SECURITIES AFRICA

For week ending 14 September 2012

Weekly African Footprint

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

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

Currencies:

Currency	14-Sep-12 Close	WTD % Change	YTD % Change
AOA	95.16	0.02	0.24
DZD	79.13	-0.37	5.17
BWP	7.56	1.16	2.52
CFA	498.29	-0.64	0.72
EGP	6.08	-0.01	1.05
GHS	1.89	-1.04	16.44
KES	82.89	0.01	-0.81
MWK	270.15	1.32	66.35
MUR	29.19	-0.31	3.74
MAD	8.57	-1.92	-0.09
MZN	28.70	0.00	7.49
NAD	8.15	-0.46	0.13
NGN	156.83	0.16	-1.85
ZAR	8.17	-2.21	-0.06
SZL	8.22	0.00	0.93
TND	1.57	-1.52	4.93
TZS	1,547.24	0.03	-0.84
UGX	2,471.37	-0.15	0.99
ZMK	4,954.63	0.90	-1.25

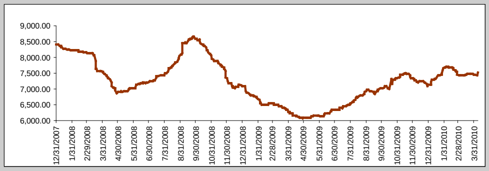
Source:oanda.com

African Stock Exchange Performance:

Country	Index	7-Sep-12	14 September 2012	WTD % Change	WTD % Change USD	YTD % Change	YTD % Change USD
Botswana	DCI	7,321.93	7,361.27	0.54%	-0.53%	5.60%	3.10%
Egypt	CASE 30	5,542.75	5,662.15	2.15%	2.59%	56.31%	55.34%
Ghana	GSE All Share	1,035.97	1,036.39	0.04%	-1.72%	6.95%	-10.70%
Ivory Coast	BRVM Composite	147.36	147.31	-0.03%	-5.71%	6.07%	-1.30%
Kenya	NSE 20	3899.62	3953.50	1.38%	1.82%	23.35%	24.91%
Malawi	Malawi All Share	5,977.33	5,939.41	-0.63%	-1.02%	10.62%	-32.88%
Mauritius	SEMDEX	1,695.46	1,702.24	0.40%	-3.62%	-9.86%	-16.85%
	SEM 7	330.72	331.28	0.17%	-3.84%	-5.44%	-12.77%
Namibia	Overall Index	896.00	894.00	-0.22%	-0.62%	6.68%	5.63%
Nigeria	Nigeria All Share	24,838.70	25,337.18	2.01%	2.19%	22.22%	24.95%
Swaziland	All Share	284.32	284.32	0.00%	0.52%	5.92%	5.49%
Tanzania	DSEI	1,454.62	1,452.15	-0.17%	-0.05%	11.43%	12.54%
Tunisia	TunIndex	5,198.24	5,124.47	-1.42%	-2.73%	8.52%	2.38%
Zambia	LUSE All Share	3,698.32	3,713.15	0.40%	0.93%	-10.95%	-8.27%
Zimbabwe	Industrial Index	137.37	140.02	1.93%	1.93%	-4.00%	-4.00%
	Mining Index	88.20	88.48	0.32%	0.32%	-12.14%	-12.14%

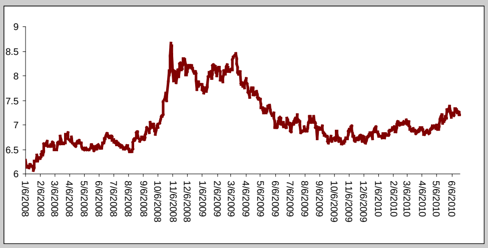
Botswana

Botswana Stock Exchange



Source: Reuters

BWP/USD



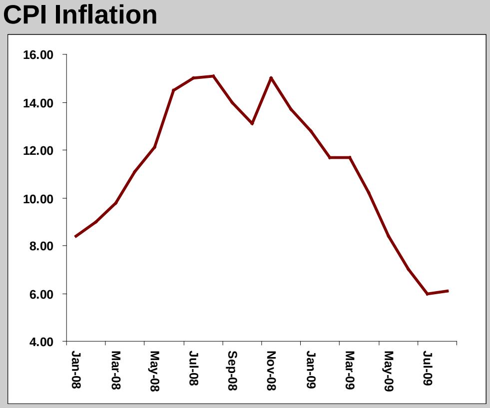
Source: Reuters

Economic indicators

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

Source: World Development Indicators

CPI Inflation



Source: SAR

Stock Exchange News

The DCI closed the week higher, gaining by 0.54% to close at 7361.27 points. Top amongst the movers was Choppies which went up by a huge 7.7% on the back of at least 2 million shares traded to settle at BWP 1.80. Discovery (24.18%) and FSG (4.30%), Turnstar was the biggest loser -6.33% at BWP 1.48 while Letshego slid by -1.4% to settle at BWP 1.38.

Corporate News

President Ian Khama on Friday launched the mammoth Boseto Copper Project, in a historic event marking the official opening of the rich copper and silver district located on the Kalahari Copperbelt. The 800-kilometre long Kalahari Copperbelt stretches from central Namibia into northwestern Botswana and contains some of southern Africa's richest copper deposits. Leveraging on this, Discovery Metals' Boseto Copper mine is graduating into Botswana's biggest copper mine, being only the second in operation after BCL mine in Selebi Phikwe. The new mine targets production of 36,000 tonnes of the base metal per year over a projected 15-year lifespan. It will also pump out 1.1m ounces of silver per year, being the first large-scale extraction of the precious metal in Botswana's history. Speaking at the launch near Toteng, Khama noted that while the area's copper and silver mineralisation had been known since the 1970s, it was with Discovery Metal's arrival in 2005 that exploration moved to production. "I ardently hope that the continuing exploration activities will yield positive results (and) I am excited by such prospects because if results are positive and economic to justify development, it means greater benefits for the nation," the President said.

"The development of the Boseto Copper Project brings opportunities for residents of Ngamiland to shift focus to trading in some sectors that the mine in their area would support." Khama said while the Australian junior miner had become the first to tap into the Kalahari Copperbelt's potential, there were other potential mining projects "not far from this area." One such project is being developed by New Hana Mining which holds prospecting licences for copper and silver covering 10,653 square kilometres, including the flagship Banana Zone. The Canadian firm recently completed a preliminary economic assessment on the Banana Zone. Another explorer, Australian firm, MOD Resources, holds licences covering about 10,000 square kilometres of the copperbelt and recently identified 100 kilometres of priority areas for its exploration programme. At Friday's launch, a beaming Discovery Metals' chairman, Gordon Galt said commissioning and ramp up activities were progressing well with a view to strong and sustainable cash flows into the future.

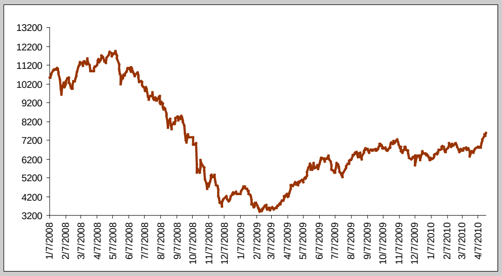
"I'm delighted that the Boseto Copper Project has been officially opened and to be able to report to our shareholders that we have kept our promise and brought this fantastic asset on stream, on time and within budget," he said. "This will allow us to fully develop the potential value in the new copper frontier that is the Kalahari Copperbelt." The Australian firm holds 18 prospecting licences covering 11,800 square kilometres of the Kalahari Copperbelt, which it is continuously exploring in order to expand its operations and output. More than USD 300m has been pumped into the Boseto Copper Project thus far, covering key components such as the processing and metallurgical plant, mobile fleet and working capital. The new mine employs about 500 people of whom 96% are citizens. *(Mmegi)*

Economic News

Botswana's consumer inflation slowed to 6.6% year-on-year in August, its lowest in more than two years, compared with 7.3% in July, the Central Statistics Office said on Friday. On a month-on-month basis inflation was steady at 0.3%. *(Reuters)*

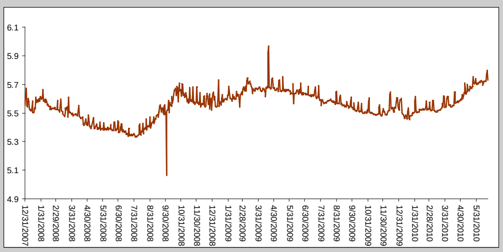
EGYPT

Cairo Alexandra Stock Exchange



Source: Reuters

EGP/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

Stock Exchange News

The EGX30 index advanced by 2.15% this week at 5,662.15pts. OCI picked up EGP 1.31 at EGP 289.36. SODIC at EGP 25.9. Mobinil rose by 8% to EGP 158.92. Ezz Stell traded 13% higher at EGP 11.

Corporate News

No Corporate News this week

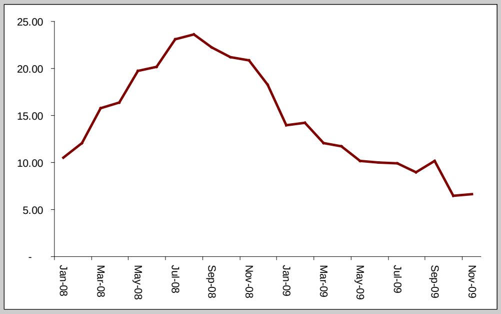
Economic News

Average yields declined on 4.5bn Egyptian pounds of treasury bills auctioned by Egypt's central bank on Sunday, the Ministry of Finance said. The average yield on 1bn pounds of 91-day T-bills fell to 13.747%, its lowest since Nov. 22 last year, from 14.15% at an auction on Sept. 2. The yield on 3.5bn pounds of 266-day bills fell to 15.486% from 15.863% at an auction on Aug. 26. The central bank sold all the bills it had offered on behalf of the finance ministry. *(Egypt.com)*

Egypt's new prime minister Hisham Kandil is finalising an economic reform plan that will rein in hefty consumer subsidies, he said on Sunday, adding that he expected the economy to grow in the current financial year by 3 to 4%, or more if investment goals are achieved. Kandil told Reuters in a rare interview that the government aims to cut the budget deficit, now running at about 8% of gross domestic product, by 1%age point in two years although he said that target was "dynamic". Egypt has been on the ropes since investors and tourists, two vital cash streams, fled after the uprising that toppled Hosni Mubarak in 2011. The revolt gave Egypt its first freely elected president, Mohamed Mursi, who appointed Kandil in July. Once a darling of frontier market investors, with growth of about 7% a year, the economy has sputtered along, growing by just 2% in the financial year that ended in June. Determined to draw in investors who want hefty cuts in fuel subsidies and other reforms, Kandil's cabinet also has to sell economic restructuring to Egypt's 83m people, many in dire poverty and desperate to see the benefits of the revolt.

"For this year, we hope that we will get around 3 to 4% (growth) and after that we will jump to 4, and then 4 to 5, and hopefully in a few years we will come to 7%," the 49-year-old said, adding Egypt could hit 7% in four years. The government has previously forecast growth of 4-4.5% for 2012/13, a target the prime minister said could be achieved if the goal to secure 267bn Egyptian pounds in private and public investment was realised. Kandil said his government was finalising its economic reform programme and the draft would be reviewed next week with Mursi, who was propelled to power by the once banned Muslim Brotherhood to become Egypt's first civilian president. Kandil,

CPI Inflation



Source: SAR

a technocrat and not a Brotherhood member, said the government wanted to target fuel and other subsidies and introduce a coupon or smart card system in October to ensure the poor, rather than everyone, got subsidised butane cooking gas.

There would be cuts to subsidies on 95-octane gasoline in coming months and a review of other fuel handouts, he said, while tax revenues would be boosted by casting a wider net. "We need to look at our taxation system so it covers more people, not necessarily that we tax more," he said. "We'll try to get them into the formal economy, and we will do that very soon." These measures are all part of efforts to reduce the budget deficit by 1 percentage point in the next two years, although he said targets would depend on what the population could tolerate. "Those targets are dynamic. We have to look at what kind of support we will get and how the people will react to these measures," he said. "I am sure many of them will react positively, but of course we might have some difficulty so it will be a flexible thing too." Economists and traders welcomed Kandil's comments - the clearest and most detailed outline of his cabinet's programme to date - but said the test would be on whether it was implemented. Mursi's government has pledged to be more responsive to the public, many of whom rose up against Mubarak to demand both political freedoms and an end to economic policies they said lined the pockets of the rich at the expense of the poor. The premier, who grew up in a middle class area of Cairo in a two-bedroom apartment where he still lives, said Mursi's review would be followed by a public consultation. "Hopefully by the beginning of October we will open this for discussion. That also stands true for the IMF programme," he said, repeatedly referring to the programme as "homegrown", mindful of public concerns that the IMF will impose tough terms.

Egypt has requested a USD 4.8bn loan from the International Monetary Fund, part of a bid by the government to shore up its finances after foreign reserves plunged to about USD 15bn, less than half what they were before the revolt. Responding to investor concerns that the Egyptian pound is overvalued, Kandil said the central bank was managing the currency in a flexible way but said investors should not delay. "So investors should not wait for the pound to devalue. This is not going to happen soon. So now is the right time to get into the market," Kandil said, echoing comments made by the president to Reuters last month when he ruled out a devaluation. The premier gave the interview after speaking to executives from nearly 50 U.S. companies at a forum in Cairo, one of the biggest such business delegations to visit since the uprising. Some said they were upbeat about Egypt, but one - echoing several others - said it was still a matter of "wait and see." One cabinet idea is to attract private investment in power generation to plug a deficit that led to electricity cuts in the peak summer period. Private plants could sell directly to the private sector using the national grid for a fee, Kandil said. As well as seeking private investment and IMF support - a deal which Kandil said could be in place within two months - Egypt is pushing for aid from other institutions, wealthy Gulf Arabs and the United States and other Western state.

The government was in talks with the World Bank and African Development Bank (AfDB) for each to provide about USD 500m in support for the budget, said Kandil, who worked for the AfDB before becoming irrigation minister in the previous cabinet. He added that those loans would come after an IMF deal. Saudi Arabia and Qatar have already pledged billions of dollars to support Egypt, including budgetary support, while Kandil said Kuwait had made a "reconnaissance visit" and a delegation of Kuwaiti officials and executives would return to Egypt on Thursday. Asked about any talks with the United Arab Emirates, he said he was working to end a business dispute with a UAE investor. Washington is proposing USD 1bn in debt relief and is also in talks to offer USD 500m in mostly budgetary support. *(Reuters)*

Egypt's urban consumer inflation quickened to 6.5% in the 12 months to August 2012 from 6.4% in July, Egypt's state statistics agency reported on Monday. *(Reuters)*

Egypt will resume exports of rice in October, lifting a ban imposed since 2008 to protect the domestic market, daily newspaper al-Borsa cited the agriculture minister as saying. Egypt, once a major medium-grain rice exporter, banned rice exports in March 2008 and renewed the policy repeatedly to head off local market shortages and cap prices. It last renewed the ban in October. "The government has agreed to resume rice exports at the beginning of October. This is after local production rose enough to be able to cover market needs. The availability of a surplus for exports does not affect local prices," Minister Salah Abdel Momen told al-Borsa. Abdel Momen added that the decision to lift the ban will allow Egyptian farmers to benefit from rising global rice prices but that, if local prices increase in a way that harms local consumers, the ban may be enforced again.

Soaring food prices in 2008 caused riots in a number of countries, including Egypt, and droughts in the United States and Black Sea bread baskets have this year sent prices of other grains sharply higher. In 2007, Egypt exported 1.25 m tonnes of rice and provided around 35 percent of the medium-grain rice sold on the world market that year. Others, such as Russia, have grabbed Egypt's share since. The government started procuring rice directly from local farmers in October 2011 in order to build reserves. The move was intended to smooth out the exaggerated price movements that were offered during tenders for local rice. Egypt needs around 1.1 m tonnes of rice a year for its subsidy programme around a third of its total consumption of 3.34 m tonnes.*(Reuters)*

Egypt's balance of payments deficit narrowed dramatically in the second quarter as foreigners sold Egyptian securities at a slower rate and invested more in the country's economy, according to figures released on Monday. The balance of payments deficit narrowed to USD107.5m in the April to June quarter from USD4.25bn a year earlier, preliminary central bank figures showed. Direct foreign investment leapt to USD2.08bn from USD217.7m during the quarter while a net decline in portfolio investment in Egypt slowed to USD456.1m from USD1.58bn. The increased FDI may reflect income from the purchase by France Telecom in May of Egyptian mobile telephone company Mobinil, a deal that may have brought more than USD3bn into Egypt, analysts said.

Foreigners also slowed their sales of stocks and treasury bills during the quarter after having unwound most of their holdings in the year after the uprising that toppled Hosni Mubarak in February 2011. The uprising also scared away tourists, a major foreign exchange earner. In addition, Saudi Arabia during the quarter deposited USD1bn with the central bank as budget support for Egypt's government. The current account balance nonetheless continued to deteriorate during the quarter, with the deficit widening to USD1.54bn from USD1.43bn in the second quarter of 2011. This was aggravated mainly by an expansion of the quarterly trade deficit to USD8.17bn from USD6.43bn. Tourism receipts on the other hand rose by USD481m to USD2.33bn.

The current account deficit for the entire 2011/12 fiscal year, which ended on June 30, grew to USD7.9bn from USD6.1bn, while the full-year trade deficit swelled to USD31.7bn from USD27.1bn. The current account deficit was below the USD 8.2bn forecast by Barclays economist Alia Moubayed, who said she was not surprised by the worsening balance of payments figures. "Export growth and Suez Canal receipts since June are weakening, highlighting continued pressure on the current account," she said. "This only underscores the need to secure official support from bilateral and multilateral institutions as soon as possible and restore business confidence to encourage the return of private capital flows." A new president was elected in June and his government is reaching out to donors including the International Monetary Fund for help shoring up the economy until foreign inflows recover.

The central bank has spent over half of Egypt's foreign reserves to defend the local pound currency, which has lost only about 5% of its value against the U.S. dollar since last year's street revolt. Egyptian markets have picked up in recent weeks, with short-term treasury yields falling to their lowest in nine months and equities rallying to 14-month highs. Foreigners bought 20% of a euro-denominated T-bill issue on Aug. 28. The yield on Egypt's eurobond maturing in 2020 is close to its lowest since the uprising, while analysts have cited reports that foreigners have been buying short-term treasuries in the secondary market. In an interview with Reuters on Sunday, Prime Minister Hisham Kandil said he was finalising economic reforms that will rein in hefty consumer subsidies and he expected the economy to grow in the current financial year by 3 to 4% or more if investment goals are achieved. Growth was around 2% in the 2011/12 year.

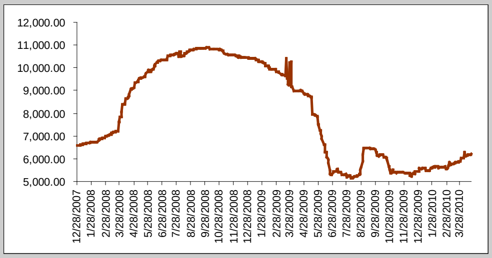
Kandil said the central bank was managing the currency in a flexible way but said investors should not delay. The pound weakened from mid-June, before President Mohamed Mursi's election, to reach 6.107 on Sept. 2, its weakest since January 2005. It has strengthened slightly to 6.09 since then. Moubayed said it appeared that the central bank had been accepting greater flexibility of the pound in the past three to four months. "As Egypt prepares to enter an IMF programme that should help restore reserve adequacy, we will see more constraints in general on FX intervention and central bank financing of the budget deficit. Hence, a more flexible stance in the EGP is likely to prevail in the short to medium term," she said. Kandil's government is in talks for a USD 4.8bn IMF loan, although the plan carries political risks given the austerity measures and subsidy cuts that any deal is likely to entail. One fixed-income trader in Cairo said he believed the latest gain in the pound was the temporary effect of foreign cash flows into Egyptian equities and treasury bills. "I think we have some further room for depreciation," he said. *(Reuters)*

The European Union offered Egypt macroeconomic assistance of 500m euros, as well as between 150 and 200m euros towards economic recovery, the president of the European Commission said on Thursday. Jose Manuel Barroso said the macroeconomic aid would be granted on condition that the country reaches an agreement with the International Monetary Fund (IMF). "We are ready to offer macro financial assistance worth 500m euros, provided the agreement that Egypt is currently initiating with the

IMF materialises," Barroso told reporters at a joint news conference with Egypts President Mohamed Mursi. "In addition, European Union is also ready to consider a budgetary support operation of 150m to 200m euros in support of an agreed economic recovery plan." Mursi was in Brussels for his first visit to Europe since becoming Egypts first freely elected leader in June, hoping to reassure the European Union of his democratic credentials and win pledges of economic aid. *(Egypt.com)*

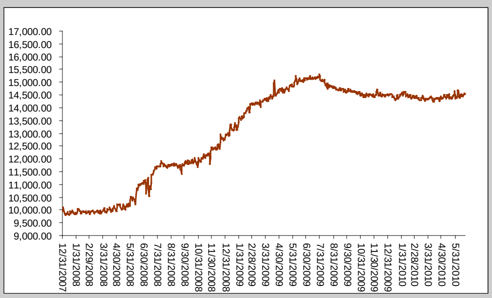
Ghana

Ghana Stock Exchange



Source: Reuters

GHC/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

CPI Inflation

Stock Exchange News

The Composite Index (CI) appreciated by 0.04% to close at 1036.39points, the FI (Financial Index) lost value by -0.09% to close the week with 871.03 points. Top gainers were Mechanical Lloyd (20.00%) Total (1.10%) and GOil (0.42%). Top losers were Tullow (-0.55%) and EBG (-0.32%)

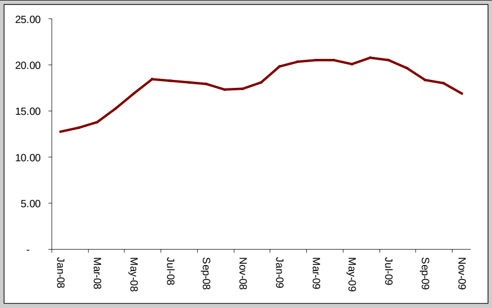
Corporate News

VODAFONE Ghana, the country's second largest telecommunications company has dropped marginally in market share for the first time after it took over the second spot from tiGO. According to the latest July market statistics for the industry released by the regulator, National Communications Authority (NCA), the company's subscriber base dipped marginally from 4,819,700 (21%) in June to 4,758,272 representing 20% of the total market share. It is not clear whether the drop is a result of the fast growing subscriber numbers of Glo Mobile which began commercial operations in May, this year. Glo, the latest entrant to the country's telecommunications competition exceeded its target of one million subscribers in 100 days of operation by a little over 15%.

Its current subscriber base as of July this year stood at 1,152,474, representing 5% of the total market share. This is compared to its first two months of operations which yielded 990,566 subscribers in June. The mobile operators set for itself a one million target at the launch of its commercial service in May this year with a pledge to outwit the major competitors in the sector. By this feat, Glo is now the fifth biggest telecommunications company in the country after MTN, Vodafone, tiGO and Airtel. Glo has also sparked what analysts describe as a 'tariff war' by introducing the lowest call tariffs in the country. According to the company, for a minute, all its subscribers will pay Gp6 per minute of call to any network as against the industry average of Gp8 per minute. MTN, however had a marginal increase in its subscriber base and maintained its position as the market leader. Its subscriber base jumped marginally from 10,757,974 in June this year to 10,828,585 in July, representing 46% of total market share.

tiGO had a marginal subscriber base increase from 3,553,274 in June to close at 3,699,185 in July, representing 15% of the market. Airtel, which has also been consistent with its movement in subscriber base, increased its subscriber base to 3,037,336 representing 13% of the total market share from 3,021,863 subscribers for June. After gaining in June with a subscriber base of 227,396, Expresso unfortunately lost heavily to record just 182,845 in July. However, in spite of the loss, it maintained its 1% total market share. Meanwhile, the total cellular/mobile voice subscriber base in Ghana as at July, 2012 stood at 23,658,697 in July as against 23,370,773 in June. *(Peace)*

United Bank for Africa (Ghana) posted a profit-after-tax of GH¢20.51m for



Source: SAR

the first half of the year compared to GH¢9.98m for the same period, representing an increase of 106%. Net interest income increased by 37% from GH¢14.62m in June 2011 to GH¢20.04m in June 2012. Operating income was also GH¢46.22m in the period under review, representing an increase of 36% from GH¢34.42m recorded for the same period in 2011. Similarly, the bank's total assets grew by 33% from GH¢379.43m in June 2011 to GH¢503.10m as at June 30, 2012. In addition, the bank's deposits increased to GH¢361.67m, compared to GH2¢57.12m, an increase of 41% while net loans increased to GH¢103m as at June 2012 from GH¢77.41m as at June 2011, an increase of 34%.

Charles Appiah, Chief Financial Officer (CFO) of UBA, commenting on the achievement, observed that "the consistent growth in the bank's financial performance is as a result of efficiency and cost control measures adopted by management." UBA Ghana is a subsidiary of United Bank for Africa Plc in Nigeria, one of the largest financial services groups in Africa with operations in 19 African countries and three global financial centers, London, Paris and New York.*(Daily Guide)*

In a bid to meet the increasing demands and preferences for its high net-worth individual (HNI) customers, Guaranty Trust Bank (Ghana) Limited has re-launched its private banking business with the opening of its Private Banking Lounge and the introduction of a customised account. The new face of GTBank Private Banking is a one-stop-shop convenient banking service tailored to suit the needs of all upwardly mobile individuals and those who are constantly on the go and it is supported by the bank's robust Information Technology (IT) infrastructure and well–trained service-oriented personnel. The hub of the service is the bank's plush East Legon branch, where the Private Banking Lounge has been opened. However, customers can access their accounts and undertake any transaction at any of the bank's branches nationwide and each client is also handled by a dedicated relationship manager. As part of the Private Banking Package, GTBank has also introduced a new product known as GTMax account, which is designed to meet the needs of these HNI customers. This is an interest-bearing current account that guarantees attractive returns on investments. Besides, customers are given free customised GTMax cheque book and a bouquet of free e-banking products.

The Managing Director of GTBank, Mr Lekan Sanusi, said the facility, with its serene atmosphere, coupled with the bank's dedicated and service-oriented staff, would enable it to "strengthen the solid foundation GTBank has built over the years with its HNI customers". He further stated that, "With the sophistication of the banking industry now and GTBank's quest to maintain its topmost position when it comes to delighting customers, we constantly look for new ways of making our services easily accessible, convenient and enjoyable for our discerning customers". In his presentation, the Head, Retail and Transaction Bank Division, Mr Stephen Abban, said, "To ensure a truly personal and private banking encounter, each customer will be entitled to a dedicated relationship manager who will always be on hand to provide expert financial support". Mr Abban stated that customers of GTBank Private Banking would now have easy access to opening accounts that would help them secure mortgages from GTBank UK.

Since its inception in 2006, Guaranty Trust Bank (Ghana) Limited has established itself as a pacesetter in the financial services industry, delivering superior quality services to customers. It has been adjudged Bank of the Year for two consecutive years, in 2009 and 2010, winning with it numerous other key category awards in the areas of IT/Electronic Banking, Corporate Banking and Product Innovation, Customer Care, Advisory Services, Loan Financing and Competitive Pricing. The bank had also been named by the International Finance Corporation (IFC) as the most market responsive Global Trade Finance Programme (GTFP) Issuing Bank in Africa for 2010 and is presently named as the 7th Most Prestigious Company in Ghana on the Ghana Investment Promotion Centre's Club 100 List. *(Ghana Web)*

Economic News

Ghana's central bank will likely keep its key lending rate at its current level of 15% in order to consolidate liquidity mopping and ward off inflationary pressures ahead of elections in December, analysts said. The bank's Monetary Policy Committee (MPC) is expected to announce its rates decision on Wednesday after a three-day meeting beginning on Monday. The bank has been pursuing liquidity tightening, hiking key interest rates and selling three-year and five-year government bonds to shore up the local currency, which dipped nearly 20% in the first half of the year. Apart from the bonds and rate hikes, the central bank also reintroduced short-term bills, changed bank reserve requirements, and required 100% cedi cover for vostro balances -- held by local banks on behalf of foreign banks to help stabilize the cedi.

The cedi rebounded in July and has since recorded intermittent gains against the dollar, but consumer inflation, which has remained in single digits for more than two years, rose for the fifth month in a row to 9.5% in July. Barclay Bank Ghana's Kobla Nyaletey said recent developments showed that the key goal of halting the rapid depreciation of the cedi had been achieved and that he expected the bank to hold the rate. "Though inflation may continue to inch up, current market interest rates, at an average 23%, is adequate to achieve the monetary target of mopping excess liquidity from the market, check expansionary credit behaviour and provide support for the currency," Nyaletey said.

Economist Razia Khan of Standard Bank also expected the central bank could hold the rate, mainly on the cedi's rebound and over subscription of recent five-year bonds. But upside inflation risks still remain, she said. "Even though inflation remains in single digits, we are concerned about the outlook for CPI - the backdating of the public sector salary increase, the traditional surge in liquidity that we see in September, and the fact that CPI is currently held down by subsidies on fuel and utilities," Khan told Reuters. Philippe de Pontet, Eurasia Group's director for Africa, said the rebound of the cedi was the key factor for a likely holding of the rate. "Recent policy measures seem to have borne fruit on that front, and with inflation still in single digits, the most likely decision would probably be to hold the current rates, while keeping a watchful eye on the cedi as the December elections near," he added.

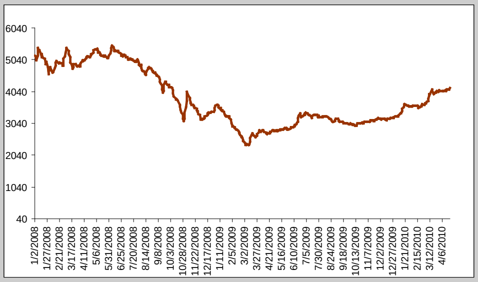
Nii Ampah-Sowah of the Accra-based Databank research think-tank said in addition to the cedi's current stability, the expected onset of favourable weather could ease upside risks. "We expect things to be a lot calmer as favourable weather patterns kick in for these reasons, we expect the MPC to maintain the policy rate at 15%," he said. Economist Joe Abbey of the Centre for Policy Analysis, said he expected the central bank to hike the rate by 300 basis points as a "technical correction" to make the lending rate relevant to bond yields. The cocoa and oil exporting West African nation will hold presidential and parliamentary elections in December and there are concerns from investors and donors that the government could further trigger inflation if it bows to widespread public sector wage demands and other expenditures not already earmarked in the 2012 budget. *(Reuters)*

Ghana has delayed implementing a windfall tax on mining profits while it considers whether to scrap the proposed levy, the head of the country's mining regulator said on Tuesday. The West African nation, the continent's second-largest source of gold, proposed the 10% windfall tax on mining companies' profits in its 2012 budget as part of measures to boost income to state coffers. The government also raised the corporate tax rate on miners from 25 to 35% for this year. "There are areas we need to look at carefully to decide whether the windfall tax is the best way to go...It's a complex tax and we are still weighing the options," Ben Aryee, chief executive of the Minerals Commission told Reuters. The International Monetary Fund last year recommended that Ghana, which is also the world's number 2 cocoa grower and an oil producer, consider raising taxes or introducing new ones to increase revenues. The Ghana Mine Workers Union had called for a windfall tax in addition to raising the country's stake in mining projects to enable the economy to benefit from the soaring gold prices. The Chamber of Mines has publicly opposed the windfall tax, however, saying miners are already overburdened with high operational costs particular to the region. Mining companies welcomed the re-evaluation of the tax. "It is very good news for the industry as such because the industry is going through a very tough time. And if you put that extra burden of 10% on top of that, some mining companies would not make money," said Peet Van Schalkwyk, executive vice-president in charge of the west Africa region for South Africa's Goldfields. He added that the tax could potentially slow mining investments.

Other major mining firms operating in Ghana include Newmont Mining Corporation and Anglogold Ashanti. Speaking on the sidelines of a mining conference in the capital Accra, Aryee said the government had delayed collection of the tax and was looking at the possibility that the levy could do more harm than good. "For example, we are being told that we may lose mining royalties if we started collecting windfall tax, so we thought we needed to tread cautiously," he said, adding that a final decision on the tax would be taken by the finance ministry. Newmont and Anglogold Ashanti have been operating under stability agreements, which grant them startup incentives, and which govern tax and royalty rates. Aryee said the government was in talks with the companies over a proposed review of the agreements, and was also considering an application by Goldfields, the world's no. 4 bullion producer, for similar benefits. Ghana produced 1,616,501 ounces of gold in the first half of this year, second only to South Africa on the continent, and state revenues have grown with sky-rocketing world prices. However, Aryee said the country's mining resources were being threatened by illegal operators, most of them foreign, who collude with local informal diggers to invade concessions owned by registered firms. "There are lots of Chinese, Burkinabes and Togolese illegal miners flooding concessions, especially in the northern part of the country," Aryee said. He said the Chinese in particular had imported sophisticated equipment to illegally extract gold after paying off local traditional chiefs and others. "It is a big challenge -- a big threat to our environment and the industry's future," Aryee added. *(Reuters)*

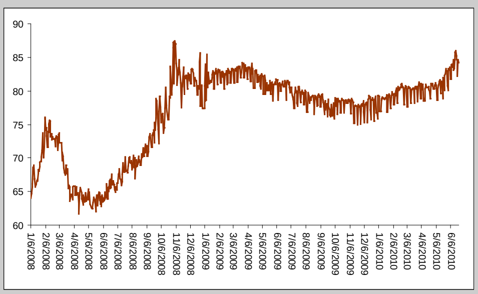
Kenya

Nairobi Stock Exchange



Source: Reuters

KES/USD



Source:SAR

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-8.098	-6.348	-5.734
Current account balance (USD bn)	-2.447	-2.188	-2.33
GDP based on PPP per capita GDP	1,750.82	1,817.49	1,902.47
GDP based on PPP share of world total (%)	0.091	0.093	0.094
GDP based on PPP valuation of country GDP(USD bn)	62.826	66.353	70.647
GDP (current prices)	841.95	944.07	1,094.40
GDP (Annual % Change)	2.486	4.024	4.972
GDP (US Dollars bn)	30.212	34.466	40.64
Inflation- Ave Consumer Prices(Annual % Change)	12.00	7.77	5.00
Inflation-End of Period Consumer Prices (Annual %)	11.50	7.19	5.00
Population(m)	35.88	36.51	37.13

Source: World Development Indicator

CPI Inflation

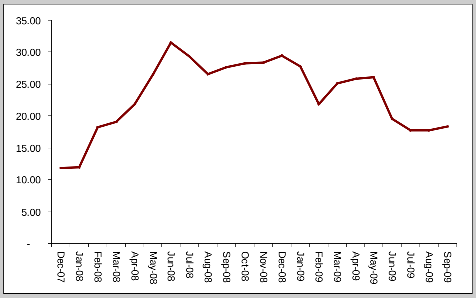
Stock Exchange News

The NSE 20 index has been on an uptrend this week closing at 3953.53, a gain of 1.38%. SGL lead the gainers 9.41% at KES 23.24. Other gainers were Uchumi, (9.03%) UGL(7.72%), Equity (6.74%) and Coop (4.74%). C&G led the losers after shedding 12% sinking to a low of KES 22. CFC tumbled 11.5% to KES 42.50. LKL lost 11.1% to finish at KES 15.10. (Turnover in the equities market was higher at USD 41.8m

Corporate News

Kenya Airways will know the fate of its low-cost airline JamboJet licence by the end of the month after a public scrutiny this Friday. The Kenya Civil Aviation Authority (KCAA) has called for the meeting on Friday to listen to any objection either submitted in writing or presented on the floor on whether the JamboJet Ltd should get a licence. KCAA will issue its verdict on September 28 in what will define the structure of the battle for control of the regional air traffic. The launch of the low-cost subsidiary is critical for Kenya Airways to ward off competition from budget operators such as Jet Link and Fly540 for control of African routes. It will also mark a U-turn after the airline merged its former low-priced unit Flamingo Airlines with its group operations in 2004. Chief executive Titus Naikuni said that the national carrier is looking to establish the subsidiary this year to ride on the rising passenger numbers and match competition from budget operators, especially from European carriers looking at Africa. “We have made a lot of progress with JamboJet and we should be ready to launch this financial year once we get necessary approvals,” said Mr Naikuni. He added the regional unit would have a leaner costs structure compared to those of international airlines and hinged on low fares and fewer comforts. However, passengers could be asked to pay for extras like food and baggage.

This signals a cost-saving plan that will strengthen its hand in the ongoing price war, which is expected to worsen as new owners of Fly540 race to remodel the carrier into a low-cost African airline to be branded Fastjet and modelled around Easyjet, the second largest low-cost carrier in UK after Ryanair. On June 13, Lonrho announced it would transfer its 49% stake to Rubicon in a deal worth Sh7.2bn. JamboJet is eyeing to operate flights from Nairobi to Wajir, Eldoret, Kisumu, Mombasa, Lamu and Malindi on the domestic front. On the international front, KQ is looking at Hargeisa, Kisangani, Zanzibar, Kilimanjaro and Addis Ababa from its Nairobi hub. It’s also eyeing Bujumbura, Kigali, Mayotte, Goma, Mwanza, and Antananarivo. These are the same markets that the remodelled Fly540 is targeting and has promised to keep fares across the East African routes at between Sh6,000 and Sh6,900. “We will fly between Kenya, Tanzania, Ghana and Angola and the average fare will be USD 70-USD 80. We should be flying by the end of the year,” said Ed Winter, the former EasyJet chief operating officer who will become Fastjet CEO in an interview with Reuters. KQ’s quest for a budget airline is part of the global trend where international carriers are forming subsidiaries to handle local routes. The national carrier is keen to cut costs in a bid to return to growth with eye on procurement, fuel expenses and staff costs—



Source: SAR

which has seen its shed 578 workers. KQ's net profit had dropped to Sh1.7bn in the year to March from Sh3.5bn last year. *(Business Daily)*

Chinese firm Great Wall Motors has entered the Kenyan market, highlighting the rising interest of global vehicle manufacturers in the local and regional market. Great Wall has appointed CICA Motors as its local distributor in a move that is set to raise competition in the new commercial and saloon car markets. CICA, which is a subsidiary of CFAO Group that also owns DT Dobie and Company Kenya, won the exclusive dealership and has already sold 15 units of the Great Wall Motors out of the first shipment. The dealer has started selling Great Wall's Wingle pick-up and Haval sports utility vehicle (SUV) as it expands its product line beyond Hyundai commercial trucks. Great Wall's entry comes after fellow Chinese firm Foton setup its own dealership and assembly plant from scratch. Chery, another Chinese firm, has also announced plans to establish an assembly plant in Kenya. The expansion of the relatively cheaper Chinese brands is set to raise competition against Japanese and European brands like Toyota and Mercedes. "We are confident that Great Wall Wingle pick-ups and the Haval SUVs will gain a strong following in Kenya," CICA said in a statement.

The local and regional market has captured the interest of global vehicle manufacturers, with the entry of the Chinese auto makers raising competition against established Western firms like Nissan Motors and General Motors. The EAC market, which recently came under a Common Market, is emerging as a major consumer of goods and services, boasting of 126m people whose incomes are rising. Foton East Africa has just completed its assembly plant in Nairobi and is selling its pick-up and heavy commercial trucks locally and in regional markets like Tanzania and South Sudan. The assembly plants are aimed at helping the manufacturers avoid the 25% import duty on imports, following the strategy by Western brands like Toyota, Nissan, and Isuzu commercial trucks that are assembled locally. The Chinese and western firms are expected to concentrate their rivalry in the commercial segment which is the fastest growing in the new vehicle market. Data from the Kenya Motor Industry Association (KMI) shows that local sales of commercial vehicles rose 12.7% to 9,873 units last year from 8,757 units in 2010. *(Business Daily)*

Oil marketer KenolKobil has put on hold new investments to protect cash after it posted a Sh3.8bn net loss in the half year ended June. The company has in the past three years expanded aggressively in the region, acquiring fuel depots and service stations. But the loss, its first since 2009, has hurt its cash position. Its cash holding worsened to Sh3bn in June from Sh10.4bn in the same month last year. "Capital expenditure has also been suspended till cash flow improvements are generated," said Jacob Segman, Kenol's managing director. Among the new investments Kenol had lined up include commercial properties in Kenya, Ethiopia, and Rwanda to which the company had committed a total of Sh4bn. In Kenya, the firm had earmarked USD 10m (Sh830)m and the remaining USD 40m to Ethiopia and Rwanda, with the properties set to built on land owned by the oil marketer. The company's Sh3.8bn net loss reversed the net profit of Sh2.2bn last year as high operating expenses and foreign exchange losses took their toll.

Kenol took a major hit from foreign exchange losses that stood at Sh4.2bn compared to Sh842.6m, driven by a hedging positions taken in late 2011. The company, which engages in huge foreign currency denominated transaction in its importation of oil, had taken the hedging contract after the shilling depreciated to an all-time-low of 107 units to the dollar in mid October last year. The contract protected Kenol Kobil during periods of depreciation of the shilling but would have exposed it in times when the currency appreciated as it is an agreement to buy foreign currency at a pre-determined rate. The shilling however, stabilised at the 84 units range early this year and has moved within a narrow margin since then. “The exchange rates remain our biggest exposure and a key area of concern and focus,” Mr Segman said, adding that the company will fare better in the future if it is acquired by Puma Energy as intended. “Management sees substantial benefits crystallising upon closing of this deal, mainly in the area of inventories management, forex exchange risk, cost of financing and better sources of products for the whole group,” Mr Segman said. *(Business Daily)*

CFC Stanbic Holdings has been assured of hitting its rights issue target of Sh4bn, following a commitment by its anchor shareholder to take up all the shares on sale in case of an under-subscription of the cash call. Stanbic Africa Holdings (SAHL), which owns 60% of the group, has committed to take up all its rights, and additionally underwritten the 40% balance of shares. The underwriting, which was announced in an information memorandum published yesterday, could see Stanbic Africa increase its stake in the group, which comprises CfC Stanbic Bank and CFC Financial Services. “SAHL has given an irrevocable written commitment that it intends to take up its entitlements in full being 60% of the rights issue and has entered into an underwriting agreement whereby SAHL will underwrite the rights issue being 48.6m new shares or Sh1.65bn,” said CFC Stanbic in a statement. “This commitment is consistent with the Standard Bank Group’s long-term strategic commitment to its business in Kenya.”

CFC Stanbic is seeking to raise the cash through the issue of 121.6m shares at Sh33 each. The rights issue price is a 22.9% discount on the average trading price on the Nairobi Securities Exchange (NSE) over the past one month. The bank’s directors set 60% minimum subscription for the issue to be declared a success, and commitment by Stanbic Africa means that the full subscription is the preferred outcome. “SAHL will take up the untaken rights issue to ensure that CfC Stanbic is able to raise the full amount of funds required to underpin its growth plans,” said the information memorandum. Analysts said the assurance is Stanbic Africa’s vote of confidence in prospects for its Kenyan business. “This is common especially for banks that have anchor shareholders,” said Mr Mwangi. Diamond Trust Bank, which completed its rights issue last week, was by over-subscribed by 82.6% attracting Sh3.36bn against the Sh1.8bn it initially sought. Similar to the CfC Stanbic plan, all of Diamond Trust Bank’s anchor shareholders took up their rights. NIC Bank’s Sh2bn rights issue which ends on Friday already has commitment from its largest shareholder First Chartered Securities which has committed to take up its rights.

First Chartered Securities’ 15.84% stake assures NIC of Sh316.8m of the Sh2bn that it is seeking. It is customary for firms where there are a few large shareholders to approve and underwrite a rights issue before it is made public. The CfC Stanbic rights opens tomorrow till October 8 and announcement of results is expected to take place on November 2. The bank is seeking cash to boost its equity capital which will enable it take in additional customer deposits to finance its growth plans. *(Business Daily)*

Standard Chartered has offered a 31.6% discount in its rights issue as it

seeks to increase the success of the offer. The company has priced the rights issue at Sh145 a share compared to Tuesday's trading price of Sh212 as it targets to raise Sh3.2bn to fund its expansion plans. The additional share capital to be raised through the rights issue is intended to support the bank's 2013-2015 strategic agenda," the company said in a statement. It added that the Sh145 offer price is equivalent to a 21% discount based on the average price of share volumes traded at the Nairobi Securities Exchange in the six months to August 31. The bank said in May it would use the rights issue to fund growth and support a growing balance sheet. The latest rights issue by StanChart follows an earlier one in 2010 when it offered Sh2.5bn to fund its purchase of rival Barclays' custodial business. NIC Bank is also seeking to raise Sh2bn through a rights issue, highlighting the increased fund raising by banks who are turning to shareholders as opposed to bonds or debt. Diamond Trust Bank, whose recent rights issue was oversubscribed by 82.6%, signals increased investor confidence in banking stocks.

DTB received applications worth Sh3.36bn against a target of Sh1.8bn. Consolidated Bank is the only NSE-listed company to issue a bond this year, raising Sh1.7bn. Stanchart's rights issue is expected to be supported by its parent firm and principal shareholder Standard Chartered Plc and local shareholders seeking to benefit from the bank's growing profitability. Its net profit grew 80% to Sh4.5bn in the half year ended June from Sh2.5bn in the same period last year. Shareholders approved the rights issue during the company's annual general meeting in May. After the AGM, the bank issued a statement, saying it would have up to 37m new shares as authorised share capital — part of which will be sold during the rights issue. Standard Chartered share has gained 17.7% in the past three months to the current Sh212. Standard Chartered Bank Kenya will be the receiving bank while Mboya Wangong'u & Waiyaki Advocates will be the legal advisers in the offer. *(Business Daily)*

Vodafone Group Plc is set to lower the fees it charges Safaricom for the M-Pesa money transfer service by 2014, in what looks set to lift the earnings outlook for the mobile telecoms operator. Michael Joseph, a director of Safaricom and Vodafone's Mobile Money, said the UK firm will lower the rates once the M-Pesa IT platform is migrated from Germany to Kenya. "The rates will come down. The new rates will be known after negotiations between Safaricom and Vodafone," Mr Joseph said. "The current charges are partly driven by payments made by Vodafone to the people who manage the M-Pesa platform in Germany. We expect to migrate the platform to Kenya within two years." Vodafone has been earning royalties of between 10% and 25% of M-Pesa's annual earnings since February 23, 2007, under a five-year agreement and has struck a new deal that guarantees it billions of shillings of the mobile money revenues in the next five years.

The UK firm is estimated to have pocketed Sh1.9 billion of the Sh16.87 billion that M-Pesa generated in the year to March — up from the Sh1.4 billion it earned the previous year. At Sh1.9 billion, Vodafone earned 15% of Safaricom's net profit in the year ended March, excluding the Sh3.5 billion it earned in dividends for its 40% stake in the Nairobi Securities Exchange-listed telco. Hosting the M-Pesa platform locally is expected to cut payments made to third parties and also increase the efficiency of the money transfer service. At the moment, M-Pesa transactions are routed to Germany and bounced back to Kenya, exposing the system to delays and service outages when communication is disrupted due to fibre optic cuts.

Safaricom will also be able to increase its capacity of money transfers at a time when it is registering more users of the service. Chief executive Bob Collymore said daily M-Pesa transactions stand at twom, representing a value of Sh2 billion. “We will continue to expand M-Pesa and we are going to recruit more agents from the current 43, 000,” Mr Collymore said at the company’s annual general meeting in Nairobi Thursday. M-Pesa users now stand at 14.9m, having grown from about 20,000 when the service was introduced in March 2007, with the telco expanding its use into a bill payment system. *(Business Daily)*

Economic News

Oil explorers have made the first major discovery of gas offshore Kenya, they said on Monday, underlining East Africa's potential to be one of the next great hydrocarbons producing regions, although the news was twinged with some disappointment that no oil has yet been found. A series of recent discoveries offshore Tanzania and Mozambique has cemented the future of East Africa as a major new supplier of gas to energy-hungry Asia, but attention has now turned to the potential for deepwater oil deposits, which would be easier to exploit. The Mbawa-1 well, drilling around 70 kms off the coast of Malindi, found about 52 metres of gas in its shallowest target, said Britain's Tullow Oil and Australia's Pancontinental Oil & Gas, which have a 15% interest each in the licence consortium.

Drilling operator Apache Corp holds a 50% interest and Origin Energy ORG.AX the remaining 20%. "We had high expectations that prospect was supposed to have oil and gas," said Martin Heya, Kenya's petroleum commissioner, in an interview with Reuters. "For me, I expected much more, but that 52 metres (of natural gas) is a good start," he added. Tullow and Pancontinental said the well could still encounter oil. It has so far reached a depth of 2,553 metres with drilling set to continue to a total depth of 3,275 metres. "With drilling continuing to a deeper exploration target, these interim results may be the first part of the story in this well, and they are certainly just the beginning of the main story of oil and gas exploration offshore Kenya," said Pancontinental's chief executive Barry Rushworth on Monday. For gas to reach customers, firms must liquefy it to make it easily transportable, meaning Kenya needs to build costly liquefaction facilities, which run intobns of dollars. The expense forces oil companies to secure customers before developing the resource. The process means it will likely be at least five years before Kenya can produce a natural gas find. "If you're measuring on a scale of 1 to 100, finding oil would have been 100, finding gas is 70-80," said Mwendia Nyaga, a Nairobi oil and gas consultant and former head of state-owned National Oil Corporation of Kenya.

The country already has a ready market for natural gas, as Asia does not produce the resource on its own. However, Nyaga warned that if policy making did not advance quickly in Kenya, gas firms could face severe delays in monetising their finds. Kenyan officials signed an agreement with British gas group BG last May, stating the East African country would write gas rules within 12 months, so the company would have guidance as it drills its own Kenyan offshore well later this year. Heya said that time had lapsed and there still weren't rules in place, but the ministry and National Oil Corporation had requested help from the World Bank to draft gas policy. "We have a lot of information, don't think we have been sleeping. (Creating rules governing natural gas exploration and production) is an extremely high priority," he said.

He added the lack of rules had not delayed the progress of BG Group and U.S. explorer Anadarko, which will drill an offshore well off the north part of Kenya's coast later this year. However, encountering gas rather than oil in the Mbawa well means they may have to change their thinking about what's under Kenya's waters. "Right now it's a matter of looking at the model afresh," Heya said. Shares in Australia-listed minnow Pancontinental surged 65% after the announcement to A$0.19, valuing the company at around USD 220m, while shares in its much bigger partner, Tullow, were down 1.5% at 1383 pence by 1405 GMT. *(Reuters)*

Kenyan banks have cut their base lending rates after Central Bank of Kenya (CBK) reduced its benchmark lending rate by 3.5 percentage points to 13% last week. Barclays Kenya base lending dropped by 1.5 percentage points to 19.5%, effective from October 1. “Wake up to a new dawn. Starting October 1 2012, we are reducing our base lending rate to 19.5%,” said the advertisement in the daily newspapers. The bank had lowered their base rate in July to 21 from 22.5% immediately after the Monetary Policy Committee made this year’s first cut of the policy rate, also called the Central Bank Rate (CBR), to 16.5 from 18%. Ecobank's new base rate is 21.5%, 3.5 percentage points down, exactly by the same margin by which the MPC reduced the CBR to put it at 13% in the second such cut this year. The new Ecobank rate is effective October 15. Mortgage lender Housing Finance has lowered its rates by the highest margin of five percentage points to 18%, making home buying cheaper.

On Monday, KCB revised its base rate for normal loans from 22% to 19% while cutting that of mortgages to 18% rate from the previous 19%. CFC Stanbic bank lowered its rate from 2.5% to 19% with effect from October 15. KCB’s rate cut is effective from October 1. Last week’s by the Central Bank was a signal for commercial banks to ease the cost of borrowing. While announcing the monetary policy committee’s decision, CBK Governor Njuguna Ndung’u noted that “interest rate spreads remained high suggesting that these cost reductions had yet to be fully transferred to bank customers and the economy at large through declining cost of credit” *(Business Daily)*

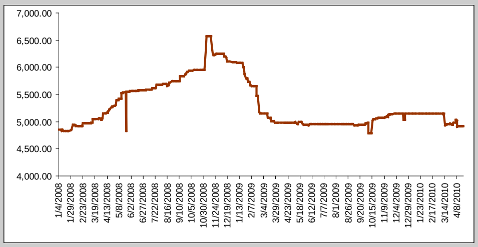
The Energy Regulatory Commission (ERC) has increased the margins for oil companies by 38 cents a litre to cater for higher financing costs. The “cost of credit” surcharge will be introduced during this month’s retail price review for kerosene, diesel and petrol with a possibility of marginally pushing up prices. “We keep reviewing the formula and market dynamics to fully compensate the investor while protecting the consumer,” said a top official at ERC. The new prices are expected to be announced Friday to take effect from midnight Saturday. The new charge brings to Sh10 the overall margin enjoyed by fuel marketers while cover for financing rises to Sh1.00. Energy minister Kiraitu Murungi gazetted the surcharge last week. Marketers started this week to lift products sold by the Kenya Petroleum Refineries (KPRL) under the merchant refining arrangement. Previously the refinery was run on a protected contract model where marketers were supposed to process a certain volume of their products at the KPRL based on their market share.

The review is a response to the industry that has been agitating for higher margins on the basis of double-digit inflation in the first half of the year, the surge in bank rates until last week and the weakening of shilling last year. Marketers, however, insist the new margin still does not match the cost of supplies in view of recent increases in crude prices. "The addition factors only the exchange rate which does not cater for the current high cost of financing products. The formula is not enough to break even because of high cost of finance in a falling market," OiLibya managing director Rida Elamir said. The actual cost of crude, they said, would be reflected better through daily monitoring of foreign exchange rates and crude prices instead of the bimonthly mean used for crude oil and 30-day mean for refined products. "If the market is falling, it does not give enough for the current cost of financing products," he told the Business Daily on telephone. Addax Kenya managing director Christian Callade said inflation should be considered in the formula because the price caps limit the return on investment. International crude oil prices are tending up while the shilling has stabilised around Sh84 to the dollar.

Last week, the Central Bank of Kenya dropped the distress rate from 16% to 13%, portending the easing of financing costs in the mid-term. The mean rate is based on the average buying rate by the three big financiers of oil imports KCB, Citi Bank and Barclays Bank. The lenders' charges are based on date of cargo discharge rather than the landing bill or the rate applicable during loading at the source. Critics say the pricing formula introduced in December 2010 ignores other actual costs in the delivery of oil products. ERC is planning a study on determining the maximum selling prices for the controlled products after listed oil marketers reported poor results for the first half of year. "Owing to the fact that ERC price formula does not fully recognise real cost of financing the working capital and has not adjusted for any inflation on costs for the last 18 months, the company realised a loss," said Total Kenya in its brief to investors. Market leader KenolKobil posted a Sh3.9 billion loss after tax in the first half due to foreign exchange losses. *(Business Daily)*

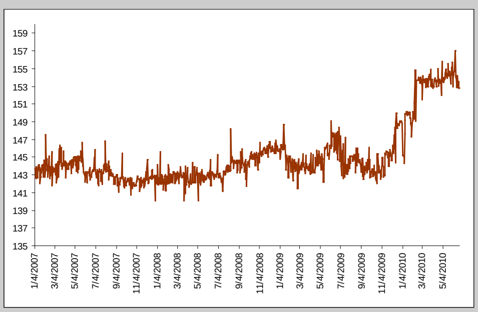
Malawi

Malawi Stock Exchange



Source: Reuters

MWK/USD



Source:SAR

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-4.073	-5.502	-4.791
Current account balance (USD bn)	-0.2	-0.306	-0.3
GDP based on PPP per capita GDP	880.88	916.63	940.29
GDP based on PPP share of world total (%)	0.018	0.018	0.018
GDP based on PPP valuation of country GDP(USD bn)	12.271	13.027	13.632
GDP (current prices)	352.37	390.91	432.14
GDP (Annual % Change)	5.878	4.557	3.175
GDP (US Dollars bn)	4.909	5.555	6.265
Inflation- Ave Consumer Prices(Annual % Change)	8.60	8.24	9.31
Inflation-End of Period Consumer Prices (Annual %)	7.76	8.35	9.73
Population(m)	13.93	14.21	14.50

Source: World Development Indicator

CPI Inflation

Stock Exchange News

The Malawi All Share Index went down by 37.92 points to close the week at 5939.41 points due to a decrease in the Domestic Share Index by 30.27 points from 4710.27 points to 4679.99.27 points. The market recorded trading activity in 03 counters, namely, ILLOVO, NBS and TNM. A total of 239,159,621 shares were transacted during the week at a total consideration of MK466,805,575.00 (US$1,582,391.78)

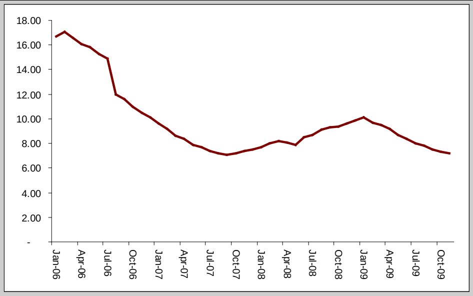
Corporate News

No Corporate News this week

Economic News

Malawi and its former colonial power Britain formally re-established full diplomatic relations on Wednesday when London's envoy Michael Nevin presented his credentials to President Joyce Banda. High Commissioner Nevin told reporters his presence "symbolised a new era and signified the re-establishment of the full bilateral relationship between the two countries" after a diplomatic spat that saw tit-for-tat expulsions. "My visit symbolises Britain's return and the strong people to people links that binds us together," he added. Britain's previous envoy Fergus Cochrane-Dyet was booted from Malawi last year when a leaked diplomatic cable showed he had accused the late president Bingu wa Mutharika of "becoming ever more autocratic and intolerant of criticism".

Malawi gained its independence from Britain in 1964 and London remains the biggest bilateral donor to the nation, where half the 14m citizens live below the poverty line and on less than a dollar a day. International worries about Mutharika's governance led donors, including Britain, to cut off aid. He died in office in April. Malawi depends on donor support for up to 40% of its development budget and salaries for 169 000 civil servants.*(AFP)*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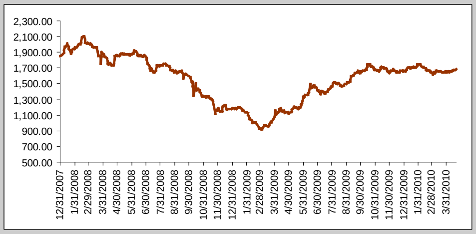
Source: SAR

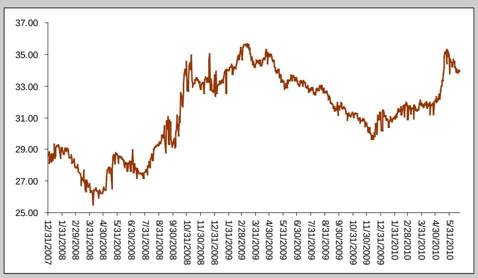
Mauritius

Mauritius Stock Exchange



Source: Reuters

MUR/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

CPI Inflation

Stock Exchange News

The Semdex edged up 0.40% at 1,702.24pts while the Sem-7 increase by 0.2% at 331.28pts. Turnover stood at USD 9m. MCB closed 0.6% higher at Rs164. Bramer Banking was up 12.9% at Rs7.90. SBM remained level at Rs82. Rogers edged up 1.3% at Rs312. IBL lost 0.65 at Rs78.50. MSM tumbled by 20% to reach Rs7.60.

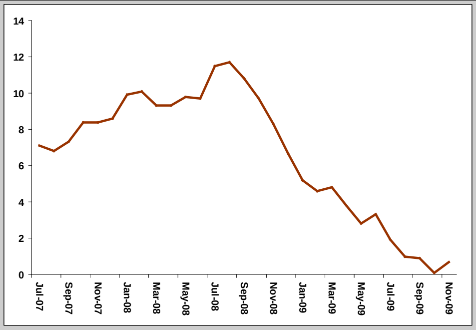
Corporate News

No Corporate News this week

Economic News

Foreign direct investment in Mauritius rose by 19.8% in the first six months of 2012 to 4.077bn Mauritius rupees from 3.401bn a year ago, the central bank said on Friday. The Indian Ocean island, which markets itself as a bridge between Africa and Asia, was hit last year by the global downturn that curbed investment flows, which dropped 32.2% to 9.456bn rupees. The central bank said first half investment was directed mainly to the real estate sector, attracting 2.1bn rupees, followed by construction, which got 1.2bn. South Africa was the biggest source of foreign direct investment with 1.29bn rupees followed by France, which put in 1bn. Last July Board of Investment chairman, Maurice Lam, said he expected this year's foreign direct investments to at least match those of 2011 despite the global slowdown, with money flowing into a new range of sectors in the economy.

Bank of Mauritius said the country's current account deficit narrowed in the second quarter of 2012 to 10.9% of gross domestic product from 12.4% a year earlier, helped by a higher surplus in trade in services. It said the current account deficit stood at 8.77bn rupees, lower than 9.68bn in the same period last year. "Trade in services generated a higher surplus of 7.45bn during the second quarter of 2012 compared to a surplus of 4.22bn recorded in the corresponding quarter last year," the bank said. Famed for its white sand beaches and luxury spas, Mauritius is shifting an economy traditionally focused on sugar, textiles and tourism towards offshore banking, business outsourcing, luxury real estate and medical tourism. *(Reuters)*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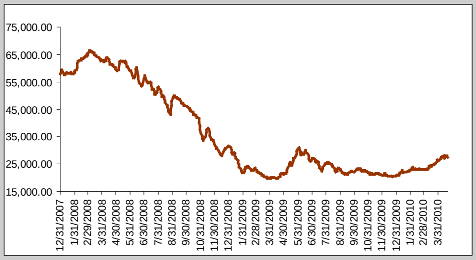
Source: SAR

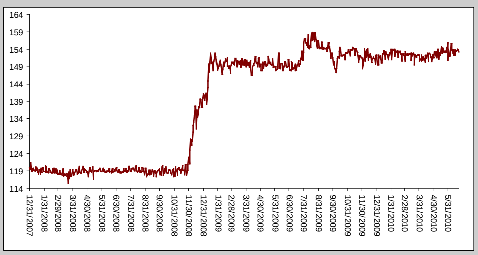
Nigeria

Nigeria Stock Exchange



Source: Reuters

NGN/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

CPI Inflation

Stock Exchange News

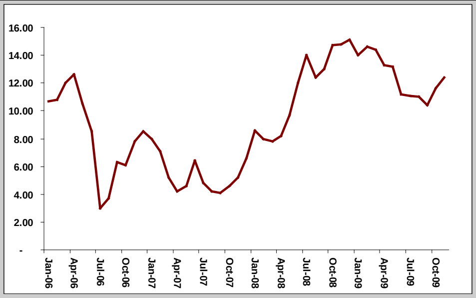
The All Share closed the week higher, gaining by 2.01% to close at 25,337.18 points. Top gainers were Interbrew (27.34%) Sterlnbank (22.32%) Fidson (17.11%) and Transcorp (17.11%). Top losers were Neimeth (-8.24%), Honyflour (-7.50%), UTC (-5.00%) and Aribico (-4.94%). A turnover of NGN 14.252bn was recorded.

Corporate News

Flour Mills Nigeria Plc has acquired Nigerian Bag Manufacturing Company Plc ('Bagco') and the Northern Bag Manufacturing Company Limited (Bagco-North). In a notice on the floor of the Nigerian Stock Exchange at the weekend, the management of the three entities said their plan is to merge with Flour Mills Nigeria Plc as the surviving entity. Both Flour Mills and Bagco are public companies listed on the Nigerian Stock Exchange while Bagco-North is a private limited liability company. The merger will thus result in the transfer of all assets, liabilities and undertakings of Bagco and Bagco-North to Flour Mills. Consequently, the entire issued share capital of Bagco and Bagco-North, respectively would be cancelled and the minority shareholders of Bagco will have an option to elect for cash or shares in Flour Mills at a price to be determined using mutually agreed valuation methods. Bagco and Bagco-North will therefore be dissolved without winding up. The justification for the transaction, according to the companies, is the need to streamline operations, reduce administrative costs, improve operating efficiency and capture the full synergies arising from the merger, which, in turn will result in a significant enhancement of shareholder value.

Flour Mills Plc's chairman, George Coumantaros last week said the company planned to invest additional N200bn into the nation's economy besides over N150bn already invested in the last 10 years. "In pursuit of our goals in the food and agro-allied businesses, we will continue to explore growth opportunities through acquisitions, mergers, take-over and other forms of business combinations in order to broaden our earnings base, create synergies and build a profitable and sustainable future," he said. He explained that his company's vision which is anchored on the strong foundation of its portfolio of support business and infrastructure subsidiaries would ensure that it continues to support Nigeria in forging ahead and taking on the challenges and opportunities of the 21st century. *(Daily Trust)*

International carrier Air Nigeria said it will terminate operations on Monday due to "staff disloyalty and environmental challenges", the latest setback for the country's aviation industry after a rival's plane crash in June killed 163 people. Privately-owned Air Nigeria was part of Richard Branson's Virgin fleet until he pulled out in 2010, selling his minority stake. It operated flights across West Africa and to London. It is now shutting down operations and sacking over 500 staff in a move that has prompted union protests over alleged unfair dismissal and unpaid salaries. The Nigerian Civil



Source: SAR

Aviation Authority suspended Air Nigeria in June due to financial concerns, although some flights were allowed to continue.

Several Nigeria airlines have folded in recent years due to lack of finance or poor safety. "Corporations are like individuals, who naturally will get sick, and the usual thing to do is to admit them to hospitals, either for corporate surgery or for treatment, as the case may be," a statement from the company's Chairman Jimoh Ibrahim said. Ibrahim said Air Nigeria would close operations for at least a year but he hoped to resurrect the airline in the future. Dana Air flight 992, a McDonnell Douglas MD-83, crashed into an apartment block in a populated Lagos suburb in June, killing 153 people onboard and 10 others on the ground. Air crashes are relatively common in Africa's most populous nation, although Air Nigeria was never involved. The aviation ministry cleared Dana to fly again last week even though the accident bureau has not concluded its investigation into the crash. *(Reuters)*

The duo of First Bank of Nigeria Plc and Citibank limited is set to join United Bank of Africa Plc and Stanbic IBTC Plc as securities lending agents for equities and bond transactions at the Nigerian Stock Exchange (NSE). The Chief Executive Officer of the Nigerian Stock Exchange (NSE) Mr. Oscar Onyema said First Bank of Nigeria Plc and Citibank Limited are awaiting the approval of the Securities and Exchange Commission (SEC) to boost the newly introduced market making in the Nigeria capital market. Securities lending is the act of loaning a stock, derivative or other securities to an investor or firm. It requires the borrower to put up collateral, either in cash, security or a letter of credit. Onyema said that the securities lending agents would quicken the take-off of market making activities. He said that it was anticipated that outstanding issues such as the approval process for securities lending agents would soon be addressed by the regulators.

The NSE has approved ten stockbroking firms in April as market makers. The firms are Stanbic IBTC, Renaissance Capital, Future View Securities, Vetiva Capital and ESS/DunnLoren Merrifield. Others selected from the 20 firms that applied include WSTC, Capital Bancorp, FBN Securities, Greenwich Securities and CSL Stockbrokers. The SEC had requested interested companies and firms to forward their operating credentials and formal applications for its evaluation and subsequent approval. *(Daily Trust)*

The Chartered Institute of Stockbrokers (CIS) and Association of Stockbroking Houses of Nigeria (ASHON) - the two umbrella bodies of stockbrokers- have called for the speedy resolution of capital market-related cases so as to send positive signals about the market and also encourage more patronage of the market. CIS is the professional body of stockbrokers while ASHON is the trade group of all dealing members (stockbroking houses) of the Nigerian Stock Exchange (NSE). Speaking to the THISDAY last Monday, President of CIS, Mr. Ariyo Olushekun and Chairman of ASHON, Mr. Emeka Madubuike, said that while the two bodies have put in place measures to check the excesses of members and restore investor confidence in the market, the delay in resolving old cases brought against some of their members have been sending wrong signals about the current state of the market. According to Olushekun, the CIS has internal machinery that takes care of cases brought against its members, noting that such are dealt with without delay. "This machinery has brought some level of confidence to investors who are always sure of getting justice whenever they come to the Institute. However, there are cases which are outside control of CIS that have been seen as new cases. I wonder why a case that was reported in 2008 and 2009 would be still pending till now. Such delays are not healthy for the market," he said.

Speaking in the same vein, Madubuike, said that the faster cases are dispensed with, the better for the market. "We know that the Investments and Securities Tribunal (IST) was set up by law to specifically resolve cases that are related to investments in the capital market. And this duty should be carried out as expected," he said. The leading brokers said that all stakeholders in the market should work together as part of the continued efforts aimed at bringing the market to full recovery. Meanwhile, the CIS and ASHON bosses have advised Nigerian retail investors not to stay away from the market while foreign investors are reaping fortunes from the market. "Domestic investors who have been staying away from the market should return because the market has begun to recover. However, they should invest based on professional advice. Investors should not just invest for investing stake the way most of them did in 2007. They should invest based on professional advice," he said. On his part, Madubuike said investors should look properly at companies' performances before investing in them. "Look at the financial trends and the performance of the companies. If you do not have the time to do that employ the services investment advisers, portfolio managers or better still, invest through collective investment schemes that are management by professionals who are also regulated," he said. *(This Day)*

In a bid to meet the growing demand for its products and enhance shareholders value, Flour Mills of Nigeria Plc, has invested USD 65m (N10.4bn) on its expansion drive. Chairman of the company, Mr. George Coumantaros, made this known during the inauguration of its ultra-modern milling complex, named 'West Mills' in Lagos. He said the company commenced an ambitious programme to rehabilitate, upgrade and replace all milling units with high-performing, state-of-the-art machinery and equipment 10 years ago. He further stated that, the initiative was primarily driven by the need to aximize efficiency of the company's milling operations, enhance flour quality, respond to the dynamics of the flour market and surpass customers' expectations. The company, he said, commenced the building of 'West Mills', to meet the needs of the projected growth in demand for its key products and, in particular, to have enough resources and milling capacity to enable it cope with the semolina requirements of its new pasta factory under construction in Agbara. "To successfully fund the project, the company had to look beyond short term borrowings. A sum of N6bn out of N37.5bn raised from the capital market in December, 2010 from the first tranche of FMN's Corporate Bond proceeds was committed to the 'West Mills' project, "he said.

He said the state-of-the-art milling facility would accommodate the company's projected sales growth for the next five years and allow it to mill and mix a wide range of flours to a high level of efficiency. He declared that the "West Mill" addition would consolidate the position of Apapa milling site as the largest in Africa and thesecond largest single flour milling site in the world. Coumantaros disclosed that the new milling complex had been designed and equipped with machinery to blend High Quality Cassava Flour (HQCF) into wheat flour to a higher level than existing mills in order to accommodate the needs of the Cassava Inclusion Policy support of Government's Agricultural Transformation

Agenda. In order to provide excellent working conditions for staff, ensure minimum impact on the environment and minimize our 'carbon footprint', West Mills has been designed to be environmentally friendly. *(This Day)*

Shareholders of PZ Cussons Nigeria Plc will tomorrow endorse the N1.707bn dividends recommended by the Board of the company for the year ended May 30, 2012. The dividend, which translate into 43 kobo per share, would be approved at the 64th Annual General Meeting scheduled to hold in Abuja. However, the dividend is 38% lower than the N2.732bn or 63 kobo per share the shareholders received the previous year. The reduction was a reflection of the reduction in the profit level of the company. PZ Cussons Nigeria posted a profit after tax of N2.41bn in 2012, down from N5.217bn in 2011. In his report to shareholders ahead of the AGM, Chairman of PZ Cussons, Prof. Emmanuel Edozien, said that though the overall results were not in line with their projections, the choice of investing in volume growth and improving the cost structure during the year, had given them the confidence that would put the company on the right footing for profitable growth in the future.

According to him, while turnover for the year witnessed an increase of 10%, rising from N65.9bn to N72.2bn in 2012, profitability was adversely affected as the company was unable to fully pass on the impact of raw material cost increase and naira devaluation to trade. "Other options were assessed and optimised during the year to improve the profitability while maintaining competitive consumer price points. Furthermore, N472m of exceptional restructuring costs were incurred during the year to streamline the supply chain and overheads," he said. Edozien noted that in line with strategic plans and direction in the forthcoming financial year, there is every optimism that the company would deliver the targets. "The company has invested in strengthening the supply chain and improving operational efficiency, to optimise the cost base and consumer experience. The soap and manufacturing processes have been upgraded to further enhance the product and consumer experience. These initiatives plus other investment s to optimise the supply chain and overall overheads ill ensure a flexible and competitive cost structure for our company going forward," he said. *(This Day)*

Nigeria's Access Bank's pre-tax profit for the half year to June jumped 143.08% to 30.07bn naira (USD 190.50m), from 12.37bn naira last year, the bank said in a statement on Wednesday. Gross earnings rose to 108.75bn in the same period, compared with 53.65bn last year. Access Bank, which acquired rescued rival Intercontinental Bank has proposed an interim dividend of 0.25 naira per share to its shareholders. Its shares rose 3.78% on the local bourse to 9.04 naira on Wednesday. *(Reuters)*

Access Bank, has revealed, that it will cut to 49% its stake in its Zambian unit after the country hiked capital requirements for banks operating in the country. The measure to raise minimum capital requirement for banks is intended to mobilise additional resources to enable banks participate more effectively in growing the economy by increasing credit available to the private sector. Following this development, Access bank will cut its stake from 87% and convert the unit to a local lender, Aig-Imoukhuede, the banks managing director said revealed on Wednesday. "Zambia raised the minimum capital requirement for international banks to USD 100m from USD 2.5m and to USD 20m for local banks in January. Nigerian lender United Bank for Africa Plc (UBA) said in July it would also seek a local license.

Banks in the West African nation must obtain new funds to recapitalize their foreign units and won't be allowed to use money already raised by their parent companies, the Central Bank of Nigeria said in a statement on July 26. Lenders that can't raise additional capital for foreign subsidiaries in the local market will have to close the units, the Abuja-based regulator said. Access Bank's shares gained for a seventh day, adding 4.1% to 9.10 naira by the close today in Lagos, the highest since March 2011. *(Business Day)*

Economic News

Nigeria's award winning Central Bank (CBN) Governor, Sanusi Lamido Sanusi is walking a tight rope, as macro-economic policies that have won the head of the apex bank global plaudits are failing to trickle down. The CBN has performed credibly on the macro-economic front and on its price stability mandate. The Nigerian Naira is up 2.8% year to date, the second best performer in Africa after the Zambian Kwacha. Nigeria's external reserves are up 18% year to date, to USD 39.55bn, according to September 5 data on the CBN website, while inflation which printed at 12.8% for July, may not rise as high as the Central Bank previously forecast. "The tightening of monetary policy has been very effective in terms of keeping the exchange rate fairly within the band," which dampens the impact of imported inflation, Sanusi said after a Monetary Policy Committee (MPC) meeting last month. The somewhat stellar performance on the macro front has nonetheless come at a price. The CBN has kept its monetary policy rate (MPR) at 12% this year, after hiking rates by 5.75% last year.

The bank tightened liquidity in the system in July, when it raised the cash reserve ratio (CRR) for banks to 12% and the resultant liquidity squeeze temporally shot up Nigeria's interbank offered rates (NIBOR) to 34%. Bismarck Rewane, CEO of Financial Derivatives company (FDC), a Lagos based research and advisory firm, reckons that the tightening will affect banks' loan growth and the cost of funds. "Manufacturing companies will face challenges, as their cost of borrowing increases, and we expect a further rise in bond yields," he said. Nigeria's Bond yields and Treasury bill rates that track the MPR and inflation, have crept higher since the rate hikes of last year. The CBN sold N90bn of 364-day T-bills at 13.87% last week, while the yield on Nigeria's 15.10% domestic bonds due 2017 closed at 14.05 percent, according to September 6 data on the Financial Markets Dealers Association (FMDA), website. The high interest rate environment means that local lenders give out loans at prime lending rates of between 23 – 28% per annum, for those lucky enough to get it.

Loans from the banking system (including the CBN) to the private sector ,expanded by a subdued 1.0% month on month (m/m) in July, and 4.3% year to date (ytd.) The official unemployment rate in the country also remains stubbornly high, at over 23%. "The monetary stance of the CBN is at odds with the global rate cycle, as most emerging market central banks have pursued more accommodative policies in recent months, in order to support domestic growth and offset the impact of sluggish world economic conditions," said Samir Gadio, an emerging markets Strategist at Standard Bank London in an email reply. Nigeria's Gross Domestic Product (GDP) growth rate accelerated to 6.6% in the second quarter of 2012, according to CBN data. The growth is however of low quality and way below potential output which is put at close to 20%, by Rewane. The CBN argues that there are limits to monetary policy in the face of structural deficiencies in the Nigerian economy, such as the infrastructure deficit, energy crises and low productivity.

The apex bank recognising the weakness of the monetary transmission mechanism, has tried to push through reforms such as the cashless policy and mobile money, which have yet to gain much traction.
FBN capital analysts say CBN liquidity tightening may force banks to be more creative, noting that before then, the banks could choose between an interest rate of 20% or more, on a customer loan which might turn sour, and buying FGN paper. “Their flexibility has since been reduced by the hike in the cash reserve ratio, and there are signs of yields narrowing to 13 to 14%, on the most liquid FGN bonds. The choice could now become genuine,” they said. There is also the issue of loose fiscal policy, which is outside the CBN’s control. “The tight monetary stance is designed to contain the fiscally sponsored liquidity, which if left unchecked, would reinforce risks to USD/NGN stability, imported inflation and overall macroeconomic stability,” Gadio said. *(Business Day)*

Telecommunications companies whose facilities were recently attacked by terrorist in the country have threatened to cut off services in crises-prone states in the north if the attacks escalate. Gbenga Adebayo, the Chairman, Association of Licensed Telecommunications Operators of Nigeria (ALTON), said that telecom companies have lost over 25 base stations to the attacks. According to him, a base station costs between N500m and N1bn depending on its configuration. He said that a report had been made to the appropriate authorities including security agencies and the National Communications Commission (NCC), and urged the federal government to be decisive in its intervention in the onslaught against the telecoms firms.

"It is an attack on subscribers; these are the people that are at the receiving end of the services," he said. "These are Nigerians whose lives depend on telecoms services. If it becomes impossible to continue to do business in the face of rising attacks on telecoms sites, operators will naturally suspend operations in the area. This is because beyond base stations, these elements may begin to target telecoms operators' offices and data centres, among other key infrastructure. That is why it is important that the situation is curtailed before it gets to that point." The JTF in Borno State said on Saturday that the attacks on telecoms masts were designed to disrupt communication services and prevent residents from providing information on the activities of gunmen to the military and the police so that they can protect lives and property. *(Business Day)*

The Federal Government has been urged to compel the National Assembly to expedite action on the passage of the Telecoms Bill, which, among other things, seeks the protection of telecoms facilities in the country. The call was part of a communiqué released at the end of a Critical ICT Infrastructure Protection conference organised by Communications Week, in collaboration with the Association of Licensed Telecoms Operators of Nigeria (ALTON), in Lagos. The conference, which coincided with the gunmen attacks on telecoms facilities in the Northern part of the country, stressed the need for the protection of telecoms facilities and the declaration of the facilities as ‘critical national infrastructure’ that must be guarded. Following the attacks, President of National Association of Telecoms Subscribers (NATCOMS), Mr. Deolu

Ogunbanjo, condemned the action, and called on the Minister of Communications Technology, Mrs. Omobola Johnson, to prevail on lawmakers to unveil legislation that would protect telecoms facilities and declare such facilities as national assets that must not be tampered with.

The calls for legislation on telecoms facilities rose after the recent attacks on Base Transceiver Stations (BTS) and masts in some Northern states of the country by gunmen. Speaking on the consequences of the attacks, Ogunbanjo said it would not only affect service quality, but would also lead to loss of jobs and economic loss for the country. The conference, with the theme: 'Protecting Telecoms Infrastructure to Ensure Service Quality to Subscribers and Safeguard Investments,' urged government to set up a task force for the protect ICT infrastructure, and called for confidentiality agreement on communications data that may be released to the public on demand, to ensure maximum protection. The forum also recommended that government should set up data centres, where information could be accessed from a single source and managed by government. "No telecoms site should be shut down for any reason because of its consequences on service quality. Offices of erring telecoms operators should rather be closed instead of their facilities," the participants said, and called for full protection of the interest of consumers as it affects telecoms facilities.

To avoid further attacks on telecoms facilities, the forum suggested the involvement of communities in protecting telecoms infrastructure, as well as a conscious effort to create more awareness on the importance of telecoms facilities to the nation. Immediate past Executive Vice Chairman of the Nigerian Communications Commission, (NCC), Dr. Ernest Ndukwe, who chaired the conference, said telecommunications services have impacted a great deal on the economy and individuals, and that its facilities must be properly guarded by government, subscribers and the communities. *(This Day)*

The recovery of Nigeria's banking sector has failed to get credit flowing to the real economy, as high interest rates and a liquidity squeeze funnel money away from businesses or consumers into high yielding government debt, market players say. Three years after a credit crisis led to the near collapse of nine lenders, banking capital ratios have recovered, but lenders are piling all their cash into treasury bills at yields that are unlikely to be sustainable, say banking analysts. Yields have already fallen in the past month, as JP Morgan prepares to include Nigeria's debt in one of its indices. "Eventually banks are going to have to take real economy risks to drive up returns. I can't imagine that regulators will continue to licence the operation of banks ... without there being evidence of some lending to the real sector," said Razia Khan, head of Africa research at Standard Chartered Bank.

Nigeria's economy grew 6.17% in the first quarter of this year, according to the latest available figures, but credit to the private sector grew just 4.3% by July 2012, while lending to the government shot up 56.5% in that time. Interest income now accounts for 50-70% of gross earnings for Nigerian banks, Francis Ikenga, head of strategy at Fidelity Bank told Reuters, but it is mostly in government debt. Interest rates and lending criteria are too difficult to meet," Lagos household product saleswoman Titi Adeojo said recently. "We do a lot of deposits (but) it's not easy to get a loan". In 2008, credit to the private sector outstripped government borrowing for the first time in Nigeria, a move which many analysts had thought heralded a consumer driven boom. But 6.3% of total loans of 7.4tn naira (USD 47 bn) granted in 2008 turned bad, Renaissance Capital says, leaving nine overleveraged banks in need of a bailout. Banks are reluctant to risk burning their fingers again. "Our lending pattern has changed as it is more skewed towards major corporates. Our approval processes ... is now more stringent," said Kayode Fadahunsi, investor relations director at top lender United Bank for Africa.

Banks worry consumers and firms may not be able to pay back loans at high interest rates, whereas tax free government bond returns are a safe bet at such attractive rates of 15-16% -- a huge spread over average bank deposit rates of 1-2%. "Access to credit is a bit more difficult for the businesses and households," said Femi Aribaloye, head of risk management at Skye Bank. He said lending rates for big firms like Flour Mills have risen to 14% this year, from 12% in 2008. For consumers, by contrast, they went up to 33% this year, from 22% last year. "The crisis in the industry seems to be over," he said. "But investments are largely being channelled to safer outlets." Yet if treasury yields continue to fall, banks over-reliance on them for earnings could hurt profitability down the line. *(Reuters)*

The absence of a robust credit history of borrowers as well as the lack of a centralised national identity card system have been identified as significant impediments to banks retail segment lending, BusinessDay investigations have revealed. Analysts have consequently suggested that fundamental issues, such as the proper identification of citizens and the establishment of a legal framework to ease repayment or prosecution, in the case of default, would have to be resolved, to enable meaningful bank retail segment lending in the country. Also, it was said that a databank containing the history of both corporate and individual customers, would need to be in place, to make the effort realisable. The suggestion also comes against the backdrop of a planned Federal Government task force to evaluate processes to ease access to loan facilities to sectors that have the potential to grow the economy. Nwanza Okidegbe, chief economic adviser to the president, made public last week the Federal Government plan to set up a task force with focus on key sectors, such as infrastructure and agriculture, which have the potential to boost growth and generate employment, but are currently having challenges accessing finance.

Taiwo Ayedun, chief executive officer, CR Services (Credit Bureau) Plc, who acknowledged the existence of untapped opportunities, particularly in the consumer credit aspect, said the operators, under the umbrella of the Credit Bureau Association of Nigeria (CBAN), have made a presentation to the Bankers' Committee, on how banks can significantly grow their asset size and profits, through close partnerships with the credit bureaus. But Business Day investigations further revealed that fundamental issues, such as proper identification of citizens, a legal framework aimed at easing repayment or prosecution, in the case of defaults, as well as financial records of both corporate and individual customers, would have to be resolved, to make the task force effective. “Good thinking by the Federal Government, but unless the banks are assured of an easy way of retrieving their funds to customers on default, through an accelerated framework, based on proper identification and reliable data of would- be borrowers, the banks would not lend, and they would continue to see the risks as high, with the consequent high lending rates,” said Emeka Onyejiaka, a financial analyst in Lagos. Samir Gadio, analyst with Standard Bank, London said, “The main argument of Nigerian banks has been that lending to the retail segment of the market is too risky because of the absence of proper customer identification and/or track record.

Ken Iwelumo, former Senior Vice President – Investments, Bank of America/Merrill Lynch said, "Currently, there is no iron clad way of identifying the average Nigerian citizen. As a state bank or financial institution, you must be able to identify a particular individual before you can offer him or her services, benefits, loans or collect taxes. You also need to identify a particular individual, in order to enforce the law, or enforce a plaintiffs/creditor's rights, in a situation where an individual defaults on a legal obligation. "Lack of a National Identification system backed by law, is the main reason why banks in Nigeria are reluctant to offer individuals uncollateralised loans. It is not uncommon for rogue bank credit officers to connive with fictitious customers and defraud their own banks. Without a properly structured and legally enforced National ID, Nigeria will find it very difficult to truly develop."

Johnson Chukwu, managing director and chief executive officer, Cowry Asset Management Limited said, "A situation where fraudulent individuals can assume different identities as they so wish, increases the risk inherent in lending to individuals or persons who do not have well established personality in the society. Another constraining factor to the development of consumer credit culture in Nigeria, is the absence of a robust credit bureau, where credit records of all borrowers in the country are maintained." Taiwo Ayedun, chief executive officer, CR Services (Credit Bureau) Plc, however said that credit information was available, acknowledging however, the existence of untapped opportunities, particularly in the consumer credit aspect. "Under the umbrella of the Credit Bureau Association of Nigeria (CBAN), we have made a presentation to the Bankers' Committee, in which we shared the untapped growth opportunities for banks, through credit bureaus, and demonstrated to the committee, how banks can significantly grow their asset sizes and profits, through close partnership with the credit bureaus. We are glad that some of our recommendations are already receiving the attention of the banks and regulators," said Ayedun. *(Business Day)*

An unexpectedly lax stance by the Central Bank of Nigeria (CBN) over fund movements by customers in the banking industry, contrary to the guidelines on remittances via domiciliary accounts, may have put the apex under scrutiny, BusinessDay investigations have revealed. The Presidential Committee on Verification and Reconciliation on Fuel Subsidy has called for further investigations into the ease with which the indicted oil companies initiated their transactions in one bank and effected payments in another, in contravention of the guidelines. The committee has also expressed concern over the involvement of a local Bureau De change, in the successful transfer of USD 4, 999, 939 to one of the oil company's accounts, as inflow from abroad. The oil companies perfected their infractions by opening of 'Form M' with the banks, for the importation of petroleum products. However, the mode of payment was said to have changed from letter of credit to Bills for collection, with the approval of the CBN. But further scrutiny of the report of the meeting between the Presidential Committee on Payment of Fuel Subsidy and representatives of the banks, held on July 18, 2012 showed that the form 'M' was later abandoned, and payment effected through any of the banks on behalf of the oil companies.

This is in disregard of the provisions of CBN guidelines which stipulate that payments for import transactions initiated in one bank, should be consummated in the same bank. Where there are cogent reasons for the transfer of the underlying Form (s) 'M' from one bank to another, the approval of the CBN should be obtained. Consequently, the Aigbojie Aig-Imokhuede-led Verification Committee, in a report seen by Business Day, stated that "from the foregoing, it can be said that the banks involved in the transactions did not breach any regulation. However, the movement of funds among customers within the banks is suspicious and suggestive of money laundering. "More worrisome is the fact that an indigenous Bureau De Change (BDC) …transferred a staggering sum of USD 4, 999, 939 to...account as inflow from abroad." The development may have put CBN under scrutiny, as analysts expressed worries over the apex bank's seemingly lack of grip on the financial system in which the institutions have become instruments for both local and international money laundering. However, they are waiting for CBN's response to the development, even as the committee has recommended investigations into the transactions. Also, the committee has called for review of the CBN guidelines on remittances or transfers through domiciliary accounts. "In view of the above, we recommend for thorough investigation of the transactions and companies involved. Also, there is need to revisit the CBN guideline which stipulates that for all remittances/transfers through domiciliary accounts funded via receivables, customers instructions only, can suffice.

This has led to reckless abandon of Forms 'M' (especially those established on Bills for collection) in one bank and payment in another, through domiciliary accounts without underlining documents. This window of opportunity created by the provision of the guideline, has been grossly abused by some customers of the deposit money banks," the report said. The meeting was at the instance of the Committee, to discuss the observations made during the verification exercise on the payment of fuel subsidy in 2011 held in Lagos between July 9 through 13, 2012. "The alleged infractions carried out by oil marketing & Trading Companies in the above mentioned banks include transactions initiated in one bank and settled in another bank, through funds transfer from domiciliary accounts, among others. This is against the provision of the Central Bank of Nigeria (CBN) Foreign Exchange Guidelines which stipulates that payments for import transactions initiated in one bank should be consummated in the same bank. "Where there are cogent reasons for the transfer of the underlying Form(s) 'M' from one bank to another, the approval of the CBN should be obtained," the report said. *(Business Day)*

Nigerian fund managers have been switching into stocks from bonds, hoping that strong earnings and new rules on the bourse will drive them up 25% this year. The main market index, which has been hovering around a 59-week high hit last week, has gained 19% so far this year, after shedding 17% in 2011. It has also outperformed its emerging market peers, which gained on average just under 7%. "Our target for (holdings of) stocks this year is around 60% and 40% in bonds," Mayowa Ogunwemimo, head of Nigerian asset management firm FSDH, which manages 50bn naira, told Reuters. She had 40% in stocks last year. Pension funds and asset managers are targeting an index level of 26,000 points by year-end on sub-Saharan Africa's second biggest stock market, which opened at 20,672 points in January, as bond yields fall and the naira stabilises.

The naira has over the last month firmed to around 157-158 to the dollar, a three-and-half-month high, driven by buoyant oil prices and by foreign investors buying up Nigerian assets. Nigeria's foreign exchange reserves jumped to a 29-month high of USD 41.16bn by September 10. "Yields on bonds have fallen in the last few weeks because of liquidity from foreign investors, making stocks more attractive," Ogunwemimo said. Bond yields, which were at 2-year high last month, have started to fall, shedding 300 basis points on the 10- and 20-year notes, after JP Morgan said it will add Nigerian debt to its emerging government bond index from October. "I believe it's a real rally and stocks can find support at current levels, so we are moving our exposure to 10% in equities," said Adeniyi Falade, head of Crusader Sterling Pensions.

Falade said his fund favoured Nigerian banks because the sectors' earnings have recovered from a 2009 crisis. Most of the lenders were trading at price to book values of less than 1x earnings, compared with pre-crisis levels of 2.5x, he said. Guaranty Trust Bank posted a 63% rise in half-year pretax profit to 53.6bn naira. Analysts have put "buy" recommendations on most blue-chip banks and consumer goods stocks since the start of the year with price targets double current prices, anticipating a recovery. New trading rules coming into effect at the bourse in two weeks could drive the index further, brokers say. Nigeria's bourse last week said it will start securities lending, permit short selling on stocks and kick-off market making in Africa's second biggest economy by September 18. "The planned commencement of market making is a plus factor for a rally. Investors are taking positions in view of a market structure that will have significant impact to trading volumes," one stockbroker told Reuters. *(Reuters)*

The Nigerian Export Promotion Council (NEPC) has said that the country exported non-oil products valued at USD 1.35 billion for the first half of 2012. Mr David Adulugba, Executive Director, NEPC, made this known in an interview with the News Agency of Nigeria (NAN) in Abuja on Thursday. Adulugba, however, said the figure represented about 10% decline from the USD 1.50bn recorded in the same period in 2011. The NEPC boss attributed the decline to unrecorded exports, the fuel crisis and workers' strike in January. He put the value of non-oil export for the first and second quarters of the year at USD 660.1million and USD 686.2m respectively as against USD 818.8m and USD 676.2m recorded for the same period in 2012. The executive director said Nigeria exported goods worth USD 161.6m dollars in January compared as against USD 307.2m dollars in 2011. Adulugba said the nation exported non-oil products worth USD 242.9m in February 2012 compared to USD 273.6m recorded in the same period in 2011. He also said that Nigeria exported non-oil products worth USD 255.7m and USD 220.6m in March and April this year compared as against USD 237.9m and USD 250.6m recorded for 2011.

He said the country's non-oil exports in May and June 2012 were USD 242.6m and USD 223.1m, respectively compared to USD 703.5m and USD 222m recorded in the same period in 2011. According to Adulugba, the bulk of the exported products are cocoa and cocoa preparations, oil seeds, sesame seeds, edible fruits, nuts, citrus, tobacco, fish, shrimps and gum Arabic. Others included recharge cards, cosmetics, footwear, textiles, confectioneries, insecticides, plastics, empty bottles, electric cables, food, beverages and noodles. He expressed optimism that the agency would achieve its 40% target for non- oil export products before the end of the year in line with the key performance indicators (KPI). ``At the moment, we are working assiduously to translate where we were at USD 2.8bn per annum to 40% (USD 3.92bn). All sorts of strategies will be adopted to achieve the target within the regional market.'' He noted with concern that the high incidence of unrecorded exports had been a major challenge to accurate reporting of the performance of the non-oil sector in the country. To address the challenge, Adulugba said the Federal Ministry of Trade and Investment was making moves to establish border markets at some strategic locations. He pointed out that the country's non-oil exports were dominated by raw commodities and few products with value addition. ``There is the need to step up the value chain, diversify from commodities and empower the small and medium scale enterprises through entrepreneurship development." *(Business Daily)*

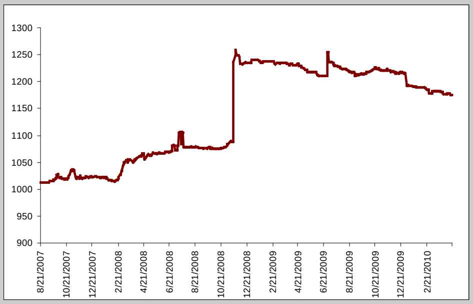
AS the House of Representatives warm up to resume sitting on September 18 after its annual recess, its leadership, on Thursday, disclosed that the constitution review process, the Petroleum Industry Bill (PIB), as well as oversight on the 2012 budget will top its agenda. The House Deputy Chairman, Media and Public Affairs Committee, Honourable Victor Afam Ogene, who dropped the hint in a statement made available to newsmen in Abuja, noted that the lawmakers were ready to resume back to work after their annual recess which started on July 19. Honourable Ogene, who also debunked the rumour doing the round that the House leadership had extended the resumption date to September 25 said, "this clarification comes against the backdrop of inquiries suggesting a likely shift in the resumption date of the House."

According to him, "even while on recess, committees and individual members had been usefully engaged, through constituency outreach programmes, interface with constituents on the proposed constitution review process and the Petroleum Industry Bill (PIB), as well as oversight on the 2012 budget. "Already, the Speaker of the House of Representatives, Honourable Aminu Tambuwal, has instructed all standing committees of the House to - on or before resumption - undertake a thorough appraisal of the status of implementation of the 2012 Appropriation Act. *(Tribune)*

SECURITIES AFRICA

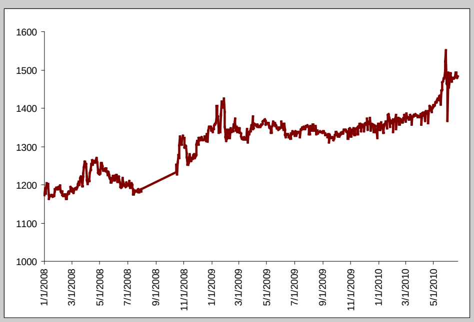
Tanzania

Dar-es Salaam Stock Exchange



Source: Reuters

TZS/USD



Source:SAR

Economic indicators

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

Source: World Development Indicator

CPI Inflation

Stock Exchange News

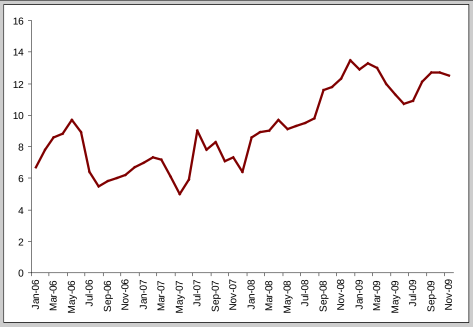
The DSEI closed the week 0.17% lower at 1,452.15pts. TBL gave up 2.24% to end the week at TZS 2,620. Swiss lost 1.47% at TZS 1,340. CRDB traded 2.17% lower at TZS 112.50.

Corporate News

TANZANIA Postal Bank (TPB) has presented to the cabinet secretariat a proposal seeking permission for the bank to be registered under company laws to pave the way to listing on the Dar es Salaam Stock Exchange (DSE). TPB, established under Act of Parliament, needs a change of law and new licence before going public to raise the required capital to become a fully commercial bank. TPB Chief Executive Officer (CEO) Sabasaba Moshingi said the plans to list on DSE remains intact and hopefully coming next January the bank would be in a better position to know the date of listing. “The groundwork is progressing well,” Mr Moshingi said, “The cabinet has our proposal and hopefully our position will be known by next January.” He said the listing strategy has the blessings of the board of directors, saying currently TPB cannot create money as it remains a financial institution. Mr Moshingi was speaking at the launch of the bank’s redesigned website to cater for the growing customers’ needs and increasing competition in the banking industry. He said the bank’s core aim at the moment is to make it operate more efficiently while increasing profitability level by introducing various vehicles to better client services.

The TBP Director of Technology and Operations, Mr Jema Msuya said the new website that was redesigned using internal and external expertise has a number of pleasing features compared to the previous one, “We have to stay abreast as competition increases daily.” Some of the features include an opinion window where customers and non-customers could send their views regarding anything on the bank services and get replies. “Experts also are working on language issue so that the website could have both Swahili and English option,” Mr Msuya said. Currently it only features one language. English. The bank, which expects to make 5bn/- net profit at the end of this year from the previous 3.5bn/-, has 28 branches with over 600,000 customers across the country. TPB was established by the Act of Parliament in 1992 as corporation. The five year master plan is to increase the bank’s capital by 10bn/- in five years. *(Daily News)*

PRECISION Air has posted a pre-tax profit increase of almost 20% but was limited by massive shilling depreciation. The airline, which its financial year starts at April, posted a pre-tax profit of 1.84bn/- up from 1.55bn/- registered in the previous year, being its first financial results after having been listed last year. The profitability was lifted by increasing capacity offered to the



Source: SAR

market by 46% that pushed passengers uplifted by 24% compared to previous year after the airline deployed larger aircraft on regional routes. "This capacity has been taken up very well thus bolstering the company's performance and reinforcing the (airline's) position in the industry," the designated nation carrier said. The airline said in a statement released yesterday: "We are pleased to report that despite the many challenges faced by the aviation industry, Precision Air recorded impressive performance during 2011/12." Orbit Securities Head of Dealings and Operations, Juventus Simon said the airline industry last year was challenging one as despite the Precision Air having posted impressive revenue, it ended up getting very little.

"Last year, many airlines passed turbulence weather and posted revenue decline or losses including the world heavy weight, but Precision (Air) emerged on a strong note," Mr Simon told the 'Daily News'. He said poor exchange rate and financial cost of 7.65bn/- also have contributed heavily on the airline to register a marginal profit though for long term investors, the airline's share is a good buy. "I think share price remain at the current level (of 470/-), but the profit attained is encouraging, if I have to put them in scale is 50/50," the stockbroker said. PW total revenue during the year under review reached 163.06bn/- but the cost of sales was at 117.06bn/-, which analysts said the industry nature of business is complicated as it left the airline to remain with a relative low income. In the same year, due to exchange rate fluctuations the airline lost 3.07bn/- up from 2.25bn/- of previous year, which is 38% due to weaken shilling in the corresponded financial year. Nevertheless, the airline said it has embarked on a fleet expansion programme where it order five brand new ATR 600 latest series into the fleet and older series ATR 42-320 which have delivery period of three-year. "The increase of capacity is required to facilitate the execution and achievement of the airline's five years strategic plan," the airline said in the release without mentioning dividends offer. Tanzania Securities Chief Executive Officer, Mr Moremi Marwa said even though Precision Air did not declare dividends, the profit they made was better than nothing (loses). *(Daily News)*

The National Microfinance Bank's (NMB) strategy to mobilise deposits through a three-month promotion has paid off, with over 40,000 new and existing accounts entering the draws at various stages. The promotion dubbed "Jenga Maisha Yako na NMB," was closed on Thursday with 500 existing and new customers of either Bonus or Junior Accounts winning various prizes in the last three months. Closing the promotion, NMB's Personal Banking Manager Julius Konyani said the promotion exhibits clearly the growing culture of saving among the society and bank service awareness. "We have received million of shillings in terms of deposits as thousands opened accounts in the three-month period," Mr Konyani said. The Manager, however, failed to give the amount of deposits they mobilised in the last three months, saying he lacked that authority. But simple calculation by the 'Daily News' shows that at least 2bn/- was raised in deposits given the 40,000 accounts that entered the draw times the minimum deposit of 50,000/- as qualification to enter into the raffle.

The Bank of Tanzania (BoT) tight liquidity measures to reverse shilling depreciation and curb galloping inflation have reduced money in circulation to affect deposit mobilisation. To attract deposits some banks embarked on promotion campaigns while others increased deposits rate to push up interest rates in the last 12 months to 10.92% from 8.03% registered in July 2011. "In line with these developments, the spread between 12-month deposit rate and one-year lending rate narrowed to 3.45% in July 2012, compared to 6.81% in July 2011," BoT said in the report. The draw, according to NMB, was meant to entice depositors build a saving culture and at same time, through the prizes, accomplish their plans. The prizes, which were won monthly, saw 500 customers of either Junior or Bonus account, walking home with various prizes including two grand award of building materials. Others were school fees, school bags and polo shirts. NMB is also the biggest bank in terms of network where in the last five years it managed to increase its branches from 100 to 140 and 450 ATMs country wide. Its customers have reached 1,600,000. *(Daily News)*

Four companies are lined up for listing on the Dar es Salaam Stock Exchange between now and next year in a move expected to stimulate trading in the bourse. Speaking to this paper in an interview at a forum on deepening capital markets in Tanzania jointly organised by the DSE, International Finance Corporation (IFC) and NIC capital, in Dar es Salaam recently the exchange's Chief Executive Officer, Gabriel Kitua, declined to give the name of the firms but said preparations have reached a good stage. "I cannot mention the names of the companies at the moment, but what I can say is that we have two commercial banks, one mining company and one investment company which are lined up for IPO," he said. Kitua said the new listings will stimulate trading and make the bourse more active and one of the fastest growing markets in the region despite being small. At the moment the bourse has listed 17 companies.

Meanwhile, the DSE will later on this year start a sensitisation seminar to educate the public on the new Enterprise Growth Market (EGM). Kitua said the seminar to be conducted in four regions will be carried out in collaboration with officials from the Bank of Tanzania, Capital Markets and Securities Authority (CMSA) and DSE. So far the DSE has started programmes for students in secondary and higher education institutions to educate them on the EGM during trading sessions. "We have made much effort in three regions, which are Coast, Dar es Salaam and Morogoro, and where have been sensitising entrepreneurs on the importance of markets for their business. On municipal bonds, he said, already a study to establish legal and institutional framework for issuance of the bonds has been finalised. In the endeavour to promote and develop efficient and sustainable capital markets and securities in Tanzania, the CMSA conducted a feasibility study on municipal bonds market in 2005.

The study found out that there are sizeable local government authorities prepared to raise funds by way of debt instruments, adding that the development financing to these institutions remains inadequate and that there is a competent regulatory regime for the instruments. The government through the assistance of the World Bank sponsored the two-phase municipal bonds study. At present all local authorities depend largely on subventions from the central government and some taxation to raise revenues for their expenditures.*(IPP Media)*

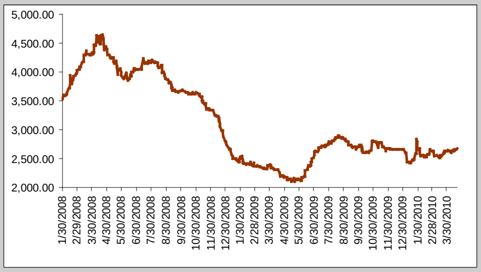
Economic News

No Economic News this week

SECURITIES AFRICA

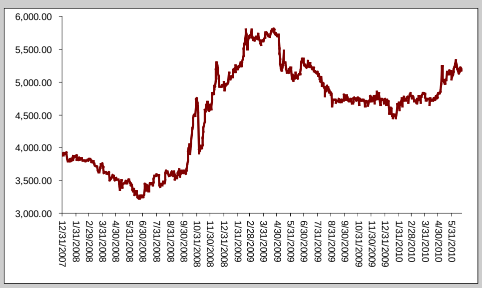
Zambia

Zambia Stock Exchange



Source: Reuters

ZMK/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

Stock Exchange News

The LuSE index ended the week 0.93% higher at 3,713.15 points. SHOPRITE traded at ZMK 55,000. CEC traded at ZMK 685. Lafarge closed at ZMK 8,006 while Zanaco was traded at ZMK 164.

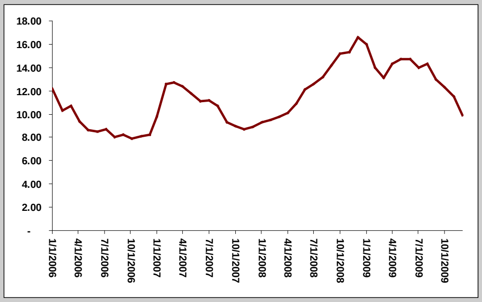
Corporate News

NDOLA Energy Company Limited (NECL), a privately-owned heavy fuel oil (HFO) based thermal power project, has invested USD 60m in the construction of a 50 megawatts power plant in Ndola. The plant is fuelled with HFO, a by-product supplied from the Indeni Refinery which is immediately adjacent to the plant. Company business development manager David Carroll said the project is the first greenfield independent power producer to operate in Zambia with funding being 100% private sector capital. Mr Carroll said this is possible because the firm believes in Zambia's social, economic and environmental infrastructure. He said this in an interview in Lusaka yesterday during a stopover of heavy-duty electricity generating sets which passed through the Lusaka central business district yesterday. Mr Carroll said construction of the plant is well underway and commercial operations are expected to occur in the first quarter of 2013.

He said 200 local people will be employed for the works during construction phase while 60 people will be permanently engaged during operation phase. Once completed, the company will contribute 50 megawatts to the national power supply through Zesco Limited with whom a 15-year power purchase agreement has been signed. Mr Carroll said the project, which started in February this year, is expected to be complete in the first quarter of 2013. He said the rating of the plant is capable of providing the entire load to the local Ndola distribution regional network helping to ease load demand to the Copperbelt region. The site has administration, welfare facilities, full maintenance workshops and installed cranes. It also connects to the Zesco national grid system via two station transformers stepping up the voltage of the plant from 11 kilovolts to 33 kilovolts. Mr Carroll said three 30 MVA rated lines will connect from the station output to the refinery next door and to the Zesco skyways substation. Meanwhile Mr Carroll said the firm is investing colossal sums of money in the power plant which comprises six huge engines supplied by Wartsila of Finland, the world leader in engine technology.

He said two came through Lusaka on Thursday en route to Ndola from Vaasa in Finland, via Richards Bay in Durban, South Africa. The engines weigh 132 metric tonnes each and measure 13 metres long by 3.5 metres wide by 4 metres high. Each engine is valued at USD 3m. The trailer will return to South Africa next week after offloading the engines in Ndola and return with another two engines soon after. A further convoy will follow that. *(Daily Mail)*

CPI Inflation



Source: SAR

COPPERBELT Energy Corporation plc (CEC) has recorded an increase in turnover by 31% as at June30, 2012 due to increase in volume consumption by mining customers and hike in tariffs. The company also attributes the increase in turnover to the depreciation in the Kwacha against the dollar between the periods to June 2012 against the similar period last year. According to the company's financial statement as at June30, 2012 availed to the Mail, load sales volume increased by 25 megawatt (MW) to 507 MW compared to 482 megawatts in the same period last year. "Group turnover increased by 31% ,this was due to a combination of an increase in volume consumption by mining customers as well as an increase in tariffs," reads the report. Meanwhile, the company has commenced construction of a second fibre link connecting through to Zimbabwe adding that the link will cross at Kariba to enhance the availability and quality of bandwidth in Zambia. On the outlook, the company plans to further the development of Kabompo Gorge hydro power project with key activities being the finalisation of the implementation agreement with the Government.

The company carried out laser survey of various hydro sites on the Luapula River was completed and the development plan the hydro schemes is being prepared for discussion with Government. CEC is expected to commence a small bio-mass on the Copperbelt during the second half of 2012. CEC's core business remains the supply of power to mines based on the Copperbelt, it continues to wheel power through its network on behalf of Zesco Limited on the Copperbelt and operate the interconnector with societe Nationale D'electricite of the Democratic Republic of Congo. In addition to power supply CEC has interest in the telecommunications industry with a 50% joint venture interest in Realtime Technology Alliance Africa Limited an internet service provider. CEC also holds a 50% joint venture interest in CEC Liquid Telecom, a company set up to prove wholesale optical fibre communications services. *(Daily Mail)*

PROFESSSIONAL Insurance Corporation of Zambia (PICZ)'s current annual turnover has exceeded K200bn with growth prospects remaining bright as competition in the insurance sector intensifies. There are currently more than 20 insurance companies in Zambia offering both life and general insurance. In an interview, Professional Insurance managing director Geoffrey Chirwa said the company posted profits in excess of K100bn over the years and paid corporate taxes of over K41bn to the treasury. The local company that was founded by Mahtani Group of Companies chairman Rajan Mahtani opened its doors to the Zambian market in July 1992 and will today celebrate its 20th anniversary. "PICZ has grown from strength to strength from an initial gross written premium of K32m in 1992 to over K200bn for the year ended December 31, 2011…we currently enjoy a market share of about 25% in the general insurance industry and we are happy that the brand is one of the top brands in Zambia, today," he said. Mr Chirwa said the company's branch network has increased from two at inception to 15 branches, spread in eight provinces of Zambia.

The company plans to grow the household insurance portfolio by developing tailor-made products that will meet specific needs of individual clients. Mr Chirwa cited low levels of insurance penetration particularly with regard to household and personal lines of business in Zambia as one of the major challenges faced in the industry. “There is need for concerted efforts in educating the public about the importance of taking up one form of insurance or the other. Indeed the benefits associated with insurance cannot be overemphasised,” he said. He said PICZ would also like to take advantage of the growth in mining, agricultural, telecommunications, construction, tourism and other sectors as it seeks to consolidate its position as insurer of choice in Zambia. He said the company has a reservoir of tailor made products for agricultural, construction, tourism, aviation and other sectors, which underpins its success over the last 20 years. Mr Chirwa said the future for PICZ is bright in terms of meeting customers’ insurance needs and stands ready to uniquely meet their specific needs.

In 2010, PICZ was rated an A-plus by a global credit rating agency based in South Africa for its ability to pay claims, placing the firm in a unique position in Zambia’s insurance market. “We believe we are the best solution to the insurance needs of our customers because we are a wholly Zambian-owned insurance company and our customers are rest assured that whatever investments they make in professional insurance will be reinvested in Zambia,” he said. Mr Chirwa said the Zambian economy is growing at a faster rate than most countries in Africa and offers the world at large an immense opportunity for businesses in general and the insurance industry in particular. He said PICZ has seen huge growth in foreign direct investment, adding that over the last few years, a significant growth of local business has created increased demand for insurance products and services. He commended Government for ensuring that the environment for doing business is not only conducive but also sustainable. *(Daily Mail)*

Economic News

ITALY is among Europe’s top countries that Zambia is focusing on to strengthen and develop new business ties to boost economic relations. Zambia’s Ambassador to Italy Frank Mutubila says Italy is among the top countries that President Michael Sata cited in his inaugural address that Zambia will strengthen and develop new business partnerships. Mr Mutubila said this recently during a restricted meeting with members of Confindustria Assafrica and Mediterranean and the Zambia Development Agency (ZDA) that took place in Roma, the headquarters of Confindustria. He said Zambia previously attracted a significant presence of Italian companies which has recently suffered a slowdown. He said Zambia is among the stable countries in Africa that has adopted prudent macroeconomic policy that has allowed containing inflation.

“Among the top 10 countries in the world for gross domestic product growth forecast for 2011 to 2015 by economists and the International Monetary Fund, Zambia has recorded an average annual growth rate of 5.4% from 2000 to 2010, more than the entire African continent but also the two regional economic communities to which it belongs, the Common Market for Eastern and Southern Africa and the Southern African Development Community,” he said. Speaking at the same function, ZDA director of Investment division Henry Sakala said the Zambian economy offers numerous opportunities that can be seized by Italian companies such as mining, agriculture and agro-processing, infrastructure development, construction sector, healthcare and tourism.

The gathering also deliberated on the possibilities offered by Zambia in specific fields of activity on the Business to Business at the end of the meeting. A country promotion addressed to a wider audience has been scheduled for this autumn for Italian companies, which will be the first achievement of bilateral cooperation between Confindustria Assafrica and Mediterranean and the Embassy of Zambia in Italy. *(Daily Mail)*

THE Zambia Development Agency (ZDA) says the country is expected to register more positive growth underpinned by sustained growth in agriculture, construction and mining. Other sectors expected to boost Zambia's economic growth include manufacturing, transport and communication sectors. Speaking on CNBC's Invest Africa programme in Johannesburg, ZDA director general Andrew Chipwende said Zambia has experienced strong growth in recent years with an average gross domestic product growth of more than 6% over the last few years. He said this in a statement issued by the development agency's communication and public relations manager Margaret Chimanse. Mr Chipwendwe said the country's medium to long- term economic outlook is expected to be even more positive. He said the country has made strides on the macro-economic front and needs to work at micro level to address issues such as reducing red tape, improving the speed and efficiency of Government institutions. "We are also working on improving the "Doing Business Indicators" because every country around Africa has been implementing reforms at the macro level to respond to the challenges that the private sector faces, to address factors affecting the cost of doing business," he added. Mr Chipwende said Zambia's investment climate has gone through various phases such as reverting to multi-party democracy in 1991, which saw the country implementing a number of significant macro-economic reforms including privatisation of state enterprises and liberalisation of the market.

"We saw peaceful transition last year, after twenty years of one party in power, we have now seen a new party coming into Government, which has placed more focus on job and wealth creation. The policies being implemented are towards the goal of job and wealth creation," he said. He said job and wealth creation can only be achieved through increased investment, improved infrastructure and developing human capital through skills and entrepreneurship development. Appearing on the same programme, KPMG senior partner Jason Kazilimani said Government has established multi-facility economic zones, one on the Copperbelt, North-Western Province and the others in Lusaka, which will help reduce most of the costs that businesses face. And International Business Connections group executive international business connections Rodwell Zvarani said Zambia is a growth market with good economic fundamentals that have resulted in economic growth of 7%. Mr Zvarani said his company had seen the ups and downs of the Zambian economy which at times had been challenging when copper prices were not right. *(Daily Mail)*

GOVERNMENT says the revised of the 2008 Mines and Minerals Development Act is expected to be ready next year to help attract more foreign investors and provide more incentives to local investors in the mining sector. Minister of Mines Yamfwa Mukanga says the act, which is currently under review, will look at best ways of empowering local people to benefit immensely from the natural mineral resources. “We have started looking at pieces of legislation which can change the lives of our people. Issues of small-scale miners who have licences only and have never done mining are key. “So we are trying to help them by grouping them up and get big investors to partner with them so that they can get value for money and create more jobs,” he said. Mr Mukanga was speaking at a stakeholders' workshop to discuss the establishment of model legislation on prevention and suppression of illegal mineral exploitation in the Common Market for Eastern and Southern Africa (COMESA) region at Chaminuka Lodge in Chongwe District yesterday. He said Government is aware of the difficulties miners are facing and is in the process of addressing them.

Mr Mukanga said miners, especially small-scale miners, should evolve into regional organisation capable of processing mineral raw materials into finished products for value addition. And Government has urged COMESA member states to put in place a regional legislation to prevent and suppress illegal mineral exploitation in the region. Mr Mukanga said the legislation should take into account adherence to other laws, statutes and acts relating to the handling of explosives and protection of the environment. He said it should also spell out the need for a certification mechanism to monitor the production of minerals right from the mines to the last consumer, who are often is the industrialist. Speaking earlier at the same event, Comesa Secretary General Sindiso Ngwenya said the objective of the workshop is to examine several model legislation in the International Conference on Great Lakes Region model legislation on prevention and suppression of illegal exploitation of minerals resources. Mr Ngwenya said combined efforts in fighting the scourge are more effective. He said recommendations in line with internationally accepted certification mechanisms are expected to be presented to COMESA policy organs for consideration and adoption. *(Daily Mail)*

ZAMBIA has recorded an increase in copper exports of about 400,000 metric tonnes in the first six month of 2012 from 300,000 metric tonnes in the same period last year. Almost all the country's copper production was exported in the first six months of 2012 as well as in the same period in 2011. According to the Bank of Zambia (BoZ) latest fortnightly report, the weekly average copper price on the London Mental Exchange (LME) decreased by 1.35% to USD 338.29 per pound during the fortnight ending July 27, 2012 from USD 342.93 per pound recorded during the previous fortnight. “Last year, Zambia exported 398,929 metric tonnes of copper as at June, 2011 compared to 412,530 metric tonnes of copper as at June, 2012,” BoZ says.

It says that this year the country in the first six months produced 421,280 metric tonnes of copper while in 2011 produced 463,236 metric tonnes of copper. The data indicates that nearly half of all copper produced is used in electronics industry, for computer chips and mobile fibre optic cable. Zambia is internationally recognised as a major producer of copper and cobalt. Zambia is ranked as the seventh largest producer of copper, generating 3.3% of the western world's production and world's second largest producer of cobalt it 19.7%. For the past sixty years, the Zambian economy has been heavily reliant on the mining of copper and cobalt despite the positive steps taken to diversify the industrial and manufacturing base. *(Daily Mail)*

The Bank of Zambia (BoZ) says there is need to ensure that anti-money laundering and counter-terrorism financing regulations are in place in

the advent of mobile payment systems in the country. BoZ deputy governor for administration Tukiya Kankasa-Mabula says with mobile payment solutions being on an increase, vices that can jeopardise the process are likely to occur. Dr Mabula said the central bank will provide policy guidelines that will ensure that consumers are protected and anti-money laundering and counter-terrorism financing regulations are in place as technology advances. “Our obligations extend to ensuring that as these technological advancements occur, consumers remain protected, anti-money laundering and counter-terrorism financing regulations are in place and business continuity is assured,” she said. She said this when she officiated at the opening of the 4th National Mobile Payments conference in Lusaka. Dr Mabula however said the mobile payment industry has helped accelerate the provision of banking services especially in rural and remote areas. She said with only 33.7% of the adult population having access to banking services the rest of the population, is unbanked.

Dr. Mabula observed that the figures will remain unchanged for a long time to come if the mobile payment system is not enhanced as it offers unique opportunities to have more Zambians banked. “Only 33.7% of Zambians have access to financial services, if this is left to traditional banks alone, it may mean that majority of Zambians will be financially excluded for a long time to come,” she said. Dr. Mabula said the enactment of the 2007 National Payments Systems Act has helped increase access to banking services, adding that about 28 payment platforms have since been registered. Meanwhile, Celpay International Group chief executive officer Lazarous Muchenje said cellphone banking has changed the way banking services are deployed especially in developing countries.

Mr. Muchenje noted that cellphone banking has grown rapidly over the last decade with over 600 mobile payment platforms developed across the world. He revealed that only 10% of such platforms have been successful especially in developing countries. Mr. Muchenje said Zambia should give itself a big applause for pioneering mobile banking when the first transaction was conducted successfully on April 24, 2002 at the Celpay office in Lusaka. He said so far K12.5tn worth of transactions have occurred via the Celpay platform over the last 10 years but expressed confidence that K6tn will be transacted over the next six months. *(Daily Mail)*

Zambia has rejected a proposal by Australia's Zambezi Resources Ltd to develop a USD 494m open cast copper mine in a game reserve, citing environmental concerns, a government agency said on Wednesday. Zambezi Resources' Zambian subsidiary Mwembeshi Resources said in March it planned to start copper production at the Kangaluwe project in the Lower Zambezi National Park by 2015. But a spokeswoman for Zambia's environmental management agency, which has to approve all huge infrastructure projects, told Reuters the project had been rejected. "The proposed site is not suitable for the nature of the project since it is located in the middle of a national park," said spokeswoman Ireen Chipili. Following the announcement of the planned project, environmentalists had been lobbying the government against allowing the mine. *(Reuters)*

Zambia, Africa’s largest copper producer, is selling its debut USD 750m international bond to help fund its budget and invest in infrastructure. The 10-year, dollar-denominated debt went on sale today at a final coupon of

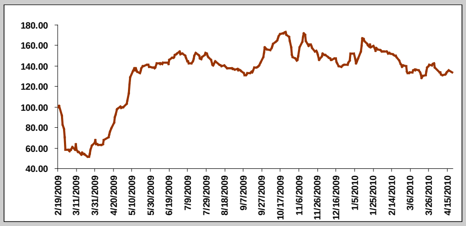
5.625%, said Sashi Kumi, a credit and fixed-income trader at Nedbank Capital's London-based unit, and according to a term sheet obtained by Bloomberg. Deputy Finance MinisterMiles Sampa didn't reply to two e-mails seeking comment. "Demand looks very good," Kumi said in e-mailed reply to questions. "The Africa story, in general, is carrying favor with investors. People see great growth on the continent." Zambia joins other sub-Saharan African nations such as Nigeria, Ghana, Gabon, Senegal and Namibia that have sold international debt. The nation's economy is forecast to expand 7.7% this year, reflecting strong growth in copper output and agricultural products other than corn, according to the central bank. Yields on Ghana's Eurobonds maturing 2017 have dropped 170 basis points, or 1.7 percentage points, this year to 4.85%.

The notes were rated B+ by Fitch Ratings and Standard & Poor's. The rating from Fitch, four levels below investment grade, matched the southern African nation's sovereign rating, which has a negative outlook, Fitch said in a statement yesterday. Ghana, West Africa's second largest economy, is also rated B+ by Fitch. "We forecast a good performance for Zambia's economy this year, with real per-capita gross domestic product increasing by slightly more than 5%," S&P analysts, led by Christian Esters in Frankfurt, said in a statement today. "The economy has been buoyed by an exceptional maize harvest in 2011, high copper prices, and strong investment in the mining sector." Zambia may use proceeds from the sale for investment in infrastructure and general budget support, Fitch Ratings said yesterday. Fitch lowered the outlook on Zambia's rating to negative from stable on March 1 because of a lack of certainty in government policy after Michael Sata was elected President in September last year.

"The credit looks relatively robust, strong growth, current-account surplus, low levels of public debt," Yvette Babb, a Johannesburg-based emerging market strategist at Standard Bank Group Ltd., said in an e-mailed reply to questions. "There is a great appetite for Africa credit and a lack of supply." Zambia's kwacha has gained 2.1% against the dollar this year, the second-best performer in Africa after Nigeria's naira. *(Bloomberg)*

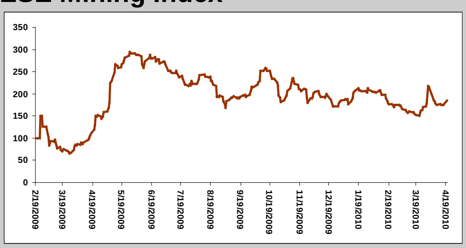
Zimbabwe

ZSE Industrial Index



Source: Reuters

ZSE Mining Index



Source: Reuters

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-21.357	-19.898	-19.582
Current account balance (USD bn)	-0.76	-0.84	-0.946
GDP based on PPP per capita GDP	303.146	359.739	411.761
GDP based on PPP share of world total (%)	0.004	0.005	0.005
GDP based on PPP valuation of country GDP(USD bn)	3.731	5.954	5.983
GDP (current prices)	303.146	359.739	411.761
GDP (Annual % Change)	3.731	5.954	5.983
GDP (US Dollars bn)	3.556	4.22	4.831
Inflation- Ave Consumer Prices(Annual % Change)	9.00	11.96	8.00
Inflation-End of Period Consumer Prices (Annual %)	0.813	8.731	7.4
Population(m)	11.732	11.732	11.732

Source: World Development Indicators

Stock Exchange News

The Industrial index maintained its steady upward trend ending the week 1.93% higher at 140.02pts. Mining's on the other hand closed 0.32% lower at 88.48pts. PGI led the winners closing 100% higher at 1c. Pelhams edged up 40% to 0.70c. Lafarge was up 38.39% to 75c. Losers were led by Medtech which lost 75% at 0.01c. Falgold gave-up 35.50% to 12.90c.

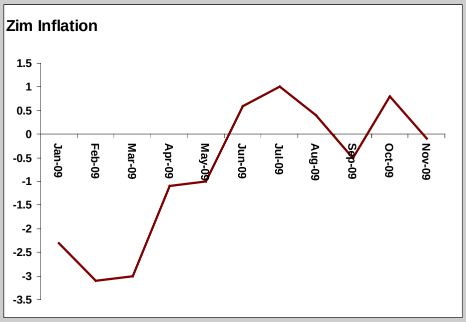
Corporate News

NESTLE Zimbabwe will increase exports into Southern Africa following the commissioning last Friday of an upgraded USD 12m plant to boost capacity. The Swiss-headquartered firm had been exporting negligible quantities due to limited capacity. Nestle country manager Mr Kumbirai Katsande said the plant upgrade more than doubled its production and exports to Zambia, Malawi, the DRC and Mozambique. Nestle has so far invested close to USD 12m in the refurbishment and upgrading of the cereals plant and equipment to increase production capacity, effi-ciency and introduce new products," he said. "This is a business growing at double-digit numbers. A lot of that is coming from our farmers, bankers and the Government," he said.

The company had significantly reduced exports to the region about two years ago due to overwhelming local demand. The plant upgrade would also enable Nestle to con-tinue introducing new products, such as Nestle MOM launched last month. In recent years the firm has introduced new products under the Maggi brand and new beverages such as Nestea and Ricoffy 3 in 1. The expansion in Nestle's production capacity would obviously lead to an increase in demand for the firm's milk- based products. And the firm has thus started preparing for the increase under a USD 14m dairy development and empowerment programme. The company intends to import more than 4 000 dairy heifers from South Africa over the next seven years. At fruition, the investment programme is expected to increase Nestle's annual milk intake from 3,5m litres to 28m litres.

The company initiated a similar dairy development and empowerment programme in India, set to trans-form the lives of impoverished families, especially women. Officially commissioning the plant, Secretary for Industry and Commerce Ms Abigail Shonhiwa com-mended Nestle for the investment, despite the challenges facing the industry. "I am glad to say that such efforts are in line with ini-tiatives of our Industrial Development Policy where we seek, among other objectives, to re-equip and replace obsolete equipment," she said. Ms Shonhiwa also commended Nestle for the invest-ment that was expected to result in 40 additional jobs, mostly on the production lines. To demonstrate its

CPI Inflation



Source: SAR

commitment to Zimbabwe, Nestle would embrace its parent firm's thrust of localising raw material procurement, which in Zimbabwe would include small grains. "One of the things that Nestle is doing, is an interna-tional programme, especially in Africa, to look at sourc-ing of local raw materials. One of the items is small grains mhunga and mapfunde." Mr Katsande said agriculture did not start with farm-ers, but with consumers who provide guarantees for agricultural produce. He said it was the role of firms such as Nestle to pro-vide the market, as agriculture started with consumers who provided the market. "It is the role of companies like Nestle to provide the market for farmers,' said Mr Katsande. He said Nestle remained committed to maintaining its investment in Zimbabwe.*(Herald)*

The Securities Commission of Zimbabwe (SECZ) has moved to demutualise the Zimbabwe Stock Exchange (ZSE) by scouting for a financial advisor to lead the transformation of the moribund stock market. Demutualisation refers to the transformation of an organisation, normally a club or society, into a commercial entity or a company owned by shareholders. The financial advisor would facilitate the production of a calendar of events for the commercialisation and subsequent listing on the ZSE, facilitate an independent valuation of the ZSE in terms of both current and future values for the purpose of determining an appropriate share price and provide an independent assessment of financial projections. He/she would also ensure appropriate and full disclosure of material information about mutual funds, stocks, bonds and other investments, description of the company's business, financial statements, biographies of officers and directors, detailed information about their compensation, any litigation that is taking place, a list of material properties and any other relevant information.

In addition, the advisor would provide an overview of the proposed team and institution credentials and provide an analysis of market conditions, as well as a sector analysis, among others. In a statement, SECZ said over the years ZSE had been run as a mutual society by its members. "However, it has become imperative to change the exchanges corporate structure in line with best practice and recent trends the world over, which involves demutualising the exchange into a for-profit privately-owned company with the view to listing it via an initial public offer," said the regulatory body.
SECZ said the objective of the privatisation was to transform the ZSE from a statutory body into a viable public limited company and to meet regulatory requirements. "The transformation should pave way for the listing of the exchange. 'The subsequent listing of the exchange will result in improved governance and operational efficiency and removal of barriers to entry for new market participation," SECZ said. Investor participation in the running of the exchange, improved access to resources for capital investment and growth and ultimately increased capacity to attract international investors, would be enhanced after transformation. (*News Day)*

SURFACE Investments, potentially the country's largest cooking oil manufacturer, is preparing to relaunch its products after overcoming challenges that saw its products vanishing from local shelves in recent months. For instance, its Golden Glow cooking oil has been off the markets due to a pricing variance that made it uncompetitive against the imported brands, mainly from South Africa. In addition, the company was demanding cash on delivery as opposed to flexible payment terms, resulting in local shops shunning the product. This resulted in the company accumulating stock of around two million litres of oil and led to the temporary shutdown of the plant in August due to lack of storage space. Surface Investments executive director Mr Narottam Somani yesterday said Golden Glow should be available in shops in the next three weeks. "We have been facing challenges with respect to placing our product on the local shelves due to pricing plans. Supermarket chains typically pay in 60 days, while we prefer to be paid as we deliver, especially now when our cash-flows are tight and in view of the high interest rate being charged by banks.

"However, we have come up with an arrangement to ensure that our cooking oil will be available in local retail shops in the next three weeks," he said. Mr Somani was speaking to journalists during a tour of the Chitungwiza plant yesterday. He said the product would be available on supermarket shelves at 20% less the price of cooking oil imported from South Africa. He said a two-litre bottle of their cooking oil would cost USD 2,99 compared with South African brands whose price is currently pegged at between USD 3,30 and USD 3,80. The move by Surface Investments should provide impetus for calls by local manufacturers to regulate imported goods coming into the country. Observers have generally lamented the high cost of locally manufactured products compared with imported products. Surface Investments is a joint venture between the Industrial Development Corporation of Zimbabwe with 26% and an Indian firm, Midex Global (74%). Meanwhile, the company has submitted its indigenisation compliance plans to the Government and awaits approval.

Part of their compliance plan includes listing on the Zimbabwe Stock Exchange. Management has indicated it is targeting to crush 12 000 metric tonnes of cottonseed and 20 000 metric tonnes of soyabeans in the 2012-2013 crushing season. "The production target for the 2012-2013 crushing season has been set at 12 000 metric tonnes of cottonseed and 20 000 metric tonnes of soyabeans based on the projected national output," said an IDCZ official. In terms of capacity, Surface Investments is the country's largest multi-oilseed processing plant. The company says it also exports crude oil to Malawi and cotton linters, and cotton hulls to South Africa and Europe. *(Herald)*

Stiff competition from imported brands could result in a cut in projected year end margins set by fast moving consumer goods producer Dairibord, although the firm remains a favourite stock pick, a local advisory firm has said. MMC Capital in its latest research noted, however, that despite the challenges, Dairibord remained a buoyant stock to buy. Dairibord group chief executive officer Anthony Mandiwanza declined to comment on the findings of the report. The advisory firm said a cut in economic growth rates, which will in turn affect consumption patterns, could reduce margins for the Zimbabwe Stock Exchange listed-concern. MMC said despite growth in intake in the six months to June this year, Dairibord faced competition from local and regional brands. Its raw milk intake increased by 5% to 12 889m litres in H1 2012 with Zimbabwe increasing by 9% and Malawi recording a 7% decrease. Dairibord is one of the largest manufacturing and marketing companies with local and regional operations.

The food processing company is operating above the 57% average capacity utilisation for the manufacturing sector. "The company is under pressure to reduce margins to retain market share in the face of stiff competition faced by most of its brands from imports," said MMC Capital in the report. "The company's fortunes, however, will be underpinned on volumes growth going forward given that there is limited scope for price increases in any of the company's product range. "We project a revenue growth of between 17% and 21%, which is a bit lower than management expectations of 23%." When asked for a comment yesterday, Mandiwanza said: "I do not know the basis of such a report. Therefore, I cannot comment." The group's operating profit increased by 20% from USD 3,7m in H1 2011 to USD 4,4m in H1 2012 as a result of slight margin improvements and increases in productivity in the period. Earnings per share were up 36% to 0,88 US cents in H1 2012, an increment of 36%. Dairibord Zimbabwe, which is 100% owned by Lavenson Investments, which in turn is wholly owned by Dairibord Holdings Limited, is the group's flagship unit. *(News Day)*

LISTED Food processor, National Foods, has reopened its flour and stock-feed plant in Bulawayo to meet increased demand. The development brings to seven the number factories now operational out of the eleven dotted around the country. Management said over the year to June 30, sales volumes increased 14.7% helping overall turnover reach USD 234m from the USD 201m recorded the previous year. Maize meal sales were particularly strong, increasing 50% largely driven by the company's Pearlenta brand. Group chairman, Todd Moyo, said a number on non-core units were disposed over the period adding more would be sold in the new financial year. "The strategy of disposing non-core properties remains in place with the intention of directing proceeds from sales to strengthening core business capabilities, funding strategic raw material positions and growth opportunities," said Moyo.

Management also expects the increase in duty on flour imports to continue driving volumes going forward. "The group has sufficient stocks of the correct wheat to produce the desired grist and meet demand," Moyo added. We have committed to purchase the local crop at import parity which should hopefully encourage farmers to plant more wheat next season." Profit for the year topped USD 7,9m from about USD 5m last year. *(New Zimbabwe)*

Econet Wireless Zimbabwe has become the first cellphone operator in the world to offer its customers a free service to recharge their cellphones. Econet plans to roll out more than 10 000 solar-powered charging stations (SPCS) throughout the country over the next 18 months to enable its customers to get one hour free power charge when buying airtime from a vendor or supermarket. Unveiling the new service yesterday, Douglas Mboweni, Econet Wireless Zimbabwe CEO, said any customer could get one hour free power charge for their cellphones whenever they buy airtime from a vendor who has the (SPCS) developed by the Econet Wireless group. The Econet boss said extensive research had shown that many subscribers were finding it difficult to find power to charge their cellphones, particularly in rural areas.

He said Econet Wireless Zimbabwe had worked with a specialist solar energy company within the Econet Wireless group to develop the technology that would enable customers to get their phones charged when buying airtime from vendors. Meanwhile, Econet Wireless also formerly launched its new "Green Kiosk" tuck-shop, which the company had been rolling out in cities and towns across the country. The Green Kiosk tuckshop is a franchise service for small scale businesses in high-density areas as well as rural areas. The kiosk is supplied by Econet free of charge to vendors who have an existing site. The kiosk offers services such as airtime sales, EcoCash agency and the SPCS units. Mboweni said the franchise business model was deliberately designed to help small business owners generate more income using Econet products and services. This would also see more than 5 000 new jobs created over the next 12 months, particularly for young people. *(News Day)*

BINDURA Nickel Corporation will resume operations after raising USD 21m through a rights issue, the company said yesterday. The company announced that all 700 073 894 shares offered have been fully subscribed and allotted. About 67 180 000 begin_of_the_skype_highlighting FREE 67 180 000 end_of_the_skype_highlighting shares were taken up by shareholders or third parties who acquired rights through the Zimbabwe Stock Exchange. The remaining shares were taken up by the underwriter, Zimnick Limited, a wholly-owned subsidiary of Mwana Africa Plc. The rights offer take-up represents a 9,6% subscription. Prior to the rights issue, Mwana Africa owned 52% of BNC. BNC has been trying to secure funding to restart its Trojan Nickel Mine through a USD 21m rights issue, which started on June 7. The rights offer, originally scheduled to close on July 27, was delayed after workers initially resisted the company's retrenchment and backpay settlement plan, which included an option of deferred cash, houses and BNC shares to settle severance and backpay costs.

After the restart of the mine, BNC predicts the production increasing, over a three-year period, to
7 000 tonnes of nickel in concentrate a year. Management said repairs to date had covered the main rockshaft bunton sets, main rock shaft ore, bin and waste conveyors, crushing plant steel structures, electrical panels and electric cables, overhauling crushers, conveyors and screens and hot commissioning of the crushing circuit. Work on the main steel structures in the milling section is still outstanding. Last week, BNC chief operating officer Mr Batirai Manhando told Herald Business that the rights issue was enough to get the Trojan Mine up and running. Government has accorded BNC national project status, which allows the company duty-free importation of equipment. Finance Minister Tendai Biti said Government took a deliberate approach to facilitate the resumption of operations at closed and distressed mining companies to ensure the country benefited from its vast natural resources. BNC has been under care and maintenance since 2008. *(Herald)*

The Zimbabwe Mining Development Corporation contributed USD 300m in dividends and royalties from its joint mining activities across the country in a year, becoming the Government's most reliable cash cow. Most of the funds were realised from operations at the Marange diamond fields, dealing a major blow to claims mainly from the MDC formations that the country is not benefiting from the resource. In his address at a two-day Zimbabwe Mining Indaba officially opened by Vice President John Nkomo in Harare yesterday, ZMDC chairman Mr Godwills Masimirembwa said the parastatal was ready to contribute more in dividends and royalties to Government. “Since August 2011, we have paid Government over USD 300m in dividends and royalties and we will continue to improve,” he said. The ZMDC is an investment arm of Government and holds title to a large portfolio of minerals including platinum, gold, iron ore and copper. Mines and Mining Development Minister Obert Mpofu, who also attended the mining indaba, applauded the ZMDC for its significant contribution to the fiscus. “The ZMDC is the only parastatal that declares dividends to Government on a monthly basis,” he said.

Minister Mpofu invited Zimbabweans with interest in mining to come forward and enter into joint venture agreements with the ZMDC. “The ZMDC, which usually holds 51% shareholding on behalf of Government, is an investment arm of Government. “It warehouses shares for the people of Zimbabwe. They are the people’s shares. “If people organise themselves into a consortium they can approach the ZMDC for joint venture agreements,” Minister Mpofu said. He was reacting to a concern from delegates who wanted to know why Government appeared to favour foreign investors when choosing mining partners for the ZMDC. Meanwhile, Government has vowed not to lift a ban on chrome ore exports with Minister Mpofu saying the country was not realising any benefits from such activities. “When we lifted the ban of chrome exports there was a rush to move mountains out of Zimbabwe. I do not think we will re-consider that (lifting of the ban). It was clear that they (chrome miners) were doing it for other people,” he said. Government imposed a ban on chrome ore exports in April last year in a move meant to promote value addition. The announcement by Minister Mpofu deals a blow to efforts by small-scale miners to have the ban removed. *(Herald)*

ECONET Wireless says dollarisation of the economy as well as a return to political stability has helped its penetration rates increase over sixty percent with the company targeting 100% coverage of the whole country by 2015. Launched in 1998, Econet is one of the biggest companies on the Zimbabwe Stock Exchange and dominates the country’s telecoms sector with more than 6m subscribers after investing more than a billion dollars in network development. Chief executive Douglas Mboweni, told a China Daily that penetration rates had increased from 13% to about 74% over the last three years alone on the back of a more stable operating environment. "The shift to a multicurrency economy by the minister of finance, and the creation of the national unity government opened up a world of new opportunities for Zimbabwe, and certainly for the ICT sector,” Mboweni said. “We had new resources, thanks to the dollar, coupled with access to equipment coming from China, Europe and so forth. To best illustrate the impact of these moves, our penetration rates in terms of telephony were 13%, but after three years have risen to 74%. "I compliment the government because they came up with new policies that pushed the ICT sector; they understood how ICT could benefit Zimbabwe. I was tremendously encouraged by that kind of development."

Econet now dominates 70% of the country’s mobile phone market despite winning its operating licence well after its two rivals. Mboweni attributed the company’s success to constant innovation. "When we first launched Econet, our services were immediately oversubscribed. We were the third entrant into the market, but six months' later became the market leader,” he said. “The main reason was the introduction of prepaid services and immediately we knew that the Zimbabwean market was right in terms of having an appetite for technological services.” "Innovation is what differentiates us from our competitors. Behind every innovative idea or product there is a person. We consider people our biggest asset and our team is driven by passion and a desire to achieve the objectives. "However, the true test of a company is its ability to live beyond its people, the institutional capability is absolutely fundamental. We are working on building a reliable system in order to create a culture of excellence so we will continue to offer the very best services and products to our customers.” The Econet chief said he was confident the company would achieve 100% coverage of the country adding good bilateral relations between Zimbabwe and China had also helped in the acquisition of key network development equipment.

"I do believe we'll achieve that goal before the deadline because of Zimbabwe's high literacy rate. More than 90% of the population over the age of 15 can read and write in English, which means that even in remote villages, people can understand the products. The government's education policy is paying dividends and we are seeing excellent results," he said. "Through cordial relations, everything is easier: we work very well with companies like Huawei and ZTE and there are lots of ties being fostered with other companies. "Most of our equipment now comes from China; the infrastructure that we have built for connecting our major cities comes from China, and our major contractor is Huawei. "I would like to remind readers that we are coming out of a situation where it was very difficult to establish a business relationship with Zimbabwe, but now I am very confident about our future." *(New Zimbabwe)*

Economic News

KEY mineral production remains largely in line with year-end targets, according to statistics from the Chamber of Mines Zimbabwe. The figures show that as at mid-year, total gold deliv-eries had registered a cumulative total of 6 461,43kg against the current year's target of 15 000kg. The improvement in gold deliveries since the beginning of the year is mainly a result of the constant firming of gold prices on the international market and general improvement in local economic condi-tions. But the African Development Bank, in its monthly economic review for August, believes that the re-Introduction of gold refining in the country can yield greater benefits for downstream industries. "Since 2010, the country has been exceeding an annual threshold of 10 tonnes requisite for refinery," said the review. "However, currently no refinery is being done at Fidelity Printers and Refiners due to via-bility problems. The company exports the bullion mainly to the Rand Refinery.

"However, the resumption of gold refining will help downstream industries, such as jewellers to purchase gold locally and reduce the cost of production. Jew-ellers are also currently importing silver at some added costs." It is expected that an injection of about USD 50 mil-lion is required to start the refining process But the figures show that platinum producers deliv-ered 5 650,9kg in the first half of the year, against an annual projection of 12 000kg. The 12 000kg is the minimum requirement for the country to qualify to set up a refinery locally. The Government has since called upon platinum producers operating in the country to set up refineries. Zimbabwe Platinum Holdings, the country's largest platinum pro-ducer, has said the setting up of its refinery is on course. Currently, all platinum produced in Zimbabwe is exported to South Africa in its raw form. But observers note that there is need to boost elec-tricity generation or importation, if the smelting of platinum is to be done locally. For nickel, 4 243,06 tonnes were delivered during the first six months of the year, against an annual target of 8 800 tonnes.

Nickel production is expected to increase, if the mothballed Bindura Nickel Mine reopens before the end of the year. BNC recently reached agreement with its creditors and staff that would result in the conversion of their debt into equity to enable it to raise capital and resume operations. Gold, platinum and nickel production is expected to grow by 15,8%, 10,8% and 10,1%, respectively this year. *.(Herald)*

The Zimbabwe Investment Authority Act is being amended to ensure that any foreign direct investment is not subject to the Indigenisation and Economic Empowerment Act. This will allow new projects to have foreign ownership levels higher than 49%. "This should improve the climate for investment and, hopefully, the minerals sector will benefit from this," said engineering consultancy SRK Consulting chairperson Roger Dixon. As a natural resource and development solutions provider, SRK has a vested interest in Zimbabwe's minerals sector and has been a repository for engineering skills in the mining and other sectors in the country since 1981. "The mineral potential and mining history of Zimbabwe make it an important place to be with the continued interest in the country's minerals sector a testament to that," added Dixon. Meanwhile, despite Zimbabwe's current political and legislative environment, SRK continues to work with mining companies and other clients, including parastatals, on engineering projects.

There is a need, however, for increased capital investment in the private and public sectors, said Dixon, adding that it was becoming more difficult for companies to operate optimally without adequate funds. Moreover, while the mineral potential of Zimbabwe was substantial, Dixon admitted that most investors were still waiting for more certainty regarding the political future of Zimbabwe in general and, particularly, the legal framework for mining. However, the future of mining in Zimbabwe remains promising with major mining companies continuing to operate mines optimally, said Dixon. He cited the Great Dyke as the area with the biggest potential for growth in Zimbabwe. The linear geological formation crosses the centre of the country from north to south, passing just west of the country's capital, Harare. "(The Great Dyke) is one of the world's richest sources of platinum and chromium and that in itself holds great potential for the mining sector," said Dixon. He highlighted, however, that there are large deposits of coal and iron-ore in the country that warranted further exploration. He also mentions the Bindura nickel mine, which, having produced nickel for several years, still held deposits that could be viable, should the nickel price become more favourable. "Zimbabwe also has a history of small gold mines and deposits, many of which could be started without huge capital investment and could be operated by using labour-intensive methods, thereby creating employment opportunities," said Dixon.

"SRK's focus in Zimbabwe, as with other countries in which we operate in, is on prioritising local skills development and expertise. The country is rich in mining experience and SRK employs and nurtures citizens who demonstrate outstanding technical, managerial and entrepreneurial abilities." Dixon believed the company's base in Zimbabwe would continue to grow, though he said it was difficult to compete with mining companies for the best possible skills. SRK has been involved with platinum producer Zimplats, a member of the Impala Platinum group of companies, for years working on feasibility projects at the miner's Ngezi Mine since 2002. The operating standards at this mine rank among the highest in the world, even compared with South Africa, so this is definitely a success story in our books," said Dixon. Besides conducting a platinum prefeasibility review, SRK is working on four other projects the Marange diamond field project, resources company Bilboes Holdings' sulphide gold project, in Matabeleland and a scoping project for four small gold prospects and a multi-element dump-processing project. With regard to long-term projects, SRK has completed the first phase of exploration, involving mapping and reverse circulation drilling at the alluvial diamond fields in Marange. “This phase took about six months to complete, resulting in the identification of prospective paleochannels and a limited number of conglomerates,” said SRK principal consultant in Zimbabwe Arimon Ngilazi, who confirmed that jigging of the samples to determine diamond content was under way.

First-phase drilling targeting the sulphide gold resource at Bilboes Holdings’ project, was complete. Ngilazi says the second phase of drilling, which will take place after a resource evaluation, was expected to increase confidence in the delineation of prioritised areas identified from Phase 1 drilling. “Before the resource modelling and evaluation stage, SRK’s role has been to monitor the quality control and quality assurance aspects [of the project]. Bilboes is relying on SRK to carry out the necessary work for a bankable feasibility study.” The company had also been commissioned to conduct a scoping study of four gold prospects to rank them and developing the two best prospects first. All the prospects are located in historically mined areas in Zimbabwe. Further, SRK was undertaking a four-week review of a feasibility study carried out for a joint venture between Chinese and Zimbabwean parastatals. “We expect to generate more work from the deficiencies identified so far,” said Ngilazi. SRK expects greater involvement in exploration and further work to come from the planned reopening of old mining operations in Zimbabwe, revitalised by a resurgence in commodity prices in recent years, he concluded. *(News Day)*

SOUTH African Finance Minister Pravin Gordhan will meet his Zimbabwean counterpart, Tendai Biti, to discuss the country’s request for further financial assistance. In a statement, the South African Finance Ministry confirmed the meeting will be held before the end of the month. “The South African Minister of Finance, Pravin Gordhan, is scheduled to meet his Zimbabwean counterpart, Mr Tendai Biti, this month to discuss Zimbabwe’s request for further financial assistance. The request will thereafter be discussed by the South African Cabinet. South Africa has previously assisted Zimbabwe, contributing R300m to the Sadc Agriculture Support Programme, a portion of which was used for the purchase of seeds, fertiliser and fuel for agricultural production in Zimbabwe,” the statement reads. Last week Minister Biti said he had approached the South African government for a USD 100m budgetary support following depressed revenue inflows into Treasury. He said Zimbabwe has been missing nearly USD 30m in monthly revenue targets adding this was likely to affect payment of bonuses to civil servants this year. Between January and December, Treasury collected USD 1,6bn against a target of USD 1,8bn. South Africa has previously provided support to Zimbabwe through the African Renaissance Fund in terms of an agreement reached in 2008. It also extended R300m as a budget support grant for the rehabilitation of municipal infrastructure, including water reticulation, health services and education in terms of an agreement reached in 2009. Last week Zimbabwe also signed a USD 66m credit facility that will assist various Government projects that have been stalled by the unavailability of funds. Sadc countries pledged financial assistance to Zimbabwe when the inclusive Government was formed as part of efforts to turn around the country’s economy. Minister Biti said apart from South Africa he will also approach Angola for lines of credit.*(Herald)*

THE Ministry of Finance has said mineral exports over the first eight months of the year topped USD 1.5bn on the back of higher global demand and improved capacity utilisation. According to the treasury figures, mineral exports accounted for some 70.7% of the country's USD 2.2bn export receipts over the period. Platinum contributed USD 511m, followed by diamonds which brought in USD 456m and gold in third place at USD 401m. The sector is expected to grow 16.7% this year and officials expect the conclusion of amendments to the Mines and Mining Act to help boost performance. However despite the impressive from mining concern remains over the current account deficit as the country's import bill topped USD 5,1bn. Trade development agency, Zimtrade, has since warned targets set under country's industrial development policy may not be achieved because of problems in recapitalising struggling companies.

The government was keen to see trade become the engine for sustainable economic growth with efforts trained on orienting the country's productive sectors towards export growth and international competitiveness. Officials were targeting to increase export earnings by at least 10% annually from USD 4,3bn in 2011 to USD 7bn in 2016, but Zimtrade said these targets would be difficult to achieve. "The outlook remains unpredictable Export performance for the first half of 2012 has been sluggish with imports continuing to outperform exports," Zimtrade said. "Although the government launched highly credible industrial and development policies in March this year, implementation is being threatened by lack of resources." Zimbabwe is struggling to emerge from a decade-long recession and while the economy has grown steadily since 2009, capacity utilisation in the productive sectors remains constrained due to the lack of funding. *(New Zimbabwe)*

The price of fuel continues to rise as importers have moved in to adjust prices in response to global trends, amid indications crude oil prices were still considered low internationally. A snap survey in Bulawayo and Harare in recent days has shown a steady increase in the prices of diesel and petrol. Energy and Power Development minister Elton Mangoma told NewsDay recently that the marginal increase on fuel was a response to brent crude oil international prices. "Globally, the price of brent crude oil slightly went up last week and in response to that local importers also adjusted the price," he said. "However, we do not expect the local price increase to be as high as in South Africa." In the last two weeks, the pump price has gone up by between six and 10 cents a litre. Most fuel stations in Bulawayo have pegged the pump price of petrol between USD 1,51 and USD 1,58 per litre depending on location, while diesel was being sold at between USD 1,37 and USD 1,42 per litre.

Prior to that, the price of petrol retailed at USD 1,38 to USD 1,49 per litre, while that of diesel was USD 1,34 to USD 1,38 per litre. A survey in Harare showed that petrol prices averaged USD 1,50 while that of diesel was pegged between USD 1,38 and USD 1,42. Finance minister Tendai Biti in his MidTerm Fiscal Policy review increased excise duty on diesel and petrol from 16 and 20 cents per litre respectively, to 20 cents and 25 cents per litre for diesel and petrol with effect from August 1 2012. Biti had, however, said the increase in the excise duty rate should not translate into higher prices of diesel and petrol. According to international media reports, Brent crude oil prices have surged about 20% since Organisation of the Petroleum Exporting Countries last met in June, hovering between USD 112 - USD 117 a barrel since mid-August. *(News Day)*

ZIMBABWE'S export procedures have come under severe criticism as they are said to be contributing to the country's poor export performance. Local manufacturers have lamented delays in documents processing by the Zimbabwe

Revenue Authority and the Reserve Bank of Zimbabwe, which they say is constraining the movement of goods into regional and international markets. Latest official statistics show that the country's trade deficit stands at around USD 2,9bn due to the underperformance of the export sector. Surface Investments executive director Mr Narottam Somani says although they have lodged complaints with Zimra over the issue there have been no positive outcome. "The CD1 approval procedures and Zimra Bill of entry procedures are too lengthy and as such they spoil the whole momentum of exports. Government, Zimra and the RBZ need to appreciate the value of reducing period of these procedures. "We have engaged officials from Zimra and the RBZ over the need to file our CD1 and bill of entry forms online which will help reduce the time period to one day. They say that they appreciate our concerns but nothing has materialised," he said. Surface Investments is the country's largest multi-oilseed processing firm and it exports crude oil to Malawi and cotton linters, and cotton hulls to South Africa and Europe.

Both exporters and importers contend that the country's export transit procedures have not improved significantly despite Zimra's rollout from last year of the ASYCUDA World version 4.0.21 to over 14 of its stations. Implementation of the system was largely expected to expedite clearance procedures at the country's border posts. ASYCUDA 2.3 was the earliest version to be introduced in Zimbabwe in 1992 and was upgraded to versions 2.5 and 2.7. ASYCUDA++ later came on board in the form of version 1.15 and 1.18. An expert in the field of transit procedures yesterday said improving these processes would take a wider regional approach. "Transit operations of most countries in the region typically suffer from a number deficiencies such as lack of simplified and standardised customs procedures, documents and data processing that generally yield costly implications such as delays at border posts, opportunities for theft and corruption practices, and inflated transit transport costs. "The key area that needs to be addressed therefore relate to regional harmonisation of transit procedures." *(Herald)*

GOVERNMENT is renegotiating with Essar Africa, the Ziscosteel deal to ensure it retains control of Buchwa Iron Ore Mining Company, renamed NewZim Minerals. Under the new agreement, Government wants the Indian firm to buy the rights to Bimco's iron ore claims. In an interview on the sidelines of the Zimbabwe Mining Indaba, Mines and Mining Development Deputy Minister Gift Chimanikire said the original USD 750m deal had to be revisited, considering that iron ore was a strategic mineral to the country. Under the initial deal, negotiated by Industry and Commerce Minister Welshman Ncube, Essar Africa had assumed about 60% of NewZim Steel (Ziscosteel) and 80% of Bimco. Prior to the deal, Government owned 90% of Zisco and 100% of Bimco. "We have appointed a committee to look into the issue we once talked about that there must be payment for the claims from the new company (Essar)," said the deputy minister.

"Government used to own, under the then Rhodesia Iron and Steel Company, all iron ore reserves because it had identified iron ore as a strategic mineral." In terms of the initial agreement, Essar pledged to assume Zisco's USD 340m external debt and also revive the company. But the steelmaker remains inactive due to differences over the claims. Government is largely concerned that the agreement gave Essar virtual control of most, if not all, iron ore rights, which are obviously more than what the Indian firm requires to revive Zisco. Had the deal stood in its original form, Essar was entitled to more than USD 30bn worth of iron reserves and had future plans to establish an iron ore beneficiation plant to export the mineral. “When Government held 100% of the (iron ore) mineral it was because we were contributing to various companies to supply Ziscosteel (with iron ore),” said Deputy Minister Chimanikire.

“Government cannot hand over 80% (of iron ore claims). If you read in detail the agreement we saw three days ago, the 80-20% agreement (for Bimco), it appears the guys have 100% control.” He said considering the firm’s plans to produce 150 000 tonnes of iron ore annually, when Ziscosteel (NewZim Steel) required only three tonnes, showed there was a clear intention to export. “Government policy adopted by Cabinet is that we should make sure there is value addition. We cannot indulge in an agreement that is going to ensure that they would export through that pipeline they wanted to build, although they denied it. “But we kept on arguing, since we had the evidence because the Environmental Management Agency was already doing feasibility (environmental impact assessment) studies,” said the deputy minister. Against this background Government is still to assess how much it would give to Essar on the basis of NewZim Steel’s requirements, but the Indian firm would have to make a down payment first.

“We owe it to the future generation to ensure that Government remains with a large percentage in ownership of the mineral. We can’t sell our country on a platter, surrendering the nation over a bowl of soup. “We also want to issue other firms with the claims to exploit. We do not want a monopoly, because we already have problems (in platinum),” he said. Presently, Government has already issued six claims to Essar, which it said should be enough to resume operations at NewZim Steel. Essar would also get claims commensurate with the huge debt the former steel-making giant owed foreign banks. Asked if the fresh round of negotiations would not scupper the deal, Deputy Minister Chimanikire said there was commitment from both sides. *(Herald)*

ZIMBABWE’S mining sector would require between USD 5-bn and USD 7-bn over the next five years to recapitalise and increase its mineral output, Chamber of Mines of Zimbabwe president Winston Chitando said. Speaking at this year’s Zimbabwe Mining Indaba, he said the cash injection would enable the country to increase its gold production to 50 t/y; platinum to 21 t/y, from 12 t expected this year; and coal to 7-m tons a year, from 2-m tons forecast for 2012. The gold sector was only running at 50% capacity and production for the year was anticipated to reach 14.5 t, still well below the 1990-levels of 28 t/y. Ferrochrome and chrome production was also running at below capacity, owing to low prices and finance constraints, while the nickel sector was placed under care and maintenance. However, Chitando stated that mining remained at the heart of Zimbabwe’s economic activities and that it provided great impetus for exports and employment. The sector employs about 45 000 people and accounts for about 50% of the country’s foreign currency inflows. Mining is contributing about 13% to Zimbabwe’s gross domestic product, matching the manufacturing sector’s 14% contribution, and is expected to reach 25% by 2020.

He told a regional mining publication that the country experienced increased interest from investors in past months, despite concerns over political and regulatory uncertainty. Chitando said the Chamber was engaging with government to address challenges of high operational costs, supply constraints, illiquidity, lack of long-term capital, as well as challenges in the mining fiscal environment relating to regulation, taxes and mining fees. “I look forward to a positive outcome to these discussions," he noted. Chitando added that Zimbabwe held countless investment opportunities in, among others, infrastructure, operating mines requiring capital to expand, discontinued operations that could be revived, as well as exploration. In addition, the country offered an enabling environment, as it had an abundance of mineral deposits, a qualified labour force and good structural systems in place. On beneficiation, Chitando commented that he supported it, but that a mineral policy wherein beneficiation was clearly defined was required. *(New Zimbabwe)*

South Africa-based mining entity Lontoh Coal is planning to invest USD 7,5bn locally between 2013 and 2018 on mining and petrochemicals projects, a company official has said. Under the plan, USD 1,5bn would be invested in a coal slurry pipeline. Lontoh Coal chief executive officer Tshepo Kgadima told delegates attending the ongoing Zimbabwe Mining Indaba in the capital that the massive investments were expected to produce 50 000 barrels of liquid fuels and create 5 000 direct permanent jobs. The country, according to Lontoh, would also be able to save an estimated USD 2bn on imports of liquid fuels (diesel and gasoline). The government is also projected to pocket USD 9,8bn over 20 years through taxes and royalties. "Surely, a country so rich and blessed with natural resources and a society so replete with engineers, scientists and skilled labour can make and must make the best possible use of the bounty which nature and God have given us," Kgadima said.

"Let us work diligently towards the day when energy will flow from the vast Zimbabwe coalfields to where it is needed." He said Zimbabwe was going to be the next energy giant in the world as coal was predicted to record the largest increase of all fossil fuels to account for 35% of the increase in primary energy consumption. Kgadima said for a country to have sustainable growth there was need for consistent energy supplies "For a country to run efficient mines, it needs to have adequate water supply, electricity and roads," he said. He also said a good regulation framework would enhance investment attractions. Liberation Mining director technical services Peter Mutsinya said Zimbabwe's coal market had at least five power generation licences issued with two coal to liquid plants scheduled for production in the next two to three years.

He said coal demands would outstrip supply, which was currently forecast at 5m per year as it was projected to jump to between 12m to 15m tonnes per annum in the next five years and to 20m tonnes per annum by 2030. Mutsinya also said the country had many different legislation that dealt with mining operations, adding there was a need for the laws to be "codified". "Policy summersaults are an anathema to investors targeting the mining sector," he said. "This sector is particularly sensitive to arbitrary behaviour given its long-term strategic nature, its slow returns on investment and long-term planning which is prerequisite for sustainable activities."*(News Day)*

Notes

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