SECURITIES AFRICA

For week ending 15 June 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
- Morocco
- Namibia
- Nigeria
- Tanzania
- Zambia
- Zimbabwe

African Stock Exchange Performance:

Country	Index	15 June 2012	WTD % Change	WTD % Change USD	YTD % Change	YTD % Change USD
Botswana	DCI	7,263.38	-0.04%	0.21%	4.20%	1.07%
Egypt	CASE 30	4,419.04	-1.57%	-0.75%	21.99%	22.93%
Ghana	GSE All Share	1,031.49	1.24%	0.02%	6.45%	-9.57%
Ivory Coast	BRVM Composite	147.37	2.33%	2.96%	6.11%	3.31%
Kenya	NSE 20	3,694.23	1.50%	1.92%	15.26%	15.59%
Malawi	Malawi All Share	5,943.60	0.96%	-0.42%	10.69%	-33.30%
Mauritius	SEMDEX	1,788.74	-0.32%	-2.24%	-5.28%	-8.90%
	SEM 7	341.14	-0.05%	-1.98%	-2.62%	-6.35%
Morocco	MASI	10,052.41	-0.97%	0.44%	-8.69%	-9.36%
Namibia	Overall Index	892.00	0.11%	0.18%	6.44%	5.59%
Nigeria	Nigeria All Share	21,184.58	1.35%	0.54%	2.19%	0.49%
South Africa	All Share	34,375.51	0.00%	0.12%	7.44%	5.91%
Swaziland	All Share	284.32	0.00%	0.07%	5.92%	4.92%
Tanzania	DSEI	1,312.17	0.14%	0.46%	0.69%	1.16%
Tunisia	TunIndex	5,037.20	-0.69%	-0.06%	6.67%	2.14%
Zambia	LUSE All Share	3,894.72	0.55%	2.44%	-6.60%	-8.47%
Zimbabwe	Industrial Index	132.13	-0.91%	-0.91%	-9.41%	-9.41%
	Mining Index	81.58	-1.09%	-1.09%	-18.99%	-18.99%

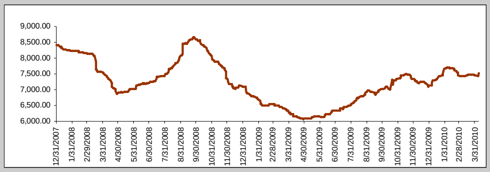
Currencies:

	15-Jun-12	WTD %	YTD %
Currency	Close	Change	Change
AOA	95.12	-0.01	-0.20
DZD	77.49	-1.24	-2.99
BWP	7.60	0.25	-3.09
CFA	508.16	0.62	-2.71
EGP	5.97	0.83	0.76
GHS	1.91	-1.22	-17.72
KES	83.33	0.41	0.28
MWK	269.50	-1.39	-65.95
MUR	29.26	-1.97	-3.98
MAD	8.64	1.40	-0.73
MZM	27,800.00	-1.46	-4.12
NAD	8.21	0.07	-0.81
NGN	162.49	-0.81	-1.69
ZAR	8.29	0.12	-1.44
SDD	263.71	-0.07	0.90
SDP	2,261.00	0.00	0.00
SZL	8.22	0.07	-0.95
TND	1.59	0.63	-6.39
TZS	1,553.02	0.32	0.47
UGX	2,448.96	-0.27	-0.07
ZMK	5,135.27	1.84	-2.35

Source:oanda.com

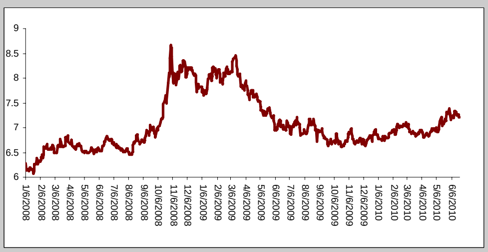
Botswana

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

Stock Exchange News

The DCI lost a marginal -0.04% to close at 7,263.38 points. Lucara and BOD led the gainers after adding +4.90% and +3.33% to close at BWP 7.50 and BWP 0.31 respectively. Other notable gains were recorded in Chobe (+1.66%) and Engen (+0.73%). Furnmart led the shakers after shedding -7.89% to BWP 1.40 followed by New Gold which lost -4.30% to BWP 119.05 and FSG (-3.45%). Market turnover for the week amounted to BWP 6.58m.

Corporate News

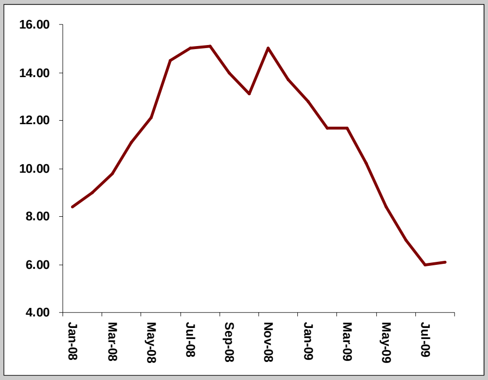
Botswana Stock Exchange (BSE) listed mining company African Copper has announced that it has secured an additional loan of BWP 45m (USD 6m) from its controlling shareholder, ZCI Limited. In a statement, the company said that the purpose of the new loan is to provide further working capital for its Mowana Mine facilities, partially to cover the funding gap caused by the failure of the Ball Mill pinion shaft in May 2012.

"This has impacted working capital since normal payables were incurred in May 2012, but revenues were significantly reduced. The Mowana plant resumed operations on June 5 2012 after the successful replacement of the pinion shaft, mill gearbox and liners. Daily production is progressively increasing and management is looking to exceed the record production level of 809 Mt of copper in concentrate that was realized in March 2012," reads the statement.

The new convertible loan from ZCI is a secured loan facility with a simple interest rate of seven%, repayable on March 31, 2014. Interest will be accrued annually and interest payments deferred until March 31, 2014. According to the statement, the facility is convertible into ordinary shares of one penny each in African copper at a conversion price of 2.40 pence per share equivalent to the 60-day volume weighted average closing share price of the company on the AIM Market of the London Stock Exchange.

ZCI has grated the loan to the mine at a time when they have announced that they are weighing a possible disposal of its 84% controlling stake in African Copper (ACU), hardly three years after rescuing the company from the brink of collapse.African Copper 'fell victim' to the 2008 recession-induced commodity price crash that saw its flagship Mowana Mine placed on care and maintenance for nine months before JSE-listed ZCI came along with a US USD 22.5m (BWP 159m) rescue package.

Since the takeover and recapitalisation of African Copper that was completed in August 2009, ZCI has injected USD 65m or (BWP 495m) in the company through interest-bearing loans, with the latest being a USD 5m facility availed early this month. In January 2012, ZCI also advanced another USD 2m to African Copper for working capital requirements. In the three years since the



Source: SAR

recapitalisation, the company briefly made a profit in 2009 but swung back to losses thereafter after being plagued by numerous challenges, including the cost of mine development and processing costs associated with high oxide ore.

For the six-month period ended September 30, 2011, losses increased to USD 16 m or (P122m), compared to USD 6.1m or (BWP 46m) for the corresponding period in 2010. Although ZCI has constantly bailed out African Copper throughout the three years, as evidenced by the recent USD 5m or (BWP 38m) loan agreement signed with ZCI, African Copper is still committed to executing its business plan in Botswana and ZCI remains a supportive shareholder.

Apart from the company's flagship open pit Mowana Mine, African Copper also owns rights to the adjacent Thakadu-Makala deposit. Both deposits are situated on the highly prospective Matsitama belt near Francistown. ACU is the country's second copper and nickel mining company after BCL. A third copper mine, Boseto, is currently being commissioned in Maun. *(Mmegi)*

Botswana Stock Exchange (BSE) listed hospitality company, Cresta Marakanelo, last week launched its recently acquired 78-roomed Golfview Hotel in Zambia. Cresta, early this year, acquired the hotel for USD 3m (BWP 22.5m) using a P20m facility sourced from Barclays Bank Botswana Limited, stretching to nine the number of hotels under its portfolio.

According to the Zambia Daily Mail, Cresta Marakanelo managing director Tawanda Makaya said the move is designed to expand the Cresta brand across the Southern African Development Community (SADC) region and develop the hospitality industry in Zambia. "We believe that we will operate effectively in Zambia because of the economy which is expected to grow by eight% in the next five years and the inflation hovering at six to 6.5%," he said at the re-launch held in Lusaka on Friday.

Makaya said plans are underway to expand on the Zambian Copperbelt in the last quarter of 2013. "Prospects of our business are growing as we have been in the hospitality industry for 25 years, we will continue to grow in other areas like the Copperbelt," he said. Speaking at the launch, Zambia Deputy Minister of Commerce, Trade and Industry, Keith Mukata said intra-regional investment in the hospitality industry has been minimal with only few African countries investing in the sector.

Mukata said the current bed-space in Zambia is below the optimum requirement with a bed capacity of approximately 1,500 compared to other countries in the region. "The requirement for accommodation at all levels ranges from five-star hospitality to backpacker standard. Given the fact that the current bed-space in Zambia is far much below the optimum requirements, I urge Cresta Group to consider increasing their investment in the sector," the Daily Mail quoted Mukata as saying.

Cresta Marakanelo was established in 1987 when Cresta Hospitality was awarded the management contract for Marakanelo Hotels in Botswana by the Botswana Development Corporation (BDC). Cresta Hospitality Holdings is one of southern Africa's largest hotel management groups, managing or operating 13 hotels in Zimbabwe, Botswana and Nigeria.
TA Botswana and the Botswana government, through the BDC, jointly own

Cresta Marakanelo.

TA Botswana is ultimately owned by TA Holdings Limited, a company listed on the Zimbabwe Stock Exchange that has an investment portfolio that extends from Zimbabwe to Botswana, South Africa, Uganda and Nigeria. Cresta Marakanelo listed on the BSE in 2010 after the BDC offloaded its 62.9m shareholding through an Initial Public Offer (IPO), a private placement and an employee scheme. *(Mmegi)*

Mascom Wireless is preparing to introduce Fourth Generation Long Term Evolution (4G LTE) mobile technology to the local market. The service carries distinctive features such as better coverage, faster speed and less latency.Speaking at a stakeholder briefing held in Gaborone this week, Jose Viera Couceiro, Mascom CEO said the company remains convinced that information communication technology (ICT) and internet use present great possibilities for Batswana.

"We believe that ICT provides a golden opportunity for Batswana to generate income, combat hunger, ill-health and most importantly, enhance literacy," he said."We are pleased to be the first to bring to Botswana the latest generation of mobile technology, the 4GLTE and in fact, also one of the first in the SADC region," said Couceiro. He said this would not only ensure that Mascom remains competitive but that Batswana remain a part of the fast evolving technology world.Mascom will be the first to introduce the first 4G LTE pilot in Botswana. MTC of Namibia is the first operator in Africa to commercially roll out the 4GLTE on May 2012.

The 4G technologies provide mobile ultra-broadband internet access to laptops with USB wireless modems, smart phones and other mobile devices. The 4G LTE technology provides ten times the speed of 3.5G network.Mascom public relations officer, Barbara Tshipana said they are done with their preparations and expect to roll out the technology in the next few months."We are just waiting for BTA (Botswana Telecommunications Authority) to give us a platform," she said.

Thari Pheko, BTA CEO, said the authority is concerned with the low level of internet penetration in Botswana. He said at less than 10%, the level of internet penetration in the country is a major concern compared to other countries of similar economic profile. "We believe that this figure does not capture mobile internet, which is the latest trend that is growing very fast.Therefore developments such as the one we are witnessing will be vital in increasing levels of internet penetration in this country," he said.

He emphasised that the development of the ICT sectors is an immense task that requires all stakeholders to work in the quest to transform Botswana into a regional ICT hub. "To date the government has invested heavily in high capacity undersea cables in the east and west coast of Africa to increase bandwidth capacity in a bid to advance Botswana towards the information age," he said.

BTA, in collaboration with the Ministry of Transport and Communications, recently awarded a tender for the development of a national broadband strategy that will provide a holistic and coordinated approach to supporting and enhancing the broadband eco-system of ICTs in Botswana. *(Mmegi)*

Economic News

New units of the Botswana Stock Exchange's gold ETF ran out on Monday, as domestic and offshore investors made a rush on local assets as part of a global turn to emerging markets, away from troubled Western economies. Units of the NewGold ETF, a two-year-old instrument enabling tracking the gold price and backed by physical gold, ran out on the back of large trades on Monday, resulting in depletion of stock held at the BSE's Central Securities Depository. More than 155,000 NewGold units changed hands on Monday, with the ETF rising by BWP 5.10 to BWP 124.40, a figure not far from its 12-month high of BWP 127.05 reached in the last quarter of 2011.

NewGold market maker, Absa Capital is currently procuring more physical gold assets against which to create new units for listing on the BSE. New units are due on the BSE by next week. By Wednesday, no further trades had been recorded in the NewGold as those with units held onto them, while those without could not find any available. The frenzy on the BSE was mirrored in Bank of Botswana (BoB) figures released on Tuesday indicating that as at April 2012, the level of pension fund assets invested offshore reached its lowest level in five years.

According to the data, of the BWP 43.8bn in Botswana pension funds as at April 2012, 52.2% were invested offshore in equities, bonds and cash, as opposed to 56.2% in March. BSE product development manager, Thapelo Tsheole said the local bourse has noted high demand for both the NewGold ETF and the Bettabeta ETF, on the back of uncertainty in global markets. "As you may recall, the NewGold listed in 2010 at about BWP 80 and now we are looking at BWP 124. This is a tremendous return and achievement," he said.

"It is also highly traded as investors are moving to gold due to uncertainties in global economies. The Bettabeta is also attracting demand as investors are trying to diversify their portfolios."It's clear that a lot of money is coming in from outside the country and for last year, the BSE was the eighth best performing stock exchange globally." He said the latest figures indicated an upsurge in the number of foreign investors participating on the BSE as well as the volumes they trade.

The foreign investors include both institutional and retail varieties. According to Tsheole, foreign investors "out-bought" locals in terms of values of shares in two of four quarters in 2010, with the trend continuing into 2011."There are lower returns offshore because markets there are performing badly, companies collapsing and other economic troubles," he said. "To correct that will take a lot of time and money. As a result, funds are moving to developing countries and we are seeing increasing numbers of foreign participants."

The product development manager explained that the trends were in line with the BSE's strategy to boost liquidity on the local bourse by bringing in foreign instruments. In this vein, Tsheole, revealed that the BSE is working on a FTSE 100 instrument through which investors will be able to own a piece of the best companies on the world-famous stock exchange. "We are also looking at other instruments such as a basket of stocks that are amenable to the BRICS markets.

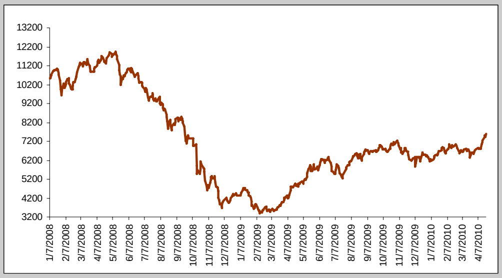
Therefore, local investors will be able to invest in such a basket, instead of looking outside the country for it," he said. Both the FTSE 100 and BRICS instruments would likely be structured much like the Bettabeta ETF, which tracks the performance of the top performing global companies across sectors such as industrial, resources and financials. The BSE recorded 10 new listings last year, with one delisting, compared to the Johannesburg Stock Exchange which had a net listing of one for 2011.

Meanwhile, the crisis gripping key Eurozone economies deepened on Wednesday, with Moody's downgrading seven German banks and troubled Spain preparing to approach a hostile market for further borrowings. Debt crises plague Greece, Spain, Portugal, Ireland and Italy while other European nations are also neck deep in terms of public debt as a%age of their Gross Domestic Product. The high debt levels throughout the continent have heightened the risk of the crises spreading and causing another global recession. *(Mmegi)*

Botswana's central bank left its main lending rate unchanged at 9.5% on Wednesday hoping to achieve its inflation target in the medium term. Consumer inflation slowed to 7.5% in April from 8% in March, while the bank targets a 3-6% level of inflation*. (Reuters)*

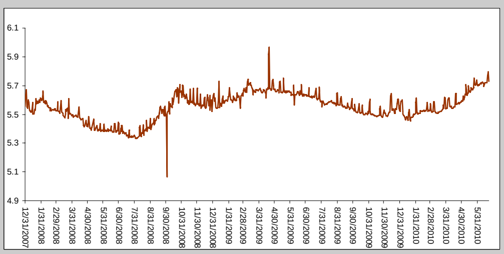
EGYPT

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 EGX CASE 30 Index was down -1.57% to 4,419.04 points. Torah Cement led the movers after gaining +9.19% to EGP 29.00 followed by Trans Ocean Tours (+8.33%) and Misr Hotels (+4.83%). El Kahera El Watania Investment was the biggest loser after shedding -9.05% to close the week at EGP 4.20. Other notable losses were recorded in: Egypt Aluminium (-7.10%) and Bisco Misr (-5.88%).

Corporate News

Egypt's Orascom Construction (OCI) reported a 54% fall in first-quarter net income on Monday, partly due to the sale of a stake in U.S. grains merchant Gavilon and also lower sales volumes and a drop in prices at OCI's fertiliser business. OCI, Egypt's biggest company by market value, is in the process of splitting its construction and fertiliser businesses into two new companies. It has been benefiting from infrastructure growth across the Middle East despite economic turmoil at home.

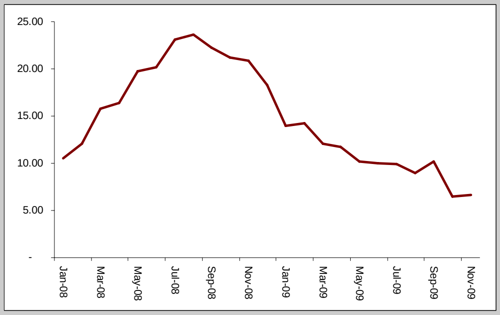
Net profit fell to USD 94m from USD 206.3m in the same period a year earlier. That compares to a consensus estimate by 14 analysts of USD 129.5m. Consolidated revenue rose by 1.4% to USD 1.28bn from USD 1.26bn while earnings before interest, tax, depreciation and amortisation dropped 24% to USD 255.8m from USD 334.8m in the same period a year earlier.

"Our first quarter results have been impacted by lower selling prices for ammonia and melamine," Chairman and Chief Executive Officer Nassef Sawiris said in a statement. "Moving forward, we expect to weather the impacts on the first quarter results with the resurgence in fertiliser prices during late March and increases in production rates from our new fertiliser plants," Sawiris said. He also said the firm expected an improvement in earnings for the rest of the year.

OCI's consolidated order backlog at end-March grew to USD 6.5bn, a 1.4% increase from the end-December figure and a 15.5% jump from the same period a year earlier. The company registered new orders worth USD 841m during the quarter, with infrastructure and industrial work making up 61% of the construction group's backlog.

OCI said in late May it would earn USD 605m from the sale of its 16.8% stake in U.S. grains merchant Gavilon to Japanese trading house Marubeni. The deal is part of a USD 3.6bn takeover by Marubeni of Gavilon, whose other owners includebnaire investor George Soros and hedge fund manager Dwight Anderson.

CPI Inflation



Source: SAR

The investment income related to the Gavilon stake was taken out during the quarter and reclassified as an investment held for sale, OCI said. "We expect to use part of the proceeds to finance the fertiliser group's expansion in North America and potentially invest in other opportunities under review," the firm said, adding that part of the proceeds will be paid as dividends. *(Reuters)*

Egypt's Alexandria Cotton Exporters' Association (Alcotexa) committed to sell 502 tonnes of cotton in the week that ended on June 9, an Alcotexa official said on Monday. The sales comprised 252 tonnes of Giza 88 cotton grade and 250 tonnes of Giza 86, the official said.

The deals bring Alcotexa's export commitments for the 2011/12 season, which began in September 2011, to 75,773 tonnes, worth USD 237.5m. By this time last year, Alcotexa had sold 110,539 tonnes of cotton worth USD 455.1m. *(Reuters)*

Orascom Construction (OCI) expects a surge in fertiliser prices to spur a rebound in earnings this year after Egypt's biggest company by market value reported a fall in first quarter net income. OCI, which plans to split its construction and fertiliser businesses into two new companies, has benefited from infrastructure growth across the Middle East despite economic turmoil at home. But lower sales volumes and a drop in prices at its fertiliser business contributed to a 54% fall in first quarter net income.

"Our first quarter results have been impacted by lower selling prices for ammonia and melamine," Chairman and Chief Executive Officer Nassef Sawiris said, referring to the fertiliser business. "We think this is a temporary matter because in April and May, prices recovered. Today in June, ammonia prices are about 50% higher than what they were in February," he told Reuters in an interview.

Sawiris said that the rebound would benefit second quarter net income and that the firm expected an improvement in earnings for the rest of the year. The fertiliser business is expanding its projects in the United States and Algeria. The group's OCI Beaumont plant in Texas in the United States sold 38 thousand tonnes of ammonia during the quarter and is on track to produce 250 thousand tonnes per year. The Beaumont plant's methanol line is due to start production in June.

OCI's Sorfert plant in Algeria has also started production runs for one of its urea and ammonia lines. The construction business's consolidated order backlog at end-March grew to USD 6.5bn, a 1.4% increase from the end-December figure and a 15.5% jump from the same period a year earlier. The company had new orders worth USD 841m during the quarter, with infrastructure and industrial work making up 61% of the construction group's backlog.

OCI has been able to attract projects from across the Middle East to offset a slow-down at home since Hosni Mubarak was ousted in 2011. A run-off presidential vote to replace him is scheduled for June 16-17. "Everything is on hold. It has been on hold for 18 months. We hope that investment freeze comes to an end after the election," Sawiris said. He said any economic rebound at home "would depend on the outcome of the election."

In the meantime, the group is looking at new projects in the region, particularly Saudi Arabia, Morocco and Iraq, where OCI secured a USD 363m contract to build a power plant in the fourth quarter. "In Iraq, we are continuing to look at more power projects and infrastructure in general," Sawiris said. *(Reuters)*

BNP Paribas, France's biggest listed bank, is planning to sell its retail banking operations in Egypt as the lender seeks to shore up its capital base and exit non-core operations, two banking sources said on Tuesday. BNP, with around 70 branches in the North African country, may raise as much as USD 400m if the sale goes through, one of the sources said, speaking on condition of anonymity. Both the sources said talks were at very early stages. BNP has been shedding assets to meet tougher capital requirements under new banking regulations, intended to crack down on risk taking, that have forced many European banks to slash their balance sheets.

The sources did not want to be named as the matter is not public. A spokeswoman for BNP said the lender would examine any "expressions of interest" for the business while declining to provide any additional details. Dow Jones reported the news earlier. "BNP has had a strategic review of their international operations and decided to hive off the Egyptian retail business. It's not a massive business and talks are happening at very initial stages," the first source said.

Qatar National Bank (QNB), the largest lender in the Gulf Arab state, is one of the parties which has expressed initial interest, the source said. QNB, which has an ambitious regional expansion plan, recently lost out to Russia's Sberbank in bidding for Turkey's DenizBank. BNP has retail, corporate banking and private banking operations in Egypt but is only looking to sell the retail business, the sources said.

Egypt's economy has taken a hit after more than a year of political unrest led to a sharp drop in tourism revenues and kept foreign investors at bay. European banks, hit by the euro zone sovereign debt crisis, have been retrenching from the Middle East, North Africa and Turkey as they look to boost their capital bases to cope with a sluggish economy and a rise in non-performing loans.

Greek lender EFG Eurobank agreed to sell its Turkish arm to Kuwait's Burgan Bank in a USD 355m deal in April. Smaller rival Piraeus Bank is also trying to dispose of its Egyptian operations, a sale seen generating over USD 200m. BNP agreed to sell more than half its stake in real-estate firm Klepierre SA to Simon Property Group in March, reaping a EUR 1.5bn (USD 1.9bn) capital gain. *(Reuters)*

Economic News

Egypt's balance of payments slid deeper into the red in the first nine months of 2011-2012 with a deficit of USD 11.2bn compared to a shortfall of USD 5.5bn a year earlier, as political turmoil hit investment and tourism, figures showed. The country's economy has been hammered by unrest in the wake of the uprising that toppled Hosni Mubarak in February 2011. Tourism and investment, two of Egypt's sources of foreign currency, have been among the hardest hit.

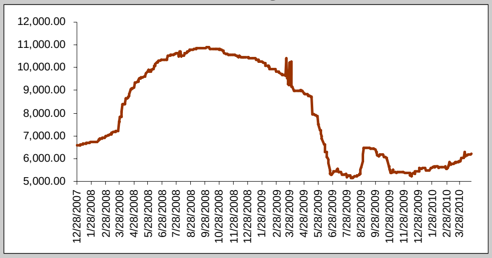
The current-account deficit widened to USD 6.4bn for the nine-month period from July-March 2011-12, from USD 4.7bn in the same period a year earlier, according to central bank figures obtained by Reuters. The state news agency also published some of the main numbers but not a full breakdown. Egypt's financial year begins on July 1.

Foreign direct investment (FDI) tumbled to USD 218m in the nine-month period of 2011-12 from USD 2.1bn in the same time during 2010-2011. FDI had been a major component fuelling Egypt's growth until the anti-Mubarak uprising. Tourism receipts dropped to USD 7.1bn from USD 8.7bn a year earlier. *(Reuters)*

Egypt's core annual inflation slowed to 7.2% in the year to May from 8.4% in the year to April, the central bank said on its website on Sunday. Core inflation strips out subsidised goods and volatile items including fruit and vegetables. Urban consumer price inflation, the most closely watched indicator of prices, also slowed, easing to 8.3% in the 12 months to May from 8.8% in April. *(Reuters)*

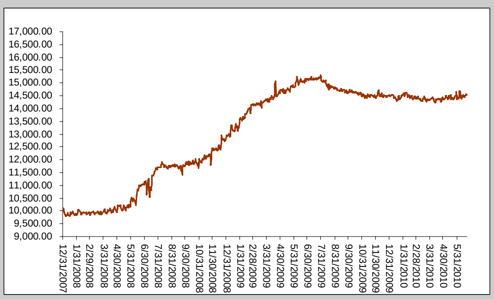
Ghana

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

Stock Exchange News

The GSE All Share Index gained +1.24% to close at 1,031.49 points. CAL was the main mover after gaining +18.18% to GHS 0.26 followed by SG-SSB (+13.89%) and GGBL (+7.11%). AWL (-16.67%) and SIC (-5.71%) were on the losing front. A total of 4.06m shares valued at GHC 2.07m traded during this week.

Corporate News

The country's largest buyer of cocoa beans, Produce Buying Company (PBC), has paid GHS 8.159m to its shareholders as dividend for the 2010/11 financial year. Out of the amount, government, the majority shareholder would receive GHS 3.706m, while Social Security and National Insurance Trust (SSNIT) and other institutional shareholders would receive GHS 3.164m and GHS 1.289 respectively.

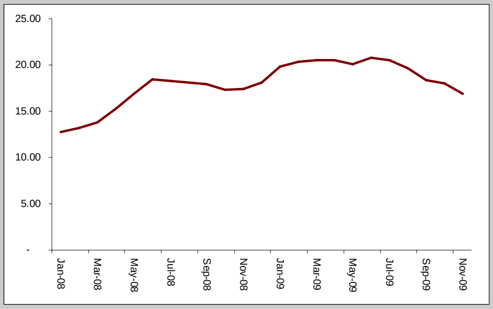
"This is in pursuance of our corporate objective of ensuring equitable return on investment to our shareholders," said Dr. John Frank Abu, PBC's Board Chairman during a ceremony to present the cheque amount to NTHC, the company's registrars for disbursement to shareholders. "We hope that this enviable feat chalked by the company will spur the board, management and staff to continue to put their best for the continuous growth of the company in the years ahead," he said.

In March this year, the Board of Directors proposed a dividend of GhS 0.0173 per share during the company's emergency Annual General Meeting (AGM) - constituting 96.6% above the previous year. PBC, which is number one on Ghana's Club 100 list recorded an unprecedented high profit after tax of GHS 27.655m for 2010/11 financial year as against GHS 14.112m of the previous year. *(Ghana Web)*

The Volta River Authority might be listing on the Ghana Stock Exchange afterall, at least that is according to the power company's CEO, Kweku Andoh Awotwi. Joy FM recently carried a report about VRA's intention to list on the Ghana Stock Exchange (GSE) but that is yet to materialize. But the VRA CEO says it was an idea the company tried exploring with some banks though it had at the time not sought permission from the VRA Board to carry through the idea.

But speaking on pm: EXPRESS personality Friday on Multi TV, the VRA boss said VRA would have to consider the issue of listing on the bourse to foot its capital programs. Citing examples from South American companies, he noted, "they often list on their local stock exchange which provides empowerment to local people, visibility to state institutions, bring capital to allow them to do things".

CPI Inflation



Source: SAR

Mr. Andoh Awotwi explained that though the VRA has no timelines for enlisting on the GSE, the move will be possible in the future especially since VRA needs capital for its programs. “Listing on the GSE would be a way to raise long-term funds as well as bonds” he said. For now, VRA is looking at other hydro options expected to generate 250megawatts of power to augment the 1200 megawatts currently generated from the Akosombo dam and other thermal power sources.

VRA is also considering opening up the power sector to competition to rope in other players to sustain the power sector. “Tariffs don’t reflect what needs to be done to provide safe reliable and efficient electricity. The power sector needs significant input and restructuring and rationalization” he stated.

Kweku Andoh Awotwi is the Board Chairman of the Multimedia Group as well as Stanbic Bank. In late 2003, he chaired the Interim Management Committee put together by former President Kufuor following the dissolution of the existing board but did not stay on when the crisis at the time subsided. After 5 years, he was approached by the NDC government to head the power house.

Mr. Andoh Awotwi has headed a lot of boards including the African Precious Minerals and Play Soccer Ghana. He is a product of the Yale University and had his MBA program at the Stanford Graduate School, both in the USA. He has immense experience in Strategic Business and Planning, having held that position at Anglogold Ashanti. He also has experience in Liquidity and Derivatives Crisis Management, Restructuring and Turnarounds, Mergers and Acquisitions as well as Entrepreneur and Business Development. *(Ghana Web)*

Management of Cocoa Processing Company (CPC) Limited has announced a 10-year strategic plan to reverse the company’s current poor operational performance to that of profit-making. Mr. Jacob Arthur, Board Chairman of CPC who announced this in Accra at the company’s Annual General Meeting on Thursday, said the plan was to ensure a year-round availability of cocoa beans of a minimum volume of 3,500 metric tonnes per month.

The strategic plans include a well-managed unit cost of processing beans as well as attaining a continuous mark-up of between eight to ten% on the processing of beans. Mr. Arthur said CPC would strive to lower the average cost of cocoa beans to the company’s operations and use alternative energy and water sources to improve margins on the sale of semi-finished products and boost the cash generating capacity of CPC.

He said the company had acquired a generator from Germany and by the end of 2012, CPC would have a dedicated power line to ensure continuous power supply. In the short to long-term period, Mr. Arthur said the company would expand its confectionery operations through effective plant utilisation and introduction of new product lines. He expressed optimism that the company would add 7.5% value to their semi-finished products by the end of 2015/16 year.

Mr. Arthur said “our major constraint has been our inability to source adequate working capital to finance the purchase of more cocoa beans from other sources and to take advantage of emerging opportunities in the confectionery industry.” He said as a result of the company’s heavy indebtedness to commercial banks in the country, access to funds had been difficult to come by.

In view of the operational losses the company suffered, Mr. Arthur announced that shareholders would receive no dividend for the year 2010/12 financial year. CPC's reported loss for 2011 was GHS 12.8m as against GHS 12.5m in 2010 and as of September 2011; the company's total liabilities had exceeded total assets by GHS 1.2m. *(Ghana Web)*

Economic News

Non-Traditional Exports (NTEs) amounted to USD 2.423bn in 2011, representing an increase of 48.74% in value over the USD 1.629bn recorded in 2010. Dr. Kwadwo Owusu Agyeman, Chief Executive Officer of Ghana Exports Promotion Authority (GEPA), announced this at the launch of 2011 NTEs performance and the National Awards for Export Achievement in Accra on Friday.

He said earnings from three main sub-sectors: agriculture, processed and semi-processed products as well as handicrafts, contributed to the growth. Dr. Agyeman attributed the success in 2011 to the enterprise development approach adopted by GEPA in which key companies were targeted and supported to be able to export and better collaborate with stakeholders as well as exporters involvement in planning and management of trade fairs.

Exports from the agriculture sector, which includes export of fruits and cashew, grew by 80% to USD 296.97m in 2011 from USD 164.93m in 2010, while processed and semi-processed goods went up to USD 2.122bn. Handicrafts saw a 28.42% jump in proceeds to USD 3.57m compared to USD 2.78m. Cocoa paste, canned tuna, cocoa butter, cashew nuts and articles of plastics are among the top 10 leading products performers during the period under review.

Dr. Agyeman said the non-traditional products were exported to 146 countries with the European Union accounting for 45.72% of the exports. The ECOWAS Region had about 27.04% with the rest shared between other African countries and the rest of the world. On country basis, the Netherlands, United Kingdom and France are the three top European countries receiving exports from Ghana while Togo is the highest ranked destination for NTEs in the ECOWAS Sub-Region.

Dr. Agyeman said review of the NTE sector revealed that the sector was currently being driven by value added products with strong supply base such as cocoa and canned tuna. He said GEPA would intensify efforts to tap into the growth potentials in non-traditional exports (NTE) to the West African Sub-Region.

Dr. Agyeman said the outlook for 2012 was bright, acknowledging government's support to the sector through its agencies by making credit and training available to the exporters and appealed to government to cede part of the oil revenue to support the development of NTEs to avoid over reliance on the oil industry.

Ms Hannah Tetteh, Minister of Trade and Industry, who launched the 2011

NTE statistics and the National Awards, said the ECOWAS market offered a great deal of opportunity that GEPA must exploit. She encouraged GEPA to build a national logistics strategy and warehousing facility to ensure quality assurance of products. *(Ghana Web)*

Ghana's mining industry performed reasonably well in 2011, contributing about 40% of total merchandised export during the year, according to a statement from the Ghana Chamber of Mines. The total mineral revenue of producing member companies of the Chamber rose from USD 3,724,847,388 in 2010 to USD 4,778,502,161 in 2011, representing an increase of 28% primarily on account of the increased price of gold and manganese during the period.

Gold revenue increased by 28% from USD 3,620,766,467 in 2010 to USD 4,630,255,619 in 2011 due to an increase in the average realised price of gold which appreciated by 30% from USD 1,219 per ounce in 2010 to USD 1,583 per ounce in 2011. Gold production, however, fell by two% from 2,970,079 ounces in 2010 to 2,924,385 ounces in 2011. The average aggregated cash cost was USD 751 per ounce in 2011 compared with the USD 684 recorded in 2010, an increase of 9.8%.

Mr Dan Owiredu, President of Ghana Chamber of Mines said "The mining industry's favourable impact on the economy and contribution to the overall growth of the economy and Ghana Revenue Authority's collections positively stimulated economic activity as the proportion of mineral revenue returned to the country increased appreciably from 68% in 2010 to 75% in 2011.

"In the exercise of its prerogative, government increased taxes and introduced a windfall profit tax. Although government had not clearly defined the details of the proposed windfall profit tax, the sudden announcement did not only adversely affect values of mining stocks held on international bourses but informed some mining companies to hold back some significant investment decisions in the sector."

Gold Fields Tarkwa Mine maintained its position as the leading producer of gold in Ghana. Operational difficulties led to a marginal decrease in production by about two% from 735,034 ounces in 2010 to 717,342 ounces in 2011. This was due to a decrease in Carbon-in-Leach (CIL) throughput as a result of harder ore and frequent interruptions in power supply.

Precious Minerals and Marketing Company's (PMMC) total purchases and export of gold from small-scale miners decreased by 32% from 346,861 ounces in 2010 to 235,787 ounces in 2011, while PMMC's exports accounted for only 25% of the volume exported by that segment of the market in 2011.

Asap-Vasa, a wholly Ghanaian-owned gold refinery, exported 10,173 ounces of gold in 2011 compared with 17,133 ounces in 2010 representing a decrease of over 40% over the same period. On the other hand, Ghana Manganese Company demonstrated a solid 2011 performance with the export of manganese increasing by 53% from 1,193,665 dry tonnes in 2010 to 1,827,692 dry tonnes in 2011.

Understandably, bauxite shipments reduced significantly by 22% from 512,208 tonnes in 2010 to 400,069 tonnes in 2011 leading to a corresponding decrease in export sales from USD 15,145,755 in 2010 to USD 13,406,433 in 2011. The mining sector maintained its position as the leading contributor to Ghana's revenue collections, accounting for approximately GH¢1.0bn of revenue collections representing 27.61% of total GRA collections in 2011.

Mining companies continued to meet their company tax obligations which cover corporate tax, withholding tax and levies. This was 38.27% of the total company tax that GRA collected in 2011. "On this account, the sector maintained its position as the highest contributor of company tax during the year. According to the Minerals Commission, the total investment inflow into the mining sub-sector in 2011 was USD 780m; compared to USD 770m recorded in 2010," the statement said.

The mining companies used their repatriations to the country, equivalent to 75% of gross mineral revenue to the country to settle their statutory obligations in the forms of corporate taxes, mineral royalties, and payments of emoluments to employees as well as payments for the supply of local inputs for their operations. "The mining industry's enormous contribution to social and economic growth should convince sceptics to rethink their perceptions about the relevance of the industry as a catalyst for development," says Dr. Toni Aubynn, CEO of Ghana Chamber of Mines.

To underscore its commitment to society, the industry voluntarily contributed about USD 44m to its host communities and the general public to support causes that enhanced sustainable development. In 2012, Ghana's gold output is expected to increase marginally on the back of fresh production sources coming from Owere Gold Mines, Perseus Mining and Noble Gold Mines. *(Ghana Web)*

Individuals and businesses in Ghana are gradually making withdrawals from banks due to speculations that the Bank of Ghana is considering abolishing holding of foreign accounts in a move to halt the depreciation of the Cedi. Despite assurances from the Central Bank and the Finance Ministry that no foreign accounts shall be closed, checks by Economy Times revealed that since the news broke out last Thursday, many holders of the aforementioned accounts became panic and rushed to the banks to withdraw their foreign currencies such as US Dollar, British Pounds Sterling and the Euro.

"Customers especially individuals and operators of small-scale businesses are worried their money isn't safe here anymore," a Bank Teller at GT Bank at Ridge in Accra who pleaded anonymity told Economy Times during a visit to the banking halls in Accra yesterday. Apart from the aforementioned bank, the paper also visited Ecobank, uniBank Ghana Limited, Ghana Commercial Bank, UT Bank, Stanchart and Barclays Bank.

"Most of them withdrew their monies on Friday leaving only USD 100 in their accounts. When we tried to allay their fears, they said we cannot trust the government. Our politicians are always deceiving us. This has been their comments," a banker at Barclays' Ring Road Central Branch told this paper. Abolishing holding of foreign accounts when implemented would mean that individuals and companies would not hold bank accounts either in US Dollars, Pounds or Euros in Ghana. Existing foreign accounts would be converted into cedi accounts if this is implemented.

Further checks by this paper revealed that the situation in Accra was not different from what is happening in other parts of the country such as Kumasi, and the oil city Takoradi, where a lot of businesses are situated. Ecobank on the other hand had not witness such withdrawals as at the time of filing this story. “Deposits are the lifeblood of any bank and no banking system, no matter how strong, can survive massive and prolonged withdrawals of deposits,” Kris Niswander, associate director of European financial institutions for SNL Financial has said in an interview with CNN when commenting on a similar situation which hits Greece banks recently.

If you have significant deposit withdrawals, that are difficult for any institution to overcome no matter the macroeconomic factors, Kris added. Although some measures have been implemented by the Bank of Ghana, including shoring up the cedi with millions of dollars, the cedi keeps depreciating. The phenomenon has been attributed to the mad rush for the US currency; the Dollar and the fear that government will overspend this election year. The situation according to experts can lead to onset of capital flight, where foreign investors clear off their investment to their home countries.

Recently, a Senior partner of Price water House Coopers in Ghana, Felix Addo, cautioned that the economic gains of the country may be eroded if quick solutions are not sought to mitigate the depreciation of the cedi. In an interview with etv Ghana, Mr Addo advised businesses to patiently wait and allow the policies put in place by the Bank of Ghana to work.

When the new broke out the former Finance Minister under the erstwhile NPP administration, Osafo Marfo had raised diverse views on the Bank’s decision, describing it as an enemy to trade. Mr Marfo in his views emphasised that, as the country is yearning to be the hub of banking and trading in the West African region, such policy would be dangerous to the economy. He mentioned that, the cause of the depreciation of the cedi against the major foreign currencies could be as a result of excessive cheap monies such as monies earned from corrupt practices.

“We can also blame it on the Chinese galamsey operators who have flooded the country in recent months because they always change their money in foreign currencies and could put pressure on our cedi,” he stated. Meanwhile, the Head of Gold Coast Securities, Samuel Ampah, said, “We have had an issue in this country where everything is dollarised and that is not helping the economy.”

He added: “When people hold dollars in their accounts it puts them in a situation where they always want to do transactions in foreign currencies or dollars. But I believe the point the Bank of Ghana is trying to make is that if we live in a country that our local currency is the Cedi, all transactions should be in Cedi”. *(Ghana Web)*

The Bank of Ghana's Monetary Policy Committee (MPC) announced on Wednesday a decision to raise the prime interest rate by 50 basis points to 15%, the third rate hike this year as it seeks to fend off mounting inflation and stabilize the local cedi currency. The bank's governor Kwesi Amissah-Arthur said the MPC was of the view that risks to the inflation outlook in the key cocoa, gold and oil producing economy were on the upside, underscored by exchange rate depreciation, domestic financing of the fiscal deficit and energy subsidies.

"The MPC noted that the upside risk to inflation outweighed the downside risk to growth and has therefore decided to increase the policy rate from 14.5% to 15%," Amissah-Arthur said. "On the other hand, the weakening of both business and consumer confidence and tightening credit stance on households and enterprises could pose downside risks to the growth outlook," he added.

Analysts had expected the bank to boost rates by a full 100 basis points. "I think the MPC was torn between hiking or doing nothing as market interest rates have gone ahead to do what the prime rate should do. They literally decided to do a bit of both," said Kobla Nyaletey of Barclays Bank. Ghana's annual inflation rose to 9.3% in May from 9.1% the month before, the statistics office said on Wednesday, highlighting growing price pressures in the West African economy.

Record weakness in Ghana's cedi currency has fuelled price increases in the country and led the Bank of Ghana to tighten monetary policy, alter bank reserve requirements and reintroduce several bonds. The cedi has depreciated by 15.1% vs dollar in the first five months of the year, the bank said. "In a sense, the pick up in inflation in May is now somewhat irrelevant as real rates of return on GHS-denominated fixed income instruments are in robust positive territory," said Samir Gadio at Standard Bank.

"The surge in fixed income rates in recent weeks is consistent with the authorities' desire to mop up liquidity and boost the incentive to hold GHS assets, but also to reduce aggregate demand and protect the exchange rate," he said. *(Reuters)*

Ghana's stock of public debt was GHS 25.8bn at the end of April, 2012 the Bank of Ghana says. It increased from the GHS 24bn recorded at the end of 2011. "In relation to GDP, the total public debt increased from 42.6% at the end of December 2011 to 42.7% at end April 2012," Bank of Ghana governor, Mr. Kwesi Amissah-Arthur told reporters in Accra, June 13, 2012. He said the domestic component of the public debt was GHS 12.6bn in April 2012 while the external component was USD 7.8bn. *(GBN)*

The annual Ghana inflation rate rose slightly higher to 9.3% in May compared to 9.1% in April. "The monthly rate has been increasing since March 2012 led by non-food inflation, which is more than two and half times higher than the food group," Dr Philomena Nyarko, Acting Government Statistician, announced at a press briefing in Accra on Wednesday.

"The monthly change rate for May was 2.0 % which means the general price level went up by 2.0 % for the one month period between April and May," she said. The rate for April was 1.6%. The non-food group recorded an average rate of 11.9% while the food group average stood at 5.0 %. Dr Nyarko said six sub groups in the non-food basket recorded year-on-year inflation rates above the group's average rate with transport recoding the highest rate of 20.1%. Alcoholic beverages, tobacco and narcotics shot up to 16.5%.

"The main contributors to the non-food inflation of 11.9% were clothing and footwear, transport, and furnishings, household equipment," she said. On the other hand, Dr Nyarko said local food products were responsible for the low inflation in the food and non-alcoholic beverages group. Bread, cereals and fish sub-groups were the major contributors to the May food inflation rate of 5.0%. *(GBN)*

The Gross International Reserves of Bank of Ghana (BoG) declined to USD 4.3bn as at June 8, 2012 from USD 5.4bn in December 2011, the Central Bank said in Accra on Wednesday. This is equivalent to 2.5 months imports cover of goods and services. Mr. Kwesi B. Amissah-Arthur, Governor of Bank of Ghana, said for the first quarter of 2012, the Balance of Payments recorded a deficit of USD 1.3bn, compared to a deficit of only USD 154.2m in the same period of 2011.

"The widening balance of payments is attributable to the deterioration in both the current account and the financial and capital accounts," he said. Mr. Amissah-Arthur said provisional data from BoG for the first five months of 2012 showed that total revenue and grants recorded a year-on-year growth of 34.5%, amounting to GHS 5.1bn. Total tax revenue was GHS 4.4bn, 46.3% higher than the out-turn of GHS 3.0bn recorded during the corresponding period in 2011.

During the period, disbursements of grants amounted to GHS 293.8m. However, total expenditure for the same period amounted to GHS 7.5bn, representing a year-on-year growth of 44.9%. Of this, statutory payments amounted to GHS 5.4bn, comprising mainly of wage-related payments of GHS 4.0bn and discretionary payments of GHS 2.1bn, representing 38.9% of total payments.

These developments resulted in a narrow budget deficit of GHS 2.4bn. "The deficit together with a net foreign loan repayment of GHS 119.7m created a resource gap of GHS 2.5bn which was financed from domestic sources," the Governor said, adding that the banking sector financed 58.9% of the deficit, with the non-bank sector financing the remaining 41.1%.

Mr. Amissah-Arthur, said the stock of public debt was GHS 25.8bn at the end of April 2012, increasing from the GHS 24bn recorded at the end of 2011. In relation to GDP, the total public debt increased from 42.6% at the end of December 2011 to 42.7% at end April 2012. The domestic component of the public debt was GHS 12.6bn in April 2012, while the external component was USD 7.8bn.

Total merchandise exports were USD 6.6bn over the first five months of 2012, representing a year-on-year growth of 24.6%. There were higher receipts from gold, cocoa beans and crude oil exports as commodity prices increased during the period. Export receipts from gold amounted to USD 2.7bn, cocoa beans were USD 1.6bn, while crude oil was USD 1.2bn during the period.

Other exports, including non-traditional products, amounted to USD 768.2m. Total merchandise imports were USD 7.5bn during the five months, indicating a growth of 27.9% on a year-on-year basis. Oil imports were USD 1.5bn, compared with USD 1.2bn in the same period of 2011; of this, crude oil amounted to USD 483.4m while refined oil products were USD 967.9m. Gas imports through the West Africa Gas Pipeline are estimated at USD 73.5m.

Total non-oil imports, categorised by the Broad Economic Classification (BEC) amounted to USD 6bn compared with USD 4.7bn recorded in the corresponding period in 2011. Of this, capital imports was estimated at USD 1.3bn, intermediate imports USD 2.9bn, consumption goods USD 1.3bn and other imports USD 439m. The balance on the trade account therefore registered a deficit of USD 937.3m by end May 2012, compared with a deficit of USD 597.2m recorded in the same period a year ago. *(Ghana Web)*

The Bank of Ghana says some banks in Ghana have more foreign currency than they have domestic currency, the Ghana cedi in their total deposits. The governor of the central bank, Mr. Kwesi Amissah-Arthur said these at a press conference in Accra Wednesday June 13, 2012. “Our laws allow both residents and non-residents to operate foreign exchange accounts. Any individual or corporate body that operates such an account can easily convert cedis to dollars and pay these monies into the foreign account. Many people have built huge dollar deposits in bank accounts,” he said.

He indicated that this trend has led to the increase in the amount of foreign currencies in banks’ deposits. “The share of foreign currency deposits to total deposits in our banking system has increased from 27.9% in April 2010 to 28.2% in April 2011 and further to 31.8% in April this year. Some banks have more foreign currency deposits than domestic currency in their total deposit,” he said. According to Mr. Amissah-Arthur the major issue that dominated discussions at the Monetary Policy Committee (MPC), of the central bank’s meeting was the exchange rate pressure and the threat it posed to macro-economic stability.

“The Bank has implemented a number of measures to mop up excess liquidity in the system. These have contributed to stabilizing the exchange rate. As you may recall the policy measures included a review of the currency composition of reserve requirements of banks, the re-introduction of BoG instruments, the maintenance of banks’ Vostro balances in the Central Bank, and stepped-up sterilization efforts,” he said. He said the Committee notes that the measures that the Bank has taken, have begun to take effect.

“Increases in the policy rate have led to upward adjustments in rates of money market instruments and improved the attractiveness of cedi assets compared to foreign currency assets,” he said. According to him, the MPC took note of some weakening of the indices of business and consumer confidence, with the composite index of economic activity expanding at a slower pace. He said however, “private sector credit increased moderately and the banking industry remained stable, sound and profitable.”

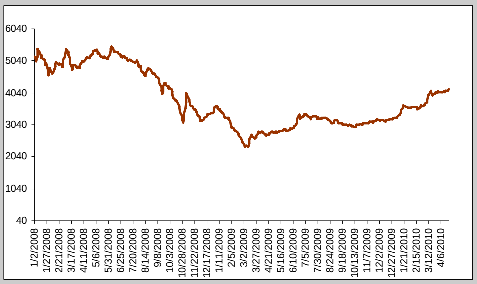
Commenting on what he described as the ‘dollarization of the economy’, he said in the last week, there has been speculation and public interest about the result of consultation between the Bank of Ghana and stakeholders in the banking community about ways to stabilize the exchange rates. “A central aspect of our discussion has related to ways of restraining the growing trend of dollarization in the economy,” he said.Mr. Amissah-Arthur said dollarization is characterized by a tendency for providers of goods and services to price in foreign exchange and, in many instances, receive payment in foreign currency.

“Examples are the purchase of cars, payment of school fees, mortgage loans, rental payments, airline tickets etc. The service providers quote exchange rates that are significantly off-market. The fringe exchange rates trickle down into the market and become benchmark rates, unduly influencing market rates," he said. He emphasised the fact that Ghana's laws allow both residents and non-residents to operate foreign exchange accounts.

He said the effort to restore the pre-eminence of the cedi in domestic transactions require strict adherence to the provisions of the Foreign Exchange Act 2006 (Act 723) and the accompanying regulations. "It is our view that this will contribute to restoring confidence in the cedi. The Bank will issue the necessary notices to this effect in due course. However let me assure you that it has not been our intention to abolish the maintenance of foreign exchange accounts by citizens," he said. *(GBN)*

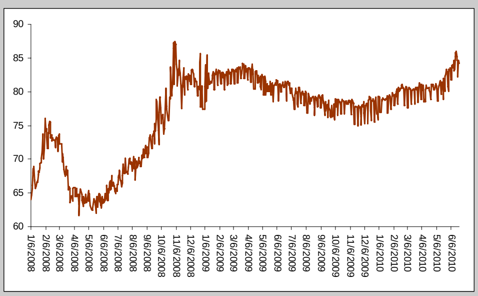
Kenya

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-Share Index was up +1.50% to close the week at 3,694.23 points. Pan Africa led the movers after gaining +13.28% to KES 36.25 followed by MSC which rose +12.07% to KES 6.50. Other notable gains were recorded in Limuru Tea +8.70% to KES 500 and Equity (+7.41%). Kenya Re was the main loser, shedding -18.80% to KES 10.15 followed by Everyday (-1.70%) and Kenya Airways which lost -8.07% to KES 13.10. Market turnover was down -4.58% to KES 1.46bn.

Corporate News

Internet service provider AccessKenya Group has issued 10m bonus shares to shareholders after gaining approval from the Capital Markets Authority. The approval will enable the company to issue and list an additional 10,382,785 ordinary shares at Sh1 each in the ratio of one new ordinary share for every 20 ordinary shares held at the close of business on Wednesday.

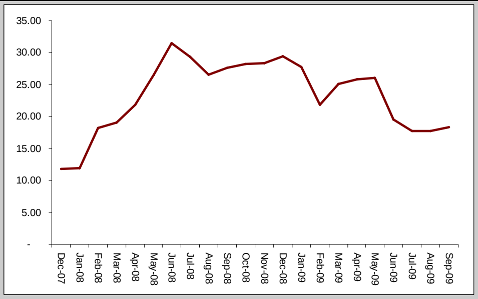
Speaking at the group's Annual General Meeting (AGM), Managing Director Jonathon Somen said they decided against paying dividends to protect the company from going further into debt due to the high interest rates currently in the market. "We wanted to make sure that there was some benefit going to our shareholders so we decided to give the bonus issue," he said.

"If we were to just pay it out as a straight dividend, it would have been in the region of Sh40m which at the current interests rate would have cost the company Sh8m," he explained. Somen revealed that their first quarter performance has seen the company make considerable growth in terms of adding customers, growing their network and improving their systems.

"Business for the first six months of the year has been good and we've been adding net customers, expanded our fibre network to over 300 kilometres of fibre and we're about to break through 400 fibre buildings," he stated. "We'll be around the 5,000 corporate customer figure today for corporate Internet services so we've grown from where we were from the end of last year," he added.

He announced that the group intends to spend between KES 250m and KES 300m on capital expenditure, with a significant portion of that going to their metropolitan fibre networks and network expansion. This year, they have already added about 40 to 50 kilometres of fibre and about 50 to 60 buildings which are using Access Kenya internet connection. "We have quite a bit of fibre being laid around Nairobi all the way through Mlolongo to Athi River and we're extending down Thika Road to Ruaraka and Babadogo," he said.

"We've now done connectivity through the middle of the industrial area down



Source: SAR

Nanyuki Road off Lungalunga Road and we're also extending down Lower Kabete Road," he added. Somen and his family increased their stake in the company in the last quarter of 2011 by buying 8,932,100 shares through the Nairobi Securities Exchange, pushing their shareholding to 29.6% in December from 25.3% in October.

The purchase took place when AccessKenya's share price was trading at KES 4.95 and Sh5.60, opening the way for them to buy the stock at a bargain price, and Somen defended the purchase as a sign that the family is committed and passionate about the business. "We believe in the business and in my personal view, the business is worth more than the share price that was in the market," he said.

"The share price was down because you were able to get very high interest rates in Treasury Bills and people were taking their money out of the stock market, but we're absolutely committed to this business and we believe it was a good time to go back into the market and buy some more shares," he explained. *(All Africa)*

Kenya Airways posted a 57% drop in pretax profit to KES 2.15bn (USD 25.2m), hobbled by a sharp climb in costs due to high fuel prices, it said on Thursday. The airline, which is 26% owned by Air France KLM , posted a 44% jump in direct costs to KES 77bn, far outpacing a 25.7% gain in revenue.

Chief Executive Titus Naikuni said the company would focus on cutting costs this year and expanding its fleet to 40 passenger planes from the existing 34. "You can't let costs run away with you," he told an investor briefing. Naikuni also warned that Kenya's security situation was negatively affecting the travel industry. The east African nation sent its troops into Somalia last October in pursuit of al Shabaab rebels, drawing a series of retaliatory grenade attacks including in the capital and in the coastal city of Mombasa.

Kenya Airways' earnings per share dropped to KES 3.58 from KES 7.65. It said it recommended a final dividend of KES 0.25 per share, down from KES 1.50 in the previous period. The carrier, one of Africa's largest, said last week its USD 250m cash call to fund its planned expansion had been 70% taken up by investors. *(Reuters)*

Kenya Power on Thursday signed a Sh1.13bn contract with two companies for installation of substations and distribution lines in Western, Nyanza, Eastern and Mount Kenya regions, to increase access to electricity. The deal was signed between the power distributor and KEC International India Limited and Siemens of India, and will be financed from a loan advanced to Kenya Power by the World Bank.

“Kenya Power has received Sh8.5bn from the World Bank out of which Sh1.13bn will be used to implement various distribution projects through the Kenya Electricity Expansion Project, which will help extend the country’s transmission grid by providing alternative feeders,” said Joseph Njoroge, CEO Kenya Power.

It is part of the Energy Sector Recovery Project (ESRP) that was set up in 2003 with assistance from the global bank aimed at rehabilitating and reinforcing existing transmission and distribution network. So far, ESRP has attracted Sh26bn funding from the World Bank and other lending partners, which also includes Sh6bn from Kenya Power. Under the contract, KEC will establish substations in 9 satellite areas within the Nairobi region at a cost of Sh471m. *(Nation)*

Economic News

Kenya plans to build a 100 kilometre power transmission line to carry electricity from upcoming geothermal and wind power projects, a senior government official said on Friday. East Africa's largest economy faces constant blackouts due to supply shortfalls and an ageing grid. It is diversifying its sources of power in order to reduce over-reliance on hydrogeneration, which is often affected by drought.

"This construction of the line from Suswa in Naivasha to Isinya in Kajiado will help us (carry) ... between now and 2020 at least 1,500 megawatts, rising to 2,000 MW," Patrick Nyoike, permanent secretary at the ministry of energy, said. The project is jointly funded by the French Development Agency (AfD), European Investment Bank (EIB), Kenya Power and government-owned Kenya Electricity Transmission Company (Ketraco) at a cost of 146.7m euros (USD 184.3m).

Nyoike said the project would also include the construction of six new substations. The country's main power producer KenGen is constructing a 280 MW geothermal station in Naivasha, expected to be ready to supply power to the national grid by 2014. Another private company is building a 310 MW wind power project at Lake Turkana, which is expected to start generating power next year. Joel Kiilu, chief executive of Ketraco, said the transmission line which would also transmit 400 MW of power imported from Ethiopia, would be completed in 2014. *(Reuters)*

Treasury should introduce capital gains tax (CGT) to augment shrinking sources of Government revenue. Mr Martin Kisuu, a tax partner at PKF, also wants Finance Minister Robinson Githae to impose taxation on unused land. Kisuu said said Government’s traditional sources of revenue – income tax and consumption tax are not enough to finance the country’s burgeoning budget, which climbed to Sh1.45tn in the 2012/2013 fiscal year from KES 1.15tn.

“We can no longer avoid the taxation of wealth; a capital gains tax must be reintroduced,” said Kisuu, adding that Kenya is one of the few countries without CGT and there are no plausible reasons not to have it. A capital gains tax is a levied on profit realised after the sale of a non-inventory asset that was bought at a lower price. The most common capital gains are realised from sale of stocks, bonds, minerals and property. Kisuu said the current tax structure and administration couldn’t substantially grow revenue yields.

“Current revenue yields cannot sustain projected expenditure for long,” Kisuu said on Tuesday during a pre-budget briefing, adding that lack of CGT would also lead to enormous exploitation of natural resources without revenue gains. “We are already spending beyond means. Borrowing is not a solution and donors are fatigued. It is going to be expensive to keep government in business,” said Kisuu.

He urged Kenya Revenue Authority to focus on key revenue streams and avoid spreading itself far too thin collecting miscellaneous revenues. Treasury’s

Budget Review and Outlook paper projected the total budget for the fiscal year 2012/2013 at KES 1.15tn, with an estimated KES 364.8bn and KES 782.7bn reserved for development and recurrent expenditures respectively.

Total revenues including appropriation-in-aid is forecast to hit KES 922.6bn with external grants at KES 47.2bn. The overall budget deficit (including grants) in 2012/2013 is estimated at KES 177.7bn. *(Standard Media)*

Kenya has invited investors to bid for the exploration and development of two coal blocks in the country's eastern region, the energy ministry said on Wednesday, as it pushes to diversify energy sources to meet growing demand for power. Potential bidders must be able to show the ability to raise in excess of USD 200m for investment and a track record of establishing projects with an output of at least 3,000 tonnes per day. Bids must be submitted no later than July 16.

Some of the coal will go to the cement and steel industries, which import 3.6bn shillings (USD 40m) of coal a year. The rest will be used for electricity generation, reducing reliance on thermal and diesel-fired plants to fill deficits in supply. The ministry awarded development rights for two blocks in the Mui basin, C and D, to China's Fenxi Mining Group in December last year. It said the new blocks it plans to lease out, A and B, lie in the same basin. Kenya estimates that block C contains a minimum of 400m tonnes of coal.

Fenxi is expected to pay USD 3m for block C and USD 500,000 for block D, in return for a renewable concession of 21 years, subject to approval by parliament. Kenya has also received increased attention from oil and gas explorers after Britain's Tullow Oil found oil in Kenya, though the commercial viability of the find has yet to be determined.

On Wednesday, Australia's Pancontinental Oil and Gas and its partner FAR Ltd said they will start a seismic survey on their offshore Kenyan block, L6, on June 15. It aims to complete the survey by the end of the month at a cost of USD 13.67m. *(Reuters)*

Kenya may issue its debut Eurobond in the 2012/13 fiscal year, depending on conditions in the international markets, its ministry of finance said on Thursday. "Proceeds may be used to retire the 2-year syndicated external commercial loan contracted during the financial year 2011/12," the Treasury said in its Medium Term Debt Management Strategy, which was tabled in parliament with the budget. *(Reuters)*

Finance Minister Njeru Githae on Thursday read Kenya's record Sh 1.45tn budget. Githae announced various measured undertaken by the Government to boost economic growth and employment among various sectors of the economy. The Government will employ 10,000 more teachers and additional 900 doctors in increased spending in the education and health sectors in the 2012-2013 fiancial year.

Infrasturcure spending attacted increased funds with a total allocation of Sh 268bn as the Government made good its plan to complete the railway line linking the JKIA and the City centre to ease commuter services. Second hand clothes dealers had reason to rejoice following an announcement that Kenya Revenue Authority will reduce charges on the commodities' import duty.

Githae said he had directed KRA to revert to the lower charge per container of imported second hand clothes. The minister noted that the increase in the charges had led to many mitumba traders, mostly the youth to close businesses leading to unemployment. The Finance Minister also announced that the Government will deal with unscrupulous metal dealers who have fuelled vandalism on railway lines and increased theft of roadsigns.

He said he had recommended introduction of laws to streamline the scrap metal business and anyone found breaking the law will be liable to a Sh 1m fine. At the same time, Githae noted that alcoholism had affected the youth and allocated Sh 1bn to National Agency for the Campaign Against Drug Abuse (Nacada) for enforcement of Alcoholic Drinks Control Act commonly known as Mututho Laws. The Minister also announced an increase in Youth Enterprise Development Fund and Women Enterprise Fund to boost self employment. *(Standard Media)*

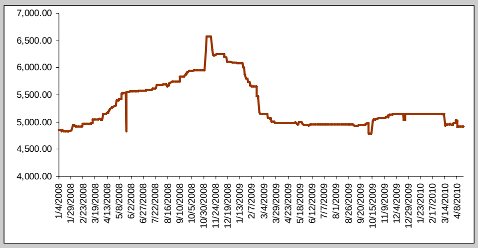
The International Monetary Fund (IMF) projected the country's net public debt to dip below 40% of the Gross Domestic Product by the end of 2014 to 2015 financial year. IMF Resident Representative Ragnar Gudmundsson said the prudent fiscal and monetary policies would be key in achieving this goal.

"The IMF thinks that based on current trends and efforts on fiscal consolidation, net public debt to GDP ratio will be below 40% by the end of the 2014/2015 financial year," Gudmundsson said on the sidelines of the launch of 2012 IMF Africa Economic Outlook report in Nairobi. According to the IMF, total net public debt stands at 46% of GDP while the Treasury's target stands at 45% of GDP.

"Due to macro-economic stability and efficient management of the economy, the level of public indebtedness is set to reach sustainable levels," Gudmundssone said. The report said economies in Sub-Saharan Africa registered growth of five% last year despite difficult conditions. The report said while most of the region's banking systems proved to be resilient to global financial stress, steady expansion of pan-African banking groups could in some instances outpaced supervisory capacity. *(Standard Media)*

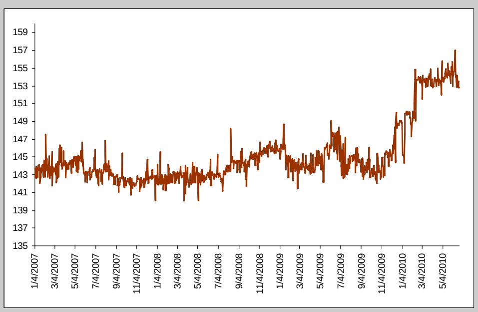
Malawi

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

Stock Exchange News

The market index gained +0.96% to close at 5,943.60 points, with thin trades across both local and foreign boards. Gains were recorded in NBM up +1.82% to MWK 56.00 and NICO (+20%) while FMB (-7.14%) and MPICO (-7.40%) were on the losing front. Market turnover for the week amounted to USD 295,629.33.

Corporate News

No Corporate News this week

Economic News

Malawi's new government expects its aid-dependent economy to recover from a tailspin caused by a fight its former president picked with donors, but sees high inflation persisting due to a currency devaluation sought by the IMF for its assistance. Finance Minister Ken Lipenga told parliament in a budget speech on Friday that GDP growth is projected to be 4.3% this year and 5.7% next year while inflation is expected to hit 18.4% this year and ease slightly next year.

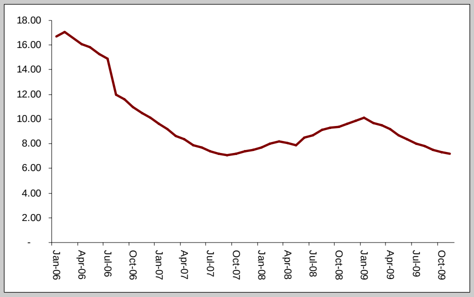
Lipenga said while the government had been able to turn back on the aid taps, it was still seeking more international assistance. It would cut back on perks for bureaucrats and trips to save money. "Grants from cooperating partners have increased by 140% reflecting renewed confidence in the new government of President Joyce Banda," he said.

Former President Bingu wa Mutharika saw aid, which typically accounted for 40% of the budget, dry up due to diplomatic friction made worse when his police killed 20 civilians in anti-government protests a year ago. This resulted in international condemnation and plunged him deeper into isolation. Mutharika, who died in April of a heart attack, slashed last year's budget but the austerity coincided with a severe drop in tobacco sales, which usually account for 60% of foreign currency reserves and significant tax revenue.

Petrol, drugs and other items purchased abroad with hard cash grew scarce, with people lining up for days for a few litres of gasoline. Goods for the domestic market were sold over the border to earn foreign currency while inflation jumped and growth subsided. Banda has improved human rights and reached out to donors, including Britain and the United States who froze multi-year aid packages worth a combined nearly USD 1bn, to restore the flow of cash that helped prop up the USD 5.6bn economy.

Her government scrapped its currency peg to the dollar in May at the request

CPI Inflation



Source: SAR

of the International Monetary Fund, causing the kwacha to lose about a third of its value and raising worries about inflation. Since then, Britain has pledged to sendms of dollars in aid. The IMF and Malawi last week agreed to a 3-year, USD 157m aid package.

Mutharika also made a good start. Farm support programmes helped the economy post annual growth of 7% between 2005 and 2010, turning the country of subsistence farmers into a food exporter. *(Reuters)*

Malawi's budget deficit ballooned to a record 7.3% of GDP in the 2011/12 financial year, way above an IMF-approved target of 1.5%, due to a sharp economic slowdown, Finance Minister Ken Lipenga said on Tuesday. The impoverished southern African nation's spending gap, which was exacerbated by a failure to cut spending under a "Zero Deficit Budget", had largely been financed through increased domestic borrowing and the printing of money, he added.

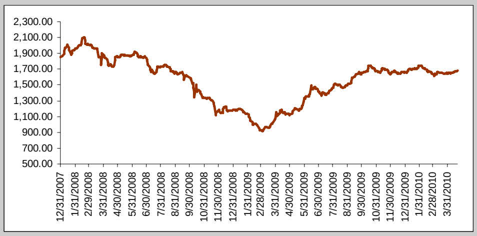
"Not only did the Zero Deficit Budget fail to realize revenues as planned, but there was also substantial slippage in terms of expenditures and as a result the projected fiscal deficit was missed by a wide margin," Lipenga said. "Instead of taking corrective measures, what was then chosen was the soft option of funding the widening fiscal gap by printing money and sharply increasing domestic borrowing."

Malawi's aid-dependent economy went into a tailspin a year ago when former president Bingu wa Mutharika picked a fight with major donors who in turn froze budget support, especially after 20 people were killed on a crackdown on street protests in July. Historically, donors have contributed about 40% of Malawi's budget. The unexpected absence of outside funding caused an acute dollar shortage that put the kwacha under pressure and hit supplies of fuel and other imported goods.

Mutharika died of a heart attack in April and his successor, Joyce Banda, quickly embarked on economic reforms to open up the aid taps and has got a three-year IMF loan programme back on track. She has also removed the kwacha's peg against the dollar, leading to a depreciation of more than a third against the greenback. *(Reuters)*

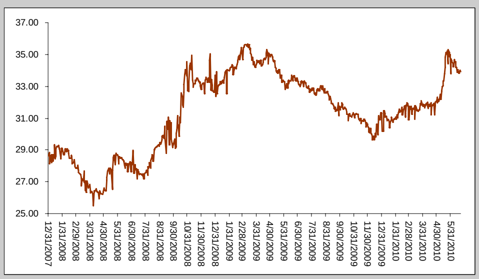
Mauritius

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 was down -0.32% while the SEM 7 lost -0.05% to close at 1,788.74 and 341.14 points respectively. Caudan and MSM led the movers, they both gained +4.2% to close the week at MUR 1.25 and MUR 12.50 respectively, followed by Moroil, up +2.30% to MUR 26.80 and Terra (+1.9%). Air Mauritius led the losers after shedding -9.5% to MUR 10.50 while PAD lost -6.0% to MUR 70 and Fincorp shed -2.9%.

Corporate News

Air Mauritius has swung to a full-year loss, hit by higher fuel costs, increased competition, fewer visitors to the Indian Ocean Island during the euro zone crisis, and foreign exchange woes. "If external factors do not deteriorate, the airline is expected to post considerably lower losses at the end of the (current) financial year," the carrier said on Tuesday.

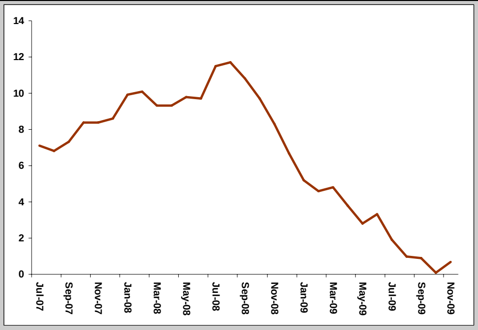
It made a EUR 29.2m (USD 37m) loss in the year to March, having made an EUR 11.1m profit in 2010/11. Fuel costs rose a third to EUR 47.8m euros. "The results ... are a reflection of the daunting challenges faced by the airline industry over the past year," chairman Kamal Taposeea said. Air Mauritius posted a loss per share of EUR 0.29 per share, compared with earnings per share of 0.11 euro in 2010/11. *(Reuters)*

Economic News

Foreign direct investment in Mauritius rose by 15.5% in the first three months of 2012 to MUR 1.598bn (USD 53.4m), the central bank said on Friday. The country, 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 MUR 9.456bn.

The central bank said the first quarter investment was mainly directed towards the real estate sector, attracting MUR 745m, followed by construction, which got MUR 500m. South Africa was the biggest source of foreign direct investment with MUR 511m followed by France, which put in MUR 341m. Mauritius is diversifying its economy away from the sugar, textiles and tourism sectors into offshore banking, business outsourcing, luxury real estate and medical tourism. *(Reuters)*

Mauritius' current account deficit widened slightly in the first quarter of 2012 compared with the same period last year, hurt by a bigger gap in the merchandise trade account, the central bank said on Friday. The deficit expanded to 4.260bn rupees (USD 142.47m) from 4.139bn. In the full year 2011, the current account deficit was 40.680bn rupees.



Source: SAR

"A higher merchandise trade deficit recorded during the first three months of 2012, which was offset to some extent by an increase in the net invisible surplus, resulted in the worsening of the current account," the Bank of Mauritius said in a statement.

But measured as a percentage of GDP, the current account deficit fell to 5.1% from 5.5% a year ago. The merchandise trade deficit rose 13.6% quarter on quarter to MUR 17.208bn due to a higher growth rate in imports compared with exports. *(Reuters)*

Mauritius may have reached the end of a monetary easing cycle and any further cuts to its repo rate would only be possible if inflation fell below the key rate, the central bank governor said on Tuesday. "We could have reached the end of monetary easing. A further rate cut would only be possible if the inflation rate goes below the key repo rate, which is most unlikely," Bank of Mauritius Governor Rundheersing Bheenick told a news conference.

Mauritius held its repo rate at 4.90% on Monday, in line with market expectation, but cautioned there were clear downside risks to the Indian Ocean island's economy that threatened the export sector in particular. The rate hold ended a modest loosening cycle that started off with a 10 basis points trim in December and an unexpected 50 basis point cut in March. *(Reuters)*

Mauritius may have to again revise downwards its 2012 economic growth forecast if the global economic outlook keeps worsening, the central bank's governor said on Tuesday. "Mauritius could lose 0.5 to 0.6%age points with regard to (the) 3.8 pct growth forecast this year should the global economic situation deteriorate further," Bank of Mauritius Governor Rundheersing Bheenick told a news conference.

Mauritius left its key repo rate unchanged at 4.90% on Monday, in line with market expectation, but cautioned there were clear downside risks to the Indian Ocean island's economy that threatened the export sector in particular. *(Reuters)*

Mauritius left its key repo rate unchanged at 4.90% on Monday, in line with market expectation, but the central bank said a deteriorating global economic outlook threatened the island's export sector. In the run up to the rate decision, analysts had said containing a strong rupee against the euro would be a big concern for policymakers, given the Indian Ocean island's reliance on the euro area for tourism and textile exports.

"In Mauritius, the growth momentum is expected to remain positive, but subdued, as the economy grapples with the effects of the euro zone crisis on its main export industries," the bank's Monetary Policy Committee said in a statement. The bank maintained its 2012 economic growth forecast of 3.8% but warned there were "clear downside risks to this growth projection".

The rate hold ended a modest loosening cycle that started off with a 10 basis points trim in December and an unexpected 50 basis point cut in March. On Saturday, the bank's Governor Rundheersing Bheenick said Mauritius would offer banks a credit line in euros and dollars to protect exporters and its financial system should the euro zone crisis escalate.

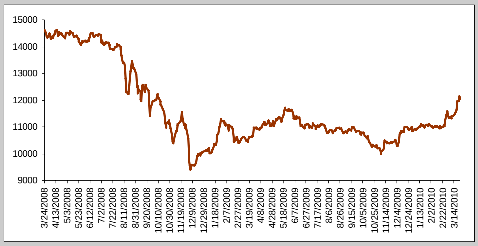
That move, the regulator said on Monday, was aimed at curbing the increasing misalignment of the rupee with underlying economic fundamentals. The government's official economic growth prediction for this year is 3.6%, a touch below the central bank's outlook. Raj Makoond, director of the Joint Economic Council, an umbrella group of private businesses, said that the bank had been too cautious and there had been scope for another cut.

"We are behind the curve and we will have to monitor closely the economic situation. We might even need to review downward our growth forecast of 3.6%," Makoond told Reuters. The bank reaffirmed year-on-year inflation was seen slowing to just below 5% and said annual average inflation was projected at 4.5%, slightly below a May forecast of 4.7%. Headline Inflation fell for the sixth straight month to 5.3% in May. *(Reuters)*

SECURITIES AFRICA

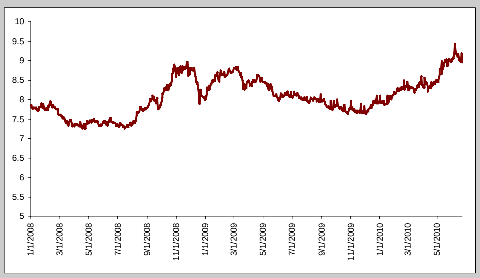
Morocco

Casablanca Stock Exchange



Source: Reuters

MAD/USD



Source:SAR

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-5.468	-4.736	-4.065
Current account balance (USD bn)	-4.963	-4.656	-4.269
GDP based on PPP per capita GDP	4,587.11	4,740.77	4,955.07
GDP based on PPP share of world total (%)	0.204	0.207	0.209
GDP based on PPP valuation of country GDP(USD bn)	146.231	153.257	162.44
GDP (current prices)	2,847.50	3,041.02	3,203.28
GDP (Annual % Change)	5.003	3.226	4.5
GDP (US Dollars bn)	90.775	98.308	105.012
Inflation- Ave Consumer Prices(Annual % Change)	2.80	2.80	2.60
Inflation-End of Period Consumer Prices (Annual %)	2.80	2.80	2.60
Population(m)	31.88	32.33	32.78

Source: World Development Indicators

CPI Inflation

Stock Exchange News

The MASI lost -0.97% to close the week at 10,052.41 points. Gains were recorded in Mediaco (+16.41%) to MAD 49.94, Cosumar (+9.35%) and Promopharm (+7.27%). On the losing front we had Unimer, down -8.60% to MAD 170, Sofac Credit which shed -5.99% to MAD 299 and Maghreb Oxygene (-5.96%).

Corporate News

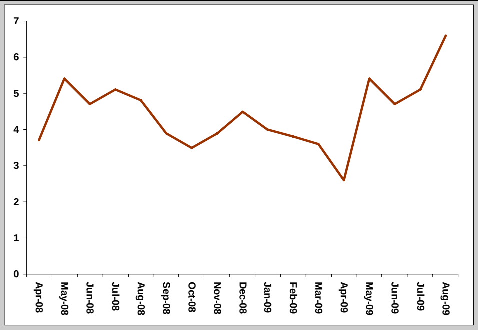
Morocco's phosphate giant OCP on Wednesday launched a joint venture with Turkey's Toros Agri to strengthen its grip on lucrative fertiliser markets around the Black Sea and Central Asia. State-owned OCP, the world's biggest phosphate exporter, will hold a 70% stake in the Black Sea Fertilizer Trading Co. while Toros Agri, affiliated to Tekfen Holding, will have 30%, OCP said in a statement.

"This venture will enable us to serve our clients in this region in a shorter time, from a shorter distance," OCP said. The venture will market phosphate-based fertilisers produced at Toros's Tar m Samsun facilities to the Black Sea, Balkan and Central Asia regions. "We aim to leverage our positioning in Turkey and extend our growth to new surrounding markets," added OCP.

OCP, or Office Cherifien des Phosphates, plans to nearly treble its output of fertilisers by 2020 to 10m tonnes, to become the world's biggest exporter of phosphate fertilisers. The North African country's USD 100-bn economy desperately needs to increase export revenue as it battles to tame decades-high external deficits. OCP controls around 45% of the world market for lime phosphate and over 30% of global phosphate exports. It has used its market clout to boost global phosphate prices, OCP officials and foreign traders said.

An OCP source said the partnership with Toros is part of a plan aimed to developing new markets. "This deal will allow us to cover a dozen of countries in that area: This will be an aggressive foray into these markets," said the source. "Toros knows well the Black Sea market, they already have a (fertiliser) plant in Turkey...We want to make an aggressive push into central Asia," added the source.

Unlike many commodities whose price is determined on futures exchanges, phosphate transactions are mostly negotiated directly between producers and industrial users. The announcement of the deal follows a softening in fertiliser demand and prices earlier this year as farmers delayed purchases in protest at high costs. Canada's Potash Corp, the world's top fertiliser maker, in April trimmed its estimate for global potash demand in 2012 and lowered forecasts for its shipments and profits. *(Reuters)*



Source: SAR

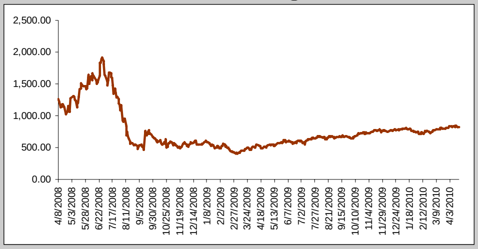
Economic News

Morocco closed the 2012 import season with 2.9m tonnes in soft wheat and 1.74m tonnes in maize, official data showed on Tuesday, as Rabat gears up for higher import needs after drought slashed this year's harvest. State cereals authority ONICL also said imports of durum wheat and barley stood at 650,000 and 620,000 tonnes respectively in the 12 months to the end of May, when the harvest stood at close to 8.4m tonnes.

Morocco's cereal import season starts in June and ends in May of the following year. Last year's harvest comprised 4.17m tonnes of soft wheat, and 1.85m tonnes of durum wheat. This year, the harvest fell to 4.8m tonnes and included 2.6m tonnes of soft wheat, onem tonnes of durum wheat and 1.2m tonnes of barley. *(Reuters)*

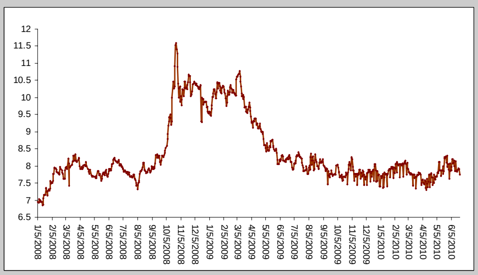
Namibia

Namibia Stock Exchange



Source: Reuters

NAD/USD



Source:SAR

Economic indicators

Economy	2009	2010	2011
Current account balance(% of GDP)	-1.049	-2.055	-1.225
Current account balance (USD bn)	-0.095	-0.19	-0.118
GDP based on PPP per capita GDP	6,610.35	6,771.73	6,964.03
GDP based on PPP share of world total (%)	0.016	0.016	0.016
GDP based on PPP valuation of country GDP(USD bn)	13.764	14.217	14.742
GDP (current prices)	4,341.36	4,406.65	4,530.72
GDP (Annual % Change)	-0.739	1.736	2.234
GDP (US Dollars bn)	9.039	9.251	9.591
Inflation- Ave Consumer Prices(Annual % Change)	9.12	6.77	5.45
Inflation-End of Period Consumer Prices (Annual %)	7.34	6.19	4.71
Population(m)	2.08	2.10	2.12

Source: World Development Indicators

Stock Exchange News

The NSX overall Index gained +0.11% at 892.00 points. On the NSX local and DevX, NBS (+0.17%) was the only gainer closing at NAD 12.09. MMS was the main shaker after losing -12.50% to close at NAD 0.14 followed by BMN which shed -.14% to NAD 0.13 and FSY (-4.71%).

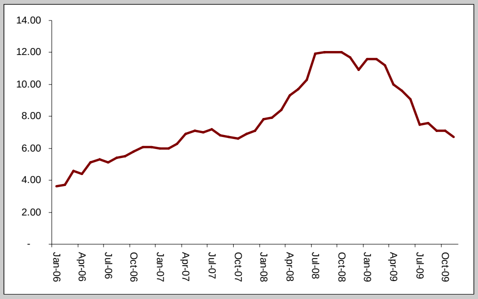
Corporate News

No Corporate News this week

Economic News

Headline consumer inflation in Namibia slowed to a six-month low of 6.0% in May, from 6.4% in April, the Central Bureau of Statistics said on Wednesday. On a monthly basis inflation braked to 0.2% from 0.4% in April, partly because of price decreases in goods and services, furniture and household equipment, the statistics agency said. *(Reuters)*

CPI Inflation



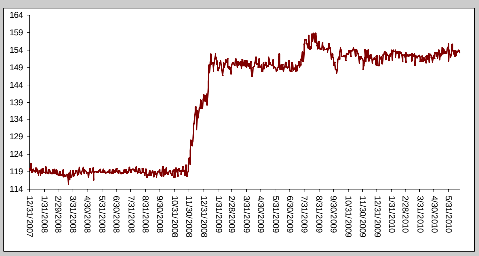
Source: SAR

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

Stock Exchange News

The NSE All Share index gained +1.35% to close at 21,184.58 points. Inter Wapic gained +24.14% to close at NGN 0.72 while Neimeth was up +23.61% to close at NGN 0.89. Other notable gains were recorded in Transcorp (+17.36%), Paints and Coatings (+16.13%) and Law Union (+15.38%). On the losing front we had Dangote Flour (-16.81%), Eterna Oil (-14.38%) and Japaul Oil (-13.92%).

Corporate News

MTN Nigeria has announced the commencement of a comprehensive network modernisation and swap-out exercise that is expected to cover its extensive network across the country over a span of nine months. The telecommunications firm explained that the exercise would entail upgrading and replacing key network components with newer versions for enhanced capacity and much improved quality of service.

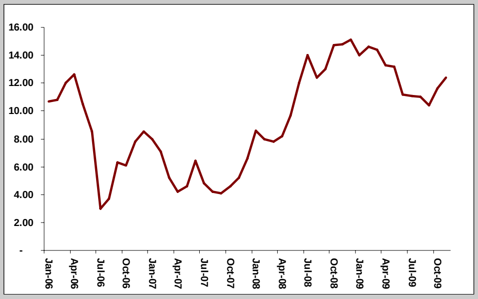
MTN Nigeria Corporate Services Executive, Mr. Wale Goodluck, at a press conference in Lagos said the project, which had been in the pipeline for several months commenced over a month ago after intensive planning. “Our local team working closely with our technical partners and experts began work in April. They have done much of the backend work preparatory to the actual swapping of network components in the days ahead.” Goodluck said the massive project involving three technical partners, Ericsson, Huawei and ZTE, will be carried out at night to minimise impact on the quality of service.

In addition, he said the exercise will be done in clusters, such that select base transceiver stations (BTS) in disparate parts of the country will undergo simultaneous upgrade to further ensure that the negative impact of the exercise is brought to its barest minimum. He said while there may be slight inconveniences to subscribers in certain areas, especially at night during the implementation of the project, customers will generally be ushered into a new era of enhanced service quality upon the completion of the project.

According to him, sporadic network congestion episodes brought on by unusual congregation of subscribers in a particular location as a result of sporting events, religious events or traffic gridlock can be instantly resolved remotely from MTN network monitoring and management office.

“The network modernisation and swap-out project is part of the USD 1.3b investment we have earmarked for 2012, and this investment like many we’ve consistently made since our inception, is in pursuit of world-class quality of service on our network. We are delighted that this project brings us within a grasping distance of the mark,” said Goodluck.

CPI Inflation



Source: SAR

Delving into the details of the project, MTN Chief Technical Officer, Mrs Lynda Saint-Nwafor said the modernisation and swap-out exercise would affect all aspects of the network from radio to transmission and core network. According to her, all legacy equipment the company had installed for an upward of 10 years are going out, to be replaced with state-of-the-art equipment, with much better capacity and flexibility.

She added that even the power generation would also be affected as the operator would be swapping existing power systems at most of the sites with hybrid power system, which is environment-friendly. According to her, the company should have about 4000 sites on hybrid power system by the end of the year, up from the current 2000 sites.

Also as part of the massive project, Saint-Nwafor disclosed that a contract had been signed with end-to-end telecommunications solutions provider, Ericsson, to optimise 3000 base transceiver stations across the country. At the end of the exercise, the BTS will operate at peak performance, significantly improving customer experience on the network, she added.

She explained that in some locations, especially where security situation would not allow her team to work at night, there would be temporary service difficulties in the course of swapping equipment and optimising the network. She implored customers in such areas to bear with the company, assuring that such temporary pains would usher in a new era of enjoyable services and thrilling experience. *(The Guardian)*

Nigerian billionaire Aliko Dangote commissioned an expansion of his Obajana cement plant on Monday that raised its capacity to 10.25m tonnes a year, creating what he called a "powerhouse of cement" in Africa and the world. The additional 5.25m tonne a year line at Obajana brings Dangote Cement, Nigeria's biggest listed company, a step closer to its official target of producing 50m tonnes of cement across Africa by 2015.

Dangote, ranked Africa's richest man in Forbes' 2012 list of Worldbnaires, said the additional capacity at the plant in Kogi state, not far from the capital Abuja, raises his firm's total production capacity in Nigeria to 28m tonnes. "We will be the powerhouse of cement in Africa," he said at a ceremony attended by Nigerian President Goodluck Jonathan.

Dangote added that Obajana, now among the largest cement plants in the world, would receive another planned additional line, adding threem tonnes, that would boost its capacity to 13.25m tonnes a year. Under a plan underway to build a Pan-African cement empire stretching from Senegal to Ethiopia, the businessman said the group's increased expansion across Africa could see it achieving total capacity on the continent of 60m tonnes by the end of 2014, beating the original target of 50m tonnes.

Dangote Cement makes up around a third of Nigeria's stock exchange. The company plans to list on the London stock exchange next year, although analysts say it faces big corporate governance challenges, including hiring a new board of directors, before it can be ready to do this. The Nigerian entrepreneur has sunk USD 6.5bn into his cement business in the past five years.

To many Nigerians, Dangote is an example of how their heavily oil-dependent West African country can succeed in manufacturing and processing goods, despite big challenges like massive electricity shortages that afflict the nation. "No country has achieved development by relying solely on the export of raw materials ... we need manufacturing," Jonathan said in a speech at the ceremony.

Dangote said last month his diversified conglomerate, which is also involved in food production, will spend USD 7.5bn over the next four years to expand operations in various sectors. *(Reuters)*

Efforts by the Nigerian Stock Exchange (NSE) to list more firms are yielding more results as the exchange will list a reputable financial firm based in Abuja next week. This will be the second company to be listed so far this year. Companies have been shying away from listing since the market downturn. However, THISDAY checks showed the approval has been given by the regulatory authorities for the listing of the second firm.

The Managing Director of Deap Capital Management Company Plc, the company bringing the new firm for listing, Mr. Emmanuel Ugboh, confirmed the development at the weekend, saying all was set for the firm to the listed on the NSE next week. “The approvals for the listing of the company have been received from the regulatory authorities. We have chosen the date for the listing and barring any unforeseen developments, the firm will be listed next week,” Ugboh said in a telephone interview.

This is the second company Deap Capital would be bringing for listing on the NSE this year. The first and only firm so far listed this year, was Austin Laz and Company Plc, which was listed on the Exchange last February. According to Ugboh, despite the challenges the market is going through, Deap Capital has put in the right strategies in place that have enable it bring new firms for listing on the exchange.

He noted that going forward; Deap Capital would continue to bring more firms for listing, saying the investment bank, which is planning to convert into a merchant bank, has the right expertise to boost the efforts of the exchange in encouraging more listings in the market. The Chief Executive Officer of the NSE, Mr. Oscar Onyema, recently called on entrepreneurs whose companies have not been listed to bring them for listing in order to enjoy the numerous benefits.

“Some of the benefits include access to low cost long term capital which will greatly increase funding alternatives and ability to finance expansion including infrastructure developments to facilitate company growth,” Onyema said. He added that listing would enable the companies enjoy more visibility through exposure to a wider range of investors including market makers, stockbrokers, institutional investors, retail investors, unit trusts and mutual funds, hedge funds and inclusion in local and foreign indices and portfolios. *(This Day)*

A Singapore-based company that deals in manufacturing agricultural products and food ingredients, Olam International, has acquired 100% equity interest in a Nigeria-based dairy and beverage company, Kayass Enterprises for USD 66.5m. Kayass operates two plants in Lagos, which produce beverages and provide milk powder packaging facility. The company recently launched beverage brands called Nature's Fresh and Yo-Jus, besides its renowned milk brand, Blue Boat.

Olam, which develops tomato paste, pasta, noodles, food seasoning, biscuits, candy, dairy and beverages targeted at West African markets, distributes its products in Nigeria, Ghana, Cote d'Ivoire, Mali, Burkina Faso, Togo and Niger. Kayass' partnership with Olam will enable them explore opportunities and also source for key raw materials, logistics, distribution and marketing.

Olam International senior vice president and packaged foods head, M. Ramanarayanan, expressed joy over the acquisition. He said their products will scale up foods business in the country. *(Spy Ghana)*

The Power Holding Company of Nigeria (PHCN) will generate average revenue of N22.5bn monthly from the new electricity tariff that took effect from June 1, 2012. The Minister of Power, Prof. Bart Nnaji, said Monday that this figure was the irreducible amount the ailing power utility company requires in order to meet its obligations to primary suppliers like Shell, Agip, Ibom Power, National Integrated Power Project (NIPP) and the Nigerian Gas Company (NGC).

The monthly PHCN revenue, which was NGN 11.8bn when Nnaji assumed office in July 2011, moved up to N15.6bn in December 2011, but declined to N12.8bn in January 2012, apparently due to the protest against the removal of petrol subsidy. Since the end of the national protest against the removal of subsidy, the figure has been hovering around N15bn.

But in a paper titled: 'Electric Power in Nigeria: The Sun on this Rubble,' Nnaji told participants in the Executive Intelligence Management Course 5 at the Institute for Security Studies in Abuja, that PHCN has been paying the International Oil Companies (IOCs) only 50% of their services. 'Should the IOCs be forced to carry out their long standing threat of stopping further supplies to the PHCN, it will be calamitous for the whole nation,' he said.

Nnaji said more investments were critically needed in the power sector, stressing that fresh investments of USD 10bn yearly were needed for the next decade to enable the country to generate 40,000megawatts of electricity by 2020. 'We must encourage companies like Shell, Agip, Siemens, Daewoo, GE and the rest to continue to have confidence in our country. After all, return on investment is much higher in Nigeria than in practically every country in the West. Investors in infrastructure are doing quite well, as demonstrated by those who have invested in telecommunications in the last decade.

The power sector is the next theatre of action,' he said. Nnaji said the periodic major review of electricity tariff under the Multi-Year Tariff Order (MYTO) methodology did not necessarily imply an increased payment by every consumer. For instance, he said in the second MYTO, which came into effect on June 1, the less privileged ones in the society, who consume 50 kilowatts hour or less in a month now pay less. 'They now pay N4 per kilowatt hour, instead of N7.

Meters are now to be given them free of charge. They are no longer required to pay either for meter maintenance charge or fixed charge. In this year's budget, there is a provision of almost NGN 50bn subsidy for low income earners,' he added. He noted that the middle class now pays a slight increase of 11%. Nnaji however said this subsidy must be differentiated from the petrol subsidy because, among other differences, there is no cash involvement at all in electricity subsidy.

According to him, all the government has tried to do is to prevent the less-privileged from paying heavily for electricity consumption, which is an item of need, and not an item of want. He noted that the middle class now pays a slight increase of 11%, adding however that the rich people and other high end consumers now pay a cost reflective tariff. *(Afriquejet)*

Securities Africa Limited has successfully completed its acquisition of Skye Stockbrokers Limited, the stockbroking and financial services arm of Skye Bank Plc. Skye Stockbrokers delivers a wide spectrum of capital markets and investment banking services to state governments, pension fund administrators, insurance companies, multinational conglomerates, and institutional investors throughout Nigeria.

The Company has served as lead manager on numerous capital market transactions with leading companies and institutions, notably IHS Nigeria Plc, Tanalizers Plc, Law Union and Rock Insurance Plc, and Lagos State among others. "Nigeria is a key market for institutional investors looking towards Africa," according to Michael Barnes, Managing Director of Securities Africa. "We are currently one of the largest participants on the Nigerian Stock Exchange and this will provide us with an on-the-ground presence which should further cement our position.

Our international client base will benefit enormously from this acquisition and we hope to play a more meaningful role in the ongoing development and continued evolution of the Nigerian capital markets." In accordance with the new ownership, both the shareholders and board of directors for Skye Stockbrokers have agreed to change the Company's name to Securities Africa (Nigeria) Limited. The Company remains fully capitalized and licensed to conduct business by The Nigerian Stock Exchange. *(Securities Africa)*

The Chairman, Board of Directors of Premium Pensions Limited has declared that the company made NGN 629.58m profit after tax in the 2011 financial year. Speaking yesterday in Abuja at the 7th Annual General Meeting (AGM) of the company, the chairman also declared that the board has recommended for the consideration and approval of the shareholders a dividend of 30 kobo per share gross and a bonus share of one new for every 10 held.

"I am happy to report that this is the fifth time in a row our company has declared dividends and the first time the company would issue bonus shares," he said. He said the company's profit before tax grew from NGN 489.47m in 2010 to NGN 936.82 in 2011 representing an increase of 91.40% while its gross income also grew to NGN 2.17bn as against NGN 1.54bn in 2010.

He said that as at 31st December 2011, the number of contributors both in public and private sector organizations grew by 11% to close at 422,572 Retirement Savings Accounts (RSAs) as against 381,672 RSAs registered in 2010. He added that funded accounts marginally increased by 4% from 304,726 as at 31st December 2010 to 318,068 as at 31st December 2011.

He said that despite the remarkable successes recorded, the industry had grappled with a number of challenges such as the reluctance of some players in the private sector to fully imbibe the scheme and the slow phase at which states of the federation joined the scheme. Others include the non-inclusion of the informal sector of the economy, the non-funding or delayed funding of Retirement Savings Accounts by some employers and insufficient outlets for pension funds investments.

“May I appeal to PenCom to expeditiously address the problems of non-funding or delayed funding of RSAs, workout a framework for the inclusion of informal sector in the scheme, embark on aggressive campaign to encourage the remaining reluctant states to join the scheme and above all, enforce total compliance with the requirements of pension reform act by all relevant employers of labour,” he said. *(Daily Trust)*

Total Nigeria Plc has declared N173.95bn turnover for the financial year ended 2011. Chairman of the company, Mr Stanislas Mittleman, disclosed this while addressing shareholders at its 34th Annual General Meeting held in Lagos. Mittleman said the turnover increased from NGN 160.6bn recorded in the 2010 financial year, making a progress of NGN 13bn while its market share stood at 10.3%.

However, profit after tax before extra-ordinary item dropped marginally from NGN 3.97bn to NGN 3.81bn. He said “considering some of the challenges that confronted the oil industry within the year, we believe that this performance is and reflects the high level of commitment and dedication to duty.” On shareholders’ dividend, Mr Mittleman said the company had earlier distributed the sum of NGN 679.04m as interim dividend, representing 200 kobo per share for the year ended 31st December, 2011. The company also declared NGN 2.377bn representing NGN 7.00 per share to be distributed as final dividend for the year 2011.

According to him, the company provided about 15, 000 jobs for many Nigerians. He added “In 2011, we opened tanker drivers’ training school and truck inspection centre in Ibadan with the hope of training about 2,000 drivers every year.” Some of the shareholders who spoke at the AGM urged the company to diversify investments, inject more money into Corporate Social Responsibility and raise the dividend to 10%. Some others also suggested that the company should spend out of its NGN 20m unclaimed dividence on charity organizations. *(Daily Trust)*

Economic News

The Federal Government has earned not less than USD 9bn as dividends from the Nigeria Liquefied Natural Gas Limited (NLNG) from 2004 to date, it was learnt. The former Special Adviser on Petroleum Matters to the late President Umaru Yar’Adua and now Chairman, Emerald Energy Resources Limited, Dr. Emmanuel Egbogah, disclosed this in the inaugural lecture entitled: Nigeria oil and gas: Yesterday, today and a guide for the future, he delivered at the inauguration of Abuja chapter of the Nigerian Association of Petroleum Explorationists (NAPE) in Abuja.

Egbogah, while stating milestones achieved in the oil and gas industry, noted that the NLNG project, which started operation in 1999 is a huge success story. He noted that besides the USD 9bn the government has earned as its shares from the operating six trains, that industry watchers expect another estimated USD 8bn as foreign direct investment (FDI) on the construction of the planned Train 7. Besides, he said that the NLNG has contributed significantly to the reduction of gas flaring in the country and also contributes over USD 9bn to the national gross domestic product (GDP) yearly.

He said: “Nigeria accounts for about eight% of the global liquefied natural gas (LNG) supplies. The NLNG’s six-train facility has a capacity for 22m tonnes per annum (mpta) of LNG, and up to 5mtpa of natural gas liquids (NGL). “Since October 1999 when the first LNG cargo was loaded for delivery to France and following a final investment decision by the shareholders in 1995, Nigeria LNG has brought significant value to Nigeria. In line with government’s vision of generating as much revenue from gas as from oil, NLNG has successfully pioneered gas monetisation.

It is the most significant arrow-head in government’s quest to end gas flaring in the country with the attendant environmental benefits. It is also the biggest single contributor efforts to diversify the Nigerian economy and income portfolio. “The success, which greeted the NLNG, has accelerated the execution of plans now at an advanced stage, for the building of the seventh train. The NLNG project grew in less than 10 years of production to a six-train operation producing 22 mtpa of LNG, with progressive plans for a seventh train intended to raise production to about 30 mtpa of LNG.” *(Nation)*

Higher yields on Nigerian Treasury bills could lure back foreign investors who had turned their backs on the market in recent weeks. Offshore investors, according to Reuters, are seen returning to Nigeria’s debt market in the weeks ahead as yields on shorter-dated paper are becoming attractive again, traders said.

Foreign investors had been exiting their positions in the face of less attractive yields, rising inflation and the unresolved Eurozone debt crisis. But that could change as yields inch back up. The Federal Government sold NGN 137.97bn (USD 848.78m) worth of Treasury bills on Thursday, with yields higher than at the previous auction. “There is a gradual shift of attention by investors to the Treasury bills market due to rising yields in recent times and we foresee more offshore investors returning to take position in the market,” one dealer said.

The Central Bank of Nigeria (CBN) last Thursday sold NGN 32.97bn worth of three-month paper at a yield of 14.10%, compared with 13.50% at the previous auction. It sold NGN 45bn worth of the six-month bill at 14.94%, up from the 14.14% previously, and NGN 60bn of 1-year paper at a yield of 15.69%, from 13.30%. Traders said the bond market has remained sluggish as major investors shy away from taking positions, opting instead for short-dated instruments because of the more generous yields. *(Nation)*

The Federal Government has revealed that the value of the nation’s agricultural sector has been projected to hit about NGN 256bn by the year 2030. Minister of Agriculture and Rural Development, Dr. Akinwunmi Adesina, who gave the growth figure for the sector at a Food Security Summit in Lagos, said if steps to develop the sector are implemented as is currently being done by the present administration, it would induce a growth that would move the sector from the present USD 99bn value to USD 256bn.

Describing some of the effort being put in place to ensure the sector grew to projected levels, Adesina, who was represented at the event by his special adviser, Mr. Kola Masha, stressed that government has had to implement a vigorous and ambitious agricultural agenda to ensure that the country stayed on course to achieve projected growth. According to the minister, “by the year 2015, the sector expects 3.5m jobs within 5 value chain including rice, cassava, sorghum, cocoa and cotton, with many more jobs to come.”

He stressed that as the near term agricultural transformation agenda is implemented, about USD 2bn additional income would be placed in the hands of Nigerian farmers, while around USD 2bn would also be injected into the economy from rice self-sufficiency programme, which is currently being implemented. He added that USD 380m injected into the economy from partial substitution of cassava flour for wheat flour in bread and confectioneries, as well as additional 20m metric tonnes to domestic food supply produced locally, would set the nation on its way to achieving projected growth targets.

The minister said with a vision to achieve a hunger-free Nigeria through an agricultural sector that drives income growth, accelerates achievement of food and nutritional security, generates employment and transforms Nigeria into a leading player in global food markets to grow wealth forms of farmers, the government has immediately put a stop to some of its past activities.

Highlighting some steps so far taken to move the sector forward, he said, “we have ended the era of treating agriculture as a development project; there are no more isolated projects without a strategic focus to drive agricultural growth and food security in a clear and measurable way, and there is no more big government crowding out the private sector”.

Conversely, he said the Federal Government has started treating agriculture as a business; integrating food production, storage, food processing and industrial manufacturing by value chains; focusing on value chains where Nigeria has comparative advantage.

He said the country was also canvassing investment-driven strategic partnerships with the private sector; and policy reforms and innovative financial instruments to drive incentives for the private sector. *(This Day)*

Three newly-completed power stations under the National Integrated Power Project (NIPP), operated by the Niger Delta Power Holding Company Limited (NDPHC), have boosted the country’s power generating capacity by about 1,025megawatts (mw), waiting to be exported into the national grid. The stations include those in Sapele in Delta State; Olorunsogo in Ogun State and Omotosho in Okitipupa Local Government Area of Ondo State.

The Managing Director and Chief Executive of NDPHC, Mr. James Abiodun Olotu, disclosed this recently in Abuja when the Commissioner of Police in charge of the Federal Capital Territory (FCT), Mr. Adenrele Shinaba, paid him a courtesy call. “As we speak we have five units at our Olorunsogo Phase II Power station ready to deliver 650mw and in Sapele about 250mw while in

Omotosho, we have 125mw of electricity ready for the national grid," Olotu stated. Olotu however said the delivery of this 1,025mw into the national grid would be dependent on the availability of gas.

He noted that efforts by gas suppliers- Ministry of Petroleum Resources, Nigerian National Petroleum Corporation (NNPC), International Oil Companies (IOCs) and the Nigeria Gas Company (NGC) would soon bridge the gas supply gap. Olotu said 2012 would be a harvest season for the NDPHC, which is charged with the responsibility of boosting power infrastructure in the country. He expressed optimism that Alaoji Power Station, the largest among the 10 NIPP power stations, would also make a significant power delivery into the national grid before the end of this year.

Olotu said NIPP projects cut across generation, transmission and distribution of electricity across the country. According to him, the magnitude of these infrastructure make it imperative for the organisation to consistently seek the cooperation and absolute support of the Police and other law enforcement agencies in protecting the facilities and creating the enabling environment for its contractors and consultant to work in.

"This year in NIPP is a year of harvest. Last week, we were in Lagos to commission 10 distribution injection substations that will boost the quality of electricity that will get to consumers, similar projects were commissioned in Kaduna and more projects will be commissioned every month till the end of the year," he stated. He thanked the visiting commissioner of police and his team, urging him to continue to support the organisation so that the determination of President Goodluck Jonathan to light up Nigeria would become a reality.

In his own remark, Shinaba explained that the visit was part of his strategy to acquaint himself with operations of all establishments under his command. He assured the management of NDPHC that his command would do everything possible to provide security assistance whenever the need arises. *(This Day)*

The Nigerian Stock Exchange (NSE) has recorded 77% compliance by stockbroking firms on the rendition of their quarterly returns as at June 1, 2012. According to NSE, 195 broking firms have December 31 as their year end, disclosing that out of that number, 150 have complied by submitting their accounts while 45 are yet to submit. Stockbroking firms are required to render returns to the exchange as part of the new policies introduced to sanitise the market and make it more attractive to investors.

The returns, which are made quarterly and yearly, are in form of accounts, stating the financial position of the broking house, including its income, expenditure among others. The NSE had last March handed down a two weeks ultimatum to the operators, stressing that Exchange would no longer compromise in the enforcement of market rules going forward.

The Chief Executive Officer of NSE, Mr. Oscar Onyema, had said: "The exchange is determined to enforce its rules and we are giving the stockbroking community two weeks to submit their returns or risk suspension." However, the exchange gave additional grace period to enable the stockbroking firms comply. The grace period, it was gathered, stemmed from appeals made by the stocbkroking community to the exchange for more time.

In appealing to the exchange, a senior broker had said: "While we understand the renewed zeal of the management of the enforce rules, it will be more trouble for operators if any of them is suspended from trading at this moment. We are therefore considering the option of approaching the Exchange for more time." The renewed enforcement stance of the exchange came from the realisation that of the reasons the market collapses in 2008 was weak enforcement.

Onyema had noted that the exchange had a known practice of not enforcing the rules, in terms of the quality and timeliness of reporting, making it difficult to perform its role as a self-regulating organisation (SRO). Oscar had said paper-driven process slowed down the regulatory capacity of the Exchange and contributed to the lax attitude surrounding enforcement.

"While important information was sometimes released on a selective basis, some listed companies and broker/dealer firms engaged in the act of "cooking their books,"Onyema said. He added that inadequate disclosure by listed companies and broker/dealer firms was another key contributor to the crisis. "Reports to the NSE and the investing public were often inaccurate, late or simply not submitted.

This prevented market access to critical information that is required in making informed investment decisions. While some listed companies did not comply with the reporting rules of the Exchange, some broker/dealer firms treaded a fine line between insider trading and their fiduciary responsibility to their clients," he said. *(Nation)*

Nigeria has been advised to increase her crude oil exports from 2.3m barrels per day (mbpd) to about 4m barrels. Managing Director, Citigroup, Dr David Cowan, gave the advice at the Securities and Exchange Commission's (SEC's) Nigeria Learning Series Lecture in Abuja. The increase in crude oil production, he said, would ensure the judicious use of incomes on key areas.

He pointed out that there was the need for the government to address key challenges, such as inflation, propensity for expenditure and infrastructure to protect the country from their negative effects on the economy, particularly oil market volatility, as the uncertainty in the global economies assumes a more worrisome dimension. He argued that the passage of the Petroleum Industry Bill (PIB) would help Nigeria bridge the gap to create a strong infrastructure base to drive ongoing programmes for sustainable growth of the economy.

He noted that the monetary reforms initiated by the regulatory authorities were the best for the country's economy, but added that one of the major areas Nigeria could leverage her investment drives for development is to borrow when interest rates in Europe and the American countries are getting to their lowest. *(Nation)*

The National Bureau of Statistics (NBS) has put the total value of Nigeria's merchandise trade in the first quarter of the year at NGN 6.62tn. The amount, according to the NBS report, represented an increase of 4.69%, compared with the NGN 6.33tn recorded during in the first quarter of 2011. Further analysis showed that on a year-on-year basis, total trade increased by 4.69% in the period under review, compared with the corresponding period of 2011.

It also showed that exports accounted for NGN 4.97tn or 75.05%, while imports accounted for NGN 1.65tn or 24.95%. "Imports for first quarter 2012 stood at NGN 1.65tn as against NGN 3.11tn recorded in first quarter 2011, representing a decrease of 46.83% and a rise of 10.73% compared with the first quarter 2010," it added.

On a quarterly basis, the NBS also revealed that mineral products led the sectoral contribution to exports in Q1 2012 with a contribution of 84.29% (NGN 4.19tn) of total exports. The value of oil exports went up by 53.38%, from NGN 2.42tn in the first quarter of 2011.

A breakdown of available data between 2009 and 2011 showed that the highest value of exports was recorded in 2011 at NGN 19.04tn; the lowest value in 2009 at NGN 7.43tn, while the average value of exports stood at NGN 13.16tn during the period.

The value of crude oil exports stood at NGN 13.54tn in 2011, representing an increase of 47.98%, compared with 2010. In the same vein, the value of non-oil exports for 2011 stood at NGN 5.49tn. This showed a significant increase of NGN 1.63tn or 42.23%, compared with the corresponding figure of 2010.

The sectoral contribution to the value of exports showed that oil exports contributed 84.52%, 70.33% and 71.11% in 2009, 2010 and 2011, respectively. Non-oil exports also contributed 15.48%, 29.67% and 28.89%, respectively.

The regional contribution to the value of imports during the period showed that Asia contributed the highest with an import value of NGN 617.70tn (37.40%), Europe: NGN 537.10bn (32.50%), Americas: NGN 395bn (23.90%) and Africa: NGN 59bn (3.60%). *(This Day)*

Nigeria needs USD 500bn investment in the power sector to achieve uninterrupted electricity supply the Nigerian Electricity Regulatory Commission (NERC) has said. A USD 300bn investment is also needed to attain 10,000Megawatts of power generation, the NERC's commissioner for Marketing, Competition and Rates, Eyo Ekpo said yesterday in Lagos.

In a paper titled 'Appropriate Pricing and the Future of Nigeria's Electricity Supply Industry' delivered at the Nigerian Economic Summit Group forum in Lagos, Mr Ekpo said government alone could not shoulder the financial needs of the power sector. This call for the need to adjust electricity tariffs to woo investors into the sector. Issue of low penetration of meters; incidences of estimated billings and poor power supply will be adequately dealt with, he said.

According to him, "By 2017, lot more investment will be recorded in the power sector." "The Nigeria Electricity Supply Industry will need an average of USD 20bn per annum to achieve 7,500 megawatts, excluding domestic gas investments," he said. He said despite the power sector reform, the sector was still being faced with lots of challenges such as the domestic gas market. *(Daily Trust)*

Between March 2011 and April 2012, telecommunications operators in Nigeria registered 78.6m subscribers in the on-going Subscribers Identification Module (SIM) registration, while contractors appointed by the Nigerian Communications Commission (NCC) to speed up the process earned

N2.4bn. A new report released yesterday on the status of the controversial N6.1bn SIM registration further revealed the gap that existed between the GSM operators, including MTN Nigeria, Globacom, Airtel and Globacom and their counterpart—the Code Division Multiple Access (CDMA) operators.

The CDMA operators included Visafone; Starcomms; Multilinks and ZoomMobile. The survey, which was conducted by the Joint Action Committee On Information and Communications Technology Awareness and Development (JACITAD), revealed that while GSM platform accounted for 76,021,444 of the 78,647,422 registered SIMs, CDMA operators were able to register only 2, 705,978 within the stated period.

According to the survey, the NCC seems to have so far paid 40% (N2.4bn) of the budget to the seven vendors involved in the SIM card registration exercise and for other logistics. The National Assembly had appropriated N6.1bn for the national project, which is expected to provide one of the most credible data for the registration of mobile phone subscribers in the country.

The telecommunications regulator had recruited seven consultants and saddled them with the responsibility of carrying out and completing the SIM card registration in the six geopolitical zones within a timeframe. The companies appointed for the project are Chams Plc (Lagos), DataGroup IT (North East states), Eagle/CBC Consortium (North West States), E-keneth/Sagemetrics (South-South states), Joint Komputer Kompany (South West States), Private Networks Nigeria (North Central States), and SW Global Limited (South-East States).

Expectedly, due to the delay in getting the exercise completed and which the Executive Vice Chairman of the NCC, Dr. Eugene Juwah had said would be completed within six months, concerns mounted about the commission's prudence in managing the NGN 6.1bn budgeted for the scheme.

But the JACITAD survey disclosed that the contract sum was originally drawn with the mindset that the front-end partners (vendors) would register all the existing subscribers. However, the need to complete the exercise on time necessitated the inclusion of telecoms operators.

This, according to the report, scaled down the money paid to the front end partners significantly such that less than 40% of the budgeted amount have been paid, further adding that the commission only paid front-end partners based on the number of SIMs registered. *(Guardian)*

South Africa is looking to source oil from Angola, Nigeria and Saudi Arabia to replace supplies from Iran, which is facing sanctions over its nuclear programme, a top energy official said on Friday. Africa's biggest economy used to import a quarter of its crude from Iran, but has come under Western pressure to cut the shipments as part of sanctions designed to halt Tehran's suspected pursuit of nuclear weapons.

"We intend looking at other countries, specifically in Africa, mainly Angola and Nigeria," Nelisiwe Magubane, director general at the energy department told journalists. "We also, of course, are going to continue to import from Saudi Arabia." South Africa's crude oil imports from Iran fell 43% to 286,072 tonnes in April from the previous month, while supplies from Saudi Arabia nearly doubled to 671,419 tonnes. The remaining 258,184 tonnes came from Nigeria.

The United States granted South Africa an exemption from financial sanctions after the cuts in Iranian imports, Pretoria may still face problems because of sanctions from the European Union, which does not provide any waivers. Magubane said she expected a "breakthrough" soon in talks with Brussels on the issue. "The sanctions are not just going to impact the South African economy, but it is also going to impact that of our neighbours," she said.

Any disruption to crude imports could hit fuel supplies in South Africa, which has suffered shortages in the last year because of strikes and refinery problems. Refiners in South Africa include Shell, BP, Total, Chevron, petrochemicals group Sasol, and Engen, which is majority-owned by Malaysian state oil group Petronas. *(Reuters)*

Nigeria's finance minister said on Thursday she had ordered a slow down to fuel subsidy payments to allow verification that they are for genuine deliveries, an effort to combat fraud costing itbns of dollars. "I decided that we should slow down the payments until we verify ... that what we are paying is really being paid for genuine product delivered, to avoid the mistakes we made in the past," Ngozi Okonjo-Iweala told a news conference.

Fuel shippers say they are facing delays at import terminals while their subsidy payments are scrutinised, and some private firms have halted deliveries, while others are relying on swaps for crude oil to receive payments. Accountant-General Jonah Otunla, also at the conference, said the government had spent 1.44tn Nigerian naira (USD 8.83bn) in the first half of 2012, of which 1.036tn was on recurrent expenditure, the largest component of that being the fuel subsidy.

A parliamentary probe into the subsidy scheme released last month found it was riddled with fraud that had cost Nigeria USD 6.8bn in just three years -- equal to a quarter of the national budget. It was one of the biggest corruption scandals in the history of Africa's top energy producer. Okonjo-Iweala said she had come to the realisation that the subsidy must be slowed after paying out NGN 451bn more than half of the NGN 888bn the country budgeted for this year just on arrears for last year.

"It was at that point in time I decided," she said. "We will not be stampeded to make payment until we verify that what we are paying is correct ... We are taking it very cautiously." She added that only NGN 17bn had been released against 2012 fuel deliveries as a result. Despite leading Africa in oil production, years of corruption and mismanagement have left the continent's second biggest economy with defunct refineries unable to meet but a fraction of demand, making it dependent on costly imports.

Oil product marketers say Nigeria now faces fuel shortages as a crackdown on fraud and the government's lack of funds to pay for subsidies reduces supply. But the parliamentary probe found that the extent of the fraud was so huge that Nigeria was paying for almost twice as much fuel as it was consuming anyway. Under this scam, huge state handouts were received by companies that either never bought any fuel or sold it to Nigeria's neighbours where prices are higher.

Okonjo-Iweala said the delays would continue until a committee she had set up to review subsidy payment arrears finishes its work. She gave no time frame. The corrupt subsidy scheme is by far the biggest drain on the public purse and the main reason why Nigeria seems incapable of saving despite pumping twom barrels of oil a day at record high prices. It spent 900 times more than budget for on the subsidy last year. Central Bank governor Lamido Sanusi has said provisions for the subsidy will run out well before year end.

Despite being economically ruinous for Nigeria, the fuel subsidy remains popular and no government has succeeded in scrapping it. President Goodluck Jonathan tried in January and faced massive strikes and protests that shut the country down for a week. He reinstated it, but raised the pump price by 50%. *(Reuters)*

Nigeria plans to sell NGN 83.91bn (USD 515.26m) worth of sovereign bonds ranging between 5 and 10 years at its regular auction on June 27, the Debt Management Office (DMO) said on Thursday. The office said it would sell 30bn naira each in 5-year and 7-year paper, while it plans to auction 23.91bn naira worth of the 10-year instrument. Two of the bonds, the 5-year and 10-year, are re-opening of previously issued ones, while the 7-year paper is a fresh issue.

The 5-year bond has a term-to-maturity of four years and 10 months, while the 10-year will mature in nine years and seven months time. "The DMO reserves the right to alter the amount allotted in response to market conditions," The debt office said in a statement sent to Reuters by e-mail.

Nigeria, Africa's second-biggest economy after South Africa, issues sovereign bonds monthly to support the local bond market, create a benchmark for corporate issuance and fund its budget deficit. *(Guardian)*

The Federal Government yesterday announced the release of NGN 404.1bn for capital projects for the first and second quarters of the year. Addressing newsmen yesterday in Abuja, the Minister of Finance, Dr Ngozi Okonjo-Iweala, said NGN 304bn was released in the first quarter while NGN 100bn was released on Monday for the second quarter to ensure there is no shortfall for agencies.

She said out of the NGN 304bn capital releases for the first quarter, there was NGN 239.8bn cash backed or cash available for spending out of which 39% or NGN 94.1bn was spent with 51% available for spending in the quarter. Also speaking, the Accountant General of the Federation (AGF) Mr Jonah Otunla said as at April this year, Nigeria had saved about NGN 14bn with a total of 43,000 ghost workers with the implementation of the Integrated Personnel and Payroll Management System.

In April, about 95 Ministries Agencies and Departments (MDAs) have fully incorporated into the system with additional 19 in the month of May, he said adding that by the end of 2012, all Abuja based MDAs would have been integrated. The Minister further explained that the hitches being experienced in the new system where some people are either paid late, over or under paid was due to the interconnectivity which is peculiar to any system change.

She said the Accountant General Office and the Budget office have worked hard to reduce the incidences from about 15,000 affected workers three months ago to 3,000 and now to about 300 staff. On complaint by oil marketers over delay in payment of subsidy arrears, Okonjo-Iweala said the committee set up and chaired by Group Managing Director of Access Bank plc, Mr. Aigboje Aig-Imoukhuede was mandated to verify claims of such supply before payments are made. She said any payment made in error will be refunded by the marketers and confirmed that NGN 17bn has been released to careter of fuel subsidy provision in the 2012 budget. *(Daily Trust)*

For the first five months of this year, the Federal Government has spent a total of NGN 1.44tn, comprising of NGN 1.03tn on Recurrent Expenditure, made of salaries and overheads, while the balance of NGN 404bn has been released for capital votes implementation. The Coordinating Minister for the Economy and Minister of Finance, Dr. Ngozi Okonjo-Iweala, gave this breakdown yesterday, at a briefing to debunk insinuations in some quarters that the Nigerian economy was broke and was no longer meeting her financial commitments.

Accompanied at the briefing by the Director-General of the Budget Office of the Federation, Dr. Bright Okogu and the Accountant-General of the Federation, Jonah Otunla, the minister explained that the little challenges encountered by the agencies of the Federal Government in accessing their funds was due to the current glitches arising from the full computerisation of government's accounting system. She also used the occasion to announce the appointment of an Acting Director-General at the Securities and Exchange Commission (SEC) in the person of Bolaji Ibrahim, who is the most senior Director at the SEC.

He is to resume duties on Monday, as "the Federal Government has declined to extend the tenure of the SEC board which tenure ends today. Defending further the Federal Government's liquidity position, Iweala said from the revenue profile of Government in the first five months, Government suffered a shortfall of NGN 376bn, which was raised by the Debt Management Office and maintained that there was no cause for alarm.

She added that NGN 304bn was released as first quarter capital votes, out which NGN 239.8bn, representing 39% only had been accessed and utilised by MDAs so far and another sum of NGN 100bn released on Thursday, thus providing enough funds for MDAs to execute their budgetary plans, hence there was no reason for complaints by them. Her words: "I am really completely puzzled by this issue of releases and cash-crunch and I want to say to you that that is not the case. We have just looked at utilization of the first quarter allocation that we released and we are at about 39% utilisation. So there is still plenty of room for MDAs to spend.

"The reason it is 29% now is because the last year ended in March this year and this utilisation is only till the end of last moth, May. But this is the last time we are going to extend our Budget cycle. From year 2013, there will be no more extension. We have begun the process of the fiscal year 2013 Budget because we want to address the pitfalls of delays in budgets implementation, so that we can have it passed in December this year.

"We are expecting utilisation to speed up in terms of implementation. But as at now, I can assure you that the issue of cash -crunch is not there; that releases have all their cash backing, which has not fully been utilised and we are about to have a cash management meeting now so we can release the second quarter allocation. "We have equally released the recurrent allocation. And there has been no delay in paying our salaries and meeting other commitments.

Now I want to say one thing, as you know, we are implementing an integrated payroll management system so that we can pay people directly instead of the old system that we had where we would send the money to their MDAs and they would take charge of the payments. "But we are computerising the whole thing and it will make for more transparency. Now, induing the computerization, there are sometimes glitches with the software and connectivity and that has happen now and again so that a few civil servant may not get their salaries on time because of network connectivity or glitches in the system.

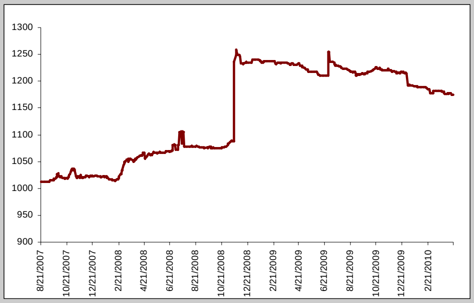
"The Accountant-General Office has worked so hard to bring down the number of staff who are affected from 15,000 to 3000 and now we have only 300 of them. And we are working very hard to ensure that that does not even arise. You can see that if you are paying about 100,000 people salaries and you have 300 that are affected, that is not so bad. But you know if your salary hasn't been paid, you would notbfeel so good about it. So we are working really really hard to ensure that not even one person is affected.

"But there is no issue with the recurrent budget with regards to paying the bills of the Government. We are working with the people that install the software to correct this challenge and correct any abnormalities. We are also working with the banks, the individual banks where the accounts are.

"Again let me say one thing, there is no where in the world where you are changing the entire payroll management system that you do not have glitches, we are all aware of that. I am actually quite proud that as of this moment, we are working the glitches out one by one, so bear with us," the minister further explained. Otunla said the implementation of the of the integrated pay roll and the GIFMIS had save the country the sum of N14bn as at April 2012 and fingered 43,000 ghost workers. *(Guardian)*

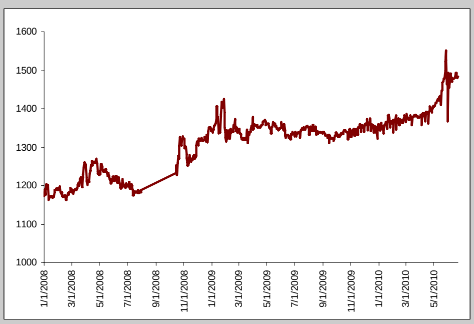
Tanzania

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 gained a marginal +0.14% to close at 1,310.34 points. NMB and CRBD were the only movers after gaining +2.22% and 4.44% to close at TZS 920 and TZS 117.50 respectively while TBL was the only shaker after shedding 5.74% to TZS 2,300.

Corporate News

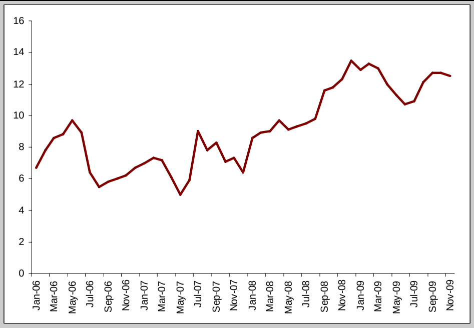
The largest gas producer in Tanzania - PanAfrican Energy, a unit of Toronto-listed Orca Exploration - said it refuses to pay USD 33m that the government says is a legal obligation, in a dispute that could disrupt the country's gas supplies. For months, the accusation that PanAfrican has withheld money has put the company on unsteady ground in Tanzania, which is expected to become a significant source of natural gas after news of several big discoveries off its coast this year.

PanAfrican provides the natural gas to fuel generation of about half of the electricity in east Africa's second-largest economy, which suffers from shortages of hydropower when its weather is dry. A parliamentary investigation said last year that PanAfrican had denied state-run Tanzania Petroleum Development Corporation (TPDC) a share of gas revenues, a claim that Orca strongly rejects.

"Clearly the government is under pressure to increase its earnings, but we feel the approach taken to resolve this matter has been harsh," Andrew Brown, PanAfrican's general manager, told Reuters. "We are not offering anything that would constitute an offer to compensate for any wrongdoing, as we haven't done anything wrong." PanAfrican said that under the terms of its contract with the government, it is entitled to the money as it recovers the USD 160m it has spent in Tanzania so far.

State officials say the funds should not be counted toward cost recovery and belong to the Treasury. The government demanded that the issue be one of many considered when the gas supplier's contract goes under a routine review this year. The TPDC says the company spent too much money on downstream network costs, such as the gas facility used to power an electricity plant, and should therefore reimburse the Treasury, because the expenses did not meet the terms of the PSA.

PanAfrican said the spending wasn't excessive and was in line with international standards. To settle the matter, PanAfrican agreed to change the terms of its 10-year-old production sharing agreement to give the state a bigger cut of future profits, among other things. "The audit hasn't delayed our investments, but clearly the rhetoric flying around has had a severe impact on


Source: SAR

the business," Brown said. The TPDC declined to comment on the issue.

"We are still having meetings. I don't know if there's a way of discussing it because it's still ongoing," said Gabriel Bujulu, principal petroleum engineer at the TPDC, told Reuters. "I don't think it's wise to talk about it at this time." Orca said in its most recent financial report that PanAfrican collected USD 18.8m in revenue from natural gas in Tanzania in the first quarter from the offshore Songo Songo field; made USD 2m in profit; and paid USD 1.8m to the Tanzanian government under its production-sharing agreement. *(Reuters)*

Norwegian oil firm Statoil and ExxonMobil have discovered a large natural gas deposit off the coast of Tanzania and added further resources to another nearby find, Statoil said in a statement on Thursday. The discovery, Statoil's seventh major find in just over a year, confirmed 3 trillion cubic feet (Tcf) of gas in the Lavani well, 2,400 meters under the sea.

In addition, the firms also added 1 Tcf of gas to an earlier 5 Tcf discovery in the Zafarani sidetrack in the same block just 16 kilometres away, Statoil, the block's operator said. "We estimate a value of the discovery plus the upgrade on the Zafarani discovery of NOK 1.3 per share," Swedbank First Securities said in a note. "We assume a fair share price reaction would be NOK 0.8-1.0 per share," it added.

The discovery confirms Statoil's recent track record for solid upstream success after it has made big finds in the mature areas of the North Sea, the Arctic Barents sea, in Brazil and Tanzania. The block further bolsters east Africa's hydrocarbon potential following a string of discoveries by oil majors off Mozambique and Tanzania.

Statoil operates the licence on 5,500-square-kilometre Block 2 on behalf of Tanzania Petroleum Development Corporation and holds a 65% stake while ExxonMobil Exploration has 35%. *(Reuters)*

Economic News

Tanzania's president has invited investors from the United Arab Emirates to join the rush for oil and gas in the east African nation, after recent gas discoveries along its coastline, the president's office said on Saturday. Together with oil finds in neighbouring Kenya and Uganda, significant gas finds in southern Tanzania have raised the profile of the region in the global energy industry.

"We invite investors to come work with us in oil and gas exploration ... and even in investing in industries that will add more value by producing gas-related products," a statement from President Jakaya Kikwete's office quoted him telling a delegation from the UAE. The delegation, which met the president on Friday, was led by the country's assistant foreign minister for economic affairs Khaled Ghanem Al-Ghaith, the statement said.

Executives from state-controlled Abu Dhabi National Energy Co. (TAQA), investment fund Mubadala, budget carrier Flydubai and UAE telecom firm Etisalat, which is the majority shareholder in Tanzanian mobile phone operator

Zantel, were also present. Tanzania has licensed at least 18 international companies to carry out exploration of offshore and onshore energy reserves.

British gas producer BG Group and explorer Ophir Energy said in May they had found gas off the coast. Norwegian oil and gas firm Statoil also announced in February it had found natural gas offshore. Brazil's state-controlled oil company Petrobras, Artumas Group Inc (AGI), France's Maurel & Prom, Royal Dutch Shell and Aminex also hold exploration licenses.

The government signed a USD 1bn loan agreement with China in September to build a 532-km (320-mile) gas pipeline from the south of the country to its commercial capital Dar es Salaam. The World Bank expects gas revenues to generate USD 2-USD 3bn a year for the aid-dependent nation over the coming years. *(Reuters)*

Companies working in the extractive sector paid a total of TZS 419bn (USD305m) to the government and its agencies according to report by the Tanzania Extractive Industries Transparency Initiative (TEITI) covering the period from July 1, 2009 to June 30, 2010. A statement availed to The Guardian yesterday said the amount is up almost three times compared to the first reconciliation report which covered the period from July 1, 2008 to June 30 2009 in which only 11 companies had reported their payments.

According to the findings of the second TEITI report on reconciliation of payments made by extractive companies and government revenues received from extractive companies, mining companies account for 80% of the revenue while oil and gas account for 20%. It said contribution by commodities are 64% from gold; 20% from gas, 1% from Tanzanite, and 1% from diamond.

"The increase in revenue is partly due to increase in the number of companies included in the second report and partly due to familiarity with the reporting procedure," said the statement. According to the report, the government received a total of TZS 419bn in July while mining and gas companies showed payments of 424bn/- resulting in a net discrepancy of TZS 5bn. "This report highlights under receipts (companies reporting more than what government acknowledged to have received) of TZS 44bn which is almost 10% of total government receipts," said the statement.

It said this year's discrepancies were mainly due to two companies failing to report. It named the companies which had failed to report as the Tanzania Portland Cement company, which represents 7% of the government revenues in the extractives sector and Mineral Extractions Technologies Limited. It said there were also discrepancies in import duty between the Tanzania Revenue Authority and Geita Gold Mine. *(IPP Media)*

Tanzania has trimmed its economic growth forecast for 2012 due to a prolonged drought and chronic energy shortages, but expects output to pick up in the years to 2016, a government minister said on Thursday. Stephen Wasira, Minister of State in the President's Office, said in a presentation to parliament that drought and frequent power blackouts had caused Tanzania's economic growth rate to slow to 6.4% in 2011 from 7.0% in 2010.

"We expect gross domestic product growth of 6.8% in 2012, which should rise to 8.5% by 2016," he said, revising an earlier growth forecast of 7% for this year. Wasira confirmed the government aimed for single-digit inflation this year, a target analysts expect it to miss due to rising food and fuel prices in particular. "The government has been taking several measures to curb the inflation rate, including improving food distribution, food production and the central bank's decision to raise minimum reserve requirements on government deposits held by banks from 20% to 30%," the minister said.

The high cost of living in Tanzania and rising youth unemployment have stoked anti-government sentiment. Economic analysts say increasing investor interest in Tanzania's telecommunications, energy and financial services sectors should help drive growth if the world economy recovers. East Africa's second biggest economy is attracting rising foreign investor interest in its natural gas deposits. The government says reserves stand at more than 10tn cubic feet following recent discoveries.

The latest discovery was announced on Thursday by Norwegian oil firm Statoil and its partner ExxonMobil. Tanzania is Africa's fourth-largest gold producer and its mining sector has attracted major investment over the past decade. *(Reuters)*

The government is expected to spend over USD10bn during the 2012/2013 financial year to be tabled today, where USD3.3bn is to be directed to capital investments, but over 40% of the latter will go to debt servicing. Finance and Economic Affairs Minister Dr William Mgimwa said this in Dar es Salaam last week besides mentioning the priorities of the proposed budget as infrastructure, agriculture, development of industries, development of human resources and social services, tourism, development of domestic and external business and development of financial services.

This year’s budget will not be so different from that of 2011/2012 where Energy, water and infrastructure were top priority. The budget proposal was presented to the Parliamentary Finance and Economy Affairs Committee which is headed by Bariadi East MP (CCM) Andrew Chenge. Discussions on the budget continue on Tuesday. For his part, the Shadow Finance minister, Zitto Kabwe, has expressed concern over the mounting national debt which has climbed from USD4.6bn in 2009 to USD15bn in March, this year, prompting the government to spend much of the proposed 2012/13 budget to service it.

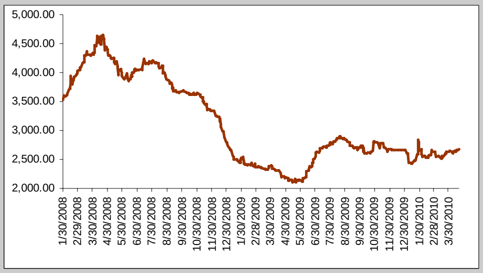
Kabwe, who is also Kigoma North lawmaker (Chadema), said in a statement early this week that the government has proposed to spend USD2bn to service the debt which is equivalent to 21% of the total budget. "The cost of servicing the national debt is the largest budget item in the proposed 2012/13 budget at USD2bn which is equal to 34% of the whole budget for recurrent expenditure. The country's spiralling debt is driving the nation into bankruptcy," he cautioned.

The government tables its budget proposals for the 2012/13 fiscal year in Parliament today in Dodoma. Kabwe said, other areas of concern in the proposed budget include inflation which is largely contributed by food and energy prices at 56.7% of the basket of goods and services with an inflation rate of 27%. He also invited ideas on how to tackle unemployment especially of youth which is a great challenge because despite the country's economic growth, the situation has not shown any trickledown effect or translated into enough jobs.

"We also need to reduce the current account deficit by cutting down on imports and increasing exports. Statistics shows that by the year ending March 2012, Tanzania's import bill totalled USD12.6bn, while exports were a mere USD6.9bn," he said. He pointed out that the current account deficit stands at USD5.2bn while the tourism and transport sectors have the potential of being even bigger foreign currency earners and the proposed gas fired electricity generation would also help cut down imports. *(IPP)*

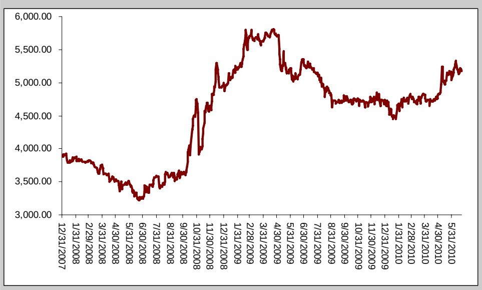
Zambia

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 gained a marginal 0.55% to close at 3,894.72 points. AELZ led the gainers after adding +13.33% to ZMK 3,400 followed by Zambia Sugar which rose +9.96% to ZMK 287.00 and Farm (+6.06%). SCB was the biggest loser after shedding -3.45% to ZMK 2.80 followed by BATZ, down -3.13% to ZMK 1,550 and Zambeef (-1.81%).

Corporate News

About 3,000 workers at Zambia Sugar, a unit of South Africa's Illovo Sugar, have gone on strike demanding a 35% pay rise, the company said on Wednesday. Zambia Sugar said in a statement that operations at its Nakambala Sugar Estate, about 130 km (80 miles) south of Lusaka, had been disrupted following the illegal strike, which started on Tue day.

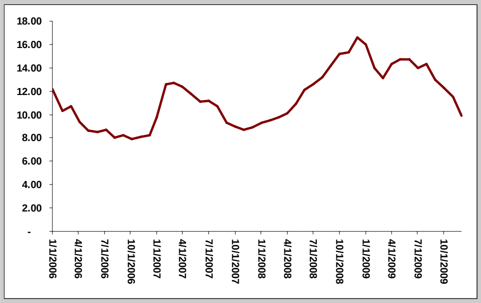
"The union has addressed workers and asked them to return to work immediately and advised that the strike action is illegal," Zambia Sugar said. The company said any employee who did not report to work would be deemed to have breached their employment contract and dismissed. Union officials could not immediately be reached for comment.

Zambia Sugar expects its sugar output to increase by more than 7% to over 400,000 tonnes in the current 2012/2013 season from last year. Wage negotiations between Zambia Sugar and the union began in January but collapsed in May after the company said it could not meet their demands. Zambia Sugar subsequently took the matter to court but the workers went on strike before the court could make a ruling, the company said. *(Reuters)*

Economic News

No Economic News this week

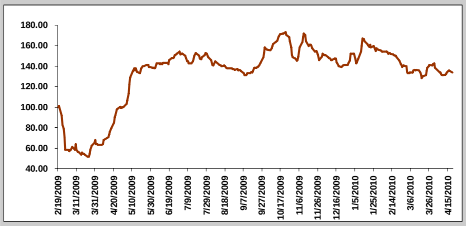
CPI Inflation



Source: SAR

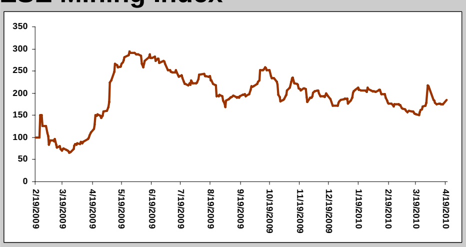
Zimbabwe

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 market closed the week on a negative note with Industrial Index closing -1.21% lower at 132.13 points while Mining Index was down -0.90% to 81.58 points. Pioneer and Phoenix led the movers after gaining +175% and 66.67% to close the week at USD 0.055 and USD 0.01 respectively. Other gains were recorded in NMBZ up +56.25% to USD 0.0125 and RTG which put on +25% to USD 0.025. NICOZ and Celsys led the losers after shedding -50% and -28.57% to USD 0.01 and USD 0.0005 respectively. Other notable losses were recorded in CBZ (-12.38%) and RioZim (-11.11%)

Corporate News

ZIMPLOW Limited is seeking to acquire the entire Reserve Bank of Zimbabwe stake in listed farm implements manufacturer Tractive Power Holdings. The acquisition is subject to shareholders' approval at the company's Extraordinary General Meeting scheduled for the end of the month. Company directors are also seeking permission to raise USD 11,2m by way of a renounceable rights offer of 224 185 085 ordinary shares at USD 0,05 per share.

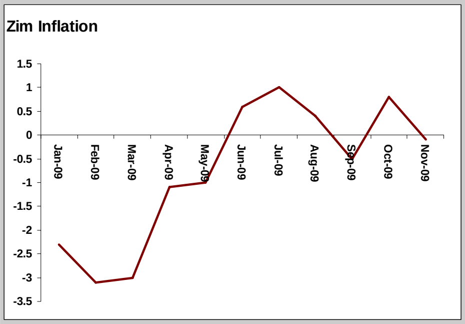
The rights issue ratio will be two ordinary shares for every three ordinary shares already held by company shareholders. Shareholders are expected to approve the acquisition of 88 526 968 ordinary shares, representing 57,21% interest at a price not exceeding USD 0,11 per share. Zimplow already controls 16% of TPH after it swooped on 27,2m shares valued at USD 3m through a special bargain on the ZSE.

As a special resolution the company is seeking to increase its authorised share capital from 500m ordinary shares of US0,01c to 800m shares of US0,01c. Company directors also want to place the unissued shares under their control. Last year, the central bank resolved to dispose of its shares in non-core businesses to concentrate on its core functions as a monetary authority.

The proceeds from the share sale would be used to finance debt payments. Apart from Tractive Power, the RBZ, through its investment vehicle Finance Trust of Zimbabwe, holds 64,9% in listed Astra Holdings and 64% of Cairns. Tractive Power demerged from the Astra Group in 2001 when 33% of the group was floated.

Astra has interests in paint, steel and chemicals through its 50% joint venture with Hippo Valley while Tractive Power has Barzem, a joint venture with Barloworld South Africa, Farmec and Puzey & Payne. The group also controls Northmech Zim through a joint venture with Invicta Holdings of South Africa.RBZ is also the major shareholder in Tuli Coal (Pvt) Limited, controlling 70% and 100% of another mining operation, Carslone Enterprises Limited.

CPI Inflation



Source: SAR

The central bank is also disposing of Homelink, a housing development scheme and a money transfer agency. Sirtech Limited, a science research and industrial development firm, in which RBZ holds a 65% stake, is also up for grabs. The disposal of a 50% stake in Transload, which deals with bio-diesel, completes the list of the seven companies up for sale. *(Herald)*

Zimbabwe Stock Exchange-listed conglomerate Meikles Limited has posted an after-tax loss of USD 3,4m for the year ended March 31 2012 compared to a profit of USD 6,1m recorded in the previous year. Revenue grew to USD 354m from USD 330 000m buoyed by its retail division as the group seeks to consolidate its market share anchored by the Pickn Pay brand.

The South Africa-based retail chained injected USD 13m into the group which resulted in an increase in the number of TM Supermarket outlets. Finance costs were 44,3m and USD 4,2m in the first half and second half respectively.

Regrettably the groups agricultural division suffered from a severe frost last winter and an unusual adverse weather pattern in the summer. Losses that arose and were accounted for in the second half of the year as a direct result of the weather amounted to USD 2,9m in direct revenue and USD 2,3m loss of profit, said chairman John Moxon in a statement.

The group also announced its plans to raise USD 150m to fund its units. The group is negotiating with various financiers regarding the injection of significant funding. In addiction, discussions with the Reserve Bank of Zimbabwe for the freeing of funds held on deposit are continuing. The implementation of this financial policy according to Moxon would result in the reduction of finance costs as well as securing a sound balance sheet structure for the group.

Subject to regulatory approval, the group has a potential project that may commence shortly. The sum involved amounts to USD 150m. This amount will not be raised at holding company level, but will be injected directly into the project itself, said Moxon. *(News Day)*

AICO Africa sub-Saharan Africa's biggest cotton merchant and ginner said Zimbabwe's cotton subsidy plan is a "backward step" for the industry. "History is littered with examples of price controls that have not worked," Chief Executive Officer Patrick Devenish said. "They will be good for the industry as a whole but I am not sure how sustainable they would be for government. We producers need to absorb the hard times."

Aico gained 4.4% on the Zimbabwe Stock Exchange the day after Agriculture Minister Joseph Made on May 30 told the state media the government will be the sole buyer of cotton. The stock was unchanged at USD 0.12 at the close today. The subsidy will support farmers, Made said. Merchants "want to milk the cotton farmers," he said. "Some of them have increased their input costs by 20%,"

Made wouldn't say what the subsidised price will be. "We are still working on the policy," he said. Cotton merchants are offering USD 0.35 to USD 0.50 a kilogram, while farmers want USD 0.85 to USD 1.20. "Last year when the prices were very high I didn't see government intervening," Devenish said. "When you trade in a commodity you take the world price, you are price taker not a price maker."

Prices for the commodity have plunged 69% from a record USD 2.197 a pound in March 2011 as output grew and demand from textile mills declined for three of the past four seasons. The prospect of weakening economic growth made cotton the biggest loser in the past year among the 24 commodities tracked by the Standard & Poor's GSCI Spot Index, which touched an 18- month low on June 4.

Zimbabwe produced 250,000 metric tons of cotton last year and this is expected to rise to 265,000 tons to 280,000 tons in the 2012 marketing season, according to the Agriculture Ministry. Aico will continue to do business with Olam International, even though it halted talks with the Singapore-based commodity supplier on a possible acquisition, Devenish said.

Aico sold Olam 10,000 tons to 20,000 tons of lint a year and they are "a very good and reliable business partners," he said. "We think highly of them and I think they think highly of us." The company will explore other options to fund expansion in Tanzania and Kenya after shareholders voted against a USD 50m rights issue, Devenish said. "We've also dipped our toes into West Africa; the plan is by 2014 is to have Seed Co in Nigeria," he said of the company's seed-production unit. *(New Zimbabwe)*

Zimbabwe's Securities Commission (SecZim) yesterday cancelled dealing licences for Interfin Securities (IS) and Remo Investments Brokers (Pvt) Ltd's (Remo) after the two brokerage firms violated their licencing conditions. "The Commission, having considered all the aspects of this matter, were convinced that the firm contravened the following sections of the Securities Act, Chapter 24:25," SecZim chairperson Wilia Bonyongwe said.

"The Commission held that Interfin Securities is not a fit and proper person to hold a dealing firm licence because of the conduct of its principal officers/management, as outlined above," she said. "The Commission was of the view that had it known what it knows now about Interfin Securities they would not have licensed it in 2010, nor renewed its licence in 2012."

SecZim said the decision took into account the need to deter like-minded dealing firms and dealers from venturing into improper practices. "The Commission was convinced and resolved that the cancellation of the Interfin Securities dealing firm licence would meet the justice of this case," she said "Of particular concern was the fact that the affected shares were not trading, thus disrupting the markets and bring them into disrepute.

"The markets' integrity was, thus, compromised, especially with foreigners that kept contacting SecZim over the matter." The markets regulator also resolved to cancel IS managing director, Rufaro Zengeni's licence whilst other securities dealers, Edmund Mupfapairi and Cuthbert Kwashirai retained their licence on condition that they would operate under supervision from a senior broker for a year.

Bonyongwe said SecZim had found one of Remo's founding executive to be unfit to function as its principal securities dealer. "This resulted in the licence being cancelled whilst the securities broker, John Motsi and the compliance officer Rezana Ebrahim would be under supervision from a senior dealer for a year." However, insiders say Remo is expected to sue the regulator over its suspension.

The announcement by SecZim follows a probe into IS's dispute with Remo over the return of a USD 3m parcel of shares and under which the latter has filed a legal complaint against Rufaro Zengeni's company. After the dispute, both companies were suspended until finalisation of SecZim's investigation. The development also comes as the regulator considered its consultants Proctor and Associates (P&A)'s findings as well as the warring and suspended parties' arguments.

With the fraud and risk advisory group producing a damning report on Interfin saying that it had violated the law by engaging in quasi-banking activities, it would seem that Tafadzwa Chinamo's institution was impelled by the available evidence.

"There was gross trading indiscipline within Interfin emanating from their indulgence in non-permissible dealings, especially without requisite risk control measures which exposed the trading public to risk of irrecoverable losses," P&A noted, adding this potentially jeopardised the stockbroking firm's operations.

"Market confidence has been compromised by their transactions, which are not consistent with the requirements of the Act," it said. The report, which also formed the basis of a wider inquiry into Remo and Interfin's business relationship, slammed the "integrity and credibility" of Interfin's stockbrokers, who allowed non-permissible activities with the full knowledge of "breaches and potential risks" arising from these transactions.

In the meantime, P&A not only criticised Interfin for its lack of sufficient and reliable internal controls, but also noted that its activities were backed up by an agency agreement with Interfin Banking Corporation Limited. The arrangement particularly violated section 38 of the Securities Act, it noted. *(Daily News)*

Listed retail and hospitality, Meikles Limited says it will seek to raise USD 150m to finance its operations after posting an after-tax loss of USD 3,4m for the year ended March 31. Last year the company made a profit of USD 6,1m. Group chairman, John Moxon, said the group was also negotiating with various financiers regarding the injection of significant funding for a new projection which he however did not disclose.

"Discussions with the Reserve Bank of Zimbabwe for the freeing of funds held on deposit are continuing are on going. Fresh capital would result in the reduction of finance costs as well as securing a sound balance sheet structure for the group," said Moxon. "Subject to regulatory approval, the group has a potential project that may commence shortly. The sum involved amounts to USD 150m. This amount will not be raised at holding company level, but will be injected directly into the project itself."

Shareholders approved the demerger of Kingdom from Meikles at in October 2010 paving way for the separate relisting of the financial group on the Zimbabwe Stock Exchange. Meikles Limited's revenue grew to USD 354m for the year ending March 31 from USD 330m buoyed by its retail division as the group seeks to consolidate its market share anchored by the Pick 'n' Pay brand.

The South Africa-based retail chain injected USD 13m into the group which resulted in an increase in the number of TM Supermarket outlets. But the group's agricultural division suffered was hit by severe frost last winter and an unusual adverse weather pattern in the summer. "Losses that arose and were accounted for in the second half of the year as a direct result of the weather amounted to USD 2,9m in direct revenue and USD 2,3m loss of profit," said Moxon said. *(New Zimbabwe)*

The central bank has closed Genesis Investment Bank and placed Interfin Bank under curatorship for six months in a bid to prevent problems at the two institutions triggering sector-wide contagion. RBZ chief Gideon Gono said Monday Genesis Bank handed back its operating licence after failing to meet the minimum capital requirements. “Genesis Investment Bank resolved to voluntarily surrender its banking licence (after failing to) raise the requisite minimum capital from over 20 different potential inventors whom the bank tried to engage since 2009,” Gono said.

“The Reserve Bank determined that the institution is not in a safe and sound financial condition. The directors have failed to steer the institution out of numerous deficiencies including gross undercapitalisation (-USD 3.20m); persistent losses; poor asset quality; paltry deposit base; and chronic liquidity challenges. “As such, there is no prudential basis for the continued existence of the bank.” The RBZ has also been forced to take action over Interfin which struggled with capitalisation challenges, non-performing loans as well as poor management oversight.

Said Gono: “The unsafe and unsound condition of Interfin Bank Limited is attributable to inadequate capitalisation, concentrated shareholding and abuse of corporate structures, high level of non-performing insider and related party exposures, chronic liquidity and income generation challenges, poor board and senior management oversight, as well as violation of banking laws and regulations. Peter Bailey of KPMG Chartered Accountants has been appointed curator and will recommend how to resolve the bank’s problems.

“The Reserve Bank of Zimbabwe has taken this action because it considers it to be in the best interests of depositors and creditors, and of Interfin Bank Limited itself and also of the banking sector in general,” Gono said. Early this year the RBZ gave banks until April 1, 2012 to comply with new minimum capital requirements and urged those struggling to consider merging with other institutions.

“We urge those banking institutions without realistic chances of meeting the soon to be increased minimum capital requirements to seriously consider mergers and acquisitions or solemnize their proposed marriages,” Gono said in February. “As previously advised the undercapitalised banking institutions will have up to 31 March 2012 to ensure compliance with the minimum capital requirements. “For the avoidance of doubt no undercapitalized banking institution will remain operational in the banking sector with effect from 1 April 2012.” *(New Zimbabwe)*

MEIKLES Limited has acquired a 35% stake in South Africa’s Mentor Africa Limited by merging Cape Grace into Mentor and converting cash into equity. The group’s executive chairman, Mr John Moxon, said the funds, held by Mentor on behalf of Cape Grace, would be converted into equity in Mentor. “The transaction will allow the group to unlock further value in its foreign investments by providing access to assets, which have greater growth prospects than Cape Grace Hotel in isolation,” said Mr Moxon.

In his report for the full year to March 2012, Mr Moxon said the deal, with good upside potential, would position the group in growth opportunities in Zimbabwe while Mentor focuses on investments. Mentor has a growing and diversified portfolio in South Africa including air service providers, financial services and mining. This transaction led to the fallout between Kingdom Financial Holdings founder Mr Nigel Chanakira and Mr Moxon before the demerger of Kingdom Meikles Africa.

Meikles and Kingdom merged in 2008 before de-merging 18 months down the line from what was one of the country's biggest unions. The sticking point was on the fate of the USD 22m controversially taken to South Africa by Mr Moxon, allegedly for investment. The funds were supposed to be repatriated to Zimbabwe, but Meikles in June last year indicated that USD 11,7m had been recovered and could be the remainder that is being converted into equity in Mentor.

Meanwhile, the group yet to go for a fund-raising initiative for recapitalisation is negotiating with a number of financial institutions for funding. Mr Moxon said his company was also negotiating with the Reserve Bank of Zimbabwe to free funds held on deposits to retire the group borrowings. But the group has come up with a new group funding policy to deal with short-term local borrowings. According to the new policy, funding for partly-owned subsidiaries or associates would only be provided in proportion to the group's%age shareholding.

But the group said it would continue to fund its investment in retail store debtors from borrowing, or from the sale of the debtors book to a third party. This would result in the group retaining minimal and inexpensive short-term borrowings from local banking institutions. "These factors together with the improving performance in the divisions, and further profits from the region, will enable the resumption of dividend payments to group shareholders," said Mr Moxon. *(Herald)*

TN Holdings is seeking shareholder approval to demerge TN Bank and subsequently list it on the Zimbabwe Stock Exchange, as it adopts a cocktail of measures to restructure the group. Shareholders will also be asked to approve the injection of USD 20m into the bank by Econet Wireless Zimbabwe (EWZ) in order to recapitalise its operations and the rebranding of TN Holdings to Lifestyle Holdings Limited. After the transaction, TN Holdings shareholding in the bank will be reduced to 55% while the bank capital base will rise to USD 32,9m.

Under the deal, EWZ will subscribe for 62 344 140 ordinary shares in TN Bank at a subscription price of USD 0,3208 per share. According to a circular to shareholders issued ahead of an extraordinary general meeting scheduled for July 5, TN Holdings said the demerger would be achieved through the issuance of 76 203 638 TN Bank ordinary shares to TN Holdings shareholders at a subscription of USD 0,0000001 per share.

Ten shares will be issued at an allotment ratio of one TN Bank share for every ten TN Holdings shares Limited held. TN Holdings said the rationale to demerge the bank stemmed from a perception the banking arm had strayed from its core business and ventured into manufacturing and retailing, among other ventures. "TN Bank Limited has, however, leveraged on synergies with other members of the TN Holdings Limited Group through sharing infrastructure such as distribution network, sharing head office resources and providing funding to those customers of the other subsidiaries in the group who qualify for funding after going through the vetting and credit appraisal processes laid down by TN Bank Limited," reads part of the circular.

"This model has resulted in the reduction of the burden of occupancy costs as the occupancy costs of the common areas are shared between the furniture company, the bank, the Econet franchise shops and other business units that operate from the same floor space." The envisaged recapitalisation will give TN Bank a strong base and capacity to gain market share and grow. The bank will also be in a position to increase its branch network. *(News Day)*

National Tyre Services' (NTS) operating profit rose 72% to USD 888 997 for the full year ended March 31 2012 on the back of growth in new tyres. New tyre volumes were up 17% buoyed by an increase in the contribution of high value truck and off the road tyres. Revenues rose to USD 15,9m from USD 11,3m during the comparative period.

During the period under review, NTS re-opened two branches in Chiredzi and Kwekwe to increase its visibility on the market. "Capacity utilisation in Harare Truck Retreading factory increased in the current year. "This resulted in the re-opening of the of the Bulawayo factory in February 2012 in order to decongest the Harare factory and offer improved turnaround time to the Bulawayo market," said NTS in a statement accompanying its financial results.

NTS said the growth in the national fleet and mobile plants offered the group opportunities to grow its revenues and market share. It however warned that the anticipated increases in rubber and oil prices, coupled with unreliable energy supply, would have a negative impact on pricing and margins. The company also attributed the growth in revenues to efficient supply chain management, a wider distribution network and brand awareness.

"Despite pressures on overheads linked to the electricity tariff, distribution costs and wage increases as well as facilities and plant refurbishments, operating profit increased by 72% over prior year as a consequence of various productivity enhancement initiatives and strategic cost management," NTS said. *(News Day)*

Interfin Banking Corporation could be heading for liquidation, considering the financial outlay required to bring its balance sheet back to health, sources have said. The bank was on Monday placed under curatorship by the Reserve Bank of Zimbabwe for the next six months, after it ran into liquidity problems. Mr Peter Bailey of KPMG was appointed the curator.

According to reports, the bank has a capital deficit of more than USD 106m. This implies that any investor willing to revive the bank will first need to plug Interfin's capital hole before recapitalisng it. "There are huge debts in the form of non-performing loans advanced to companies linked to the key shareholders," said one source. "The unfortunate thing is that the loans were advanced to non-performing assets.

"Under such a scenario, it will be quite difficult for the curator to secure an investor who will inject money to plug the capital hole entirely with equity and then recapitalise the bank. After all, the reputation for a bank that would be put under curatorship is difficult to restore. "It is actually by God's grace that the bank did not go straight into liquidation." Interfin is understood to have advanced severalms of dollars to companies in which its anchor shareholder Mr Farai Rwodzi had interests.

In a number of instances, companies linked to Mr Rwodzi exceeded their borrowing limits. Apart from the banking sector, the embattled businessman has interests in mining and chrome smelting, tobacco, retail, telecommunications, agro-processing, mining and industrial engineering. As at September 30, 2010, Savanna Tobacco had borrowed about USD 18,2m, while its limit was USD 150 000.

Mr Rwodzi is a major shareholder in the tobacco company. Zimbabwe Alloys Limited, in which the Rwodzi-led consortium has an 85% stake, had exceeded its borrowing limit by about 100% at USD 14,1m. Other companies that owe Interfin Bank include Lunar Chickens, Harambee Holdings, RioZim Limited, AMC, Gulliver, Interfin Resources, Fort Enterprises, ART, CZL Incorporated, Gemgrade, ZimCricket, Apex and Covenant Capital. At the time of the RBZ intervention, it could not be established exactly how much the bank was exposed to.

But analysts have blamed the central bank for taking too long to act. "The real question is why the Reserve Bank took so long to act on Interfin," said one analyst. "Since the beginning of the year, the bank was facing challenges, but it's not why the central bank did not take action." Interfin customers have been struggling to access money deposited with the bank since January this year as liquidity constraints hit the bank. Genesis Investment Bank decided to surrender its licence after failing to meet regulatory minimum capital requirements. Genesis, which has a negative capital balance of USD 3,6m, failed to secure investments from about 20 possible suitors they engaged. *(Herald)*

Listed gold producer Falcon Gold Zimbabwe Limited (Falgold) says it seeking USD 10m worth fresh capital to boost its production, the company said. Ian Saunders, Falgold chief executive and president, said future growth in volumes was expected to come from improved output and grades from the underground at its Dalny Mine and the restart of the Venice Mine. "…and additional capacity (is) being installed at Golden Quarry Mine," added in the company's half year results statement for the period to March 31, 2012.

He said shareholders are working on an indigenisation plan under the gold producer's parent company New Dawn Mining Corp (New Dawn). New Dawn a Toronto Stock Exchange-listed gold miner with assets in Zimbabwe recently said it will invest about USD 15m to ramp up its annual local production to 60 000 ounces by year-end and 100 000 ounces by 2014. New Dawn owns six gold mines in Zimbabwe, with five operational.

The mines include Turk and Angelus Mine, Old NIC, Camperdown, Dalny Golden Quarry and Venice. In the period under review, Falgold realised net income of USD 3,2m as compared to USD 763 000 prior year, reflecting a four-fold growth. "Net income for the six months ended March 31 2012 was achieved on both Dalny Mine and Golden Quary/Camperdown Mine," said Saunders. The company produced 9,819 ounces of gold for the period, as compared to 4,4447 ounces of gold in the same period in 2011.

Falgold said phase two of its three phased recovery plan was now complete and the production capability and production levels at both mines were stable. “The focus of management will now be on increasing output from the underground at Dalny Mine where additional amounts of ore grade material will need to be accessed, mined and hoisted in the coming months as the higher-grade sands are depleted.”

Phase three of the recovery plan, Saunders said, entails the execution of an exploration strategy designed to prove Zimbabwean gold mines can support large scale, mass mineable, low to high grader, relatively low tonnage operations. The company said it has already embarked on initial exploration programmes at two sites in the period under review with results for the exercise expected between nine to twelve months.

Average sales per ounce stood at USD 1,688 per ounce on 9,696 ounces sold in the first half of this year, from USD 1,471 per ounce on 3,821 ounces sold to March 31 2011. Earnings per share also grew four times to USD 0,028 per share from USD 0,007 per share in the same period last year. Mining and processing costs rose to USD 12 000, from USD 4 400 prior year while operating margins also increased to 26,4% from 21,7% respectively.

“Operating margins have improved and should continue to do so as further production growth is realised,” Saunders said. Administration costs, however, fell from 15,8% of mining and processing costs to 9,7%. *(Daily News)*

Zimbabwean cabling company Cafca (CAC), which also has listings in London and the JSE, earned headline earnings per share of 3,6c for the six months to March this year. This was a slight improvement on the 2,31c earned in the comparative six months to March last year. Revenue for the six-month period was static when compared with the same period last year, the company said.

“The liquidity crunch in the last quarter has resulted in a significant drop in the sales to our major customers as they have not been able to meet their obligations to us. “Margins have remained tight in the face of imported competition. The net result is the operating profit being very much in line with the previous period. Net finance costs have shown a marginal improvement due to more competitive interest rates paid on reduced borrowings,” the group said in a statement.

Cafca expects to maintain its performance in the short term, but said liquidity would remain tight and revenue would be curtailed because of enforcing credit terms. Exports, currently at 20% of volumes in the last quarter, would be grown in traditional markets, while assistance would be sought from its major shareholder to access niche markets.

The company’s directors recommended waiving payment of a dividend due to the strategic need to finance debtors and finished goods. Cabling companies would want to capitalise on construction companies’ projects, which served South Africa’s large infrastructure spend, Cafca said. *(Daily News)*

Economic News

ZIMBABWE'S arrears to the African Development Bank will be cleared under the Fragile States Facility, Reserve Bank of Zimbabwe Governor Dr Gideon Gono has said. The country owes the regional financier around USD 510m. The FSF was established as an operationally autonomous special purpose entity within the AfDB to provide eligible fragile states with clearance of arrears for eligible countries.

The facility also provides technical assistance and capacity building support in an effort to contribute to accelerated state building and supplemental grant resources to support post-conflict states in their rehabilitation and reconstruction efforts. Zimbabwe is one of the targeted beneficiaries of the FSF, and is listed as one of the "moderated fragile states". Commenting on the country's Zimbabwe Accelerated Arrears Clearance, Debt and Development Strategy (ZAADDS), a strategy to fight the country's external debt overhang which is estimated at over USD 8bn, Dr Gono said the country was able to meet the requirements of the FSF.

"Under this facility, Zimbabwe would be required to meet up to one-third of its arrears clearance obligations, while the remaining two-thirds of the required financing would be provided through the FSF. "Zimbabwe is already on course towards fulfilling the preconditions for accessing financing under the FSF," he said. The key preconditions for accessing FSF funds include commitment to consolidating peace and security, a demonstration of the unmet social and economic needs, a track record of sound macro-economic and financial management reforms, respect of the preferred credit status of the AfDB group and eligibility for traditional debt relief.

The use of the AfDB's FSF is one of the mechanics of the ZAADDS through which the country plans to re-engage with its respective multilateral, bilateral and commercial creditors. Dr Gono said the re-engagement of bilateral creditors would be done primarily through the Paris Club, while the other official and non-Paris Club creditors' members will be dealt with individually.

In terms of re-engagement with the Paris Club Creditors, the RBZ Governor said Zimbabwe would seek debt relief from the Paris Club under the Naples terms to clear its arrears to the Paris Club Creditors amounting to USD 2,1bn. Under the Naples terms, the Paris Club creditors may write off up to 67% of the total outstanding debt stock and reschedule the balance over several years.

The Naples terms are applicable to countries whose Gross National Income per capita is less than USD 500, and Zimbabwe qualifies since its GNI per capita is currently around USD 340. Dr Gono also added that the country is at an advanced stage towards entering a staff-monitored programme with the International Monetary Fund, which is a critical step towards re-engagement with the Paris Club creditors.

In terms of the ZAADDS strategy to re-engage with the IMF, the country is expected to secure resources from other development partners at concessional terms and deploy them towards clearing arrears to the IMF. Currently, the country is unable to pay off the overdue amount using its own resources. Zimbabwe still owes the IMF about USD 140m contracted under the Extended Credit Facility.

The Government has since declined to settle its arrears with the institution under the Highly Indebted Poor Country strategy. In terms of re-engagement with the World Bank, Dr Gono explained that the ZAADDS strategy proffers two options that the country can pursue. The first option involves utilising the World Bank's soft credit window, the International Development Association, to clear 15% of Zimbabwe's arrears to the

World Bank Group, under the IDA15 replenishment arrangements. On the other hand, the World Bank can provide an Exceptional Arrears Clearance Grant under which a bridging loan can be provided by development partners and repaid with the proceeds of the IDA Development Policy Co-operation. Dr Gono also said the Government would negotiate for a bridging loan or grant for the clearance of the European Investment Bank arrears. The idea is to repay the loan through proceeds of financing facilities from the international financial institutions.

Meanwhile, the Government is finally going to take an active approach in dealing with the issue of securitising the country's vast mineral resources as part of the ZAADDS strategy. Such players as the Confederation of Zimbabwe Industries, whose members are in dire need of effective sources of funding, have made calls for mineral securitisation. “The policies enunciated in ZAADDS are at variance with the HIPC initiative as it leverages on the country's natural resources for sustainable economic development,” said Dr Gono. *(Herald)*

Finance minister Tendai Biti has announced that the Reserve Bank of Zimbabwe (RBZ) expected to dispose of its non-core assets by year end amid indications Treasury is planning to tackle the banks debt. In 2011 the central bank announced plans to shed off the central banks quasi-fiscal operations and shareholding in seven companies to raise money to settle the banks debt.

The RBZ is due to dispose 58,75% shareholding in Tractive Power Holdings, 70% in Thuli Coal and 50% in Transload. The apex bank has interests in Astra Holdings, Cairns Holdings, Homelink and Carslone Enterprise. Biti last week told parliament proceeds of the quasi-fiscal activities would pay off the USD 1,1bn debt which had ballooned at the height of the countrys economic meltdown which only ended in 2009.

The supra-ministerial interventions which included bailing out perennial loss-making parastatals, availing farming equipment to new farmers and funding political processes such as elections, resulted in individuals, non-governmental organisations and business losingms of United States dollars to the central bank.

The Finance minister also said a new Bill expected to tackle the central banks debt would soon be brought to Parliament. At the present moment, there is a sub-committee of the RBZ that is dealing with the issue of disposal of all quasi-fiscal assets. That process is taking longer than expected and we believe that they should have done their job before the end of the year, said Biti.

He said it was no longer possible for the central bank to engage in quasi-fiscal activities since the RBZ Act was amended to ensure that it stuck to its core business. All these things are quite clear that they cannot engage in business. However, there are still quasi-fiscal assets that they still owned. For instance, just to give you an example; the RBZ is the majority shareholder in Cairns Holdings. The RBZ also has got some mining interest, including Thuli Mine in the south of our country.

The amendment to the RBZ Act obliges the RBZ to dispose of all non-core assets that is quasi-fiscal assets, he said. Following a relentless pursuit by debtors of the central bank, President Robert Mugabe in 2010 invoked a statutory instrument that made the bank immune from any court action that could result in the sale of its assets to pay off debtors. *(News Day)*

Bank deposits rose 21,12% in the first 5 months of the year to USD 4bn from USD 3,3bn recorded over the same period last year as tobacco sales helped boost a local money market reeling from liquidity challenges. Kingdom Financial Holdings (KFHL) said while the banking sector continued to witness significant growth in deposits, loans and advances declined by 3,45% with USD 2,8bn loaned out by mid May from USD 2,9bn as at December 2011.

"Loan-to-deposit ratio declined to 70% from 87,4% in December 2011 which is in line with the 30% prudential liquidity ratio prescribed by the central bank," said KFHL. The Reserve Bank on February 16 this year increased the prudential liquidity ratio from 25% to 27,5% by end of March and 30% by May 31. "The gradual increase to 30% by end of May 2012 implies that the central bank wants banks to reduce their loan to deposit ratios to at most 70% so as to better manage their liquidity," KFHL said.

However an analysis of financial statements for banks as at December 31, 2011 show that locally-owned banks had high loan-to-deposit ratios of around 85% when compared to the conservative lending approach by international banks which had significantly lower ratios of around 40%. "Various banks are still facing liquidity problems due to the mismanagement of the liquidity gap and have created huge asset and liability mismatch which ultimately create a liquidity crunch," said KFHL.

Banks mobilise deposits of varying tenor periods and should also lend the money in a way that ensures that it can meet its contingent liabilities. The short nature of deposits and the continual rolling over of outstanding loans has also precipitated the liquidity crisis across the banking sector. "This is largely a result of bank banking practices by non-adherence to the proper principles of lending," said KFHL.

Meanwhile 111m kgs of tobacco worth USD 415.9m has been sold since the beginning of the marketing season in February, representing a 49% change from last season when a total of 104m kgs worth USD 279,6m was auctioned during the same period. *(New Zimbabwe)*

Tourist arrivals into Zimbabwe climbed by 8,3% to 2,4m in 2011 from 2,2m in 2010, driven by visitors from the African region, a tourism report has revealed. In its Tourism Trends and Statistics report for 2011, the Zimbabwe Tourism Authority (ZTA) said tourism receipts moved to USD 662m during the period from USD 634m in 2010, although room occupancy levels remained flat at 52%.

However, only 6% of the 2011 visitors arrived from the high-spending European markets. Four% came into Zimbabwe from the American and Asia markets, where the ZTA recently said deadly tsunamis that affected Japan’s coastal regions in 2011, forced potential tourists in the world’s third largest economy to reschedule travel plans.

“Most of these arrivals were on holiday, visiting friends and relatives (78%),” said the African Development Bank (AfDB) in a commentary. The ZTA report, however, revealed a sharp slow-down in the tourism industry’s contribution to Zimbabwe’s gross domestic product to 7,1% in 2011 from 7,4% in 2010. The sector’s contribution to export earnings retreated to 19,5% during the review period from 19,7% in 2010, said the report.

Tourist arrivals into Zimbabwe declined from 2000 as the country deteriorated into a prolonged turmoil that was fuelled by a bolt of travel warnings in Japan, the US, Germany and Britain, among other countries in response to a political and economic crisis triggered by worsening diplomatic relations. Following a political pact that gave birth to an inclusive government in 2009, hostilities have subsided with arrival peaking to 2,2m in 2010 from 1,9m in 2009.

ZTA chief executive officer Karikoga Kaseke has been bullish about prospects for the tourism industry, indicating that projections were positive and investments into new hotels was critical if Zimbabwe was to cope with an expected influx. “We don’t have zoos like in other countries were you are taken to a group of animals to see wild animals. Here we have wild animals, our wildlife is unexploited and we are happy with that,” said Kaseke recently. *(News Day)*

Zimbabwe has approved a Diamond Policy at the height of accountability concerns, but the new legislation will not guarantee full disclosure, Mines minister Obert Mpofu announced yesterday. Addressing a Centre for Public Accountability annual conference, Mpofu said, Cabinet had ratified the new policy which seeks to regulate mining of the precious stones while fostering transparency and accountability.

“The policy will facilitate optimisation of exploitation of diamonds throughout the value chain, security and accountability of diamonds to ensure full realisation of the potential of the diamond industry,” he said. The mines minister however, said the country was not prepared to give full accountability on its diamond operations as a means to beat economic sanctions, adding that the restrictive measures were hindering fair access to international markets.

“In that regard we note with concern the imposition of sanctions on our diamonds hampering fair trade,” Mpofu said. “As you are aware Zimbabwe is under illegal sanctions and the same countries that gave us sanctions are clamouring for transparency (and) to us the plot is very clear that they want to know our sanction-busting strategies which they can then succeed in plugging,” he added.

The position brings into focus the country’s commitment to give its citizens full details of its economic activities, at a time concerns have been raised over diamond leakages in the Marange mining area. Civic society has already condemned the military’s presence in the mining area. The concept of transparency, according to Mpofu, in its full idealistic nature implies full accurate and timely disclosure of information while public accountability refers to being answerable to the relevant stakeholders.

“We cannot speak of full disclosure of critical information (when there is) selective demand for transparency and accountability with the focus on the booming sector which has in a short space of time transformed the economy.”

The minister said the new legislation, which spells out government's position on ownership structures of diamond operations, will be governed by international best practices.

Mpofu said the move will enable the creation of a suitable environment that attracts both foreign and local investors for the sector. Ratification of the diamond policy also comes as government is working on amendments to its Mines and Minerals Act — which governs the entire mining sector. "There is need to relook at the Mines and Minerals Act of 1963 as it is a colonial mining instrument formulated with undue bias towards the then system of governance," he said.

"The Act has gone through countless amendments and in our case to improve usability. It is however, in the latest proposed amendments where we seek to incorporate a plethora of issues directed at improving its outcomes," Mpofu said. "Transparency and accountability are governance issues that are by nature systematic and embedded in the Act." Finance minister Tendai Biti is his 2012 budget, projected diamond revenues to contribute over USD 600m to government coffers. *(Daily News)*

The Deposit Protection Board says it is working on modalities to compensate depositors of the closed Genesis Investment Bank. Genesis Bank on Monday voluntarily surrendered its banking licence to the Reserve Bank of Zimbabwe after failing to raise capital. DPB chief executive officer Mr John Chikura said the board was working on compensating depositors, but would not give details.

"We are coming in," he said. "Everything will be communicated through notices in terms of the procedures that would be taken to compensate depositors." The board's primary objective is to provide deposit insurance to depositors in registered deposit-taking institutions. The fund offers limited coverage and guarantees that small depositors will be paid in full up to the insured amount in the event of bank failure.

Currently, the prescribed maximum deposit compensation covers in full 90% of all depositors' operating accounts in contributory institutions. The central bank said it had also started proceedings for liquidation after the bank failed to meet minimum capital requirements. Genesis failed to attract investment from 20 possible investors they have courted since 2009.

Meanwhile, the Deposit Protection Board says depositors in Interfin Bank, placed under curatorship, are safe as the curator had moved in to protect depositors and creditors. Mr Chikura said curatorship was meant to show that the bank was in "intensive care" and the curator would resuscitate it. Interfin was placed under curatorship by the central bank on Monday for a period of six months after facing insurmountable liquidity challenges.

Interfin has been failing to pay demand deposits since January this year due to liquidity problems. The entire market faced cash challenges in December last year spilling into January this year from which Interfin never recovered. Mr Peter Bailey of KPMG has been appointed curator for the six months.

"Interfin has been facing problems but depositors are safe because the bank has been placed under curatorship to stop it from bleeding in the interest of depositors and creditors," said Mr Chikura. Analysts yesterday commended the regulator for intervening in weak and undercapitalised banks. *(Herald)*

The International Monetary Fund (IMF) team is in the country for the routine Article IV consultations that deal with economic developments and policies of member countries. The team visits Zimbabwe every year in June to compile a report in collaboration with the government and other stakeholders. Secretary for Finance Willard Manungo on Monday told Bloomberg news agency that a team from the Bretton Woods institute was expected in the country on Tuesday.

The team, according to reports, will be on a two-week mission where it will meet with the government, business and labour leaders to discuss and review the country's economic policies. "The team will be here for two weeks and during that time they would meet with Minister of Finance (Tendai Biti) and other key ministries," Manungo said. "The visit is part of the IMF's Article IV consultations with member states."

Last month, IMF advised the government to adopt austerity measures to prevent the public sector wage bill from crowding out critical government projects. The multilateral lender said Treasury should adopt the measures to stimulate economic growth. In the Regional Economic Outlook on sub-Saharan Africa, IMF said the government should keep its wage bill, currently accounting for 70% of revenues, under check.

With no lines of credit in place and tight fiscal space, Zimbabwe has adopted a cash-budgeting system. "In Zimbabwe, firm measures are needed to prevent the public sector wage bill from crowding out other priority outlays, and policy uncertainty needs to be reduced if non-mineral growth is to be sustained," said the IMF in a report.

The multilateral financier said Zimbabwe's large debt overhang also remained a serious impediment to medium-term fiscal and external sustainability. The country's debt is estimated at USD 9,1bn. The 2010 Article IV said the medium term outlook was clouded by political uncertainties and unclear prospects for addressing structural bottlenecks.

"Short-term and medium term growth and poverty reduction prospects could be significantly improved through implementation of stronger policies. "The authorities are building political consensus for implementing corrective policies," the report said in part. *(News Day)*

Notes

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