as at January 2. However, the current value of the reserves is still $15 billion short of $62 billion at which the country's reserves peaked in September 2008 before the global financial meltdown. The naira has been relatively stable against the dollar in the past 20 months as the apex bank sells dollars at the Wholesale Dutch Auction System (WDAS) to keep the local currency around the band of +/– three per cent of N155/$1. The naira stood at N155.74 to a dollar at the end of last Wednesday's auction at the WDAS. For crude oil prices, the West Texas Intermediate crude for April delivery rose 29 cents to finish at US$93.13 a barrel on Friday while the benchmark Brent crude rose 57 cents to end at US$114.10. Nigeria's Bonny Light stood at $116.7 per barrel on Friday.

The Africa Economist/Managing Director, Economic and Market Analysis, Citibank, Mr. David Cowan, at the weekend, argued that the high portfolio inflow into the country observed since last year, was also supporting external reserves accretion. "In the last few years that oil prices have remained high and balance of payment and current account have been in safe position, which allows the Central Bank of Nigeria (CBN) to meet foreign exchange demand. "But remember that unlike in 2008, the rebuilding of foreign exchange reserves is not due to fundamental savings into the Excess Crude Account (ECA), it is as a result of portfolio inflows that are coming into the country. "The huge portfolio inflow has helped in stabilising the naira," he explained. Cowan, however, declared that if the appreciation of crude oil prices was punctured, the naira might be hurt. He added: "But I don't see that happening soon. Interestingly, what you see is that the pressure on the naira has really abated and that allows the central bank to build forex reserves.

"I think the naira is going to be fine this year and early 2014. By the time we get to 2014, which is a pre-election year, the fiscal consolidation, which has been achieved, is going to come under some pressure at that time. "I think we might see some changes in the management of the central bank which I think may stall some confidence." The CBN governor, Mallam Sanusi Lamido Sanusi, recently stressed the need to continue to build fiscal buffers because of what he termed "dark clouds in the horizon." He added: "We need to go into a period of strong and serious fiscal restraints and consolidation. We must continue to build up external reserves and protect the economy from external shocks and focus on the strength and resilience of the banking system. We are building buffers for the economy in the event of external shocks." *(This Day)*

Nigeria will earn less for its oil and struggle to replace reserves unless it can end years of industry stagnation, at a time its biggest customer is becoming self-sufficient and African rivals are boosting supplies. A domestic energy boom in the United States has already sharply cut demand for Nigerian oil, while legal uncertainty, political wrangling, corruption and insecurity plague an oil industry which is still Africa's biggest. In addition, rivals on the continent - both East and West - are fast catching up, and hungry for returns to boost their smaller economies they are tempting foreign oil and gas companies with better terms and fewer bottlenecks than Nigeria. "Nigeria has multiple problems in its oil game - it has failed to meet reserve growth and production targets for many years ... while competition grows worldwide," said Duncan Clarke, Head of African oil experts Global Pacific & Partners. "High crude prices have shielded Nigeria of late - but this may not last forever, and its reputation as the proverbial Land-of-No-Tomorrow continues." With oil accounting for around 80 percent of government revenue and 95 percent of foreign exchange reserves, Africa's second largest economy is vulnerable to any negative shifts in oil and gas prices and demand. The U.S. accounted for 35 percent of oil exports from Nigeria in 2011. But it imported around 40 percent less last year, taking purchases from Nigeria to their lowest in over 20 years, according to data from the Energy Information Administration (EIA), a U.S. government agency. This drop in demand has already resulted in Nigerian barrels selling for around 40 cents lower than its official selling price and left dozens of cargoes unsold and rolled over to future months, according to research by Africa's Ecobank.

"Nigeria must make increased efforts to capture more of the rapidly growing Asian market," said Kayode Akindele, partner at Lagos-based financial adviser 46 Parallels. "A big issue is that the growing East African oil and gas industry will prove to be a serious competitor, especially given its proximity to key Asian markets compared to Nigeria." There have been around 70 discoveries in sub-Saharan Africa in the last five years with the majority coming in East African countries like Tanzania, Uganda and Mozambique. Around 250 trillion cubic feet of natural gas may lie off those three countries alone, the US Geological Survey estimates. Several East African LNG plants are expected to come online in the next 5 years, while Nigeria with similar gas reserves has stalled a new LNG project for the last 8 years, seeing oil major partners Chevron and Conoco give up stakes. Shell has sold onshore oil blocks in Nigeria but is seeking to expand elsewhere in Africa. West African neighbour Ghana recently became an oil producer. "There is a finite amount of money to be invested by oil and gas majors in the short to medium term, and Nigeria needs a slice of that cake," Mutiu Sunmonu, Shell's Nigeria country head, told an investor conference last week. "The competitive landscape has changed ... Nigeria cannot afford to miss the boat." Oil Minister Diezani Alison-Madueke looked to ease concerns last week when she told bankers and oil firms that Nigeria was entering "a new dawn to boost investment and production."

Alison-Madueke said Nigeria would fix its ailing refineries, expand oil and gas output, tackle insecurity in the Niger Delta and ensure the passage of a landmark energy law, which would make it competitive with rival producers. The minister made similar promises when she took office in 2010 but many targets have been missed. Nigeria loses $6 billion annually to crude theft, offshore piracy is on the rise and oil majors say it's operating costs are among the most expensive globally. Energy consultants Wood Mackenzie forecast Nigeria's oil production could drop by 20 percent by 2020 because years of delay to a Petroleum Industry Bill (PIB) have blocked tens of billions of dollars in exploration investment. Oil majors say they can't invest in major new projects until the PIB is passed and if it is passed as it stands with higher taxes, then new investment will be deterred. The Chinese have some interest in Nigeria through Addax, owned by Sinopec, which has said it wants to buy more onshore fields. Two Nigerian oil firms last week said they did not think the PIB will ever become law because of vested interests blocking progress and an insurmountable gulf between oil firms, lawmakers and the oil ministry over terms. Nigeria state oil firm NNPC is at the centre of the country's energy business but is blighted by under-funding and corruption, according to several government probes. But around half of sub-Saharan oil output still comes from Nigeria and oil firms say it could comfortably double crude production and unlock the world's ninth-largest gas reserves if Alison-Madueke comes good on her promises. Changing global oil dynamics still offer an opportunity. "Declining U.S. demand provides yet another incentive for the Nigerian government to conduct the reforms needed to reduce the losses, leakages and general dysfunction," said Roddy Barclay, West African analyst at Control Risks. "(If not taken) investor appetite will remain muted by the array of complex political, operational and security risks that will continue to characterise Nigeria's oil sector." *(Reuters)*

Tanzania

Corporate News

Songas, a consortium led by British energy company Globeleq, may suspend operations in Tanzania after the east African country's state-run power utility failed to pay $51 million in outstanding bills to the company for supply of electricity. The company, which supplies around a third of electricity to east Africa's second largest economy, said state power company TANESCO had accumulated six months in unpaid invoices. The lack of revenue had made it impossible for the consortium to meet its operational obligations and to purchase critical spare parts, jeopardising safety, it said. "It is as a result of this that Songas is considering the very difficult decision to suspend its operations," Managing Director Chris Ford told Reuters on Wednesday. He said Songas had already made the Tanzanian government and TANESCO aware of the "critical situation." It supplies 180MW of electricity directly to TANESCO and it transports natural gas from the south of the country to the commercial capital, Dar es Salaam, for the state firm's 150MW gas-fired plant there. The company is the sole client of Songas but Ford said they had not yet set a deadline for payment or suspension of operations. Although Tanzania has vast deposits of natural gas, it has been plagued by frequent power outages, which led to a slowdown in economic growth in 2011/12. *(Reuters)*

Economic News

No Economic News This Week

Zambia

Corporate News

Zambia's Copperbelt Energy Corporation said on Monday its Kann Utility joint venture would pay $164 million for a 60 percent stake in Nigeria's Abuja Electricity Distribution Company. Kann is half owned by the Zambian power company and half owned by XerXes Global Investments. *(Reuters)*

Economic News

Ministry of Commerce, Trade and Industry permanent secretary Steven Mwansa said through the use of the proposed plan of action, capacities of KIZ and institutions concerned on quality and productivity will be enhanced. Mr Mwansa was speaking during the signing ceremony of the minute of meetings between Zambia and Japan in Lusaka last Thursday. "The proposed plan of action will be utilised by all the ministries and concerned institutions and parties so that we look at the cornerstone of national development which is productivity. "Productivity is the avoidant of waste and loss of time and indeed optimises the attainment of quality output," he said. Mr Mwansa commended JICA for providing input during the initial phase of the Kaizen project. He assured JICA of Government's commitment in ensuring that the project is a success by getting approval from Cabinet within the expected timeframe. He said Government will ensure that the project is a success through the provision of office space and counterpart personnel as well as meeting operational costs.

Mr Mwansa said Cabinet office has constituted a steering committee that is already driving the process of establishing the KIZ. Meanwhile, JICA team leader for the survey team on the national Kaizen project Toru Homma said sustainability is vital in developing the Kaizen project. Mr Homma said there is need to disseminate the idea behind the Kaizen project to promote quality and productivity in the country. "I am impressed that the manufacturing sector in Zambia has really forged ahead and there is a possibility for more growth with implementation of the Kaizen project," he said. *(Daily Mail)*

GOVERNMENT says agriculture, mining and construction were the main economy driving sectors increasing the gross domestic product (GDP) to about 7 percent last year. Ministry of Commerce, Trade and Industry (MCTI) acting permanent secretary Tobias Mulimbika says Government has recognised the agriculture sector as the blood life for the majority of the people. Mr Mulimbika said in a statement availed to the Daily Mail in Lusaka recently that Government will invest in extension services, irrigation, research and development in order to improve crop yield. "The performance of the industry the just ended year was significant with the growth of GDP about 7 percent. The main driving sectors were agriculture, mining and construction," he said. He said Government intends to boost crop and livestock production to strengthen agriculture's background and forward linkages to other sectors of the domestic economy so as to exploit its full potential. Mr Mulimbika said the backward linkages will be promoted by increasing local production of key inputs such as fertilisers, seeds and pesticides.

He said Government will also restock the livestock sector in order to boost its sub-sector. In addition, Mr Mulimbika said Government will invest more in tourism infrastructure, streamline licensing procedures and also enhance capacity in the hospitality industry. He said this will increase the number of international and domestic tourists and will also raise both average length of stay and the average expenditure per tourist per day. *(Daily Mail)*

Zambia's central bank on Wednesday held its benchmark interest rate at 9.25%, citing moderate risks to inflation. "The Committee has weighed the risks to inflation and decided to maintain the policy rate at 9.25 percent," the central bank said in a statement. *(Reuters)*

Zimbabwe

Corporate News

Econet Wireless Zimbabwe says it has agreed with most commercial banks on the integration of EcoCash, ending a bitter war of words with financial institutions over access to its mobile money payment platform. The country's largest mobile telecommunications group said in a statement that the EcoCash integration process is now progressing smoothly. Econet ran into a bitter cold war with banks who accused the mobile phone operator of shutting them out of its mobile phone payment platform. The banks were up in arms with Econet for refusing them direct access to the EcoCash platform to be able to initiate transactions on bank accounts straight to a recipient's mobile phone number on the Econet network. But Econet has since informed its more than eight million customers that sticking issues have been resolved with all the banks and integration is progressing. "Having already integrated CBZ Bank, TN Bank and Stanbic Bank, expect announcement on your bank soon," said Econet in a broadcast statement. Econet said bank integration appeals to its top end customers who already have bank accounts.

Econet said when a bank is integrated, a person can undertake banking from anywhere in the world at any time of day. "You can move money from your account, and send it to someone in Zimbabwe even at midnight from China; it is that flexible," said the company. People who run businesses are using EcoCash integration to deposit money into their accounts after banking hours, avoiding having to hold onto cash, Econet said. The company said banks that do not have integration have been concerned about losing customers to those already integrated with EcoCash. Econet has, however, assured the banks and its customers that by the end of March, every bank that "wants to be integrated" would be on the platform. Econet Services chief executive Mr Darlington Mandivenga said that he expected all banks to be integrated by the end of March. Prior to the latest development, Econet got entangled in quarrels with banks for its reluctance to swiftly give all banks access to the EcoCash payment platform. But Econet dismissed the claims that it did not want banks to transact on the EcoCash platform saying that it planned to open the mobile money payment gateway in a systematic way to ensure maximum security for its subscribers as the issue involved their money. *(Herald)*

CBZ HOLDINGS has posted yet another solid set of financial results in the full year to December 31, 2012, as profit after tax vaulted 48,4 percent to US$45 million, compared with US$30,3 million over the same period the previous year. Basic earnings per share jumped 67 percent to US8,08 cents on the back of a 51,3 percent increase in total comprehensive income during the period under review. Chairman Mr Luxon Zembe said in a statement accompanying the results that he was happy that the company was meeting one of its key objectives of consolidating activities within the group. "The synergies created among subsidiaries resulted in improved overall group performance and we shall continue to exploit the synergies to maintain our position as the largest financial services group in Zimbabwe," he said. Mr Zembe said in line with the group policy and need to uphold shareholder investment value, CBZ has declared a US0,172 cents dividend per share. "A final dividend of US0,172 cents per share has been proposed and this translates to a total annual dividend of US$2 081 397, up 21,7 percent from the 2011 figure," he said.

The Zimbabwe Stock Exchange-listed financial group registered a 61 percent increase in interest income from US$109,5 million to US$156,8 million. Net interest income rose from US$75 million US$95,3 million while non-interest income declined slightly from US$44,8 million to US$44 million. The group said deposits during the period totalled US$1 billion compared with US$830 million mobilised over the comparative period last year. Advances during the period under review showed a slight increase, rising from US$790,3 million in the 12 months to December 2011 to US$854,7 million. The group's gross maximum exposure from advances stood at US$266 million for agriculture, distribution US$216 million, services US$111,9 million, manufacturing US$153 million, private sector US$94 million, transport US$21 million, mining US$13 million, communication US$6 million, construction US$4,6 million and financial organisations US$1 million.

But the company said its net maximum exposure (not covered by mortgage security) stood at US$177,3 million at the end of last year. Group assets increased to US$1,2 million during the year compared with US$1 million in the comparative period to December 2011 while owners equity and reserves surged significantly from US$119 million to US$160 million. Commenting on the outlook, Mr Zembe said CBZ remained hopeful for an improved operating environment conducive for sustainable investment. Said the CBZ chairman: "The need for longlasting solutions to the funding challenges and the resuscitation of the ailing manufacturing sector remains a priority for the economy to register meaningful positive growth." The group's operations are spread across commercial banking, mortgage finance, asset management and insurance and property. *(Herald)*

ECONET Wireless shareholders will on Thursday vote on a ten-to-one share split that management hopes will encourage small scale investors to buy the company's stock as well as restrict foreign interest in the firm. Management said they were confident shareholders would endorse what was described as a "major development" since Econet, Zimbabwe's largest telecoms company, listed on the Zimbabwe Stock Exchange (ZSE) in September 1998, two months after launcing its network. "Econet believes that the share split will not only allow more small investors to buy or increase the number of Econet shares they own, but will also make shareholders in a fast growing company and in which they will over time benefit from the growth in shares," the company said in a statement. "The public shareholders of the company are numerous, with many ordinary shareholders seeking to buy shares in the company. This share split will open up investment in Econet to more ordinary investors who had been unable to take part due to the high prices," says Econet.

Described by US-based business publication Forbes as an "investor's delight", Econet reported profits of US$145 million in 2011. The company's stock has, over the years, become one of the most sought after on the ZSE which has also made it one of the priciest. The development has also crowded out small scale investors and limited activity on the counter. Management said a recent study had established that the stock, which closed trading at US$6.90 on Tuesday, was now "so expensive that only foreign investors were buying the company's shares". "The level of foreign ownership in the company has shot up from a mere 10% at listing in 1998 to more than 30% today," the company said. "As at Monday, February 25, the price of one Econet share was $6.76, which means an ordinary member of the public would have to pay $676 to buy just the minimum lot amount of 100 ordinary shares. But after the split, 100 shares will cost about $69."

The company said the group's founder Strive Masiyiwa was concerned that small scale investors who supported the company when it listed in 1998 were being squeezed out and had "personally" pressed for the share split. "Millions of small investors had bought the company's shares when it listed but have been unable to buy more shares particularly after dollarization as the shares became expensive," the company said. *(New Zimbabwe)*

RAINBOW Tourism Group (RTG) plans to spend at least $2,5 million towards the refurbishment of its hotels portfolio as it gears for the United Nations World Tourism Organisation (UNWTO) General Assembly in Victoria Falls later this year. The company said it will take advantage of the resurgence in tourism to spruce up its hotels. RTG has in the recent past been refurbishing its properties including the A 'Zambezi River Lodge in Victoria Falls. The group is also continuing with the $7,5 million refurbishment of the Rainbow Towers Hotel and Conference Centre in Harare that commenced last year. "This will see partial refurbishment of the Victoria Falls Rainbow Hotel which has already commenced, the Bulawayo Rainbow Hotel, Kadoma Hotel and Conference Centre and the New Ambassador Hotel," the company said in emailed responses to NewsDay. "RTG is now focusing on soft refurbishments and facelift projects for its Rainbow Hotels portfolio."
"In Victoria Falls, the Victoria Falls Rainbow Hotel has already begun several refurbishment initiatives in preparation for the UNWTO conference in August."

Under the "soft" refurbishment exercise being conducted at the Victoria Falls Rainbow Hotel, the group has replaced old air conditioners and repainted hotel rooms. It has also bought plasma television sets while retiling has been conducted for the greater part of the hotel.

"RTG is optimistic that this investment in its product portfolio will realise positive returns for the group in future. "The Group is set to continue investing in new and upgraded products," RTG said. "Rainbow Tourism Group believes that having a quality product that competes with international brands and a service offering that is uniquely refreshing was the right foundation for its success." The hotel group said its growth path was now defined following the recent successful completion of a $4,5 million rights offer and a $10 million facility secured at the end of last year. *(Newsday)*

Government's mining arm, the Zimbabwe Mining Development Corporation (ZMDC) says it has intensified the search for a strategic partner for the resuscitation of Shabanie Mashava Mine (SMM). The parastatal, which took over the running of the asbestos mining concern, says it is in the process of scouting for equity partners for the resuscitation of the mine. US$120 million is needed for the mine to become operational. ZMDC General Manager, Engineer Jerry Ndlovu, who highlighted the strain by the asbestos mining company on the financial performance of the parastatal said ZMDC has no capacity to meet the capital requirements in the resuscitation process, hence the hunt for an investing partner. "The parastatal has no capacity on its own to see the full operationalisation of the mining concern. Since we took over, we have attempted to bring sanity in the operations but the required amount is beyond the parastatal capacity and to that end, we are in the process of engaging strategic partners," he said. Eng. Ndlovu said apart from engaging potential investors, the parastatal is also considering acquiring a credit line from both local and international financiers. According to the ZMDC boss, the entity has however invested substantial amount in the upgrading of some section of the existing infrastructure including the refurbishment of the brittle plant at a cost of US$2 million. Before suspending operations, SMM used to produce an estimated 200 000 tonnes of fibre every year. If fully operational, SMM can employ thousands of people. *(Bulawayo24)*

FINANCIAL services group Vunani is positioning itself to spread its operations across the southern African continent, a message that came through an acquisition in Zimbabwe. The JSE-listed Vunani announced Wednesday that it had acquired Harare-based Purpose Asset Management for an undisclosed sum to be settled in cash. The move adds to a list of South African financial services players who are seeking better fortunes north of the Limpopo River. "Even taking into account the political risk, Zimbabwe remains a good investment opportunity which will provide a platform for our expansion further into southern Africa," Vunani CEO Ethan Dube said. "We are very excited about the opportunities this acquisition represents. Vunani has been providing advisory services in Zimbabwe for some time, but now we are able to emulate the full gambit of our diversified financial services business in this country." Purpose Asset Management will change its name to Purpose Vunani Asset Management upon completion of the transaction. The company provides asset management services to both institutional clients and high net-worth individuals. Vunani said the transaction had been approved by the Exchange Control department of the South African Reserve Bank but is subject to further conditions. Vunani will have the option to purchase a further stake in order to achieve a shareholding of 55% in Purpose Asset Management, subject to regulatory approvals. "We are confident that the investment in Purpose Asset Management will be value adding and provide great exposure to Zimbabwe's developing market which has shown increased growth potential in past the couple of years," Dube said. Vunani is a black-owned and managed financial services company with exposure in a variety of sub sectors in South Africa. These include asset management, investment banking and advisory, securities broking and property investments and developments. The group also houses an investment holding entity. Vunani has experienced phenomenal business growth in the past few years owing to a combination of organic and acquisitions. *(New Zimbabwe)*

Economic News

CHINESE Commerce Minister Chen Deming has pledged his country's commitment to invest in capital projects in Zimbabwe and help the country address its infrastructural problems relating to roads, water systems and power. The Chinese Minister was addressing journalists after meeting Finance Minister Tendai Biti in Harare last week to discuss ways in which the Asian country could assist its age old African friend. "We should give support to the economic development of Zimbabwe as far as my job is concerned. We are confident about the future of Zimbabwe," he said. Minister Chen said the discussions with his Zimbabwean finance counterpart had centred on infrastructure projects and ways in which his country could promote trade with Zimbabwe. Minister Biti said Government sought capital investment from China in light of its over-stretched national budget and little fiscal space to be able to fund key infrastructure projects. "I must say we had very fruitful discussions which hopefully might see something materialising in the next few weeks as we all know there are many things that China and Zimbabwe have been discussing for a long time. "The projects we are specifically talking about are the Kariba Hydro Power Station, Hwange Thermal Power Station and the Zambezi water project," he said.

The African Development Bank estimates that Zimbabwe has a yawning infrastructure deficit that requires about US$14 billion to address. China and Zimbabwe have enjoyed a long period of cordial relations dating back to the days of Zimbabwe's liberation struggle against Britain. And China has also made several huge investments in the country and some of its notable capital projects in the country include Sino -Zimbabwe Cement in Gweru and Anjin Diamonds invested in the Chiadzwa diamond fields. State-owned Chinese company Shandong Taishan Sunlight Group is also planning to invest up to US$2-billion to develop coal mines, coal-bed methane extraction and power projects in a western province of Zimbabwe. Another Sino-Zimbabwe joint-venture agreement was recently signed and it has secured a coal concession of about 100 000 hectares in Matabeleland North Province, with reserves of more than two billion tonnes of coal.

An open-cast mine is expected to be developed with a capacity of 3-billion tonnes of coal a year from the project. The construction of a 600Megawatt coal-fired thermal power station is scheduled for commissioning in 2015. The project is also expected to have a coking coal plant with production capacity of 300 000 tonnes of coke annually. The China Development Bank last year reported that it planned US$10-billion worth of investment in Zimbabwe over the next five years, and Chinese merchant Sinotex is also involved in a US$500-million cotton-production deal with more than 300 000 rural farmers. Former Chinese ambassador Zimbabwe Mr Xin Shunkang last year said trade between China and Zimbabwe had doubled to US$800 million in the two years to 2012 and set to breach US$1 billion by end of last year. *(Herald)*

Small-scale farmers who are members of the Commercial Sugarcane Association of Zimbabwe last year produced at least 42 357, 36 tonnes of raw sugar, a 40 percent increase from 2011, an official said on Friday. The association's secretary-general, Mr Darlington Chiwa, told New Ziana that the high price of sugar encouraged farmers to increase production. "The increase in raw sugar production is because growing the crop is rewarding, so everyone involved is positive and working hard to earn more," he said. "Other factors include funding availed under the Successful Rural Sugarcane Farming Community Project and extension services that Tongaat Hulett provides." When the 2012 marketing season closed in December, raw sugar was fetching US$700 a tonne. Mr Chiwa said most farmers had gained experience in sugarcane production since they had been in the business for the past 10 years.

Prior to the land reform programme, sugar cane production was the monopoly of Tongaat Hulett, a South African company that still controls the local milling and marketing of the crop. Co-operation between the Government, the southern Lowveld communities, the European Union and Tongaat Hulett is expected to boost rural sugar cane farming. Already, some 15 000 hectares have been allocated to 870 indigenous farmers who are producing about 20 percent of national output. Zimbabwe has the potential to produce up to 4,4 million tonnes of sugarcane annually. Sugar cane production takes place under irrigation the Lowveld. *(Herald)*

FARMERS have collectively earned US$15,4 million from the sale of tobacco under both the auction and contract systems since the opening of the 2013 tobacco selling season two weeks ago. This is down from the US$18,4 million worth of tobacco sold during the same period last year. Statistics from the Tobacco Industry and Marketing Board indicate that so far 4,7 million kg have gone under the hammer, at an average a price of US$3,29 per kg. This is a decrease of 8 percent from the 5,2 million kg sold at the same time last year at an average price of US$3,58 per kg. Auction sales have continued to dominate, with over 3 million kg sold, while 1,7 million kg has been sold under contract sales. Tobacco Sales Floor has sold the most tobacco, accounting for 700 696kg worth US$2,2 million, followed by Boka Tobacco Floor, with 554 631kg worth US$1,7 million, while Premier Tobacco Floor has sold 482 194kg worth US$1,4 million. So far, 4 791 bales have been rejected compared with 4 416 for the same period last season. Bales are usually rejected for being overweight, underweight, mouldy or mixed hands (leaves from different grades).

Tobacco has become a crop of choice for most small-scale farmers, with more than 80 percent of the crop coming from this sector. According to the TIMB, 68 006 farmers have registered this season compared with 38 001 registered by the same period last year. Of the 68 006 registered growers, 29 242 are from the A1 sector, 26 990 communal, 6 510 small-scale and 5 264 A2 farmers. Officially opening the marketing season, Youth Development, Indigenisation and Empowerment Minister Saviour Kasukuwere attributed the massive interest and increase in the grower base to a perceived established reliable and consistent financing and marketing model of auction and contract arming. He said the reason why tobacco was doing well was, not only because tobacco prices were lucrative, but also due to the marketing systems of the crop. "In my view, tobacco marketing is highly liberalised, allowing farmers to benefit directly from the market forces," he said. A total of 170 million kg are expected to be sold this season, compared to the 144 million kg sold last season. Zimbabwe is slowly regaining its status as one of the world's leading tobacco producers, as many farmers have abandoned maize and cotton in favour of the golden leaf. *(Herald)*

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