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

Country	Index	3-May-13	10-May-13	WTD % Change Local	WTD % Change USD	YTD % Change Local	YTD % Change USD
Botswana	DCI	8,739.56	8,745.59	0.07%	5.75%	16.45%	18.02%
Egypt	CASE 30	5,276.62	5,404.29	2.42%	17.12%	-1.06%	-1.02%
Ghana	GSE Comp Index	1,808.94	1,830.48	1.19%	2.36%	52.58%	49.74%
Ivory Coast	BRVM Composite	191.66	193.33	0.87%	-9.21%	16.06%	8.12%
Kenya	NSE 20	4821.17	4888.97	1.41%	1.29%	18.29%	22.70%
Malawi	Malawi All Share	6,374.87	6,375.75	0.01%	43.23%	5.99%	27.11%
Mauritius	SEMDEX	1,923.27	1,953.84	1.59%	-0.67%	12.80%	12.99%
	SEM 7	382.66	389.19	1.71%	-0.56%	15.39%	15.58%
Namibia	Overall Index	925.00	957.00	3.46%	11.49%	-2.97%	0.00%
Nigeria	Nigeria All Share	35,109.33	36,010.28	2.57%	3.21%	28.25%	28.08%
Swaziland	All Share	284.32	289.42	1.79%	10.45%	1.31%	4.72%
Tanzania	DSEI	1,535.66	1,536.58	0.06%	2.74%	3.43%	5.44%
Tunisia	TunIndex	4,636.82	4,577.94	-1.27%	-1.53%	-0.04%	-3.89%
Zambia	LUSE All Share	4,252.77	4,287.77	0.82%	8.58%	15.10%	22.17%
Zimbabwe	Industrial Index	191.16	204.74	7.10%	7.10%	34.34%	34.34%
	Mining Index	71.09	74.13	4.28%	4.28%	13.84%	13.84%

CURRENCIES

Cur-rency	3-May-13 Close	10-May-13 Close	WTD % Change	YTD % Change
BWP	7.98	7.99	0.20	4.48
EGP	6.92	6.92	0.05	14.36
GHS	1.87	1.96 -	0.14	2.93
CFA	478.58	498.77	4.22	0.69
KES	82.43	82.83	0.48 -	3.23
MWK	383.31	390.00	1.74	21.50
MUR	29.82	29.83	0.03 -	2.36
NAD	8.86	8.89	0.39	4.97
NGN	157.28	155.89 -	0.88 -	0.13
SZL	8.88	155.89	0.42	5.42
TZS	1,586.44	1,591.20	0.30	1.03
TND	1.61	1.64	1.92	5.72
ZMW	5.26	5.27	0.11	1.57

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

Egypt

Corporate News

No Corporate News This Week

Economic News

Egypt hopes to lower its budget deficit to 5.5 percent in the 2016-1017 fiscal year from 10.7 percent in 2012/13, the finance minister told Egypt's Al-Ahram daily newspaper on Saturday. Egypt's budget deficit will reach 197.5 billion Egyptian pounds or 9.5 percent of gross domestic product in the fiscal year starting July 1 after a revised 184.9 billion pounds or 10.7 percent in 2012/13, according to a draft budget previously seen by Reuters. The economy of the Arab world's biggest state was badly hit by more than two years of turmoil following an uprising that ousted former President Hosni Mubarak, which raised the deficit, drained foreign currency reserves used to pay for imports and led to a currency crisis. Egypt's deficit cut is a crucial step to secure a $4.8 billion loan from the International Monetary Fund (IMF). The government plans to curb spending on fuel subsidies and introduce tax changes that would target the wealthy. Finance Minister Al-Mursi Al-Sayed Hegazy said in remarks to Ahram that the country was expecting taxes from "economic activities to reach 664.5 billion pounds in three years from 267 billion pounds this fiscal year." An IMF mission failed last month to conclude a loan deal over political and economic concerns but officials from both sides said talks were continuing. The IMF has urged Egypt to reduce energy subsidies to help shore up government finances. In other comments reported by Akhbar Al-Youm newspaper, Hegazy said Egypt might not even need all the loan and could give it up but only needs the first tranche to prove to the world "it has a lively economy." Approval was enough to open door for Egypt to get money and investments from other places, he added. *(Reuters)*

Egypt said it expected crude oil imports to start arriving next month after Libya and Iraq agreed to make shipments to help Cairo weather an economic crisis. More than two years of political turmoil since an uprising toppled President Hosni Mubarak have hammered Egypt's economy. Foreign currency reserves, used to pay for food and fuel under subsidy programmes that make up about a quarter of the budget, have fallen to critically low levels. Egypt's oil ministry said in a statement on Tuesday measures would be implemented to rein in an energy crisis, including "the arrival of the Libyan and then Iraqi crude oil shipments next month". Some areas have experienced sporadic power outages, and fuel shortages have also led to queues at many filling stations over the past few months. The economic crisis has pushed Egypt to seek easy payment terms from suppliers by cutting diplomatic deals that leverage the country's strategic importance. Iraq said during a visit by Egypt's Prime Minister Hisham Kandil to Baghdad in March that it had agreed to supply Egypt with 4 million barrels of oil per month. Last month, Libya said it would supply Egypt with $1.2 billion worth of crude oil at world prices but on interest-free credit for a year. The Islamist-led government of President Mohamed Mursi is trying to negotiate a $4.8 billion loan from the International Monetary Fund. Economists expect reforms of the country's fuel subsidy programme to be included in any deal. *(Reuters)*

Ghana

Corporate News

Kosmos Energy will invest $400 million in its Ghana operations in 2013 as part of its commitments to the West African nation's Jubilee oil field and other projects, the firm's CEO said on Tuesday. "This covers our commitment to the rest of the Jubilee development and also the new Tweneboa, Enyera and Ntomme fields (TEN) project," Brian Maxted told journalists in the Ghanaian capital.
The New York-listed firm holds a 24.1 percent stake in Ghana's Jubilee field which started pumping oil in December 2010 and has hit production of between 110,000 and 115,000 barrels a day over the last 3 months. Kosmos owns 19 percent of the TEN project which is expected pump its first oil in 2016. Speaking on the sidelines of the inauguration of the company's new office building in Accra, Maxted said the budget would also go towards the funding of the firm's Mahogany, Teak and Akasa oil fields project. Kosmos Energy's commercial manager Philip Liverpool told Reuters the company had suspended plans to list on the Ghana Stock Exchange indefinitely. The firm had announced in 2011 it would list on the bourse to raise $50 million. *(Reuters)*

Economic News

No Economic News This Week

Kenya

Corporate News

South African technology giant Dimension Data wants to acquire Kenyan internet service provider AccessKenya for Sh3.05 billion as part of its strategy to expand its footprint in sub-Saharan Africa. In a statement to the Nation yesterday, the firm, headquartered in South Africa, announced an open market offer to AccessKenya at sh14 per share, a premium of 42 per cent compared to the stock's Monday closing price of Sh9.85. The deal values the Kenyan company at over Sh3 billion. "The acquisition of AccessKenya is in line with Dimension Data's goal to pursue expansion in sub-Saharan Africa. The growth opportunities and progressive ICT regulatory framework in Kenya make this market highly attractive for Dimension Data to establish an even stronger presence," said Dimension Data's Middle East and Africa chief executive officer Derek Wilcocks. The deal is pending shareholder acceptance and regulatory approvals including the Capital Markets Authority. "The offer is subject to several conditions, including its acceptance of a certain percentage of shareholding and various regulatory approvals," Access Kenya management said in a statement. AccessKenya shares are to be suspended from trading on the Nairobi Securities Exchange until the transaction is completed. *(Daily Nation)*

Equity Bank plans to establish a holding company that will run its operations in East Africa. In a move that will see the subsidiaries operate independently of the parent company in Kenya, the group chief executive officer, Dr James Mwangi, said the proposal is being discussed by the board. "It is time we re-organised the business so that the Kenyan subsidiary stops being the holder of other subsidiaries and instead build a holding company for the subsidiaries," Mr Mwangi said as he announced first quarter results for the bank in the period ending March. He said the business had grown so fast making it necessary for the bank to assume a structure that will delink the operations of its subsidiaries from the Kenyan outfit. Analysts say the move by the bank to establish a holding company will not have a significant impact on how the bank currently operates. "Nothing really changes. The holding company will be a non-operating unit with all other operations consolidated under it," Standard Investment Bank head of research Francis Mwangi said on phone. Mr Mwangi, however, noted that the requirements on how the bank reports its capital adequacy ratio requirements may change in the different subsidiaries. The bank announced a 22 per cent rise in profit after tax to Sh3.2 billion in the first quarter ending March compared to Sh2.6 billion it recorded in the same period last year. The results were attained against an environment of sluggish economic activity characterised by the General Election held on March 4. However, net loans and advances rose by 15 per cent to Sh139.5 billion compared to Sh121 billion in the same period last year, pushing up net interest income by 21 per cent to Sh6.9 billion compared to Sh5.7 billion in the period under review. The bank's subsidiaries in Tanzania, Uganda, Rwanda and South Sudan made an overall contribution of 13 per cent in the period, down from 17 per cent in a similar period in 2012. The transactions carried out through its agency network also slowed down in the period under review. The number of agents stood at 6,892 as at the end of March up from 4,000 as at the same period last year. The bank seeks to mobilise low cost deposits and terminate its reliance on expensive deposits, which in the last financial year, significantly ate into its overall earnings. The bank's CEO said its investments in new markets, the agency banking model, product diversification and network expansion are expected to drive growth. The bank is also banking on increased uptake of electronic payment cards in what will see it save costs related to the physical handling of cash or use of cash in making transactions. Recently, the bank went into partnership with Google to roll-out a payment card dubbed, BebaPay, to be used in the public transport sector. *(Daily Nation)*

Equity Banks's net profit for the first quarter of 2013 rose 21 per cent to Sh3.2 billion from Sh2.6 billion the same period last year. The bank's net loans and advances grew by 15 per cent to Sh139.5 billion from Sh121.1 billion in the same period last year but total non-performing loans more than doubled to Sh5.9 billion. The lender's operating expenses rose to Sh5.73 billion from Sh5.31 billion for the period under review, a 7.9 per cent increase. The net interest income also increased to Sh6.87 billion, from the previous year's Sh5.69 billion, a 21 per cent increase. The bank reduced its loan loss provision by 6.4 per cent. The lender noted that there was also a slowdown in agency transactions in the first quarter of 2013. There was also a reduction in the contribution from regional business to 13 per cent from 17 per cent with directors pay and emoluments surging by Sh1.4 million. *(Daily Nation)*

Economic News

The price of Kenyan coffee has declined for the last five sessions in a row of trading at the Nairobi Coffee Exchange in what dealers attribute to low quality beans. The prices have declined consistently in the last five sessions to Sh12,407 ($149.48) per 50kg bag on April 30 from Sh15,079 ($181.67) on March 26 auction this year on the back of a decline in international prices. According to Maurice Kimani, a Kenya Coffee Producers and Traders Association official, dealers are delivering low quality coffee beans at the exchange, which is common towards the end of the harvesting season. He also said international prices have dropped to below Sh12,450 ($150). "Towards the end of the season, the quality of coffee beans is usually low. Many agents are also holding onto the good quality coffee or selling it directly to the international market and this has contributed to a decline in the overall prices," Mr. Kimani said on the phone. The harvesting season ends in June, with the new season set to start in September. Liberalisation of the global coffee trade in early 2000 saw increased production and supply causing a glut on the international market, which depressed coffee prices, and farmers switched away from the crop. In 2011, however, Kenyan coffee fetched some of the highest prices in the country's history. Grade AA fetched over Sh80,000 per 50kg bag from as low as Sh150 that was paid to farmers before reforms were instituted in the country's coffee sector in the pre-2004 period. Players in the sector, however, said that the 2011 prices were unsustainable and a correction had to occur, causing disappointment among farmers who began to turn away from the crop. This week, the prices are expected to continue to decline until the end of this season before they pick up at the onset of the new harvesting season that starts in September, according to dealers. Coffee prices had showed signs of recovery in January and February this year on account of rising volumes of high quality berries that were delivered to the coffee exchange. For instance, the average price of a 50kg bag of coffee went up 11.3 per cent to Sh16,139 during the auction on February 19 compared to the prices fetched at a previous auction a week earlier. However, the upward climb ended on March 26 when a 50kg bag of coffee sold at Sh15,079 before beginning the downward trend at the next auction on April 30.

The price of the benchmark AA grade, on the other hand, declined by 19.7 per cent to Sh19,794.7 ($238.49) at the latest auction on April 30 compared to the March 26 auction of Sh24,646.9 ($296.95), five sessions back. Trading activity has also slowed down with some agents opting to sell directly to the international markets to fetch much higher prices. Within the period, a total of 1.3 million kg with a value of Sh323.7 million ($3.9 million) were sold at the last auction on April 30, compared to 1.5 million kg with a value of Sh454 million ($5.47 million) at the March 26 auction. Kenya produces high quality coffee that is sought after by other producers for blending with their varieties. Coffee is also one of the leading foreign exchange earners for the country, with main export destinations being the US, Germany, United Kingdom, Sweden and The Netherlands, among others. If the decline in international prices persists, the Coffee Board of Kenya (CBK) projects production to reach 46,000 metric tons, six per cent lower than the output in 2012. This could earn the industry approximately Sh18 billion this year. Last year, the crop fetched Sh19 billion from the international market. In 2012, the prices were affected by high volumes at the global market, and poor quality of coffee berries due to the drought condition experienced earlier in the year. A lot of the coffee berries were of poor quality as they were either light in weight or did not have coffee beans. The Euro zone crisis further eroded purchasing power of most consumers in Europe, a key source market for Kenya's coffee. However, according to the Kenya National Bureau of Statistics, the quantity of coffee exported increased by 41.8 per cent from 2,790.4 metric tons in January this year to 3.955.3 metric tons in February, with the value going up from Sh1.06 billion to Sh1.43 billion over the same period. *(Daily Nation)*

The Kenyan shilling was steady on Tuesday but was expected to weaken as some investors bet an interest rate cut was in the offing after the central bank postponed its rate-setting meeting by a day. The central bank on Monday unexpectedly moved its meeting to the next day. Its Monetary Policy Committee, which has cut the rate by 850 basis points since July, held the rate steady at 9.50 percent at the previous meeting in March. Commercial banks quoted the shilling at 83.80/84.00 per dollar at 0658 GMT, barely moved from Monday's close of 83.90/84.00. A Reuters poll had shown the market was expecting the bank to keep its main lending rate unchanged, citing an upside risk to inflation due to higher food prices, but a handful of analysts predicted a small cut. "(There is) room for a cut to have the economy access credit at lower rates," said Ignatius Chicha, head of markets at Citibank. "We might have a small immediate reaction to 84.20/30 if they cut." Typically, a cut in the central bank's key interest rate would make it more attractive to hold long dollar positions and would weigh on the local currency. "Some market pundits (are) looking out for a 50 basis points chop in the key Central Bank Rate to 9 per cent," said Commercial Bank of Africa in a daily note. *(Reuters)*

Kenya's Lake Turkana Wind Power project secured a $149.5 million loan from the African Development Bank (AfDB) on Tuesday which officials expect to help speed full funding of one of Africa's largest wind projects. Kenya aims to plug a power supply shortfall which coupled with an ageing grid means frequent blackouts that hurt industry in east Africa's biggest economy. Turkana Wind will have a capacity of 300 megawatts on completion in 2015 and produce electricity equivalent to almost 20 percent of the country's installed power. The AfDB loan includes a partial risk guarantee which is expected to unlock another 300 million euros from other lenders such as the European Investment Bank, officials said. "We expect to close the financing very shortly," Gabriel Negatu, AfDB's regional director for East Africa, told a news conference. "We expect some form of groundbreaking by the end of this year," he said. "To satisfy the bank requirements under project finance is very challenging. Quite rightly so because the banks are taking risks and they want these risks to be mitigated," Carlo Van Wageningen, chairman of Turkana Wind, told Reuters. "(This is) ...proof that financial close is now in sight." Kenya has enormous wind resources with the site of the Turkana project. "The winds are very special in that area and among the best, if not the best, in the world. They are very consistent and very predictable," Van Wageningen said. Some 365 850-kilowatt wind turbines will be installed in the far north county of Marsabit. Danish firm Vestas has won contracts to supply turbines to KenGen, the country's biggest power producer, which already runs a tiny wind farm near the capital Nairobi. Kenya, which has been praised by the United Nations Environmental Programme for a progressive energy policy, opened up to independent power producers 15 years ago, ahead of many states in the region. AfDB said it would fund several other energy sector projects in east Africa, including a hydro-generation plant in Uganda and development of gas fields in Tanzania. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

<u>Malawi</u>

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' annual average inflation rate was 3.6 percent in the year to April, unchanged from March, the statistics office said on Tuesday. The office said it had updated its basket of goods and services to calculate the April consumer price index but did not give a revised March figure based on the updated basket. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

The Deputy Managing Director of Guaranty Trust Bank (GTBank) Plc, Mrs. Cathy Echeozo, has said there are many opportunities and benefits in the existing trade relationship between Nigeria and United Kingdom, advising that those opportunities should be harnessed. Speaking at a UK-Nigeria Investment Partnership forum sponsored by the bank in Lagos last week, Echeozo noted that there was a wealth of opportunities in the UK as well as in Nigeria and a good way to achieve stronger trade and investment partnership was for both countries to focus on high value opportunities in key sectors of Nigeria such as oil and gas, power and infrastructure and security services. "Nigerian businesses can also look to the UK markets for financing, whilst UK based companies and investors can also look to Nigeria for viable platforms to deploy their capital across various growth sectors of the Nigerian economy. In addition, given the fact that Nigeria is one of UK's largest markets for luxury and lifestyle goods, a quick win will be for UK merchants to open their e-commerce channels to Nigerian customers as this has the potential of greatly increasing trade volumes. It is, however only through hard work and partnerships such as this, that we will achieve success," she said. According to her, it is apparent that both Nigeria and the United Kingdom would benefit from fostering bilateral relationships, especially with the close cultural links between the two nations. "There are immense opportunities for deeper and broader commercial partnerships between the UK and Nigeria, which private enterprise can also explore as the private sector will continue to be the real driver of these opportunities; creating far more wealth than the public sector can," she added. The GTBank DMD, disclosed that the bank had always played to its strength both locally and internationally. "GTBank was the first Nigerian company to take advantage of the capital market opportunities in the UK market to raise both equity and debt capital to fund its business operations and growth aspirations. The bank has benefited from its dual listing on both the Nigerian and London Stock Exchanges through the broadening and deepening its investor base and source of financing; an example which other Nigerian institutions have since followed. Nigerian businesses must take advantage of the increased bilateral trade relationship between the UK and Nigeria and access capital where required, even as the government on its part, continues to counteract some of the misconceptions that discourage investments in Nigeria," Echeozo said. *(This Day)*

Fidelity Bank Plc has said it issued a $300 million 5-year Eurobond at 6.875 percent coupon and seven percent yield. A senior official of the bank confirmed this to THISDAY at the weekend. He disclosed that the Group Managing Director/Chief Executive Officer, Fidelity Bank, Mr. Reginald Ihejiahi, was in London for that purpose, adding that the bond sale was completed last Thursday. Citibank and Deutsche Bank were joint lead managers to the deal. Ihejiahi had said the planned bond was part of a funding drive for projects with dollar financing needs, including in oil, power and infrastructure. The Fidelity Bank boss had also explained that the bank raised the debt because of an increase in demand for foreign currency loans from its customers in all sectors of Nigeria's economy especially within the oil and gas and telecom sectors. But Emerging Market Strategist at Standard Bank, Mr. Samir Gadio, disclosed in an e-mail to THISDAY that the issue price was 99.48 percent, adding that the bond gives a spread over United States Treasuries (UST) of 635 basis points. Gadio explained: "The feedback from global fixed income investors is that the deal was not widely marketed which explains why the order book may have been below potential. As such, a number of offshore accounts have yet to get familiar with the name and possibly involved in the secondary market. In this context, a slight drop in the bond's price post-issuance actually represents a buying opportunity. "Secondly, the Eurobond offers some decent yield pick-up in an environment characterised by low global rates and ample liquidity. On the sovereign side, these dynamics were clearly illustrated by the recent successful issuance of the Rwandese Eurobond. Continuing, he also noted that the typical demand-supply mismatch for sub-Saharan Africa's Eurobonds would most likely eventually result in further spread compression. According to Gadio, the domestic bid from Nigerian financial institutions would squeeze supply as was the case with the GTBank and Access Bank's US dollar bonds in the past. Fidelity Bank is a mid-size (Tier 2) bank more focused on the middle market of the Nigerian economy. Its strength is the capital adequacy ratio of 28.5 per cent as of September 2012 as well as a decent liquidity ratio. *(This Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

The Nigerian unit of Lafarge Cement said on Monday its first quarter pretax profit rose 20.64 percent year-on-year to 7.19 billion naira, compared with 5.96 billion naira in the same period last year. Revenues at Wapco, the local unit of the world's biggest cement maker, grew to 23.32 billion naira during the period, as against 22.61 billion naira a year ago, it said in a filing with the Nigerian Stock Exchange. *(Reuters)*

Aliko Dangote, Africa's wealthiest man, says he has secured $4.25 billion from banks to build a refinery to help the continent's largest oil producer reduce fuel imports. Refining "is an excellent business to get in to," Dangote said in an interview with Bloomberg TV's Ryan Chilcote in Cape Town, where he was attending a business forum. "We have already secured $4.25 billion. Two offshore banks and the rest are Nigerian banks." Nigeria, a member of the Organization of the Petroleum Exporting Countries, imports about 70 percent of the oil products it needs to meet domestic requirements. The nation's four refineries process less than the 445,000 barrels a day of capacity because of aging infrastructure and poor maintenance. The country exports about four times that volume in crude oil. Dangote is Africa's richest person, with an estimated wealth of $20 billion, and the 34th wealthiest person globally, on the Bloomberg Billionaires Index. *(Bloomberg)*

FBN Holdings Plc (FBNH), owner of First Bank Nigeria, plans to raise $500 million by selling a Eurobond this year after abandoning a similar offering in 2012. The money "is needed to finance investments in loans and infrastructure," Chief Executive Officer Bello Maccido said yesterday by telephone from Lagos, the country's commercial capital. "The bank intends to expand its investment banking and commercial business as well as insurance." First Bank, the West African nation's third-largest lender by market value, suspended plans to issue the bond last year because of market conditions, Maccido said. "We believe conditions will be favorable this year," he said. The lender is joining other Nigerian banks in raising funding in dollars to help finance infrastructure projects in Africa's top oil producer. Fidelity Bank Plc (FIDELITY) sold a $300 million five-year bond on May 2. Diamond Bank Plc (DIAMONDB) is planning to raise as much as $750 million this year, it said in April, while Skye Bank Plc plans to raise $150 million next quarter. The stock rose 0.5 percent to 19.71 naira at the close of Lagos trading yesterday. The stock has gained 25 percent this year, beating the 18 percent rise in the Nigerian SE Banking Index, which tracks the performance of Nigeria's 10 biggest banks. *(Bloomberg)*

Economic News

Yields on the federal government's bonds increased in April as a result of the relative decline in oil prices as well as a negative shift in global sentiment during the month. Data compiled by THISDAY showed that yields on all the seven actively traded FGN bonds increased during the month. While confirming the development, fixed income market analysts attributed it partly to the aggressive mop up of liquidity by the Central Bank of Nigeria (CBN). For instance, while yield on the 4 per cent FGN April 2015 climbed by 50 basis points to 11.70 per cent as at April 30, from 11.20 per cent as at April 2, yield on the 15.10 per cent FGN bond due April 2017 also increased by 141 basis points to 11.84 per cent on April 30, from 10.43 per cent as at April 2. Also, just as the 10.70 per cent FGN May 2018 jumped by 114 basis points to 11.83 per cent as at April 30, from 10.69 per cent on April 2, the 16 per cent FGN June 2019 also increased by 139 basis points to 12.04 per cent as at April 30, from 10.65 per cent. The National Bureau of Statistics (NBS) Consumer Price Index had shown that inflation reduced to a five-year low of 8.6 per cent. Nevertheless, Head of Research and Corporate Development, Consolidated Discounts Limited (CDL), Mr. Jimi Ogbobine, argued that the market largely ignored the benign inflationary outlook as a result of certain factors. Ogbobine explained: "Firstly the 8.6 per cent inflation rate in March was largely achieved on the back of base effects arising from the increase in the pump price of petrol in 2012. The CBN estimates suggest that the rate of change in headline prices between March and August 2013 will average 9.6 per cent and range between 8.8 – 10 per cent – with the trough being in March. This means the inflation rate may be on the ascent in the months to come. "Trading sentiments have been principally shaped by the CBN's aggressive tightening in bid to manage liquidity and exchange rate concerns. The CBN has used open market operations (OMO) to mop up liquidity from the system to keep the naira within the target range. Worries have also grown around oil prices and its effects on the Nigerian economy. "A dip in oil prices could affect the naira's strength. We have seen these worries being priced into the FGN bonds. This is why yields on all the FGN benchmark bonds have widened since April 17th when the inflation numbers were released." He however argued that the widening yields portend a good re-entry point for foreign portfolio investors. "If this happens, it could ultimately lead to a taming of yields once again, thus creating a new trading cycle in the Nigerian bonds market," he added. *(This Day)*

The World Bank Country Director for Nigeria, Marie Francoise Marie-Nelly, Monday said that the country was likely to access more resources from its creditors when it attains the 'Blend Status.' This, according to the multilateral institution, would make the country eligible to borrow not only from the International Development Association (IDA), the bank's concessional lending facility but also from the International Bank for Reconstruction and Development (IBRD). The 'Blend Status' simply means that the country will be opportune to access loans from both the IDA and the IBRD within a particular period, but on different repayment conditions. The World Bank had resolved to give Nigeria a 'Blend Status' in its 2014-2017 Country Partnership Strategy (CPS) document, which would be released later this year. Presently, Nigeria is only eligible to borrow from the IDA, which offers a 40-year payment plan with a 10-year grace period at no interest rate charge. Beneficiaries only pay a service charge of about 0.75 per cent. It also emerged that a total of about $1 billion had so far been committed to the development of projects across the country. Addressing journalists on the fall-out of the just-concluded IMF/World Bank spring meetings, the country director said the 'Blend Status', which is for a period of six to seven years applies to countries with a gross national income per capita of about $1,170. But Nigeria's gross national income per capita had reached about $1,200 in the past two years, prompting the bank to consider an upgrade for the country. She said the country would continue to benefit from both resources for seven years although the repayment conditions would now be reviewed. While on the new status, the country would now adapt to new repayment plans as the IDA condition would change. "Instead of having 40-year repayment it will be 25-year repayment; the grace period moves down from 10 years to five years and you have an interest rate of about 1.3 to 1.5 per cent," she said. During the six to seven-year period, allocations from the IDA are expected to be reviewed and phased out gradually while the IBRD allocation steps in as the only borrowing window. She said: "So during this period, Nigeria will have more resources until it moves to the IBRD window." *(This day)*

Nigeria and some other African countries are expected to sell debt instruments at about $7 billion this year, higher than the combined amount sold in the past five years. With the International Monetary Fund (IMF) forecasting growth in sub-Saharan Africa to outpace all regions except emerging Asia this year, Nigeria, Kenya and six other countries in the continent have either sold or are planning to offer record amounts of bonds overseas. Average yields on African debt fell by 88 basis points in the past 12 months to 4.35 per cent, compared to 1.75 per cent for 10-year Treasuries, according to JPMorgan Chase & Co. Bloomberg pointed out that the continent was captivating bondholders as governments take advantage of record-low interest rates to fund infrastructure projects, such as the construction of roads, railways, ports and hydropower plants. Policy makers in the continent of more than a billion people are seeking to reduce reliance on donor aid by improving tax collection and diversifying their commodities-dependent economies. The Chairman of Goldman Sachs Asset Management, Jim O'Neill, said: "It is a hugely exciting story. The only thing one has to be a little bit careful of are many of those markets are still very undeveloped and suddenly there's a lot of people around the world regarding Africa to be sort of fashionable and trendy." Nigeria plans to offer $1 billion of Eurobonds this year and a $500 million diaspora bond, the Minister of State for Finance, Yerima Ngama, had said. Also, Kenya, East Africa's largest economy, expects to sell sovereign bonds by September, raising as much as $1 billion, the country's Finance Minister, Robinson Githae, had also said. Similarly, while Tanzania recently enlisted New York-based Citigroup to help it get a credit rating before issuing a maiden Eurobond of at least $500 million by year-end, Angola also plans to sell $2 billion this year after a $1 billion private sale in 2012. "We see significant potential in Africa. Investors' search for portfolio diversity as well as yield contributes to high demand for initial offerings from issuers in a frontier region with demonstrated growth potential," a sovereign analyst at Moody's in New York, Kristin Lindow argued. On his part, a senior Africa analyst at Eurasia Group, Mark Rosenberg noted that: "The current conditions of a lot of liquidity out there is not going to last forever, but these political risks that are there and perhaps being under-appreciated are not going away." But the Global Chief Economist at Renaissance Capital, Charles Robertson, stated that: "I still don't believe investors are getting risk- adjusted returns in the dollar-bond space." *(This Day)*

Nigeria has lost $37billion in private sector investments in the oil and gas industry in the last five years due to the non-passage of the Petroleum Industry Bill (PIB), which resulted in industry stagnation between 2008 and 2012, according to a data released by Wood Mackenzie. The report indicated that in 2012 there was a gap of $7billion between planned investments in the oil and gas industry and the actual investments. According to the report, capital expenditure and operational expenditure of $37billion was lost due to the industry stagnation, which also created vicious cycle in federal government's revenues. The report noted that the country also experienced fiscal crisis, which was however masked by high prices of crude oil. In the 2012 budget, there was a shortfall of $10billion and over $50billion shortfall in the 2007-2012 industry plan, according to the report. The report listed reduced investments, reduced crude oil production, reduced government revenues, increased debt and increased borrowings as some of the effects of the non-passage of the PIB. With stagnation in both reserves and production, the country lost 100,000barrels per day in 2008; 800,000barrels per day in 2009; 500,000 barrels per day in 2010; 600,000bpd in 2011 and 1.5million bpd in 2012, said the report. The federal government actually lost an estimated $100billion in revenue between 2007 and 2012 from inability to meet crude oil production targets, according to a separate data sourced from the National Petroleum Investment and Management Services (NAPIMS), the investment arm of the Nigerian National Petroleum Corporation (NNPC). The fall in government revenue was blamed on militant attacks on oil workers and facilities before the amnesty programme; crude oil theft and lack of investment by the operators arising from the non-passage of the PIB. The data reveals that except in 2007 when the federal government achieved its projected target of 2million barrels per day at crude oil price of $74.48 per barrel, projections from 2008 to 2012 were not actualised, resulting to loss of $100billion in revenue, according to the prevailing international market price of crude oil. The NNPC recently admitted that the daily crude oil production in the first quarter of 2013 fluctuated between 2.1 and 2.3 million barrels per day (mbpd) compared with the projected estimate of 2.48million bpd in the 2013 budget. This shortfall between actual production and forecast in first quarter 2013 resulted in a drop in crude oil revenue of about $1.23 billion, or N191billion that should have accrued to the Federation Account. *(This Day)*

Tanzania

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zambia

Corporate News

COMPETITION and Consumer Protection Commission (CCPC) has approved the merger between Zamchick Limited and Rainbow Chickens Limited of South Africa that will result in the latter taking over 49 percent shares at an estimated cost of US$14.25 million. CCPC public relations officer, Hanford Chaaba said the approval follows investigations and assessments, which revealed that the transaction will not raise any competition concerns. CCPC says the merger may not lead to substantial lessening of competition and abuse of dominant position of market power. The merger will not negate public interest issues in the relevant product market of growing, distribution and sale of broiler chickens in Zambia. Mr Chaaba said this is a statement issued on Friday. "CCPC board of commissioners during its 2nd board meeting on adjudication of cases held on 26thApril, 2013 granted a conditional authorisation to the proposed merger transaction between Rainbow Chickens Limited of South Africa. The board of commissioners noted that Zamchick's market share of 10 percent in the poultry market was less than the 30 percent needed for a market player to be deemed dominant in the relevant market, and as such, it was established that Zamchick was not dominant nor had market power and that it was highly unlikely that it would abuse its dominance after the merger is consummated," he said. The board, however, authorised the merger on condition that the parties continue to honour the existing agreements that Zamchick has entered into with the local suppliers and small-scale farmers. Mr Chaaba also said the board has directed the parties to ensure that no existing jobs, on both the operational and administrative side are lost by virtue of the transaction for at least one year. "The [parties] should develop a full range of value added chicken products in conformity with their submission in the Commission," he said. Meanwhile, CCPC has approved the merger of Bokomo Zambia Limited and Mega Eggs Limited. This is however on condition that that the parties continue to honour the existing agreements that Mega Eggs entered into with the local suppliers and other third line industries. CCPC also granted the authorisation on condition that no preferential treatment should be given to Mega Eggs in purchase of the day-old-chicks. "The conditions came as a result of ensuring that Zambian entrepreneurs participate in the economy and that the merger does not result into job losses. The board is aware that these public interest issues are very important in the Zambian economy where unemployment levels are high and the small and medium scale enterprises are usually discriminated against by the mainstream private sector," he said. *(Daily Mail)*

STANDARD Chartered Bank and United Kingdom's development finance institution CDC Group Plc have signed a US$100 million risk participation arrangement that will help increase the availability of trade finance in developing countries including Zambia. According to a statement issued by Standard Chartered Bank in Lusaka yesterday, the agreement is expected to generate an estimated incremental trade volume in excess of US$1 billion over a period of three years in Zambia, other developing countries in Africa and Asia. Other countries in Africa are Algeria, Angola, Botswana, Egypt, Ethiopia, Gabon, Ghana, Kenya, Malawi, Namibia, Nigeria, Tanzania, Uganda, Zambia and Zimbabwe "The agreement will boost the level of trade finance in some of the poorest countries of Africa and South Asia. Under the agreement, the two institutions will bear the risks of local banks involved in supporting trade flows of Standard Chartered's clients," the bank said. The bank says local subsidiaries will pass on the benefits of the facility by offering trade finance to their clients who rely on trade for growth and job creation. Standard Chartered Bank notes that the global financial crisis sharply reduced the availability of trade finance in developing economies and the two institutions are committed to promote trade finance arrangements that maintain and expand financing lines. Commenting on the development, CDC's chief executive Diana Nobles said growing businesses in Africa and South Asia remain a challenge due to lack of finance from local banks. "Our arrangement with Standard Chartered will help boost trade finance which is fundamental to economic development…This is the first time that CDC has undertaken a bilateral risk-sharing deal and in doing so we have been able to target precisely our support to countries in Africa and South Asia that most need it. This is a new way for CDC to get its capital to work and with Standard Chartered we have a partner with an excellent network and understanding of our markets. By working together, we can support exporters and importers in poorer countries," she said. Meanwhile, Standard Chartered bank global head of sales Jiten Arora said the bank will continue to support global trade.

"As trade finance leaders across Asia, Africa and the Middle East, we are committed to encouraging global trade – the lifeblood of the world economy – and are pleased to be building on our successful track record of supporting the growth of trade flows through risk sharing programmes," he said. *(Daily Mail)*

ZAMBIA Railways Limited (ZRL) and TAZARA, which is co-owned by the governments of Zambia and Tanzania have developed a common strategy aimed at enhancing traffic movement on their railway networks. Ministry of Transport, Works, Supply and Communications permanent secretary Muyenga Atanga said ZRL and Tanzania Zambia Railways Authority (TAZARA) will work in partnership to achieve common goals in their operations despite the challenges both firms are experiencing. Dr Atanga was recently appointed by President Sata to be in-charge of ZRL following the dissolution of the board and suspension of the company's chief executive officer Clive Chirwa. "For us, we are working quietly and this is a manifestation that the two railway systems have come together to ensure that we move forward and move the cargo. We can actually work together to achieve common goals…we have come together and we have now developed a common strategy where we want to enhance traffic movement on the track," Dr Atanga said Dr Atanga said while Government has pumped US$125 million into the operations of ZRL, the national railway firm needs to ensure that locomotives and trains are moving and that its track feeds into the TAZARA network. He said in this way, ZRL will be able to increase its revenue to supplement Government's efforts in reviving the national railway firm. "So we are dealing with the short-term issues. We have an obligation to meet our targets in the budget so we have got to ensure that the trains are moving [and] we have got to ensure that the track can actually take on the trains," he said. Dr Atanga said ZRL realises that TAZARA is an important partner in the supply chain because the joint railway firm is responsible for moving cargo to Dar-es-Salaam. He said the partnership with TAZARA is one of the initiatives that the ZRL management has taken to manage the system effectively to satisfy the needs of its customers and meet the needs of the shareholders. "To show that ZRL is determined to move ahead, we have engaged our partner [TAZARA] in the supply chain system…because we realise that when you talk about a railway system, you are basically talking about locomotives, wagons and the track," he said. He also said mining companies appreciate the role the two railway firms are playing in moving goods from mines. He said Zambia is the hub of the railway system in the region because of its location hence the need to invest in the railway system. Dr Atanga said ZRL is this year expected to move 1.3 million tonnes of cargo. "This line, the Zambia Railways line from north to south has the capacity of moving five million tonnes of cargo. Therefore, before we talk about underground systems of the trains, the first thing we need to do in the short-term we must convince the stakeholders that we can move wagons," he said. Meanwhile, acting TAZARA managing director Ronnie Phiri said the company and ZRL are a network system which needs to work in partnership. "We are a networked system and we want to ensure that this system work. We don't want one system to be a bottleneck to the other, it must work," Mr Phiri said. Mr Phiri said despite TAZARA struggling, there is hope that Government will respond positively to the firm's plight so that the company can participate fully in the development of the railways corridor. *(Daily Mail)*

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

ZIMBABWE Stock Exchange-listed Gulliver Consolidated Limited had its main factory in the Aspindale industrial area in Harare auctioned for US$920 000 last Friday to settle mounting debts. The sale of the engineering, galvanising and fabrication firm's factory, along with other industrial and residential properties belonging to other debtors, was prompted by an outstanding debt believed to run to US$1,8 million owed to ZB Bank. The accumulated as the company encountered difficulties over the past few months. Sold in two parts, the property was bought by the same buyer whose identity could not be established . Contacted for comment, Gulliver Consolidated managing director Mr Ray Chindeka confirmed the sale but would not go into details. But he said the sale would not immediately affect the firm's operations. Founded in 1952, the Gulliver Consolidated factory in Aspindale is located on 4 336 hectares, comprising two office blocks, workshops and warehouses. The auction was held by Homeland Real Estate, instructed by the Sheriff of the High Court. The sale drew much interest from buyers whose bids ranged from US$10 000 to US$550 000. One of the Gulliver properties went for US$550 000, while another fetched US$370 000. The Herald Business could not establish whether the sale was approved, as there is a 14-day window for confirmation of the sale by the High Court, once all conditions are met. Gulliver was suspended from the Zimbabwe Stock Exchange nearly two years ago after it faced financial problems and lost nearly two-thirds of its value in 2010. It also had the third lowest market capitalisation on the ZSE. With the depressed economic activity in its sector, Gulliver continued to haemorrhage and desperately required a huge cash injection to boost operations. Its main shareholder, Apex Corporation, failed to come to aid of the party, leading to the company's heavy indebtedness. The company operates several divisions engaged in engineering, galvanising and steel fabrication which include Morewear, More steel, Megasteel, Industrial Galvanising and Fabrication, Lysachts Steel Merchants and Gulliver Logistics. The company's market capitalisation dropped to US$1,17 million in 2010 when its value started to fall dramatically. Another sale that drew much interest was that of a property in Borrowdale belonging to the collapsed Royal Bank, in a case involving the National Social Security Authority, that fetched US$325 000. The bank surrendered its licence to the Reserve Bank of Zimbabwe last year after failing to mobilise sufficient deposits to sustain the business. The planned sale of a Kingstons building in downtown Harare was withdrawn, as well as another involving the Zimbabwe United Passenger Company, for reasons the auctioneer did not disclose. Analysts have attributed the increasing number of industrial and residential properties going under the hammer to the prevailing liquidity challenges in the economy that have affected businesses in the country. The buyers of the properties are expected to pay in cash, or the offers would be extended to the closest bidder. *(Herald)*

THE US Office of Foreign Assets Control has intercepted a US$2 million loan Olivine Industries secured from PTA Bank because its majority shareholder, Industrial Development Corporation, is on the US sanctions list, sources said. Olivine, a consumer goods company, is experiencing severe funding problems due to capital constraints. The interception comes as it also emerged that OFAC is withholding IDC's US$40 000 subscriptions to the Southern African Development Community Development Finance Sector. IDC owns 51 percent in Olivine, with the remainder owned by AICO Africa Ltd. "Olivine had secured US$2,1 million from PTA Bank but the money was intercepted by OFAC. It was meant for recapitalisation," said a senior official at the company. IDC spokesperson Mr Dereck Sibanda, confirming the interception, said "these sanctions are causing unnecessary restrictions on business". "It has happened to Olivine and it is even happening to our joint venture partners. We don't really understand how IDC or their related parties can cause threats to US foreign policy," he said. Efforts to get a comment from Olivine were unsuccessful at the time of going to print. Western countries slapped Zimbabwe with illegal sanctions in protest over Harare's land reform which saw repossession of land from a few white farmers. But there has been a gradual easing of the illegal sanctions as a strategy by the West to normalise relations with Zimbabwe. Last month, the European Union suspended travel bans and asset freezes on most Zimbabwean firms and people on its sanctions list after Zimbabweans approved a new constitution in a referendum. Two weeks ago, the Infrastructure Development Bank of Zimbabwe and Agribank, both State-owned, were last week removed from the OFAC sanctions list as the West intensified its re-engagement efforts with Zimbabwe. IDBZ said its removal from the sanctions by the US would unlock more lines of credit as the illegal embargo had barred the bank from securing offshore funds. The bank said the lifting of the embargo reinstated unlimited business opportunities for the bank in the area of resource mobilisation, particularly securing offshore lines of credit and other forms of international funding which would allow the bank to deliver on its infrastructure mandate. Olivine is currently engaged in discussion with a strategic partner over recapitalisation of the business. High costs of production caused by production inefficiencies have rendered most of its products uncompetitive against imports, mainly from South Africa. *(Herald)*

THE Infrastructure Development Bank of Zimbabwe (IDBZ) has re-engaged China Development Bank over a $30 million line of credit that it failed to draw down due to sanctions. IDBZ public relations executive Priscillah Mapuranga said the infrastructure bank signed a finance agreement with China in November 2011, but failed to access the funds as a result of economic sanctions placed on the bank then. IDBZ was one of the government institutions recently removed from the sanctions list. Other entities that got the reprieve were ZB Bank and Agribank. "The Bank was, however, unable to draw down due to issues relating to its listing on the United States of America OFAC Sanctions List. The removal of the IDBZ from the OFAC Sanctions List has seen the Bank re-engaging China Development Bank, with a view to commence the draw down on the facility," she said. Mapuranga said the funds would provide working capital and capital expenditure to industry and commerce including small to medium enterprises. "Of the $30 million, $20 million will be for capital expenditure with a five-year tenure and the balance of $10 million will be for working capital, with a tenure of 12 months," she said. IDBZ chief executive officer Charles Chikaura in February this year told NewsDay that the bank would spend $200 million on key infrastructure projects beyond the capacity of the domestic capital market. The infrastructure bank would source the funds from both local and foreign markets. He said the liquidity crunch in 2012 hampered progress in terms of financing infrastructure projects. Despite these challenges, last year the bank successfully issued its maiden Infrastructure Development Bond and raised $17,8 million for the prepaid metering project being implemented by Zesa from a total of $30 million. The infrastructure bank in the first half of 2012 disbursed $100 million to 43 infrastructure projects in the energy, transport, water, sanitation, housing development and information communication technology sectors. IDBZ is a statutory body established through an Act of Parliament in September 2005 following the amendment of the Zimbabwe Development Bank (ZDB) Act. The amended ZDB Act broadened the original mandate to focus on long-term infrastructure finance and development. The Bank has a broad-based shareholding, including local institutional investors and foreign development finance institutions. *(News Day)*

RIOZIM Limited, already groaning under a US$91 million liability, will later this month ask shareholders to approve a total of US$17 million in debts taken above its borrowing limit. The multi-commodity firm would on May 30 2013 hold an annual general meeting to consider a number of resolutions, key among them one approving debts outside the firm's limit. Directors will seek approval for borrowings beyond the company's approved limit, which states that such liability should, at any given time, be limited to twice the funds attributable to shareholders and any excess should be sanctioned by shareholders in a general meeting. This represents one of only a few options the company has in terms of raising funds to support operations. RioZim last year exceeded its borrowing limit by US$7 million and wants shareholders to note the excess debt and also ratify the borrowings at the forthcoming AGM. The company almost went into judicial management last year as banks, owed US$60 million by RioZim, sought to recover their funds after the company failed to pay on time. The short-term loans have since been restructured into 24 to 36 months tenure to give the mining firm some breathing space. "The board of directors hereby requests the ratification of the said excess by way of an ordinary resolution," RioZim said in a statement. In addition, directors would seek shareholders' permission to borrow US$10 million beyond the Zimbabwe Stock Exchange-listed mining company's borrowing limits. "The board is (also) requesting, until the next annual general meeting, authority to exceed the borrowing limit, as stipulated in the company's articles, by an additional amount in the sum of U$10 million, if need arises," RioZim said. Further, directors will seek shareholders' approval to extend authority granted at a 1994 AGM to issue up to 10 percent of unissued ordinary shares without the same being first given to ordinary shareholders of the company. Mining operations are, by nature, expensive, meaning the US$11,6 million the firm raised through a rights offer and private placement remain insufficient for working capital and new projects. RioZim has a number of strategic initiatives lined up for 2013, including expanding operations, but the projects require huge capital outlays, bearing in mind there are hurdles to raising equity capital as the company might breach the country's indigenisation provisions. This is particularly the case regarding the US$45 million capital projects funding new foreign shareholders GEM Raintree Investments Limited, incorporated in Mauritius, had pledged over a five-year period. The debenture loan has an option for conversion into a loan, which means with a 24,97 percent stake in a firm owned 50 percent by locals, converting the debenture loan into equity would upset indigenisation laws. In terms of the Indigenisation and Economic Empowerment Act indigenous shareholders are required to own at least 51 percent in local companies. Nonetheless, while the company might be able to borrow, the debt limit and the amount of capital required remain major challenges. *(Herald)*

THE Zimbabwe Revenue Authority has collected US$2,2 million from the tobacco levy since the beginning of the tobacco-selling season this year, exceeding slightly its target by 7 percent. During the same period last year, US$1, 8 million was collected. Zimra chairman Mr Sternford Moyo, in his first quarter report, said this performance was due to an increase in the amount of tobacco sold this year. "An increase in the amount of tobacco that was traded at the auction floors this year, as compared with last year, was the major factor in the 23 percent growth in revenue under this tax head," he said. Zimra exceeded target revenue collections for the first quarter this year by 5 percent to reach US$818, 6 million against a target of US$779,7 million. Mr Moyo attributed the results to improved local capacity utilisation, audits and follow-ups made by the authority. Tobacco farmers pocketed US$346 million from the sale of over 93,4 million kg of tobacco since the opening of the selling season in February. According to statistics released by the Tobacco Industry and Marketing Board, 93,4 million kg was sold at an average price of US$3,72 per kg, a price that has been prevailing for three weeks. To date, about 76 925 growers have delivered tobacco against a total of 88 837 growers who had registered for the 2013 season. During the same period last year about 66 722 growers had registered. Last year, agriculture grew by 4,6 percent, led by tobacco, cotton and sugar, with the golden leaf accounting for 10,7 percent of Gross Domestic Product, increasing its contribution. Expected increase in tobacco contribution to economic growth stems from the increase in the registration of tobacco farmers which rose from 35 749 in 2011 to 66 245 in 2012. Zimbabwe has so far earned US$94 million from tobacco exports since the beginning of the year. Zimbabwe is slowly moving towards regaining its status as one of the world's major tobacco producers. *(Herald)*

A PARLIAMENTARY committee warned Wednesday that the US$750 million privatisation of the moth-balled Zimbabwe Iron and Steel Company (ZISCO) was in danger of collapse as ministers continue to row over the transaction. William Mutomba, who chairs Parliament's Industry and Commerce committee, told State radio Tuesday that Essar Africa Holdings may be forced to withdraw from the transaction because of delays in completing the deal. He said: "The failure to implement the deal will result in investing partners withdrawing their interests. This is a sad story to Zimbabwe as over 3,000 students are failing to proceed with their education as their parents are out of employment and cannot pay fees." Workers at the company's Redcliff base say they have gone for months without pay adding there was no communication from both Essar and the government regarding the way forward. Ziscosteel Joint Workers' Union chairman, Benedict Moyo, said despite not being paid, employees continue to report for work but effectively spend the day basking in the sun at the company's Redcliff base. "No one is telling us what is happening … all that we know is from hearsay. But our children are being sent away from school because we have not been able to pay fees and many of them are due to write national exams this year; it's a disaster," he told SWRadio Africa. "Essar are not telling us anything either; there is a communication freeze. It's like we are in an open prison – so we go to the company everyday, clock in at 7 am, spend the day basking in the sun, and clock out at 4 pm." The government agreed to sale a 54 percent majority interest in the steel maker to Essar Africa Holdings, a Mauritius-based unit of an Indian multinational, in 2011. Essar renamed the company NewZim Steel and also acquired an 80 percent interest in Zisco's mining subsidiary BIMCO which was renamed NewZim Minerals. The transaction was expected to lead to the revival of the debt-ridden steel-maker which was on the verge of complete collapse after years of being a drain of State finances. But more than two years later the deal – negotiated by the Ministry of Industry and Commerce remains stalled after the Mines Ministry blocked the transfer of the iron ore resources to the new company. The Mines Ministry is reported to be arguing that the deal gives away on the cheap a multi-billion dollar national asset, reckoning Zisco's mineral resources alone are worth up to US$30 billion. Mines Minister Obert Mpofu denies responsibility for delays in completing the transaction. "We are not privy to what was done. The negotiations and agreement on Zisco was handled by the Ministry of Industry and Commerce. I cannot go into details on that as I am a passive stakeholder," he told a local daily. Mpofu's Industry counterpart Welshman Ncube however, said Cabinet committee had been appointed to help steer the deal through. "I think everything is in place. The only stumbling block remains the granting of special rights. Negotiating mineral rights without engaging the Ministry of Mines is not feasible," he said. "(But) Cabinet is now dealing with the delaying of the effective takeover of Ziscosteel, the takeover of mineral rights at Mwenezi (and the) renewal of special mineral rights. "These (issues) should be handled by the relevant ministry, that of Mines and Mining Development. Cabinet should deal with the matter now because as a ministry we cannot tell another ministry what to do." *(New Zimbabwe)*

Economic News

ZIMBABWE is considering auctioning mineral deposits, restricting production of commodities deemed strategic and having the State sell the output from all mines, according to a draft policy document obtained by Bloomberg News. The proposals are made in a minerals policy prepared by the Ministry of Mines and Minerals, which is yet to be released publicly. The ministry will start discussing the policy with the mining industry tomorrow, Prince Mupazviriho, permanent secretary for mines, said by phone from the capital, Harare, on May 3, declining to comment on the contents of the draft. The country needs "an open, transparent and competitive auction procedure for known mineral deposits," the ministry says in the policy. "The State of Zimbabwe reserves the right to market the people's mineral assets, but undertakes to recompense the miner at fair and transparent market prices for mineral exports." Miners including Impala Platinum Holdings Ltd (IMP), and Rio Tinto Group are currently free to market their own minerals. The policy comes after companies including Impala and Anglo American Platinum Ltd (AMS) agreed to comply with an existing law to cede 51% stakes in their local assets to black Zimbabweans or the government. Zimbabwe has the world's second-largest platinum and chrome deposits after South Africa as well as deposits of coal, gold, diamonds and iron ore. If implemented the marketing policy will be a reversal of an earlier liberalisation of mineral sales, which formerly had been undertaken by the Minerals Marketing Corporation of Zimbabwe and, in the case of gold, a unit of the central bank. Under the proposal gold and platinum group metals will be sold by a dealer authorised by the Ministry of Finance and all other minerals will be sold by the MMCZ. In addition to the changes to the marketing of minerals the ministry is proposing auctions of deposits as well as imposing new taxes, the policy shows. A resource rent tax, defined as a tax on profits in excess of an average national return on investment, is proposed to replace the current additional profits tax. An export tax may also be imposed to encourage local processing of minerals, according to the policy. "The current free mining colonial mineral regime is inappropriate for using national mineral assets to underpin wider development and industrialisation," the ministry said in the policy. Mining licenses will be awarded for a maximum of 25 years and minerals including iron ore, coal, copper and limestone may be deemed strategic, meaning that their output can be restricted and their prices of the minerals regulated, the ministry said. *(News day)*

THE Chamber of Mines of Zimbabwe will hold its 74th annual general meeting in Nyanga next week to deliberate on issues besetting the sector amid doubts the projected 17 percent growth target in the mining sector will be met this year owing to the downswing in the prices of some minerals on the international market. Mining and economic experts will converge on Troutbeck Resort on May 16 for the two-day event that will also be attended by ministers and high-profile officials from key economic ministries. As has become the norm, Mines and Mining Development Minister Dr Obert Mpofu will be the guest of honour at the AGM where new leaders for the chamber will be elected. Among the dignitaries expected to attend the mining AGM are Mines and Mining Development secretary Mr. Prince Mupazvirihwo, Economic Planning and Investment Promotion permanent secretary Dr Desire Sibanda, Industry and Commerce permanent secretary Mrs Abigail Shoniwa and Parliamentary Portfolio Committee on Mines and Mining Development chairperson Mr. Edward Chindori-Chininga. Chamber of Mines president Mr. Winston Chitando, the chamber's immediate past president Mr. Victor Gapare, outgoing CZI president Mr. Kumbirai Katsande, South Africa minerals economist Dr Paul Jordan, Deloitte & Touche partner Mr. Godknows Njowa and World Bank senior economist Ms Nadia Piffaraetti will present papers on various topical mining issues. Addressing the media at a Press briefing yesterday Mr. Chitando said the AGM would be held under the theme "Where to From Here: Managing and Developing the Mineral Wealth of Zimbabwe for Tomorrow". He said the main objectives at this year's AGM included generating debate on the best practices in mineral resource management, developing common understanding measures to position Zimbabwe to attract capital into mining and preparing for future mining contribution to growth. The forthcoming AGM would also focus on ways of creating the necessary platforms for greater co-operation between the private sector and Government institutions. "It is our hope that if we achieve these objectives, we would have laid a solid foundation, in line with our theme, to manage and develop the mineral wealth of Zimbabwe for tomorrow," Mr. Chitando said. But the negative effect of falling commodity prices to projected mining growth over the last three months would dampen spirits already depressed by issues besetting the sector. Furthermore, reaching a consensus on the real contribution of mining to the economy would dominate the AGM. The Chamber of Mines president said that a down-slide in the prices of major commodities exported by Zimbabwe might result in the country missing the 17 percent growth target that Finance Minister Tendai Biti projected when he presented the National Budget in

November last year. "We may fall short because, as you may be aware, the prices of commodities are fluctuating at the moment," Mr. Chitando said. He singled out high taxation charges on the mining sector, high cost of electricity and funding, proposed amendments to the Mines and Minerals Act as part of issues troubling the sector. The mining sector is also already buckling under financial strain and requires, according to the chamber, between US$5 billion and US$7 billion to recapitalise operations over the next five years. Meanwhile, Government is considering auctioning mineral deposits, restricting production of commodities deemed strategic and having the State sell the output from all mines, according to a draft proposal. The proposals are made in a minerals policy prepared by the Ministry of Mines and Mining Development, which is yet to be made public. Mines secretary Mr. Mupazvirihwo told international media yesterday that the ministry would start discussing the policy with the mining industry tomorrow. The country needs "an open, transparent and competitive auction procedure for known mineral deposits. The State of Zimbabwe reserves the right to market the people's mineral assets, but undertakes to recompense the miner at fair and transparent market prices for mineral exports," the ministry says in the policy. *(Herald)*

Disclosures Appendix

This Publication is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of any jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject Securities Africa Limited, or its subsidiaries or affiliates to any registration or licensing requirement within such jurisdiction. Neither this Publication nor any copy of it may be distributed in any jurisdiction where its distribution may be restricted by law and any persons into whose possession this Publication comes should inform themselves about, and observe, any such restrictions.

The information contained in this Publication or on which this Publication is based has been derived from sources believed to be reliable and accurate however no representation or warranty, express or implied, is made as to the fairness, completeness, accuracy, timeliness or otherwise of the information or opinions contained in this Publication and no reliance should be placed on such information or opinions. The information contained in this Publication has not been independently verified by Securities Africa Limited. While reasonable care has been taken in preparing this document, no responsibility or liability is accepted as to or in relation to the fairness, completeness, accuracy or timeliness or otherwise of this Publication or as to the reasonableness of any assumption contained, nor for errors of fact or omission or for any opinion expressed in this Publication.

Past performance should not be taken as an indication of future performance, and no representation of any kind is made as to future performance. The information, opinions and estimates contained in this Publication are provided as at the date of this Publication and are subject to change without notice. Distribution of this Publication does not constitute a representation, express or implied, by Securities Africa Limited, or its advisers, affiliates, officials, directors, employees or representatives (the "Parties") that the information contained in the Publication will be updated at any time after the date of the Publication. The Parties expressly do not undertake to advise you of any information coming to any or all of their attention.

Any opinions expressed in this Publication may differ or be contrary to opinions expressed by other business areas or groups of Securities Africa Limited as a result of using different assumptions and criteria. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results.

All projections and forecasts in this Publication are illustrative only. The actual results may be materially affected by changes in economic or other circumstances, which cannot be foreseen. No representation or warranty is made by any of the Parties as to the achievability or reasonableness of any projection or forecast contained in this Publication.

This publication is provided to you for information purposes only on the understanding that Securities Africa Limited is not acting in a fiduciary capacity. It does not address specific investment objectives or financial situations, and any investments discussed may not be suitable for all investors. Prospective investors must make their own examination and evaluation of the merits and risks involved in the securities set out in this Publication including any legal, taxation, financial and other consequences of investment and should not treat the contents as advice relating to legal, taxation or other matters. This report is not to be relied upon in the substitution of independent judgment with respect to any investment decision. Investors should consider this Publication as only a single factor in making their investment decision, and as such, the Publication should not be viewed as identifying all risks, direct or indirect, that may be associated with any investment decision.

Foreign currency-denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of, or income derived from, the investment. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies, effectively assume currency risk.

Securities Africa Limited conducts designated investment business only with eligible counterparties and professional clients. To the extent permitted by law and regulation, Securities Africa Limited accepts no liability whatsoever for any loss howsoever arising, directly or indirectly, from any use of this Publication or its contents or otherwise arising in connection with that. This Publication is not intended for distribution to retail clients.

By receiving this Publication, the recipient agrees to keep confidential the information contained in this Publication together with any additional information made available following further inquiries. None of the material, nor its content, nor any copy of it, may be altered in any way, disclosed, published, reproduced or distributed to any other party, in whole or in part, at any time, without the prior written permission of Securities Africa Limited.

Nothing in this Publication constitutes or forms part of, and should not be construed as, an offer for sale or subscription of, or solicitation of any offer to buy, sell or subscribe for, the securities of the Company, nor should it or any part of, form the basis of, or be relied on in connection with, any contract or commitment whatsoever.

Securities Africa Limited and/or its associates and/or any of their respective clients may have acted upon the information or opinions in this Publication prior to your receipt of it. Securities Africa Limited and/or its associates may provide investment banking services to the Company and in that capacity may have received confidential information relevant to the securities mentioned in this Publication which is not known to the researchers who have compiled this Publication.

Securities Africa Limited and/or its associates and/or their officers, directors, employees or representatives may from time to time purchase, subscribe for, add to, dispose of or have positions or options in or warrants in or rights to or interests in the securities of the Company or any of its associated companies mentioned in this Publication (or may have done so before publication of this Publication) or may make a market or act as principal or agent in any transactions in such securities.

This report may not have been distributed to all recipients at the same time. This report is issued only for the information of and may only be distributed to professional investors (or, in the case of the United States, major US institutional investors as defined in Rule 15a-6 of the US Securities Exchange Act of 1934) and dealers in securities and must not be copied, published or reproduced or redistributed (in whole or in part) by any recipient for any purpose.

English law governs the issue, publication and terms of this Publication and any disputes arising in relation to any of them will be subject to the exclusive jurisdiction of the English courts.

By accepting this Publication, you agree to be bound by the foregoing limitations. No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of Securities Africa Limited.

SECURITIES AFRICA®