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:

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change		YTD % Change	
Country	Index	18-Jan-13	25-Jan-13	Local	USD	Local	USD
Botswana	DCI	7,543.91	7,655.99	1.49%	5.18%	1.94%	3.31%
Egypt	CASE 30	5,661.25	5,680.39	0.34%	9.02%	3.99%	4.04%
Ghana	GSE Comp Index	1,254.68	1,270.80	1.28%	-1.03%	5.92%	3.96%
Ivory Coast	BRVM Composite	170.79	172.45	0.97%	-6.47%	3.52%	-3.55%
Kenya	NSE 20	4500.09	4379.71	-2.68%	0.78%	5.97%	9.92%
Malawi	Malawi All Share	5,998.30	6,000.36	0.03%	20.85%	-0.25%	19.63%
Mauritius	SEMDEX	1,786.93	1,789.02	0.12%	-3.44%	3.29%	3.46%
	SEM 7	351.76	350.87	-0.25%	-3.80%	4.03%	4.20%
Namibia	Overall Index	1,002.82	1,001.00	-0.18%	5.43%	1.49%	4.59%
Nigeria	Nigeria All Share	30,928.60	31,583.49	2.12%	1.65%	12.48%	12.34%
Swaziland	All Share	286.84	286.84	0.00%	6.40%	0.41%	3.79%
Tanzania	DSEI	1,492.17	1,491.41	-0.05%	2.18%	0.39%	2.34%
Zambia	LUSE All Share	3,551.36	3,573.58	0.63%	6.62%	-4.07%	1.82%
Zimbabwe	Industrial Index	165.46	168.16	1.63%	1.63%	10.34%	10.34%
	Mining Index	73.13	77.41	5.85%	5.85%	18.87%	18.87%

CURRENCIES

	18-Jan-13	25-Jan-13	WTD %	YTD %
Currency	Close	Close	Change	Change
BWP	7.83	7.93	1.34	3.63
EGP	6.57	6.62	0.66	9.31
GHS	1.87	1.90	0.16	- 0.28
CFA	492.49	492.52	0.00	- 0.57
KES	85.45	86.19	0.87	0.69
MWK	323.35	345.21	6.76	7.54
MUR	29.42	29.48	0.23	- 3.49
NAD	8.68	9.02	3.90	6.49
NGN	155.58	155.77	0.12	- 0.21
SZL	8.70	155.77	3.74	6.79
TZS	1,579.44	1,588.72	0.59	0.87
ZMK	5,176.20	5,176.20	-	- 0.17

SECURITIES AFRICA

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Botswana

Corporate News

Diamond giant, Debswana is studying the mineralisation of a 70 million tonne tailings dump at Letlhakane Mine, which it plans to tap into and gain the flexible production demanded by prevailing market conditions. A similar tailings treatment plant under construction at Debswana's Jwaneng Mine will soon tap into the 39 million tonne tailings dump there and recover 800 000 carats in diamonds every year for 20 years. The tailings dumps represent the residue of ore processed at the mine over the decades and with modern technology, more diamonds are recoverable from the years of lower efficiency production methods and equipment. At Letlhakane, Debswana expects the 70 million dump to be used as a resource for at least 20 years up to 2037. This week, officials at the diamond producer said Debswana was in the final stages of a sampling and evaluation campaign to determine the grade of the resource. Debswana officials added that the construction of tailings treatment plants was a high priority for the producer. "They (tailings treatment plant projects) will give Debswana the flexibility required to flex production taking into consideration prevailing market conditions," Debswana public and corporate affairs manager - corporate communications, Rachel Mothibatsela said. Late last year, Debswana announced that it was cutting its production target by 16 percent to 19.9 million carats due to the weak diamond market. Generally, executives have said Debswana mines would not, in the short term, return to the bumper years before the recession where production regularly topped 31 million carats. However, diamond industry analysts agree that despite short-term weaknesses in demand related to economic conditions in one market or the other, the industry continues to have a supply shortfall, with few large-scale discoveries or mining operations establishing recently. Mothibatsela said both Jwaneng and Letlhakane tailings treatment plants would be operated internally, as opposed to being outsourced. "Debswana is currently managing the construction of the Jwaneng tailing treatment plant and will ultimately be an owner operated plant," she said. "It is anticipated that a similar modus of operation will apply to the Letlhakane Tailings Project once all internal approval processes have been concluded. "The Jwaneng Tailings Project is under construction while the Letlhakane project is still at pre-feasibility stage and scheduled to move into feasibility stage over the next few months pending the approval of all internal processes." Through consultants, Debswana is currently conducting an Environment and Social Impact Assessment study for the tailings treatment project and is due to meet with Letlhakane and Orapa community members on January 30, 2013. *(Mmegi)*

Economic News

Local commercial banks will not be affected by this week's viability downgrading of five commercial banks in South Africa, despite three of them having subsidiaries in Botswana, analysts reckon. Due to its heavy dependence on South Africa, Botswana has perennially suffered spillover effects of most negative events in Africa's biggest economy ranging from fuel, electricity and food shortages caused by labour unrests or other disruptions. On Wednesday, three of Botswana's top four banks had viability ratings of their South African based parent companies downgraded, following last week's downgrading of that country's sovereign rating. The banks involved are Absa, FirstRand and Standard Bank, which are the parent companies to Botswana's Barclays, FNB and Stanbic respectively. In spite of the three holding majority shareholding in local banks, economist Keith Jefferis says local banks are independently capitalised and regulated so there is bound to be no spillover effect from the ratings downgrades. "The banks' downgrading stems largely from last week's similar action on South Africa's sovereign ratings. So the factors are only concentrated in that country. It could obviously have an impact if those banks were to go bust, but this downgrading is not such a major issue, which will at most only increase their costs when they want to raise capital," he said. Fitch said the downgrade of the banks' viability ratings reflected their concentration in South Africa, a high proportion of liquid assets invested in government securities and a weakening operating environment, as indicated by the downgrade of the sovereign rating. "The sovereign rating is now effectively acting as a cap on these banks' viability ratings at this rating level because of their strong links with South Africa," Fitch said. In cutting South Africa's sovereign rating to BBB, the agency said social and political tension had increased. Subdued growth coupled with rising corruption had constrained the ability to raise living standards, reduce the unemployment rate and redress historical inequalities, Fitch said. Botswana has five entities of the 11 South African finance groups operating in Africa, including Standard Bank, First

Rand, Investec and Sanlam. Local data indicates that by June 30, 2012, First Rand's local subsidiary held 25.4 percent of non-bank deposits in Botswana, while Standard Bank's subsidiary held 16.3 percent. An executive with one of the three banks affected, who declined to be named, also echoed Jefferis sentiments, saying the local subsidiaries operate in a totally different environment, which is not affected by events in South Africa. "The operating environment here is totally separated from that of the parent companies with different regulators and sources of capital. I do not expect any effect on us at all," he said. In a recent research paper, the IMF noted that the direct spillover risk from South African banks is limited as most are funded from local deposits as opposed to cross-border loans. "Moreover, in the event of cross-border lending or deposit taking, the scale in Botswana is minimal when compared to the assets of the South African banking system," said the IMF. In the research paper published last November, the IMF said the anticipated slowdown in the South African economy this year would restrain growth in Botswana through spillovers into trade, capital flows and remittances. *(Mmegi)*

The World Bank has ranked Botswana sixth among sub-Saharan countries most exposed to any "marked deterioration" of the economic crises plaguing the Euro zone. The institution's Global Economic Prospects (GEP) 2013 suggests projections for Botswana's economic growth this year could decline by about one percent should the Euro zone crisis escalate. The World Bank expects the local economy to grow by 4.1 percent this year, while a Bank of Botswana survey of resident businesses forecasts 4.9 percent. Government's own projection is expected next month. The World Bank's researchers also placed Botswana among a global list of 45 countries that would be hardest hit by a drop in commodity prices in the medium term. Using a scenario of a 20 percent drop in commodity prices between 2013 and 2015, World Bank researchers forecast that Botswana's economy would shed 0.6 percent. According to the GEP, the World Bank's projections for Botswana revolve around the possible direction of the Euro zone, US and Chinese economies in 2013 and beyond. Being major commodity markets, the economic prospects of all three in the medium term are expected to have a robust on commodity prices, directly affecting Botswana whose economy is primarily supported by mineral exports. "Financial markets tensions in the Euro Area have eased since 2012 Q2 and the likelihood of a serious deterioration in conditions decreased," World Bank researchers said. "Nonetheless conditions still remain fragile and sentiment is vulnerable to bad news. (Also) with Chinese demand accounting for some 50 percent of many industrial metals exported from Africa, a sharper than envisaged downturn there could lead to a slump in commodity prices which would impact the non-diversified metal and mineral exporters in the region such as Botswana, Zambia, Namibia and the DRC." The GEP researchers warned that the direction of the US economy also posed a risk to Botswana and other sub-Saharan economies, mainly through the uncertainty linked to the ongoing fiscal consolidation. "Given the importance of the US economy in global markets, the indirect impacts through weaker confidence and the potential rattling of global financial and commodity markets would likely have a stronger impact on the region," the GEP reads. World Bank researchers, however, also noted opportunities for sub-Saharan growth in the medium term, including that spurred by the generally accommodative monetary policy stances in place across most countries. Locally, the Bank of Botswana has held the bank rate steady since December 2010 and frequently hinted at possible loosening of monetary policy in order to stimulate growth. "With the lag in monetary policy transmission, the widespread cuts in policy rates in 2012 are expected to provide some stimulus to economic activity through 2014," researchers said of sub-Saharan Africa. The World Bank believes foreign direct investment into the region will continue strong in the medium term, rising to record levels each year and anchored by extractive industries and agriculture, should commodity prices remain high. For 2013, the World Bank has forecast 5.8 percent growth in Gross Domestic Product (GDP) at market prices. *(Mmegi)*

Egypt

Corporate News

No Corporate News this week

Economic News

The Egyptian central bank offered US$75m to banks at its 12th foreign currency auction on Sunday, the same amount it offered at the last auction on Thursday. The auctions are part of a shift in currency policy announced in late December and designed to save the country's foreign reserves, which have fallen to a critical level. Last week, the bank held three sales instead of daily auctions. The Egyptian pound has weakened by about 3.8% on the interbank market since the end of December to reach 6.6028 to the US dollar. *(Egypt)*

Egypt's central bank will permit banks to refinance importing operations for clients by providing "temporary facilities in foreign currency" based on the bank's credit evaluation. The information was provided in a statement dated 14 January and posted on the central bank's website on Monday. The central bank law of 2003 allowed such financing only to borrowers who could show they had enough foreign currency resources to repay them. "They are relaxing the rules for trade financing by allowing banks to lend to clients who don't possess the foreign exchange resources. It will allow them to get around the shortage of foreign exchange liquidity, so that business activities are not interrupted," said Mohamed Abu-Basha, an economist at Cairo-based investment bank EFG-Hermes Holding SAE. "This might help ease the situation a bit, but the problem will remain as there's a growing gap between the demand and supply of foreign exchange in the market." *(Egypt)*

Egypt recorded a 17% rise in tourists in 2012 and a 13% increase in income generated, the tourism minister said, indicating a steady recovery in the vital industry. Hisham Zaazou did not give total numbers but the percentage rises, according to a Reuters calculation based on 2011 figures, would indicate about 11.5m tourists came in 2012 and generated $9.9bn. That is well short of the 14.5m visitors who brought revenues of $12.5bn in 2010 before an uprising erupted in January 2011, leading to the overthrow of president Hosni Mubarak and 2 years of political turmoil and violence that scared away many tourists. The minister said he was pleased with the numbers, which will provide some support for Egypt's economy which is struggling to recover from the impact of the uprising and is seeking a lifeline from the International Monetary Fund. Before the uprising tourism accounted for 11% of economic activity in Egypt and a quarter of foreign exchange earnings, economists estimate. "We did better than anyone expected despite the problems we had," Zaazou told Reuters on the sidelines of a conference on tourism in Cairo. "We had an increase of 17% in numbers and a 13% increase in generated income compared to 2011." Government figures showed 9.8m tourists came in 2011 and brought in $8.8bn. Zaazou said the 2012 figures meant there were 22% fewer visitors than in 2010 and they generated 25% less revenue. "We can move close to figures of 2010 by the end of 2013. We hope to pave the way for a comeback," he said. *(Sharenet)*

The Egyptian government and the IMF will enter new negotiations over a Stand-By Agreement to lend Egypt some $4.8bn, Ashraf Al-Arabi, minister of planning and international cooperation, told Al-Mal newspaper on the margins of a seminar. "It goes without saying. The negotiations between the government and the IMF took place 2 months ago; things have changed since then. It is just normal to restart negotiations at this point," an official source requesting anonymity told Ahram Online. "The government is working on finalising the elaboration of an economic and financial programme, as well as on taking concrete reforms on the ground to prepare the return of the IMF mission and the signing of a new Stand-By Agreement," Al-Arabi told Al-Mal. The minister said that the government will ask the IMF to prolong implementing the economic reform programme to the coming financial year (2013/2014). He also revealed that the deal with the IMF stipulates minimum foreign reserves of $19 billion. Egypt's foreign reserves have fallen below this level since December 2011. Last month, they reached a low point of $15.01bn. "We will ask the IMF to reduce the minimum foreign reserves' limit fixed in the former Stand-

By Agreement." Budget deficit levels seem to be another worry for the IMF. In the budget projected, the deficit was forecast to be $140.3bn or 7.6% of GDP. That figure do not seem realistic anymore, especially after the government halted tax increases and subsidies cuts aimed at reducing the deficit. Last month, MENA news agency reported El-Arabi as saying that the budget deficit could reach almost LE200bn by the end of the 2012/2013 fiscal year if the government does not implement financial and fiscal reforms. However, the deficit forecast has not been officially modified. "The IMF needs the deficit to be at a certain level to guarantee the sustainability of the financial situation," said the official source. He added that the policies proposed to reach this target are also negotiated with the IMF for the international institution needs to verify their compliance with international agreements. Al-Arabi's declarations contradict statements made by Christine Lagarde, head of the IMF, at a press conference in Washington last week according to which the fund is holding advanced talks with Egypt. Negotiations over the IMF loan were halted more than once during the last 2yr. Various given deadlines were also postponed. *(Ahram)*

Egypt president Mohamed Morsi has on Thursday taken a swipe at what he described as remnants of the Hosni Mubarak regime for trying to plunge the country into deep troubles as it struggles to recover from economic woes. Morsi gave a speech at the Azhar Conference Hall in Cairo in celebration of the Mulid Al-Nabi (birth of Prophet Muhammad), during which he said "counter-revolution" forces are attempting to "undermine the [Egyptian] state." The counter-revolution is being led by remnants of ousted president Hosni Mubarak's regime to obstruct everything in the country," he said, echoing similar sentiments from the influential Muslim Brotherhood group, which propelled him to power in last year's presidential election. Egypt is struggling to overcome an economic crisis that saw the Egyptian pound hit record lows against the U.S dollar, thanks to a political turbulence that shows no signs of easing off. Morsi called on the Egyptian people to direct their efforts towards work and production and provide a "suitable environment for investment." "We will remove all the obstacles in the way of Egyptian, Arab and foreign investors to encourage them to work in Egypt," he said, before calling on foreign-based Egyptians to invest in their country. Morsi's speech came one day before the second anniversary of the Egyptian revolution, which unseated autocratic leader Mubarak and helped Islamists take control of the country after decades of being oppressed under military strongmen. Thousands of his opponents are expected to rally in Tahrir on Friday to demonstrate against what they perceive as his inability to deliver on his promises during his first 6 months in office. "I hope all groups will remain peaceful during [the anniversary's] celebrations," he added. "The revolution was a turning point in Egypt's history. Egyptians have achieved unlimited freedoms and a constitution that reduced the president's powers. "A structural reform is taking place in the state's institutions to fulfil the revolution's demands. I'm also working with the government to solve the problems of slum areas in Egypt." Morsi was criticised by his opponents for a number of lawsuits that were filed against journalists and television presenters for attacking him. He also came under fire for failing to fulfil his pledge of punishing those who were responsible of killing more than 800 protesters during the 2011 uprising. "Fair retribution will take place. The report of the fact-finding committee that was submitted earlier in January is being investigated by the general prosecutor who should take the appropriate action to achieve justice," he commented. "No one will be harmed for their views and opinions," he added in response to accusations that he is trying to stifle opposition. Speaking about regional matters, Morsi reiterated that the Syrian regime must bow to the demands of its people, saying it has no future in the country. According to the United Nations, more than 60,000 people have been killed since the eruption of a revolt against Syrian president Bashar al-Assad in March 2011. Morsi also said he rejected the foreign intervention in the Mali crisis, saying it would have "serious repercussions" on the region. "I will call upon the African summit at the end of January to tackle the situation and reach a political and developmental solution," he added. *(Ahram)*

The head of the IMF, speaking in Davos, says Egyptian GDP would rise over 30% if employment among women was equivalent to men. Egypt's premier, Hisham Qandil, has met with the chief of the International Monetary Fund (IMF), Christine Lagarde, on the sidelines of the World Economic Forum (WEF) in Davos to continue talks over a $4.8bn loan, state-run Arabic-language news website Al-Ahram reported Thursday. Lagarde has welcomed supporting Egypt through the IMF, confirming that the fund's delegation will arrive Cairo soon, Alaa Al-Hadidi, the Egyptian Cabinet's spokesperson, told Al-Ahram. Lagarde added during her speech at the annual WEF meeting, which started Wednesday in Switzerland, that Egyptian GDP will rise by 34 per cent if the rate of women's employment is made equivalent to men. According to the state-run statistics body CAPMAS, working Egyptian women reached 4.7m in the Q3 of the last year, while the jobless rate among woman reached 24%. GDP at current prices rose from LE402.1bon in Q1 of 2011/12 to LE445.8bn in the corresponding quarter in 2012/13. *(Ahram)*

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TRADING

Ghana

Corporate News

The Ghana Gas Company is now looking to start commercial production from the gas processing plant in July. This would be after completing the installation of the plant by the end of June. The company last year announced that the plant would be ready for production by December 2012. But officials of the company attribute their inability to meet the target to government's inability to meet some financial obligations on time. This also affected the supply of equipment being manufactured for the plant. Dr. George Sipa Yankey, Chief Executive of the Ghana Gas Company, explained to Joy Business: "We were supposed to make down payment 20 days after the date that we signed the agreement, unfortunately for us, the Ministry of Finance delayed in the payment of our contribution of the down payment. "So early September they warned us that if we didn't pay within a period of time they are going to suspend work, in September 22 they gave us the final warning and on 24th all works were suspended." The 700 million dollar gas infrastructure project will process gas from the Jubilee Field for power generation. The facility is expected to process about 150 million standard cubic of gas a day. *(Ghana Web)*

The First National Savings and Loans (FNSL) has signed a convertible US$2-million loan agreement with Netherland-based, Goodwell Micro Development Company. The loan facility will allow FNSL to expand credit facilities and other forms of services which it offers to its customers and the unbanked in the country. Speaking at the signing ceremony on Thursday in Accra, the Chief Executive Officer (CEO) of FNSL, Mr. Patrick Annumel, said the loan facility will help his company to attain its target of reaching out to over one million customers by 2014. He went on to add that the facility will also strengthen the relationship and bring mutual benefits to FNSL and Goodwell Micro Development Company. He seized the opportunity to thank the facilitators, JCS Investments Limited, for their role in facilitating the loan deal. A partner at Goodwell, Els Boerhof explained that her company's willingness to partner FNSL stemmed from their shared vision to make banking available to the average man on the street. Goodwell West Africa Microfinance Development Company (GWAMDC) is a specialised wholesale microfinance equity fund launched in 2009 to provide affordable financial services by investing in entrepreneurial microfinance institutions across Ghana and Nigera. According to the company, the fund has a target capital of 40million Euros and presently has committed capital of 16.2 million Euros. The fund aims to maximuse value through superior risk-adjusted social and financial returns, by focussing on scalability, efficiency and leverage. For her part, the CEO of JCL Investment, Patricia Sarfo, was optimistic that the deal will help the two institutions- FNSL and (Goodwell Micro Development Company) promote rural investment in the country. *(Ghana Web)*

Economic News

Improving oil production and a stable political landscape should prompt faster economic growth this year in Ghana, the world's No.2 cocoa producer, a Reuters poll of economists showed on Tuesday. Ghana's international image was boosted by a closely-fought but peaceful election last month, allowing investors to focus on the West African oil, gold and cocoa producer's economic fundamentals. The survey of 11 economists showed the economy growing a median 7.7 percent this year, compared with a provisional government estimate of 7.1 percent for 2012. "Following the successful early December 12 elections, concerns around fiscally-inspired overheating putting pressure on the currency have diminished significantly," said Stephen Bailey-Smith, a strategist at Standard Bank in a research note. Though the latest growth forecasts are far from the double digit figures of near 15 percent when Ghana joined the league of oil-pumping nations for the first time in December 2010, growth should remain robust. "We expect growth to remain above the 7 percent level over the medium term, driven mainly by an improvement in oil production," said Nema Ramkhelawan-Bhana, analyst at Rand Merchant Bank. "The services sector, however, continues to be the largest contributor to GDP (around 50 percent) and growth in this part of the economy will be driven by strong growth in hotels, transport and financial intermediation." The country's cocoa industry, however, looks unlikely to hand the economy a major boost soon, according to Tuesday's Reuters cocoa poll. Chocolate makers will start to replenish cocoa bean stocks this year after eating through a mountain of cocoa butter stocks built up more than a year ago. Prices are unlikely to recover from current levels soon though, with Liffe cocoa futures seen holding around 1,450 pounds per tonne for the next couple of months, even as global supply swings into a deficit by September. The economic outlook for Ghana is a little better overall than compared with the last Reuters poll in July, which forecast growth of 7.0 percent for this year. The latest survey showed growth slowing to 7.4 percent next year. The economy grew by just 1.7 percent year-on-year in the third quarter of 2012 though, due to a decline of 2.2 percent in the country's service sector. The economists and analysts polled see inflation averaging 9.2 percent this year before slowing to 8.8 percent next year. Inflation dipped to 8.8 from 9.3 percent in November due in part to improved stability of the local currency. The Bank of Ghana has hiked its prime interest rate by 250 basis points since December 2011 to curb the rising inflation trend but has held it steady at 15 percent since June. *(Sharenet)*

Ghana's annual producer price inflation rose to 17.1 percent in December from 15.8 percent in November, led by rising gold prices, the West African country's national statistics office said on Wednesday. "The increase recorded in the December rate was mainly driven by increases in the price levels in the extractive sector ... propelled by continuing rise in gold prices," deputy government statistician Baah Wadieh told a news conference. Producer price inflation is an advance indicator of consumer price inflation, which the government is seeking to keep in single digits. CPI was 9.3 percent in November. The producer price in the oil and gold producer's extractive sector was recorded at 27.6 percent in December, up from 19.6 percent in November, he said. Spot gold was little changed at $1,691.84 an ounce early on Wednesday after hitting a one-month high of $1,695.76 in the previous session. Wadieh said manufacturing, which constitutes more than two-thirds of all industry, also increased marginally to 19.3 percent from 19 percent in November. *(Reuters)*

The Ghana Stock Exchange recorded a 24 percent return for last year. In other words, investors who bought securities on the bourse between January and December 2012 realized margin of appreciation in the value of their shares. According to the 2012 market report secured by Joy Business, the 24 percent return was slightly better than what you would have secured on your bank deposits and other investment instruments like treasury bills. From January to December last year the value of shares traded was put at 102 million Ghana cedis, while the volume of shares that exchanged hands came to 218 million. This performance was however not good compared to the same period in 2011. Financial stocks still came up as the most active in terms of the number of transactions executed. Nearly half of the dealings involved financial stocks, followed by food and beverages. Shares of CAL Bank were the most sought after by investors as it lead the market in terms of the number of stocks that exchange hands, while Ghana Commercial Bank led the pack when it came to the value of shares traded. Meanwhile, shares of GOIL came up as the best performing stock in terms of returns. Investors who bought into GOIL from January to December last year realize nearly 94 percent. The Ghana Stock Exchange now worth 57.2 billion Ghana cedis in terms of the value of companies listed. *(My Joy)*

Global growth will strengthen gradually in 2013, says the International Monetary Fund (IMF) in an update to its World Economic Outlook (WEO), as the constraints on economic activity start to ease this year. But the recovery is slow, said the report, stressing that policies must address downside risks to bolster growth. The report which was made available to the Ghana News Agency on Thursday said global growth was projected to strengthen to 3.5 per cent this year, from 3.2 per cent in 2012—a downward revision of just 0.1 per percentage point compared with the October 2012 WEO. If crisis risks do not materialize and financial conditions continue to improve, global growth could even be stronger than forecast, the report said. Policy actions have lowered acute crisis risks in the euro area and the United States, the report noted. It said Japan's stimulus plans will help boost growth in the near term, pulling the country out of a short-lived recession. The report stressed that effective policies had also helped support a modest growth pickup in some emerging markets and developing economies. It noted that recovery in the United States remained broadly on track, but admitted that downside risks remained significant, including prolonged stagnation in the euro area and excessive short-term fiscal tightening in the United States. The report observed that economic conditions improved slightly in the third quarter of 2012, driven by performance in emerging market economies and the United States. It said financial conditions also improved, as borrowing costs for countries in the euro area periphery fell, and many stock markets around the world rose; but activity in the euro area periphery was even softer than expected, with some of that weakness spilling over to the euro area core. The IMF downgraded its near-term forecast for the euro area, with the region now expected to contract slightly in 2013. The report observed that even though policy actions had reduced risks and improved financial conditions for governments and banks in the periphery economies, those had not yet translated into improved borrowing conditions for the private sector. It held that continuing uncertainty about the ultimate resolution of the global financial crisis, despite continued progress in policy reforms, could also dampen the region's prospects. The report noted that the euro area continued to pose a large downside risk to the global outlook. While a sharp crisis had become less likely, "the risk of prolonged stagnation in the euro area would rise if the momentum for reform is not maintained," the IMF said. To head off this risk, the report stressed, adjustment programs by the periphery countries need to continue and must be supported by the deployment of "firewalls" to prevent contagion as well as further steps towards banking union and fiscal l integration. For emerging markets and developing economies, the report underscored the need to rebuild policy room for maneuver. It noted that, "The appropriate pace of rebuilding must balance external downside risks against risks of rising domestic imbalances." Emerging market and developing economies are expected to grow by 5.5 per cent this year, broadly as predicted in the October 2012 WEO *(Vibe Ghana)*

Kenya

Corporate News

Kenya Airway's commercial director Mohan Chandra has left the company, a few months after it shocked the market with a historic half-year loss. Mr Chandra served his last day in the company's management on Friday last week when his contract expired. His exit, coming barely two months after the company appointed a new marketing director, Mr Chris Diaz, points to an ongoing management restructuring as the company fights to regain profitability. The company communications manager, Mr Chris Karanja, was quoted in our sister publication, The East African, confirming Mr Chandra's exit. "Both parties agreed to mutually end the contract," a different source within the company said. It is, however, not clear whether Mr Chandra, 61, had applied for renewal of his contract. He joined KQ in August 2009 after serving as an aviation advisor and chief operating officer at Emirates Post Group. But it is at KLM, KQ's largest shareholder, that Mr Chandra accumulated most of his experience in the aviation industry, having served for 27 years as the regional manager in charge of United Arab Emirates, Bangladesh, Sri Lanka, Maldives, Yemen and Oman station. His exit comes barely three months after the company reported the biggest half-year loss by a listed company in Kenya on account of rising operation costs and falling passenger numbers. In the six months to September 2012, the company recorded a Sh4.7 billion loss, down from Sh2 billion after-tax profit recorded over the same period in 2011. "We were unable to predict what was happening in the market place correctly, and this is one of the reasons we had to pull out of daily flights to London. "We have suspended operations to Rome, Muscat and Zanzibar in order to reduce loss-making routes," Kenya Airways chief executive Titus Naikuni said when he announced the results. Mr Chandra's successor will have his or her work cut out to lift the company back to the profit-making zone in an industry faced with turbulency and competition. KQ's current head of strategic network planning, Mr Jim Kibati, will serve as the marketing director in an acting capacity as the company scouts for a replacement. *(Daily Nation)*

France Telecom will seek additional seats in the board of Telkom Kenya if the government fails to inject Sh2.4 billion by June to maintain its stake in the operator at 40 per cent. The Treasury's stake in Telkom Kenya stood at 49 per cent in November, but dropped to 40 per cent following a Sh34 billion balance sheet restructuring plan. This will drop to 30 per cent if the government fails to inject Sh2.4 billion in next five and half months, the remaining half of the Sh4.9 billion it was required to inject in the operator's Sh10 billion rights issue. France Telecom has provided its share of Sh1.5 billion. Treasury has tied the release of the cash to ease in State budgetary pressures and performance of the loss-making Telkom Kenya, prompting France Telecom to seek review of the board composition to reflect the ownership shifts. The government has four seats in the board while France Telecom has five. The shareholding changes will give the French firm a bigger influence in the management of the firm. "At this stage, no decision has been to make any change to the composition of the board of directors of Telkom Kenya," said Tom Wright, the press officer at France Telecom in an email response to the Business Daily. "This situation might be subject to further discussion after June 30, 2013," added Mr Wright in reference to the rights issue deadline. The investment secretary at Treasury Esther Koimett said earlier that cash injection will be tied to Telkom Kenya's ability to cut losses. "The option for the government to retain a 40 per cent stake is still open, however, a decision whether to retain this (option) will be dependent on the availability of resources and the ability of the firm to return to profitability, " said Ms Koimett. But France Telecom reckons that the government will lose the right to acquire the additional shares should it fail to meet the June deadline, a move that will prompt France telkom to demand additional seats on the board. Reduced voting rights and smaller board representation at Telkom is expected to make it difficult for the Kenya government to push its agenda in the firm, including its quest for job cuts, review of the management team and change of strategy. Telkom made Sh9.2 billion in revenues in 2011 and returned losses of Sh18 billion in what it blamed on the price war in the voice calls market. More recently, the huge losses forced the firm to rely on shareholder and bank loans, which raised its interest expenses to nearly half the revenues.*(Business Daily)*

Economic News

Kenyans abroad sent home $105.7 million in December, pushing remittances for the year to a record high of $1.17 billion, up 31 percent

from 2011, the central bank said on Monday. Remittances are the fourth-largest source of foreign exchange in east Africa's biggest economy after revenue from tea, horticulture and tourism. The hard currency sent home offers much-needed support to the shilling currency against the dollar. On a monthly basis, the remittances rose 8.4 percent from November's $97.5 million, the bank said. Kenyans living abroad typically send money home to help their families and for investment in various sectors like real estate. They have also been investing in government securities targeted at them, such as infrastructure bonds and the long-term savings development bonds, the central bank said. *(Reuters)*

Players in the financial services sector have mooted a plan to harmonise payments systems in the region, in line with wider plans to intergrate countries in the trading blocs. The move is expected to increase efficiency and uptake of electronic payment systems. Speaking at a forum bringing together local and global players in the sector, Central Bank of Kenya (CBK) head of national payments system Stephen Mwaura said one of the plans being considered is integration of the national payments systems across East Africa and later in the Common Market for East and Southern Africa (Comesa) region. "We are working on a regional cross border payment system. As a region, we believe we are one especially when it comes to trade and other services. We have integrated the Real Time Gross Settlement Systems (RTGSs) and, this year, we should be able to see interbank payment systems across East Africa," Mr Mwaura said. Real Time Gross Settlement Systems allows financial firms to transfer money from one institution to another instantly. (*Daily Nation)*

The top price of Kenya's benchmark grade AA coffee fell to $336 per bag this week from $460 per bag previously, the Nairobi Coffee Exchange (NCE) said on Tuesday. Although the east African nation is a small producer compared with growers like Brazil and Vietnam, roasters prize its speciality beans for blending with those from other countries. During the auction, 18,265 bags of coffee were offered for sale. Only 5,636 bags were bought. During last week's sale, 14,143 bags were offered for sale and 4,714 bags were sold. Grade AA sold at $294-$336 per bag, compared with $282-$460 in the last sale, NCE said in a market report. Grade AB sold at $161-$237 per bag, from $131-$344 in the last sale. Overall, the beans fetched a total of $1.38 million with an average price of $200.04 per bag. At the last auction coffee worth $1.2 million was sold at an average price of $204.55 per bag. Kenya said it expects its coffee export earnings to dip marginally in the 2012/13 (Oct-Sept) season due to poor international prices and lower volumes. *(Reuters)*

Kenya is set to import more than 500,000 tonnes of oil products for delivery over February to April, slightly more than it initially sought, as oil demand remains robust in the East African country, industry sources said. Kenyan importers bought 126,221 tonnes of jet fuel, 141,075 tonnes of gasoline and 237,073 tonnes of gasoil from Vivo Energy, Galana, KenolKobil, Gapco and Total, in the country's latest oil procurement latest tender, they added. Vivo Energy is probably being awarded the tender for the first time, traders said, though this could not immediately be confirmed. The company, formed by a partnership between Shell, Vitol and Helios Investment Partners to distribute and market Shell-branded fuels and lubricants across Africa, started trading in December, 2011, Vitol says on its website. Kenya, which relies on imported fuel, last bought more than 440,000 tonnes of oil products and 160,000 tonnes of Murban crude for delivery over December to January. Kenya's economy is highly dependent on gasoil for transport, power production and farming, while many homes use kerosene for lighting and cooking. Kenya's energy regulator said last week it had cut retail fuel prices for petrol, diesel and kerosene after the cost of crude oil fell marginally on world markets. Tender details: Details of tender: Product Quantity Date Seller Premiums+ Jet fuel 63,111 tonnes Feb 27-March 1 Vivo Energy $20.25 Jet fuel 63,110 tonnes March 17-19 Galana $22.74 Gasoline 50,000 tonnes March 6-8 Galana $23.49 Gasoline 50,000 tonnes March 21-23 KenolKobil $16.22 Gasoline 41,075 tonnes April 3-5 Galana $17.94 Gasoil 500ppm *(KOT) 80,000 tonnes March 9-11 KenolKobil $13.20 Gasoil 500ppm (KOT) 80,000 tonnes March 25-27 Gapco $16.50 Gasoil 500ppm (KOT) 44,073 tonnes April 6-8 Total $17.18 Gasoil 500ppm *(SOT) 33,000 tonnes Feb 17-20 Galana $31.64 (*Reuters)*

Kenya's shilling will probably weaken further over the next five weeks after hitting a 13-month low yesterday as businesses accumulate dollars on concern March 4 elections may spark violence, according to a Bloomberg News survey of traders and analysts. The currency of East Africa's biggest economy may fall 1.7 percent to 89 a dollar, the survey of eight analysts and traders on Jan. 23 showed. The median forecast was for the shilling to trade at 88 a dollar by voting day after falling to 87.73 yesterday, the worst intraday level since Dec. 13, 2011. Barring any violence, it may then strengthen by year-end, according to Solomon Alubala, head of trading at National Bank of Kenya Ltd. "The political uncertainty surrounding the outcome of the elections will be the key determinant on how the shilling will trade in the market," Alubala said in a phone interview. "The shilling will decline to 88 a dollar and with a peaceful election it will recover ground to trade at 86 per dollar, while contested elections may push it further down." The shilling fell 0.8 percent this week to 87.50 a dollar as of 9:55 a.m. in Nairobi. The currency is down 1.6 percent this year following ethnic clashes last month, a widening current account deficit and as the central bank lowers interest rates to boost the flagging economy. Kenya is vulnerable to election-related shocks following violence that occurred after elections more than five years ago, the World Bank said in a review of the country's economy on Dec. 5. More than 1,100 people died and another 350,000 were displaced in ethnic clashes that followed disputed elections in 2007. The violence led to a collapse in agricultural output and a tourism slump, the two industries that generate most of Kenya's foreign-exchange earnings. Growth slowed to 1.5 percent in 2008 from 7.1 percent the previous year. The shilling fell 9.9 percent between the vote on Dec. 27, 2007, and Feb. 27, 2008, the day before an accord to end the violence was signed, according to data compiled by Bloomberg. The currency is weakening at a slower pace than the South African rand as policy makers intervene to slow the declines. The currency of Africa's largest economy fell yesterday to its lowest since April 2009 and is down 6.4 percent this year, the worst among 25 emerging markets monitored by Bloomberg. The central bank has sold dollars each day since Jan. 18, Nairobi-based NIC Bank Ltd. (NICB)said in an e-mailed note to clients yesterday. An official at the central bank, who declined to be identified in line with policy, confirmed dollar sales yesterday, while declining to provide details on the measures. It will probably continue efforts to support the currency by draining liquidity from the market through repurchase agreements and selling dollars to smooth volatility, said Christopher Muiga, a senior trader at Kenya Commercial Bank Ltd. (KNCB) in Nairobi. "We have seen the central bank intervening by selling dollars and mopping up liquidity to ensure the shilling does not decline rapidly, a position that will continue at least through the first quarter," Muiga said. Kenya Commercial Bank, the nation's largest, estimates the shilling will trade at 89 a dollar on March 4 and 88 by Dec. 31. The shilling weakened to a record of 106.75 a dollar in October 2011 after a drought boosted inflation to almost 20 percent. The bank raised borrowing costs by 12.25 percentage points to a record 18 percent in 2011 to bolster the shilling and curb prices. It reversed that policy with four reductions totaling 8.5 percentage points since July, the latest a 1.5 percentage point cut on Jan. 10 to take rates to 9.5 percent.

Economic growth slowed in the first two quarters of 2012, to 3.4 percent and 3.3 percent. The government forecasts the economy will expand by about 5 percent in 2013, from 4.5 percent last year. That compares with South African Reserve Bank estimates released yesterday for growth of 2.5 percent in 2012 and 2.6 percent this year, while inflation may average 5.8% in 2013 compared with 5.7% last year. Kenya's current account shortfall is also adding pressure on the currency, Leon Myburgh, an African strategist at Citigroup Inc. in Johannesburg, said in an e-mailed note yesterday. The deficit on the current account, the broadest measure of trade in goods and services, widened by 40 percent to $4.4 billion in the year to October from a year earlier, according to the Central Bank of Kenya's latest data. The nation's foreign-exchange reserves dropped to $5.26 billion on Jan. 17 from $5.4 billion on Dec. 27, according to central bank data. Political parties in Kenya held primary elections last week. Riots and looting erupted in towns including Kisumu, Homa Bay and Siaya in western Kenya as supporters of rival candidates clashed, according to the Nairobi-based Daily Nation. Protests also took place in the Nairobi slum of Kibera, as well as in the central and southeastern provinces of the country, it said. "The primaries were not conducted well and that may have indicated to investors the elections may not to peaceful," said Ignatius Chicha, the head of markets at Citigroup in Nairobi. Citigroup sees the shilling at 88 a dollar by March 4 and 89 by year end. Kenyan President Mwai Kibaki has ordered security forces to ensure the elections are peaceful. Violence in Kenya since the start of 2012 left 450 people dead and forced 112,000 more to flee their homes, according to the United Nations. In one incident last month in the Tana River delta in Kenya's southeastern Coast province, at least 39 people died in clashes between the ethnic Pokomo and Orma communities that Police Inspector-General David Kimaiyo said were politically motivated. Kenya adopted a new constitution in 2010 after almost 20 years of promises from political leaders to replace one dating back to the country's independence from Britain in 1963. The charter aims to spread political power among dozens of ethnic groups and end quarrels over land distribution that were at the heart of the 2008 violence. The nation of 41m people held its first multiparty elections in 1992. Every election since then, bar one in 2002, has been marred by violence. "Businesses are hedging their dollar positions, accumulating to ensure they have enough for their operations," said Bernard Matimu, chief dealer at NIC Bank, who predicts the shilling will reach 89 a dollar by the elections and 88 by Dec. 31. If the elections pass peacefully, "the shilling is expected to recover ground" as businesses would have implemented capital projects and on "expectations of increased foreign direct investment," he said. *(Bloomberg)*

Malawi

Corporate News

No Corporate News this week

Economic News

Malawi's central bank maintained its benchmark interest rate at 25 percent, a six-year high, as it maintains its fight against inflation, the monetary policy committee said. The decision was based on "the need to allow more time for the recent monetary tightening to work through the system," the Reserve Bank of Malawi said in a statement published on its website. "After a thorough assessment of the recent economic developments, the MPC [Monetary Policy Committee] resolved to maintain the Bank rate at 25.0 percent and the Liquidity Reserve Requirement (LRR) at 15.5 percent," The central bank raised the benchmark rate by 4 percentage points in December to curb an increase in prices and stem weakness in the southern African nation's currency. Inflation accelerated 33.3 percent in November from 30.6 percent in October, the bank said. The central bank said the decision to maintain the bank rate was based on the fact that the November 2012 inflation figure was in line with the projections made during the previous MPC meeting and the need to allow more time for the recent monetary tightening to work through the system. RBM maintains that at an average of 31.4 percent, prime lending rates among most commercial banks 'were marginally negative.' President Joyce Banda devalued the kwacha by a third against the dollar a month after taking office in April and deregulated fuel prices. That was in line with recommendations from the International Monetary Fund to allow the resumption of donor aid. The kwacha was the worst performer in Africa last year against the dollar, slumping 51 percent. The currency retreated 0.4 percent to 346.5 per dollar by 8:46 a.m. in the capital, Lilongwe, taking its drop this year to 3.4 percent. *(Nyasa Times)*

Malawi President Joyce Banda has called for more Chinese investors to Malawi, saying this would contribute to the country's Economic Recovery Plan (ERP). The Malawi president said this over the weekend during the official opening of the state of the art shopping mall owned by Chinese company Sogecoa in capital Lilongwe. President Banda said the opening of the new shopping mall marked another mile stone of Chinese investment in Malawi following the opening of the 4-Star Golden Peacock Hotel in 2011 owned by the same Sogecoa Company in the capital. "I would like to encourage more Chinese investors to come and invest in Malawi," said President Banda. "This will help us achieve our goals as laid in the Economic Recovery Plan (ERP)." She said the opening of the shopping mall which is worth over 15.4 million US dollars meant creation of more jobs for Malawians. Banda also urged the management of the Sogecoa Company to ensure that they promote the local agricultural industry by purchasing local produce such as tomatoes and the rest of the other vegetables. She further urged Malawians to work hard and strive for the best citing Chinese economy as a living example of the achievements of patriotism and hard work. The Malawi president said: "Just over two decades ago China's economy was not as it is. But their current status did not just come; it was through hard work. "So I would like to challenge all Malawians to produce more from your fields and exhaust this newly opened shopping mall." In his remarks, Chinese Ambassador to Malawi Pan Hejun said the Chinese government would encourage more investors to Malawi to help increase the developing southern African country's employment base. "As Malawi's development partner, the People's Republic of China will continue to bring Chinese investors with good reputation to Malawi so that we create more jobs for the people of Malawi," said the Chinese ambassador. Pan noted that Malawi-China trade had grown tremendously from 2007 to 2012 and he expressed optimism that trade between the two countries would continue to grow in the years to come. The opening of the Sogecoa Shopping Mall in Malawi capital comes two weeks after the Chinese government handed over a 101 km tarmac road to Malawi, covering the distance between the two northern border districts, Karonga and Chitipa. Phase 2 of the Sogecoa Shopping Mall will be opened in March 2013, according to the company's management. *(Nyasa Times)*

Malawi's year-on-year headline inflation accelerated to 34.65 year-on-year in December from 33.3% in November, driven mainly by higher food prices, the National Statistical Office said on Thursday "The increase is emanating from the rise in both food costs at 34.5%

compared to 5.2% and core inflation at 34.5% compared to 14.4% year-on-year," the NSO said. It said the southern African country's inflation averaged 21.3% in 2012, 13.7 percentage points higher than 2011. Finance Minister Ken Lipenga set an inflation target of 18.4% for 2012 in his 2012/13 budget statement. *(Reuters)*

Mauritius

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

Nigeria

Corporate News

Diamond Bank Plc has recorded a share price gain of 158.4 per cent in US dollar to emerge the best stock among banks in Sub-Saharan Africa and third best stock out of the 10 best stocks in the sub-continent, a survey by InvestingInAfrica.net said. The other stocks in the survey are: International Breweries Plc 172.5 per cent, Cadbury Nigeria Plc 159.5 per cent, a Kenya-based Uchumi Supermarket 150.8 per cent, GlaxoSmithKline Consumer Nigeria Plc 98.7 per cent, British American Tobacco of Kenya 98.4 per cent, Access Bank Plc 90.7 per cent, Bralirwa of Rwanda 83.5 per cent, United Bank for Africa Plc 78.5 per cent and Ghana Oil 78.2 per cent. The research which excluded South African stocks from the list, noted that after posting a loss in 2011, Diamond Bank put up great numbers in 2012, remarking that over the first nine months, the management of the bank more than doubled operating profits, and investors obviously liked what they saw. The report observed that even after its 158.4 per cent US dollar gain, Diamond Bank stock is still trading at just 4.2x trailing earnings.*(Vanguard)*

Sterling Bank Plc and Fidelity Bank Plc are leading the banking sub-sector of the Nigerian Stock Exchange (NSE) in terms of capital appreciation as at the close of trading last Friday indicating investors' high demand for the equities. An analysis of the banking stocks performance by THISDAY showed that Sterling Bank recorded the highest growth of 76 per cent, rising from N1.73 at the beginning of the year to N3.05 per share last Monday. Fidelity Bank Plc followed with a growth of 51 per cent, having appreciated from N2.29 to N3.45 per share. United Bank for Africa Plc placed third with a growth of 37 per cent, while First City Monument Bank Plc garnered 33.3 per cent. Skye Bank Plc gained 31 per cent, just as Diamond Bank Plc and Access Bank Plc went up by 29 per cent and 18.7 per cent respectively. Unity Bank Plc appreciated by 13 per cent. High expectations that banks would turn in impressive full year results have been driving the share prices at the stock. Besides, it is expected that going forward, the banking sector would witness more businesses as financing opportunities begin to open up in the power and agricultural sectors due to Federal Government's focus on those sectors. Analysts at FSDH Securities Limited have predicted a robust outlook for the banking stocks in 2013 recommending them to investors to buy. According to them, certain factors will drive portfolio investment in banking stocks in early 2013. "Our expectations that would drive portfolio investment in banking stocks in early 2013 are: The emerging financing opportunities in the economy, especially in power, transportation, agriculture, wholesale & retail trade, and oil & gas should drive bank earnings going forward. Good dividend payment and attractive valuation of banking stocks as they are trading at very low multiples," they said. They explained that the banking sector's robust balance sheet, after the house cleaning exercises by AMCON, has strengthened the capacity of banks to increase their risk assets in the near-to-medium term. According to them, their review of the Capital Adequacy Ratio (CAR) of the individual banks showed that they were above the regulatory minimum requirement of 10 per cent for national banks and 15 per cent for international banks. This, they said, meant that there was room to grow the risk assets of banks to support income generation. The analysts added that increasing their risk assets would enable the banks to mitigate the drop in the yields on risk free assets. They said the announcement of the inclusion of FGN Bonds in the JP Morgan Bond Index and the favourable sovereign credit rating on Nigeria have generated a lot of interests in government securities, causing prices to rise and yields to drop. *(This Day)*

The Insurance Consumers Association of Nigeria (INSCAN) has pulled its weight behind the enforcement of the 'No Premium, No Cover' policy in the country by the National Insurance Commission (NAICOM) and insurance operators. The umbrella organisation for consumers of insurance services in the country, however, appealed to the operators to introduce premium financing programme to bridge the gap between the time policyholders would renew their policies and when premium payable would be remitted to the insurers. Rising from an emergency meeting of the National Executives, State Chairmen and Coordinators of the association in Lagos recently, members of the association stated their unalloyed support for the full enforcement of the policy by the industry. They also made a strong case for the introduction of premium financing in the industry to bridge the gap between when policies will be renewed and when premium for the cover gets to the insurers. "Our association is in total support of the enforcement of section 50(1) (2) of the Insurance Act, 2003 by the NAICOM with effect from January 1, 2013 as the provisions relate to the insured, the underwriting companies and the insurance brokers. "We hereby enjoin the Nigerian insurance industry to consequently establish the premium financing concept as a line of business in the manner it obtains in other jurisdictions to solve this very simple problem," they suggested. Their resolutions were communicated in a statement titled, "No Premium, No Cover Provision – Section 50 of the Insurance Act, 2003", the association noted that insurers would be justified if they repudiate claims where no premium has been paid for the cover except as provided in Section 69 of the Insurance At, 2003 regarding third party liability claims as from the aforementioned date. The association also made case for the pro-rating of risks and premium where the full premium could not be paid upfront saying "an insured person need not pay the total annum premium debt at the inception of the cover but the insurance company will be justified to pro-rate its cover to the extent to which the deposit premium is able to carry the risks." Insurance companies, according to the association should recognise the fact that the effective date of the enforcement is January 1, 2013 and that their customers expect fairness, equity and good conscience to prevail in their relationship business relations among other things INSCAN is a non-governmental, non-profit organisation of the insurance consumers. Its main objective is to protect the general interest of the insurance consumers in Nigeria and to foster unity and progress between the insurance industry and the general public. The association also creates awareness as to the importance of insurance and standing in the middle between the insurance companies and the insured whenever there is a dispute for amicable resolution vis-a-vis compensation in the country. *Just recently, NAICOM issued a "Guidelines on Insurance Premium Collection and Remittances", signalling the death of providing insurance covers on credit and guiding both* insurance brokers and underwriting companies on to go about collecting and remitting insurance premium to beneficiaries.The guidelines directs as follows: "All insurance covers shall only be provided on a strict 'no premium no cover' basis. Consequently, only cover for which payments have been recovered directly by the insurer or indirectly through a duly licensed insurance broker shall be recognisable as income in the books of the insurer. "Any insurer who grants cover without having recovered premium in advance or premium receipt notifications from the relevant insurance broker shall be liable to a penalty on the sum of N500,000 in respect of each cover so granted and in addition, may be a ground for suspension of the license of the insure". In the same manner, the guidelines provided that insurance brokers, lead underwriters and primary underwriters must notify insurers, co-insurers and reinsurers as the case may be of any premium collected on their behalf within two days of receiving such premium. "All insurance brokers shall within 48 hours of receiving insurance premium on behalf of any insurer, notify the insurer in writing in each case, of the receipt of such insurance premium. All such notifications shall be accompanied by the broker's credit notes acknowledging indebtedness to the insurer. An insurance broker who fails to notify the insurer of any premium received on his behalf shall be liable to a penalty of not less than N250,000 in each case of failure to notify," the commission directed. *(This Day)*

UBA Capital Plc and African Prudential Registrars Plc (AfriPrud), the two newly-listed equities on the Nigerian Stock Exchange (NSE) last week made a profit forecast of N728.83 million for the first quarter (Q1) ending March 31, 2013. Both companies that were spun-off from United Bank for Africa Plc, got their shares listed on the NSE as separate companies on January 11, 2013. As part of compliance with listing requirements, both firms made their Q1 forecasts to the exchange. UBA Capital is envisaging projected an income of N1.71 billion in Q1 and a profit after tax of N552 million while AfriPrud is expecting revenue of N348 million and a profit after tax of N176.453 million in Q1. UBA Capital Plc, which used to be a subsidiary of UBA Plc, is now a separate firm comprising UBA Asset Management; UBA Trustees; UBA Metropolitan Insurance; UBA Stockbrokers; UBA Insurance Brokers and UBA Nominees. On other hand, AfriPrud, which used to be UBA Registrars Limited, is into share registration business UBA Capital Plc had four billion units of its shares listed at N1.16 on the Nigerian bourse while one billion units of AfriPrud were listed at N1.59 per share.es of Africa Prudential Registrars Plc were listed on the NSE at N1.59 per share. During the listing of the two companies, Chief Executive Officer of the NSE, Mr. Oscar Onyema, had described the development as a milestone in the history of the Nigerian capital market noting that it came at the right time especially now that exchange was enjoying confidence of both local and foreign investors. Also speaking, the Managing Director of UBA Capital, Mr. Rasheed Olaoluwa, pointed out the potential synergy that would be derived from the component businesses of UBA Capital which are investment banking, trusteeship, asset management, insurance and stock brokerage. "Our overall strategic intent is to build our various subsidiary businesses to be leaders in their respective markets. We believe this can be achieved over the next three to five years," he said. In a similar vein, the MD of AfriPrud, Mr. Peter Ashade, said the firm links technology to the attainment of its strategic objectives and is one of the market leaders in its industry in Nigeria. "The company is one of the most profitable in the industry having achieved 100 per cent increase in profit before tax between 2010 and 2011, a performance which it expects to surpass in 2012.Our return on equity (ROE) continues to improve year-on-year, a clear indication that Management is focused on extracting value from resources and enhancing returns for shareholders," he said.(*This Day)*

Economic News

Nigeria plans to raise about 826.31 billion naira worth in treasury bills ranging between three months and one year in the first quarter of the year, the central bank said on Friday. It plans to auction 331.29 billion naira in 91-day, 182-day and 364-day paper in January, 354.93 billion naira in the same range of bills in February and 140.09 billion of same range in March at its twice-monthly auction. Offshore investors' interest in local debt has surged since the JP Morgan included it in its emerging market government bond index last October. Barclays will add Nigerian debt to its index from March 2013. Yields on the local debt have consistently been falling in the last two months owing to strong demand for the paper. Nigeria issues treasury bills regularly as part of monetary control measures to help lenders manage their liquidity and control the money supply. Africa's top energy producer announced plans on Wednesday to raise between 210-360 billion naira in sovereign bonds ranging between 5 and 20 years in the first quarter of the year. *(Sharenet)*

Nigeria's central bank kept interest rates on hold at 12 percent for the eighth time in a row on Monday, citing a need to weigh risks to growth against worries over inflation caused by government spending. Central bank Governor Lamido Sanusi told a news conference in the capital Abuja that slashing rates had been considered and rejected by all but two Monetary Policy Committee members. Africa's second biggest economy attracted a surge in foreign interest in its stock and bond markets last year. But endemic corruption and the frequent squandering of oil revenues by successive governments have often clouded the macroeconomic picture by stoking price pressures. Rates for borrowing from or lending to the central bank stayed at 200 basis points over or below the benchmark rate respectively. Most analysts had expected the bank to hold rates. The liquidity ratio remained at 30 percent. Sanusi noted that the global economic environment, particularly in the United States and Europe, which buy much of Nigeria's oil, remained fragile, even if it looked more positive than it had for two years. He said the statistics bureau had predicted national economic growth this year of 6.61 percent. There were a number of risks to this, he said, including lower oil prices, and lower production caused by continued uncertainty over the legal framework for operating in Africa's leading energy producer. But these were counter-balanced by the need to contain inflation, which Sanusi blamed on excessive government spending. "The MPR (monetary policy rate) of 12 percent is considered to be at just about the right level," he said, given fears of inflation from increased government spending expected in 2013. "In view of the foregoing ... the committee decided by a vote of a majority of 8 to 2 to ... retain MPR at 12 percent." Nigeria's consumer prices in December last year were 12 percent up on the same month a year ago, a slight fall from November's year-on-year inflation rate, owing to more moderate rises in the price of food, data showed on Thursday. But Sanusi noted that core inflation increased. The central bank still maintains an official policy of trying to reduce inflation to single digits. Sanusi warned that higher government spending envisioned in the 2013 budget would stoke inflation - especially since parliament inflated it by increasing the benchmark oil price assumption to $79 a barrel, from $75 a barrel. Earnings over and above the benchmark price go into a savings pot, which is used to cushion against future price fluctuations or invest in infrastructure. Sanusi, who often castigates the government for its high recurrent spending, warned: "The committee reaffirms its commitment to respond appropriately if public spending ultimately adds to inflationary pressures." The bank has come under increasing pressure, particularly from medium-sized businesses, to slash rates and boost access to credit. Sanusi rejected this argument. "You cannot have low interest rates in a high inflation environment," he said, adding: "It doesn't make sense to just blame high interest rates for SMEs (small and medium size enterprises) getting access to credit." *(Reuters)*

Nigerian President Goodluck Jonathan said investment in the country's oil industry was falling because of delays to its landmark energy bill. The Petroleum Industry Bill (PIB) - designed to cover everything from tax terms to reform of the state oil company and funds for communities living on oil fields - was presented to the parliament in August and is still being discussed. "Concluding the PIB is critical, and without concluding it, investment will drop. It's already dropping. No new investors are coming in," Jonathan said on the sidelines of a conference on Nigerian agriculture in Geneva on Tuesday. Oil executives have privately complained for years that uncertainty about the legal framework in Africa's biggest oil producer was delaying investment, but Jonathan's remarks represented a rare admission from the government. The PIB has been held up for years, preventing Africa's top oil exporter from holding a new major licensing round. Analysts say that passage of the PIB would offer a boost to Jonathan's reputation and provide assurances for investors in the OPEC member country. But Jonathan said on Tuesday that there was no way to expedite the legislative process. "The PIB has moved into the Parliament. I have no controlling say on the Parliament. We have done our own part," he said. "I would be misleading you if I said in a month, three months, six months the PIB will get through." Nigeria exports more than 2 million barrels per day (bpd) and also holds the world's ninth largest gas reserves. *(Sharenet)*

Nigeria's foreign exchange reserves have climbed to their highest in more than three and half years, hitting $45.26 billion by January 21, up 33.27 percent year-on-year, figures from the central bank showed on Wednesday. The forex reserves of Africa's top energy and gas exporter rose 2 percent from $44.33 billion a month earlier. They were $33.96 billion this time last year. The last recorded date when reserves were this high was January 26, 2009, when they stood at $50.58 billion, but after that there was a blackout in the data for six months, during a time when former President Umaru Musa Yar'Adua was sick and Nigeria's currency was falling sharply. The next available data after that period is July 1 of the same year, by which time reserves had fallen to $43.31 billion. Central bank Governor Lamido Sanusi said on Monday the increase in the level of foreign reserves was driven mainly by proceeds from crude oil and gas exports. Sanusi said the reduced funding of the official twice-weekly foreign exchange auction on account of the huge inflow of foreign portfolio investments also contributed to the growth in the reserves. The current foreign reserves level could finance about 9 months of imports, the central bank said. *(Reuters)*

The rising profile of the Nigerian capital markets got more boost yesterday as International Finance Corporation (IFC) declared its intention to float a five-year $50million (N7.788 billion) bonds. Speaking on the floor of the Nigerian Stock Exchange (NSE) in Lagos, Vice-President and Treasurer of IFC, Mr. Jingdong Hua, said the bonds, which is the first by a non-resident issuer in Nigeria's domestic market, has been tagged Naija Bonds to represent the spirit of Nigerian people who are hardworking, confident and optimistic of the future. According to him, the corporation was currently in the process of raising the funds, while actual listing on the Nigerian bourse would be will be in February. Hau said: "The proceeds will be deployed first, for financing our pipeline projects when there are ready and also for the general funding purposes of IFC. This is a start of many more issues to come in the future." On the choice of Nigeria to issue the bonds, Hau said the Nigerian market was gathering momentum, and currently on the radar of many international investors. "The timing actually works very well because in Nigeria the government bonds market has been functioning for a decade and the corporate market is starting to take shape. It is timely that JP Morgan and Barclays are including Nigeria bonds into their global capital market indices. With this, we are putting the Nigerian bonds market in the world capital market map. There is a strong indication of the emergence of Nigeria as a choice of destination for international investors. I hope IFC debut bonds issuance will add to the momentum and help accelerate the bonds market," he said. The IFC treasurer added that the bonds would offer domestic investors the opportunity to tap into the fixed income securities market. Meanwhile, investors' interest in equities surged further yesterday as the Nigerian Stock Exchange (NSE) All-Share Index rallied 1.49 per cent to close at 31,446.22, indicating a year-to-date growth of 11.9 per cent. *(This Day)*

Nigeria is beating its target to raise food production, lifting output by 8 million tonnes last year, in efforts to diversify Africa's second-largest economy away from a reliance on oil, the agriculture minister said. President Goodluck Jonathan laid out ambitious targets to raise food production such as rice and cocoa by 20 million tonnes within four years after his 2011 election victory. This would represent an increase of around 15 percent by 2015, based on the latest United Nations data. In 2012, the first full year since the pledge, the West African country produced an additional 8.1 million tonnes compared with a 5 million tonne target, Akinwumi Adesina said. "Nigeria has no business importing food. We should be a global power house on food," he said at a round-table discussion on agriculture in Geneva this week, ahead of meetings with investors at the Davos conference. Africa's most populous nation was a major exporter of palm oil and cocoa in the 1960s but production has slumped as the country has instead shifted its economy towards the oil sector, which accounts for 80 percent of government revenues. Since an oil boom in the 1970s, a series of administrations have promised to support the agricultural sector to boost employment and alleviate poverty but policy has been inconsistent and lacked commitment. Poor infrastructure, corruption and mismanagement mean most farming remains at a subsistence level. Nigeria spends around $11 billion on food imports annually, Adesina said. Nigeria, the world's second largest rice importer according to the U.S. Department of Agriculture, is on track to end imports of rice and double cocoa production to 500,000 tonnes by 2015, Adesina added, but gave no specific update on the progress of meeting these targets, which were first set in mid-2011. "We have launched an aggressive rice production programme to make us self-sufficient in rice and we put in place incentives for private sector to produce rice locally and it's working," he told Reuters on the sidelines of the meeting. He said Nigeria had built 14 new rice mills in 2012 with a capacity to produce 250,000 tonnes. Adesina said private sector investment in agriculture was $8 billion in 2012, without citing a figure for 2011 (*Reuters)*

Tanzania

Corporate News

No Corporate News this week

Economic News

LAST year's headline inflation declining tempo was termed as good but went down at snail's pace compared to the other four East African partner states that reached around five per cent. Going by data face value and visualisation for the three East African states, it shows Dar es Salaam inflation for the last one year dropped by 7.6% from 19.7 of last January to 12.1% of last month, which is less than 1% curbing rate per month. On the other hand at the beginning of last year, Kenya's inflation rate was 18.9% and Uganda 25.68%, while Tanzania stood at 19.8% but pronounced actions lowered the former rate faster than the latter. However, at the end of last December, Nairobi and Kampala reduced the inflation rates to 3.2% and 5.5% respectively compared to 12.1% of Dar es Salaam. The Mzumbe University's Dar es Salaam Business School Senior Lecturer (Economics), Dr Honest Ngowi, said the Dar es Salaam inflation for December is much higher for the other East African Community (EAC) partner states. "The decline is good but rather at a snail's pace," Dr Ngowi said adding, "(and) it is still much far from the policy goal of single digit of about 5%." The economist said: "I see it to be the same dream as that of 2012 when the single currency project could not see the light of the day. "If it is to be a reality this year, inflation in Tanzania has to decline very fast so as to reach the inflation macroeconomics convergence criteria of about 4%, that is needed before embracing the single currency (in EAC bloc by December 2013)." According to Dr Ngowi, the problem of the country's inflation is structural issues blended by monetary matters that hinder the fast curbing pace of bringing to equilibrium Consumer Price Index. "Much has to be done to address the structural issues as well as monetary issues that are responsible for the rather disturbing inflation movements in Tanzania," the lecturer said. The IMF acknowledged on the last week Country Report that the inflation has gradually declined, though it has not yet reached the authorities' singledigit objective. "A slight reduction in the growth of monetary aggregates is expected to bring inflation below 10% by end June, 2013," IMF said, "Nevertheless, inflation remains significantly higher than in Kenya and Uganda, where disinflation policies were more pronounced and undertaken earlier." However, the government said it looked seriously on the inflation issues as the prices of staple foods are expected to continue declining in the coming months, following good harvest in June-August 2013. Other factors that ease inflationary pressure in the coming months are reduction in the production costs due to stability in power supply, continued stability in the world market oil prices and stabilization of the shilling against US dollar observed since last January. According to the letter of intent to IMF sent last week and signed by Minister of Finance and BoT Governor: "Based on these factors, headline inflation is expected to continue easing, reaching a single digit level by June 2013." The University of Dar es Salaam Senior Lecturer (Economics),

Dr Jehovanness Aikael, said the declining rate of less than one per cent is bona fide since the figure was very high at 19.7 at the beginning of last year. "The dropping rate has no concern at all, actually is authentic É it could be a concern if the rate dropped like Kenya and Uganda that is too fast to be realistic," Dr Aikael told the 'Daily News' through phone. According to him, given the current falling rate, Tanzania would achieve a very remarkable single-digit rate in the next two to three months. The Minister for Finance and Economic Affairs, Dr William Mgimwa told journalists in Dar es Salaam that the inflation was projected to reach a single-digit coming this June, without giving figure. However, Dr Ngowi said "talking to men and women in the streets, they do not see the decline felt in their lives. Faster decline in inflation is needed to reach the policy goals but most importantly to ease people's hard lives." The National Bureau of Statistics (NBS) released figure last week shows that the country headline inflation of last December stagnated at 12.1 per cent which was a similar rate recorded in November. NBS, on the other hand, said the last month inflation figure "explains that the speed of price increase for commodities in December, 2012 has remained unchanged compared to the speed recorded in November, 2012." The Bureau said food and non-alcoholic beverages inflation rate has decreased to 13.1 per cent in December 2012 from 13.4 per cent recorded in November, 2012. And annual inflation rate for food consumed at home and away from home has also declined to 13.3% in December 2012 as compared to 13.7% in

November 2012. "On the other hand," NBS said, "the 12 month index change for non-food products has increased to 10.3% in December 2012 from 10.1% recorded in November 2012." While the annual inflation, which excludes food and energy for the month of December 2012 has increased to 8.9% from 8.5% recorded in November, 2012. On the contrary, the annual inflation for energy has decreased to 17.8% compared to 18.6% recorded in November 2012. All in all, core inflation - excluding food and energy - rose gradually to a peak of 9.2% in August 2012, before declining to 8.9% in December 2012. (Daily News)

Tanzania's 2012/13 coffee output has surpassed an initial forecast of 55,000 tonnes, the country's coffee board said on Monday. The state -run Tanzania Coffee Board (TCB) had predicted the 2012/13 (June/April) crop would rise to 55,000 tonnes from around 32,000 tonnes in the previous season. "We have already surpassed the target of 55,000 metric tonnes for the season and we expect to reach over 61,000 metric tonnes by the end of March," TCB chief auctioneer Desideri Mboya told Reuters. TCB said 28,073 60-kg bags were offered at last week's auction, with 26,328 bags getting buyers. During the previous sale 22,566 bags had been offered and 18,243 sold. Tanzania, which is Africa's fourth-largest coffee producer after Ethiopia, Uganda and Ivory Coast, produces mainly arabica and some robusta coffee. "Overall average prices at the Moshi exchange were down by $2.73 per 50 kg for mild arabica compared to the last auction," TCB said in a market report. Benchmark grade AA sold at $126.00-$159.00 per bag, compared with $137.00-$187.80 per bag at the previous sale. The average price was $140.05 per bag, down from $144.22 previously. Grade A fetched $135.00-$155.00 per bag, compared with $132.00-$152.00 per bag at the previous sale. The average price rose to $145.79 from $142.75 previously. East African coffee is normally packed in 60-kg bags, but the prices are quoted for quantities of 50 kg. The next auction will be held on Thursday. *(Reuters)*

Zambia

Corporate News

No Corporate News this week

Economic News

The European Union (EU) says it has earmarked 34 million euros (KR238 million) for budget support to Zambia this year. EU also says the country's growth projections are credible in view of the good copper prices on the London Metal Exchange (LME) and increased maize production in the agriculture sector. Ambassador and head of EU delegation in Zambia Gilles Hervio said the budget support is to support effort's of governmnet programmes in the country. Mr. Hervio was speaking in an exclusive interview in Lusaka yesterday. He said this year's budget support is in comparison with 33 million euros (KR231 million) provided to Government last year, with an additional 12 million euros for the health sector. On growth projections, Mr. Hervio is optimistic the country will continue to record steady growth. He said the country has made tremendous progress in copper mining and agriculture sector. "Growth projections for Zambia are credible, what we see is quite a level of growth particularly in copper production and agriculture which is mainly linked to maize production,"| he said. He, however, said it is important for the country to develop capacity to react to copper prices which could decline in the short to medium- term as a result of the Eurozone crisis. Mr. Hervio said while the country has made impressive progress with regard to high copper prices, it is also vulnerable to the events in the Eurozone. Mr. Hervio also commended Government for sustaining foreign direct investment (FDI) last year which stood at US$1.1 billion. *(Daily Mail)*

The potential of Zambian emeralds has been exhibited in the United States by GEMIFIEDS Plc, where a stunning 1,354 carats of the country's emerald beads were showcased by a local television icon Lara Spencer. The 11th Gem award hosted by Gemifields Plc, the company that operates Kagem emerald mine in Lufwanyama District on the Copperbelt, was held at Cipriani 42nd Street in New York City last week. This is according to a statement made available in Lusaka. Gemfields chief executive officer Ian Harebottle, alongside presenter Brooke Shields and ABC's Good Morning America host and event MC Lara Spencer, who wowed the audience in Gemfields' multi-strand necklace with 1,354 carats of Zambian emerald beads attended the event. The event, honoured industry icons, including Stellene Volandes, Style director of Town and Country, who received the organisation's GEM award for Journalistic excellence and Matthew Runci, former president and chief executive officer of Jewellers of America, who received the GEM award for Lifetime Achievement. Mr. Harebottle said the event demonstrated Gemfields' commitment to promoting Zambian emeralds to the international jewellery industry at the highest levels. "It also shows that Zambia's gemstones are being internationally recognised as the finest in the world." Mr. Harebottle said. Gemfields Plc is a leading gemstone miner listed on the Alternative Investment Market of the London Stock Exchange. The company owns 75 per cent of the Kagem mine in Lufwanyama, in partnership with the Zambian Government. Besides the Kagem emerald mine, Gemfields has a 50 per cent interest in the Kariba Amethyst mine in Zambia. The company also owns controlling stakes in highly prospective ruby deposits in Mozambique and various licences in Madagascar including ruby, emerald and sapphires deposits. The GEM awards recognises the outstanding achievements of individuals and companies whose work amplifies the Jewellery information centre's mission. *(Time of Zambia)*

Zimbabwe

Corporate News

ECONET Wireless Zimbabwe will pay out about US$26,5 million worth or the cash equivalent to acquire the remaining 55 percent ordinary shareholding in TN Bank Limited. Econet and TN did not reveal the transaction value when they announced the deal late last year, but a circular to shareholders puts the offer price at US15,91c per TN Bank share. The remaining single biggest shareholder and TN Bank founder Mr Tawanda Nyambirai will take a combination of cash and shares in Econet after agreeing to sell his stake in the bank. Econet Wireless is offering of US15,91c per TN Bank share or one Econet Wireless share for 28,79 TN Bank share for shareholders that will opt for scrip. The mobile phone operator will acquire 55 percent of the 30 301 253 348 issued and fully paid ordinary shares, worth US$26,5 million at the price of US15,91c per share. Econet already owned 45 percent of the shares following its acquisition of 62 311 140 TN Bank ordinary shares after investing US$20 million in the bank. Econet quickly sought the separate listing of TN Bank on the Zimbabwe Stock Exchange, after acquiring a swaying 45 percent interest. TN Bank was part of TN Holdings Limited. After assuming strategic control of the bank, Econet has now decided to acquire the remaining 55 percent to align the bank's operations with the telecoms firm's interest. The acquisition of the full control of the bank will also enable the bank to meet the Reserve Bank of Zimbabwe's new minimum capital threshold of US$100 million without difficulty, considering Econet Wireless' financial muscle. More importantly, assuming total control of TN Bank will give Econet the financial platform of a registered financial institution it requires to leverage the growth of its fast growing mobile money transfer/banking service, EcoCash. EcoCash now handles in excess of US$70 million worth of transactions on a daily basis, making the availability of a dedicated fully incorporated bank a priority. EcoCash has set TN Bank apart from other commercial banks. It is the administrator of the trust account where EcoCash, with more than 1,7 million subscribers, holds its funds. The rapidly growing mobile money service is now used to pay for goods and services in addition to money transfer. Shareholders with a combined 30 percent of TN Bank, made up of trusts belonging to founder Mr Nyambirai, have already consented to taking up new shares in Econet Wireless. Econet Wireless Zimbabwe (Pvt) Limited is the holding company of businesses involved in cellular operations, provision of internet access and transaction processing in Zimbabwe. It controls Econet Wireless Limited, a cellular network operator with over 7 million subscribers, according to latest data. Econet owns the entire stake in Pentamed Investments (Pvt) Limited, which holds 69 percent of Mutare Bottling Company. It controls financial solutions provider Transaction Payment Solutions, provider of switching, point of sale and value added services, which exploits convergence of banking, information technology and telecommunications and owns EW Capital Holdings Limited, as its investment arm for carefully selected investments. Econet Wireless also has Data Control Systems as an associate. The firm, which trades as Liquid Telecom, is a leading internet access provider in Zimbabwe specialising in data services, voice and Interprotocol services. *(Herald)*

INTERCONTINENTAL brewer SABMiller says the introduction of excise duty on beer in Zimbabwe slowed down lager beer volumes growth at its local associate Delta Corporation for the nine months to December 31, 2012. In a trade update for the three quarters to December 2012, SABMiller said lager beer volumes growth for its Zimbabwean operations moderated to 5 percent after a price increase that was necessitated by the excise duty increase. "Lager volume growth moderated to 5 percent in Zimbabwe following a price increase taken in the quarter as a result of an unanticipated excise increase," said SABMiller in the trade update statement released yesterday. Finance Minister Tendai Biti increased duty on clear beer and cigarettes when he presented the 2013 National Budget in November last year. Excise duty on clear beer was increased from 40 percent to 45 percent, while the duty on cigarettes went up from US$10 per 1 000 sticks to US$15 with effect from December 1 2012. Minister Biti said the move was meant to protect consumers from taking the "hazardous products" and reduce social costs associated with beer and cigarettes. Last week, Delta published a trading update for the quarter ending December 31, 2012 saying revenue for the quarter October to December was up 14 percent and 16 percent year to date supported by improved mix and minimal price increases. Lager beer volumes for the third quarter were 5 percent ahead of prior year and 7 percent up for the nine months to December 2012 while sparkling beverages volumes are up 8 percent for the quarter and 10 percent for the nine months. Sorghum beer volumes went down by 10 percent for the quarter and 9 percent for the nine months, a trend consistent with that for the first half of the year. The increase in excise duty to 45 percent from 40 percent was said to have been disruptive on both volumes and retail pricing due to lack of small denomination coinage. The impact on business, said Delta, is expected to be minimal. Reporting the group results yesterday, SABMiller said lager volumes for the third quarter were 2 percent ahead of the prior year and soft drinks volumes were 3 percent higher, both on an organic basis. Group revenue grew by 8 percent in the third quarter and group revenue per hectolitre was up by 5 percent, both on an organic constant currency basis, reflecting selective price increases and helped by improved brand mix in most regions. "On a reported basis, including the effect of acquisitions and disposals, total volumes were up 6 percent and group revenue was up 17 percent compared with the third quarter of the prior year," SABMiller said. Overall, financial performance for the quarter (to December 2012) was in line with our expectations," said SABMiller in the update statement. Lager beer volumes growth of 10 percent in Zambia continued to benefit from improved availability and distribution networks, further supported by the operation of the new brewhouse at Ndola from November 2012. Uganda returned to growth this quarter with lager volumes up 4 percent despite a slower economy. In Mozambique the affordable and mainstream segments continued to perform well helping deliver lager volume growth of 9 percent.In Ghana, volumes grew by 9 percent driven by a strong performance by the Club brand while South Sudan continued to grow strongly while SABMiller associate Castle delivered lager volume growth of 5 percent on a pro-forma basis. Soft drinks grew by 12 percent on an organic basis assisted by strong performances in Nigeria, Zambia and Ghana. But SABMiller said Tanzania volumes continue to decline, down 13 percent for the quarter, following the excise-related pricing. *(Herald)*

MWANA Africa Plc's local gold mining unit Freda Rebecca achieved record output of 18 350 ounces in the third quarter to September 30, 2012, but output fell 10% to 16 506oz in the fourth quarter to December 31,2012, the company said. Gold production rose 43% in the quarter to December 31, 2012 compared to the same period the prior year while the recoveries rate fell to 80 percent compared to the 83% achieved in the third quarter to September 30, 2012. Giving an update on operations and exploration activity for the quarter ending December 31, 2012 Mwana Africa chief executive Mr. Kalaa Mpinga said that total production for the 12 months to December 2012 came in at 47 770oz. Average gold prices during the quarter to December 2012 stood at US$1 706 compared to US$1 677 realised in the third quarter to September 2012 while production cost in the last quarter US971/oz from US860/oz the previous quarter. "Mwana's Freda Rebecca Gold Mine in Zimbabwe, having restarted operations in 2009, produced 47 770oz of gold in the 12 months to March 2012. Record quarterly gold production of 18 350oz was achieved in the third quarter of 2012," he said. A total of 16 506oz of gold was produced during the quarter ending December 31, 2012. Average monthly production for the quarter was 5 502oz. Quarterly output represents a 43 percent increase over the comparable quarter last year. The 52 840oz produced for the nine months to date represents a 58 percent increase on the comparable period last year. The current rate of production reflects an annualised rate of over 70 000oz per annum, Mwana Africa said. Gold production for the fourth quarter declined slightly from the production levels in the previous quarter, but remained above plan. Internal dilution associated with a known waste dyke within one of the main production areas contributed to a reduction in gold head grade that the Midlands-based mining company had achieved the previous quarter. Reduced metallurgical recovery for the quarter was attributable partly to a lower feed grade, but also to a breakdown during December on the mine's compressors feeding air to the leach circuit, adversely affecting leach kinetics within the circuit. Meanwhile, the Bindura Nickel Corporation restart programme is well underway, said Mwana Africa, with the first sale of concentrate targeted for the second quarter of 2013. Mining preparation has covered 1 337m of underground development for the recommissioning of underground rock handling systems, shafts and surface crushing facilities. "The pace of the mine preparation and processing plant refurbishment work that is currently being conducted at the Trojan Mine has been exceptional. I am pleased to reiterate that the company remains on track to sell first concentrate to our off take partner, Glencore International, in the second quarter of 2013. "The exploration team at Zani Kodo (DRC) has been working hard and I look forward to reporting a resource update to the market later this quarter," he said. In February 2012, Mwana announced a gold mineral resource of 2,01 million ounces at its Zani Kodo project in the Democratic Republic of Congo. Mwana Africa Plc is a pan-African, multi-commodity mining and development company. Mwana''s principal operations and exploration activities cover gold, nickel, copper and diamonds in Zimbabwe, the DRC and South Africa.*(Herald)*

LIFESTYLE Holdings Limited has completed the registration of a new company, TN Harlequin Luxaire International Limited, in Mauritius which will enable the group to raise money to finance its regional expansion. Lifestyle Holdings Limited is listed on the Zimbabwe Stock

Exchange and its subsidiaries include TN Asset Management (Private) Limited, TN Harlequin Luxaire (Private) Limited, TN Financial Services (Private) Limited, TN Medical Investments (Private) Limited, TN Zambia Medical Support Services, TN Harlequin Luxaire Zambia, Pelhams Limited and TN Medical Benefit Funds (Private) Limited. The group said the establishment of the new holding company would allow the company to penetrate the regional market faster and avoid the Zimbabwean risk factor that has negatively affected local companies' ability to establish a regional presence. Group chairman Mr. Harry Cantor said the proposed transaction would involve the issue of new TNHLI ordinary shares to the shareholders of Lifestyle in exchange for their shares. "The transaction will result in TNHLI, a Mauritian-registered company becoming the holding company of Lifestyle. Shareholders electing to receive TNHLI shares will receive one share for every 235,12 Lifestyle shares they hold," he said. He said a cash option had been put in place for shareholders who are not keen to exchange their Lifestyle shares for TNHLI shares. The cash payable for every Lifestyle share would be US$0,00645. "The directors of Lifestyle who own shares in the company shall vote in the affirmative at the proposed EGM and Scheme Meeting and all the directors recommend that members vote in favour of the resolution and the scheme," Mr. Cantor said. He added that the conditions precedent to the transaction have Exchange Control approval granted by the Reserve Bank of Zimbabwe last year. The offer is, however, subject to approval by the Ministry of Youth Development, Indigenisation and Empowerment, and Lifestyle said it had already applied to the ministry. "The scheme is also subject to the approval of the transaction by Lifestyle Holdings shareholders at an EGM and the approval of the scheme at a meeting sanctioned by the High Court by a majority in number representing three-fourths in value of the members present and voting," Mr. Cantor said Lifestyle Holdings would delist from the ZSE if shareholders approve the transaction. *(Herald)*

PAN-AFRICAN banking group Ecobank Transnational Incorporated, with a presence in 33 African countries and a footprint in Zimbabwe, says it is targeting over 20 percent growth in deposits and a 10% jump on the loan book this year. The group's chief executive, Mr. Thierry Tanoh, told delegates at the bank's inaugural capital markets day in Togo last week that Ecobank also planned to achieve revenue growth of at least 15 percent this year. Mr. Tanoh said the bank targeted a cost-to-income ratio of below low 70 percent and reducing the cost-to-income ratio to 60 percent for 2015. Zimbabwe, as an associate of the pan-African bank, will have to align itself along these targets. "We believe passionately in Africa's long-term growth potential and, over time, look forward to unlocking the true value of our unique pan-African footprint to the benefit of all of our stakeholders," he said. The bank held the Capital Markets Day at the Group's headquarters in Lomé on January 18. The event aimed to introduce Ecobank's senior management to audiences of major shareholders and research analysts. In addition, the event also provided detailed insights into the group's current operations and its strategic objectives going forward. Said Mr. Tanoh: "We were delighted to welcome buy- and sell-side representatives from across Africa, the UK, the Middle East and the US here in Lomé, Togo. It gave us an excellent opportunity to demonstrate the strength and depth of our divisional and regional management teams to a wider international audience." Ecobank used the event to outline its growth targets for 2013 and the operational steps that are being taken to deliver them. By focusing on its strategic priorities of customer service, shareholder value and becoming an employer of choice, Ecobank believes these targets are achievable. The bank remains focused and continues on a firm path as it trudges towards its mission of building a world-class pan-African bank. Addressing a Press conference soon after arriving in Zimbabwe on Wednesday last week, Mr. Tanoh said Ecobank Zimbabwe, which had been indigenised and would "continue to be compliant with the country's laws", was on a growth trajectory. The bank, which closed its trading year with nine branches last year, would increase its presence on the local market, he said. "Market share will be increased in Zimbabwe this year. We are young but very ambitious. As we speak, if a tremendous opportunity comes by, we'll grab it right away to add value to the group," Mr. Tanoh was quoted as saying in the media. "We have complied with the new capital requirements. We have ambitions to grow and gain market share in Zimbabwe," said Mr. Tanoh. In a statement, Ecobank Zimbabwe said Tanoh's first visit to the region and Zimbabwe was a reflection of a vote of confidence by the Ecobank Group in the Zimbabwean market. Ecobank shareholders recently injected an additional US$15 million into Ecobank Zimbabwe in order to meet the deadline for compliance with the additional capital requirements of US$25million by December 31, 2012 as set out by the central bank. *(Herald)*

ART Corporation is in talks with a foreign investor to inject close to US$4 million in the company's battery division, Chloride Zimbabwe it emerged this week. The Zimbabwe Stock Exchange listed firm was said to be engaging potential investors from China and India to help bring in new technology and capital to return Chloride's capacity utilisation to 100 percent. In a statement to shareholders Art Corporation said:

"Further to the cautionary statement of 19 December 2012, the board of directors of ART Holdings Limited advises all shareholders that the company is still engaged in discussions, which if successfully completed may have a material impact on the company's business and share price. "Accordingly shareholders are advised to exercise caution in trading the company's shareholders and should consult their professional advisors before dealing in their shares until such time as the results of the negotiation are known." Last year Art Corporation took a decision to discontinue certain operations while some properties were sold to raise capital for businesses with viable prospects. Chloride is understood to be in the process of importing maintenance-free battery equipment from partners in South Africa and solar inverting machinery from India. The group also wants to invest US$450,000 in Softex and US$250,000 in Eversharp to take both units to the next level of automation. About US$500,000 would be invested next year in Kadoma Paper Mills - the sole producer of tissue and fine paper products in Zimbabwe to improve the product quality. Speculation had been rift that the National Social Security Authority (Nssa) which is the majority shareholder in the company with a 23 percent interest was going to invest more money into the company as it seeks to increase its shareholding in the company. NSSA Managing Director James Matiza has however denied this. In a statement accompanying the company's financial result, Art Corporation said its board was aware of the "going concern" matters surrounding the group, in particular issues relating to the high level of short term borrowings. "Consequently there are plans to restructure the borrowings in the New Year. The initiatives, which are at an advanced stage and include a transaction which is the subject of on-going cautionary announcements, involve accessing long term capital and injection of fresh capital to retire expensive debt. It is anticipated that the benefits of this restructuring exercise will be realized in the second half of the year," the company said. *(New Zimbabwe)*

Economic News

BUSINESS worth $145 million was written by the country's life assurance industry during the third quarter ending September 30 2012, reflecting a 171% growth rate from figures reported in the previous quarter. Total costs grew by 194% to close the third quarter at $96 million buttressing the imminent need to spread risks through re-insurance and effecting cost-cutting measures. The industry realised $46 million as technical profit. Expense and combined ratios were 23% and 68% respectively compared to the previous quota ratios of 36% and 63%. "Total assets grew by 24% to close the quarter at $1 billion from $875 million reported previously," reads part of report by the industry regulatory body Insurance and Pensions Commission (IPEC). IPEC, however, said compliance with the prescribed asset ratio continued to be a challenge for the industry though the life assurance industry remained largely capitalised statutorily. Capital to liability ratio (solvency) was at 14% against a regional minimum threshold of at least 100%. The insurance regulator said the industry appeared to be on a recovery path with business written predominantly of a recurrent nature constituting 87% of gross written premiums. "This may be attributed to low business activity fuelled by liquidity challenges prevailing in our economy as well as low confidence in the life assurance industry," the report says. "The resultant low policy values and pension benefits on conversion to the United States dollar could also be a contributory factor. "To this extent, the commission will continue to probe the entire conversion process in an effort to meet fair policyholder expectations" All but one life assurers were adequately capitalised in excess of $500 000 as prescribed by the insurance regulator. Old Mutual, First Mutual Life and Zimnat Lion continued to dominate the sector. "The traditional top three players continued to control more than 86% of business calls. "This calls for innovation both in new product development and service delivery on the part of players especially the remaining six in order to boost needs to adjust to market needs otherwise products are now obsolete hence the need to revamp both their channels," IPEC said. *(News Day)*

ZIMBABWE'S gold output rose 13,4 percent last year to 14 742kg from 12 992kg a year earlier, but fell short of the targeted 15 000kg, latest figures from the Chamber of Mines show. Gold revenues were up 18,9 percent to US$782,75 million from the previous comparable period. At its peak in 1999, Zimbabwe produced 27 tonnes of gold, but output declined to a record low of 3 000kg in 2007 as a result of the economic recession and mine closures. The chamber, which represents Zimbabwe's miners, said the sector requires as much as US$1 billion to achieve 50 000kg over a five-year period. The increased gold production comes at a time when Zimbabwe is seeking readmission on the London Bullion Market Association, a London-based trade association that represents the wholesale market for gold and silver. Zimbabwe was disqualified from LBMA due to successive declines in gold production triggered by economic challenges and poor economic policies which resulted in many gold mining companies closing down. The country's top gold mines include Metallon, owned by South African businessman Mzi Khumalo, Duration Gold Zimbabwe, Blanket Mine and New Dawn Corporation. New Dawn, the Toronto-listed firm, yesterday reported gold production for the quarter ended December 31, 2012 of 9 069 ounces compared to 9 095 ounces in the same period in 2011. Gold sales for the quarter were US$16,6 million compared to US$15,4 million a year earlier. New Dawn said it intends to invest US$37 million in the next four years to ramp up production. Its properties include 100 percent of the Turk and Angelus, Old Nic and Camperdown Mines. Through its Falcon Gold Zimbabwe Limited subsidiary, New Dawn owns 84,7 percent of the Dalny, Golden Quarry and Venice mines, and a portfolio of prospective exploration acreage in the country. Last year, Duration Gold said it was aggressively pursuing growth for its Zimbabwean mines. Duration Gold, a privately owned firm controlled by the Jersey-based Clarity Capital, acquired several Zimbabwean mines in 2006, which it kept under care and maintenance until 2009. Gold production at Blanket Mine in Gwanda increased 27 percent to 45 623 ounces last year compared to 35 826 ounces in the same period in 2011, the company announced last week. Small-scale miners are also contributing significantly to gold output with some financial institutions coming up with facilities to assist small-scale producers. Zimbabwe is set to benefit from a projected bull run of the yellow metal this year. Global gold prices have risen for 12 consecutive years, positioning it as one of the longest-running bull markets in history. Prices started 2012 at US$1 531 per ounce and by December 31, 2012, it was at US$1 657 per ounce. Dubai based gold trader, investor and chief executive of Golf and Silver Club Mr. Nik Kalsi expressed optimism that the bull run will continue. "Every healthy bull market goes through periods of consolidation and gold is no exception. Given the extent of the 2008 to 2011 super-charged rally, the fact prices have consolidated is unsurprising, that's a natural cycle within any bull market. Looking at the long-term picture, I'm optimistic that gold's bull run will continue," he said. He said gold usually performs positively in times of economic uncertainty, noting the global economic drivers which have brought the yellow metal to where it is were "virtually all still in place." The central banks, Mr. Kalsi said would also play a pivotal role in determining gold's performance this year. Last year, central banks switched from being net sellers of gold to net buyers. The most active buyers were emerging market economies. In the first nine months of 2012, central banks in emerging markets bought a total of 500 tonnes of gold, up from 465 tonnes in 2011. In the Middle East, that included the central bank of Azerbaijan, Kazakhstan, Iraq and Turkey. This trend was likely to continue this year and will have a positive impact on prices. Demand for gold, particularly from China, India and the United Arab Emirates which account for approximately 65 percent of consumer demand is projected to increase this year. Chinese inflation data released last week showed positive signs that the East Asian economy is bottoming out and beginning to recover again. As such, Chinese gold demand is estimated to grow around 10 percent this year from about 800 tonnes in 2012, according to The World Gold Council. *(Herald)*

THE Ministry of Regional Integration and International Co-operation has partnered with the World Bank to work on a trade and transport facilitation assessment aimed at identifying key challenges to trade and transport facilitation in Zimbabwe. It will also help authorities to come up with an action plan for enhancing the country's trade competitiveness. Speaking at a workshop on regional integration developments held in Harare yesterday, the permanent secretary in the ministry, Mr. Tadeous Chifamba, said the assessment would also establish the status of trade facilitation infrastructure, regulatory and policy environment and trade-related institutional arrangements in Zimbabwe. He said the World Bank was financing the assessment that will assist authorities prepare a remedial strategy and good action plan. "Zimbabwe has indeed embraced regional integration recognising the inherent benefits of being part of a bigger community, be it Sadc, Comesa, African Union or World Trade Organisation," he said. He, however, expressed concern at the multiple membership to different customs unions that many Southern and Eastern African countries have been falling victim to and expressed hope that the unions would ensure a seamless transition from a fragmented and overlapping regional integration pattern to a harmonised and consolidated region. He added that high transport costs and unnecessary delays at border posts were an impediment to the flow of business at borders and this was working against the spirit of regional integration. "Mention of Chirundu makes us proud as Government given our role in the launch and operationalisation of the one-stop border post. "We are looking forward to replicate the project on all our busy ports, Beitbridge being top on our priorities. Work is already underway on all border posts albeit at varying stages," Mr. Chifamba said. Mr. Chifamba also noted that his ministry was working with relevant stakeholders, with financial assistance from Trade Mark Southern Africa, on a study on co-ordinated border management which would help develop and implement a border efficiency management system that integrates all border management agencies. The national CBM strategy thus provides a basis for national, regional and international cooperation among all relevant authorities involved in border management, security and trade facilitation, he said. Mr. Chifamba said the introduction of Asycuda World will go a long way in expediting clearance of both inbound and outbound cargo. The system is designed to help countries automate customs processes on the importation or exportation of goods and allows the Zimbabwe Revenue Authority to compile accurate trade statistics. It allows for controlled and selected access by other border agencies to data pertaining to their mandated area thereby integrating the process flow for the clearance of cargo. Zimra was the first revenue authority in the Comesa region to use the system and this has drawn a lot of interest from other countries within the region. *(Herald)*

The African Development Bank (AfDB) director for the Southern African Development Community (Sadc) region, Ebrima Faal, says there are a lot of positives expected to come out of Zimbabwe, but the bank is constrained from lending money to the country because of the country's massive external debt. Zimbabwe has an estimated external debt of $10,7 billion including arrears. Last year, the government adopted the Zimbabwe Accelerated Arrears Clearance, Debt and Development Strategy — a debt plan to deal with the country's debt trap — which has been blamed for disqualifying the country from accessing long-term capital. Faal told South African media that the AfDB was poised to spend about $125 million on rehabilitating some of Zimbabwe's water and energy infrastructure, especially around Harare, but said the bank could not spend more money until the country had signed a programme allowing it to clear the national debt. The AfDB, according to Faal, had also set aside just more than $500 000 to help Zimbabwe, Somalia, Sudan and South Sudan clear their debts. The apportionment of these funds was not finalised and they would be disbursed on a "first come, first served" basis. Already Zimbabwe, with the bank's help, had set up the institutions and facilities needed to provide governance, which put it in "a fairly good position" to access a slice of the $500 000, Faal said. "We see a lot of good things happening in Zimbabwe. People, investors, approach us," he said. Prime Minister Morgan Tsvangirai early this week said the country had the natural resources that could be used to pay off the debt. He said what was needed was to put the resources to good use in a transparent and accountable manner. Meanwhile, the regional lender has only managed to contribute a fraction of the $94 billion a year that Africa needs to develop its infrastructure, which makes the proposed Brics (Brazil, Russia, India, China and South Africa) development bank a welcome proposition Faal said while 55% of the bank's investments went to infrastructure, "what the bank can contribute (to what Africa needs to spend) is small in the greater scheme of things. "We look forward to dialogue on what is envisaged and how the Brics can contribute," he said. Africa was able to spend about $72 billion a year on infrastructure, but there remained a $480 billion shortfall over the next decade, South African President Jacob Zuma said in April last year. The idea of the Brics bank was first mooted last March at a meeting of the five Brics countries. It has been proposed that the bank raise funds from the private sector instead of developed nations, which have been hard-hit by the global financial crisis. A Brics meeting that is expected to discuss the idea is scheduled for March in Durban. *(News Day)*

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