SECURITIES AFRICA

For week ending 29 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

Currencies:

	29-Jun-12	WTD %	YTD %
Currency	Close	Change	Change
AOA	95.12	0.00	-0.20
DZD	78.68	-1.58	-4.57
BWP	7.67	-1.68	-4.04
CFA	516.40	-1.92	-4.38
EGP	6.04	-0.12	-0.45
GHS	1.92	-0.42	-18.72
KES	82.68	-0.62	1.06
MWK	268.17	-0.16	-65.13
MUR	29.68	-0.39	-5.49
MAD	8.83	-1.20	-2.92
MZM	27,700.00	0.22	-3.75
NAD	8.29	-2.28	-1.88
NGN	162.56	-1.12	-1.73
ZAR	8.41	-1.92	-2.95
SDD	266.22	-0.73	-0.05
SDP	2,261.00	0.00	0.00
SZL	8.31	-2.32	-2.00
TND	1.59	-0.59	-6.78
TZS	1,550.23	0.30	0.65
UGX	2,441.60	0.24	0.23
ZMK	5,111.73	-0.47	-1.88

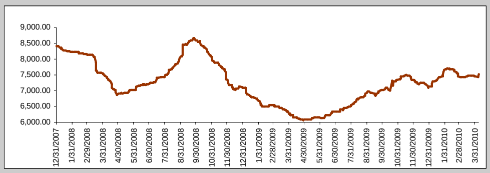
Source:oanda.com

African Stock Exchange Performance:

Country	Index	29 June 2012	WTD % Change	WTD % Change USD	YTD % Change	YTD % Change USD
Botswana	DCI	7,238.05	-0.70%	-2.34%	3.83%	-0.20%
Egypt	CASE 30	4,708.59	16.79%	16.66%	29.99%	29.40%
Ghana	GSE All Share	1,045.48	1.22%	0.81%	7.89%	-9.12%
Ivory Coast	BRVM Composite	148.18	0.24%	-1.65%	6.70%	2.22%
Kenya	NSE 20	3,703.94	-0.02%	-0.63%	15.57%	16.81%
Malawi	Malawi All Share	5,983.94	0.49%	0.33%	11.44%	-32.51%
Mauritius	SEMDEX	1,775.88	-0.26%	-0.65%	-5.96%	-10.85%
	SEM 7	340.12	0.17%	-0.22%	-2.91%	-7.97%
Morocco	MASI	10,053.90	0.19%	-1.00%	-8.68%	-11.27%
Namibia	Overall Index	879.00	-3.19%	-5.35%	4.89%	2.96%
Nigeria	Nigeria All Share	21,573.84	0.84%	-0.28%	4.07%	2.29%
South Africa	All Share	34,375.51	1.40%	-0.51%	7.44%	4.36%
Swaziland	All Share	284.32	0.00%	-2.27%	5.92%	3.84%
Tanzania	DSEI	1,437.84	0.30%	0.60%	10.33%	11.05%
Tunisia	TunIndex	4,983.76	-0.71%	-1.30%	5.54%	0.69%
Zambia	LUSE All Share	3,876.42	0.36%	-0.11%	-7.04%	-8.49%
Zimbabwe	Industrial Index	131.96	1.23%	1.23%	-9.53%	-9.53%
	Mining Index	75.70	-7.13%	-7.13%	-24.83%	-24.83%

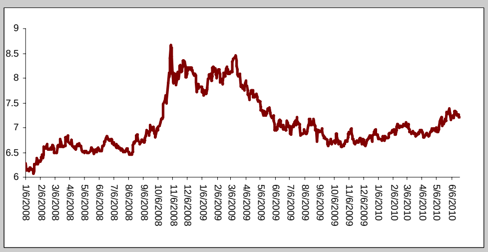
Botswana

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 -0.71% to close at 7,238.05 points. Turnstar and Primetime led the gainers after adding +3.13% and +1.04% to close at BWP 1.65 and BWP 1.95 respectively. Other notable gains were recorded in Lethole (+0.77%) and Furnmart (+0.69%). Blue (-2.38%) and Letshego (-4.76%) were the only shakers. Market turnover for the week amounted to BWP 24.94m.

Corporate News

Mobile network operator Mascom has invested in a three-storey state-of-the-art and highly modern design Innovation Centre. The USD 25m 54-metre high, three-legged iconic transmission telecommunications tower is one of the country's fresh investments in the telecommunications sector. Commenting about the latest development, Mascom communication and public relations manager Tebogo Lebotse said the move would boost connectivity and deeper penetration into the countryside.

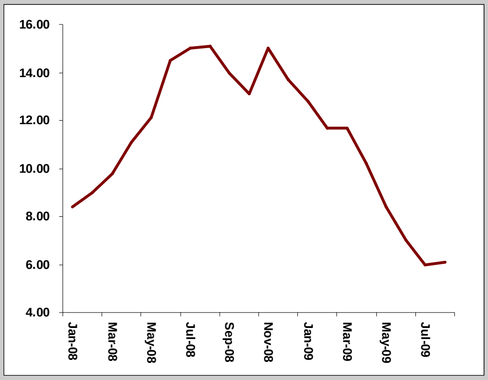
"The Mascom Innovation Centre is a first of its kind in Botswana and comprises many features that set it apart. "The building is designed conscious of the environment with technologically advanced equipment installations," said Lebotse. Botswana's Vice President Lt-Gen Mompati Merafhe is expected to official open the facility early July in the capital, Gaborone. The unveiling of the Mascom giant infrastructure comes hard on the heels of introduction of the 4G LTE, by the leading mobile operator. *(CAJ News)*

Economic News

Two key decisions by the Bank of Botswana last year helped it rein in its interest expense to BWP 913m for 2011, the lowest costs the central bank has paid since 2002, BusinessWeek has established. On an annual basis, the BoB's interest costs for 2011 were down 30% from 2010's BWP 1.3bn and 57% down from their 10-year high of BWP 2.1bn recorded in 2008. Traditionally, interest costs are the biggest expense item in the BoB's income statement and their rise over the years has drawn fire from various commentators who have questioned the bank's policies.

Commenting at the unveiling of the bank's 2011 Annual Report on Wednesday, research director, Kealeboga Masalila attributed the record low interest rates to the BoB's decision to increase commercial banks' primary reserve ratios and cap Bank of Botswana Certificates (BoBCs) at BWP 10bn. Both decisions, made last July and November, were designed to reduce the interest cost the BoB was paying on outstanding BoBCs by firstly limiting the liquidity held by banks, and secondly, reducing the amount of BoBCs available for auction.

The BoB regularly auctions BoBCs to mop up excess liquidity in the money



Source: SAR

market, thus managing interest rates and other trends. For banks, the BoBCs represent regular, risk-free assets in which to invest deposits held and earn tidy returns. "The interest expense was lower due to the lower level of BoBCs," said Masalila, adding that by the end of 2011, the stock of BoBCs was valued at BWP 11.5bn from BWP 17.6bn in 2010.

The BWP 11.5bn includes both BoBCs and reverse repurchase agreements, an instrument the central bank is increasingly using to mop up commercial bank liquidity overnight. Among other factors, the drop in interest expenses enabled the BoB to rebound and declare a net income of BWP 6.7bn for 2011, up from a loss of BWP 1.1bn in 2010. The central bank declared and paid government a dividend of BWP 525m for 2011.

BoB deputy governor, Oduetse Motshidisi said further measures to rein in interest costs in 2012 could not be ruled out. "We will continue to look at measures or opportunities to reduce the interest expense," he told BusinessWeek. "Incurring interest is the outcome of mopping up excess liquidity. It is for this reason that we have taken measures, in an attempt to control these costs.

An important part of these measures is to say to the banks 'there are productive opportunities where this money can be deployed." Increases in trade exports and the depreciation of the Pula against hard currencies were other factors helping the BoB to a stronger performance in 2011. "Generally, there was positive growth of assets supported by increases in foreign reserves," said BoB governor, Linah Mohohlo. "The bank's activities were conducted in an atmosphere of uncertainty mostly from the Eurozone economy and also sluggish growth in major economies." *(Mmegi)*

The country's rolling trade deficits narrowed in April to BWP 1.15bn, down 28% from March, largely as a result of the monthly import bill shrinking to its lowest levels since January 2011. Botswana has experienced trade deficits, or higher values of imported goods than exported, since October 2008, following government's countercyclical policy. Under the policy, hailed by the IMF and the World Bank, government ramped up spending on infrastructural investments as mineral exports slowed due to the global recession.

Statistics Botswana figures released this week, indicate that the trade imbalance continued in April, with imports at BWP 3.55bn, outweighing exports which were pegged at BWP 2.4bn. While exports were down 22% month-on-month, imports slid even further by 25%, averting a much larger trade deficit than what was finally recorded. Analysis of Statistics Botswana's figures indicates that within the lower imports, the largest falls were recorded in industrial imports, with machinery and electrical imports down 35% to BWP 777m and chemicals and rubber products 29% down to BWP 349m.

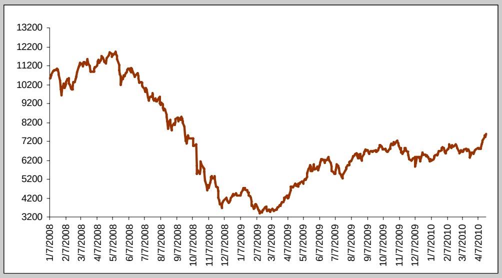
The downtrend in imports is in line with Bank of Botswana (BoB) projections on the trends in the trade balance this year. "As government developing spending slows, completion of major infrastructure projects will reduce demand for capital imports, although this will continue to be partially offset by import requirements for private sector investments," BoB's experts said last week. Industrial imports, particularly machinery and electrical equipment, have inflated the import bill since 2009, being targeted at major projects such as the Morupule B power station, the Cut 8 project, airport expansions and the development of several new mines. For April, the drop in exports was largely a result of a 23% drop in exports of rough and polished diamonds to BWP 1.67bn and a 28% fall in copper and nickel exports to BWP 304m.

The downturn in diamond and base metal exports noted by Statistics Botswana largely supports figures released by the Bank of Botswana recently on the country's merchandise exports.Observers say the volatility in markets, seen by generally lower prices and orders, was mainly the result of jitters in the Eurozone and the appreciation of the US dollar against the Indian currency.India is the world's biggest market for rough diamonds and among the biggest consumers of polished diamonds. A six% depreciation of the rupee against the dollar thus far this year, has made rough diamonds more expensive for Indians.

"There's no question that the volatility in Europe is having an impact, and on top of that the appreciation of the dollar against the rupee is a big issue," Gem Diamonds' CEO, Clifford Elphick was quoted by Reuters as saying last Thursday."But at the end of the day, supply and demand determine price and I'm confident that prices will get better." Exports of the base metals nickel and copper, meanwhile, are closely linked to global growth prospects with the crisis in Europe and projections of a slowdown in the Chinese economy playing havoc with prices and demand. *(Mmegi)*

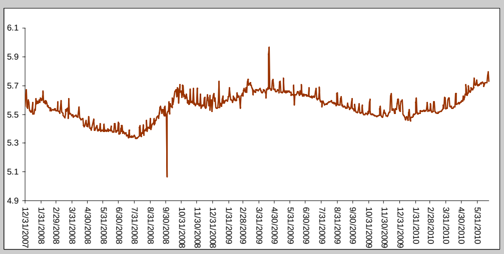
EGYPT

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 up +16.79% to 4,708.59 points. Mobnil led the movers after gaining +9.97% to EGP 134.64 followed by Bisco Misr (+8.97%) and El Kahera El Watania (+8.59%). Trans Ocean Tours was the biggest loser after shedding -7.14% to close the week at USD 0.13. Other notable losses were recorded in: Torah Cement (-6.22%) and Misr Hotels (-30.76%).

Corporate News

No Corporate News this week

Economic News

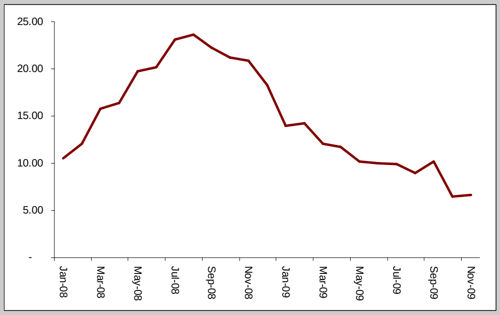
Egypt is to see around USD 200bn on foreign investment in the "coming period", the spokesman for the country's president-elect, Mohamed Morsi, claimed on Wednesday. Yasser Ali, who did not elaborate on the duration of this investment "period", was quoted by Ahram's Arabic-language news website. He added that Egypt's government must "prepare the environment" for large-scale investment and projects under Egypt's next president.

The sum of USD 200bn is many times higher than the most optimistic estimations for future investment in Egypt, given the country's current economic risk. Ahram reported the same figure as being announced by Morsi himself during his presidential campaigning in late April. During a visit to the Upper Egypt governorate of Minya, Morsi claimed that 15 international companies had signed memorandums of understanding worth around USD 200bn with the Brotherhood's political wing, the Freedom and Justice Party.

These investments could create between 1 and 2m jobs, Morsi said, adding that they were contingent on Egypt having a stable and freely elected executive authority. Data from the Central Bank of Egypt for the 2010/11 financial year shows the country saw USD 2.1bn in Foreign Direct Investment. *(Reuters)*

The International Monetary Fund said on Tuesday it stands ready to support Egypt in dealing with its "significant immediate economic challenges" in the wake of its presidential election. "Egypt faces significant immediate economic challenges, especially the need to restart growth and address the fiscal and external imbalances," an IMF spokesperson said in a statement. "The IMF stands ready to support Egypt in dealing with these challenges and looks forward to working closely with the authorities."

CPI Inflation



Source: SAR

The lender called the election of the Muslim Brotherhood's Mohamed Mursi "an important step" in the nation's transition. Brotherhood officials have said they plan to pick up from the previous government's stop-start negotiations for a USD 3.2bn IMF loan. *(Reuters)*

Egyptian automobile sales are continuing their mild recovery, with purchase figures for May up 4.4% compared to the same month in 2011. A total of 15,465 automobiles were sold last month, two-thirds of them passenger cars, data from the country's Automotive Marketing Information Council (AMIC) shows.

But it was an upsurge of sales for buses and trucks; however that fuelled the overall annual rise. A total of 10,758 passenger cars were sold in May 2012, down 3.8% on the year before. Bus sales hit 1,358 units -- an annual rise of 30.7% -- while truck sales were 3,340, up 29.6%.

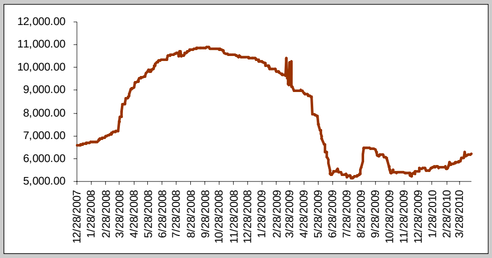
Egypt-based GB Auto, which assembles Hyundai vehicles, sold 3,758 passenger cars in May, 35% of those sold. The firm is responsible for 34% of all such vehicles sold to date in 2012 in the country, figures show. *(Ahram)*

Egypt's Ministry of Finance will offer EGP 3.5bn (USD 578m) in bonds at an auction on 2 July, the central bank said on Monday. It will offer LE1.5bn in reopened seven-year bonds maturing on 3 April, 2019 with a coupon of 16.85%, and EGP 2bn in three-year bonds maturing on 3 July , 2015, the bank said. Settlement for the bonds, which the central bank is selling on behalf of the ministry, is on 3 July. *(Ahram)*

Egypt's M2 money supply rose 7.4% in the year to the end of May, the central bank said on Thursday. Money supply was EGP 1,067.9bn (USD 176.19bn), up from EGP 1,058.8bn at the end of April and EGP 994.4bn at the end of May 2011. Following is a table of the latest Egyptian M2 money supply figures inbns of Egyptian pounds, according to the central bank's website. *(Ahram)*

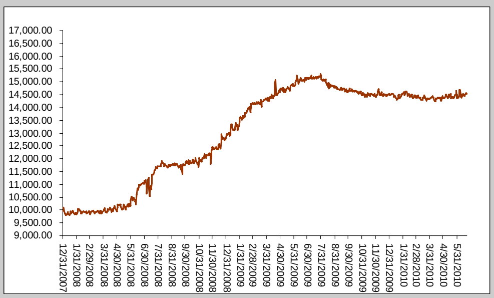
Ghana

Ghana Stock Exchange



Source: Reuters

GHC/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

CPI Inflation

Stock Exchange News

The GSE All Share Index gained +1.22% to close at 1,045.48 points. GGBL was the main mover after gaining +9.00% to GHS 2.30 followed by ETI (+7.69%) and CAL (+7.41%). PZC (-13.64%), SCB (-1.58%) and Total (-0.10%) were on the losing front.

Corporate News

Takoradi International Company, TICO has secured a little over USD 300m from the capital market to boost its power generation. This will enable the company add 110 megawatts of electrical energy to its current supply in the country. The private wing of the Thermal complex in Aboadze currently operates the 220 megawatts control facility.

Managing Director of TICO, Mr.Osafo-Adjei told Joy Business that the addition of the 110 megawatts steam turbine and generator will enable the company move from its single cycle operation to a combined cycle facility. That, he said, will increase the efficiency of power generation and also reduce the cost of generation from Aboadze.

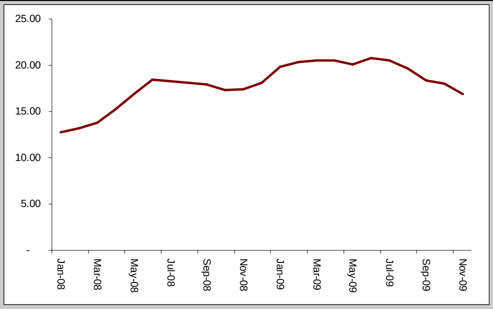
TICO is a public private partnership with 90% holdings by the Abu Dhabi National Energy Company and 10% owned by VRA. The financing is being put together by a club of DFI's led by the FMO from Netherland and the IFC of the World Bank. *(Ghana Web)*

Commercials Banks have begun revising upwards their lending rates in response to market conditions. Analysts had expected the banks to increase their lending rates following the increase in bank of Ghana's Monetary Policy Rate especially for 3 consecutive times so far this year.

The projection is also reinforced by the increase in government Treasury Bill Rates which have negative consequences for the lending rates. Stanchart has consequently revised its lending rate upwards effective July, 01 and the Executive Director for Finance, San-Jay Rugani has been speaking to JOY BUSINESS. "We have different categories of clients and our pricing model is worked based on different categories of clients and this is also subject to the risks inherent in the client-category.

Currently, there have been very significant movements in Market Interest Rates like the Treasury bill rates which is hovering around 22%" he noted. "This means that the cost of liquidity is going to go up because we are going to compensate more for liquidity. That means that the cost of lending is also going to go up" he explained. *(Ghana Web)*

Economic News



Source: SAR

Ghana's economy grew 8.7% year-on-year in the first quarter of 2012 while a sharp rise in producer prices underlined persistent inflationary pressures, the West African country's national statistics office said on Wednesday. While the growth was slower than the 14.4% rate registered for 2011 - the first full year of commercial oil production - it was slightly ahead of analyst forecasts of around eight% growth for this year.

Ghana's statistics office said growth fell on a quarter-on-quarter basis by 22.2% in the first quarter due to seasonal effects. Magnus Ebo Duncan, head of economic statistics at the Ghana Statistical Service said overall, the year-on-year growth was supported by an increase in gold and bauxite production, which made up for lower-than-expected oil production.

Ghana's economy has become one of the fastest growing in Africa. The country is the world's second-biggest cocoa producer and Africa's second biggest gold producer behind South Africa. "Oil production was lower than expected in the first quarter, but gold did very well, increasing more than 50%. And also bauxite which rose by more than 40%," Duncan told a news conference in Accra.

Tullow Oil, operator of Ghana's Jubilee offshore field, said in May it was currently producing 70,000 barrels a day and that a long-delayed target of 120,000 bpd would now probably be reached next year. Ghana's statistics office also said producer prices in the country, a guide to consumer price inflation, rose 18.01% year-on year in May, well up on the 15.81% recorded in April, underlining inflationary pressures in the economy.

"That is a worrying rise, but given the pressure the currency has been under - perhaps not entirely surprising," said Razia Khan of Standard Chartered Bank of the months-long decline of the cedi against the dollar as the economy sucks in imports.

"Although the strength of the relationship between PPI and CPI has often been called into question, it is still not particularly good news for the consumer inflation outlook, although this remains in single digits for now," she said. Ghana's annual consumer inflation rose to 9.3% in May from 9.1% the month before. *(Reuters)*

Producer prices in Ghana rose 18.01% year-on year in May, well up on the 15.8% recorded in April, the West African country's national statistics office said on Wednesday in a report underlining inflationary pressures in the economy. *(Reuters)*

The International Finance Corporation (IFC), a member of the World Bank Group which works with the private sector, says it intends to invest between USD 250m to USD 300m in Ghana in fiscal year 2012. In September 2011, the IFC indicated that as at that time its investments in Ghana stood at USD 533m. It says it is seeking to support infrastructure, tourism, agribusiness and small and medium businesses. *(GBN)*

The Ghana government has released a total of GHS 1,017.2m to statutory bodies to fund their operations during the first five months of the 2012 fiscal year. The release, issued by Abdul Hakim Ahmed of the Ministry of Finance and Economic Planning, said the fund comprises GHS 725.1m in respect of 2012 statutory transfers and GHS 292.1m 2011 transfers that spilled over into the 2012 fiscal year.

It said the amount represents 49.64% of projected estimated transfers to statutory funds in the 2012 budget and that of the total amount, the District Assemblies Common Fund would receive GHS 481.69m, the GETFund would receive GHS 184.83m and the National Health Insurance would receive the remaining GHS 350.66m.

The release said releasing such funds to statutory bodies shows the commitment of government in ensuring timely provision of resources to District and Metropolitan Assemblies for the implementation of projects and programmes. This, it said, is in pursuit of government's overall objective of achieving poverty reduction, removal of income distortions and ensuring the provision of basic infrastructure at the District and Municipalities of Ghana. *(Ghana Business News)*

Bilateral trade between Ghana and the US recorded a volume of USD 556,396,000 from January to April 2012, latest figures released by the International Trade Commission (ITC) of the US Department of Commerce has shown. US exports to Ghana during the four-month period of the year totaled USD 456,605,000 while its imports from Ghana were almost USD 100m (USD 99,791,000).The volume of trade balance between the two countries was USD 356,814,000 during the January-April period, according to the ITC.

For the corresponding period (January-April) in 2011, the two countries' bilateral trade hit USD 648,351,000 as US' exports to Ghana was USD 385,027,000 and imports USD 263,324,000 recording a trade balance of USD 121,703,000. The total value of trade between the US and Ghana recorded a significant growth of 56% over the 2010 figures to USD 1.9bn in 2011, according to a White House factsheet obtained by ghanabusinessnews.com March 9, 2012.

The factsheet indicated that US exports to Ghana were valued at USD 1.2bn in 2011, up from USD 963m in 2010 while imports totalled USD 778m. The five largest US import categories with Ghana in 2011 were – mineral fuel (oil) (USD 441m), cocoa (USD 269m), rubber (USD 19m), wood (USD 18m), and vegetables (yams) (USD 7m), according to the ITC.

The ITC says Ghana is currently its 86th largest goods trading partner with USD 2bn in total (two way) goods trade during 2011.Ghana was the US' 77th largest goods export market in 2011, it added. *(GBN)*

Ghana has recorded a 15.5% increase in international tourist arrivals between 2009 and 2011, according to the Ghana Tourism Authority (GTA). Mr. Kwame Gyasi, the Volta Regional Manager of the GTA was cited in a news release by the Authority saying tourist arrivals at the six prominent community tourism sites in 2009 was 16,625.

According to him the country earned more than GHS 20,249.04 from the sector in 2009. He also said tourist arrivals increased to 31,385 and receipts increased to over GHS 110,390.56 in 2010 with arrivals increasing at 75% to 54,874. The income he said rose 61% to more than GHS 180,000.

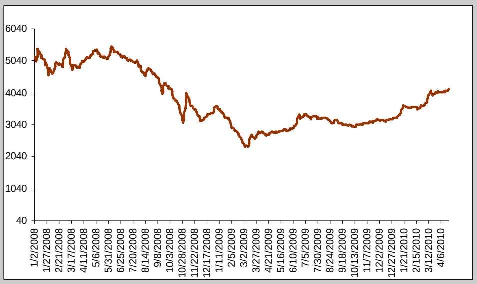
Meanwhile, the World Economic Forum (WEF), estimates that Ghana made over USD 500m from the travel and tour sector in 2010. This amount according to the WEF has contributed 2.8% to the country's gross domestic product (GDP).In a report titled World Economic Forum's (WEF) Travel & Tourism (T&T) Competitiveness Report 2011, Ghana was ranked 123 out of 139 countries that the report covered. The report was released March 10, 2011.

The country also ranked 67 for overall prioritization of the sector with an average government spending on the tourism industry. Under ensuring excellent destination-marketing campaigns to attract tourists, and collecting tourism data in a timely fashion, Ghana ranked 100.

The GTA has recently relaunched what it calls the 'homestay' tourism concept to increase international tourist arrivals in the country. The concept gives visitors the opportunity to live in rural communities with host families, it said. It was first started in 1995 with 14 sites. *(GBN)*

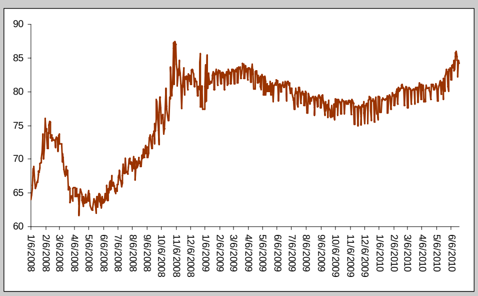
Kenya

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 down -0.16% to close the week at 3,703.94 points. City Trust led the movers after gaining +9.39% to KES 268.00 followed by BOC which rose +8.18% to KES 119.00. Other notable gains were recorded in Sasini +4.82% to KES 11.95 and CFCI (+4.55%). Pan African was the main loser, shedding -16.77% to KES 33.50 followed by HFCK (-10.25%) and ICDC which lost -7.61% to KES 12.75.

Corporate News

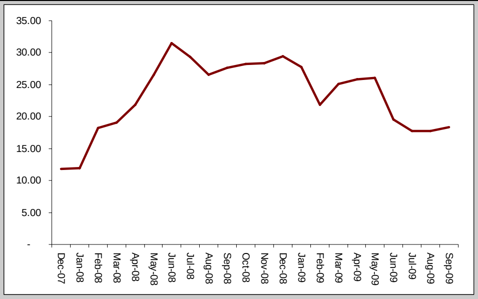
Kenya Airways has selected Africa Export-Import Bank (Afreximbank) to arrange financing for the purchase of 20 new aircraft, the carrier said on Monday. The company, which raised KES 14.5bn (USD 173m) in a rights issue earlier this month, plans to spend USD 3.6bn over the next five years to increase its fleet and routes.

Afreximbank will arrange finances for the purchase of 10 Embraer-190s from Brazilian plane maker Embraer, nine Boeing 787-800s (Dreamliners) from Boeing Co. and one Boeing 777-300ER. "The financing package consists of a pre-delivery payments (PDPs) facility and an aircraft delivery finance facility," Kenya Airways said in a statement.

Kenya Airways, which is 26.73% owned by AirFrance KLM, said the Embraers would be delivered in the third quarter of this year while delivery of the Dreamliners is scheduled to begin in the first quarter of 2014. Africa is said to be the next economic growth frontier, it is therefore important to have an efficient transport infrastructure," said Titus Naikuni, chief executive of Kenya Airways. Cairo-based Afreximbank was founded in 1993 and focuses on trade finance. *(Reuters)*

Two banks have been cleared by the Capital Markets Authority to raise additional funds at the Nairobi Securities Exchange (NSE). Diamond Trust Bank (DTB) and Consolidated Bank were on Friday allowed to raise KES 5.8bn. Consolidated Bank of Kenya is to raise funds from the market to grow its loan book and deposit base while Diamond Trust Banks is to offer a rights issue to fund its expansion plan.

The bank is to issue 24.5m shares at KES 74 each to existing shareholders on the basis of one for every eight held. “We are excited by DTB’s growth trajectory… and we hope that this issue will receive overwhelming support,” said DTB chairman Abdul Samji in a statement on Friday. The exercise will be spearheaded by Kestrel Capital and Standard Investment Bank as lead transaction advisors for the rights issue.



Source: SAR

DTB raised its capital base in 2006 and 2007, offering successful rights issues in the two years that saw it raise KES 2.4bn. All shareholders in the bank as at July 2, 2012 will qualify to take up their rights, but the window will close on August 10. Consolidated Bank was given a go ahead to issue a KES 4bn, medium-term corporate bonds.

In a statement send to newsrooms last week, CMA's chief executive officer, Stella Kilonzo, said the move would enable the state-owned lender to recapitalise and support growth of customer deposits and its loan book. This comes shortly after Treasury last month, rejected the bank's request for KES 1bn as part of its recapitalisation plan.

The bank intended to use the funds to shore up its deposits, grow its loan book and steer an expansion plan. Last year, the bank opened four branches to bring the total branch network to 17. *(Nation)*

KenGen has received the newly installed third unit at its Kindaruma plant from the project contractors, Andritz of Austria who carried out the electrical and mechanical works and Farab Intenational of Iran that implemented the civil works. The newly installed unit is supplying 24MW of the more affordable hydro generated electricity to the national grid and has undergone reliability tests in the last 30 days.

The Kindaruma plant upgrade will also see the two existing units that generate 20MW each refurbished to generate 24MW each, with the total output from the plant expected at 72MW of power once the entire project is complete. Speaking during the issuing of a takeover certificate of the unit on Friday, KenGen Managing Director Eddy Njoroge said the project is a big boost to the company's efforts to generate most of its power from renewable, affordable and stable sources, which are also environmental friendly.

"We are happy that whereas we are already generating the bulk of our power from clean sources, this project makes that%age even higher. This coupled with cheaper generating costs can only mean more pocket friendly electricity for our country" Njoroge said. Kindaruma which was commissioned in 1968 with only two units had a provision for installation of a third unit with its associated intake facilities. The third unit was, however, not installed at the time, due to low electricity needs in the country at the time.

The upgrading project is being financed by KfW and KenGen. The Electrical and Mechanical contract is being carried out by Andritz Hydro GMbH of Austria while the civil works are being implemented by Farab Company of with the supervision contract in the hands of Scott Wilson URS (UK). Also included in the project is Modification of SCADA to include the new third unit at Kindaruma and Kamburu Control rooms, Construction of 12 semidetached houses for operators' camp and Annexe building offices.

The project which was commissioned on February 25, 2010, has been completed in 28 months, as was scheduled. After receiving the the unit, KenGen handed over Unit 2 to the contractors to commence refurbishing. *(Standard Media)*

Kenya oil marketer KenolKobil has won a tender to import and deliver 160,000 tonnes of Murban crude oil to the east Africa nation's sole refinery

that will next month start operating on a commercial basis, it said on Monday. The oil will be supplied to Kenya Petroleum Refinery Limited (KPRL) in two cargoes of 80,000 tonnes each in August, the company said.

Until now, marketers have been importing oil and paying processing fees to the refinery, which is owned by the Kenyan government and Essar Energy. Starting July the refinery will buy crude, process it and sell refined products to marketers as well as continuing to process oil for a fee. Its managers expect the move to help lower retail fuel prices in the country.

Kenya imports Murban crude from Abu Dhabi and the occasional Arabian heavy and medium crude through an open tender system (OTS). Fuel marketers place their bids, and the winner imports enough crude for the whole industry for a month. *(Reuters)*

Employees of Kenyan fuel marketer KenolKobil have filed a lawsuit to prevent a takeover of the company by Swiss-based Puma Energy, a subsidiary of Trafigura Beheer, citing expected changes that could affect their jobs. The matter will be heard at the Industrial Court this Friday, a lawyer for the employees told Reuters on Monday.

Vincent Njoroge, Philip Otenyo and Ronald Lugaba, who are suing on behalf of the company's employees as a whole, claim that as a result of the expected restructuring, the workers risk job losses, court papers seen by Reuters showed. The workers argue that since the directors of KenolKobil will cease to have any power to influence the policies of the new company and enforcement of employees rights, the employees' future will be dependent on the whims of the third party.

The company said only its lawyers could comment on the court case. KenolKobil said last week it would issue a statement this week related to the takeover bid. KenolKobil said in May it expected the sale of a majority stake to Puma energy by key shareholders to be completed within a few months.

The oil industry in east Africa has attracted foreign investment in recent years after discoveries in Tanzania, Uganda and Kenya. Puma Energy's acquisition of KenolKobil would help it strengthen its trading activities, through its three trading desks in Nairobi, Dar es Salaam and Harare. *(Reuters)*

Kenya Airways has unveiled a new shareholding structure following conclusion of the Rights Issue, which attracted more than 70% subscription rate and interest from international investors. The airline has also announced major changes to boost revenue, meet shifting demand and keep costs in control after its net profit for the year ended March 31 dropped 50% to Sh1.6bn from last year’s Sh3.5bn.

After the Rights Issue, which commenced trading at the Nairobi Securities Exchange last week, the Government shareholding rose from 23% to 29.80%, while that of the other main shareholder KLM, increased marginally from 26% to 26.73%. Although the total Kenyan shareholding (the Government and local investors) declined from 62.8% to 55.24%, the airline still retains its national carrier designation as minimum local shareholding required is 51%.

Foreign shareholders now control 44.76% shareholding, compared to 37.20%

previously. The foreign segment saw entry of heavyweights such as International Finance Corporation, the private-lending arm of World Bank, which now owns 9.56% of the airline. The corporation subscribed for shares worth over Sh2bn.

Speaking during the bell-ringing ceremony to signify the start of trading in the Rights Issue shares, Finance Permanent Secretary, Joseph Kinyua, said the fact that the Rights Issue garnered over 70% subscription rate in a difficult environment was testament of the confidence shareholders continue to have in the airline.

“The successful conclusion of the Rights Issue clearly demonstrates that the airline still remains an attractive investment, despite a tough global business and economic environment,” he added. The cash call netted Sh14.49bn against a target of Sh20.68bn. The proceeds will go towards financing pre-delivery payments for a fleet of nine Boeing 787-800 Dreamliner aircraft, the first of which is expected to join the airline fleet in 2014.

On Monday, the airline awarded mandate to arrange the aircraft financing for the purchase of the nine Dreamliners, one Boeing 777-300ER and 10 Embraer 190 aircraft to the African Export-Import Bank. *(All Africa)*

Retail outlet Uchumi Supermarkets expects sales to rise a third to KES 16bn in its 2011/12 year ending this month. "(In) the coming financial year we expect our sales to increase by another KES 4bn, driven by the maturity of the greenfield branches we have opened," chief executive Jonathan Ciano told Reuters.

Ciano, who revived the company after it was shut down for a month in mid-2006 due to insolvency, said Uchumi was benefiting from new outlets. "In Uganda we opened three (stores), Tanzania one and in Kenya two," Ciano said, adding that another store would be opened in Kenya within the next week.

The company was looking to expand into new geographical markets within the east African region, he said. Uchumi, whose shares are some of the top-performing on the Nairobi bourse this year, posted a 26% jump in first-half pretax profit to KES 204m. The supermarket chain was revived after collapsing in 2006 under huge debts occasioned by mismanagement and corrupt procurement practices. Its main competitors are Nakumatt, Tuskys an Naivas supermarket chains but so far it remains the only listed retail outlet at the Nairobi Securities Exchange. *(All Africa)*

France's Total said it signed a production sharing contract with the Kenyan government to explore for oil in 2,000-3,500 metre deep waters off the Lamu Archipelago. Jacques Marraud des Grottes, Total senior vice president for exploration and production in Africa, said in a statement on Wednesday that the deal fitted with the group's "strategy of building a strong presence in the new basins of East Africa offering high-potential plays for exploration". Total has been present in Kenya since 1955 through Total Kenya, headquartered in Nairobi. Total has been present in exploration and production there only since 2011. *(Reuters)*

Tullow Oil has halted the drilling of its well in north-western Kenya after hitting a geological formation and may soon start assessing the commercial viability of the well where it had announced the country's first

oil discovery. Tullow's country manager in Kenya, Martin Mbogo, said the company had hit an unexpected geological formation about 400 metres short of its original projected target depth of 2,700 metres in the Ngamia-1 well.

If it can't go further, then Tullow will start appraising the contents of the well and will move the drilling rig west to spud its second Kenyan well this year, the Africa-focused British firm said on Thursday. Mbogo said it was still too soon to discuss whether the well, in the country's Turkana region, could ultimately lead Kenya into oil production.

He also declined to give a figure on how many barrels the well needs contain in order for it to be commercially viable. "It depends a lot on the price of oil and infrastructure in place," he said. "We will release an operational update as soon as some tests are done, in about two weeks."

In March, the explorer announced Ngamia-1 held Kenya's first oil discovery, one in a series of major hydrocarbon finds in east Africa that has made the region a hotspot in oil and gas exploration. Some 30 km west of Ngamia-1, Tullow is prepping its next drill site, known as Twiga-1, to receive the rig.

"It's important to move the rig soon, since its production-sharing contract with the Kenyan government requires it to complete its work within a specific time frame," Mbogo said. He dismissed media reports of a protest by communities in the region, who are angry about Tullow's presence and the fact they have not been included in the income generated by oil activities.

This past weekend, Kenyan energy officials hosted two days of meetings with Turkana locals over their concerns that they would not receive a fair share of the benefits of the oil discovery. Mbogo, who was in attendance, said about 300 people showed up each day to voice worries.

"In terms of the situation on the ground, it's absolutely calm," he said. "There's a lot of noise in the news, but operationally there's been no disruption at all," he said. "This was very big, government connecting with locals." *(Reuters)*

Economic News

The Turkana community stands to receive up to 20% of oil revenue should the oil find be fully commercialised, the ministry of Energy has said. The ministry also announced at the weekend that people living around the exploration sites would neither be displaced nor relocated. Commissioner of Petroleum Martin Heya said that the government was revising the Minerals Act to address concerns raised by communities and other stakeholders in the sector.

“The oil find calls for revision of the Minerals Act. We now have active oil prospecting and hope of commercialisation is high. We have already commissioned 35 blocks to different contractors and six are under active negotiations,” Mr Heya told a stakeholders meeting in Lodwar. Turkana leaders, under the auspices of Turkana Leadership Forum, had tasked government representatives at the meeting to reveal the oil revenue sharing plan and petroleum sharing contract between Tullow Oil PLC and the ministry of Energy.

The chief geologist at the ministry of Energy, Mr John Omwenge, said that about

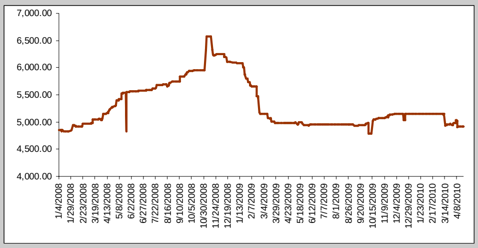
63, 000 kilometres square of land in Turkana County was under oil exploration, but nobody would be displaced. “What we are doing in Turkana currently is exploration, which might go on for the next seven years. “If the oil find will be commercially viable, then the government might require land to set up a drilling site from the community,” Mr Omwenge said.

The community had expressed fears that its people would be displaced to pave the way for oil prospecting. The meeting convened by the Ministry Energy brought together leaders, stakeholders and the residents to resolve differences regarding oil exploration in Turkana and respond to the concerns raised by the residents over the project.

Officials from Tullow Oil PLC were in attendance. Local leaders tasked MPs present to disclose the contents of the contract signed by the Ministry of Energy and Tullow Oil. Turkana Central MP Ekwee Ethuro, a member of Parliamentary Committee on Energy, was asked to divulge the contents of the contract. *(Nation)*

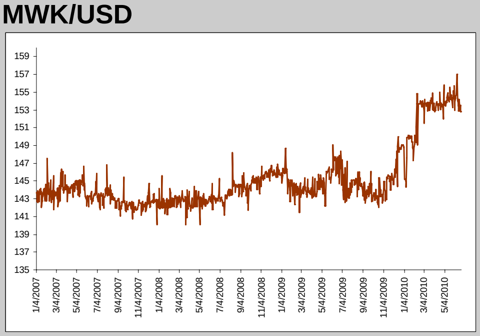
Malawi

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 +0.49% to close at 5,983.94 points. FMB and NBS were the only counters that recorded price changes after adding +7.69% and +0.27% to MWK 7.00 and MWK 14.70 respectively. Market turnover for the week amounted to USD 2.47m.

Corporate News

No Corporate News this week

Economic News

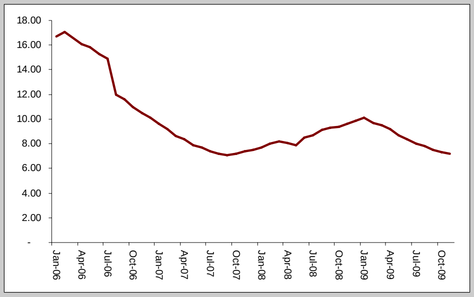
Malawi's parliament passed a vital national budget on Wednesday needed to unleash more funding from the International Monetary Fund and other donors. The USD 1.6bn budget vote was passed unanimously and quickly, a move aimed at impressing the IMF that is supposed to approve a new aid programme for the impoverished southern African nation next month.

The IMF's resident representative to Malawi said last week the smooth passage of the budget by parliament would be crucial to getting the approval. The IMF and Malawi this month agreed on a three-year, USD 157m aid package. In a statement, the IMF board concluded there was a case for IMF funding and policy support in Malawi. But first the government should demonstrate through initial steps that it is committed to implementing economic reforms.

"The success of any future financial arrangement will depend on the authorities' firm commitment to the program, demonstrated in part by significant upfront policy actions," the IMF said. "The buildup of international reserves and the introduction of a more flexible exchange rate regime and liberalized foreign exchange market should remain critical elements of Malawi's policy framework," the Fund added.

Aid to the land-locked nation had dried up over concerns about the human rights record of former president Bingu wa Mutharika, who died of a heart attack in April. New President Joyce Banda has moved swiftly to woo back donors who generally account for 40% of the country's budget. The budget was unveiled on June 8 and forecasts growth of 4.3% this year and 5.7% in 2013. *(Reuters)*

CPI Inflation

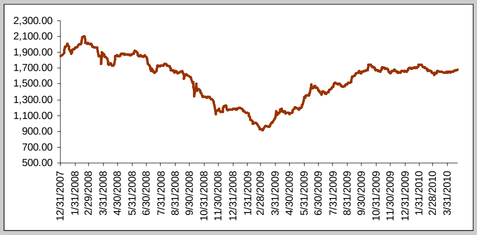


Source: SAR

SECURITIES AFRICA

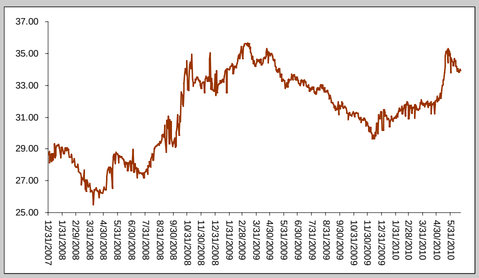
Mauritius

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 -0.26% while the SEM 7 gained +0.17% to close at 1,775.88 and 340.12 points respectively. Air Mauritius and ENL Land (P) led the movers after gaining +4.8% and +3.6% to close the week at MUR 11.00 and MUR 43.50 respectively, followed by MUA, up +2.5% to MUR 121.00 and SWAN (+1.9%). Go Life led the losers after shedding -20.0% to MUR 0.08 while Gamma Civic lost -5.6% to MUR 320 and Bramer Banking shed -5.0%.

Corporate News

No Corporate News this week

Economic News

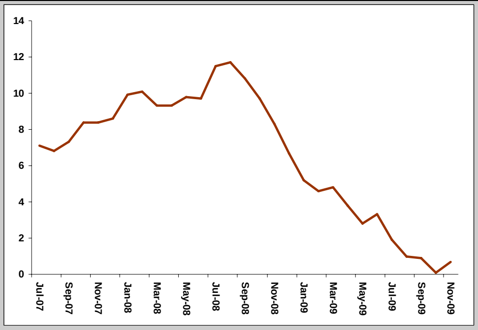
Mauritius' trade deficit widened 57.5% to MUR 8.03bn (USD 260.3m) in April from a year earlier, driven by a jump in the cost of machinery and transport equipment, official data showed on Friday. The trade deficit in April last year came to MUR 5.10bn. The value of imports overall climbed 24.5% from a year earlier to MUR 13.79bn, with the cost of machinery and transport equipment increasing to MUR 3.18bn from MUR 1.84bn.

Exports fell 3.7% to MUR 5.75bn on a drop in revenues from sales of manufactured articles, Statistics Mauritius said in a statement. Britain was the main buyer of goods from Mauritius in April, accounting for 19.7%, while India supplied 21.3% of the island nation's imports. *(Reuters)*

Mauritius expects unemployment in 2012 to increase marginally to 8.0% from 7.9% last year, official data showed on Tuesday, as the global economic downturn deters tourists and hurts the Indian Ocean island's exports. Statistics Mauritius said unemployment in the first quarter fell to 7.6% from 8.3% during the same period in 2011, but added in a statement: "Unemployment is expected to increase by 800 from 46,100 in 2011 to 46,900 in 2012."

The total labour force in the nation of 1.3m people is seen increasing by 1,200 to 537,900, according to the government agency. In March, Mauritius cut its economic growth forecast for 2012 to 3.6% from 4%. Earlier this month Mauritius' central bank said a deteriorating global economic outlook threatened the island's export sector. *(Reuters)*

Moody's Investors Service upgraded the government bond ratings of Mauritius to Baa1 from Baa2 on Tuesday, citing a stronger institutional framework. "The main driver behind the decision to upgrade Mauritius' rating is the clear strengthening of the institutional framework, which is expected to permit the economy and public finances to circumvent a protracted negative impact



Source: SAR

from any shocks emanating from Europe, the country's largest trading partner," Moody's said in a statement.

The agency also cited more diversification in the economy and the government's "significant progress in reducing its debt-servicing burden and improving its debt structure by lengthening maturities." Reducing the country's vulnerability to external shocks permanently could help the rating rise further in the future, Moody's said.

"Should external demand fail to recover sufficiently, Moody's warns that a further shock could lead to Mauritius recording substantial debt-metric deterioration, a scenario which would exert downward pressure on the rating," the agency cautioned. The rating has a stable outlook. *(Reuters)*

Mauritius's economic growth fell to 2.8% in the first quarter of this year from 5.1% last year, hit by a slowdown in Europe, which cut demand for the island state's exports and tourist arrivals, the government said on Friday. "Hotels and restaurants continued its declining trend with a stagnation in the first quarter of 2012 after the growth of 1.0% noted for the fourth quarter of 2011," the statistics office said in a statement. *(Reuters)*

Mauritius business confidence edged up in the second quarter of this year but some businesses are worried about the poor global economic outlook, results of a quarterly survey showed on Thursday. The study by the Mauritius Chamber of Commerce and Industry (MCCI) found that the index rose 0.6% to 99.4 points but almost 30% of respondents expressed concerns about the future.

"Global uncertainties, the absence of a coordinated approach between Treasury and central bank and the strength of the rupee which could hurt growth dynamism are the main concerns among operators," Renganaden Padayachy, economist at the Chamber told Reuters. Some 59% of the respondents said they were positive after demand for goods and services picked up in the period under review, the chamber said.

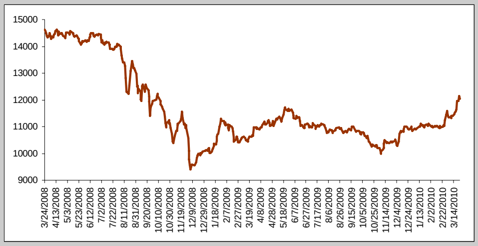
In March, the government cut its economic growth forecast for this year to 3.6% from 4%, citing a bleaker outlook for the main sectors of the roughly USD 10bn-a-year economy. The island state's international trade is heavily skewed towards the economically troubled euro zone, accounting for 67% of exports. It is also the biggest source of tourists.

Although the government wants key sectors to look to new markets in Asia, service industries such as the tourism, information communication technologies and business outsourcing sectors are still focused on Europe. *(Reuters)*

The average yield on Mauritius' 10-year Treasury bond fell sharply to 7.94% at auction on Wednesday from 8.75% at a sale in November in a heavily subscribed auction, the central bank said. The central Bank of Mauritius received bids worth MUR 4.579bn (USD 147.7m) for the 1bn rupees targeted. It bank accepted bids worth MUR 1.451bn. Bids on the bond, which has a 7.75% coupon and matures in June 2022, ranged from 10.0% to 7.5% and the highest accepted yield was 8.05%. *(Reuters)*

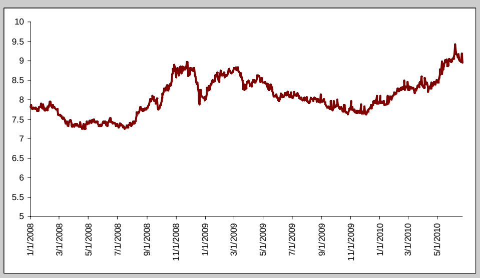
Morocco

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 gained +0.19% to close the week at 10,053.90 points. Gains were recorded in CGI (+22.75%) to MAD 885, Atlanta (+18.58%) and Disway (+17.32%). On the losing front we had SMI, down -7.77% to MAD 3,025, Lydec which shed -6.83% to MAD 300 and Stroc Industrie (-6.67%).

Corporate News

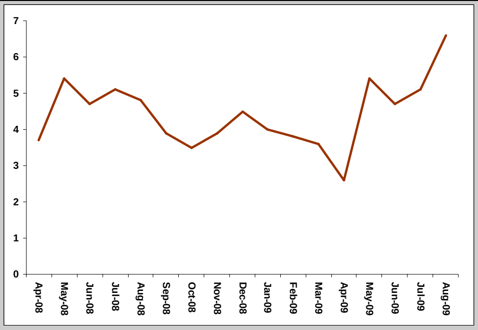
French food group Danone has agreed to pay EUR 550m (USD 685.14m) to take control of Morocco's top dairy firm to broaden its presence in North African markets amid weakening sales in southern Europe. Danone will pay a 34% premium above Centrale Laitiere's stock price to raise the 29.2% it has been holding since 2001 to 67%, according to a statement from the seller, National Investment Co (SNI).

The deal is expected to be finalised before the end of this year, the two companies said. "The move ... confirms the strategic appeal of markets in North Africa for Danone," Danone said in a statement. In an interview published on the website of French daily Les Echos, Chief Executive Franck Riboud said North Africa would become the group's "new frontier" in coming years. "Grouping together Morocco, Algeria, Tunisia and Egypt, we will generate 1bn euros of total sales, of which 900m from fresh dairy products," Riboud told the newspaper.

In addition to fresh dairy products, Danone plans to sell baby food and medical nutrition products in North Africa, he said. The acquisition is expected to be finalised by the end of 2012. Centrale Laitiere is Morocco's main dairy product company with nearly 60% of the market and annual sales of 600m euros. It also operates Morocco's largest distribution platform, with 30 storage hubs serving 70,000 retail outlets. Earlier this month, Danone warned of a hit to profit this year after Spanish consumers switched to cheaper yoghurts and as milk prices rose, causing growth at the Actimel and Activia maker to stall.

The world's largest yoghurt maker said demand had fallen sharply in Spain and Southern Europe as the euro zone debt crisis deepened. In 2011, Centrale's sales rose 7% to 6.6bn dirhams but its net attributable profit fell 20% to 458m dirhams, its lowest since at least 2007, in what traders linked to lower demand and higher input and advertising costs.

Some traders at the Casablanca bourse thought Danone paid a too hefty price to seal control for the strategic transaction. "It (34%) is intriguing. A 15-20% premium would have been more in line with Centrale's growth prospects," a senior trader said. Another trader said a gradual liberalization of trade with the EU and Rabat plans to axe state subsidies for fuel and sugar, and will add to pressure Centrale has been facing from homegrown players that reduced its market share to 60% from 80% in the 1990s.



Source: SAR

"Dairy consumption per capita in Morocco is very low but its growth is equally slow ... The market for high-added value dairy products is tiny but it is growing fast," said the trader. SNI, an investment vehicle controlled by Morocco's royal family, said it would lower the 25.6% stake it will be left with in Centrale by selling an unspecified amount of shares directly in the Casablanca bourse.

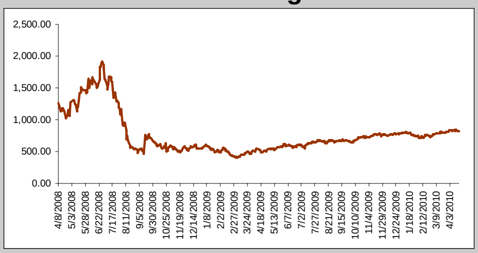
The deal with Danone marks SNI's second move in what is expected to be a series of transactions involving its stakes in the country's biggest lender, AttijariWafa Bank and Morocco's sole sugar refiner, Cosumar. SNI, which is also involved in partnerships with French firms including Lafarge, ArcelorMittal and Renault , plans to focus its future growth strategy on other sectors such as tourism, telecoms and renewable energies. *(Reuters)*

Economic News

No Economic News this week.

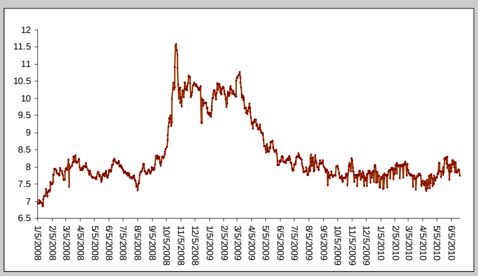
Namibia

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 lost -3.19% at 879.00 points. On the NSX local and DevX, FSY (+5.00%) led the movers followed by BVN, up +2.00% to NAD 10.71 and FNB (+0.76%). BMN was the only shaker after losing -14.29% to close at NAD 0.12.

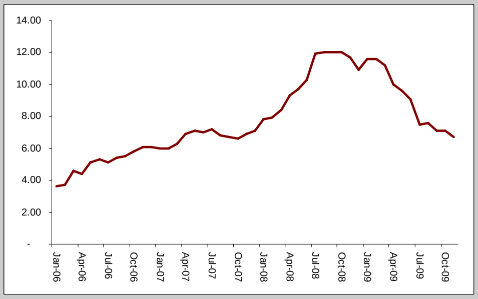
Corporate News

No Corporate News this week

Economic News

No Economic News this week.

CPI Inflation



Source: SAR

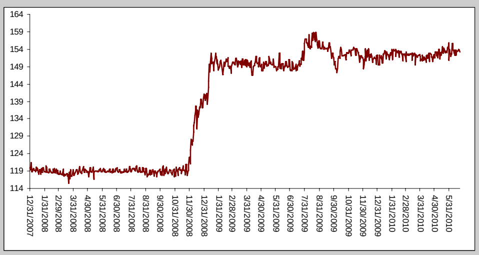
SECURITIES AFRICA

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 +0.96% to close at 21,542.23 points. Paints and Coatings gained +25.66% to close at NGN 1.91 while RT Briscoe was up +25.60% to close at NGN 2.11. Other notable gains were recorded in Evans Medical (+17.54%), Japaul Oil (+15.00%) and WAPIC (+13.51%). On the losing front we had GT Assurance (-10.88%), Portland Paints (-9.51%) and Avon Crowncaps (-9.35%).

Corporate News

Diageo, the global leader in the premium drinks business, has appointed Nigerian, Seni Adetu to replace Devlin Hainsworth as its new Chief Executive Officer for Guinness Nigeria Plc. He is the first Nigerian to be appointed CEO since the late Raph Alabi served from 1994 to 1996, over a decade plus. Adetu who currently sits atop as the CEO and Group Managing Director of EABL (a subsidiary of Diageo Plc) is expected to assume duty as Managing Director/CEO of Guinness Nigeria on July 1, 2012 according to a statement by company chairman Babatunde Savage.

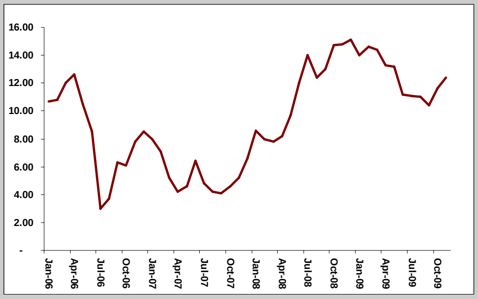
Seni Adetu was appointed Group Managing Director of EABL in July 2009. Prior to his appointment to EABL, Mr. Adetu was the Managing Director/Vice Chairman of Guinness Ghana Breweries Limited. He has also held several senior positions with the Coca-Cola Company and the Nigerian Bottling Company PLC. Adetu has been Group Managing Director of East African Breweries Ltd since July 2009 has also served as Managing Director of Guinness Ghana Breweries Limited (GGBL), a subsidiary of Diageo since joining it in August 2006.

Before joining GGBL, Mr. Adetu worked with Coca-Cola Company, where he enjoyed a highly successful 14 year career. While at Coca-Cola, he held various senior positions including Country General Manager and Marketing Director. His responsibilities covered various markets across Africa including Kenya and Ghana. He served as the Commercial Director for Nigerian Bottling Company PLC. He has been Vice Chairman of GGBL since August 2006 as well as Director of East African Breweries Limited since July 2009.

Previously, he served as a Non-Executive Director of East African Breweries Ltd. from August 28, 2008 to July 2009. He served as Director of Guinness Ghana Breweries Ltd until June 30, 2009. Mr. Adetu is a Chemical Engineering graduate of the University of Lagos, Nigeria. He holds a Post-Graduate degree, M.B.A (with specialisation in Marketing) also from the University of Lagos. For Adetu, he would be on a familiar turf as he also brings a hands-on experience garnered in serving at the top level management within the continent. *(Nation)*

Lagos Deep Offshore Logistics Base (LADOL) has unveiled plans to

CPI Inflation



Source: SAR

invest USD 500m (N80bn) in the next three years. The company has invested about USD 100m (NGN 16bn). LADOL has also received a facility of USD 17.8m (NGN 2.8bn) from the Bank of Industry (BoI) to help reposition the company's activities while also helping it to diversify into other areas, especially in the oil and gas sector. The company has repaid over USD 5m out of the USD 17.8m.

The Managing Director of LADOL, Dr. Amy Jadesimi disclosed this during a visit to the firm by the House of Representatives Committee on Industry and top management staff of Bank. Jadesimi explained that LADOL is owned and managed by LiLe and is located in the LADOL Free Zone, specifically conceived and designed to support deep water offshore oil and gas operations and projects in and around Nigeria.

According to her, LADOL is the first and only facility of its kind in Lagos and will ensure that companies benefiting from Nigeria's deep offshore oil and gas reserves utilise companies domiciled in Nigeria to service their operations, thereby creating jobs for Nigerians as well as ensuring training, knowledge and technology transfer into Nigeria. General Manager in charge of LADOL project in BoI, Mr. Issac Offor described the company as a fully integrated logistics service firm with interest in stevedoring; fabrication and assembly yards; people management, catering; bunkering of fuel and water; facilities for the supply of bulk materials; open and closed storage facilities, sewage and waste treatment, potable water and medical services.

Offor explained that the partnership started about four years ago, adding that the need to support the efforts of Federal Government in local content initiative informed the decision of the bank to support. *(Guardian)*

In line with the Central Bank of Nigeria (CBN) cash-less scheme, Ecobank has officially launched its Mobile Money platform in Nigeria. Managing Director of the bank, Jibril Aku said: "This is an Ecobank special product designed to deepen financial inclusion for all classes of Nigerian citizens, especially those in the rural and semi-urban areas as well as reduce cash dependency level in our day to day transactions; this is the fulcrum on which the cash-less policy of the CBN stands."

He said Ecobank Mobile Money aims at bridging the gap between the banked and unbanked Nigerians and can be used by both account and non-account holders of the bank. This is part of Ecobank's mission to provide convenient, accessible and reliable financial products and services to the Nigerian people.

He said: "Mobile money services have huge potential in markets where mobile penetration vastly outpaces the number of people with bank account. This is the clear case in Nigeria today as we have available over 90m cell phone users, both the banked and 'unbanked'. There is therefore an urgent need to offer an affordable, but convenient, solution to money transfer services.

"Ecobank Mobile Money delivers convenience, accessibility and reliability to customers in line with the bank's mission. Nigerians, irrespective of their location will now be able to use their cell phones to conduct basic financial transactions even if they don't have a bank account. The Ecobank Mobile Money now gives citizens the power to achieve their banking needs conveniently." *(Daily Trust)*

Telecoms operators last week paid the NGN 1.17bn fine imposed by the Nigerian Communications Commission on the agreement that the present key performance indicators (KPIs) will be reviewed. Emma Okonji examines the impact of the planned review on the quality of service. After a twenty-five day running battle between telecommunications operators and the Nigerian Communications Commission (NCC) over the payment of a fine imposed on MTN, Globacom, Airtel and Etisalat, the operators finally paid the N1.17bn last week, but on one condition.

At a meeting between the operators and the NCC, the operators told the NCC in very clear terms that the present key performance indicators (KPIs) were not achievable, owing to the challenges faced by operators in the course of providing services to customers. They insisted that the KPIs be reviewed if they must pay the fine. On that condition, the NCC, it was gathered, agreed to review the present KPIs, which are benchmarks for measuring the technical state of network performances in the transmission of voice and data within and across networks.

From the very first day that NCC made the pronouncement on the NGN 1.17bn fine, the affected telecoms operators vehemently refused to pay the fine, giving reasons that the poor state of infrastructure as well as the operating environment in the country would not allow them to achieve the stipulated standards. They listed their challenges to include the performance criteria in the form of KPIs set for them by NCC in contrast to other countries; inadequate electric power supply; multiple taxes and levies; and vandalism of telecom infrastructure; among others.

However, the NCC did not consider them as challenges that are insurmountable, and insisted that the fine must be paid. After several failed meetings to convince the NCC to drop the fine, the operators resolved to make the payment of the fine conditional, a situation that worked out for them. On this premise, NCC agreed that the present KPIs would be reviewed, as suggested by the operators. Comparing KPIs in Nigeria to that of other countries of the world, the operators revealed that the NCC saddled them with 117 KPIs, which included technical and service KPIs, whereas telecoms firms all over the world are restricted to between 5 to 7 KPIs which are customer-impacting, not backend impacting.

Citing India as example, operators said the Call Set-up Success Rate (CSSR) in India is 95%, while NCC set up is 98 in Nigeria. Also, Traffic Channel Congestion (TCH) in India is 2%, and in Nigeria it is also 2%. SDCCH, an engineering terminology for signalling congestion parameter in India is 1%, while in Nigeria, it is 0.2%. According to the operators, Nigeria's obligation is five times more onerous than that of India requirement.

The operators insisted that KPIs in Nigeria should be realistic and achievable, as it is in other countries. After listening to operators, NCC, it was gathered, agreed with the operators to have a glide path to achieve the KPIs, which means that KPIs in Nigeria will henceforth be attained on a graduated level. Examining the KPIs of GSM operators from January to November 2011, it was gathered that the operators were far from achieving the set targets by the NCC, a situation that confirmed the position of the telcos that KPIs in Nigeria were unachievable.

For example, NCC's statistics showed that the commission placed a target of 98% and above for the CSSR but operators struggled to attain between 90 and 96%, with none of them attaining 98% from January to November 2011. The TCH target was less than 2%, but some operators recoded above 2, while others recorded 4.5%. The SDCCH target was put at less than 0.2, but operators were recording far above that, with some recording up to 1.4%.

Drop Call Rate (DCR) was targeted at less than 2%, but most operators were recording above that, with some recording between 0.5 and 2. Call Completion Rate (CCR) target was less that 96%, but operators were recording between 80 and 100%. Although the Director, Public Affairs of NCC, Mr. Tony Ojobo declined to respond to issues raised by THISDAY on the agreed review of KPIs for telecoms operators, a source at the commission disclosed that one of the agreements reached by the NCC and the telcos was for the commission to review the KPIs such that data collected on their network performance would be city-specific, rather than using a blanket assessment covering the entire country.

The source said the operators believed that the review would improve their ratings and prevent them from incurring the regulators' blame and sanctions. According to the source, the operators argued that rather than NCC opting for uniform data gathering, it should adopt a varied data gathering mechanism that would bring to bear, the realities obtainable across different cities in the country for quality measurements.

Confirming the agreement reached between the parties on the review of KPIs, chairman of the Association of Licensed Telecoms Operators of Nigeria (ALTON), Mr. Gbenga Adebayo told THISDAY that the operators were hopeful that the implementation of the planned review of KPIs would be immediate, as agreed by NCC and the operators. "As soon as the review is concluded, the implementation will be carried out immediately without delay and the NCC will from time to time, carry out reviews that are achievable, according to world industry standards."

Adebayo said the present KPIs were not realistic and remained unachievable as long as the poor state of infrastructure in the country persists. According to him, "If the review is carried out successfully, and challenges appropriately addressed, quality of service in the country will improve drastically and operators and subscribers will be on better terms with each other," Adebayo said. *(This Day)*

Hyperia Limited, an indigenous Internet Service Provider (ISP), and Yahsat, a satellite communications company, have rolled out a satellite-based broadband service in the country. Deputy Managing Director, Hyperia, Mr. George Opara, who spoke at the pre-service inauguration of the broadband service in Lagos, recently, said the solution would assist in reducing the high cost of broadband internet service in Nigeria.

He said, "We have been working over two to three years to bring this solution into the market. Hyperia already has major VSAT product in the C-band and KU band. We have our hub in London and we service every part of Nigeria. When we saw the importance of this project and how it is going to help reduce the cost of Internet broadband, Hyperia Limited became very much interested. We have tested the C and KU bands and with emergence of KA band we have seen immense potential.

This is a pre-service launch and we expect that the service will be up and running few weeks from now." He explained that the broadband service would compete favourably with WiMAX and Wi-Fi service in Nigeria, adding that the satellite-based broadband solution was totally independent of terrestrial infrastructure. According to him, the inauguration of the satellite service into Nigeria's telecommunications market would enable more Nigerians especially those in undeserved and unserved areas to have access to efficient and reasonably priced broadband service via satellite technology.

This, according to him, would enable more Nigerians to enjoy broadband internet access without having to wait for terrestrial systems to roll out expensive fibre networks. Commenting on the satellite service, Chief Commercial Officer, Yahsat, Mr. Shawkat Ahmad, said the broadband solution would cover the entire country. He pointed out that the service would play a pivotal role in economic development by connecting rural and urban communities thereby creating informed societies.

On the cost-effectiveness of the broadband solution, Ahmad said Nigerians could instantaneously connect to the internet using a small satellite dish and satellite modem wherever the satellite signal was received. While delivering a paper on broadband delivery through satellite communications, the President, Society of Satellite Professionals International, Mr. Andrew Aro, said the broadband service rode on the KA band which was undeniably suitable for the peculiarities of Nigeria's internet access market.

With the satellite service, Aro explained that ISPs could expand the reach of their terrestrial broadband infrastructure network without need to invest in expensive infrastructure. *(This Day)*

Shell Petroleum Development Company (SPDC), has concluded plans to build a USD 3.2bn (N518bn) gas plant at Assa-North in Ohaji South, Ohaji/Egbema Local Council of Imo State. The project is expected to be completed by 2018. The project is expected to boost the zero-gas-flaring programme of the government and enhance the local content policy. The Managing Director of the company, Mutiu Summonu, made the disclosure during his visit to Governor Rochas Okorocha in Owerri on Monday.

He urged the state government to provide 200 hectares of land to kick-start the project, even as he requested adequate security for the expatriates and other workers for the facility. According to Sumonu, the decision was largely in line with the local content policy of the Federal Government in boosting power generation in the country. He said the host communities should also be made to understand the gesture aimed at boosting the supply of domestic gas to plants in power generation across Nigeria, adding that Shell decided to expand its Social Corporate Responsibility (CSR) to the state.

Job opportunities, he stated, would be provided for people in the state when completed. Said he: "This project is going to fit in into the Federal Government's gas agenda. It is going to supply a lot of gas into the domestic market to help the power agenda. I think this is a major project i need to acquaint the governor about." Okorocha expressed appreciation that the project was being sited in the state, stating that the first oil deposits were actually discovered in Iho, Ikeduru, Imo State, wondering why a befitting presence was yet to be put in place in the state. He commended Shell for its “come back” to the state after decades.

He said: “Shell started here in Imo State. The first discovery of oil started here in Imo State. Today Imo has nothing to show for it. The coming back of Shell, back to Imo State is a great news and we are happy that Shell has come back to origin.” *(Guardian)*

Three rating agencies which include Fitch, Standard and Poors (S&P) and Nigeria’s Agusto & Co have upgraded Access Bank Plc ratings to a new high, while four other top Nigerian banks maintained stable outlook. The improved ratings, according to the agencies, were attributed to the Banks’ improved market position, strong capitalization, and strong liquidity profile; enhanced distribution network and expanded client base.

Specifically, Fitch, a UK-based rating agency, upgraded the bank’s long-term Issuer Default Rating (IDR) to ‘B’ from ‘B-’ while the bank’s national long-term rating was upgraded to ‘A-(nga)’ from ‘BBB-(nga)’; and outlook upgraded to stable from its positive status. Fitch upgrade of Access Bank is an incredible three notches up.

In the same vein, S&P (Standard and Poors), one of the world’s most reputable rating agencies, upgraded its long-term Nigerian national-scale rating to ‘ngA’ from ‘ngA-’ with its outlook raised from ‘negative’ to ‘stable’ while Agusto & Co, Nigeria’s leading rating agency, upgraded its ‘BBB’ rating of the Bank to ‘A-’; still maintaining its ‘stable’ rating of the bank’s outlook.

This development lays credence to the timeliness of the recent banking reform which has undoubtedly strengthened the Nigerian banking landscape. Outside the subsidiaries of foreign banks present in the Nigerian market which carry the ratings of their parent banks, the ratings of the five largest banks in Nigeria FirstBank, Zenith, GTBank, Access Bank and United Bank for Africa are not materially different from one another as they all maintain ‘stable outlook’ in their ratings.

This could be taken to mean a tacit classification of the nation’s banking industry with these five occupying Tier 1 position; riding on their financial strength, market capitalization, branch network, customer base, quality of their risk management framework and governance structure. According to opinions expressed on Access Bank by one of the rating agencies, “Access Bank’s funding has been strengthened by an enlarged branch network following consolidation, which has availed the Bank a vast pool of low-cost deposit.

“In the year under review, local currency deposits grew by 114% to N871bn. Deposits adequately funded the loan book and Access Bank’s liquidity ratio stood at 74% as at December 31, 2011, well above the regulatory minimum of 30%.” *(Vanguard)*

Nigerian President Goodluck Jonathan is replacing the managing director of state oil company Nigerian National Petroleum Corp (NNPC) and three other senior directors on Tuesday, a presidency statement said. "To further strengthen the ongoing reforms and in furtherance of efforts to achieve greater transparency and accountability President Jonathan has approved the recomposition of the executive management team of the NNPC," the statement said.

Jonathan has come under intense pressure to clean up Africa's biggest energy sector after public anger over corruption and waste of the country's oil wealth surfaced during January protests over fuel prices. The incumbent Managing Director Austen Oniwon, the Finance and Accounts Director Michael Arokodare, Refining Director Philip Chukwu and Engineering Director Billy Agha have all been retired, the presidency statement said.

Oil Minister Diezani Alison-Madueke has overall control over Nigeria's energy industry and the NNPC. Oniwon will be replaced by Andrew Yakubu, a chemical engineer who has held several positions at NNPC, including executive director of exploration and production, the statement said. Numerous reports and audits have said that corruption is rife within NNPC. Last year, Transparency International and Revenue Watch ranked NNPC as the least transparent oil company in the world.

Oniwon told Reuters in February that corruption in NNPC was "in the imagination of some people". A parliamentary report in May uncovered a USD 6.8bn fraud within the fuel subsidy, which is partly run by NNPC. The report said NNPC was accountable to no one. It said the company owed the government NGN 704bn (USD 4.33bn) for subsidy violations and that it owed oil traders, including Trafigura, USD 3.5bn in unpaid bills. *(Reuters)*

Crusader Nigeria Plc posted NGN 286.537m losses in its 2011 audited report released yesterday. The firm, in 2010 posted a profit after tax of NGN 204.130m. Gross earnings of the company increased slightly from N5.345bn in 2010 compared to NGN 5.367bn in 2011; indicating an increase of 0.41% in the review period. *(Daily Trust)*

Ashaka Cement Company yesterday declared NGN 20.780bn gross turnover for the financial year ending December 2011 compared to NGN 19.154bn it declared in 2010. The company also declared N3.6bn profit after taxation for the year, representing 19% increase from NGN 3.005bn declared previously.

Chairman of the company Alhaji Umaru Kwairanga said at the company's Annual General Meeting (AGM) in Gombe that the board has approved the payment of 40kobo dividend on each ordinary share to shareholders, representing an increase of 33% from the previous year.

Managing director of the company Mr Neeraj Akhoury said the company will soon start its expansion drive of 1.3m tones capacity target. He said the company has expended NGN 175m on its host communities as part of its corporate social responsibility and assured of their resolve to commit more on education, health and basic infrastructure. *(Daily Trust)*

For the year ended December 31, 2011, shareholders of R.T. Briscoe Nigeria Plc, yesterday, approved 10 kobo dividend and a bonus of one for every five shares. The shareholders, who attended the 2011 yearly general meeting held in Lagos yesterday, also commended the board and management for the result, despite various challenges.

One of the shareholders, Alhaji Gbadebo Olatokunbo, while urging the board and management to "do more", commended all those who contributed to the result in 2011. Within the period under review, the turnover and profit after tax of the company increased by 30% and 42% respectively in 2011 from NGN 15.1bn and NGN 40.3m in 2010 to NGN 19.6bn and NGN 215.9m in 2011.

However, according to the Chairman of R.T. Briscoe, Chief Clement Adekunle Olowokande, "an unfortunate but unavoidable reality in our 2011 result is the high level of bank borrowings and short term loans, as well as interest expenses". Addressing shareholders, Olowokande said third party borrowings increased from NGN 4.1bn in 2010 to NGN 8.1bn in 2011, adding that the interest expenses for the year soared to NGN 776.4m.

Olowokande said: "The sorry picture is that our company operates largely on borrowed funds. Since the public offering in 2004, our company has not had any injection of fresh capital despite the significant increase in the volume of business activities from N5.5bn in 2004 to N19.6bn in 2011". "Nevertheless, it has consistently declared annual modest dividend and scrip issues. We do hope that you will support your company when the investment climate is conducive and the board decided to have a public offer.

"A commendable aspect of the result is the impact of the effective credit policy introduced by the board. As a dealer in capital goods, a sizeable number of our products are sold on credit and with the increase in turnover, trade debtors increased dramatically from NGN 2.3bn to N5.4bn. "I can assure you that 95% of the trade debts at the end of the year have been recovered. You will also note that despite the significant increase in trade debtors the provision for doubtful debts actually declined", said Olowokande

He also informed shareholders that the board has put in place mechanism for the full compliance with the new code of corporate governance for public companies issued by the Securities and Exchange Commission (SEC) in 2011. According to the chairman, all directors of the company signed an undertaking to abide by the terms of the code, adding that a committee of the board was given the responsibility to review the code and ensure the implementation of necessary actions for compliance.

He also told shareholders that the company took necessary steps for the adoption of International Financial Reporting Standards. Already, according to the board chairman, the company has forwarded its proposed implementation roadmap for the adoption to SEC and "ensured all concerned stakeholders were adequately trained. Making reference to future plans, Olowokande said the challenging economic environment notwithstanding, the reduction in the duties of importation of buses; earth moving equipment and truck in the 2012 budget has opened up opportunities in these sector.

He added: "Overtures by the federal government in the 2012 budget for the engagement of private sector in housing development including a promised new housing policy expected to be investor friendly will also open up new vistas of opportunities for our property business. "We intend to exploit these opportunities for the benefit of our shareholders and the society at large with the continued provision of world class products and excellent after sales services" *(Guardian)*

Economic News

India is offering a helping hand to Nigeria in the country's bid to generate enough electricity to meet the ever-growing demand in Africa's most populous nation. Of an estimated USD 500bn that the sector needs to improve, India has committed a USD 100m line of credit under a memorandum of understanding to be signed soon. Though this contribution might be seen as a drop in the ocean considering the fact that Nigeria needs so much in order to satisfy the growing demand of its 160m population, experts say the contribution of private Indian companies is helping to improve the sector.

National Electricity Regulatory Commission (NERC) Commissioner Eyo Epko says the power sector will need an average of USD 20bn per annum to achieve 7,500 MW generation, excluding domestic gas investments. In addition, the country would need USD 500bn investment to guarantee constant supply. The country would also require the right calibre of professionals and this is being provided by India.

Speaking at a ceremony to inaugurate a plant for the manufacture and repair of power transmission equipment, Indian High Commissioner Mahesh Sachdev said: "We have also been engaged in supporting the Nigerian power sector through professional capacity building in India under our ITEC training programme." The training of these professionals is very important, Epko said, because more investment would be recorded by 2017. He was optimistic that the state governments would develop the capacity to regulate market operations within their boundaries.

More investments means more business for foreign companies keen on developing the sector. Sachdev said 12 Indian companies have expressed keen interest in the ongoing power privatisation programme. India, which is Nigeria's second largest trading partner, "has both the capacity and expertise to support Nigeria's ambitious development plans in the power sector", Sachdev added.He commended the Skipper Group, an Indian company that has a long association with Nigeria.

"Unlike many other foreign concerns which are content to execute projects on tactical basis, India's Skipper Group has over the past decade invested in this country to create manufacturing and repair capacity, transfer of technology and generate employment." "The Group has shown its faith in Nigeria's power sector and is planning to expand its operations here from transmission to power generation and other areas of economic activity in Nigeria," Sachdev added.

Participation in the sector by such foreign companies is a welcome news to Nigerians. Ekpo said there is the need to attract private investors to the sector to remove key challenges such as corruption and poor management. In addition there are some bottlenecks that are yet to be removed. Ekpo identified the absence of a cost-reflective tariff as a key reason "why the power sector has failed to serve Nigerians in the past three decades", adding: "Without a cost-reflective tariff, no utility provider will enter the market."

Power Minister Bart Nnaji admitted that there was a "gross" deficit in the country's electricity tariff but hoped that reforms in the sector would help correct this. "We know there are gross deficits but just give us a chance and you will see power grow in the country," he added. Nnaji said the government was preparing to inaugurate power plants in some designated locations that would boost electricity output in the country. Some people have doubts on the government's proposal because of past experiences.

Trade Union Congress President Peter Esele said the government last December promised to increase power generation by 4,000 MW but there was no explanation as to why this target was not met. "We have not also been told what happened to the huge expenditure on that sector so that we understand their challenges and why it was not met. *(Indo Link)*

The Central Bank of Nigeria (CBN) has released guidelines on foreign participation in securities lending in the financial market. The capital market authorities plan to introduce securities lending as part of efforts to deepen the market and provide alternative instruments to investors.The apex bank's circular addressed to all authorised dealers, custodians, stockbrokers and general public, detailed the processes for issuance of Certificate of Importation (CCI) for securities lending transactions.

The apex bank directed all authorised dealers to ensure strict compliance with the provisions of the circular. According to the circular signed by Director, Trade and Exchange Department, Mr N. T Igba, Certificates of Capital Importation (CCI) would continue to be used in respect of foreign exchange inflow for loans, investments and or capital, subject to existing guidelines as specified in the foreign exchange manual.

For securities lending purposes, CCI processes shall be considered under a foreign investor to foreign lender or other specified conditions to abide by approved conditions. According to the guidelines, a local investor can lend to a foreign investor but that requires that the lender shall use CCI upon importation of capital to purchase securities to be lent. "The foreign borrower shall be issued a CCI upon importation of capital for the purchase of collateral securities.

The foreign borrower reserves the discretion to keep the cash collateral in Nigeria in foreign currency. In this situation, no CCI shall be issued for the collateral," the apex bank stated. Also, at the lending stage, appropriate notes shall be made on the back of the foreign lender or split, should the investment value on the CCI exceed the collateral value. Besides, the foreign borrower shall utilise the foreign lender's CCI to repatriate proceeds from of sale of the borrowed securities and the foreign lenders CCI shall be marked down accordingly.

Equally at maturity, the foreign borrower shall import capital to buyback borrowed securities but no CCI shall be issued. On repayment, the foreign lender's CCI is expected to be marked up accordingly while the foreign borrower's CCI earlier transferred to the foreign lender will be returned to him. According to the circular, if the foreign borrower defaults, his collateral shall be disposed of or repossessed by the foreign lender and the foreign borrower's CCI earlier transferred to foreign lenders shall be utilised to repatriate sale of the collateral. *(Nation)*

The Federal Government has disclosed plans to enhance the national yield on tubers and cereals by an incremental 600,000 metric tonnes (MT)

per annum through the Growth Enhancement Support (GES) scheme. Minister of Agriculture and Rural Development, Dr. Akinwumi Adesina, disclosed this at the roll-out of seeds and fertilisers for small scale farmers in Abuja, the Federal Capital Territory (FCT).

Adesina said government, through the scheme, would help farmers raise their income from the average NGN 50,000 per annum to about NGN 116,500; representing a 233% increase.

“The design of the scheme apart from encouraging the participation of almost 48m Nigerians in agriculture also creates directly an additional 174,100 jobs and the fertiliser distribution supply chain at agro-dealer network at wards levels. “Also 3,483 jobs at regional distributor points and sustains an additional 800 to 1,000 jobs at the importation/blending/local production level of the value chain”, the minister explained.

He added: “This scheme breaks the cycle of inefficient fertiliser support delivery to farmers and ensures that the country’s huge investments in the sub-sector reaches the target beneficiaries and deliver the relevant economic benefits”. The minister said it also leads to increased fertiliser use and thereby results in increased production and improved food security, which he informed that government targeted to hit 50kg/ha by 2015.

Adesina, while highlighting the GES benefits, said it provides a platform to show off a new course of action structured to help Nigeria’s smallholder farmers, adding that it reduces governments’ financial outflow requirements. He also maintained that “it builds agricultural capacity, increases extension agents’ knowledge and their value to their community, and increases farmers’ awareness of proper fertiliser application”.

The ministers assured that “the federal government will give a uniform GES to farmers across the country based on the existing price for a bag of fertiliser at any particular time”. Adesina said his ministry would work with relevant stakeholders, including the organised private sector and farmers’ associations to ensure maximum availability of fertilisers at every parts of the country.

He informed that the scheme was designed as a vital component of the agricultural transformation agenda, ATA of the Goodluck Jonathan administration and seeks to achieve at the micro level, food security for the farmer and national security at the macro level. *(This Day)*

Nigeria's powerful state governors said on Monday they had approved federal government's proposal to launch a sovereign wealth fund with an initial USD 1bn, ending months of political wrangling. Finance Minister Ngozi Okonjo-Iweala said in October last year the fund was being launched but governors initially blocked the proposal, leading to eight months of negotiations.

"The council has agreed with the federal government to go ahead to implement the Nigeria sovereign investment authority with an initial fund of USD 1bn," Rivers State Governor Rotimi Ameachi told reporters, referring to Nigeria's economic council that includes all Nigeria's 36 state governors. The sovereign wealth fund was supposed to replace the Excess Crude Account (ECA), where Africa's biggest crude exporter saves oil revenues over a benchmark price, currently USD 72 a barrel.

The ECA can be too easily dipped into and there is little transparency over how the money is spent, economist say. The ECA contained USD 20bn in 2007 but now holds around USD 5bn despite years of record high oil prices. State governments collect a share of any money removed from the ECA and Amaechi has said governors want the savings account to remain regardless of the wealth fund launch.

"We also stressed the need for government to boost the excess crude account from USD 5.3bn to USD 10bn to provide a buffer ... as a means of protecting the country from the mounting uncertainty in the global economy," he said. Oil prices have slipped in recent months, from USD 110 a barrel in January to below USD 80 a barrel on Monday.

Nigeria was one of only three OPEC member states not to have a sovereign wealth fund. The government has said the fund will provide a firmer legal basis to ring fence Nigeria's savings. It has three main aims: saving money for future generations, providing financing for badly needed infrastructure, and starting a stabilisation fund to defend the economy against commodity price shocks. *(Reuters)*

Nigeria's crude oil export to the United States of America, which was over onem barrels per day (bpd) in December 2009, has declined to 352,000bpd, representing a loss of about 70% of its oil exports to the country. Citing recent data from the United States Energy Department, the Global Water and Energy Strategy Team (GWEST), a Washington-based consulting firm said in its latest report that Nigeria was the third-largest supplier of crude oil to the United States in 2010, with the US accounting for 43% of Nigeria's exports.

GWEST, which specialises in the geo-politics of strategic resources, noted that Nigeria was closely behind Canada and Mexico in oil export to the United States. The report indicated that in September 2011, Nigeria's crude exports to the United States dropped to 580,000bpd, with the country assuming the sixth position, after Canada, Saudi Arabia, Mexico, Venezuela and Russia.

Nigeria's crude export to the United States further dwindled to 352,000bpd by February 2012, signalling a decline in trade between the two countries that dates back to 1961, when Texaco Overseas began operations in Nigeria. President of GWEST, Mr. Paul Michael Wihbey, said the loss of the United States market had forced Nigeria to ship crude oil twice the distance to Asian markets.

Though refiners in Asia are increasing crude oil imports, investigation revealed that the distance from the Shell's Bonny Export terminal in Rivers State, for instance, to Tianjin, China, is 12,172 miles, compared to 5,847 miles to the New York Harbour in the United States. Speaking at a recent event organised in Lagos by the Emerald Institute for Energy Economics, Policy and Strategic Studies, University of Port Harcourt, Wihbey said Nigerian crude might need to be priced at a discount to go to new markets in Asia.

He attributed Nigeria's dwindling exports to the United States to increased production in the United States. For instance, owing to increased drilling in

North Dakota's Bakken and Texas' Eagle Ford, crude production in the United States rose to 6.24m barrels a day in May 2012, the highest level since 1999, according to government data.

Refiners that use Nigerian crude oil are also closing plants on the United States' east coast, the main destination for Nigerian exports, amid falling returns on investment. Recent reports indicated that Sunoco stopped production at the 194,000bpd Marcus Hook plant in Pennsylvania on December 2011.

The company also said it would decide by July, 2012 whether to halt production at its 355,000bpd Philadelphia plant. ConocoPhillips stopped its 190,000bpd Trainer, plant site on September 30, 2011 and the two facilities together accounted for half of east coast crude oil processing capacity. *(This Day)*

Compliance with the Nigerian Oil and Gas Industry Content Development (NOGIC) Act of 2010 will soon be a key condition for local and foreign operators to participate in oil bid rounds and also to secure licences, permits and approvals in the industry, THISDAY has learnt. This requirement is contained in a new partnership being forged by the officials of the Nigerian Content Development and Monitoring Board (NCDMB) and the Department of Petroleum Resources (DPR).

The two agencies set up a joint committee at a recent meeting in Lagos to design an interface model with regard to common mandates related to Nigerian content development in the industry. Among other things, the committee will develop procedure to ensure smooth applications of Sections 3 and 7 of the NOGIC Act. These sections provide that compliance with Nigerian Content provisions, promotion of Nigerian Content development and submission of Nigerian Content Plan will constitute conditions for the award of licenses, permits and any other project in the oil and gas industry.

Another focus area of the collaboration which is expected to be formally endorsed by the Minister of Petroleum Resources, Mrs. Diezani Alison-Madueke, is Expatriate Quota Management, where the two agencies agreed to interface seamlessly. This is to ensure industry compliance with Section 33 of the NOGIC Act, as well as to minimise incidents of abuse and also ensure optimal knowledge transfer to Nigerians.

The committee is also to address the increasing incidence of staff disengagement by operators and design partnership model for critical information sharing between DPR and NCDMB to facilitate effective regulation of the industry. In his comments, the Executive Secretary, NCDMB, Mr. Ernest Nwapa, noted that the oil and gas industry could only make sustainable progress if all agencies of government connected with the sector have a common understanding.

"Once there are conflicting signals from NCDMB, DPR and NAPIMS, there will be problems. We want people from our offices to be acting on the basis of a common understanding of the laws and government policies", he added. Director of DPR, Mr. Osten Olorunsola, commended NCDMB for the numerous achievements it had recorded within two years of its establishment, adding that Nigerian Content has been the shining light in the industry within the period. "When we are seen working together, people will find it difficult to play one agency against the other and when we have issues, we will examine them," he said. *(This Day)*

At least 20 insurance firms' 2011 financial reports have not been cleared by the National Insurance Commission (NAICOM), Daily Trust gathered. Thus the insurance firms have not rendered their audited financial statements 2011 to the Nigerian Stock Exchange. The insurance firms are: African Alliance Insurance Plc, Cornerstone Insurance Plc, Equity Assurance, Goldlink Insurance Plc, Great Nigeria Insurance Plc, Guinea Insurance Plc, International Energy Insurance, Law Union and Rock Insurance Plc, Linkage Assurance, Mutual Benefit Assurance and Niger Insurance Company Plc.

Others are, Staco Insurance Plc, Standard Alliance Plc, Unic Insurance Plc, Unity Kapital Assurance Plc, Universal Insurance Company Plc, Resort Savings & Loans Plc, Crusader (Nig.) Plc, Royal Exchange Plc and Investment & Allied Assurance Plc. Mr. Lucky Fiapka, spokesman for the National Insurance Commission (NAICOM) said the commission was not deliberately holding unto their accounts but queried some portions of the accounts which weren't explicit enough.

According to him, if the insurance companies resolved all the grey areas, the commission would approve the accounts forthwith. He also noted that some of the companies submitted their annual accounts late thus it would take some time to vet. *(Daily Trust)*

Nigeria plans to raise NGN 134.56bn (USD 827.27m) in treasury bills ranging from 3-month to 1-year maturities at its regular bi-monthly debt auction on Wednesday, the central bank said on Tuesday. The bank said it will issue NGN 21.84bn in 91-day paper, NGN 52.73bn in 182-day bills and 60bn in 364-day bills next week on June 28.

Nigeria, Africa's second biggest economy after South Africa, issues treasury bills regularly to reduce money supply, curb inflation and help lenders manage their liquidity. Dealers said the release of May budget allocations to government agencies would spur demand for the paper, but yields are expected to be mixed. *(Reuters)*

In its efforts to increase the state economic indices through massive industrialisation, the government of Ondo State has commenced the process of generating its own electricity using the abundant gas resources along its coastline. The state Governor, Dr. Olusegun Mimiko last week blamed his administration's inability to revive moribund state-owned industrial concerns on national epileptic power supply and expressed optimism that the state would soon find a way around the problem.

State Commissioner for Commerce and Industry, Tayo Akinjomo disclosed that a power plant being constructed by the state government to generate 35 megawatts of electricity using gas turbine at Omotosho town would soon be completed. He said the multi-million naira power plant of the state government will complement the 835 megawatts plant being constructed by the Federal Government out of which 335 megawatts had been delivered under phase one.

Akinjomo said the completion of the 500 megawatts under the second phase of the Federal Government power plant, also at Omotosho, would boost power supply and save ailing firms, which rely heavily on power to operate. The commissioner, who blamed Nigeria's current industrial crisis on inadequate power supply said, “Many industries had relocated from Nigeria to neighbouring countries because of the epileptic power situation here. The Oluwa Glass Industry is currently not functioning because its furnace must be constantly powered.

“There is no way such firm could be profitably run on generators except through the latest initiative of the government to generate electricity directly for the industries,” he added. Akinjomo said the current administration in the state recently collaborated with the Bank of Industry to provide financial support for some private firms, which are into the production of wire and cables, aluminium, and plastic among others.

He said about N616m had been disbursed as loans to the affected firms through the arrangement while additional N427m would soon be given out under the second phase of the scheme. The commissioner added that the state government had also organized small and medium scale enterprises into cluster groups with a view to providing a central power for them to carry out their operation. *(Guardian)*

Nigeria sold NGN 132.61bn worth of 5-year, 7-year and 10-year bonds maturing in 2017, 2019 and 2022 at its regular auction on Wednesday, with yields higher than at the previous auctions, the Debt Management Office (DMO) said on Thursday. The office said it sold NGN 30bn in 5-year, NGN 50bn in 7-year and NGN 51.61bn in 10-year paper.

The 5-year bond was issued at 15.85%, more than the 15.24% it paid last month, while the 10-year bond was issued at 16.21%, higher than the 15.45% it paid at the last auction. Both were re-openings of old issues. The 7-year paper, which was a fresh issue, attracted 16%.

"The original coupon rates of 15.10% and 16.39% for the April 2017 and January 2022 respectively will be maintained, while the coupon rate for the June 2019 is set at 16.00%," the DMO said in a statement. Africa's second-biggest economy issues sovereign bonds monthly to support the local bond market, create a benchmark for corporate issuance and fund its budget deficit. *(Reuters)*

The Central Bank of Nigeria (CBN) said it has paid out a total of NGN 144.600bn under its Power and Airline Intervention Fund (PAIF) as at December 31, 2011. The fund stood at NGN 119.072bn as at September last year. The banking sector regulator disclosed this in a chart titled: “Disbursement under PAIF as at December 31, 2011,” posted on its website yesterday. The PAIF is an initiative between the CBN and the African Finance Corporation (AFC).

A breakdown of the amount in the chart showed that 10 airline projects, worth NGN 85.615bn were undertaken as at December last year. Similarly, 21 power projects worth NGN 58.985bn were also undertaken as at that period. However, the chart did not state the names of the airline companies that benefitted. The CBN had in February last year, approved the release of NGN 185.172bn to Bank of Industry (BoI) for onward disbursement to the participating banks.

The CBN had also in collaboration with other stakeholders made efforts to improve bank lending to the real sector; empower small scale entrepreneurs; create employment opportunities; alleviate poverty; ensure food security; and promote youth entrepreneurship. In order to achieve these, the CBN initiated a number of schemes and programmes. The apex bank had about two years ago, approved the provision of a NGN 500bn infrastructure intervention fund as part of its measures to create liquidity and support the development of the real sector of the Nigerian economy.

Meanwhile, the naira appreciated marginally against the United States dollar at both the interbank and CBN's regulated bi-weekly auction yesterday. This was largely influenced by dollar sale by multinational oil and gas companies. In fact, the naira gained three kobo to close at N155.94 to a dollar, compared with the N155.91 to a dollar on Monday at the bi-weekly auction.

Yesterday's session at the bi-weekly auction, otherwise known as the Wholesale Dutch Auction System (WDAS) was the last for June. The apex bank kept its supply of the greenback at USD 350m, same amount it was offered at the previous auction. On the other hand, at the interbank segment of the forex market, naira slightly climbed by 15 kobo to close at NGN 162.55 to a dollar, from NGN 162.70 to a dollar it was the previous day.

Dealers listed Shell Petroleum and Total Nigeria as the firms that supplied the greenback to the market. Specifically, while Shell was said to have sold an undisclosed amount of dollar, Total sold about USD 92m to the market. The naira had been under pressure since last month, majorly due to the dwindling performance of oil prices in the international market and huge demand for the greenback. *(This Day)*

The Federal Government earned NGN 899bn in April, data from the Central Bank of Nigeria (CBN) monthly Economic Report has shown. The report, released yesterday, however, represents a decline of 11.2% from receipts in the preceding month, but exceeded the provisional monthly budget estimate of NGN 807.71bn. At NGN 730.91bn, gross oil receipts fell below the level in the preceding month due to decline in receipts from oil/gas and non-oil exports.

The report showed that non-oil receipts stood at NGN 169.03bn, about 18.8% of the gross federally collected revenue, but was 25.6 and 33.6% lower than the receipts in March. However, the fiscal operations of the Federal Government resulted in an estimated surplus of N33.49bn, compared with the estimated monthly budget deficit of N109.68bn. Foreign exchange inflow and outflow through the CBN were USD 3.24bn and USD 1.75bn, respectively, and resulted in a net inflow of USD 1.49bn.

Foreign exchange sales by the apex bank to the authorised dealers amounted to USD 1.45bn, showing a decline of 39.2% below the level in the preceding month. But non-oil export receipts increased significantly by 204.8%, due largely to the increase in export earnings from the agricultural products and minerals sub-sectors. According to the data, aggregate banking system credit to the domestic economy fell by 2.0%, on month-on-month basis, to N13.4 trillion, in contrast to the increase of 1.6% at the end of the preceding month.

The development reflected, largely, the 78.1% decline in claims on the Federal Government. Aggregate banking system credit to the domestic economy equally fell by 2.0%, reflecting largely the 58.0% fall in claims on government.

Banking system's credit to the Federal Government, on month-on-month basis, fell by 78.1% to negative N785.2bn, in contrast to the growth of 18.6% at the end of the preceding month.

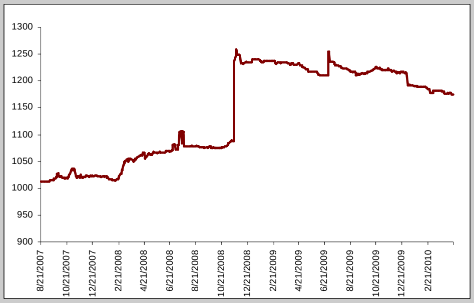
The development was attributed, largely, to the 1.8 and 8.1% decline in the holdings of Federal Government Bonds and Nigerian Treasury Bills, respectively. The value of money market assets outstanding was N5.5 trillion, indicating an increase of 0.4%, over the level at end of March. The development was attributed to the increase of 1.2% in the value of Federal Government Bonds outstanding.

Banks' foreign assets rose by 5.3% to NGN 7.6bn, compared with the increase of 1.0% at the end of the preceding month. The development was attributed to the six and 2.5% increase in the CBN and commercial banks' holdings, respectively. Also, quasi-money fell by 1.7%, to N6.6 trillion, as against the growth of 0.2 and 0.9% in the preceding month and the corresponding period of 2011, respectively.

The development was attributed to the increase in its savings and time deposit component. Other assets of the banking system, on a month-on-month basis, fell by 1.0% to negative N7.7 trillion, compared with 2.2% decline at the end of the preceding month. The decline reflected, largely, the fall in unclassified assets of both the CBN and commercial banks. *(Nation)*

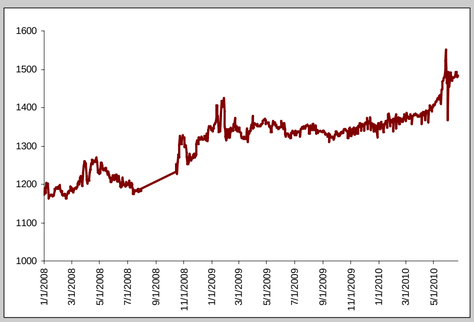
Tanzania

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

Stock Exchange News

The DSEI gained +0.30% to close at 1,437.84 points. TBL was the only mover after gaining +7.02% to close at TZS 2,440 while CRBD and TWIGA were the only shakers after shedding -2.00% and 0.82% to TZS 122.50 and TZS 2,420.00 respectively.

Corporate News

Travellers to Lusaka in Zambia and Lubumbashi in the Democratic Republic of Congo (DRC) from Dar es Salaam are expected to save in terms of real costs and time after the Precision Air Services (PW) bold decision to introduce direct flights to the destinations. "The direct flights to Lusaka and Lubumbashi will result into business saving in terms of time and real costs because travellers will no longer fly via Nairobi, Addis Ababa or Johannesburg," remarked Mr John Mngodo, Deputy Permanent Secretary in the Ministry of Transport at the launch of PW maiden flight to Lusaka and Lubumbashi over the weekend.

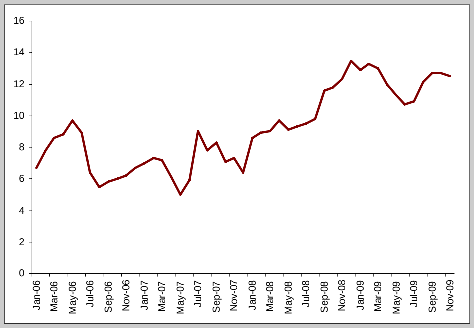
He said the task ahead was to convince the travelling public to these destinations to use the opportunity by the local carrier to promote business relations to benefit the citizens of both countries.Mr Mngodo said the government will continue to review the existing bilateral air services agreement (BASA) with different countries to attract more investors into the industry.

He renewed the government's promise to support all airline investors and regulate fair competition, as well as striving to provide the appropriate infrastructure, notably airports, air navigation equipment and services for the aviation industry to thrive."The public reliance on air transport remain eminent due to its ability to effect fast and secure deliveries particularly of perishables or high value products," he noted.

Earlier, the PW chairman of the Board of Directors, Mr Michael Shirima, said the launching of the 16th and 17th destination to Lusaka and Lubumbashi was another milestone in the growth of the company with the aim of exploring the whole African aviation market. "The Lusaka and Lubumbashi flights came about after critical research and findings on business viability and PW realised a gap to be filled in air transport as well as an opportunity to integrate the different but common cultures," he noted.

It will cost 399 US dollars (about 638,400/-) for a round trip to Lusaka via Lubumbashi. The costs were much higher to above 500 US dollars (900,000/-) depending on the nature of the flight. Travelling to these destinations will take only two hours down from more than nine spent by other flights.

CPI Inflation



Source: SAR

Mr Shirima added that the launching of the new destinations was a testament towards commitment to the expansion plan. "As an airline growing fast but carefully and diligently, we are certainly proud of including Central and Southern Africa into the growth path," he remarked. *(All Africa)*

Tanzania Minerals Corp is pleased to announce that it has entered into a non-binding Letter of Intent dated May 15, 2012, with Karoo Exploration Corp. ("Karoo") whereby Karoo can acquire a 100% interest in certain mineral claims located in the Songea and Lindi regions of southern Tanzania (the "Property"). Karoo is a privately held mining company, incorporated under the laws of British Columbia.

Pursuant to the non-binding Letter of Intent, Tanzania will grant to Karoo the option to acquire a 100% interest in the Property (the "Option"), by issuing 1,200,000 common shares to Tanzania, and incurring exploration expenditures on the Property totaling USD 750,000, all over a three year period. Upon exercise of the Option, Karoo will grant to Tanzania a 2.0% NSR on the proceeds of any commercial production from the Property.

One-half of the NSR and a right of first refusal on the other half can be purchased by Karoo for a cash payment of USD 2,000,000. The other half of the NSR can be purchased by Karoo for a cash payment of USD 5,000,000. During the term of the Option, Tanzania will have the right to nominate 2 individuals to the board of Karoo.

It is anticipated that prior to exercise of the Option, Karoo will list its shares on a public stock exchange, or complete a transaction with an existing publically traded company. The transaction is conditional upon Tanzania entering into a definitive option agreement with Karoo. *(News Wire)*

VODACOM Tanzania has introduced a new modem E173 deal for prepaid customers with the aim of addressing current needs. The company's Managing Director, Mr Rene Meza, said on Sunday that the move will add a significant value for money to Vodacom's new data users. He said that customers will now be able to buy the E173 modem for just 30,000/- and save 5,000/- from the previous modem price.

He said that upon purchase of the modem, customers will receive a free Vodacom sim card and will enjoy 500MB (3.75G) for free every month for three months, and will be able to check balance of the free internet bundle. "Customers will be required to recharge with a minimum of 500/- or above for their number to become active in the system. Thereafter, a sales agent will recharge the modem with 500MB from the Vodacom Fasta wallet. The recurring 500MB will be sent to the beneficiary automatically after every 30 days for three months," he said.

He added that after three months, customers will be migrated back to the pay-as-you plan standard. According to him, the move is aimed at increasing Vodacom subscription across the country. He has urged youths to take up the offer for their daily internet use. "So far, we have introduced cheap internet services for our customers.

We have the ongoing Wajanja Internet campaign that will see our customers enjoy internet services for only 250/- per day. This is yet another affordable offer we have introduced and hope that it will be of great benefit to our young customers, most of whom make wide use of the internet," noted Meza.

This offer comes at a time when Vodacom Tanzania has invested heavily in the country and the company plans to inject over 120bn/- in network upgrades, product development and introduction of new technologies this year. *(All Africa)*

Economic News

For the past four years, the Japanese government has granted USD 840m (equivalent to over TZS 1.3trn) to facilitate the Tanzania's development. Speaking in an exclusive interview with The Guardian in Dar es Salaam yesterday, Japanese Ambassador to Tanzania, Masaki Okada, said the funds were used for General Budget Support (GBS) and development projects.

"Apart from donating to the GBS funds, the money has been used to construct paved trunk roads, building electric networks and telephone circuits as well as supporting power transmission and distribution in the city of Dar es Salaam," he said. Okada explained that there has been a noticeable increase in Tanzania's export volume to Japan in the past 10 years, with products such as precious metals (USD134.1m), coffee beans (USD66m), sesame (USD25m), tobacco (USD10m), and fish fillet (USD10m).

According to him, Tanzania's imports from Japan has also increase with the five leading categories of automobiles (USD144m), plastic and plastic products (USD46m), steel and steel products (USD43.4m), machines and electrical equipment (USD16m) as well as rubber products (USD4.2m). "We have witnessed Tanzania's import and export volumes growing by 248 and 264% respectively, with total transacted goods worth USD533.5m.

The move predicts great development in terms of our country's bilateral economic relationship," Okada said. He added: "We have been encouraging more Japanese investors to utilize the investment opportunities provided in Tanzania, since we want them to process their products in the East African country and export them as finished goods. More projects are therefore expected to be launched."

For his part, Makoto Honda, first secretary and head of Economic Cooperation at the Japanese embassy said: "Currently, we have more than 16 Japanese companies operating in Tanzania." Tanzania and Japan established diplomatic relations in 1961, and since then, the two countries have always maintained excellent and cordial friendship. *(IPP Media)*

If at least 20% of Tanzania Zambia Railway Authority (Tazara's) designated 5m tonnes of freight per annum is utilised, it is then expected that the rail may successfully serve its local customers as well as the rest of the Southern African economies. Speaking in an exclusive interview with The Guardian at a one-day Tazara Customer Summit held in Dar es Salaam at the weekend, Konkola Copper Mines (KCM) logistics manager Christopher Musonda advised Tazara to increase haulage capacity if it is to become a formidable competitor in the region's logistics market.

"…to become a logistics market competitor in the region…" the KCM manager counselled one of the only two rail service entities in the nation, Tazara to haulage increase capacity to at least 1m tonnes of freight per annum, saying "… this would not only make it superior in the market but exponentially raise its revenues…" Musonda explained that the regional economies have grown compared to when Tazara started its operations, and since such growth is vital for its own growth, then the rail ought to take necessary recapitalisation initiatives to meet future challenges, engage in community based programmes and reap growing financial rewards.

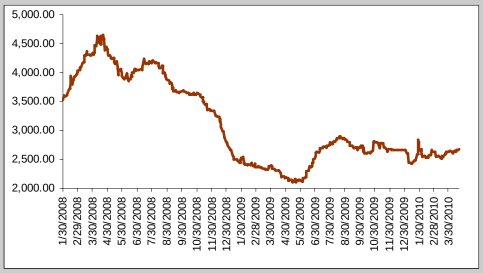
Tazara railway is designed with 1067mm-gauge, with the capacity of 5m tonnes of freight per annum if it were to connect with operations from Southern African railways such as Spoornet of South Africa, Botswana Railways, National Railways of Zimbabwe and the Railway System of Zambia. "The designed capacity is yet to be utilised…" Musonda explained saying "…at which point it will benefit the entire Southern African Development Community (SADC) as well as the Common Market for Eastern and Southern Africa (Comesa)."

When reached for comments, Yusuph Kamau, an Assistant Manager for Azam (a major consumer food producer and manufacturer) had similar words to the railway authority. The Zambian Deputy Minister for Transport, Works, Supplies and Communications Panji Kaunda advocated for the immediate implementation of proposed capacity increasing strategies and pledged more contribution from his country. "…the announced USD21m working capital needed, our governments have acknowledged the commitment of UDS5m each at the council of ministers' meeting …" he reminded the meeting delegated.

Omary Chambo, Permanent Secretary, Ministry of Transport announced that Tazara is set to receive six locomotives and 90 wagons in addition to a 40bn/- grant received earlier. Tazara is the railway line linking the Southern Africa regional transport network to Eastern Africa, Asia and the Far East through the seaport of Dar es Salaam. It provides the shortest route to the middle and far East for landlocked Zambia and to the rest of Southern Africa and parts of Zambia, including the Copper belt region and even into the Democratic Republic of Congo. *(IPP Media)*

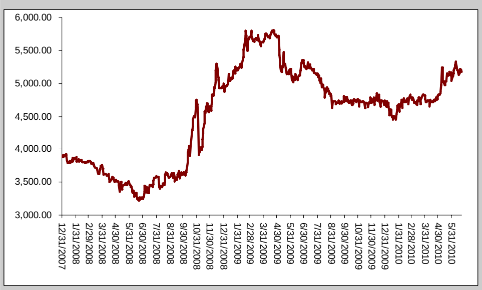
Zambia

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 +0.36% to close at 3,876.42 points. BATZ led the gainers after adding +3.29% to ZMK 1,600 followed by Zanaco which rose +3.13% to ZMK 165.00 and AELZ (+0.15%). Investrust was the biggest loser after shedding -0.59% to ZMK 16.90 followed by Pamodzi, down -0.17% to ZMK 599 and Farm (-0.03%).

Corporate News

Zambia's Mopani Copper Mines, majority owned by Glencore International Plc, is wrapping up a feasibility study which could see it sink USD 1.5bn into another copper project, its chief executive said on Friday. Danny Callow told Reuters should the feasibility study prove viable, the investment would be in two new ultra deep shafts and modern copper processing plants, which would enable the company to produce copper at a lower cost.

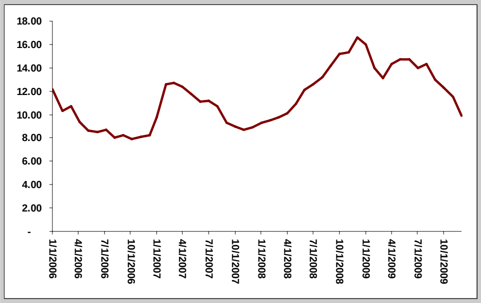
"It will involve about USD 1.5bn in additional investment. Technically we have completed the feasibility study and right now we just are looking at the financial implications," Callow said. The investment, in addition to USD 2bn already invested to upgrade operations, would double Mopani's underground production of copper to 150,000 tonnes per annum, he said.

"A detailed feasibility study on the projects will be presented to Mopani's board of directors for approval by August," Callow told Reuters on the sidelines of a mining and energy conference. Preliminary indications from the feasibility study showed that mine life at both its Nkana and Mufulira operations would be extended beyond 30 years with this new investment, Callow said. "Clearly this goes back to having a stable fiscal regime so that we can pay back the loans. As long as we can have a very stable environment I think we will be here for a long time," he said. *(News Day)*

The Zambia Consolidated Copper Mines Investment Holdings (ZCCM-IH) has said it will soon list Ndola Lime Company on the Lusaka Stock Exchange (LuSE). ZCCM-IH chief executive officer Mukela Muyunda said the investment holding company would continue investing in Ndola Lime before placing it on LuSE. Mr Muyunda said the company was determined to invest in mine-related sectors of the economy in Zambia so that they contribute positively to the growth of the national economy.

He said ZCCM-IH wanted to support companies that produce lime and cement to help grow their respective sectors. Mr Muyunda said the company was going to work towards maintaining investments in the copper mining industry and create a venture capital fund to provide investments to the sector. He said Zambia had the potential to grow the mining sector but lacked investments,

CPI Inflation



Source: SAR

hence the decision by the company to invest more in the sector. He said there was need to support small-scale mining companies to grow their activities in the country. *(Times)*

DENISON Mines says it is ready to start developing its planned uranium mine in Siavonga once prices for the metal improve. The company said for it to break even, the price of uranium should increase to levels above USD 65 per pound. Uranium prices currently have collapsed to somewhere around USD 50 a pound from as high as USD 70 per pound after an earthquake and tsunami in February 2011 crippled the Fukushima plant, leading to the closure of Japan's 50 reactors and souring sentiment elsewhere for nuclear power.

"We need prices that are above USD 65 per pound of uranium oxide to make the Muntanga project feasible," said Denison Mines project director for Africa, Andrew Goode. "We have very strong indications that uranium prices will start improving in late 2013...so we are very confident that this project will proceed in the very near future. When? It all depends on the uranium prices."

He said the price would improve due to the depletion of stocks from surplus nuclear war heads from the cold war. Denison plans to mine about 18.8m tonnes of uranium ore from the Muntanga project located in Siavonga. Goode said the company is currently undertaking further exploration work to find more resources and hopefully increase the ore grade to reduce its operating costs.

"By increasing the grade, we can reduce our operating cost per pound…if we can reduce our operating cost to USD 50 a pound and because we have strong indicators that prices will improve next year we are confident that we can proceed with this project," explained Goode. "We just hope the government will not revoke our licence since we have delayed starting the project." Denison intends to invest USD 118m in the Muntanga project and subsequently process the ore into uranium oxide concentrate. The project has stalled for three years. *(Post)*

Economic News

Zambia has launched the second licensed security exchange firm to focus on developing the domestic fixed income and derivatives markets. The Bond and Derivatives Exchange Zambia (BaDEx) was launched in Lusaka yesterday with the Government describing the development as a significant milestone in the economic and financial history of Zambia.

BaDEx is a public liability company that will collaborate with existing spot markets such as the Lusaka Stock Exchange (LuSE). Finance Minister Alexander Chikwanda said during the launch that BaDEx was now a new significant partner in the development of the financial market in Zambia. Mr Chikwanda said the firm would focus on developing the domestic fixed income and derivatives markets while LuSE had historically been a strong market for equity within the country and the region.

"The exchange marks a significant potential high point in the economic and financial history of Zambia. By launching this exchange, Zambia becomes one of the few Southern African Development Community member States, after the Republic of South Africa and Mauritius, to establish a formal standard securities exchange for trading in an assorted range of bonds, equity, commodities and derivatives on one platform," Mr Chikwanda said.

In a speech read for him by Secretary to the Treasury Fredson Yamba, Mr Chikwanda said the firm would provide investors and the general public with new investment opportunities aimed at delivering consistent potential real returns in line with Government policy on empowerment of citizens. "Notably as the Government of Zambia, we are pleased that the new exchange will introduce, among other products, municipal bonds and infrastructure bonds," Mr Chikwanda said.

He said the exchange aims to contribute to the development of the financial market by channelling financial capital to the productive sectors of the economy. Mr Chikwanda said it would provide the technological platform that would link up players in the financial market, including Bank of Zambia, Ministry of Finance, Pensions and Insurance Authority (PIA) and the Securities and Exchange Commission (SEC).

And BaDEx chairperson Michael Mundashi said the exchange, which was fully licensed effective January 1, 2012 by SEC would provide a platform for bonds and derivatives exchanges, among other things. "The launch of BaDEx will provide a platform for bonds and derivatives in partnership with Zambian Agricultural Commodities Exchange, an agriculture exchange which will also provide a platform for trading in agricultural commodities in order to help out as we embark on this new project," he said.

Mr Mundashi said BaDEx had also signed an agreement with Securities and Trading Technology of South Africa, a company that has supplied and installed cutting edge technology for the exchange. *(Times)*

The Industrial Development Corporation (IDC) has provided funding to the mining industry in Zambia to a tune of USD 2bn in the last five years. And the financing institution is expected to approve funding for 10 more projects ranging from tourism, mining and energy sectors. IDC senior project manager for mining and beneficiation unit Ndoba Vibetti said the institution had approved finance to the value of USD 2bn in the mining sector in Zambia with other projects under consideration.

IDC has a book value of USD 4.7bn excluding undrawn commitments of USD 3bn and has so far approved finance amounting to USD 5bn in the last five years across Africa. In an interview in Lusaka, Dr Vibetti said IDC had provided development finance to Lumwana Mine, Konkola Copper Mine (KCM) and previously invested in First Quantum Minerals in Zambia but and the Democratic Republic of Congo (DRC).

"We have funded projects amounting to USD 2bn in the last five years in Zambia and we also have other projects in the mining, energy, tourism and mining service sectors which are under consideration and the funding portfolio will increase once the projects are approved," Dr Vibetti said. He said IDC aims to be a catalyst in driving industrial development by proactively funding high-impact projects as well as taking up higher risk funding in the early stages of the projects.

"We aim to lead the development of viable new industries and use our diverse industry expertise to drive growth in priority sectors," he said. Dr Vibetti said in the last five years, IDC had sealed 1,075 business transactions and created approximately 158, 000 job opportunities. He said finance to small and medium-scale entrepreneurs (SMEs) represented almost 65% of the total number of approvals. Dr Vibetti said IDC was committed to providing development finance on the continent in order to contribute sustainable businesses with significant development impact. *(Times)*

Zambia's inflation quickened to 6.7% year-on-year in June from 6.6% in May, the Central Statistics Office said on Thursday. "The increase is attributed to increases in some food prices," CSO director John Kalumbi told reporters. "Zambia recorded a trade surplus valued at ZMK 278.3bn (USD 53.73m) in May 2012 compared to ZMK 129.6bn in April 2012," Kalumbi said. *(Reuters)*

Government has embarked on reforming the tax regime in Zambia. Secretary to the Treasury, Fredson Yamba said yesterday that one of the important components for the Government's growth strategy was to maintain a positive investment climate for potential investors. Mr Yamba said the Ministry of Finance, Ministry of Commerce, Trade and Industry, Zambia Revenue Authority and Zambia Development Agency started the review of the tax incentives being offered.

He said this during the official opening of a workshop on review of the tax incentives regime in Zambia at Southern Sun Hotel in Lusaka. He said the key areas for the review would include the tax policy reforms which would focus on designing a broader and more effective investment climate. The review of the tax would help the Government to implement and communicate clearly a consistent set of policies related to foreign investments.

He said the Government had a desire to re-assess incentive policy to make it more cost-effective and allow it to benefit a number of people. "While still committed to Foreign Direct Investment (FDI) and an incentive programme, Government has a desire to re-assess incentive policy to make it more cost-effective and allow it to benefit a broader spectrum of the Zambian people," Mr Yamba said.

He said the Government's desire was to design a regime that would contribute to Zambia's wider development objectives. Mr Yamba said the regime would incorporate the creation of employment, maximising the backward and forward linkages of new investments, and the transfer of skills and technology, especially in priority sectors while mitigating the revenue losses to the treasury.

Commerce, Trade and Industry Permanent Secretary Stephen Mwansa said there was need to diversify the economy so as to improve Zambia's resilience and broaden the benefits of the growth to a larger section of people. Mr Mwansa said the main objective of granting tax incentives was to make Zambia a preferred destination for investment, establish an environment for increased industrial growth, promote exports and develop the private sector.

He said tax incentives were for designated priority sectors such as mining, tourism, agriculture and energy, hence the need to broaden the spectrum. "Zambia today faces the challenge of limited economic diversity; it relies on the mining sector which makes it remain vulnerable to external shocks.

“Diversifying the economy would contribute to improving the country’s resilience and broaden the benefits of growth to a larger proportion of Zambians,” Mr Mwansa said. *(Times)*

The Bank of Zambia says it is critical for it to do a proper job in the currency rebasing project. Answering questions from Chipata residents during the currency rebasing sensitisation meeting at Protea Hotel on Thursday, Bank of Zambia currency rebasing manager Morris Mulomba said the Central Bank had more time to do things in as far as the rebasing exercise was concerned.

Mulomba said it would be damaging to rush into a thing and not do it properly. "Thank you for the feedback. It's important that we get feedback from the public on how they feel on issues relating to rebasing and then we have to take those concerns into account. It's positive that we have more time to do the things and when you have more time, you concentrate on what you are doing. It's critical for us to do a proper job in this particular project," he said.

Mulomba said the Bank of Zambia wants to have a smooth changeover of the currency. He emphasised that the value and the purchasing power of the kwacha would remain the same even after rebasing. Mulomba also said there would be no copper coins in the rebased notes. "We are going to have silver coins which will look like silver but there will be no silver in there as such and then we will have bronze coins. Even if somebody got them and melt them, he will find that it's useless stuff," Mulomba said.

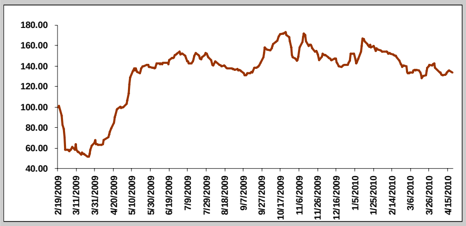
He said there would be a legislation that would be passed by Parliament which would give guidance on the changing of prices. On Chipata residents' concerns that the rebasing project might have been influenced by politicians, Mulomba said the project had nothing to do with politics.

"This project has nothing to do with trying to catch the money that had been laundered and is lying around there, but of course if this achieves that objective, why not? I mean it's a by the way thing," said Mulomba. Virgil Malambo, a Chipata resident, said there was need for more sensitisation on the kwacha rebasing project, especially in rural areas. *(Post)*

SECURITIES AFRICA

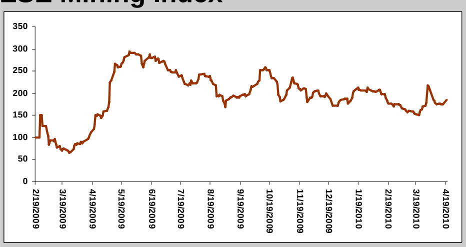
Zimbabwe

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 mixed note with Industrial Index closing +1.23% higher at 131.96 points while Mining Index was down -7.13% to 75.50 points. Powerspeed and Pioneer led the movers after gaining +42.86% and 30.00% to close the week at USD 0.02 and USD 0.065 respectively. Other gains were recorded in Celsys up +25.00% to USD 0.0005 and NTS which put on +22.73% to USD 0.027. Rio Zim and Trust led the losers after shedding -22.67% and -21.88% to USD 0.29 and USD 0.0125 respectively. Other notable losses were recorded in Cairns (-17.65%) and ART (-14.29%)

Corporate News

CAPS Holdings is set to inject USD 10m sourced from shareholders in a bid to offset the company's debt and facilitate a restructuring exercise before resuming operations, a major shareholder has said. The pharmaceutical company has been bedevilled by a number of challenges, including shareholder-management wrangles. A local financial institution, CBZ Bank, has also taken the firm to court after it failed to service a USD 4,4m debt and threatened to attach the company's properties.

CAPS Holdings chairman, Fred Mutanda last week told Standardbusiness that the money would be injected into the business to offset outstanding debts owed to banks and all other creditors. "The money will be available within the next three to four weeks and certainly, when we inject the money, workers who are part of the people owned money will be paid," he said.

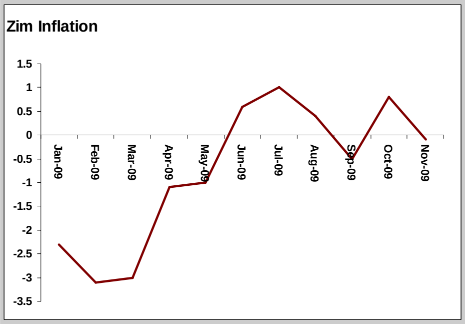
Mutanda said the company's shareholders resolved to recapitalise the business in the post-dollarisation era, hence the calling for the extraordinary general meeting in 2011. At the meeting it was resolved that the company would have to restructure by creating three separate business units and getting rid of CAPS Holdings altogether.

Consequently, there was a fall-out between shareholders and management as the latter was against the idea. "We are restructuring as authorised by the board on the 30th of June 2011 and there will be three business entities namely, healthcare, manufacturing and CAPS international," he said.

The company, he said, would next week be carrying out a validation and re-testing exercise at its factory in order for it to be standardised. This would involve testing available drugs, including those which are in bond and then quantifying them. The Medicines Control Authority of Zimbabwe would then certify the process before the company can resume operations. *(The Standard)*

Zimasco, a unit of SinoSteel, will in 2014 start paying USD 11m from USD 96 000 for ground rental and inspection fees following the rise in statutory

CPI Inflation



Source: SAR

levies, a company official has said. The group's mining executive Reason Mandimika told a visiting parliamentary Portfolio Committee on Mines the recently gazetted mining fees were affecting its chrome mining operations.

"We will pay the new fees only in 2014, as we had paid the other ones already for five years.
"It is a very dramatic increase. We used to pay annual fees of USD 96 000, but will now pay USD 11m. Ground rental has got a huge impact on our cost base," Mandimika said. Zimasco, which extracts its chrome ore from the mineral-rich Great Dyke, has a zero base pricing model that works on the principle of cost-plus mark-up as agreed between the parties. The mark-up is currently at 5%.

Early this year, the government effected a 5 000% hike in mining fees amid an outcry from large firms that argued that this would slow down output. The government has, however, remained adamant the fees will remain in place. Josephat Zvaipa, Zimasco services director said the Eurozone debt crisis was likely to affect the price of commodities on the international market.

Europe, in particular Spain and Italy are the country's largest chrome markets. The United States according to Zvaipa, which buys the metal for up to USD 1,14 per pound of ferrochrome, has the highest prices while China has the lowest at USD 0,96 per unit. "The stainless steel plants in Spain and Italy are currently operating at 70% capacity and this will affect demand for ferrochrome. We are currently making low margins," Zvaipa said.

He added that the fact South Africa exports UG2 concentrates to mainly Asian markets China and Japan at below market prices is also threatening the survival of the local chrome industry. UG2 is a by-product of platinum group metal processing. The Chinese government, through SinoSteel Corporation and Chinese African Development Fund, has 73% shareholding in Zimasco while local institutions account for the remaining stake.

Zvaipa said the mining company had submitted its indeginisation plan to the government in a bid to comply with regulations compelling foreign-owned companies to dispose of 51% shareholding to locals. Zimasco, according to officials, has 1 700 chrome claims which account for 39% of mineral deposits. *(News Day)*

Government-owned mobile network provider NetOne is yet to secure a technical partner due to valuation disparities with potential suitors, chief executive Reward Kangai said. "What has been proposed is not satisfactory to the shareholder," he told Parliament's Media, Information Communication Technology committee yesterday without divulging specific offers or government's tag on the asset.

"There has been a lot of investment into NetOne so far (and) there is also need to look at Net*One's potential." Kangai said government remained committed to finding partners preferably a Pan African operator- to resuscitate the company which is suffering due to lack of capital since the introduction of the multiple currency regime in 2009.

Government has failed to adequately capitalise the business, investing more than USD 200m into the network since 2009. The network has also struggled to collect USD 21m owed by defaulting subscribers. "Obviously there has been some ground work done," he said, adding "the telecommunications market is capital intensive."

The mobile company boss said the company was saddled with a USD 30m debt, being funds owed to international financiers. "The loans were used to set up Net*One and we have struggled to service the loans." Kangai said apart from capitalisation, there was need for government to review procurement procedures in light of delays that arise from the process. He said the tender process also divulged confidential information which competitors have tended to use to their advantage.

Information Communication Technology (ICT) minister Nelson Chamisa was on record at the end of 2011 saying Net*One was close to securing a partner to capitalise the business. He said Cabinet was treating the issue as a matter of urgency. Under terms of the initial proposed partnership, government resolved to seek either a regional or international mobile telephone operator to buy a 49% stake in its financially troubled unit after it failed to recapitalise the operator.

South African mobile telephone giant MTN has been linked to the Net*One deal. Once the sole mobile network provider and with the widest coverage, Kangai said, Net*One currently accounts for only 18% market share behind Econet Wireless (Econet) with 66%. Latest figures from the Postal and Telecommunications Regulatory Authority of Zimbabwe (Potraz) show that Econet has 6,4m active subscribers four times that of NetOne which 1,6m active subscribers.

Potraz said Econet, which invested more than USD 600m into network expansion since 2009, added 714 000 new subscribers on its platform in the first three months of 2012 alone. State Enterprises Restructuring Agency (Sera) early this year listed the mobile company among government entities targeted for privatisation. *(Daily News)*

ABC Holdings (ABCH) says it has received a waiver from the Bostwana Stock Exchange (BSE) not to buy out minority shareholders in the event African Development Corporation (ADC) increases its stake to 35% after the closure of its rights issue. "..the BSE ruled in favour of the waiver of the requirement of such an offer," the banking group said in a statement to shareholders.

ADC could increase its stake in ABCH by at least 12% to more than 35% depending on the uptake of the rights offer. According to BSE requirements, if a person, including an existing shareholder acquires more than 35% of the issued shares of a company listed on the BSE, that person is required to make an offer to acquire or purchase the shares of the other shareholders (the minorities) at the price that person acquired the shares.

The group is seeking to raise USD 50m through offering 83 333 333 shares to shareholders at a price of Botswana Pula (BWP) 4,28 or a United States dollar equivalent. ABCH plans to recapitalise the group while part of the funds will be channelled towards completing its retail banking rollout.

In its circular to shareholders, the banking group said it planned to increase the capital of each of its operating subsidiaries and at the same time ensure each of its affiliates is rated in the top ten of banks in the country of its operation. *(Daily*

News)

Bindura Nickel Corporation shareholders face a 25% dilution after directors proposed to pay off selected creditors by issuing about 700m shares through a private placement. This means creditors will assume a 24,89% shareholding in BNC. Major creditors, mainly from South African companies, are owed about USD 16,2m. Locally, Zesa is the biggest creditor.

This will take effect even if shareholders follow their rights in the proposed USD 21m rights issue to fund the restart of Trojan Nickel Mine. Major shareholders Mwana Africa would be diluted from 52,87% to 46,61% while Climax Investments would be reduced from 14,26% to 8,62%. National Social Security Authority controls 7,66% and they would be diluted to a mere 4,63%.

To complete the top five shareholders Tanvest Limited and Barclays Zimbabwe Nominees will give up from 3,50% to 2,12% and from 2,49% to 1,51% respectively. BNC said creditors would also be offered a deferred payment option depending on which option creditors select. The nickel mining company is also finalising its employee retrenchment exercise and backpay liabilities to pave way for the rights offer.

Mwana Africa, through its subsidiary Zimnick Limited, is acting as underwriter for the issue. BNC shareholders will be asked to approve the rights issue at an Extraordinary General Meeting on June 29, following which assuming approval is received the rights issue is planned to close on July 27. Completion of the rights issue is conditional upon, inter alia, satisfactory resolution of legacy creditor, staff retrenchment and back-pay liabilities at BNC, in such a way that makes the restart of Trojan viable.

Directors are also proposing authority and control to issue the remaining authorised shares, some of which may be used to settle the obligation to employees. BNC recently made an offer that would settle both retrenchment and backpay liabilities that includes a combination of cash, deferred cash, houses and shares. It currently has a staff complement of over 2 000 employees.

BNC's offer tries to balance labour's demands and expectations with the practicality of leaving sufficient cash in the business to allow for a viable Trojan restart. If parties fail to agree, BNC is likely to go for liquidation. Following improving economic and operating conditions in Zimbabwe, BNC's directors have considered a number of potential restart scenarios.

They have decided to do this in phases, starting with Trojan, which will initially produce concentrate. In February last year, BNC entered into an off-take agreement with Glencore, whereby Glencore would purchase all of the concentrate produced at Trojan. BNC is listed on the Zimbabwe Stock Exchange and owns the only integrated nickel mine, smelter and refinery operation in Africa. The company also owns and operates the Shangani Nickel Mine and a smelter and refinery, all of which are currently on care and maintenance. In addition to these assets BNC owns the Hunters Road nickel project in the Southern Greenstone belt. *(Herald)*

BANCABC Zimbabwe is set to get USD 15m from the group's proposed USD 50m rights issue to improve its capital base. In a circular to shareholders last week, the banking group said proceeds from the rights issue would be made available at the beginning of July this year. The bank is also expected to embark on the expansion of branch and infrastructure network and increase lending using the rights offer funds.

BancABC Botswana is also going to get USD 15m while Tanzania and Zambia operations will each receive USD 7m. BancABC Mozambique will get USD 3,5m while share issue expenses will take up USD 2,5m. Meanwhile, ABC Holdings major shareholders are supportive of the fund-raising initiative underwritten by major shareholders, African Development Corporation, which holds a 23% stake in the group.

ADC is likely to increase its shareholding in ABC Holdings if shareholders fail to follow their rights. But, if the investment group increases its stake to more than 35%, they would not offer to buy out the minorities in the group. In terms of the Botswana Stock Exchange, ADC was obliged to make an offer to all other shareholders to acquire the shares but the company applied for the waiver of such an offer.

The BSE ruled in favour of the waiver, meaning that ADC would not offer to buy out the minorities. They will only increase their stake by underwriting the unsubscribed shares. The group has confidence in the Zimbabwean market, after local operations contributed the most to group attributable profits, weighing in with 39% for the financial year ended December 2011.

Zimbabwe operations registered a 106% increase in attributable profits of 55m pula in the period under review. Interest and non-income rose 137% to 136m pula and 51% to 129m pula, respectively. The group decided to direct more funding into Zimbabwe operations due to liquidity constraints compounding the market. The lender-of-last-resort function is not well capitalised and the inter-bank market is effectively non-existent.

This significant liquidity constraint will likely be addressed through the market liquidity returning to normality, resulting in additional customer deposits. “Should the market not return to normality, it will have a significant impact on the profit forecast. The impact of not achieving 10% of the forecast growth in total income from Zimbabwe operations is approximately 9,4m pula on the group forecast profit after tax,” said BancABC. As at December 31, 2011, BancABC Zimbabwe had total assets of 2,6m pula, total loans and advances of 2m pula and total deposits of 1,9m pula. *(Herald)*

ZIMRE Holdings Limited will continue to offload non-core and non-performing operations to concentrate on its core business of re-insurance. Group chairman Mr Ben Kumalo told shareholders yesterday at its Annual General Meeting that the group would dispose of such operations both on the domestic and regional markets.Zimre has withdrawn from Genesis Investment Bank, which weighed down the group’s performance. Genesis had become difficult to manage as the group was failing to derive value and profitability from the unit.

But the new shareholders of Genesis failed to capitalise the bank to meet the Reserve Bank of Zimbabwe capital threshold, prompting them to surrender the bank’s operating licence. “The group will continue to review the performance of its investment and exit from those investments where prospects for capital growth are low,” said Mr Kumalo. “The group is looking at expanding and securing its footprints in the regional markets to enhance revenue generation," said Mr Kumalo.

Zimre owns 50,09% of listed property company ZPI, 32,9% of short-term insurer, Nicoz- Diamond, 17% of Fidelity Life and a 34% stake in conglomerate CFI. Giving a trade update for the first quarter of the financial period ended March 31, 2012 group chief executive officer Mr Albert Nduna said Gross Premium Written increased 18% to USD 21m from USD 18m recorded to the same period in 2011. He said this projected a real growth of between 13 and 14% of premium written last year.

Domestic operations contributed 39% to revenues while 59% came from regional operations. Mr Nduna said domestic performances showed a positive variance after contributing an average of 20% to revenue in past years. During the period under review profitability was negatively affected by debtors prompting the group to embark on a massive debt recovery drive. Mr Nduna said the group was on target to achieve a group premium budget of USD 61m by year-end.

"Debtors have become a real challenge in the face of liquidity challenges, thereby affecting profitability. The company has embarked on debt collection to recover what is due," said Mr Nduna. Profitability was also weighed down by the group's unsatisfactory agro-business investments, which are already going through a restructuring exercise. Mr Nduna said the process would be complete soon and the business should return to profitability.

During the AGM BDO Zimbabwe Chartered Accountants were appointed auditors for the year 2012, replacing Ernst & Young Chartered Accountants (Zimbabwe). Mr Kumalo said the appointment of new auditors was in line with the company's best practices. *(Herald)*

Anjin Investments, a joint diamond mining venture between the Chinese government and Zimbabwe's military, says it has remitted USD 30m to Treasury since December last year. The firm said this after Finance Minister Tendai Biti accused the giant miner of murky dealings and failing to declare earnings to Treasury.

Anjin board member Munyaradzi Machacha told journalists visiting the diamond fields yesterday that Biti's statement was misleading. "He must tell the nation where the money we gave to Treasury is," said Machacha. Machacha said Anjin is up to date in terms of remitting royalties and taxes to Treasury. He said Biti's statement that the company had failed to remit a cent despite being the biggest miner in Chiadzwa and recently selling a huge stockpile was a result "of his over expectation" of revenue from Chiadzwa.

"He must evaluate the revenue expectation from Chiadzwa because it seems as if he has got higher expectations. As it stands today diamonds are fetching between USD 37 and USD 60 per carat and we must calculate very well and see the projected revenue from there." "He should stop persecuting innocent companies like ours," Machacha said. *(Daily News)*

Interfin Bank Limited (IBL) could be liquidated after insiders said no investor was likely to come to its rescue. "…it is unlikely that an investor will be willing to inject capital to the extent of USD 105,4m in order to bring the bank's capital within the prescribed minimum capital levels," sources said. The banks institutional investors are said to be reluctant to inject fresh capital in the embattled institution.

"One of the major shareholders National Social Security Authority (Nssa), however advised that it required a comprehensive turnaround program from the bank for consideration by its board before it can offer additional support, while POSB indicated that it was not in a position to make further capital injections into the bank as its funds were committed…," the source said.

"To date the institutional investors in Interfin Financial Services,Nssa a 10,03% shareholder and POSB a 1,42% shareholder, have failed to recapitalise the bank. There is no evidence of shareholders meetings to drive the recapitalisation initiatives with the urgency and solemnity they deserve. The banking concern is said to have failed to secure a committed investor to recapitalise its operations.

"The bank engaged a foreign investor, Global Emerging Markets (GEM) to inject USD 20m through a private placement in the short-term. The two parties are yet to sign a formal agreement in respect of the proposed transaction," insider said. "There are no proposed deadlines or timeframes when the deal will be consummated." IBL's is also said to have mooted a USD 10m rights issue which was to be conducted concurrently with a private placement.

"The bank has, however not furnished any details of the proposed rights issue. Prospects of the success of the rights issue seem remote as shareholders lack capacity to capitalise the bank as indicated by their failure to repay loans taken from the bank, "a sources said. The banks capitalisation challenges are said to be compounded by the profile of the current shareholders comprised mainly of individuals with no anchor institutional shareholder.

"The individual shareholders have demonstrated lack of capacity to capitalise the bank. Prospects of the success of current initiatives seem remote given the non-performing status of loans from shareholders and their related interests." As of May 31, 24 companies linked to IBL major shareholders, Jeremiah Tsodzai, Farai Rwodzi and Timothy Chiganze had accessed loans amounting to more than USD 56m.

The three executives held a collective 54,21% in Interfin Financial Services Limited (IFSL) which in turn held a controlling stake in bank. IBL was early this month placed under "recuperative curatorship" for six months by the Reserve Bank of Zimbabwe (RBZ) after it was found to be financially unsound and to have violated the country's banking laws. According to the RBZ, the bank had a high level of non-performing insider and related party exposures, chronic liquidity and income generation challenges.

IBL is currently embroiled in various laws suits, including a USD 26m lawsuit from controversial businessman, Jayesh Shah. The Asian businessman is said to have pursued a failed bid to take over a 41% stake in the bank after Farai Rwodzi defaulted on a USD 3,7m loan he advanced in 2009 for acquisition of CFX Bank repayable over two years, the borrowings was secured by 36% shareholding in IFSL. GEM a foreign investment company recently took control of struggling miner RioZim and has been linked with a USD 60m investment into ZimAlloys, a company with ties to Farai Rwodzi. *(Daily News)*

General Beltings (GB), a manufacturer of textile reinforced rubber

products, is selling its offices in Harare to raise USD 4m working capital for the group. The decision follows failure by GB to access USD 1m funding from the USD 40m Distressed Marginalised Areas Funds (Dimaf). Managing director Wilbroad Tsuroh told an annual general meeting in Harare yesterday that the company had been receiving funding from creditors and suppliers, but it was now time to source for alternative funds.

"The board decided that we get funding from Dimaf, but it took us sometime to realise that the funds would not materialise. "The board has taken a decision to utilise the resources that we have as a company," Tsuroh said. "The premises that we are selling are valued at USD 4,8m. We have not reached the point of a firm offer.

"There are a number of organisations that have shown interest in this transaction and we are in negotiations." Tsuroh said they would want to conclude the deal as soon as possible, as lack of working capital had impacted negatively on the company's half-year results so far.
He said company turnover had increased from USD 3m in 2009 to USD 6,3m last year without an injection of funds from shareholders.

"We are performing 5% below target in terms of volumes from last year and 6% turnover," he said. "We are still developing our export market." Capacity utilisation levels for the company are at 35%. However, Tsuroh could not disclose more details about GB's performance as it was in a closed period. GB recorded an operating loss of USD 1,4m for the year ended December 2011 down from USD 1,7m the previous year while sales volumes declined by 5% to 1 277 tonnes. The company has other factories in Bulawayo and Rusape. GB subsidiaries include Rubber Division and Chemicals Division. *(News Day)*

Zimbabwe Stock Exchange-listed reinsurance group Zimre Holdings (ZHL) gross premium for the first three months of the year climbed to USD 21m from USD 18m driven by the resurgence of local operations. Group chief executive officer Albert Nduna yesterday told the ZHL annual general meeting that local operations contributed 42% of revenue during the period under review compared to 39% recorded last year.

Soon after the introduction of multiple currencies in 2009, the group's local units accounted for 20% of the top line. "During the quarter ended March 31 2012, the group recorded gross premium of USD 21 milllion, which was 18% ahead of USD 18m recorded (during the) same period last year, which is a real growth of 13-14% and is 40% of premium written in the whole of 2011," Nduna said.

He, however, said debtors had become a "real challenge" due to liquidity constraints on the domestic market. The group's total claims and expenses according to Nduna were 2% below that of the same period last year. ZHL's profitability, Nduna said, was also weighed down by poor performance of its agro-unit. "The profit performance for the quarter was actually affected by the conservative debtors provisioning," he said

"The group's performance was also affected by the unsatisfactory performance from the group's agro-industrial operations, which are in need of restructuring and capitalisation. "Both are receiving appropriate attention and we want to complete the process soon so that operations can make improved and positive contributions to the group."

The group's core business, reinsurance operations, generated 75% and 67% of revenue and operating profit during the period under review. "Going forward, your company Zimre, will capitalise on the insurance developments in the Sadc region, where insurance players set the Sadc Insurance Forum," Nduna added. *(News Day)*

The government's inconsistence on the multi-million dollar Essar–Ziscosteel deal is a bad sign for the country, which is desperate to attract foreign direct investment, a Cabinet minister has said. Last week Mines and Mining Development minister Obert Mpofu told Parliament the deal would be reviewed amid a push to align the USD 750m acquisition with indigenisation and empowerment regulations.

The country's empowerment laws compel foreign-owned firms to dispose of 51% to locals. Economic Planning and Investment Promotion minister Tapiwa Mashakada told the Parliamentary portfolio on Budget, Finance and Investment Promotion that implementation of the deal was facing serious challenges as a result of disagreements within the government.

The committee chaired by Goromonzi North MP Paddy Zhanda wanted clarity on what was hindering progress on the Zisco- Essar deal. Zhanda said the impression that was being created was that Industry and Commerce minister Welshman Ncube signed the deal without Cabinet approval. "Developments at Ziscosteel clearly show the confusion and policy contradictions within the inclusive government," Mashakada said.

"A year after signing an agreement with the government, Essar Holdings cannot operationalise its USD 750m project." He said the Essar deal was divided into two, NewZim Steel, where Essar took 54% equity and the New Zim minerals where Essar would take Buchwa iron ore and the Ripple Creek mines. Mashakada said at the time the deal went through Cabinet, nobody protested.

"Buchwa mines and Ripple Creek mines were of low grades and because of the poor iron ore grades they (Essar) said why can't, we get ore from Mwanezi?" he said. Mashakada said the Mines ministry was now in the process of challenging ownership of some iron ore claims by a local businessman Rodrick Mumbire. He, however, said there were 20 other claims of iron ore in Mwanezi that were not subjected to court decision. Mashakada said indigenisation should not be used to slow down economic recovery, but should benefit the country. *(News Day)*

Conglomerate TA Holdings Limited recorded a 15% increase in total revenue for the group to USD 14,8m in the first quarter ended March 31 2012, compared to the same period last year. The surge was mainly driven by revenue from local operations, a senior official said. Speaking at the company annual general meeting, the group chief executive officer Gavin Sainsbury said the group's insurance gross written premiums grew by 11% with both Zimbabwean and external operations registering profitable margins on an excess budget.

TA is the parent company of short-term insurance firm Zimnat Lion. "Both Zimbabwe and outside Zimbabwe insurance companies were profitable," Sainsbury said. He said revenue for the group's local hotel units increased by 10% compared to the same period last year, mainly driven by improved revenue per available rooms (RevPar) and occupancy rates.

Botswana's Cresta Marakanelo, revenue increased by 4%. However, the performance was negatively impacted by reduced arrivals at the Mowana Safari Lodge. Profitability was also weighed down by the group's agro-chemicals division production, which was 78% below last year's levels due to intermittent power cuts between February and March. The group's fertiliser making unit, ZFC's operations, were hamstrung by liquidity constraints.
"The company could not import ammonia due to working capital constraints.

"The company is on track to implement enhanced ammonia importation by year end," Sainsbury said. He, however, said there had been a slight improvement in operations. In its 2011 annual report, TA said it was in the process of refurbishing its tanker fleet so as to change its business model from ammonia production to full importation of ammonia model. The company recently completed a feasibility study for the conversion of coal gas as an alternative to electricity for the generation of ammonia at Sable Chemicals.

TA Holdings' insurance business recorded a profit after tax of USD 9,1m for the year ended December 31 2011 compared to USD 3,3m in the previous year. Meanwhile, the group has embarked on refurbishment work at Cresta Zimbabwe, a development which could improve RevPar. *(News Day)*

Zimbabwe Platinum Mines (Zimplats) says it remains open to the prospects of listing on the Zimbabwe Stock Exchange. The platinum miner said regardless of the company having complied with the Indigenisation Act, the route remained a viable alternative. "It was always our view that listing would provide an opportunity for Zimbabwean players and investors, but that didn't come through…it remains… on the table and could be considered at some point in time at some future date, whether we indigenised or not," Zimplats chief executive Alex Mhembere said in an exclusive interview with businessdaily.

"We don't have it on the calendar at this point in time but still remains on the radar." He said despite the miner having signed a memorandum of understanding with government to cede a majority stake to Zimbabwean locals, the two parties were working on implementing the agreement. "Implats did make it clear to the minister (Saviour Kasukuwere) that it was an agreement in principle but there were a number of issues that needed to be done, to give effect to that understanding and its work in progress as we talk," Mhembere said.

"We are now in the stage were evaluation is being looked at in the company, which valuation will become the basis of further discussions in terms of value propositions for employee stake, community stake and the other stake available to the indigenous players," he said. "The process is underway which would result in a value being put on the table. We may have our own perception in terms of values so would other people based on their own internal processes."

On the possibility of board changes, he said "It's something ofcourse that would happen as a matter of time when the transections have been completed." The mining executive said the country is perception risk remained a position that impacted on securing credit lines. "The changes …will tend to affect our credit lines. But we continuously engage with both, those in government here to make then understand the implications of the issues," Mhembere said.

“We also engage with our financiers also, to get them to understand out business terms and what we are doing… but we have to manage that risk.” The Zimplats boss said the company had submitted a development plan to the Mines ministry detailing its position regarding its claims. “...it covers us for 50 years and we will be able to exploit the resources we have in that time not 300 years. We fully appreciate that there is need for other players to come into the sector that’s why in 2006 we agreed to release 33% of its resources so that it’s made available to other players,” he said.

“We stated that before we would work with government and other players to exploit the 33% made available, it’s still lying idle since 2006.We are ready to assist other players especially indigenous players to exploit those resources; we can provide the technical support.” Mhembere’s statements come after Mines minister Obert Mpofu threatened to craft a policy that will specifically force Zimplats to hand over some of its idle claims to government.

He accused the miner of underutilising the claims and of holding two-thirds of land on the Great Dyke, blocking potential investors into the country’s platinum mining sector. The development is a new hurdle to Zimplats’ operations which were previously threatened by the country’s Indigenisation Act. Implats, an 87% shareholder in Zimplats, effectively gave majority shareholding to Zimbabwean locals under the indigenisation law after surrendering a 31% shareholding to the National Indigenisation and Economic Empowerment Fund.

The 31% adds to two other 10% stakes given under the Zimplats’ employee share scheme and a community share trust. Implats was however opposed to relinquishing a fresh combined 51% stake to locals on the basis it had partly indigenised after giving sizeable land rights on its concessions to Zimbabwean individuals and companies. Zimplats is currently listed on the Australian Stock Exchange. *(Daily News)*

Economic News

Finance Minister Tendai Biti faces tough choices when he presents his half year economic review this week with the 2012 national budget already thrown off the rails by underperforming revenues with initial growth projections now clearly unachievable. The USD 4bn 2012 National Budget had projected 9,4% economic expansion, underpinned by growth in the mining and agriculture sectors. But both sectors have failed to perform to expectations while liquidity challenges that have plagued the economy over the last few years remain.

The coalition cabinet recently held an emergency meeting over the economy after it emerged that revenues would this year fall far below expectations with Biti principally blaming the alleged non-remittance of money from diamond sales. Prime Minister, Morgan Tsvangirai recently claimed only USD 25m had been received from diamond sales against projections of about USD 600m for the whole year.

Biti has already hinted he may have to revise downwards his growth projections and he will also be under pressure to find money for food imports after this year’s maize crop was hit by drought in some parts of the country. Compounding his problems is the possibility of new elections this year which would have to be preceded by a constitutional referendum, all of them expensive exercises for which the government just does not have the money.

Analysts have also warned Biti will need to make available increased funding for economic performance enablers such as the energy ministry, in particular the power utility Zesa, as well as rehabilitate the country's dilapidated telecommunications and roads infrastructure. Economist Brains Muchemwa said corporate bankruptcy was on the rise and urged Biti to press for changes in the country's labour and bankruptcy laws to safeguard corporate solvency and help create a soft landing for companies on the brink of collapse.

"Without these changes, the economy will remain fragile, and indeed government revenues will continue to exhibit sustained weakness," he said. "Government will need more creativity to broaden the tax revenue base in ensuring that the financing of the budget was sustainable in a manner that would be able to influence the macroeconomic activities more positively."

Muchemwa also said the government must consider new taxation regimes for valuable mineral classes such as diamonds and platinum warning that without such changes incremental revenues from the normal taxation activities will continue to be fragile. Economic consultant John Robertson has also urged Biti should allocate more money to sectors that have strong primary multiplier effects on employment creation so that the secondary effect on government revenue creation would assist in repaying the country's loans and put the economy on a sustainable growth path.

"We need to start creating the platform for reviving the defunct middle class. And the government, being the single largest player in the market now, should have the right priorities in place to create a sustainable middle class to cultivate strong and rising domestic demand that will provide the vital anchor for growth," Robertson said. "An economy, just like a private company, needs to run on goodwill and competitive economic pricing. And with the dollarised economy, good times lie in waiting." Muchemwa added that Zimbabwe needed a strong private-public sector partnership framework that would revive its infrastructure much faster and put an end to fiscal antics of attempting subsidies on empty coffers. *(New Zimbabwe)*

The Chamber of Mines said Wednesday earnings from mineral exports during the first five months of the year rose to USD 800m compared to about USD 500m achieved during the same period last year. Platinum, diamond and gold accounted for about 60% of the total income and production volumes, the Chamber said.

Mining has continued to be the mainstay of the country's economic recovery and growth, contributing an estimated 13% to Gross Domestic Product in 2011. The sector is projected to grow by 15,8% this year. Mineral exports have seen a major rebound, growing 138% in 2010. In 2011 exports rose a further 38,7 % and projections for 2012 are estimated at 13,3 % on the back of firm world market prices of platinum, gold and diamonds.

The sector came close to collapse in the last decade with several producers putting their operations on care and maintenance as the country battled a major economic crisis characterised by hyperinflation and the shortage of foreign currency. But the replacement of the Zimbabwe dollar with more stable foreign currencies and a raft of liberalisation measures introduced by the coalition government helped fire a turnaround which has seen the sector become a key driver of economic recovery and growth.

Gold output increased by 38% and for the first time since 2006, the country's production breached the 10 tonne mark, making the country eligible for re-admission to the London Bullion Market. 2011 gold shipments almost doubled on the 2010 figure to reach USD 600m. However, diamond production in 2011 rose a marginal 3,4 %, although a significant milestone was achieved when the country received the Kimberley Process green light to sell gems from Marange on the international market in late 2011. *(New Zimbabwe)*

Economic Planning and Investment Promotion minister Tapiwa Mashakada says the late disbursement of funds by Treasury and donors is slowing the implementation of the Medium-Term Plan (MTP) projects in the country. MTP, a comprehensive economic blue print that was launched in July last year, outlines economic policies, projects and programmes that set national priorities for the period 2011-2015. It requires USD 9,2bn to ensure full implementation.

Speaking before the Parliamentary portfolio on Budget, Finance and Investment Promotion chaired by Goromonzi North MP Paddy Zhanda on Monday, Mashakada said the direction the economy was taking was not sustainable. "There is need for huge injection of funds in our economy, foreign and local investments, apart from frequently leveraging on our economy resources," Mashakada said.

Mashakada said most of the infrastructure projects in the country were stalled owing to limited resources within Treasury. The MTP sought to prioritise projects including the construction of the Mtshabezi pipeline, Bubi-Lupane dam, Mutange dam, Tokwe Mukorsi dam, Wenimbi pipeline Gwayi- Shangani and Kunzvi dams.

"Varying progress has been achieved towards the completion of these priority projects. Construction of Mtshabezi pipeline is now at an advanced stage (88% complete)," Mashakada said. To date USD 17m of the USD 23m project has so far been disbursed. "The Bubi-Lupane dam is now 99% complete whilst Muntangi dam is at 46%.

"Tokwe-Mukorsi dam construction is also at an advanced stage. USD 60m out of the expected USD 66m has been expended to date," Mashakada said. He, however, said owing to limited resources there were no disbursements on the Kunzvi and Gwayi-Shangani dams. Concerning the issue of housing and social amenities, the minister said a number of policies, legal and institutional reforms were underway.

Mashakada said the information and communication technology sector was being affected by skills flight and an unclear public-private partnership framework. Concerning the transport and communication sector, the MTP was working towards rehabilitation of the national road network, airports and rail infrastructure. "The current source of funds from the Treasury for the projects is limited compared to what is needed," he said.

Air Transport projects received a total of USD 21,5m in 2011 and USD 20m in 2012 for the major rehabilitation of the Harare International Airport, upgrading of JM Nkomo Airport terminal building and the Victoria Falls Airport and development of the Buffalo Range Airport. Mashakada said challenges that were being experienced in all the three sub-sectors of the transport sector were late disbursement of funds, inadequate planning for resource rehabilitation and recapitalisation funding.

High replacement costs for obsolete equipment, low business availability due to capacity underutilisation of industry and lengthy procurement processes especially where the State procurement board was involved, were also cited as challenges. *(News Day)*

The Zimbabwe Stock Exchange (ZSE) has shed nearly USD 1bn in the last 12 months, as investors continue to be jittery about the impending general elections and the ongoing indigenisation programme. According to the Africa Development Bank (AfDB) monthly economic review for June, ". . . market capitalisation took a huge knock of USD 840,2m from the USD 4,2bn May 2011 figure down to USD 3,4bn.

"This has basically been on the back of cautious trading by both foreigners and locals pending a clearer path the country is taking on indigenisation and elections," reads part of the report. AfDB said the stock market continued on a subdued trend which began in the last quarter of this year. The mining index fell to below half its level compared to the same month in 2011. In May 2011, the index averaged about 200 and has been averaging below 100 in 2012.

"This trend has been a result of cautious trading on mining counters by investors developing a wait-and-see attitude pending the clearance of uncertainties regarding the implementation of the indigenisation policy in the sector," AfDB said. The industrial index fell, though by a lower margin than the mining index, from an average above 150 in May 2011 to about 130 in May 2012.

According to the AfDB, indices have been tracing the overall performance of the manufacturing and financial sectors, which have been hamstrung by liquidity constraints on the domestic market. However, the overall performance of the stock market made some positive moves in terms of turnover volumes and values, which recorded gains of 49,7m shares and USD 12,7m, respectively.

"Several factors threaten the achievement of the economic growth target for 2012. "These include, among others: liquidity constraints, underperformance of the mining sector in the first quarter of 2012 and, electricity shortages," reads the report. Despite the decline in the number of shares bought by foreigners to 64,4m, their value increased by USD 5,5m, an indication of the increase in the average price of shares for comparative months.

A local brokerage firm MMC Capital last week projected the delisting and suspension of more ailing companies trading on the bourse as debt continues to choke quoted firms. In its weekly update, AfDB said foreign investor appetite for ZSE blue chips and some mid-cap counters would remain high while penny stocks would struggle to remain afloat. The number of listed counters dropped to 72 from 74 last week following the suspension of Interfin and Gulliver from trading on the ZSE. *(News Day)*

Tobacco deliveries for the first 19 weeks of the selling season were 6% above last year's figures at the same period, statistics from the Tobacco Industry Board (TIMB) have shown. According to TIMB, as of June 22, 124, 8m kg of flue cured tobacco had been sold compared to 117,4m kg the same period last year. A total of USD 464m has been raised so far indicating a 44, 8% increase from USD 320m during the same period last year.

The crop was sold at an average price of USD 3,72per kg. At least 133m kg of tobacco are expected this year. Tobacco was one of the crops that had performed well for the country despite erratic rainfall and poor funding for the sector."Deliveries at auction floors have further dropped signalling an early end to the 2012 marketing season. "During the 19 weeks of sales 4,4m kg were delivered with contractors making the bulk of the weekly purchases," TIMB said.

A total of 1 512 710 bales were sold while 1 597 501 bales were laid in the week under review. At least 10 tobacco buyers were participating in this year's selling season. The 2012 season has four operational auction flours compared to last year when there were fewer players. The agricultural sector is projected to grow by 11,6% this year underpinned by increased output in tobacco, maize, cotton, soya beans and poultry.

In his Budget presentation for 2012, Finance minister Tendai Biti said the agricultural sector required at least USD 2bn annually to take advantage of its potential. According to the interim report on Medium-Term Plan(MTP) implementation progress report, tobacco output has been revised downwards due to the decline in hectarage from 78 000 hectares to 76 000 hectares and lack of funding due to liquidity challenges in the economy.

"For 2012 the MTP was targeting 180m kg, however, tobacco output for 2012 has been revised downwards to 130m kg. "This output is 28% lower than the MTP target," the report read. The report said the growth target for the agriculture sector had been revised downwards due to the poor agricultural season. *(News Day)*

Notes

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