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
- Mauritius
- Nigeria
- Tanzania
- Zambia
- Zimbabwe

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change		YTD % Change	
Country	Index	4-Jan-13	11-Jan-13	Local	USD	Local	USD
Botswana	DCI	7,510.24	7,522.81	0.17%	2.09%	0.17%	1.52%
Egypt	CASE 30	5,734.39	5,754.51	0.35%	5.93%	5.35%	5.40%
Ghana	GSE Comp Index	1,199.32	1,216.96	1.47%	-0.85%	1.44%	-0.45%
Ivory Coast	BRVM Composite	167.12	168.64	0.91%	-5.30%	1.24%	-5.68%
Kenya	NSE 20	4056.41	4349.87	7.23%	10.50%	5.25%	9.17%
Malawi	Malawi All Share	6,012.79	5,998.30	-0.24%	19.64%	-0.29%	19.59%
Mauritius	SEMDEX	1,732.29	1,757.35	1.45%	-2.02%	1.46%	1.63%
	SEM 7	337.38	344.21	2.02%	-1.46%	2.05%	2.22%
Namibia	Overall Index	1,013.00	1,020.00	0.69%	3.50%	3.42%	6.58%
Nigeria	Nigeria All Share	28,508.18	29,203.53	2.44%	2.05%	4.01%	3.87%
Swaziland	All Share	285.67	286.84	0.41%	3.91%	0.41%	3.79%
Tanzania	DSEI	1,481.44	1,485.02	0.24%	2.15%	-0.04%	1.90%
Tunisia	TunIndex	4,654.33	4,672.01	0.38%	-3.19%	2.01%	-1.91%
Zambia	LUSE All Share	3,590.83	3,574.78	-0.45%	5.64%	-4.04%	1.85%
Zimbabwe	Industrial Index	151.83	159.90	5.32%	5.32%	4.92%	4.92%
	Mining Index	66.37	72.25	8.86%	8.86%	10.95%	10.95%

CURRENCIES

	4-Jan-13	11-Jan-13	WTD %	YTD %
Currency	Close	Close	Change	Change
BWP	7.70	7.74	0.58	1.15
EGP	6.39	6.50	1.80	7.40
GHS	1.87	1.87	- 1.48	- 1.91
CFA	498.98	501.63	0.53	1.27
KES	85.03	85.14	0.13	- 0.53
MWK	321.00	321.61	0.19	0.19
MUR	29.46	29.50	0.13	- 3.45
NAD	8.45	8.45	0.04	- 0.22
NGN	155.71	154.01	- 1.09	- 1.34
SZL	8.47	154.01	0.10	0.23
TZS	1,574.39	1,574.61	0.01	- 0.02
TND	1.55	1.56	0.46	0.76
ZMK	5,183.52	5,176.20	- 0.14	- 0.17

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Botswana

Corporate News

Fast-growing retail giant, Choppies, led top gainers on the Botswana Stock Exchange (BSE) for 2012, with its share price appreciating by 78 percent in what was its first year on the local bourse. Stockbrokers Botswana data indicates that Choppies' share price rose from its January 26 listing level of P1.15 to close the year at P2.05, translating to an increase of 78.3 percent. The retail giant's counter reached a high of P2.10 in the third quarter of 2012 and a low of P1.40 in the second quarter. According to Stockbrokers Botswana, beverage titan, Sechaba was the second biggest gainer on the BSE last year, with its share price rising 31 percent, while pan-African microlender, Letshego was third with a 28 percent share price rise. The Bettabeta Exchange Traded Fund (ETF) and local property investment firm, Letlole la Rona were the fourth and fifth biggest gainers for last year respectively. Choppies has enjoyed phenomenal performance on the BSE since listing, driven by strong brand value among investors and anchored by both robust revenue growth and a rosy outlook. The 27-year-old Lobatse-born retail chain posted a 38 percent jump in revenues to P3.3 billion for the year ended 30 June 2012, while pre-tax profits were up 11 percent at P157.3 million. "The year ended with retail giant, Choppies, claiming the podium as the best performing counter in terms of capital appreciation," analysts at Motswedi Securities said in a research note. "A glance at their strong maiden results depicts the great margins the company achieved throughout its financial year. Choppies' unique business model has assured its dominance in the retail space and this has resulted in high demand for the counter in the market." The analysts noted that Sechaba's growth last year was impressive given the challenges the beverage giant faced. The group's performance has been impacted adversely by the introduction and subsequent escalation of the alcohol levy on its products. Government hiked the alcohol levy to a cumulative 45 percent late last year, as part of its efforts to encourage responsible drinking and fund anti-alcohol abuse programmes. Besides the alcohol levy, Sechaba's revenues were hit by the July ban on the sale of traditional beer from residential homes. "Despite this, the counter (Sechaba) still outperformed expectations," Motswedi Securities analysts noted. "Although, the brewery will feel the negative impact of the new regulation on revenue lines through weaker traditional beer volumes, the group is in motion to counter that by erecting beer gardens to sustain its sales." On the downside, the BSE's biggest losers in 2012 were led by micro-lender Blue, which is only now turning the corner from a recent period of cash flow difficulties. The South-African group's shares shed 36 percent value during the year. Other losers for the year include Wilderness, Funeral Services Group, ABC Holdings, RDC Properties, G4S Botswana, Primetime and several junior miners. For 2012, the BSE's Domestic Companies Index rose by 7.4 percent placing it among the continent's biggest gainers for the year. In 2011, the local bourse grew by 8.7 percent.By liquidity, 406.6 million shares worth P888 million traded hands last year, compared to 458 million shares worth just over P1 billion in 2011. (Mmegi)

The Okavango Diamond Company (ODC) has appointed an executive team to drive operations when commercial rough diamond sales are launched around mid this year. The announcement follows the appointment of Toby Frears to the position of managing director in August 2012."These appointments mark a significant step forward for the company as we prepare ODC for its commercial launch," said Jacob Thamage, the chairman of ODC. "Our newest team members reflect the rich blend of national and international skills that we require to build a sustainable and globally competitive new diamond sales channel here in Botswana." The new appointments include the former head of sales and marketing at De Beers Diamond Trading Company (DTC), Marcus ter Haar, as deputy managing director. Thamage said that ter Haar would play an important leadership role in the company's development and long-term growth. The other appointments include that of Chief financial officer, Sales manager, Operations manager, Commercial manager, Security manager and Information technology manager. Frears reported that the new team would join the company over the course of the first quarter of 2013. "To have recruited such a high-caliber team speaks volumes about the potential of ODC and the dynamic future of Botswana's diamond industry," Frears said. "I have every confidence that, together, we will deliver on government's objectives and establish a sales channel that will further strengthen Botswana's expanding position in the global diamond market.''Frears said the company expects to launch sales in mid-2013 and that other important milestones will be announced as the team comes on board. ODC was established in March 2012 as a key part of Botswana's plans to establish diamond trading and other diversified diamond-related activities in the country. The company was evolved following the 2011 agreement between De Beers and the government to make a portion of Debswana's production available for sale locally, independent of the DTC. According to the agreement, the government's share of Debswana's production, 10 percent of which was available retroactively from the beginning of 2011, will increase by 1 percent each year until it reaches 15 percent in 2016. Debswana, a joint venture between De Beers and Botswana, recorded production of 22.9 million carats in 2011.Production is however expected to have fallen by an annualised 10 percent to 19.9 million carats in 2012.Government had initially envisioned launching sales by ODC in the first half of 2012, but delays in appointing a managing director and developing a business plan put the plan on hold. (Mmegi)

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Egypt

Corporate News

Revenue from Egypt's Suez Canal rose 4% to $424.6 million in December compared to the previous month, the state information portal said on Thursday. Revenue in November was $407.7 million. In December 2011 it was $443.7 million. The waterway is one of the country's main sources of foreign currency, alongside tourism, oil and gas exports and remittances from Egyptians living abroad. *(Reuters)*

Economic News

Egypt welcomed 1.1 million tourists in November 2012, recording a decline of 8.3 per cent from the month before, state-run statistics body CAPMAS stated on Sunday. Looking at annual trends, however, the number of tourists holidaying in Egypt rose by 8.3 per cent as it recorded 1 million visitors in November 2011. Most of the tourists hailed from Eastern Europe, followed by Western Europe and the Middle East, spending an average of 14.8 million nights in the country, a significant 11.8 per cent increase from November of last year. Egyptian Minister of Tourism Hisham Zazou said in December that around 10.5 million tourists visited the country in the first 11 months of 2012, a 17 per cent increase on the same period last year. *(Egypt.com)*

Yields on Egyptian treasury bills rose at an auction on Sunday, extending a trend of rising rates as investors fret over the weakening Egyptian pound and the fate of a $4.8 billion IMF loan the government is seeking. Political strife in recent weeks over a new constitution has put pressure on the pound as Egyptians scrambled to sell local currency, forcing the central bank to impose a new currency regime on Dec. 30 to preserve depleted foreign exchange reserves. The pound, which hit a new record low of 6.44 pounds against the U.S. dollar on the interbank market on Sunday, has lost 4 percent of its value since the new regime was introduced. The average yield on 1 billion Egyptian pounds. (*Egypt.com)*

The Egyptian pound hit a record low on Tuesday after weakening again at a central bank U.S. dollar auction designed to stem a decline in the country's dwindling foreign currency reserves. The central bank said the cut-off price at the Tuesday auction was 6.4492 pounds to the dollar - a 0.5 percent fall from Sunday when the cut-off price was 6.4185 pounds to the dollar. The central bank said it had sold $60 million at the auction - the same amount it had offered. The weakening is in line with the central bank's interbank trading band, which it narrowed last week to plus or minus 0.5 percent from the previous 1.0 percent. *(Daily Star)*

Egypts currency crisis has intensified its oil supply troubles, as the weaker pound makes it more difficult for cash-strapped Cairo to buy vital crude for its refineries. State-owned Egyptian General Petroleum Corporation (EGPC) has only purchased 3 million barrels of crude oil for the first quarter of this year, half of what it was seeking in a tender, traders said. That tender was already considered insufficient to supply Egypts refineries, even at reduced running rates. "Of course its not enough, they need more - but no money," a trader, active in the East Mediterranean oil market said. EGPC officials could not be reached for comment. Egypt subsidises fuel costs heavily, spending around a fifth of its GDP on making fuel more affordable to the population. EGPC has been trying to mitigate the cost of subsidies by buying more refined oil products instead of expensive crude oil feedstock, but is hard pressed to meet its needs. Egypt has not bought any crude for January and on top of this, its December deliveries will arrive late. J.P. Morgan sold 2 million barrels to EGPC via its fourth quarter tender but the company has yet to complete the delivery, the trader said. The B. Elephant tanker has been waiting to discharge in the Red Sea since Dec. 24, as seen on Reuters AIS Live ship tracking, after loading crude in Oman. "J.P. Morgans vessel has been waiting for more than two weeks," one seller said. "No letter of credit." Egypts state oil company has found it increasingly difficult to procure letters of credit for its transactions and costs are rocketing. Several times in 2012, tankers carrying vital oil products piled up outside ports when these letters were delayed, which led to gasoline shortages and protests. In the latest tender, trading company Petraco will deliver 2 million barrels of Iraqi Basra Light in February, several traders said. International trader Arcadia will deliver a 1 million barrel cargo of the same grade in March. Egypt already pays hefty premiums for its fuel deliveries to cover sellers rising costs for dealing with it. Currency devaluation is amplifying the situation as it makes buying crude oil priced in dollars even more expensive. The Egyptian pound has lost more than a tenth of its value, since the 2011 revolution and 4.6 percent of its value since end December alone. Demand for refined oil products such as gasoline and diesel is rising due to population growth. Egypt also needs to compensate for falling gas production, which is used for 55 percent of its electricity production. Egypt has started to import natural gas and begun reining in exports last year. Exclusive Analysis think-tank said it believed Egypt was still experiencing gas shortages despite cutting exports to Israel as natural gas output has declined by around 6 percent since the revolution and will likely fall further this year. A loan from the International Monetary Fund would ease the situation by giving global banks comfort that the country can pay back its oil debts. But the IMF deal was postponed in December due to civil unrest as it requires Egypt to cut its subsidy spending, heaping hardship on voters. Egypt pumps around 700,000 barrels per day of crude but has to continue to export it to honour existing contracts to foreign producing companies. Exclusive Analysis estimates that oil producers working in Egypt are owed $9 billion and that under a deal agreed last year they have been already repaid $3.5 billion while another $3.5 billion tranche is due next August. (*Egypt.com)*

Qatar tossed Egypt an economic lifeline on Tuesday, announcing it had lent Egypt another $2 billion and given it an extra $500 million outright to help control a currency crisis. Political strife has set off a rush to convert Egyptian pounds to dollars over the past several weeks, sending the currency to a record low against the U.S. dollar and draining foreign reserves to a critical level. The government said it expected an International Monetary Fund technical committee to visit Cairo in two to three weeks time to resume talks on a crucial $4.8 billion loan to plug balance of payments and budget deficits. Qatars handout appears to be another example of the Gulf state seeking to deepen its influence in a Middle East being reshaped by revolts that have unseated long-serving autocrats. Doha supported the uprising in Libya and remains a major backer of the revolt against Syrian President Bashar al-Assad. "There was an initial package of $2.5 billion, of which $0.5 billion was a grant and $2 billion a deposit," Qatari Prime Minister Sheikh Hamad bin Jassim al-Thani told reporters after meeting Egypts Islamist president, Mohamed Mursi. "We discussed transferring one of the deposits into an additional grant so that the grants became $1 billion and the deposits doubled to around $4 billion," he said. Hamad added that the new Qatari grants and deposits with Egypts central bank had all arrived. "Some of the final details with the deposits are being worked on with the technical people, but the amount is there," he said. Abdulkhaleq Abdullah, a political analyst in the United Arab Emirates, said Qatar viewed Egypt as a valuable strategic asset and had invested more in the most populous Arab nation than any other Gulf Arab state since a popular uprising overthrew former President Hosni Mubarak in February 2011. "Qatar wants a solid The Qatari funds should help tide Egypt over until the government can seal an IMF agreement that analysts view as vital to give the Islamist government credibility with the markets. The IMFs Middle East and Central Asia director, Masood Ahmed, left Cairo on Tuesday after meeting Mursi the day before. "Negotiations with the IMF team will resume from where they stopped," Mursis spokesman, Yasser Ali, said. Asked when the IMFs technical committee would visit Cairo, he said it was expected in the next two to three weeks. Egypt struck an initial loan accord with the IMF in November but last month postponed the deal because of political unrest set off by Mursis drive to fast-track a new constitution. The unrest led Mursi to suspend increases in the sales tax on a range of goods and services that were deemed necessary to conclude an IMF deal. The Egyptian pound weakened to a record low of about 6.48 to the dollar on Tuesday after the central bank offered $60 million in the latest of a series of foreign currency auctions introduced in an attempt to contain the currency crisis. The pound has weakened 4.6 percent on the interbank market since the system began on December 30. The central bank auctioned a total of $300 million in auctions last week. The currency has lost more than a tenth of its value during the turbulent political transition since Mubaraks fall. *(Egypt.com)*

Egypt's government must strongly endorse a $4.8 billion IMF loan agreement to its people as a step towards stabilizing an economy pummeled by a turbulent transition from autocratic rule, the head of the world lender said on Tuesday. Egypt concluded an initial agreement with the International Monetary Fund in November but postponed concluding the deal last month due to political unrest triggered by President Mohamed Mursi's drive to fast-track a new constitution. The political strife sparked a rush to sell Egyptian pounds, sending the currency to a record low against the U.S. dollar and draining foreign reserves. The IMF loan is crucial to plugging Egypt's balance of payments and budget deficits. "The IMF needs to have the commitment of the political authorities that can actually endorse the program, own it, and propose it to the population as theirs," Christine Lagarde told Reuters during a visit to Ivory Coast. Confronted by lethal street violence after Mursi awarded himself sweeping powers in November, the president postponed planned tax increases seen as part of a package of austerity measures needed to secure the IMF loan. Egypt must now renegotiate some terms of the accord, and economists say the IMF board's approval is not a certainty - especially if there is any sign of government wavering over implementing what are likely to be unpopular conditions. While any specific terms are yet to be made public, any IMF demands to cut spending or remove price subsidies will be hard to sell to an already fractious population ahead of parliamentary elections, more than two years after Hosni Mubarak was ousted in 2011 after 30 years in power. Qatar threw Egypt an economic lifeline on Tuesday, announcing it had lent the country another $2 billion and given it an extra $500 million outright to help control the currency crisis - easing the immediate pressure on Mursi to negotiate the IMF deal. Analysts, nonetheless, view completion of the deal as vital to give the Islamist government credibility with the markets. The IMF's Middle East and Central Asia director, Masood Ahmed, travelled to Cairo and met Mursi on Monday. "Based on what I've heard from my director of the Middle East, we are at a good tipping point," Lagarde said. "I'm pleased the mission will be resuming its activities on the ground shortly." Speaking during a tour of Africa, Lagarde also welcomed last week's "fiscal cliff" deal in the United States, saying the compromise permitted the IMF to maintain its growth outlook for the world's largest economy. "We had a growth forecast of 2.1% for the United States in 2013. With what has been agreed, properly implemented of course, we'll be within the parameters we had set," she said. However, she cited risks from pending negotiations to raise U.S. borrowing limits - its so-called "debt ceiling" - and sequestration. The White House and Congress reached the fiscal cliff deal by agreeing to a two-month delay to sequestration - automatic spending cuts that were set to take effect on January 1. President Barack Obama and lawmakers now have until March 1 to reach agreement on $85 billion in spending reductions or cuts to military and domestic programs will kick in. "We certainly hope that these matters will be resolved promptly and adequately in order to remove that Damocles sword that is hanging over the U.S. economy," she said. Despite some lingering effects from the worst economic crisis since the Great Depression, most of the world's economies will expand in 2013, with global growth forecast at 3.6%. "You have kind of low-speed, low-gear economies for the advanced economies that we see at 1.5% (growth). And we have 5.6% for emerging and low-income countries; sub-Saharan Africa should be at 5.25%," Lagarde said. Lagarde said there was little risk of a downgrade to the IMF's 8% growth forecast for China, whose rising influence is strongly felt in Africa's mineral-rich economies. The IMF chief said that while she was "cautiously optimistic" about the global outlook, serious risks remained. "All of that is subject to no unraveling of the global economic situation," she said. "In other words ... appropriate decisions to continue to consolidate the euro zone and not facing the abyss of the debt ceiling in the United States." *(Reuters)*

Egypt's incoming central bank chief Hisham Ramez said on Thursday that there was no need to be concerned about the situation in the currency market, saying the bank had "all the tools" to intervene if it saw speculation. "We are looking at prices constantly," he told reporters in Cairo shortly after he was named as the new central bank governor. "The situation is not out of control. There is no cause for concern." *(Reuters)*

Egypt's central bank said on Thursday that a $2 billion loan from Qatar arrived in December, implying that the money had already been eaten up defending the currency before the foreign reserves crisis became public late last year. News of the Qatari loan broke this week, and markets assumed that Egypt therefore had a cushion that would allow it to keep the pound's depreciation orderly, supporting Egyptian assets. Political strife in late November and early December set off a rush to convert Egyptian pounds to dollars, sending the currency to record lows on concerns the government might devalue or bring in capital controls. The central bank, which has spent more than $20 billion defending the pound in the two years since Egypt's popular uprising, said on Dec. 29 that its foreign reserves had reached a "minimum and critical limit". It also announced a new currency regime as it struggled to stabilise the pound. But on Sunday the bank said foreign reserves had fallen in December by only $21 million, to $15.015 billion. Qatari Prime Minister Sheikh Hamad bin Jassim al-Thani announced on Tuesday that Qatar had lent the country $2 billion and given it an extra USD 500m outright. Asked by email on Thursday if the deposit arrived in January or December, Nidal Assar, the bank's sub-governor for investment and foreign relations, replied: "December". Analysts said that the Qatari deposit's arrival in December indicated that switching out of pounds and into dollars had been much greater than thought over the last few weeks. "That shows the scale of dollarisation in December and explains the shift to auctions on the part of the central bank," said Said Hirsh, an economist with Maplecroft. Egypt has been negotiating a $4.8 billion loan from the International

Monetary Fund (IMF) to deal with the crisis and expects an IMF team to visit Cairo in two to three weeks. The loan agreement was approved in principle in November, but political turmoil in December forced the government to delay a series of austerity measures deemed necessary to win the IMF board's final approval. "Without Qatari aid, Egypt was on course for a full-blown financial crisis and, perhaps, a forced deal with the IMF by February," Hirsh said. Egypt's ambassador to Turkey said Ankara had transferred $500 million into Egyptian coffers on Thursday, the Egyptian state news agency reported. The pound weakened by 0.46 percent on the interbank market after a central bank auction of dollars on Thursday, the eighth such sale since it introduced a new regime to reduce pressure on its currency. The pound has lost 11 percent since the uprising that removed President Hosni Mubarak in early 2011, half of it during the last two weeks. The central bank limits falls in the currency on the interbank market about 0.5 percent per day. The bank sold $49.1 million at its daily currency auction on Thursday, bringing the total of amount it has sold since it introduced the auction system on Dec. 30 to almost $520 million. Economists and bankers said this drain on reserves is unsustainable. Raza Agha, an economist with VTB Capital, said that if the $15 billion reseves number for December included the support from Qatar it meant that the political turmoil had pushed the central bank to spend $2 billion to support the pound and capital flight. "It also suggests that January data is likely to show a decline in headline reserves," he said. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Ghana

Corporate News

Tullow Oil Plc, Europe's biggest independent oil and gas company, said it plans a busy start to the year for drilling news as its main African producing field, the Jubilee field in Ghana, ramps up to full capacity. In a trading statement, Tullow also said it would write off $219 million dollars for dry holes and licence relinquishments in the second half results. *(Reuters)*

Shaanxi Mining Company Limited, a subsidiary of China Gold Resources Group Company Limited is supporting two small scale firms in the Talensi District of the Upper East Region to start production this year, 2013. Shaanxi is providing technical support services to the two companies - Yenyeya Small Scale Mining Group and Porbotaaba Small Scale Mining Group. The Company together with the two scale mining groups over the years had been doing prospecting of mineral deposits in the area. The Managing Director of the Yenyeya Small Scale Mining Group, Mr. Charles Ndanbon, who told the GNA in Bolgatanga, indicated that the company employed 300 people at the prospecting stages. He said when fully operationalized, it would employ about 1,000 workers. Mr. Ndanbon, who is also the Deputy National Task Force Coordinator for Small Scale Mining Association of Ghana (SSMAG), stated that "the Company which has secured all the legal documents concerning mining in Ghana has its process plant in place now ready for production. "It has also built a well structured staff and office accommodation for staff including a health facility attached to it which would not only serve the staff but the entire community." He stated that though the company together with the mining groups had not started production it had contributed a lot to the development of the Region by donating computers to the Talensi District Assembly, Regional Coordinating Council (RCC) the Bolgatanga Regional Hospital and had also constructed a bridge in the mining community. He disclosed that plans were far advanced to relocate a basic school near the mining site by building a new structure for it and to also construct more boreholes for the community and to work on the road leading to the mining site to the District Capital. "The Gbane, Datuuku, Tarkwa, Kajetia communities will benefit tremendously from these projects and I therefore entreat the traditional authorities including all the community members to cooperate with the investors to enable it brings about its intended projects to the community". "The current ongoing bridge project between Kajatia and Tarkwa being undertaken by the company is near completion," he said. He impressed upon all those small scale mining groups who had no licenses to go for it and to go into partnership with the Mining Company to offer them technical support service to enable them benefit fully. He commended the RCC, the District Assembly and Security Agencies for working to restore peace in the area when a confrontation ensued between some aggrieved youth and the company. He called on all stakeholders particularly the youth, elders and small scale mining groups who had issues with the company to seek redress by dialoguing with it and said it was ready to accommodate that instead of resorting to confrontations. *(Ghana Web)*

Economic News

The European Union has disbursed almost €16m to Ghana's government, an EU delegation said on Tuesday, a day after the West African country ushered in new leadership. Ten million euros will support the Ministry of Health, while €5.65m has been allotted for general budget support, the Delegation of the European Union to Ghana announced. The aid is only the first installment of a total €52m and is primarily intended to help Ghana halve its high maternal death rate of some 350 deaths per 100 000 live births by 2015. Mark Simmonds, Britain's Minister for Africa, separately praised Ghana for its stable democratic transition following the inauguration of John Dramani Mahama as president on Monday, and said Britain was looking to increase investment in the country, the Ghana News Agency reported. Ghana, the world's third largest cocoa producer and Africa's second biggest gold producer, has seen its coffers swell thanks to oil production that began in 2010 - yet two-thirds of its 25-million population still live below the poverty line. *(SAPA)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Ghana's annual consumer price inflation eased in December and its economic growth slowed in the third quarter, the West African nation's statistical office said on Wednesday, raising expectations of an interest rate cut. Inflation dipped to 8.8% in December from 9.3% in November due in part to improved stability of the local currency, Philomena Nyarko, acting government statistician, told a news conference. The decline was in line with the government's target to keep the pace of price increases in the single-digits. Analysts, however, said the figure could be misleading, showing the need for a planned rebasing of the consumer price index this year. "The relative stability of the exchange rate in December and also the base factor of the comparative month year-on-year contributed to the drop," Nyarko said. The statistics office said the economy of the oil, cocoa and gold producer grew by just 1.7% year-on-year in the third quarter of 2012, citing a decline of 2.2% in the country's service sector. The Bank of Ghana has hiked its prime interest rate by 250 basis points since December 2011 but has held it steady at 15% since June. The Monetary Policy Committee is expected to meet this month. "The combination of lower inflation and GDP growth provides room for the Bank of Ghana to reduce policy rates this year against the backdrop of a more resilient cedi, assuming some fiscal consolidation materialises going forward," Samir Gadio, an emerging markets analyst at Standard Bank, told Reuters. Razia Khan, an analyst with Standard Chartered Bank, said the inflation figure was potentially misleading as the existing index underplayed the importance of currency fluctuations on domestic prices. "Continued cedi stability, rather than the old CPI numbers, are likely to be the key influence on whether any further tightening is required," she said. Ghana President John Dramani Mahama said last week that he expected 2012 full-year economic growth at between 8.5 and 9%, as oil production from Tullow's offshore Jubilee field ramps up. Mahama was elected in a December poll, the results of which are being contested in Ghana's top court by the opposition. *(Reuters)*

Ghana's economy grew 1.7% year-on-year in the third quarter of 2012, the West African nation's national statistics office said on Wednesday. *(Reuters)*

Ghana accepted 402 million cedis ($213 million) in bids for its three-year bonds at an oversubscribed auction on Thursday, with the average yield dipping to 16.7 percent from 21 percent at the previous sale, the central bank said. The West African cocoa, gold and oil exporter received a total 2.2 billion cedis worth of bids but stuck closely to an advertised target of 400 million cedis, the bank's head of treasury, Adams Nyinaku, told Reuters. "It (auction) was highly successful but we didn't want to take more than we needed," Nyinaku said, adding that the auction was intended to settle maturing debts. He said 99 percent of total accepted bids came from offshore investors. Ghana's local cedi currency gained more than 1 percent in the past week as foreign exchange dealers anticipated the bond would draw an influx of greenbacks. Thursday's auction was the first medium-term bond since a Dec. 7 election won by President John Dramani Mahama under protest from the opposition, which has launched a court battle to overturn the result. Nyinaku said yields on the bids received at the auction ranged between 16.7 percent and 22 percent. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Kenya

Corporate News

Transactions on the latest mobile banking innovation, M-Shwari, crossed the Sh1 billion mark at the close of last year in an overwhelming uptake that could force local banks back to the drawing board. By December 27, barely a month after its launch, M-Shwari customers had borrowed over Sh123 million and deposited in excess of Sh976 million in savings, with the biggest activity recorded among the youth aged between 25 and 30. "We are overwhelmed at how well the product has picked up and the show of confidence from our customers. This product will clearly change the game in the local financial sector," CBA chief executive Jeremy Ngunze told the Nation in an interview at the weekend. Mr Ngunze now sees the new product as the perfect customer-attraction and retention tool especially because it gives the bank access to over 15 million customers who are already on the M-Pesa platform. "We have adopted a different strategy from what other players are applying to increase their footing and reach to potential customers at the grassroots level. We believe this was the right decision because we now have easy access to millions of new customers given the level mobile penetration Kenya enjoys," Mr Ngunze said. Many Kenyan banks have resorted to agency banking to rope in more clients. The phenomenal growth of M-Shwari is likely to send jitters in the banking industry since it offers similar products as commercial banks, but with extra convenience because users do not have to queue in a banking hall to enjoy the services. CBA has said it has experienced a significant expansion on its balance sheet since the launch of M-Shwari in addition to numerous accounts being opened everyday. Its effect is expected to impact significantly on the bank's turnover, Mr Ngunze said. According to the lender, plans are currently underway to roll out the product in Tanzania despite the slow uptake of M-Pesa recorded in the neighbouring country. "We are definitely going to launch the product in Tanzania very soon. We just need to come up with a strategy that will work to yield results as seen in the Kenyan market," Mr Ngunze said. But the product's strong showing at start is not without challenges, the biggest being an ongoing ownership dispute in court. Faulu Kenya, a local micro-finance institution, claims Safaricom used its concept without permission to develop the product. *(Daily Nation)*

Marketers and distributors of alcoholic drinks have threatened to seek legal redress if a Bill set to tighten control of their business passes into law. The proposed law intends to ban the sale of alcohol two days to election day, forbid promotion of alcohol in a manner that encourages consumption in order to win an award or prize, and also states that any liquors have 0.05 per cent alcohol content and revises the drinking age to 21 from the current 18. The Kenya Association of Hotel Keepers and Caterers (KAHC), Kenya Tourism Federation, the Pubs, Entertainment and Restaurants Association of Kenya and industry stakeholders said Naivasha MP John Mututho had sinister motives in introducing the Alcoholic Drinks Control (Amendment) Bill, 2012 and they had already written a petition to President Kibaki not to sign the Bill into law. "We've even written to the Speaker of the National Assembly because Mr Mututho is acting as a lone ranger and not even consulting players in the industry as required by Article 10 of the Constitution. This is very suspect," KAHC executive officer Sam Ikwaye told the Nation in a telephone interview. "This is not the way to fight alcoholism. Some of these requirements have no scientific basis and this means that hotels like Intercontinental in Nairobi which is near Catholic Parochial Primary School, Nairobi should close down" said Mr Ikwaye, noting that some of the clauses in the Bill should be left to the licensing authority. The stakeholders are urging the President not to sign the Bill in its current form and said they would move to court under a certificate of urgency if it became law. "Industry players are concerned that if the Bill is passed in its current form, it will have adverse implications on the industry and the country's economy," he said. He also urged Parliament rejected an amendment to the Alcoholic Drinks Control Act 2010, questioning requirements such as no premises selling alcohol should be within 300 metres of a school. *(Daily Nation)*

Safaricom's share touched a three-year high of Sh5.45, as price increases of key stock at the bourse has pushed market valuation to over Sh1.3 trillion. The last time the mobile telecommunication firm's share price touched this level was in October 2008. The Nairobi Securities Exchange (NSE) 20-Share index has risen to 4219.49 points with analysts predicting it could touch the 4,300 points mark, a level last seen in February 2011. The latest market surge is driven by the prices of a handful of blue chip stocks that have touched 52-week highs. The share price increases saw market capitalisation rise to Sh1.308 trillion. Despite being only two weeks into trading this year, the bourse has picked up a rally as investors remain bullish with the General Election less than two months away. Safaricom joined Jubilee Insurance, Standard Charted, BAT Kenya and KCB as the latest firms to have their share prices touch new highs in the second week of trading. Jubilee's share price hit its 52-week high at Sh198, Standard Chartered at Sh240, BAT Kenya at Sh506 while KCB achieved the same at Sh31.50 per share. BAT Kenya and Safaricom which continued their steady rise had set a 52-week high a week ago, which has now been surpassed. BAT Kenya's share price rose to Sh504, which was then a 52-week high, similar to Safaricom's Sh5.35. The shares join Bamburi Cement and East African Breweries Limited (EABL) as shares which hit 52-week highs last week. Foreign investors continued to be the main buyers on the stocks and therefore pushing up prices. Alistair Gould, the head of trading and business development at Old Mutual Securities, said that foreign investors are optimistic that the NSE's stellar performance of 2012 will continue especially after the General Election. The NSE 20-Share index gained 28.95 per cent in 2012, closing at 4,133.02 points from 3,205.02 points in 2011. Bargain hunters are also on the prowl for low valuations, added Mr. Gould. *(Business Daily)*

Foreign investors have nearly doubled their stake in Uchumi Supermarkets encouraged by the share's star performance at the Nairobi bourse that has also attracted top investors like Evans Kidero and Jimnah Mbaru. Filings with the Capital Markets Authority show that foreign investors owned 14.87 per cent of the retail chain in November compared to 7.57 per cent in June. Uchumi shares have gained 155.9 per cent in the past year to the current price of Sh19.50, making it the best performing share among the 61 firms listed at the Nairobi Securities Exchange (NSE). Dr Kidero, a former Mumias Sugar Company CEO, and Mr. Mbaru, who owns Dyer& Blair Investment Bank, have also emerged in ranking of the top individual owners of the retail chain. Mr. Mbaru owns 756,989 shares worth Sh14.7 million while Dr Kidero owns 234,577 shares worth Sh4.5 million. The two are vying for the post of governor for Nairobi County. "Investors are buying in Uchumi to participate in its rights issue that they expect will come at a good price," said Brenda Kithinji, an analyst at the Standard Investment Bank. She added that investors also expect Uchumi to perform better in the medium term, after making significant investments in branch expansion in the region in the past two years. Increased interest in the stock comes at a time when the retail chain announced a dividend payout of Sh0.3 per share after a 10-year drought. Uchumi, which closed shop briefly in mid-2006 after failing to pay creditors, has returned a profit for four years in a row compared to a loss of Sh1.2 billion in 2005, signaling that its turnaround strategy is working. The firm declared the dividend despite its net profit dropping 29.8 per cent to Sh273.9 million in the year ended June, as sales jumped 29 per cent to Sh13.8 billion from Sh10.7 billion the year before. The firm's management said the declaration of the dividend is a show of confidence in its prospects underpinned by its expansion in the East African market. Uchumi Supermarkets targets to raise Sh1.5 billion through a rights issue set to happen in the second half of this year, with the money expected to help it open more stores in strategic locations in the region. The company's massive share price rally is followed by BAT's 101.6 per cent gain to Sh500 and Pan African Insurance's 100 per cent rise to Sh40.25. Foreign institutional investors have been the most bullish on Uchumi, nearly tripling their interest in the retailer from 12 million (4.55 per cent) in June to 34.1 million (Sh12.8 per cent) in November. Domestic investors are rushing to join a number of local institutional investors whose long-term bet on Uchumi has paid off big time. Companies that converted their debt to Uchumi Supermarkets shares have seen their investments nearly double since the re-listing of the retail chain at the NSE last year. The suppliers, including Mumias Sugar, Brookside Dairies, New KCC, Bidco, Unga Limited, Mini Bakeries and Premier Bakeries, were offered 20 million Uchumi shares in last February to cut the debt by Sh200 million. The shares were priced at Sh10 each, meaning these companies have seen their investments grow 95 per cent given Uchumi's current share price of Sh19.5. Mumias Sugar, for instance, was offered 2.21 million shares (0.84 per cent stake) for a Sh22.1 million debt. The worth of the shares stood at Sh43 million at current trading prices. Mumias earned a dividend of Sh664, 914 for the year ended June. The debt swap, which saw the government become the single largest investor in Uchumi Supermarkets, was aimed at reducing the retail chain's debt burden that had slowed its growth and delayed re-listing at the NSE. The retail chain temporarily closed shop in June 2006 under the weight of debt prompting a government-led recovery that saw Uchumi's return to profit in 2008 and resume trading at the NSE last year after a five-year absence. *(Business Daily)*

Economic News

Consumer prices are expected to go up in the first three months of the year following a rise in the Producer Price Index (PPI), which

captures changes in costs incurred by manufacturers of local goods. In its first ever publicly released PPI report the Kenya National Bureau of Statistics data shows that the average cost of production went up 0.6 per cent between September and December, with this rise expected to be felt in the coming months as the goods are distributed in the market. The report could dampen investor's expectations for a cut in interest rates by the Monetary Policy Committee in its Thursday meeting as it signals an uptick in inflation rate. "PPIs capture price movements prior to the retail level. They can be an early indicator of inflationary pressures in the economy. In the fourth quarter of 2012 the overall PPI increased from 105.22 to 105.85, an increase of 0.6 per cent," said the statistics bureau. Consumer goods whose production index went up include beverages, food products, electricity, coke and refined petroleum products. The consumer price index which measures the actual change of retail prices rose by 0.69 per cent between November and December underlining the close relationship between the two indices. Overall inflation, however, went down marginally to 3.2 per cent from 3.25 per cent in November. There have been calls for the Central Bank to further ease the monetary policy by reducing the CBR following recent drops in the inflation rate and stabilisation of the shilling. "The (Kenyan) PPI is a new index so it is hard to tell but in terms of its relation to inflation, with it going up, the expectation is for the rate to go up," said Prof Joseph Kieyah, an analyst at the Kenya Institute of Public Policy Research and Analysis. He, however, noted that the inflation rate could also be influenced by other factors including the General Election and recent rainfall. "The election spending may trigger inflation even though marginally as what drives inflation is mainly food, petroleum and commodity prices which are not affected much," said Prof Kieyah. Kenya's campaign period has in the past been characterised by high spending, leading to claims that CBK is involved in printing of money. Increase of cash in circulation usually leads to higher prices of goods as demand out paces supply. Recent rains are, however, expected to ease the cost of generating electricity with producers relying on the cheaper hydro-generated power. The Central Bank will have to weigh all these developments as it decides on whether to maintain the status quo or cut the rate in order to boost economic growth. Last week, the Bank of Uganda, whose decision CBK has been seen to mirror in the past, left the rate unchanged attributing the decision to fears of an imminent rise in the inflation rate. There has also been criticism that the rate cuts announced by the industry regulator have not been transmitted by the banks in the form of cheaper lending rates. The lenders have attributed the slow transmission to high cost of funds due to long-term deposits which they had accepted at high rates and still in their books. "The cost of borrowing is not going down even as inflation dips," said Prof Kieyah. The CBK increased interest rates sharply late 2011 to reduce rising inflation rates. *(Business Daily)*

Kenya's central bank is expected to cut its benchmark lending rate by one percentage point to 10% this week to stimulate the economy, a Reuters poll showed on Tuesday. The central bank's rate-setting committee, which embarked on a monetary easing cycle last July, is scheduled to meet on January 10. Inflation is on-target inflation and the currency trading at a rate that suggests they have some wiggle room. Ten out of 11 analysts polled by Reuters predicted a cut of 100-200 basis points, with the median forecast coming in at a cut of 100 basis points. One respondent expected policymakers to hold rates at 11%. "The policy thrust will be towards easing the monetary policy stance to boost economic activity," said Phumelele Mbiyo, regional head of research at CFC Stanbic bank. He said the economy had not yet recovered from high lending rates in late 2011 and the first half of 2012. Inflation was subdued and it was likely to remain so for some time, he added. Year-on-year inflation fell for the 13th straight month in December to 3.2%, far from commercial banks' lending rates, which stand at about 20%. "Real interest rates are too high for this point in the economic cycle," Mbiyo said. The economy expanded by 4.7% in the third quarter of 2012, faster than 4% in the same period in the previous year, but analysts said there was need for further stimulation. "The economy is not firing with all cylinders although we saw a mild pick up in the third quarter but on a sequential quarter on quarter basis it remains subdued," said Aly Khan Satchu, an independent trader and analyst. "The central bank will, I am sure, err on the side of watering the green shoots." Even though the shilling fell to a seven months low against the dollar in the first trading session of this year, market participants said the currency has been stable, offering policymakers crucial breathing space. The Monetary Policy Committee in the east African nation, which is in the throes of a divisive campaign season ahead of a March 4 presidential election, has lent to pro-economic growth policy in the past. In 2011, the committee was criticised for failing to stem a slide in the shilling and a jump in the rate of inflation, by keeping interest rates artificially low to boost growth. But its ability to guide economic growth to a faster rate through rapid reduction of lending rates has been curbed by a persistently high current account deficit that stands at above 10% of the gross domestic product. Investors could also adopt a wait-and-see attitude this quarter due to the election. Historically, the economy has suffered from election-related stress. It suffered from severe shocks after the results of the last election in 2007 were disputed, leading to tribal violence that left

1,250 people dead and displace many more. "Investor uncertainty is likely to increase ahead of the March general election prompting huge capital outflows, which would continue to weaken the currency and increase inflationary pressures," said Gaimin Nonyane, a senior macroeconomic specialist at Ecobank, which predicted a hold decision. "This is in addition to a potential rise in election-related expenditure-this will inject liquidity into the economy and thus increase inflationary pressures." *(Reuters)*

The Nairobi Securities Exchange (NSE) expects at least four new listings on the main board this year and three firms to join the yet-to-be established segment for small and medium enterprises. Bourse chief executive Peter Mwangi said in an interview the exchange has received applications from at least seven companies that wish to list this year. "We expect four new listings on the main board. We also expect the first three listings on the Growth Enterprise Market Segment (GEMs)," said Mr. Mwangi. The NSE, which currently has 60 listed firms, also expects to go public marking the end of an ownership restructuring process targeted at diluting stockbrokers' sole-ownership of the exchange. "And of course, the NSE itself should be self-listing on Alternative Income Segment (AIMs) in the first half of this year," said Mr. Mwangi. The NSE boss, however, did not name the firms that have applied for listing due to confidentiality agreements. Family Bank, Deacons and UAP are some of the firms that have publicly announced listing plans. Listing of SMEs will create a three-tier exchange and is expected to add vibrancy to the market. The GEMS was designed to help small firms list and has lower entry requirements than companies that list on the Main Income Market Segment (MIMs) and the AIMs. Firms listing on the GEMS will be required to have Sh10 million in fully paid up capital, which is a lower than the AIMs which require Sh20 million and the and MIMs that require Sh100 million in fully paid up capital. SMEs listed on the GEMs must have at least 100,000 shares available for trading but should the free float fall below 25 per cent, the company will be delisted. The laws operationalising GEMs came into effect in June 2012. The stock market is off to a strong start this year with a market capitalisation of Sh1.3 trillion and the NSE-20 Share Index edging close to 4,300 points, a two-year high. Investment bankers have, however, said there are government obstacles to exploiting the NSE's listing potential. NIC Capital managing director Wilson Irungu told the Business Daily in an earlier interview that many firms will choose the route of least resistance, such as private placements, due to the long time it takes to get approval from industry regulator, the Capital Markets Authority (CMA). It can take up to six months to get approval from the CMA about double the time it will take for a private placement deal. But the CMA said in an interview Thursday it would support new issues. "We remain open to engagement with potential issuers at all times and will be working closely with the NSE to support the roll out of the GEMs segment of the NSE to see more SME and venture companies come to the market," said the regulator. *(Business Daily)*

Australian miner Base Resources' heavy mineral sands mine in Kenya is exempted from a new law requiring at least 35 percent local ownership of mines, the firm said on Friday. The rule, which was introduced last October, triggered a plunge in the company's share price as investors feared it would force the project owners to give up part of the mine. Kenyan Attorney General Githu Muigai had advised the company that the rule would not apply to the heavy mineral sands project in coastal Kwale county, Bases Resources said. Muigai told Base Resources the local ownership rule would only apply to mining licences issued after the regulation came into force in mid-October. The company's shares finished 34 percent higher to A$0.335 after the news. Kwale, which is the east African nation's first large-scale mine, is expected to start production in the third quarter of this year. The mine will produce 80,000 tonnes of rutile per year, or 14 percent of the world's supply, 330,000 tonnes of ilmenite and 40,000 tonnes of zircon, when it is fully operational. Rutile, which is composed of titanium dioxide, is an important pigment for industrial, domestic and artistic applications. Zircon is mainly used in the ceramics industry, while ilmenite is related to titanium. *(Reuters)*

Kenya's central bank cut its benchmark lending rate by a higher-than-expected margin on Thursday in an effort to raise the level of commercial banks' lending to the private sector. Although policymakers embarked on an easing cycle in July, commercial banks' lending rates have remained stuck at about 20 percent, curbing economic growth ahead of a presidential election set for March. The Monetary Policy Committee (MPC) cut the benchmark rate by 150 basis points to 9.5 percent. The consensus forecast was for a one percentage point cut. The MPC has now cut 8.5 percentage points since the easing cycle started. "To enhance the monetary policy stance and its outcomes as well as increase the uptake of private sector credit and re-align interest rates in the economy, the Committee decided to lower the Central Bank Rate," MPC said in a statement. There was no immediate market reaction to the cut with the shilling trading steadily at 86.60/80 per dollar, a new seven-month low. "The shilling could weaken a bit more in coming weeks as the market adjusts to the rate cut, but not by much since the market had already factored in the rate cut," said Robert Gatobu, a trader at Bank of Africa. The banking sector had shown it was in robust health after the ratio of gross non-performing loans inched down to 4.6 percent last November from 4.7 percent in the previous month, the central bank said. Market participants welcomed the bigger cut, saying economic growth needed a shot in the arm. "The economy needs all the encouragement it can get because it has been sub par throughout 2012," said Aly Khan Satchu, an independent trader and analyst. Still, analysts said the future direction of monetary policy would be determined by a presidential election scheduled for March 4. The last vote in 2007 resulted in tribal violence and convulsed the economy. "Against the backdrop of the upcoming elections, and given our expectation that inflation may have bottomed and could edge marginally higher over the next few months, the central bank may opt for a more cautious monetary policy approach," said Markus Ridle, sub-Saharan Africa economist at Absa Capital. Annual private sector credit growth rose for the first time in November since the second half of 2011, rising by 9.07 percent compared with 7.12 percent in October, the central bank said. "The central bank needs to cajole by all means necessary the banks to reduce their lending rates because these remain stubbornly high and a toll charge on the economy," Satchu said. Analysts said the country's economic fundamentals remained positive, giving the MPC room to provide another push to economic growth. "Given our expectation of relatively well-behaved single digit inflation for some time, there was ample room for policy easing of this magnitude," said Razia Khan, head of research for Africa at Standard Chartered Bank. Year-on-year inflation fell for the 13th straight month in December to 3.2 percent. Market participants said although the shilling had exhibited signs of weakness in the early days of this year, it was still stable. The shilling fell to a seven-month low against the dollar on the first trading day of this year on January 2, but the central bank's intervention through dollar sales and drains on liquidity, has prevented it from dropping further. "The Committee concluded that there was a positive outlook on the economy including stability in both the product and foreign exchange markets reflected in stable inflation and the exchange rate," the MPC said. It said the main risks to macroeconomic stability were uncertainty over the full resolution of the euro zone crisis and balance of payments pressures due to Kenya's high current account deficit. Europe is a key trading partner for Kenya, soaking up its exports of tea, coffee and horticulture as well as supplying tourists who flock to the east African country's game reserves and white beaches. *(Reuters)*

Malawi

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

TRADING

Mauritius

Corporate News

No Corporate News this week

Economic News

Mauritius annual average inflation inched down to 3.9% in December from 4% previously, thanks to lower costs of food and non-alcoholic beverages, the government said on Wednesday. The year-on-year rate of inflation inched up to 3.2% from 3.06%, according to Thomson Reuters' calculations. The drop in annual average inflation for the twelfth straight month was in line with Finance Minister Xavier Duval' prediction. Statistics Mauritius said headline inflation, excluding alcoholic beverages and tobacco, fell to 2.6% for the 12 months ending December from 5.3% a year ago. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

The Ecobank Transnational Incorporated (ETI) has announced the opening of its Equatorial Guinea affiliate. A statement from the pan-African bank said the Ecobank Equatorial Guinea was issued a licence to operate as a credit institution in the country and became the 33rd affiliate of the Group in Africa. The Group's Chief Executive Officer, Mr. Thierry Tanoh said: "We are pleased that the authorities of Equatorial Guinea have issued Ecobank with a license to operate as the 5th bank in the country and to support the development of the economy with access to financing. "The addition of Ecobank Equatorial Guinea completes our presence in all the member states of the Monetary and Economic Community of Central Africa (CEMAC) and highlights our leadership in the African banking sector and demonstrates our long term commitment to the African continent." Deputy Chief Executive Officer of the Ecobank Group, Evelyne Tall, added: "We are particularly enthusiastic about Ecobank's access to the Equatorial Guinea market and the opportunity to offer to our existing and potential clients our innovative and reliable products and services. Additionally our presence in Equatorial Guinea would give them access to Ecobank's footprint across Africa." According to the bank, the branch is located in the central business district of Malabo, on Avenida de la Independencia. *(This Day)*

The 2012 third quarter report of Wema Bank that was released recently, showed that the bank's gross earnings reached N19.8 billion, up 14.1 per cent from N17 billion made over the corresponding period in 2011. It however reported that it had a drop in its investment income of 63 per cent, which led to losses before and after tax. Investment income for the period was N3.4 billion, down 63 per cent from N9.4 billion reported in 2011. Loss before tax was N1.7 billion, down 226 per cent from the N1.4 billion profit it made in the corresponding period of 2011. Net loss was N1.8 billion, down 251 per cent from the N1.2 billion it made in the corresponding period of 2011. *(This Day)*

OANDO Plc has concluded plans to raise N54.6 billion right issue through the issuance of 4,548,236,276 ordinary shares of 50 kobo at N12.00 per share. According to the Nigerian Stock Exchange, the right issue, which opened on December 28, 2012, on the basis of two new ordinary shares for every ordinary share of 50 kobo each held as at the close of business on Friday, October 19, 2012 is for those shareholders whose names appear on the register of members and transfer books of the company which are maintained in Nigeria, as well as, shareholders, whose names appear on the register of members and transfer books of the company, which are maintained in South Africa as at the close of business on the Friday prior to the issue opening date, January 4, 2013. The Rights Issue exercise, according to the report would open on Friday, 28 December, 2012 on the Nigerian Stock Exchange and January 4, 2013 on JSE Limited. It would close on Wednesday, February 6, 2913 on both Exchanges. The lead issuing house is Vetiva Capital Management Limited, with FBN Capital Limited and FCMB Capital would act as Joint Issuing Houses. The company explained that the proceeds from the Rights Issue, will be used for the Part-payment of N60 billion syndicated loan used to fund the acquisition of upstream assets and swamp drilling rigs, Part-financing of acquisition of upstream and midstream assets by Oando's upstream subsidiary, Oando Energy Resources ("OER"), as well as, Investment in working capital to support increased level of business. Commenting, Wale Tinubu, group chief executive, Oando Plc said, "we are happy to announce the opening of our Rights Issue offering, in line with our corporate strategy for balance sheet optimisation and the financing of growth initiatives in the upstream sector. "Pursuant to the recent signing of agreements by our affiliate OER with ConocoPhillips, to acquire their entire Nigerian Asset base for $1.79 billion plus customary adjustments, OER will be transformed from a small size oil company with 4,500 bbls/day of projection and 9 million barrels of oil equivalent ("MMboe") to a midsize with close to 50,000bbls/day of production with 2P reserves of 213 MMboe and 2C reserves of 198 MMboe, with significant risked resources." "The successful outcome of the Rights Issue will position Oando Plc to increase value for shareholders in the Upstream through focused portfolio growth in production, cash margins and improved returns on capital deployed. We count on the consistent support of our shareholders to seize the opportunity to take up their rights and benefit from the higher margin value creation the Upstream offers," he said. *(Guardian)*

Conoil Plc plans to bring on stream this year, 60 new retail outlets spread across the country, as part of its major strategic expansion programme to meet the increasing fuel needs of Nigerians. The company said in a release at the weekend that the expansion programme would gulp about N4.8 billion and was earmarked to grow the company's sales and revenue by over 65 percent. It is projected that the new stations will complement the company's plan for massive importation of refined petroleum products this year. The retail outlets, the company added, will offer robust and automated network, which will leverage on technology to deliver the assurance of quality products and improve service efficiency at the forecourts. "The expansion project represents the second phase of the company's comprehensive four-year plan, which started two years ago", the oil firm added. Conoil had embarked on the plan to adequately prepare for industry-specific challenges, ensure impressive growth in its performance indicators and consolidate its leadership position in the downstream petroleum business. The oil firm had commenced the plan with the upgrade of its storage tanks at the company's depots nationwide to accommodate bulk product imports. In pursuant of this, the company increased the storage tanks for white products – Premium Motor Spirit (PMS), diesel and kerosene – to 80,000 metric tonnes, to double the capacity of its storage facilities at its Apapa installation. Another major plank of the expansion programme was the construction of the company's multi-billion naira Port Harcourt depot which has the capacity to hold 70,000 metric tonnes of various petroleum products with the propensity to dispense 5.5 million litres per day. The Port Harcourt depot complements the company's flagship installation in Apapa, Lagos, providing easy access to fuel imports and easing the pressure on available jetties and other port infrastructures in Lagos. Its multipurpose mega stations not only sell petroleum products, but also offer a variety of value-added convenience services that delight consumers. *(This Day)*

Skye Bank Plc has again demonstrated its commitments towards development of indigenous capacity in the oil and gas sector with the provision of finances for the Pan Ocean Oil's Ovade-Ogharefe Gas Processing Plant, Oil Mining Lease, OML98. The Ovade-Ogharefe Gas Processing Plant was designed as a carbon emission reduction project with the capacity of delivering 200mmscf/d of dry gas to the domestic gas market for power generation and industrial development. The Gas Plant is located in the Ovade-Ogharefe area of the Niger Delta Region. Reputed as the largest in West Africa, it earns carbon credits for its operations under the Clean Development Mechanism, CDM of the Kyoto Protocol, where its operations were reported and established. Pan Ocean initiated a CDM certification for its gas utilization project as part of its contribution to improving Nigeria's image as a green oriented country in line with the United Nation's Kyoto Protocol. With the CDM, reductions in greenhouse gas emission from projects in developing countries are registered and monitored under the United Nations Frame work Convention on Climate change, UNFCC, and sold to developed countries that have limits for their emissions. With the highly capital intensive nature of the oil and gas sector, Skye Bank provided finances to support Pan Ocean Oil in the realisation of the project. Pan Ocean is the operator of the OML 98 under a 60:40 Joint Venture with the Nigerian National Petroleum Corporation, NNPC. Skye Bank provided funding for Pan Ocean's 40 percent equity under a Joint Venture with NNPC. The Executive Director, Corporate and Investment Banking, Skye Bank, Mr. Timothy Oguntayo, said the funding to Pan Ocean Oil was another demonstration of the active supports of the bank towards actualising the Federal Government's local capacity and content in the oil and gas sector. He noted that the gas plant would not only benefit all stakeholders but also improve Nigeria's environment rating. According to him, among other things, the plant will ensure zero routine flaring in all areas of its operation due to the adopted modularized plant concept which makes the plant expandable for additional gas finds in her concession areas. He added that Skye Bank's partnership with Pan Ocean has been credited with the company's success in processing gas which could have been flared from its gas processing plant. Rather than flare the gas emanating from its operation, Pan Ocean processes its gas in compliance with the carbon credit scheme of the UNFCC for which the company was qualified in February 2009. Experts have identified hindrances to the development of the oil and gas industry in Nigeria to include high capital requirement, dearth of critical trading infrastructure, low manpower and poor defining rules. Oguntayo reiterated that despite the challenges associated with oil and gas finances, Skye Bank would continue to support committed Nigerian investors who have defied the odds by making substantial investments in the sector in order to raise the Nigerian flag high. *(Vanguard)*

The Delta State Government Tuesday said it had blacklisted two banks for failure to remit N1.1billion tax revenue paid into its accounts several days after a multinational oil giant, Chevron Nigeria Limited, allegedly paid the money through the banks. It was gathered that the multinational oil company mandated its bank, Union Bank of Nigeria Plc (UBN) and Diamond Bank Plc to credit N1.1 billion into the Delta State Government account through its collecting bank but was shocked that the amount said to have been paid since

December 27, 2012 , has not been credited. The Executive Chairman, Delta State Board of Internal Revenue, Hon. Joel-Onowakpo Thomoas, while briefing the journalists on the development yesterday said the banks were to pay the said amount into Delta State Government account managed by the Union Bank and Diamond Bank respectively, but as at last Friday, the Board was yet to receive confirmation from the banks. He said while Chevron strongly held to her claims that the money had been successfully transferred into DBIR account, the two banks had insisted that the fund has not been received, which prompted the two banks to trade blame. He said this warranted the board to hold series of meetings and exchanged correspondence with the banks to locate the fund. He said at a point, Union Bank acknowledged receiving the money from Chevron and He said both banks "played smart" by holding on to the money since December 27, 2012, more than the Central Bank of Nigeria (CBN) stipulated period of time before remitting the fund into Delta State Government's coffers on January 7, 2013. Thomas further stated that the actions of both banks constitute lack of transparency in revenue collection, as a lot of funds were being lost with the sharp practices, saying he was convinced beyond doubt that the action of the banks was deliberately to improve their cash position for their year end. *(This Day)*

Shares of United Bank for Africa (UBA) Plc Tuesday rose to five-month high as investors reacted favourably to the listing of the commercial banking business on the Nigerian Stock Exchange (NSE). The shares jumped by 9.8 per cent, the highest percentage appreciation for the day, from N4.68 to close at N5.14. The last time UBA shares traded above N5 was October 2012. Following the restructuring of the UBA into four stand-alone firms- UBA Plc, UBA Capital Plc, Afriland Properties Plc and African prudential Registrars, the shares of the commercial banking business arm were re-listed on the Nigerian bourse last Monday. UBA Capital, the non-commercial banking and capital market businesses of UBA and Africa Prudential Registrars, which acquired UBA's share registration business, will be listed as separate companies next tomorrow. Market operators believe the new structure will enable UBA to focus on its core competence, which is commercial banking, hence the renewed demand for the shares. Speaking at the Extra-ordinary General Meeting last December where shareholders approved the new structure, Chairman of the bank, Israel Ogbue, said the structure would enhance UBA's corporate governance practices ensure the protection of shareholder value. Meanwhile, the positive trend at the equities market continued yesterday with the NSE All-Share Index gaining 0.36 per cent to close at 29,089.51. Market capitalisation of equities added N33 billion to close at N9.297 trillion. Apart from UBA that surged 9.8 per cent, UACN Property Development Company Plc also rose by 9.6 per cent to close at N13.22, while National Salt Company of Nigeria Plc appreciated by 9.1 per cent to close at N8.74 per share. In all, 34 equities recorded price gains compared with 23 that shed vale. Investors traded 529.790 million shares worth N3.706 billion traded in 6,857 deals. The financial services sector led the activity chart with 398.826 million shares valued at N2.775 billion in 4,3540 deals, dominated by banking sub-sector, which accounted for 305.182 million shares worth N2.271 billion traded in 3,093 deals. *(This Day)*

THE Internally Generated Revenue (IGR) earnings of Ondo State has increased by about 300% from the N3.7 billion it recorded in 2009 to N10.5 billion at the end of the 2012 fiscal year. The state government, is currently itching to increase revenue from internal sources to N20 billion which it expected as IGR in the current fiscal year as reflected in the appropriation bill presented by the governor to the House of Assembly last December. Governor Mimiko, who disclosed the increment and expressed optimism at further growth through a thorough management system yesterday at Ondo town, said that government was able to record increased IGR because of its determination to make positive change in the lives of the people. The governor was at the National Institute for Educational Planning and Administration (NIEPA), Ondo where he delivered his keynote address titled "IGR: A Catalyst for Rapid Socio-Economic Development" at the opening ceremony of a 2-Day summit on Internally Generated Revenue (IGR) in the state. He decried some unwholesome revenue related conducts, which according to him, included revenue leakages and counterfeiting of revenue receipts among others and reiterated his administration's resolve to boost revenue to enable it meet the yearnings and aspirations of the people in the era of dwindling revenue from federation account. According to him, "An aggressive regime of income generation must be embarked upon to execute our projects and programmes in accordance with our vision. Our IGR has witnessed yearly incremental growth from N3.7 billion in 2009 to N10.5 billion in 2012. This modest achievement is impressive given the lackluster performance of previous administration in revenue generation. "Given the fluctuation in the monthly receipts from the federation account, catalyzing these on-going developments will require steady and appreciable revenue growth if we are to deliver on our electoral pledges to our people and complete all the on-going life-changing projects that we have embarked upon." Earlier in his welcome address, the Chairman of the State Cabinet Committee on Revenue Generation and Commissioner for Budget and Economic Planning, Akin Adaramola, decried the apathy of stakeholders to the issue of revenue generation. He noted that many MDAs were only interested in the expenditure side of the budget, without any thought of how to raise the fund for its execution, adding that if government continues to run without any thought for increased revenue generation in the face of dwindling resources and more challenges, governance would soon run aground. Adaramola, who described IGR as the only source of revenue under the purview of state government, called for attitudinal change to the issue of revenue generation by placing it on the front burner to elicit the desired attention.*(Guardian)*

International Breweries Plc gained 184.21% or N10.5 while Cadbury Nigeria Plc gained 154.39% or N17.6 in share prices to emerge the most profitable stocks on NSE 30 index for 2012. The nation's capital market which closed year 2012 on a positive note despite opening on a weak investors' patronage, saw many blue chip stocks attracting strong investors' confidence to end the year-to-date on a strong positive note. In the major market indices, 2012 Year-to-Date, YTD performance review of the NSE 30 index reveals that twenty-four (24) stocks currently trade in the green zone while the remaining six (6) stocks trade otherwise, a review by Proshare Investment Company Ltd revealed. The NSE 30 index companies come from' a variety of different industry sectors in order to reflect a diversified view of the overall performance of the stock market. Of the many indices available to track the stock market, NSE 30 is the most popular. The components of the index are changed periodically to reflect the matrix developed by the bourse. top gainers for 2012 in the NSE 30 index include International Breweries Plc, Cadbury Nigeria Plc and Diamond Bank Plc. Meanwhile, the top losers are Total Nigeria Plc, United Bank of Nigeria Plc, UBN and Mobil Nigerian Plc. The NSE 30 Index recorded 43.26% appreciation YTD gains in 2012 as the All-Share Index, ASI also records 35.84% appreciation YTD gains in the same period. International Breweries Plc which opened the year at N5.7 per share, gained 184.21% or N10.5 to close at N16.2 per share; Cadbury Nigeria Plc rose by 154.39% or N17.6 to close at N29 per share from N11.4; Diamond Bank Plc opened at N2.01 per share, rising by 145.77% to close at N4.94 per share. Other share price gainers include: GlaxoSmithKline Nigeria Plc N22.3; Access Bank Plc N4.01, United Bank for Africa Plc N1.96; FBN Holding Plc N6.65; Nestle Nigeria Plc N276.62; Guaranty Trust Bank Plc N8.88; Unilever Nigeria Plc N17.5; Fidelity Bank Plc N0.86; Dangote Flourmill Plc N2.97; Nigeria Breweries Plc N51.97, among others. In 2011, out of the 30 Blue Chips stocks on the Index, six (6) closed the year with positive figure while the remaining twenty-four (24) closed negative. Top gainers on the 2011 list are Union Bank of Nigeria Plc; Guinness Nigeria Plc, Nigerian Breweries, Nestle Nigeria Plc and Unilever Nigeria plc; while the top losers are Diamond Bank Plc, United Bank for Africa Plc, UBA, Dangote Flour Plc, Dangote Sugar Refinery Plc and Ashaka Cement Plc. The NSE 30 Index recorded 16.06% losses in 2011 as ASI also recorded% 17.42% losses in the same period. The NSE Banking Sector was the 2nd best performing index, giving a return of more than 23.47% in the year 2012. The Bank Index went up from 275.07 on January 3, 2012 to 339.63 points on December 31, 2012.*(Vanguard)*

Economic News

Telecoms operators are finding it an uphill task restoring the 530 Base Transceiver Stations (BTS), otherwise known as telecoms masts, which were destroyed last year by gunmen suspected to be members of Boko Haram in Northern Nigeria and floods at various sites nationwide. Investigations by THISDAY revealed that it would cost the affected companies some N15.9 billion to replace the base stations and improve the quality of service to their customers, many of whom have been suffering from poor services evident by a rise in dropped call rates, poor connections and lack of voice clarity. The cost of installing a base station, including installation of a generating set or two as back up, ranges between N20 million and N30 million, depending on the height of the mast. Of a total of 20,000 base stations nationwide belonging to telecoms operators, about 530 were destroyed by man-made and natural disasters in different parts of the country in 2012. But operators have said they were yet to restore all the affected base stations, even though restoration work was in progress. Chairman of the Association of Licensed Telecoms Operators of Nigeria (ALTON), Mr. Gbenga Adebayo, in an interview with THISDAY, said out of the 530 base stations that were reportedly damaged last year, 150 were damaged in the North during attacks on them by gunmen suspected to be Boko Haram members, while 380 were destroyed by floods that affected many communities in many states of the federation. A breakdown of the 20,000 base stations spread across the country, MTN, the country's biggest operator by subscriber base, network size and profits, accounts for 7,000; Globacom - 5,000; Airtel - 4,000; Etisalat - 2,000; while all the CDMA operators account for 2,000 masts. According to Adebayo, "Over 150 sites were affected by way of direct damage or consequential impact; another 380 sites were reportedly affected by floods and the effects of floods." These, he explained, are primary and secondary impacts. "Primary being directly affected by floods and secondary affected by the impact of flooding, which is regarded as a consequential effect," he said. "Both the primary and secondary impacts had a significant impact on service quality in 2012 and we are currently working hard to restore them as we look forward to a better 2013. "We are doing our best to ensure better service offerings in spite of our challenges, and a lot of work is still in progress," he added. Explaining why subscribers still suffer poor service quality, since only 530 base stations were destroyed out of 20,000, Adebayo said every BTS is connected to another in the same locality, and that if one is affected, the effect would be felt on several others that are connected to it. Telecoms subscribers suffered considerable disruptions last year due to poor service quality which has spilled over into the new year. Telecoms services across networks became so bad that subscribers often could hardly make or complete voice calls. The calls were either jammed or diverted within a few seconds and subscribers were billed for incomplete calls. Apart from voice calls, data services were also affected, as subscribers could not make effective use of their modems to browse the internet. Telecoms operators, however, blamed the service disruptions on the attacks on their facilities by gunmen and the floods that submerged communities in some parts of country. Gunmen last year launched repeated attacks on telecoms facilities with explosives and guns, destroying several base stations to protest the alleged cooperation between the telecoms operators and security agencies which made it much easier to locate the terrorists. Also, floods caused by heavy rainfall, leading to the overflow of the Rivers Niger and Benue and their tributaries, destroyed scores of base stations in other parts of the country. *(This Day)*

The Nigerian National Petroleum Corporation (NNPC) has directed the International Oil Companies (IOCs) operating in the country to drastically cut over $30 billion they proposed as the cost of new products, THISDAY has learnt. The directive came as the Chairman of the House of Representatives Committee on Public Service Matters, Chief Andrew Uchendu, at the weekend disclosed that members of the National Assembly opposed to the passage of the Petroleum Industry Bill (PIB) were ignorant of the sufferings of oil bearing communities. The projects have been stalled for several years due to the inability of the NNPC and the IOCs to reach an agreement on the costs. Some of the projects, it was learnt, include Bonga South West, Bonga North East and Bonga North (Aparo), which are being proposed by Shell Nigeria Exploration and Production Company (SNEPCo), under a Production Sharing Contract (PSC) arrangement with the NNPC. THISDAY gathered that the Egina project, sponsored by Total is also one of the projects, which cost is being reviewed downward. A source at the NNPC told THISDAY at the weekend that the costs proposed by the IOCs for the projects were too high for the Federal Government. According to the source, the cost of the Floating Production Storage Offshore (FPSO) vessel at the existing Shell's Bonga, which was built in 2004, was around $3.6billion. But the cost of the FPSO being proposed for the new Bonga South West, he said, is about $21billion. "They should have developed the entire Bonga as one project. But they developed Bonga and are now bringing Bonga South West at a cost of $21billion. They are also bringing Bonga East at $4billion and Bonga North (Aparo) at $1.9billion. They should have run all these models with $4billion, which was the original cost of Bonga. But now, when you include Bonga South West, it will gulp about $30billion; if you include Bonga North East, it goes up to about $33billion. After the IOCs recover their costs, Nigeria will earn nothing," he said. "The PSC is very clear. As soon as they recover their money, the FPSO belongs to Nigeria. Nigeria pays for every FPSO because the IOCs recover every kobo used for building it. They have an FPSO producing Bonga. Bonga South West is an appendage of Bonga. Why do they want another FPSO? Why can't they pipe the oil to the existing FPSO? Will they try it in Angola? If the projects were in Angola, all of them would be tied to the existing Bonga and that is what they are doing today," the source added. He also stated that the cost proposed for Egina deep offshore Project is about $18billion, which he also said was unacceptable to the NNPC. "We have asked Total to go back and discuss with the winners of the contract bids to reduce the costs. There are about six packages in Egina and different contractors won," he said. "They said that the cost of the new projects is high because of Nigerian Content. So, does it mean Nigerians are more expensive than expatriates? " he asked. He noted that the existing PSC agreement signed in 1993 was skewed in favour of the IOCs as the PSC provides that the IOCs should recover their costs within the first five years. "The first five years are the best years of any oilfield, when they produce at plateaux. But after the first five years, the field starts to decline and the IOCs will say that they will start Phase 2 and Nigeria will go back to square one. That is why Nigeria is not getting benefits from the PSCs because within the first five years, the IOCs collect 80 per cent of the profit, while Nigeria collects 20 per cent," he said. Some of the IOCs had accused the NNPC of deliberately stalling the execution of some of these multibillion dollar projects. Uchendu spoke against the backdrop of reports that some senators from the northern part of the country were opposed to the passage of the bill. Addressing journalists in Port Harcourt Sunday, Uchendu, who represents Ikwerre/Emohua Federal Constituency of Rivers State, said it was unfortunate that some legislators would oppose the bill which was aimed at ameliorating the sufferings of oil producing communities. He advised those who do not have a first hand experience of those communities to visit the Niger Delta region and see the plight of the people before taking a stance on the bill. "It is regrettable that some of us who express one view or the other on the issue of compensation have not bothered to go to some of these oil-producing communities and see the level of environmental degradation. "I assure you that those opposed to that aspect of the PIB would change their mind if they travel to the oil bearing communities. The communities did not commit any offence for bearing oil and nobody is saying that the larger society should not benefit from the oil in the region," he said. While expressing firm support for the bill, Uchendu said the bill, when passed into law, would help restructure the petroleum sector for the overall benefit of the country. Uchendu also deplored the sorry state of the East-west Road, stating that it was time the Federal Government declared a state of emergency on the road. He noted that the road criss-crossed the region producing the bulk of the nation's wealth and said it was unjustifiable that after several years of disrepair, the Federal Government was not paying attention to the road. *(This Day)*

Nigerian state oil firm NNPC has obtained a $1.5 billion syndicated loan to help it pay debts to international fuel traders, a senior banking source with knowledge of the deal said. The deal was struck at the end of last year and is seen as crucial to easing the burden on big commodity traders facing the prospect of painful multi-million dollar write-offs, oil trading sources told Reuters. Had Nigeria defaulted on these loans it could have restricted the future borrowing capacity of Africa's second largest economy and would have worried credit agencies like Fitch and Standard and Poors, which recently upgraded Nigeria. The loan, provided by several Nigerian and international banks and brokered by Standard Chartered, will be paid back over five and half years. The NNPC has put up 15,000 barrels per day of its oil production as collateral, the banking source said. Standard Chartered and the NNPC declined requests for official comment. The top African oil producer's NNPC owes major commodity trading houses, including Glencore and Mercuria, around $3.5 billion in unpaid fuel supply bills, according to a report last year commissioned by the Nigerian oil ministry. OPEC member Nigeria is among the world's top 10 crude oil exporters but has insufficient refining capacity to meet its domestic fuel needs and is heavily reliant on imports, on which it pays costly subsidies to keep a lid on retail petrol prices. President Goodluck Jonathan attempted to end fuel subsidies in Nigeria a year ago but backed down after it sparked wide-spread protests against higher fuel costs. Decades of mismanagement and corruption have left NNPC heavily indebted, several audits have shown. A list of creditors published in an oil report earlier this year showed there were 35 firms still owed for fuel. Trading companies have been battling for months to recoup the money and some have since stopped supplying Nigeria with fuels. But they have mostly remained in the west African country partly because of huge opportunities in the upstream sector. The list showed that Glencore was owed $138 million, Vitol was owed USD 198m and Trafigura was owed USD 53m. In reality, debts for some individual trading companies are widely thought to be much higher due to exposure via subsidiaries and partner firms. For example, Bermuda corporate registration documents showed that Calson, owed USD 115.11m by NNPC, was using Vitol's Geneva address. Similarly, Napoil, owed USD 75.6m, is a partner of Trafigura, its website showed. *(Reuters)*

A 35 percent rise in Nigeria's stock market last year was partly driven by more domestic investor demand, stock exchange data showed on Thursday, a sign the local confidence needed to sustain current gains is returning to equities. Domestic investors made up 40 percent of total trades for the first eleven months of 2012, compared with 33 percent in the full year 2011, Nigerian Stock Exchange said. Greater domestic investment in the stock market is seen as key to boosting its stability and insulating it from bouts of capital flight by more fickle foreign investors, analysts say. Offshore investors accounted for the rest of the total 1.22 trillion naira trades executed in the first eleven months of last year, the exchange said. Total volumes seem likely to exceed the 1.26 trillion naira registered in 2011. At the peak of the market in 2007, domestic investors were 85 percent of total trades, but many pulled out during a 2008 stock market tumble and, having had their fingers burned, had been reluctant to come back. That tumble nearly sank nine banks, until the central bank intervened to rescue them with a $4 billion capital injection. Foreign participation was 15 percent at the height of the bull run in 2007, but grew to 67 percent by 2011.
Last December, Nigeria's index rose to a 32-month high, crossing the psychological 28,000 point mark for the first time since April 2010. Nigeria was the second best performing stock market in sub-Saharan Africa after Uganda. The index continued to rally in January this year, rising 3 percent in its first seven days of trade. Analysts see scope for further increases in domestic participation, especially if the current bull market is sustained. Despite the recovery, there is some way to go to return to the dizzy heights of the bubble years -- the market is less than half the value it was prior to the 2008 collapse, which wiped off 60 percent of stock values. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

The Petroleum Products Pricing Regulatory Agency (PPPRA) has again cut to 32, the number of oil-marketing and trading companies (OM&Ts) that would be involved in the importation of Premium Motor Spirit (PMS), also known as petrol into the country, THISDAY investigations have shown. THISDAY learnt that only 32 companies were issued permits to import petrol in the first quarter of this year, down from 38 that participated in the fuel importation scheme in the fourth quarter of 2012. The participating companies, according to a document exclusively obtained by THISDAY, are Nigerian National Petroleum Corporation (NNPC), Aiteo Energy, Ascon Oil, Avidor Oil and Gas, A-Z Petroleum, Bovas, Conoil Plc, Dee Jones Petroleum and Gas, Dozzy Oil and Gas, Folawiyo Energy, Fresh Synergy Ltd and Forte Oil Plc. Others are: First Deepwater Discovery Ltd, Gulf Treasure Ltd, Heyden Petroleum, Ibafon Oil Ltd, Integrated Oil and Gas Industries, IPMAN Refining and Marketing Ltd, Mobil Oil Plc, MRS Oil & Gas Ltd, MRS Oil Nig. Plc, NIPCO Plc, Northwest Petroleum & Gas Ltd, Oando Plc, Obat Petroleum Ltd, RainOil Ltd, Rahamaniyya Oil Gas and Sahara Energy Ltd. The list also includes Shorelink Oil Ltd, Swift Oil Ltd, Techno Oil Ltd and Total Nigeria Plc. The document also showed that aside the state oil company (NNPC) that got the highest allocation, Oando topped the major marketers' list with 150,000 metric tonnes (mts) allocated to it. Mobil, MRS Oil Nig, MRS Oil & Gas and Forte Oil were allocated 60,000mts each. Further checks by THISDAY revealed that Nipco and Folawiyo topped other independent marketers' with each firm allocated 120,000mts. Techno Oil and Total got 90,000mts each, while Shorelink and RainOil got approvals for 80,000mts and 75,000mts respectively. Also, Rahamaniyya and Sahara got 60,000mts each, while Ascon, Bovas, Swift Oil and Deejones each got approvals for 45,000mts. Dozzy Oil and Gulf Treasure were given allotments of 30,000mts each, while Fresh Synergy got 15,000mts. Although he refused to comment on the volumes allocated to each of the oil marketers, the Executive Secretary of the PPPRA, Mr. Reginald Stanley, when contacted, confirmed that the number of marketers for the first quarter import regime had been cut from 38 to 32.
He explained that the number was reduced to ensure that marketers which might have been indicted or under investigation for subsidy fraud were not given permits to import petrol. He said the track record established by marketers and a demonstrable capacity to finance the imports were other factors that determined the selection of marketers that made the list. Since the last quarter of 2011 when the number of marketers importing petrol peaked at 128, PPPRA has worked assiduously at bringing down the number.
By the second quarter of 2012, Stanley said the number of marketers was slashed to 42, the number was further pruned to 39 in the third quarter, and reduced to 38 by the fourth quarter of last year. He had recently informed THISDAY that PPPRA's target was to prune the number of petrol importers to 20, in order to stem abuses in the subsidy scheme. The companies that were denied allocation for the first quarter of this year, investigations revealed, included Masters Energy, Matrix Energy, Spog Petrochemical and Capital Oil and Gas Industries, whose facilities had been shut down over its indebtedness to the Asset Management Corporation of Nigeria (AMCON). THISDAY had reported that some of the companies indicted for various infractions by the Presidential Committee on Verification and Reconciliation of Subsidy Payments headed by the Managing Director/Chief Executive Officer of Access Bank Plc, Mr. Aigboje Aig-Imoukhuede, were among the 38 firms issued import permits for the fourth quarter of 2012. A presidency source had explained that some of the indicted marketers had been included in the fourth quarter import list because they had been performing well and could not have been denied because of mere allegations that had not been proven. The source also revealed that of the 39 OM&Ts that were granted permits to import petrol in the third quarter of 2012, 20 companies imported less than 10 per cent of the volumes allocated to them. *(This Day Live)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Tanzania

Corporate News

DIAMOND Trust Bank Tanzania (DTBT) has boosted its capital base by 12.4bn/- following the recently completed rights issue which was fully subscribed. In a press statement issued in Dar es Salaam , DTB Group Chairman, Mr. Abdul Samji, described the rights issue as "a major success. "The results of the rights issue are reflective of the strong support, loyalty and confidence DTB enjoys from its shareholders. The bank had offered some 3.87 million rights to the shareholders at a discounted price of 3,200/- per new share. "A number of our shareholders have not only taken up their rights but many have also applied for additional shares," the chairman said. Mr. Samji said the bank's board had approved full allotment to all applications for rights entitled to, by the shareholders as well as all applications for additional shares. Following the rights issue, the bank's core capital had gone up to 48bn/-. "With these new funds we will be able to continue with our plans for investment in branch expansion, technology and new products and explore additional opportunities to further strengthen our presence in Tanzania, a key market for the DTB Group", said Mr. Samji. DTB Tanzania currently has 16 branches across the country, with plans to double the footprint over the medium term. This significant expansion drive is in line with Diamond Trust Bank group's long-term strategy, dubbed as Vision 2020, which is aimed at up-scaling its operations throughout East Africa by continuing to rapidly expand its presence in major commercial sectors across the four markets - Tanzania, Kenya, Uganda and Burundi - the DTB franchise operates in. DTB Tanzania is an affiliate of the Aga Khan Fund for Economic Development (AKFED), the economic development arm of the Aga Khan Development Network. The bank's other key shareholder is Diamond Trust Bank Kenya Limited, which is also an affiliate of AKFED. *(Daily News)*

Bank M Tanzania Limited, a corporate and investment bank, has come out with another sterling all-round performance with its business continuing to grow smartly during the quarter. A statement issued by the bank in the city yesterday said the loan book crossed the 300bn/- mark touching 319.81bn at end of December, 2012. It stood at 197.91bn at the end of year 2011. This means that during the period under review it grew by more than 100bn/-, according to the statement. Further, the level of deposits also crossed surged beyond 300bn/- reaching 349.68bn/- at end of December, last year. The performance can be considered commendable despite a turbulent economic and financial environment, the statement added, it said. Backed by the robust growth in the loan book and deposits, the bank's net interest income grew from 15.07bn/- at the end of the previous year to 19.69bn/- during the current year, 2012, a 31 percent growth. Bank M's Deputy CEO (Commercial), Jacqueline Woiso, attributed the rosy performance of the bank to the highest level of banking services and adoption of best practices which have made it to be the preferred most by corporate clients. "We constantly put our clients at the heart of our strategy and they have responded positively by reposing their faith in our ability to deliver the same consistently," she said. Woiso cited the example of the growth of Non Interest Income by 82 percent from7.53bn/- during the year 2011 to 13.72bn/- in 2012 which substantiates customer confidence and satisfactions towards the services offered by the bank. She further stated that the bank has maintained strong asset quality in spite of growing at a fast clip over the past few years by smartly managing the loan portfolio in line with the changing external environment and careful selection of clients. The just released financial statements of the bank indicates that its NPL ratio went down from 1.9 percent as at the end of September, 2012 to 1.8 percent as at the end of December, 2012. The bank's loan portfolio is well spread out across all the sectors with manufacturing and services claiming the lion's share followed by trade, construction and real estate, the statement said. The bank's operating profit grew handsomely by 41 percent from 9.01bn during 2011 to 12.66bn during the year 2012. Despite being young in the market, Bank M has been an active player in fulfilling its commitment to the society by undertaking significant activities under its Corporate Social Responsibility initiatives which focus on health, education, environment and arts. (*The Guardian)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Economic News

Tanzania's current account deficit widened 4.4% in the year to November due to a rise in imports of oil and machinery for gas and oil exploration activities, its central bank said on Wednesday. The shortfall in east Africa's second-biggest economy increased to $3.76 billion from $3.6 billion a year earlier. "The increase (of imports) was largely driven by oil imports, following a rise in oil prices in the world market," the Bank of Tanzania said in its latest monthly economic report. "There was also a substantial increase in imports of machinery, which is associated with an increase in gas and oil exploration activities." The country's total bill for imports of goods and services rose 12.3% in the 12 months through November to $13 billion, while the value of its exports of goods and services increased 15.5% to $8.531 billion. Tanzania is fast becoming a regional energy hub following recent major discoveries of natural gas offshore. The value of oil imports jumped 18.9% to $3.516 billion in November, largely due to a rise in world market prices. Imports of machinery increased 14.4% to $1.88 billion, the central bank said. Tanzania, with a population of around 45mn, is Africa's fourth-largest gold producer after South Africa, Ghana and Mali. Gold exports, the country's top foreign exchange earner, rose 16.5% in the year to November largely due to an increase in gold prices on the world market and higher export volumes, fetching $2.1bn, the bank said. The price of gold on the world market went up by 7.7% to $1,667.15 per troy ounce in the year to November. Revenues from tourism increased to $1.549 billion from $1.347 billion a year ago as the country attracted more visitors. Gross official foreign exchange reserves held by the central bank rose to $3.883 billion in the year to November, or about four months of import cover, from $3.484bn a year ago. *(Reuters)*

Zambia

Corporate News

Zambia's Konkola Copper Mines has suspended production at its Chingola open-pit mine after the expiry of the contract with its Brazilian mining partner, the company said on Thursday. Konkola, owned by London-listed Vedanta Resources, contracted Brazil's U&M Mining in 2009 to help it to mine two areas of the Chingola mine for both waste and copper ore over a period of three years. "The contractor U&M's contract expired on December 31, 2012, and terms have not been agreed for the renewal of the contract," Konkola said in a statement. Konkola added that management will explore options for the operation of the pit and that former U&M employees would be given priority for engagement when mining resumes. Konkola also operates the Nchanga open pit as well as Konkola copper mine and is developing the Konkola Deep Copper Project (KMDP) under plans to raise copper output to 400,000 tonnes, from 200,000 tonnes in 2012, over the next few years. *(Reuters)*

Economic News

ZESCO Limited's power generation capacity is expected to increase to 2,310 megawatts (mw) next year from the current 1,600 mw due to the on-going power expansion projects, the power utility company managing director Cyprian Chitundu has said. Mr Chitundu also says they are engaging the mining companies to reduce electricity consumption by 100mw during peak to lessen load-shedding in the country. He cited the Kariba North Bank extension project with an installed capacity of about 720mw, Kafue Gorge power that will produce 940mw and the 50mw to be purchased from Ndola Energy as some of the power projects that will contribute to the increase in power generation in the country. He said at media briefing in Lusaka on Friday that Zesco is working on a number of hydro-power projects that are expected to start generating power in the next few years and are aimed at addressing the power deficit. The projects include Kafue Gorge lower, Lunzua, Itezhi-tezhi and Lusuwasi. "The total cost of these projects will be about KR15 billion and it is expected that load-shedding will be a thing of the past…we are also working on mini-hydro power stations to increase access to electricity in the rural communities," he said. Mr Chitundu said efforts have been made to address the power deficit with the current power deficit standing at only 70mw from about 250mw. On the transmission side, Zesco is expected to spend KR5.8 million with the installation of a 320kv line from Leopards hill to Luangwa, reinforcement of the Lusaka 132kv ring by June 2013, upgrade of Kafue town – Muzuma - Livingstone 220kv to 330kv by December 2014 and installation of a second 125MVA 330/132 kv as some of the projects. Meanwhile, Mr Chitundu has called on the private sector to come on board in the development of hydro-power stations citing the Batoka, Mpata and Devils gorge. On load-shedding, he said Zesco and the Minister of Mines, Energy and Water Development Yamfwa Mukanga are engaging the mining companies to release 100mw of electricity during peak hours to mitigate power outages. "Mr Mukanga has taken it upon himself to engage the mining firms to ask the mines to reduce power during peak hours," he said. *(Daily Mail)*

Zambia's energy regulator proposed that the government of Africa's biggest copper producer should import power from the region to stem a shortfall. The country could buy electricity from members of the Southern African Power Pool, a common market for electricity in the 15-nation Southern African Development Community, including Mozambique, the Democratic Republic of Congo and South Africa, Energy Regulation Board Chairman George Chabwera said yesterday. The regulator also wants the government to introduce a so-called grid code, which would make it easier for private producers to sell directly to consumers, he said. "That's where the earth-moving decisions will be," he said in an interview in Lusaka, Zambia's capital. The southern African nation is suffering from a power deficit that is hampering growth in the mining industry. Zambia's biggest power producer, Zesco Ltd., plans to spend about $5 billion to address the shortfall, according to the utility. Companies including Glencore International Plc (GLEN), Barrick Gold Corp. (ABX) and China Nonferrous Metal Mining Co. have mines in the country. By using a grid code, private producers would pay a set fee to provide power to customers using existing electricity transmission lines, said Chabwera, who took over as chairman Nov. 29. Zambia has a power shortage of 70 megawatts in peak periods, Zesco Managing Director Cyprian Chitundu said by mobile phone. The producer is in the process of asking mining companies to reduce their usage by about 100 megawatts in the evenings, he said. Usage Reduction "At peak, if they could just cut down by 10 megawatts to 15 megawatts each, it would really help," Chitundu said. The curbs will last for the next nine months, until the utility brings additional generation capacity into production, he said. Zesco applied to the Energy Regulation Board to raise electricity prices by an average of 26% from Nov. 1 in July, partly to fund its expansion plan. The regulator was unable to make a decision because it didn't have a board until Nov. 27. A ruling, which won't be backdated, will be made by the end of March, Chabwera said. Zambia's annual inflation rate was 7.3% in December. "We are between a rock and a hard place," he said. Consumers don't want prices to increase while the utility is undertaking scheduled power cuts to keep demand in check, said Chabwera. The kwacha appreciated 0.7% to 5.235 per dollar by 8:50 a.m. in Lusaka, paring its gain this year to 0.9% . "You could call it a chicken-and-egg situation," Chitundu said. The power utility needs funds from a higher tariff to improve its services, he said. Zambia relies on hydro-power for more than 90% of its current 1,750 megawatts of generation capacity, almost all of which Zesco operates. *(Bloomberg)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Zimbabwe

Corporate News

ZIMBABWE's indigenisation programme has been singled out as the major reason for the exclusion of Barclays' Zimbabwean unit from the merger of the group's African operations with those of Absa. Zimbabwe's empowerment law compels foreign-owned companies, including banks, to turn over their majority shareholdings to black indigenous people. Youth Development, Indigenisation and Empowerment Minister Saviour Kasukuwere has been on the warpath with the country's four foreign-owned banks — Barclays Zimbabwe, Nedbank's MBCA Bank, Standard Bank's Stanbic and Standard Chartered. Barclays and Absa Group, one of South Africa's top four banks, agreed to combine their Africa operations in a US$2,1 billion deal that would create the continent's largest retail bank by branch network and customers. The deal entails Barclays combining the operations of Absa, whose business is predominantly based in South Africa, with its businesses in Botswana, Ghana, Kenya, Mauritius, Seychelles, Tanzania, Uganda and Zambia. Apart from Barclays' operations in Zimbabwe, Egypt does not form part of the transaction. Analysts have suggested that Egypt has been omitted due to domestic political problems related to the transition. Analysts who spoke to BDlive, an SA business news online, have said they were concerned about the exclusion of Zimbabwe in the deal. They said the move would hurt recovery prospects in the volatile banking sector. Economist Dr Eric Bloch, a senior partner at H&E Bloch, said the exclusion of Barclays Zimbabwe exposed the "fear and wait-and-see approach" being adopted by foreign investors, as a result of the indigenisation and empowerment programme. "All this showcases the level of anxiety among investors," said Dr Bloch. "They don't have the assurance that their investments are safe in Zimbabwe and as a result the country is losing out on billion-dollar transactions." Zimbabwe National Chamber of Commerce chief economist Mr Kipson Gundani said: "The specifics as to why Zimbabwe was avoided could differ, but this is typical of the way investment has been flowing into the country. The indigenisation programme has generated high risk in the country, which is either real or imagined." But Barclays Zimbabwe marketing and corporate affairs head Mr Dennis Mambure downplayed fears that the local banking unit had become an "outcast" as a result of the indigenisation programme. He said its contribution to Barclays was significant and would not be affected by developments in other operations. When Barclays and Absa finalise the merger, Barclays Zimbabwe will be managed under the One Africa Structure, as the merger kicks off in the first half of this year. Barclays, which already owns a majority stake in Absa, will raise its interest to 62,3 percent from 55,5 percent and the group will be renamed Barclays Africa Group to reflect the enlarged portfolio and pan-African focus of the business. *(Herald)*

INTERNATIONAL refined foods manufacturer Nestle invested US$12 million in its Zimbabwean operations last year despite the uncertainty surrounding its future in Zimbabwe regarding its indigenization compliance plans. However, the Swiss company has repeated its commitment to its operations in the country. In Zimbabwe, Nestle manufactures foodstuffs for babies and also makes cereals and powdered milk under various brands. Nestle Zimbabwe said it was committed to continuing its operations, adding that the operating environment, although fraught with challenges and uncertainties, was "stable". "Nestle Zimbabwe has been in Zimbabwe for 53 years both in times of economic downturns and in times of prosperity and surely the company will manage the situation as it comes to secure its survival for a long time to come," said Nestle Zimbabwe executive director Mr Farai Munetsi. Independent economic analyst Mr Moses Moyo said the company would be on the Government's checklist for indigenisation compliance. "Despite doing well and enjoying a good market share the indigenisation policy is still a scare for the company and this has to be settled to enable it to be certain of its future, especially with threats that have previously been made against it," said Mr Moyo. Mr Munetsi said Nestle Zimbabwe's "indigenisation proposals" were still under consideration by the Government and added that the two parties "are still in discussion" over the issue. Zimbabwe is a key market for the company in the Southern African region. Last September, Nestle Zimbabwe set up a new cereals manufacturing line and upgraded another. The manufacturing plant in Harare is operating at 54 percent of capacity, above the average capacity for most manufacturing companies in Zimbabwe although there is room to ramp this up. Mr Munetsi said it was difficult to measure the company's market share as "products are not consistently in the market" while there is also strong competition from imports. Analysts said companies such as Nestle Zimbabwe are likely to continue encountering problems that persisted in the country last year. These include a tight liquidity crunch that has driven up the cost of borrowing, as well as erratic and unreliable power and water supplies *(Herald)*

ZIMBABWE Stock Exchange-listed agro-concern Ariston Holdings Ltd posted a loss of $531 648 for the full-year ended September 30 2012 weighed down by control deficiencies at its trading division. The loss was lower than the $2 million that the company recorded in the prior year. In a statement accompanying results, company secretary Faith Musinga said turnover went up by 69% to $14,8 million while operating loss stood at $2,8 million. Favco's contribution to the group's turnover was 58% due to increased activities. "During the year under review, although performance has improved, the group did not achieve the anticipated levels of activity in all areas. This was largely due to the capital raise being finalised later than anticipated," Musinga said. "Sadly significant weaknesses in internal systems allowed margins to be eroded during the period. Corrective action has been implemented in both internal systems and product focus." Ariston said the group was now adequately funded such that operations would not be constrained. "The capital projects already in place will start to yield returns in the year ahead with improvements in quality, output and cost reduction on all farms. Throughput is set to increase significantly in 2013 across all operations. The improvements in operational capacity over the last six months combined with those improvements still to come will set the stage for Ariston's return to profitability," she said. The group's turnover went up by 69% to $14,8 million while operating loss stood at $2,8 million. Musinga said the group was eyeing a return to profitability during the current financial year after having secured adequate capital. "Ariston looks set to return to profitability in 2013 with significant increases in production across all operations," she added. The company said it had commissioned its decaffeination factory after a four-year break. It said irrigation rehabilitation on all farms had given operations improved control with positive results in tea gardens as well as macademia and apple orchards. *(News Day)*

ECONET Wireless Zimbabwe is proceeding with its plans to acquire the entire shareholdings in TN Bank through a share swap deal, the company said yesterday. Econet, which currently holds 45 percent shareholding in TN Bank, intends to acquire the entire ordinary shares of the bank through the share swap of one Econet ordinary share for every 28,79 TN Bank shares. TN Bank shareholders can also exercise a cash option by getting US15,91c for each TN Bank ordinary share held. The price is approximately 50 percent less the listing price of US32,08c in June last year. Shareholders linked to the founder of the bank, Mr. Tawanda Nyambirai, with a combined 30,46 percent shareholding, have indicated they would accept the offer. "The transaction has no material effect on the earnings per share and net interests value of TN Bank Limited," said Econet in a circular to shareholders. "EWZ will pay for the TN shares using Econet Wireless Zimbabwe shares in its treasury stock and there will be no issue of new shares. The transaction will have no material effect on the earnings per share and net assets of Econet Wireless Zimbabwe." If approved, TN Bank will delist from the Zimbabwe Stock Exchange. Apart from approvals from the shareholders, "an application has been made to the RBZ to approve the holding of up to 100 percent (shareholding) of TN Bank by EWZ". After acquiring the entire shareholding of TN Bank, Econet will recapitalise the bank in line with thresholds set by the Reserve Bank of Zimbabwe in June last year. Two weeks ago, TN said it needed to raise money to meet the new minimum capital requirements of US$100 million for commercial banks by December 31 next year. The management felt any engagement with potential investors would likely value the company using its trading price which at this time undervalues the company. *(Herald)*

Barclays and Standard Chartered are among banks being asked to curb lending rates in Zimbabwe as the government pressures the financial services industry to aid economic recovery. A draft agreement between 23 banks and the Reserve Bank of Zimbabwe, a copy of which has been obtained by Bloomberg, stipulates that lending rates cannot be more than 10 percentage points above the companies' cost of financing, which currently ranges between 1% and 7% while banks charge lending rates of as much as 25%. There is need to ensure "that bank charges and interest rates promote financial inclusion, stability and economic growth", the central bank and the banks say in the agreement, which is yet to be ratified. The Bankers' Association of Zimbabwe met with Finance minister Tendai Biti to discuss the agreement on January 4. The pressure to lower interest rates comes after Biti said in November that the country could amend its banking laws after central bank attempts to restart the country's capital markets by selling Treasury bills for the first time since 2008 were shunned by financial institutions. A decade-long recession ended in 2009 when neighbouring countries forced President Robert Mugabe and Prime Minister Morgan Tsvangirai to end a political dispute by forming a coalition government. In that year, Biti abolished the use of the Zimbabwe dollar in a bid to curb inflation that had accelerated to 500 billion percent, according to estimates by the International Monetary Fund. The country now predominantly uses the United States dollar. Under the terms of the agreement, banks will also be compelled to pay an interest rate of at least 4% on term deposits of over $1 000 and to design accounts with lower charges to cater for poorer customers. Zimbabwe's annual inflation rate was 3% in November. Bankers' Association of Zimbabwe president George Guvamatanga said: "The matter is still under discussion and we hope that it will be finalised soon." Stanbic Bank of Zimbabwe Ltd, a unit of Johannesburg-based Standard Bank Group Ltd, is included in the agreement as are units of Nedbank Group, Ecobank Transnational Incorpration and Old Mutual. Four banks hold about 80% of deposits in Zimbabwe, Biti said in his November 15 Budget speech, without naming them. *(News Day)*

THE judicial manager of suspended Zimbabwe Stock Exchange-listed Steelnet has recommended that the group files for liquidation and be sold to pay off creditors who are owed more than US$8 million. Judicial manager Mr. Christopher Maswi, in a report tabled before the High Court recently, said liquidation was the only way out for the group as a previous attempt to raise fresh capital from shareholders in 2011 to recapitalise the business failed. An application for funding to CABS under the Distressed and Marginalised Areas Fund was also rejected. Dimaf was set up to help resuscitate companies facing financial challenges. Steelnet, which owns Tube & Pipe Industries, BMA Fasteners and Hastt, owes creditors more than US$8 million while its assets have been valued at almost US$10,9 million. "Based on the evaluation of current performance trends, inability to raise working capital, inability to raise equity from shareholders, the accumulation of debt mainly salaries and related debts, utility bills, I recommend that the business files for liquidation and the three businesses sold to pay the creditors," the judicial manager said in the report. The group has also not been remitting statutory obligations to the Zimbabwe Revenue Authority and the National Social Security Authority. A commercial bank is owed US$1,4 million. The judicial manager said apart from paying off creditors, the group required US$3,9 million to recapi-talise its operations and improve production. Tube & Pipe Industries, which was the group's flagship, required $1,9 million capital injection while Bulawayo-based BMA Fasteners, needed US$702 000 and Hastt would be out of the woods with fresh capital of just over US$1 million. Tube & Pipe Industries makes metal pipes, tubes and sheets while BMA Fasteners produces nails, bolts, nuts and underground rock support. Hastt Zimbabwe is a maker of tractor and ox-drawn agricultural implements. Mr. Maswi said despite challenges facing the group, it was still viable if capital could be raised. "The business viability as indicated in the viability assessment is still there for all the three businesses. "The main challenge is the availability of adequate working capital to increase activity to viable levels. BMA and Hastt operations have been operating on the basis of customer funding and limited supplier funding. These funding structures have assisted in maintaining core skills and maintain presence in the key market segments," he said. He also recommended that since the group comprised three divisions that operated in different market segments, the companies could be sold separately. The group which employed 273 people before being placed under judicial management now has a staff complement of 216 due to resignations, deaths and retirements. Steelnet was formed in 2002 from the unbundling of the Africa Resources Limited. A number of listed and unlisted companies have been placed under judicial management in recent years after facing challenges brought about by dollarisation of the economy. Apart from a liquidity crunch, which resulted in shareholders failing to inject new capital to recapitalise operations, local companies have faced stiff competition from imported products. Many companies are being forced to fund operations from short-term loans. Companies which have been placed either under judicial management or liquidated in the past few years include Archer Clothing, Ascot Clothing, Cairns, Interfin, Redstar and David Whitehead. *(Herald)*

AFRASIA Kingdom Holdings Limited (AKHL) has secured $10 million from its Mauritian- based partner to provide lines of credit for on lending to its customers. In January last year, Kingdom Financial Holdings Limited sealed a $9,5 million deal with AfrAsia Bank Limited (ABL) resulting in the latter gaining a 35% stake in the group. ABL is a financial institution that offers corporate and investment banking, private banking and wealth management and international banking solutions. AKHL group chief executive officer Lynn Mukonoweshuro told NewsDay this week that the coming on board of new shareholders had been positive for the group. She said it had also sent a message that the country was a good investment destination. "AKHL is now strategically positioned to attract further capital which will come in handy in our desire to meet the phased new capital requirements. "ABL has additionally assisted us with a $10 million line of credit for our clients to enjoy and the nation to benefit from," Mukonoweshuro said. She said the capital injection by ABL last year had enhanced the company's balance sheet to underwrite new business. Mukonoweshuro added that the bank had submitted its capitalisation plan to the Reserve bank of Zimbabwe. "The group has submitted its capitalisation plans to the Reserve Bank and is therefore unable to comment any further," she said. The central bank governor announced a phased recapitalisation exercise for the financial services sector which is expected to be concluded by June 2014. Shareholders are expected to increase that threshold to 75% by year end before fully complying. Mukonoweshuro said the partnership had increased the company's exposure in skills base in the form of new board members. She said the group was eyeing opportunities in the economy to become a major player on the market. For the half year to June 30 2012 group balance sheet stood at $186 million due to the lower cost of funding for the loan book. *(News Day)*

IMPALA Platinum Limited is expected to sign the terms of the sale of a majority shareholding in its local unit, Zimbabwe Platinum Mines, today, a Cabinet minister has announced. Youth Development, Indigenisation and Empowerment Minister Saviour Kasukuwere said Implats, the world's second largest platinum company, owns about 87 percent in Zimplats. But under the indigenisation and empowerment laws it is compelled by the law to reduce its shareholding to 49 percent or less. "We have concluded the mining and platinum sectors," the minister said yesterday. "We are looking at this as the completion for the platinum and mining industry. "There is compliance in the sector and this heralds a new era for the transfer of resources to our people." Reliable sources said yesterday the deal would give 10 percent shareholding to a Community Share Ownership Trust while another 10 percent would be given to the Zimplats Employees Share Ownership Trust. The company will also give up 31 percent of its shareholding to the National Indigenisation and Economic Empowerment Fund. Another platinum company that has completed the empowerment deal is Mimosa Mining Company under which the shareholders, Aquarius Platinum and Implats, agreed to allow indigenous entities to buy 51 percent of the company. This transaction, worth US$550 million, will see the JSE and UK-listed firm complying with indigenisation laws. Anglo American also agreed to sell its majority stake in Unki Platinum to black Zimbabweans in a deal worth US$142 million. The Zimplats deal could be above US$1 billion, given that the company is twice bigger than Mimosa. Implats spokesperson Mr. Bob Gilmour told Bloomberg yesterday that the sale of the stake was "a work in progress" The empowerment policy has seen community share ownership schemes being established in Manicaland, Mashonaland Central, Midlands and Matabeleland North and South provinces with several communities already benefiting. *(Herald)*

ECOBANK Zimbabwe Limited (EZL) says it has complied with the first phase of the Reserve Bank of Zimbabwe minimum capital requirements of $25 million. The central bank raised the minimum capital requirements for both merchant and central banks to $100 million under a phased recapitalisation plan. Banks were required to have raised $25 million by December 2012 before full compliance by June 2014. Speaking at a Press conference in Harare on Wednesday, Ecobank Transnational Incorporated group chief executive officer Thierry Tanoh said: "We have complied with the new capital requirements. "We added another $15 million to comply with the minimum capital requirements." Tanoh said the African region was important to the group and profits were now being realised from the business. He added that the group had plans to grow in the future. Ecobank Zimbabwe has 11 branches in the country and was looking forward to opening new branches this year. Ecobank Transnational became the major shareholder in Premier Finance Group in 2010 when it injected $10 million into the bank. Ecobank bought a 70% stake in Premier Finance. The pan-African group came into the bank to shore it up and help Premier meet the minimum capital requirements that were at $12,5 million then. Tanoh said the group had no plans to list outside Africa. The transnational group is listed in Lagos, Ghana and on the West African regional bourse. It has assets worth $9 billion and operates in 30 countries on the continent. The central bank would be introducing more measures for the banking sector this month in a move to ensure that good corporate governance prevails in the sector as a way of bringing the financial sector in line. Several other banks that have complied with the minimum capital requirements include CBZ Bank, AfrAsia Kingdom Holdings Limited and FBC Bank. *(News Day)*

Economic News

GOVERNMENT will whittle down powers of the State Procurement Board this year amid reports of corruption and manipulation of processes in the awarding of tenders to bidders. SPB will become a mere regulatory body. Finance Minister Tendai Biti last Friday said there had been a unanimous decision by Cabinet that the SPB's role of awarding tenders be given to line ministries to improve efficiency. Alleged underhand dealings at the SPB had resulted in incompetent companies being awarded tenders to do critical Government jobs which they later failed to do. "The Procurement Act is set to be amended and this will see the SPB being reduced to a regulatory role. All procurements will be done by line Ministries," said Minister Biti. He said although the SPB was administered by the Office of the President through his ministry, it had continued to award contracts to incompetent firms that had no capacity to deliver. "We have a scenario where companies that were blacklisted by the Government for incompetence are still being awarded tenders and failing to do the job. How can you tender when you do not have capacity to do the job?" said Minister Biti. He said the SPB was also taking too long to process and award tenders. Mr Charles Kuwaza chairs the SPB. He admitted in June last year that some of his officers corruptly awarded tenders to bidders. Appearing before the Parliamentary Portfolio Committee on Budget, Finance and Investment Promotion, Mr Kuwaza said the SPB did not have enough staff to investigate if parastatals and ministries were following the law in procurement. "The possibility of corruption could be there at the evaluation stage where some people may see that a certain bidder has met all the specifications," said Mr Kuwaza. "They then phone that bidder asking for a payment to facilitate that they win the tender when the bidder was still going to win it because they have met all the requirements." Several bidders have challenged the SPB's tender awards in the past. A local company last year took the SPB to the Administrative Court challenging a tender award to a foreign company that charged higher prices. *(Herald)*

THE Supreme Court has ruled that the Reserve Bank of Zimbabwe is not obliged to pay United States dollars to 36 companies selected to benefit from the foreign currency auction system in 2005 because there were no formal and binding agreements between the parties. Several companies, including Cafca (Private) Limited, were selected to benefit from the foreign currency auction system whereby they would deposit Zimdollars with the central bank and get the equivalent in foreign currency depending on the prevailing auction rates. RBZ agreed to assist the manufacturers to get the then scarce foreign currency to import inputs for their businesses. The firms benefited from the special system, but at a later stage RBZ failed to surrender the required foreign currency due to the unavailability of the scarce currencies. RBZ announced it was terminating the special contract due to the foreign currency shortages and offered the 36 companies refunds in Zimdollars. Cafca (Private) Limited sued RBZ at the High Court and obtained an order to be paid US$750 000 as the equivalent of the Zimdollars it tendered. The firm, which manufactures and supplies an exclusive range of cables for the transmission of communication and distribution of energy, was selected to get preferential treatment to access foreign currency to purchase imported inputs to sustain its business. Cafca argued that it did not get the foreign currency prompting it to file a claim at the High Court. The High Court ordered RBZ to pay the US$750 000, a decision the central bank contested at the Supreme Court. But the Supreme Court recently quashed the High Court decision and saved the central bank from paying Cafca. Deputy Chief Justice Luke Malaba dismissed the US$750 000 claim by Cafca on the basis that there was no formal and binding contract between the two parties. The judgment included other companies that were in the same situation. Justices Vernanda Ziyambi and Yunus Omerjee agreed with the decision. "The court finds that when Dr (Gideon) Gono put in place the special arrangement, there was no intention to create a binding contract to avail foreign currency to the respondent and the other companies on the special list. "It is to be noted that there was no formal contract between the parties. "The facility was put in place at the time because of the acute shortage of foreign currency. It is highly unlikely that given the state of affairs, Dr Gono would seek to bind the appellant (RBZ) to avail foreign currency to the respondent upon payment of the local currency when the volumes of inflows of foreign currency were unpredictable. "It is not without significance that 35 other companies on the special list subsequently accepted refunds of Zimbabwe dollars deposited with the appellant in August 2005. This fact is consistent with the position that the allocation of foreign currency was conditional upon its availability at any time," ruled Justice Malaba. The agreement to accord the 36 companies preferential treatment in the disbursement of foreign currency, according to the Supreme Court, did not create a binding and enforceable contract between the parties. In 2005, Cafca and 35 other companies approached RBZ seeking assistance to access foreign currency and Dr Gono made an arrangement to help the 36 firms. The firms would get some foreign currency on a weekly basis after depositing local currency with the central bank. The arrangement went on well until August 2005 when the bank faced challenges in providing the required foreign currency leading to the termination of the facility. *(Herald)*

ZIMBABWEAN banks are prepared to lower lending rates and bank charges but are unlikely to meet recommendations by fiscal and monetary authorities. Banking sources said while no agreement had yet been reached between the authorities and the Bankers' Association of Zimbabwe, there was a "common understating" between them on the need to cut lending rates and bank charges. Both sides insist that all this would be achieved in a manner which "does not compromise the financial stability" of the institutions. The authorities want to cap the interest rate at 10%, according to media reports, while banks are prepared to charge lending rates of as much as 15%. "The banks have agreed to reduce certain bank charges and lending rates to 15%," said a source close to the talks. "BAZ is definitely trying to compromise. But it also wants the Government to play its part in improving the image of the country, to reduce the political risk that has seen regional

financial institutions advancing lines of credit to local banks at high interest rates," said the source. Institutions such as the PTA Bank and Afreximbank are providing lines of credit to local financial institutions at an average annual rate of 8%. "What the banks are demanding from the Government is to make the environment conducive for the banks to raise lines of credit at competitive rates," said the source.
BAZ president Mr. George Guvamatanga said this week "the matter is still under discussion and we hope that it will be finalised soon". Last week, the National Social Security Authority and Old Mutual reduced the cost of money lent to banks from 10% to 7%, with banks now on-lending that money at a maximum interest rate of 10% per annum. Before the reduction, the banks were on-lending the money at a maximum rate of 15% per annum. Many banks obtain significant funds from the two institutions. Minister Biti said last November that he had negotiated with NSSA and Old Mutual to reduce the cost of funds lent to banks so that they too could cut their lending rates. He said 40% of internally generated money came from Old Mutual and NSSA. The banks should, therefore, not on-lend the money at a rate exceeding 10%. But the bankers said while the rates had been reduced, the money itself might be very difficult to find.*(Herald)*

FINANCE minister Tendai Biti and Industry minister Welshman Ncube are today expected to address investors in London as the country continues with its efforts to lure new investment. Dubbed the ZimInvest London 2013 Forum, the two-day event will be held under the theme – Why Zimbabwe Matters . According to event organisers, Country Factor, the forum is a platform for promoting opportunities to investors interested in partnering in Zimbabwe's development across key sectors in the economy including energy, mining, agriculture, infrastructure, PPPs and privatisation, services, banking and manufacturing. "This will be an excellent high-level networking platform for attaining a first-hand account of business in Zimbabwe, its potential and regional potential as well as promoting Zimbabwe as a safe and attractive destination for investors," said Country Factor. The organisers said Zimbabwe offered access to a 400 million Southern Africa Development Community and the Common Market for East and Southern Africa marketplace. There would be presentations followed by One To One sessions at the forum. Chamber of Mines president Winston Chitando, NetOne managing director Reward Kangai, Britain-Zimbabwe Society chairman Knox Chitiyo and Falcon Gold non-executive director Roy Pitchford are scheduled to address the conference. Other speakers including Mwana Africa chief executive Kalaa Mpinga, executive vice-president Africa Export-Import bank Denys Denya and London Stock Exchange's Richard Webster Smith would also grace the event. Various opportunities exist in the mining sector including prospecting and mining of various minerals including gold, coal, diamond, granite and platinum. Experts estimate the country requires between $5 billion to $7 billion to unlock inherent potential in the sector. Development of toll roads, building and upgrading of airports, construction of dams and bridges, building of power generators and transmission facilities, construction and upgrading of telecommunication facilities also present investment opportunities. *(News Day)*

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®