Weekly African Footprint

For week ending 20 January 2012

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:

	20-Jan-12	WTD %	YTD %
Currency	Close	Change	Change
AOA	94.93	0.00	0.00
DZD	75.96	-0.47	-0.96
BWP	7.32	0.68	0.65
CFA	500.34	0.91	-1.13
EGP	6.01	-0.06	-0.00
GHS	1.74	-4.42	-7.32
KES	84.61	1.67	-1.26
MWK	162.90	-0.07	-0.31
MUR	28.01	0.61	0.45
MAD	8.60	0.81	-0.24
MZM	26,800.00	0.00	-0.37
NAD	7.92	1.47	2.67
NGN	160.67	0.05	-0.55
ZAR	7.94	1.50	2.82
SDD	266.24	-0.08	-0.05
SDP	2,261.00	0.00	0.00
SZL	7.93	1.46	2.66
TND	1.52	0.17	-1.71
UGX	2,369.35	1.53	3.18
ZMK	5,069.54	-0.74	-1.04

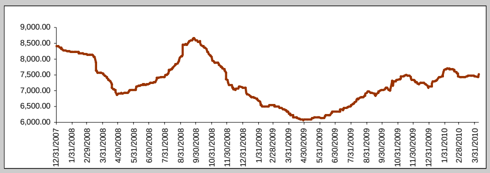
Source:oanda.com

African Stock Exchange Performance:

Country	Index	20 January 2012	WTD % Change	WTD % Change USD	YTD % Change	YTD % Change USD
Botswana	DCI	6,936.26	-0.33%	0.35%	-0.50%	0.15%
Egypt	CASE 30	3,868.44	2.40%	2.33%	6.79%	6.79%
Ghana	GSE All Share	976.97	0.24%	-4.01%	0.82%	-6.06%
Ivory Coast	BRVM Composite	142.07	0.66%	1.59%	2.30%	1.15%
Kenya	NSE 20	3,185.14	0.01%	1.71%	-0.62%	-1.85%
Malawi	Malawi All Share	5,369.30	0.03%	-0.04%	0.00%	-0.31%
Mauritius	SEMDEX	1,852.89	-1.08%	-0.47%	-1.88%	-1.44%
	SEM 7	345.14	-0.90%	-0.29%	-1.48%	-1.04%
Morocco	MASI	11,033.25	1.23%	2.06%	0.21%	-0.03%
Namibia	Overall Index	903.00	2.73%	4.27%	7.76%	10.71%
Nigeria	Nigeria All Share	20,820.32	-0.10%	-0.04%	0.43%	-0.12%
South Africa	All Share	33,703.38	2.36%	3.92%	5.34%	8.39%
Swaziland	All Share	268.44	0.00%	1.48%	0.00%	2.73%
Tanzania	DSEI	1,303.23	0.16%	0.20%	0.00%	-0.51%
Tunisia	TunIndex	4,687.65	-0.81%	-0.64%	-0.73%	-0.57%
Zambia	LUSE All Share	3,902.41	-1.31%	-2.04%	-6.41%	-7.11%
Zimbabwe	Industrial Index	141.36	-0.52%	-0.52%	-3.09%	-3.09%
	Mining Index	80.82	-2.34%	-2.34%	-19.74%	-19.74%

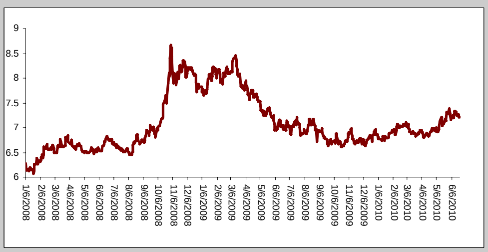
Botswana

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 -0.33% to close at 6,936.26 points. BOD and Blue were the main movers after gaining +31.58% and +2.13% to close the week at BWP 0.50 and BWP 0.50 respectively Other notable gains were recorded in G4S (+0.66%) and BIHL (+0.10%). AF Copper was the main shaker, shedding -13.89% to BWP 0.31 while Letshego and Turnstar lost -6.58% and -3.70% to close at BWP 1.42 and BWP 1.30 respectively. Market turnover for the week amounted to BWP 15.08m.

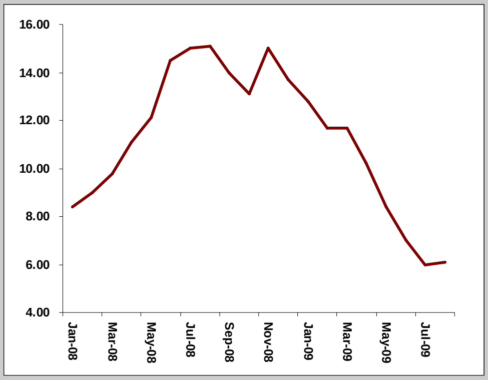
Corporate News

Strong growth in the consumer goods segment will push Sefalana's profits up by more than 20% for the six months ending October 2011, the company has said. After going through difficult trading conditions that strained margins and dampened bottom-line performance through the six months ended 31 October 2010, Sefalana says it enjoyed a brighter year because rising disposable incomes pushed profits up. The company - which holds total or part equity in Sefcash, Foods Botswana, MF Holdings, Kgalagadi Soap Industries and Commercial Motors as well as in a range of other interests in timber, mechanised farming, property and travel and tourism - recorded a profit attributable to shareholders of P18m for the interim period ended October 2010.

The bullish income warning means attributable profits are likely to be above BWP 21.5m for the 2011 interim period. A note research from African Alliance Securities observes: "The company says it expects profit for the period attributable to its equity shareholders to be higher than the results reported for the period ended 31 October 2010 by more than 20%. Unaudited interim results of the group will be published by end of January 2012. Accordingly, shareholders have been advised to exercise caution when dealing in the company's securities."

The strong growth is likely to have come from the group's wholesale, retail and distribution arm, Sefcash. The company says Sefcash's penetration into retail business under its Shoppers banner has been well received by the public and that the company has 12 supermarkets operating successfully in line with expectations. In the period up to April 2011, Sefalana reported that revenue within the Cash & Carry and Shoppers Supermarket businesses increased by 11%, mainly through the addition of more retail stores and increased trading at stores opened during the previous financial year.

During that reporting period, Sefcash opened seven new Shoppers stores - two in Maun, two in Mahalapye, one each in Tsabong, Kanye and at Gaborone Station - giving the company a solid base of eleven supermarkets nationwide. The last Shoppers opening took place in Palapye after the reporting period in July 2011. "The rollout of these 12 stores has been achieved within a period of



Source: SAR

22 months, and a further five Shoppers are planned to open during the ensuing reporting period," the company says.

"Sefcash's expansion into retail business under the Shoppers banner is being well received by Batswana and we expect to see long-term growth and profitability from this sector in the coming years. "We are very bullish about the forthcoming year as the Shoppers supermarkets expect to make a positive contribution to the business as well as Foods Botswana returning to full profitability." *(Mmegi)*

Six months after the concurrent launches of Mobile money services in Botswana by both Mascom and Orange, the network operators are happy about the prospective opportunities that are provided by this new market that enables them to tap into the unbanked population. In fact, the positive reception has been surprising. Orange Botswana communication chief, Tumie Ramsden told Gazette Business that, “There has been an excellent reception by the targeted populations. So far three services have been deployed upfront for both the banked and unbanked population. We are currently working on more services that will bring more convenience to Batswana.”

Orange, a French company that has operations across East and West Africa launched the services in other countries including the lucrative Kenyan market in 2010. “It is difficult to compare as the populations are very different. The uptake is relative to the number of people in the country and to the level of sophistication of the financial services in the country. Botswana is highly advanced in financial technology which gives us an exciting challenge to bring even more convenience to our customers’ daily lives,” Ramsden stated.

Mascom Wireless seems satisfied with the response they have gotten to their newly introduced service. “The growth of the MyZaka Mascom Money service has been in line to our projections, with direct users able to transact among themselves as well as with any person in Botswana over the age of 16. This is because the service is not limited to registered users or Mascom subscribers. Money held in a MyZaka account can be transferred to anyone in Botswana even if the person is not registered or does not have a mobile phone,” revealed head of communication, Tebogo Lebotse.

Lebotse further stated that, “At least one in three of the people who register for the service, immediately deposit money to transact.” Moreover, stated Lebotse, as at December 2011, “we managed to contract Mascom Kitsong Centres in rural Botswana to start registering customers for MyZaka Mascom Money, thereby increasing the service points available country-wide significantly.” The industry’s excitement is said to be cautionary though. According to an industry insider, both Mascom and Orange are wary of the slow uptake especially in within the middle income group.

“Both operators are doing well in the lower ranks of the economy, however the middle income group seems ignorant or sceptical to take up the services though it would be convenient to do so,” revealed an insider who preferred anonymity. According to information reaching Business Gazette some of the agents engaged by one of the operators to sell mobile money services were eventually released as technical issues disabled them to achieve their mandate. *(Gazette)*

Economic News

Botswana's consumer inflation was steady at 9.2% year-on-year in December, the Central Statistics Office said on Friday. The statistics agency in the southern African nation said core inflation stood at 7.5%, also unchanged from the previous month. *(Reuters)*

The Bank of Botswana (BoB) has withdrawn the licence of yet another bureau de change following four others whose licences were cancelled last year. According to a statement from BoB, the licence of Ten-Tab was cancelled due to failure to comply with the Section 30(1) of the Bank of Botswana Act. BoB supervises the bureaux de change with regular on-site visits. "The public is advised not to transact foreign exchange business with any person purporting to trade in the name of Ten-Tab," BoB warns.

According to the Bank of Botswana website, Ten-Tab had only one office in Francistown. The head of communications at the central bank, Andrew Sesinyi, declined to provide details of how the company flouted the law, saying it was against its policy to share such information with the public. However, BoB says licencing are necessary so that the public may be assured that the businesses are operating prudentially and in accordance with sound business practices.

Although BoB would not elaborate on this particular case, last year it warned the public about a burgeoning currency black market on which it blamed a decline in the profitability of bureaux de change. It said the trend was worse in Francistown. BoB also warned the public that it was a criminal offence to conduct the business of buying and selling foreign currency without a valid licence issued by the central bank.

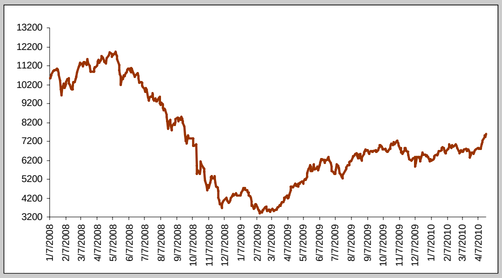
According to a 2010 Banking Supervision Report released last year, BoB conducted on-site examinations that showed that the profitability of bureaux de change was shrinking due in large part to a burgeoning currency black market. For 2010, Botswana's 63 bureaux de change sold foreign currency equivalent to BWP 530m and purchased the equivalent of approximately BWP 490m.

In 2009, sales amounted to approximately BWP 680m and purchases to BWP 530m from the 53 bureaux de change operational at the time. Meanwhile, Business Week can reveal that the main bus stations in Gaborone and Francistown are black currency markets where travellers to and from Zimbabwe and South Africa are the main customers. *(Mmegi)*

SECURITIES AFRICA

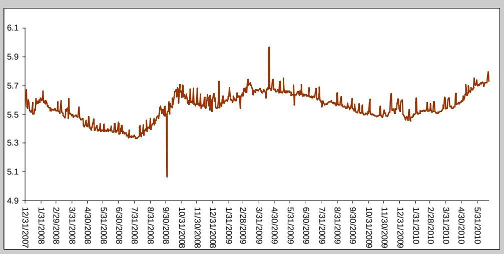
EGYPT

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 gained +2.40% to 3,868.44 points. Egyptian International led the movers after gaining +4.99% to EGP 25.48 followed by El Kahera Housing (+3.82%) and El Watany Bank of Egypt (+3.78%). The Arab Dairy Products was the biggest loser after shedding -5.97% to close the week at EGP 40.01. Other notable losses were recorded in: National Housing for Professional Syndicate and Medical packaging company (-5.50%) and Golden Pyramids (-5.16%).

Corporate News

Revenue from Egypt's Suez Canal rose 4.8% on a year earlier to USD 443.7m in December, but up 1.9% from a month earlier, the Egypt Information Portal website showed. The canal's revenues in December 2010 were USD 423.4m. Revenues in November 2011 were USD 435.5m. The waterway is a vital source of foreign currency in Egypt, along with tourism, oil and gas exports and remittances from Egyptians living abroad. *(Reuters)*

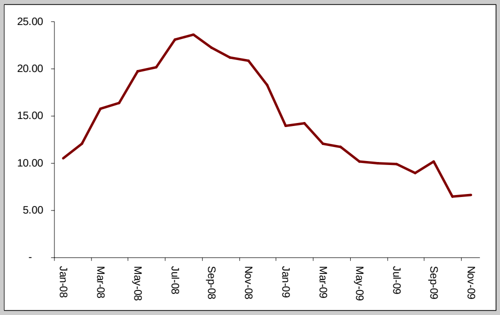
Egyptian group Orascom Development and local real estate firm Madinet Nasr Housing scrapped an agreement to cooperate in developing the Tigan real estate project, Orascom said on Monday. Swiss-based Orascom Development Holding through its subsidiary was managing the 3.5m square metre development with Madinet Nasr but said in a statement the two firms had reached a joint decision to cancel the agreement because the time was unsuitable to launch the project.

The fate of the Tigan project was not immediately clear after Orascom withdrew from managing the development. Egypt's property market, which had been a major driver of foreign investment and growth, has been reeling from political uncertainty and a string of legal rows over how the government of ousted President Hosni Mubarak sold state land.

Orascom said in the statement the decision was made "in light of the recent changes in the real estate industry and the unsuitable timing to launch a huge and luxurious housing project." It did not provide further details. Land disputes have hit major firms like Talaat Moustafa Group, Palm Hills Development, and Egyptian Resorts, most of which have higher exposure to luxury property. The cases revolve around a 1998 law requiring state land be sold via competitive bidding not direct sales.

Nasr City Housing, a formerly-state run firm founded by the government in 1959 and now 30% owned by Beltone Private Equity, has been awaiting government approval to start work on some of the best land it owns. Work on

CPI Inflation



Source: SAR

Tigan, planned to include mixed-use housing units and commercial buildings, had been stalled for over a decade because of a dispute with Egypt's aviation authority. A firm official said in an interview late last year that Nasr City expected a final seal of approval from the government and to launch the project by the first half of 2012. *(Reuters)*

Economic News

Egypt's trade minister on Tuesday courted badly needed U.S. investment with a promise Cairo would maintain open markets, and said the Egyptian government was open to pursuing free trade talks with the United States. "Let me emphasize that Egypt is still the most competitive business environment in the region, with a domestic market of 85m people," Egyptian Minister of Industry and Foreign Trade Mahmoud Eisa said in a speech to the U.S. Chamber of Commerce, a leading business group.

Eisa said the main purpose of his trip to Washington was to assure the U.S. government and global companies Egypt would continue a business-friendly environment as it writes a new constitution and then holds a presidential election in June. "No change in policies. No change in anything," Eisa said, referring to the country's economic agenda. Much of Egypt's economy has been on hold since its military-backed government rejected a USD 3bn finance offer from the International Monetary Fund in June.

Investment has largely dried up as a slide in foreign reserves threatens a currency crisis and as the policies of democratically elected government due to replace the army remains uncertain. On Monday, Egypt began talks with the IMF on a new USD 3.2bn dollar support package. Those talks are expected to take two to three months to work out technical details and bring other donors on board, IMF regional director Masood Ahmed said.

The U.S. Chamber of Commerce has urged the United States and Egypt to work toward a bilateral free trade agreement, similar to ones that Washington already has in the region with Israel, Jordan, Morocco, Oman and Bahrain. Eisa, who will meet on Wednesday with U.S. Trade Representative Ron Kirk, told reporters, "We are not asking for this. But we are not objecting if the United States asks to open this."

However, he stressed Egypt was only interested in a "purely economic" free trade agreement and not any pact that would impose political or social obligations on Cairo. In the short term, the best thing Washington could do to help is to create new "incentives" for U.S. companies to invest in Egypt, he said, without elaborating how. Egypt already benefits from a special U.S. trade preference program that provides duty-free access for Egyptian goods manufactured with inputs from Israel.

In a separate speech, Deputy U.S. Trade Representative Miriam Sapiro said the United States was examining both short- and long-term initiatives to help Egypt. It is critical that Egypt be able to quickly deliver "concrete results" for its people, as well as embark on longer-term economic reforms, she said. She urged Egyptian companies to take greater advantage of opportunities to export to the United States under the Generalized System of Preferences program, which waives import duties on many goods from poor countries.

Last year, Egypt exported more than USD 50m worth of goods to the United States under the program, but did not seek duty waivers for many eligible products such as car parts, carpets and fruit juices, she said. *(Reuters)*

Egypt, which has been forced to rely on local banks for funds in the wake of last year's popular revolt, is laying the groundwork for a debut sovereign Islamic bond, or sukuk, said a person familiar with the matter on Wednesday. "Egypt is preparing one," he said. "But the government is studying a new legal structure that will allow them to issue a sovereign sukuk. They're working on both at the same time." It is too early to determine the size of the issue but the North African country is considering a murabaha structure, he said.

Murabaha is a cost-plus-profit arrangement which complies with Islamic law. Egypt this week began negotiating USD 3.2bn in support from the International Monetary Fund and talks could take 2-3 months, an IMF official said. Analysts say Egypt is in desperate need of international support to avert a financial crisis, but any agreement is unlikely to prevent a drop in its currency or see any quick revival of the investment needed to fuel growth. *(Reuters)*

Egypt's central bank has tightened its rules for importers who want to transmit funds, a move analysts say seems designed to close a loophole that has allowed businessmen to shift capital abroad without bringing goods into Egypt. Egypt's central bank has been spending about USD 2bn in foreign reserves a month as it tries to plug a balance of payments deficit while keeping the Egyptian pound stable against the dollar.

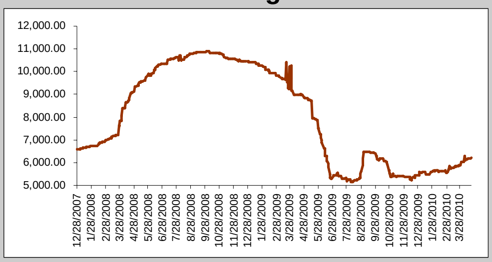
Foreigner investors are watching closely to see if Egypt will tighten its controls on the flow of capital to stem the decline in reserves. A directive posted on the central bank's website on Thursday said some commercial bank customers had been transmitting payments to their foreign suppliers without providing their bank with the original import documents. This "makes it difficult for the bank executing the transfer to ascertain the seriousness and implementation of the import operation," the directive said.

Under the new rules, a commercial bank that transmits funds to foreign suppliers will have to handle all import documents, and the bank's customers will be have to pledge in writing they will not circulate the documents to other banks. Analysts said the central bank seemed to trying to plug a loophole that allowed businessmen to transfer funds abroad.

"It seems to be one method to control capital outflows. The problem is that it is not clear from any of the banking data how much of a problem this is," said Said Hirsh, a London-based economist with Capital Economics. "It could even be related to isolated cases of significant transfers, hence the circular." The rule also requires banks to report violations to the central bank, which will in turn prohibit other banks from making similar transfers on behalf of the customer. *(Reuters)*

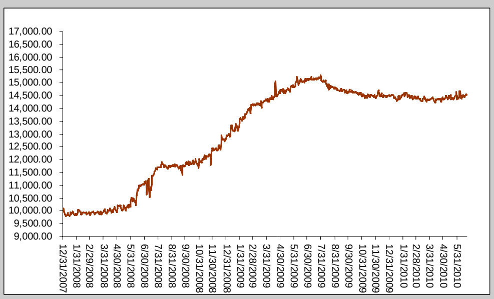
Ghana

Ghana Stock Exchange



Source: Reuters

GHC/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

Stock Exchange News

The GSE All Share Index was up +0.24% to close at 976.97 points. Gains were recorded in CPC (+50%), UTB (+3.33%) and Goil (+3.13%) while CAL (-3.70%), TLW (-3.23%) and SIC (-2.56%) were on the losing front.

Corporate News

The Sunon Asogli Power Plant alone has produced 15% of the total electricity generated in Ghana last year, the Managing Director of the company, Haicheng Zhang, has disclosed. He told the Public Utilities Regulatory Commission (PURC) press corps during a fact-finding tour of the project site in Tema recently that the total energy produced by his outfit in Ghana so far was 1.2bn kilowatt per hour.

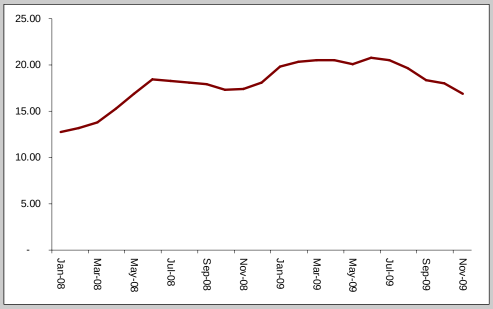
“Our power supply is reliable. With Asogli Power Plant, the Electricity Company of Ghana and Ghana Grid Company Limited now have more power to deliver to VALCO,” Mr Zhang stated. Work has begun with feasibility studies on the second phase of the Sunon Asogli Power Plant Project which is expected to produce about 360MW of electricity on completion. The Managing Director of the Project, Haicheng Zhang, told the press the project would cost his outfit USD 360m.

The first phase of the project, which is producing 200MW of power, costs the Chinese investor an amount of USD 200m. Mr. Zhang further hinted that the total amount of power the Asogli Power Plant would be providing to the country was 560MW. “The project is environmentally-friendly and has a natural gas fueling combine cycle power plant situated on a 50-acre land within the premises of the company, located in the Tema Industrial Enclave,” Mr Zhang stated.

Togbe Afede XIV, a Director of the company, said inconsistent gas supply had been a major challenge that the company was facing but hoped when Ghana’s oil and gas production started, the problem should be resolved. Currently, 200 Ghanaians are being employed at the facility with 80 expatriate Chinese. The Sunon Asogli Kpone Power Plant Project is the fruit of a visit to China by Togbe Afede XIV, a Ghanaian businessman and the Agbogbomefia (paramount chief) of the Asogli State, who succeeded in getting Shenzen Energy Group Company Limited and China-Africa Development Fund to buy into the idea of constructing a gas-energy project that has a huge market potential in Ghana and the sub-region.

Even before the plant came on-stream in 2007, it had been touted as a presentable icon of the public-private partnership the Government of Ghana was promoting to accelerate the nation’s pace of socio-economic development.

CPI Inflation



Source: SAR

With the liberalisation of the energy sector in Ghana following the energy crisis that hit the country some years ago, Sunon-Asogli a private Chinese-Ghanaian business Joint-Venture with a power investment portfolio seeks to build an energy village to produce 560MW of electric power to be sold to the main power distributors in Ghana: Ghana Grid Company Limited (GRIDCo) and Electricity Company of Ghana (ECG).

Currently, electricity consumption in Ghana is estimated at over 7.095bn kilowatts per hour (kWh), while production capacity is pegged at over 6.489bn kWh. The Sunon Asogli Power Plant Project has been initiated at a time when consensus has been reached to allow independent power producers to help solve Africa's energy problems. For now, financiers of the Sunon Asogli Power Plant Project see the Electricity Company of Ghana (ECG) as their sole customer for gas-fired power.

But if the national electricity firm gives them a raw deal, they will have no choice but to look elsewhere such as to big-energy consuming firms like those in the mining and alumina smelting sectors to buy the energy that is produced. *(Ghana Web)*

Tullow Oil Plc on Wednesday said it expected production at its Jubilee oil field to average between 70,000 and 90,000 barrels of oil equivalent per day (boepd) for 2012. "Gross Jubilee production is currently over 70,000 boepd and following a number of remedial activities is expected to average 70,000 to 90,000 boepd in 2012," the company said in a trading statement and operational update.

It said Jubilee field production would ramp back up in 2012 towards the field plateau rate of 120,000 boepd as the Phase 1 remedial programme begun to take effect from January 2012 and the new Phase 1A wells were brought on stream from the second quarter. The final outcome will be dependent on the well performance achieved, the downtime required to execute the recompletions and the scheduling of available rigs for other operations to ensure the Group's exploration and appraisal commitments are also fulfilled," it said.

Gross production from the field reached 88,000 boepd during 2011 before declining to approximately 70,000 boepd at year-end, with an average production for the year of 66,000 boepd. "The cause of this decline in well productivity has been identified as a technical issue related to the design of the well completions and is not expected to have any impact on field reserves and resources. Remedial work aimed at recovering lost well productivity has commenced with the successful sidetracking of the J-07 production well utilising a new completion design," the statement said.

The well was flow tested to the rig at rates of up to 15,000 boepd and started production to the FPSO in early January. The production rate is being gradually increased to allow close monitoring of the performance of the new completion over the next two to three months. It is expected that the redesigned completion will be utilised in the new Phase 1A wells and the sidetracks of a further three existing Phase 1 wells in 2012. The cost of these Phase 1 recompletions, including J-07, will be approximately USD 400m gross.

Government of Ghana's approval for the next phase of development, Phase

1A, was received on January 9, 2012. This development will consist of eight new wells; five producers and three additional water injectors and the expansion of the subsea network. It will be conducted over an 18-month-period. The total cost of Phase 1A is expected to be approximately USD 1.1bn. The Phase 1A production wells are expected to commence drilling in February 2012.

The statement said total revenue for 2011 was expected to be of the order of USD 2.3bn, compared with USD 1.1bn in 2010. The significant increase in revenue is due to higher sales volumes in 2011, principally due to Jubilee sales, together with the increased realised commodity prices. *(Ghana Web)*

U.S. oil company Anadarko Petroleum said one of its wells, located in the Deepwater Tano Block offshore Ghana, encountered significant light oil accumulation. The Ntomme-2A appraisal well encountered about 128 net feet of light oil pay in excellent-quality sandstone reservoirs, the company said. Fluid samples from the well, which was drilled to a depth of about 12,810 feet, indicate oil of about 35 degrees API gravity, Anadarko said.

"We now estimate oil makes up the majority of the resource in place," the company said in a statement. Anadarko owns an 18% working interest in the Deepwater Tano block, which is operated by Britain's Tullow Oil plc, also with a 49.95% working interest. Other partners in the block include Kosmos Energy ltd and the state-owned Ghana National Petroleum Corp. *(Reuters)*

Ecobank Transnational Incorporated (ETI), the parent company of the Ecobank Group, the largest pan-African banking group, with presence in 35 countries, has announced the acquisition of The Trust Bank Ghana Limited (TTB). Under the terms of the transaction, which was approved on December 9, 2011, ETI will execute a share swap agreement with existing shareholders of The Trust Bank for 100% stake in TTB.

Subsequently, ETI will execute a share swap with Ecobank Ghana Limited under which ETI will transfer its 100% stake in TTB to Ecobank Ghana in exchange for shares in Ecobank Ghana. An extraordinary general meeting is scheduled for 20 January 2012 to pass the necessary resolutions to effect the above transaction.

Meanwhile, a new board of directors of The Trust Bank Ghana Limited has been constituted with the Managing Director of Ecobank Ghana Limited Sam Ashitey Adjei as Chairman, whilst Emelia Atta Fynn, will assume the role of acting managing director. Prior to her appointment Emelia served as head of compliance on the executive management committee of Ecobank Ghana Limited and previously as country and regional treasury.

The combined Ecobank Ghana and TTB will be the largest bank in Ghana in terms of assets with the largest ATM network and over 70 branches. The Ecobank Group expressed delight and welcomed employees, customers and shareholders of The Trust Bank aboard to the Ecobank family. The Ecobank Group also expressed its appreciation to the regulators, shareholders and the Board of Directors of Trust Bank Ghana Limited for their confidence and support in facilitating this landmark merger. *(Daily Trust)*

Airtel, Ghana's fastest growing mobile phone network, on Wednesday

launched its 3.75G service, an upgrade of the 3.5G, to offer world class third generation experience to consumers. “The 3.75G technology will give our customers the opportunity to interact with data in a different way,” Mr Philip Sowah, Managing Director of Airtel Ghana, said at the launch. “This is why Airtel doesn’t see the 3.75G as a product but a platform that enables the community to expand its social and commercial horizons, alongside the rest of the world,” he added.

The mobile phone company, Mr Sowah said, had introduced several data bundles that addressed the needs of the youth, the homemaker or family person. It also consistently monitors the network to ensure that customers experience the best quality in the network. Airtel, which was the first telecommunication company to launch the 3G service in Ghana, said the launch of the 3.75G platform “promised profound” changes to how subscribers would experience the web on internet-enabled devices.

“The improved technology will enhance multimedia functionality, high speed mobile broadband and internet access; allowing users to send and receive emails and download music and other large files from their devices at very fast speeds,” it said. The Airtel 3.75G is the latest global HSPA+ technology with 21mbps, also being rolled out in Europe and the USA. HSPA+, Evolved High-Speed Packet Access, is a technical standard for wireless, broadband telecommunication.

“It is the fastest 3G available and will be enormously beneficial for a variety of users, which include large corporate bodies, small and medium businesses and the youth,” Airtel said. The Head of Corporate Communications and External Affairs of Airtel Ghana, Mr Donald Gwira, said the expertise and experience of global technology leaders, Ericsson, ensured that Airtel delivered the best customer experience in Ghana.

He added that the 3.75G platform would allow subscribers to combine the enormous potential of the internet with the convenience of cellular phones and other devices. Mr Gwira said among the enormous advantages of the 3.75G service was that it would “liberate the potential of the youth through enabling fast access to the internet for learning, sharing, social networking, creating and accessing content like music”.

“For the small and medium business, it will enable the entrepreneur to embrace a highly mobile way of working with high speed access to email and internet and it will allow large companies to increase productivity through vastly enhanced mobile internet speeds and access to record and allow for communication via video calls on handsets.” Airtel said it had remained committed to deepening its network coverage and bringing communication opportunities to rural populations that, until now, had been left out of the telecommunications revolution.

“This will work in tandem with the availability of 3.75G to ensure that Airtel can provide Ghana with a level of internet access across the country that can help bridge the digital divide. Main One Cable, the first submarine cable company offering open access, wholesale broadband capacity in West Africa, which provides Airtel with cables for its operations, lauded Airtel for taking this step.

“I do know that Airtel’s 3.75G is indeed fast and it is an improvement over the

3G service they were the first to launch in Ghana," Mr Joseph Odoi, Country Manager of Main One Cables said. "We have been working with Airtel long enough to know that one of the hallmarks of the company is innovation and improvement," he added. *(Ghana Web)*

Glo Mobile Ghana Limited today launched a number reservation campaign to kick-start activities marking the launch of its commercial services in Ghana. The campaign dubbed 'Reserve Your Number' gives onem minus one (999,999) Ghanaians the chance to reserve their special 023-3 numbers on the Glo Mobile Network by texting their preferred number to the Glo SMS code 0230010100.

Chief Operating Officer of Glo Ghana Mobile Ghana, George Andah told journalist in Accra the 'Reserve Your Number Campaign' marks the first of a series of launch activities earmarked for the entry of the highly anticipated Glo Network onto the Ghana Market. He said other exciting activities have been lined up, which would culminate in a mega corporate and mass cerebration "like never before".

"In the increasingly dynamic world of business, we at Glo believe that the customer is the supra-king. That is why we have decided to commence our launch activities with the Reserve Your Number Campaign as a mark of honour to our customers and also in response to the feedback we have received from the public regarding people's desire to acquire certain special numbers.

"Those who simply wish to maintain their existing numbers from other networks can make the porting request when the service is switched on," he said. Mr. Andah urged Ghanaians to take advantage of the excitement and benefits of the number reservation exercise, and join the Glo network which promised superior quality and value offerings at competitive rates.

He said the reservation was free, apart from the normal SMS cost and it would be on first-request-first-served basis. "In accordance with National Communications Authority (NCA) guidelines on Number Registration, no single individual subscriber shall be permitted to reserve more than five (5) Glo Mobile numbers and the numbers will be activated upon the commencement commercial operation,"

The Glo COO said people will start experiencing the Glo Mobile Ghana network from today because the number reservation campaign is going to run on the Glo mobile sms platform, adding that the full experience of all the bouquet of exciting services on the network will start once the reserve your number campaign reaches the desired threshold.

He expressed the profound gratitude of the company to Ghanaians, saying "to us in Glo the glory of the critical milestones we have achieved so far belongs not only to us but more importantly to the good people of Ghana, traditional leaders and the government of this great nation who made it all possible through your moral and emotional support." Mr. Andah pledged that Glo Mobile Ghana would be the champion of values in their products, pricing and service delivery, saying "that is the social contract we wish to sign with you from today".

Mr. Andah said to date, Glo had invested over USD 750m into deploying and installing the latest broadband technology, Next Generation Networks, over

1,600 state-of-the-art Base Transceiver Stations (BTS), four ultra modern Switches with capacity for up to 10m lines with congestion-free service, 18 Base Switching Centres (BSC), 800 3G Node Bs, an ultra-modern Call Centre and 25 GloWorld outlets.

This said all that is complemented by the high-capacity Glo 1 submarine fibre-optic cable that connects Ghana directly to Europe with a dedicated extension to the USA and a 2,900 kilometre-long network of terrestrial fibre optic ring within Ghana, to provide Ghanaians with premium service on Glo.

“With such a formidable technological foundation, we wish to assure the people of Ghana about the quality and reliability of our network. We also believe that activating our integrated telecommunication system will generate a chain of direct and indirect employment and business opportunities throughout the country”, said the Glo Ghana boss. Glo is the sixth operator to enter Ghana’s dynamic and challenging telecom market, which watchers and players have not made a secret of the opinion that is ready to receive a sixth operator.

Glo comes at a time when the market is almost saturated at more 80% penetration; with the five existing operators commanding more than 21m subscriptions in a population of 24m. Some telecom CEO have said Glo does not have many options in the voice market, and could only survive on the back of data services, but George Andah has said the speed with which Ghanaians are reserving their numbers shows Ghanaians are ready for Glo and that presented great opportunities for growth. *(Ghana Web)*

British oil explorer Tullow Oil Plc recorded a total Group revenue of USD 2.3bn in 2011 compared with USD 1.1bn in 2010 largely on the sale of crude oil from the Ghana Jubilee oilfields. “The significant increase in revenue is due to higher sales volumes in 2011, principally due to Jubilee sales, together with the increased realised commodity prices, said Tullow January 18, 2012 in its trading statement.

The Group’s oil production, according to the statement was sold at an average premium of approximately 1% to Brent during 2011 saying “realised oil price was approximately USD 112/bbl (pre hedge) and USD 108 (post hedge).” Tullow’s capital expenditure for 2011 amounted to USD 1.4bn which the company says it excluded acquisitions. It said the purchase of the Kwame Nkrumah FPSO in Ghana was included as a capital addition in 2010 for accounting purposes while in May 2011, it acquired a Nuon Exploration and Production for a cash consideration of €300m. It also bought EO Group’s 3.5% working interest in the West Cape Three Points licence offshore Ghana for a combined share and cash consideration for USD 305m. *(Ghana Business News)*

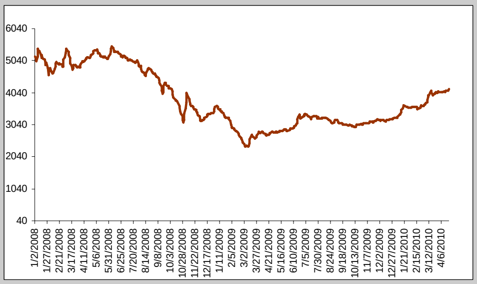
Economic News

No Economic News this week

SECURITIES AFRICA

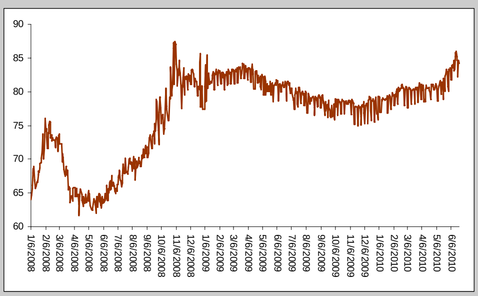
Kenya

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 gained a marginal +0.01% to close the week at 3,185.14 points. REA led the movers after gaining +9.09% to KES 16.20 followed by KCB which rose +6.63% to KES 17.70. Other notable gains were recorded in Kakuzi up +6.62% to KES 72.50 and KNRE (+5.30%). CAL Bank was the main loser, shedding -9.75% to KES 10.65 followed by ICDL (-8.67%) and NBK which lost -6.75% to KES 20.75. Market turnover was up +54% to KES 0.77bn with Equity and Safaricom dominating after recording trades worth KES 272.60m and KES 131.08m respectively.

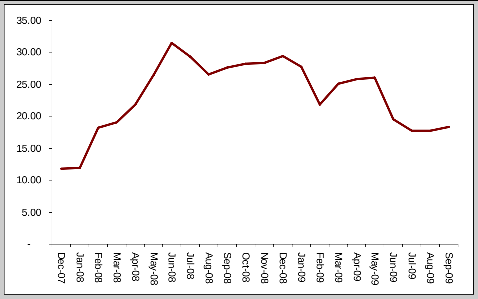
Corporate News

The Capital Markets Authority yesterday slapped a 60 day trading ban on East African Portland Cement shares at the Nairobi Securities Exchange. The suspension which follows a trading halt issued by the NSE in late December will allow time for the wrangle ridden company to put its house in order. The short term trading halt issued on December 27 last year has not led to cooling of tempers at the cement maker prompting the longer term suspension, CMA said.

While issuing the suspension notice, CMA warned directors of listed companies that it is seeking powers to directly prosecute errant board members. CMA is also seeking clout to blacklist directors who interfere with the management of one company from being legible for election as a director in another firm. A few directors of listed companies will also not be allowed to sell its assets, CMA said. The authority chairman Kung'u Gatabaki called on the major Portland Cement shareholders who include the government to stop the war of words and to desist from going to the courts at the slightest provocation.

The regulator said the decision to suspend the shares has been informed by among others the pending court cases on the board of the company. "The authority cannot allow trading to re-commence until liability and accountability for the actions of the company can be clearly attributed to the board of directors," said Gatabaki. CMA also appeared to fault the interference of the ministry of industrialisation over its constant comments about the cement maker arguing that Treasury is the one that should be commenting on the company since its the legal investment arm of the government.

The regulator also revealed that it was not informed, as the law requires, when acting industrialisation minister Amason Kingi suspended the entire board of the company over alleged financial mismanagement. "I would have liked to hear from the Treasury," Gatabaki said adding that the Treasury has guaranteed a huge foreign debt for the firm and as such should take more interest in what is happening now.



Source: SAR

CMA is this week expected to convene a meeting of major shareholders including the Treasury, National Social Security Fund and Lafarge. CMA chief executive Stella Kilonzo said NSSF has not made an application to transfer some of its shareholding in Portland to its staff pension scheme. *(All Africa)*

AccessKenya is upgrading its data centre at a cost of Sh30m to expand its capacity and bring it at par with its rivals such as Safaricom. Jonathan Somen, the company's chief executive officer, said yesterday the move is part of a progressive plan to optimise functions of the data facility. "With these upgrades, we will now be at par with Tier One Service Providers around the world and this gives our clients confidence that their data is safe with us," said Mr Somen.

"We have invested heavily in building the right infrastructure so that we can incessantly support the critical services on our network and give our customers a better experience." The firm is also banking on offering services such as video conferencing to improve its profitability that has been on a downward trend. This has mainly been due to stiff competition from new entrants in the data market like mobile service providers, who are not only targeting its core clients like banks and parastatals with data storage facilities but have also started offering other outsourced services such as software development.

To remain competitive AccessKenya has in the recent years expanded its product portfolio to include a wide range of information technology services such as data backup, disaster recovery, remote assistance and inter-branch connectivity. The company has also adopted a new data authentication system to protect Internet users on its network from imminent threats posed by cyber crime that have become rampant in the recent years.

The system, which is a set of extensions to the Domain Name System (DNS), is dubbed Domain Name System Security Extension and will protect the firm's DNS infrastructure against cache poisoning, spoofed updates, corrupt data and what is commonly referred to as "man-in-the-middle attack". DNS is a hierarchical distributed naming system for computers, services, or any resource connected to the Internet or a private network. It associates assorted information with domain names assigned to each of the participating entities.

"This technology allows for digitally signed answers. This means that a client will be able to discern the authenticity of information received and the information on the authoritative DNS server," he explained. *(All Africa)*

Economic News

The World Bank says that 2012 could prove to be a ‘defining year’ for the Kenyan economy if she can overcome political obstacles in her path. Following the launch of the latest Kenya Economic update, a WB report says that despite facing challenges including national elections, the establishment of a new system of devolved government and the possibility of a deteriorating global economy, the “surging” information and communications technology field could boost the performance of a number of sectors, including transportation, agriculture and infrastructure.

“Africa is on a growth path, but Kenya, particularly, has two advantages,” Wolfgang Fengler, the World Bank's lead economist for the East African region said. "(These advantages are) great people and a great location." Following the first-ever WB Africa live-stream event, held last week on the state of the Kenyan economy, in which he was joined by Kenyan leaders, experts and representatives from various economic sectors in both Washington, DC and Nairobi for the hour-long conversation, including Jessica Colaco of iHub, Emmanuel Were of Nation Media Group, Jackson M'Vanguya of Voice of America, Maggie Kemunto of IBM, Mark Kaigwa of African Innovation and Jane Kiringa of the World Bank, the WB said the forum was vital to interact with the growing on-line community.

Mr Fengler noted that they had a big online community following them after the launch of the update and it was the first experience interacting with them. Key questions asked during the debate included what can Kenyans expect from the surging ICT field, will the country always rely on foreign aid and how will it attract more foreign investors? *(Nation)*

The Government's KES 119.5bn domestic borrowing target has come under pressure arising from volatility in the domestic money markets and the resultant under subscription of Treasury bills and bonds. According to researchers at Stanbic Investments (EA) Ltd, only KES 14bn or about 12% had been raised as at December 2011, implying a further KES 105.5bn must be borrowed by the Government in the 2011/2012 fiscal year.

The analysts' fourth quarter economic report pointed out that Treasury auctions experienced lower subscription rates mainly due to tighter liquidity, more attractive commercial bank rates and increased uncertainty over direction of interest rates. The rise in interest rates is also attributable to persistent inflationary pressures. Bond yields also responded to Central Bank's further tightening of monetary policy. The report indicates that higher yields had led to lower bond valuations with listed Treasury bonds losing approximately 20% of their value last year.

"The secondary bond market witnessed subdued activity because of uncertainty over the direction, and volatility of interest rate," said the report dated January 10. Last year, the Government admitted that it is facing serious challenges to raise resources from the domestic market to finance its programmes. This it attributed to prevailing unstable macroeconomic conditions characterised by spiralling inflation and volatility in interest rates and exchange rates.

Treasury expects to borrow KES 119.5bn through issuance of Treasury bills and bonds to finance part of the overall budgetary deficit amounting to KES 236.2bn (7.4% of the GDP) during the current fiscal year. The amount is part of the Government's overall KES 1.06tn Budget for 2011/2012 fiscal year. Treasury Permanent Secretary Joseph Kinyua, however, admits that most investors have snubbed the money markets owing to unstable macroeconomic environment.

"This instability has impacted adversely on the Government's ability to raise the budgeted domestic resources since there are few takers for the securities," said Kinyua, adding that the volatility has also affected the performance of both equities and bonds market at the Nairobi Securities Exchange. Last year, yields on securities rose across all tenors, with the short end recording the highest rise. This increased the Government's cost of domestic borrowing and prompted CBK to issue shorter dated bonds. The Central Bank Rate was raised from six% to

18% in the year under review, while the Cash Reserve Ratio was increased by 0.5% to 5.25%. *(Standard Media)*

Kenya plans to cut inflation to 5% by 2014/15 (July-June) through austerity measures to reduce its budget deficit, accompanied by a tight monetary stance, Finance Minister Uhuru Kenyatta said on Tuesday. Year-on-year inflation rose for 13 straight months to peak at 19.72% last November, before easing to 18.93% in December after the central bank raised rates aggressively and good rainfall pointed to an improvement in harvests.

"The objective of the government is to stabilise the fiscal and current account imbalances by tightening fiscal and monetary policy to slow down inflationary pressures and exchange rate depreciation," Kenyatta said. The shilling fell against the dollar for most of last year mainly due to a widening trade gap, amplified by global increases in fuel prices and a drought that ravaged the Horn of Africa, feeding through to higher inflation rates in the region.

Kenyatta said the government aimed to lower its budget deficit to 5.1% by 2014/15 from this fiscal year's 6.1%. Last month, the cabinet approved cuts in government expenditure including official trips abroad, advertising, hospitality and purchase of new vehicles. "We want to cut as much as possible especially in non-priority areas so that we can be able to release additional funding to priority areas like the security situation," Kenyatta said.

The Treasury expects to seal a deal for a USD 600m short-term external loan this month to plug its budget deficit in this fiscal year after it shelved plans to issue a Eurobond. Kenyatta affirmed earlier projections by the planning ministry expecting the country's gross domestic product to grow by at least 5% this year on the back of growth in key sectors of the economy.

"We are optimistic that the economy will continue to remain resilient and the real GDP growth for 2012 will be above 5% with most of it coming from the expansion in agriculture, tourism and exports tapping into the expanded market in the region," Kenyatta said. *(Reuters)*

Kenya's diversification efforts in marketing the country as a tourism destination seem to be yielding fruits. The country has witnessed growth in chartered flights as well as increased tourist numbers from new and emerging tourist source markets. The latest landing is by Koreans whose Korean Air carrying the first of two batches of more than 300 tourists into the country landed at the Jomo Kenyatta International Airport over the weekend.

The charter flight was carrying 120 passengers, with the second batch of 190 tourists expected in the course of this week. Muriithi Ndegwa, Managing Director of the Kenya Tourist Board said the arrival of the tourists is the culmination of an aggressive marketing campaign in Korea and other countries in Asia aimed at showcasing the unique attributes that position Kenya as a preferred tourist destination in the world.

"We have forged a fruitful and mutually beneficial relationship with Kal Tour a Korean travel agency and Korean Air. Since May last year, we have hosted eight journalists from Korea in different tourist destinations, and organised market trips with tour operators. This day is therefore a major highlight for the two countries", said Muriithi. The marketing organisation has previously set out to diversify tourist source markets in a bid to reduce the country's overreliance on the traditional markets of Western Europe and North America.

Kenya has in the recent past seen an increase in the number of chartered flights to the country. Just last month, the country received several charter flights, some of them from new and emerging tourist source markets. The country has also seen a return of a number of airlines that had pulled out of the Nairobi route years ago. These include Finnair, Alitalia and Gulf Air. The airlines are doing either scheduled or chartered flight in to Kenya.

The Korean tourists are expected to visit the Mara Game Reserve, which is in the traditional tourism circuit and the Amboseli National Park before proceeding to other destinations. Kenya has been receiving an average of 6,000 visitors annually since 2006 from Korea. Muriithi said they want to double the number within the next two years through new attractions that have been created through the redefined local offering which has categories such as sports, cultural, eco-tourism and adventure tourism, designed with a view to raising the countries competitive edge.

"With the expansion of the airport and on-going road infrastructure developments, the tourism market in Kenya can only grow. We still have sites that have not been marketed sufficiently, and with these developments in place, we also aim at targeting return visitors who will be taken to different tourist attractions on each of their visits", he added.

Speaking during the same ceremony, the General Manager of Kal Tour, Lim Hong Jae, said the trip marks the beginning of a mutually beneficial relationship that is aimed at showcasing the beauty of the African continent to the increasing number of Koreans who want to use some of their disposable income on travel. "Kenya presents a unique opportunity whereby one can move from a shopping mall in Nairobi and within an hour they are at the beach in Mombasa or at the Mara appreciating the wildlife", he added. *(Standard Media)*

Kenya is seeking nearly 400,000 tonnes of oil products for February and March, as demand for fuel rises in East Africa due to a shortfall in refining capacity and accelerating economy. Kenya's Ministry of Energy is seeking 100,658 tonnes of gasoline, 108,846 tonnes of jet fuel and 188,627 tonnes of gasoil for delivery in February and March, in a spot tender issued late Wednesday, industry sources said.

Kenya also imports oil products on behalf of other East Asian nations. Kenya's economy is dependent on diesel for transport, power production and agriculture and many homes use kerosene for to generate power. GDP is expected to grow by at least 5% this year, from last year's forecast of 4.5 to 5%. A heavy rainy season over the next few months is also expected to boost harvests, in turn increasing diesel demand.

Kenya is seeking two gasoline cargoes of 50,329 tonnes each for delivery over Feb. 22-24 and Mar. 10-12 and two jet fuel cargoes of 48,846 tonnes and 60,000 tonnes for delivery over Feb. 20-22 and Mar. 6-8 respectively. It is also seeking three gasoil cargoes - two of them at 80,000 tonnes and 80,658 tonnes for delivery into Kipevu Oil Terminal over Feb. 25-27 and Mar. 19-21 respectively. One of the cargoes, at 27,969 tonnes, is for delivery into Shimanzi Oil Terminal over Feb. 15-18.

The tender closes on Jan. 19 and is valid until Jan. 20. Kenya last bought 25,000 tonnes of gasoline, 58,000 tonnes of gasoil, 25,000 tonnes of jet fuel and 30,050 tonnes of fuel oil from Addax Kenya, Galana Oil Kenya, Gulf Africa Petroleum Corp (Gapco) and Gulf Energy. *(Reuters)*

Kenya has cut its economic growth forecast for this year slightly to 5.3% due to a weak global economy and persistent high food and fuel prices, according to a 2012 budget review document. Finance Minister Uhuru Kenyatta, who is waiting to hear whether he will face charges of crimes against humanity at The Hague, had said on Tuesday that growth would be "above 5%". "We have revised real GDP growth down to 5.3% in 2012 from 5.7% earlier, before picking (up) to around 5.5-6.0% over the medium-term," the budget review, seen by Reuters on Wednesday, said.

The International Monetary Fund said in a statement late on Tuesday it expected the Kenyan economy to grow 5.3% in the 2011/12 fiscal year before accelerating to expand 5.8% in 2012/13. East Africa's biggest economy grew 3.6% in the third quarter of 2011 from a year earlier, the slowest growth since the end of 2009. It is expected to have grown by 4.5% in 2011, the budget review said, less than a previous forecast of 5.3%.

Policymakers are battling to bring down double digit-inflation, maintain a steady currency and tackle a widening balance of payments gap. The document said the government estimates overall expenditure of KES 1,147.5bn in the 2012/13 (July-June) fiscal year, up from KES 1,066.8bn in 2011/12. Net domestic borrowing from the July 1 start of the fiscal year to end-December amounted to KES 14bn (USD 161.85m), according to the document, well short of a targeted KES 87bn. Kenya is looking to borrow KES 119.5bn in total domestically in 2011/12.

It had hoped to frontload borrowing this fiscal year but yields on Treasury bills surged to 20% by the end of the first half, driven by a rampant rate of inflation and big increases in benchmark lending rates. Fixed income traders said frequent low subscription rates underscored investor jitters, while the central bank often refused to accept rates on offer. The Treasury expects to seal a deal for a USD 600m short-term external loan this month to help plug its budget deficit this fiscal year after it shelved plans to issue a Eurobond. *(Reuters)*

High interest rates and double digit inflation in Kenya are hurting the real estate industry, as developers and buyers struggle to meet financing requirements, a property pricing index firm said on Thursday. HassConsult, which conducts the only property pricing index in east Africa's largest economy, said developers had cut back or postponed many new construction plans, ending a construction boom that had characterised the last decade.

A presidential election later this year or early 2013 is also unsettling some foreign investors, HaasConsult said, while developers were looking to foreign currency loans at more affordable rates. "Developers completing their buildings are under a great financial pressure. Their (material) costs had climbed sharply and now their financing costs have jumped," said Farhana Hassanali, property development manager at HassConsult.

Housing Finance, the only listed dedicated mortgage financier in Kenya, in

September said the cost of construction materials had risen by some 40%. Year-on-year inflation rose for 13 straight months to hit a high of 19.72% in November, before easing to 18.93% in December after the central bank raised rates aggressively, sparking a jump in commercial lending rates. Commercial banks have been forced to extend repayment periods to avoid massive loan defaults.

"The stick that has been used to halt inflation has unfortunately hurt the real estate industry. At the moment investors need at least 30% just to cover their financing cost," said Nathan Luesby, a consultant at HassConsult. Returns from real estate investment in Kenya outpaced those from investments in stocks and fixed securities over the last decade, a study by a Kenyan fund manager showed last year.

A growing middle class, mainly in Kenya's capital Nairobi, fueled demand for housing and commercial properties that had some analysts worried that a bubble was developing in the real estate industry. Booming construction in city suburbs created thousands of new jobs, with developers encroaching onto farmlands, national parks and other public land, but all that is now under threat as the government has also moves to reposes grabbed properties. "This is going to be a very big hit for the jobs and the GDP as the sector comes to a halt," said Luesby. *(Reuters)*

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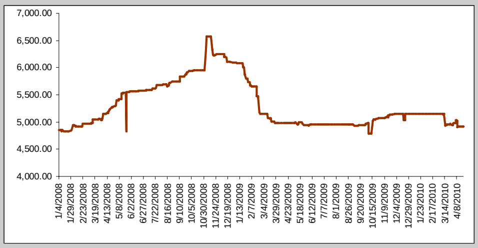
Kenya also imports oil products on behalf of other East African nations. Kenya's economy is dependent on diesel for transport, power production and agriculture and many homes use kerosene to generate power. GDP is expected to grow by at least 5% this year, from last year's forecast of 4.5 to 5%. A heavy rainy season over the next few months is also expected to boost harvests, in turn increasing diesel demand.

Kenya is seeking two gasoline cargoes of 50,329 tonnes each for delivery over Feb. 22-24 and March 10-12 and two jet fuel cargoes of 48,846 tonnes and 60,000 tonnes for delivery over Feb. 20-22 and March 6-8 respectively. It is also seeking three gasoil cargoes, two of them at 80,000 tonnes and 80,658 tonnes for delivery into Kipevu Oil Terminal over Feb. 25-27 and March 19-21 respectively. One of the cargoes, at 27,969 tonnes, is for delivery into Shimanzi Oil Terminal over Feb. 15-18.

The tender closes on Jan. 19 and is valid until Jan. 20. Kenya last bought 25,000 tonnes of gasoline, 58,000 tonnes of gasoil, 25,000 tonnes of jet fuel and 30,050 tonnes of fuel oil from Addax Kenya, Galana Oil Kenya, Gulf Africa Petroleum Corp (Gapco) and Gulf Energy. *(Reuters)*

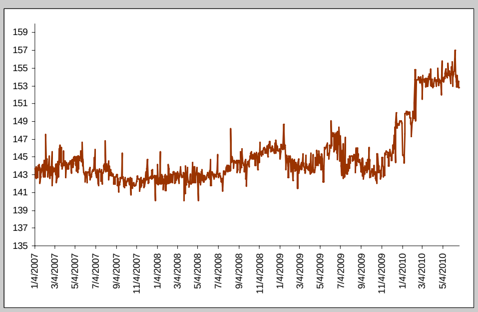
Malawi

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 Malawi All Share gained a marginal +0.03% to close the week at 5,369.30 points. The market recorded trading activity in 6 counters namely, Illovo, Mpico, NBS, PCL, OML and Standard Bank**.** NBS was the only counter that recorded a price change after gaining 1.04% to MWK 9.70. Market turnover amounted to MWK 10.43 (USD 62,816.72).

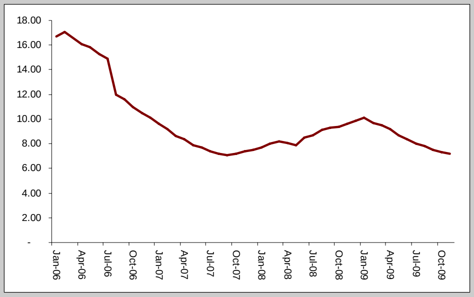
Corporate News

No Corporate News this week

Economic News

Malawi's consumer inflation quickened to 9.8% year-on-year in December from 8.9% in November, data from the National Statistics Office (NSO) showed on Tuesday. The NSO said the annual average inflation rate for 2011 was up at 7.6% from 7.4% in 2010. *(Reuters)*

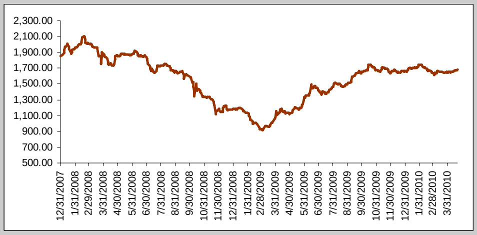
CPI Inflation



Source: SAR

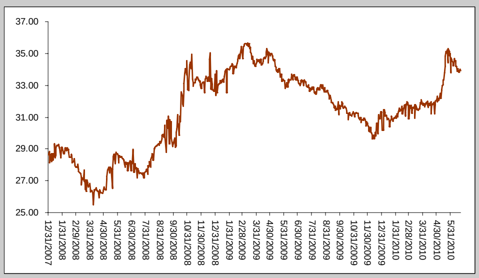
Mauritius

Mauritius Stock Exchange



Source: Reuters

MUR/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

CPI Inflation

Stock Exchange News

The market closed on a negative note with the SEMDEX losing -1.1% while the SEM 7 shed -0.9% to close the week at 1,852.89 and 345.14 points respectively. MCL was the main mover, gaining +5.6% to MUR 8.50 followed by PBL and Rogers which rose by +5.1% and +3.9% to MUR 208.00 and MUR 343.00 respectively. Lux Island Resorts led the losers after shedding -7.2% to MUR 23.30 while Air Mauritius lost -6.9% to MUR 13.50 and Sun Resorts shed -6.1%

Corporate News

No Corporate News this week.

Economic News

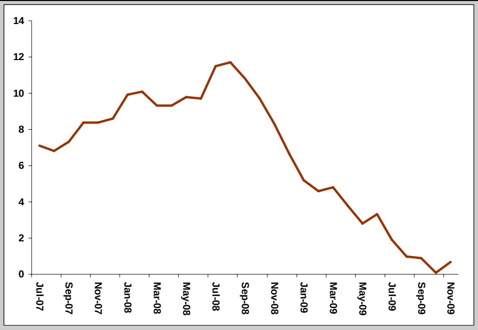
A rise in alcohol and tobacco taxes increased Mauritius' revenue collection by 7.6% last year, beating the country's forecast after the Indian Ocean Island raised excise duty on the commodities, the tax authority said on Monday. The island, whose economy is largely driven by the tourism sector, said revenue rose to MUR 53.03bn (USD 1.79bn) from the previous year, the revenue authority said.

"Revenue collected in 2011 has also surpassed our earlier forecast of MUR 52.6bn. The increases in revenue was due to changes in excise duties especially on tobacco and alcohol," Sudhamo Lal told a news conference. Mauritius Revenue Authority collects 90% of the nation's annual revenues with the rest being collected by institutions like the Gambling Regulatory Authority and the National Transport Authority.

In its annual Ease of Doing Business Survey, The World Bank ranks the Indian Ocean island nation number nine in the world and first in Africa in tax administration. Total collection in excise duties was 11.4bn rupee, up from 9.3bn rupee in 2010, Lal said. *(Reuters)*

Tourist numbers in Mauritius rose by a lower-than-expected 3.1% to 964,642 visitors last year, due in large part to sluggish growth in the euro zone, a key market, official data showed on Tuesday. The tourism industry, a key driver of growth for the Indian Ocean island, will perk up next year, the statistics office said, with arrival numbers in 2012 seen increasing by more than 5% year-on-year to over am people.

Mauritius had forecast as recently as November that some 980,000 tourists would land on its palm-fringed shores in 2011. Finance minister Xavier Duval said in his 2012 budget speech that more funds would be made available for an



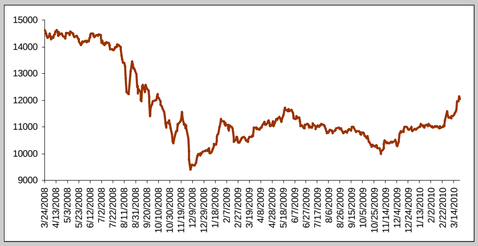
Source: SAR

international marketing campaign.

Mauritius wants to tap new markets, especially in Asia. Visitors number from China grew by 98.9% to 15,133 last year. But the number of visitors from France, one of Mauritius' main tourism markets, heading to the island declined.Numbers from the UK fell heavily, down almost 10% on 2010. *(Reuters)*

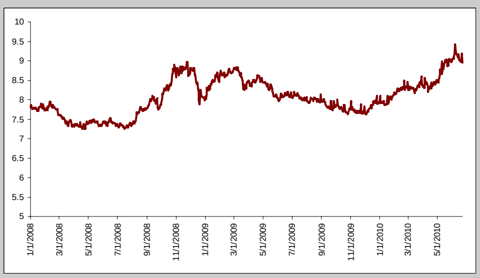
Morocco

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 was rose by +2.06% to close the week at 11,033.25 points. Gains were recorded in Diac Salaf (+19.81%) to MAD 40, Involys (+18.32%) and Managem (+7.99%). On the losing front we had Promopharm down -10% to MAD 1,026, Branoma which shed -7.45% to MAD 1,851 and SNEP (-6.46%).

Corporate News

Moroccan private equity firm Fipar Holding plans to raise around MAD 2bn (USD 230m) in an initial public share offer this year, which would be the Casablanca bourse's biggest new share listing since 2008, sources familiar with the matter said on Monday. Fipar's main assets include a 17% stake in Morocco's second biggest telecoms operator Medi Telecom, a 30% stake in the firm managing the country's biggest port in Tangier and a 20% stake in Lydec, the biggest private utility firm.

"The IPO had initially been scheduled for 2011 but it had to be delayed to 2012," said one of the sources. "It should be for the amount of MAD 2bn which will be used to fund future investment by Fipar," the person added. Another source said the IPO may take place before the end of the third quarter. "It will be either during the second or third quarter of this year", the source said.

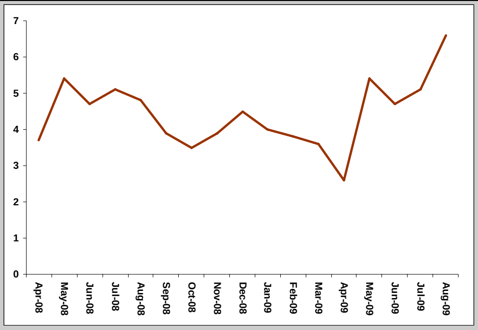
An official at the bourse watchdog CDVM was unable to comment or say if Fipar has already applied for the listing. Fipar is the financial affiliate of state-owned pension fund Caisse de Depot et de Gestion (CDG). "Nothing has been finalised just yet," said an official at CDG. *(Reuters)*

Economic News

Morocco's trade deficit rose 25% in 2011 to an all-time record MAD 185.7bn (USD 21.2bn) as its agriculture-reliant economy struggled to counter the growing cost of energy and wheat imports, official data showed on Tuesday. Tourism receipts rose 4.3% in 2011 to MAD 58.8bn while remittances by Moroccan expatriates, most of whom live in Western Europe, rose 7.3% to MAD 58.4bn, data from the foreign exchange regulator showed.

Private foreign loans and investment meanwhile fell 35% to MAD 25.5bn. Growth in tourism, remittances and investment helps mitigate any destabilising impact on the banking system from a net outflow of foreign exchange caused by the surge in the trade deficit. Morocco's currency is not fully convertible, which means the authorities have to keep a check on the trade deficit to avoid straining the country's foreign currency reserves.

The North African country posted a current account deficit equivalent to 4.3% its



Source: SAR

Gross Domestic Product (GDP) in 2010. The central bank's foreign exchange reserves stood at MAD 166.4bn by the end of 2011, which is enough to cover for five-and-a-half months' import needs, one of the lowest levels in several years. The trade deficit stood at MAD 148.4bn in 2010.

The deficit figure covers only exports and imports of goods. A surplus generated by exports of services absorbed 34.5% of the country's trade deficit in goods in the first half of 2011. Figures for export of services in 2011 have not yet been published. The country of almost 33m people has no oil or gas of its own and is one of the world's top grain buyers.

Nearly 40% of the increase in the value of imports stemmed from higher energy imports which reached around MAD 91bn in 2011, up 32.7% from 2010. Morocco spent MAD 31.8bn on 5.06m tonnes of crude oil in 2011 versus 5.24m tonnes in 2010. The value of gasoline and fuel imports rose 65.7% to MAD 32.4bn for a 29.6% rise in volume to 4.9m tonnes.

Wheat imports rose 48.3% in value to MAD 11bn for a 16.5% rise in their volume to 3.78m tonnes. Exports of goods rose 13% to MAD 169.2bn. Exports of phosphate and its by-products netted MAD 47.28bn by the end of 2011 up 31.8% from 2010, while they were up by an annual 44.4% in June. *(Reuters)*

Morocco's new government is to target economic growth of 5.5% a year during its 2012-2016 mandate, up from around 4.5% in the previous five years to boost job creation, Prime Minister Abdelilah Benkirane said on Thursday. Outlining his government's programme before parliament, Benkirane said he targets an annual inflation rate of 2% until the end of 2016, marginally above the average level of the previous five-year period.

He pledged to "ensure strong and sustainable economic growth that would help boost job creation" to reduce the jobless rate to 8% by the end of 2016 from 9.1% currently. Morocco's central bank estimates the economy grew by between 4 and 5% in 2011. Benkirane is from Justice and Development (PJD), the moderate Islamist party that won an election in November. The Arab world's longest-serving monarchy had brought forward the poll by almost a year to pre-empt the sort of popular revolt that has ended the rule of four Arab leaders.

Having won 27% of seats in parliament, PJD formed a coalition with three political parties that have been part of previous governments. Benkirane pledged to engage in an unprecedented push against corruption, which PJD officials say is costing Morocco 2% of its GDP annually. "The government will try to base economic governance on transparency, efficiency and improve the business environment and fight speculation and monopoly situations by adopting several measures," he said.

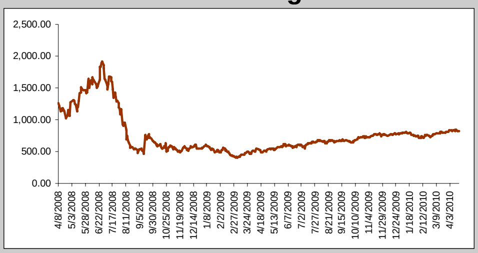
Benkirane said his government plans a "thorough tax reform" to boost public revenues and would "try to initiate a public debate" over ending a tax-free regime for a predominantly rudimentary agricultural sector, the country's biggest employer. The tax reform coupled with improved management of public resources should help Morocco cut its budget deficit to around 3% of GDP before the end of 2016, he added.

Ex-finance minister and leader of the opposition Independents' National Rally Salaheddine Mezouar dismissed the programme as "a disappointing pack of vague slogans". Morocco raised food and fuel subsidies in 2011 to MAD 52bn (USD 6bn) from a budgeted MAD 17bn, and in May raised spending on public sector wages by 11% to MAD 95bn with salary hikes.

This followed street protests, inspired by the revolts in Tunisia and Egypt, which aimed to press King Mohammed, one of the biggest stakeholders in the Moroccan economy, to transform his leadership into a British- or Spanish-style monarchy. The handouts contributed to raising the government's budget deficit in 2011 to 5.6% of GDP from 4.5% in 2010, a government minister told Reuters on Tuesday. *(Reuters)*

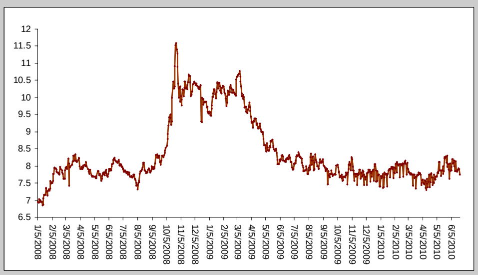
Namibia

Namibia Stock Exchange



Source: Reuters

NAD/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

Stock Exchange News

The NSX overall Index gained 2.73% to close the week at 903.00 points. On the NSX local and DevX, TUC was the top mover after adding +26.15% to NAD 0.82 while XEM and BMN added +16.67% and +4.35% to NAD 0.07 and NAD 0.24 respectively. DYL was the only loser, shedding -6.67% to NAD 0.14.

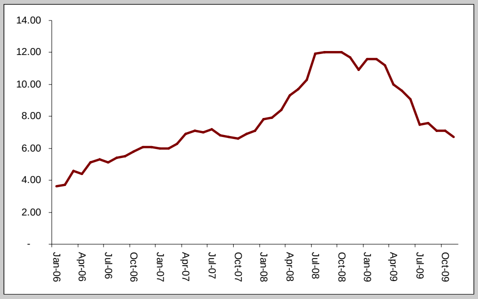
Corporate News

No Corporate News this week

Economic News

No Economic News this week

CPI Inflation



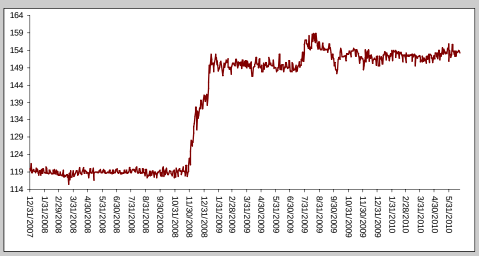
Source: SAR

Nigeria

Nigeria Stock Exchange

Source: Reuters

NGN/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

Stock Exchange News

The NSE All Share lost -0.10% to close at 20.820.32 points. CCNN gained +21.12% to close at NGN 5.85 while NAHCO was up +16.23% to close at NGN 6.16. Other notable gains were recorded in May and Baker (+14.64%), Honewell Flour (+10%) and Cutix (+9.46%). On the losing front we had Livestock Feeds (-16.47%), C&I Leasing Plc (-13.64%) and Japaul (-13.33%).

Corporate News

British oil firm Afren found oil at one of its wells in offshore south east Nigeria, and said it planned to drill another well in offshore Ghana later this month. Afren, whose main producing fields are in Nigeria but owns assets across Africa, said it found 549 feet of net oil pay -- the zone of a reservoir that contains economically producible oil and 41 feet of net gas pay at the Okoro East exploration well.

The company said the well reached a total measured depth of 8,751 feet. Afren, which shares the well with Amni International Petroleum Development Co Ltd, said logging operations had been completed at the site and the well was being prepared for testing. Last month, First Hydrocarbon Nigeria (FHN), which is part-owned by Afren, said it had bought a 45% stake in Nigerian oil block OML 26 for USD 147.5m from Shell , Total and Eni.

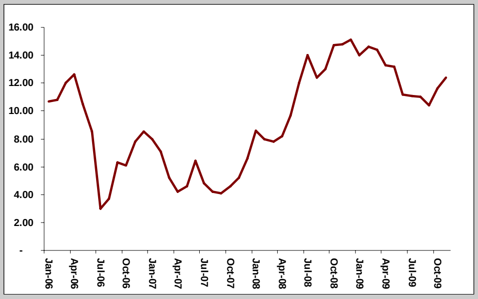
Afren's shares, which have gained more than a quarter of their value over the past three months, closed at 115 pence on Monday on the London Stock Exchange, valuing the firm at 1.23bn pounds (USD 1.89bn). *(Reuters)*

Indian Oil Corp (IOC) has bought at least 2m barrels of Nigerian light sweet crude for March loading via its latest tender, traders said on Thursday. IOC, India's largest refiner, bought EA and Qua Iboe from a major, they said. The major could not be reached. Price details did not emerge. So far, IOC has bought 8m barrels of Nigerian crude and 600,000 barrels of Libyan crude via multiple tenders to buy light sweet oil for March. Traders said it had not issued the next tender yet. *(Reuters)*

Union Bank Plc is expecting an approval from The Securities and Exchange Commission (SEC) for the extension of the ongoing rights issue of the bank. UBN is offering about 1.41bn ordinary shares of NGN 0.50 each at NGN 6.81 per share in the ratio of five new ordinary shares for every nine ordinary shares held as at the September 30, 2011. With the rights issue, existing shareholders will now have the opportunity to fully participate in the recapitalization process of the bank by taking up their rights.

The shareholders at the extra-ordinary general meeting held on 30th September, 2011 approved amongst other resolutions, the Rights Issuance of

CPI Inflation



Source: SAR

1,407,291,667 ordinary shares to existing shareholders. The unit price is selling at N6.81 to all qualified shareholders. The rights also give effect to the scheme between the shareholders, AMCON and Union Global Partners Limited which would conclude the recapitalization of Union Bank.

Speaking on the prospects of the rights issue being oversubscribed, Managing Director, Union Capital Markets Limited, the joint issuing house to the rights issue, Mr. Tunde Yamah, said shareholders would be fully allotted their shares and any application for additional shares would be considered, if there is renouncement. He pointed out that shareholders have been enthusiastic about picking their rights, noting that the locked in value of discount of not less than 40 per cent and the prospects of increased holdings in a recapitalised leading bank were motivating shareholders.

Yamah added that shareholders who are applying for additional shares stand to earn interest on their return monies if there are no shares for additional allotments. According to him, Union Bank's rights issue is the most attractive offer in the financial markets now with inherent value to yield above money market instruments and other equities.

The Managing Director, Union Registrars Limited, the registrars to the issue, Mr. Tunde Ayeni, called on shareholders who have any issue to visit any of the branches of the bank or Union Registrars nationwide, noting that the extensive networks of the bank and the registrars provide access to the 500,000 shareholders of the bank. *(This Day)*

Economic News

Nigerian President Goodluck Jonathan said on Monday petrol prices would be reduced to NGN 97 (USD 0.60) a litre and labour unions agreed to suspend mass protests to allow further negotiations with the government. Tens of thousands took to the streets for strikes over five successive days last week in protest against the sudden removal of a fuel subsidy on Jan. 1 that more than doubled the pump price of petrol to NGN 150 naira per litre from NGN 65.

Jonathan met unions late on Sunday to try and find a compromise to end the strikes, which are due to resume on Monday. He said the talks had "yielded no tangible result" and pledged to continue along the path of removing subsidies. "Government will continue to pursue full deregulation of the downstream petroleum sector. However, given the hardships being suffered by Nigerians, and after due consideration and consultations government has approved the reduction of the pump price of petrol," he said in a pre-recorded speech.

Nigeria's main labout unions said they would suspend street protests but strikes that have paralysed Africa's second-largest economy would go ahead pending further talks on Monday. "President Jonathan is expected to address the nation this morning so labour has asked our members to sit at home today. No protest and no rallies," said Chika Onuegbu, an official at Nigeria's main oil union PENGASSAN and umbrella labour union Trade Union Congress.

"Labour has also fixed another meeting by 1000 (0900 GMT)this morning at Labour House Abuja with the hope that President Jonathan will make the broadcast and labour can then review the situation and hopefully suspend the strike action," he said. PENGASSAN previously said it would cut oil output from Africa's largest producer if government talks broke down. Global oil prices were boosted by Nigeria supply fears late last week and a serious production outage would push them sharply higher, according to traders and analysts.

Several people were killed in clashes with police last week and 600 were treated for wounds, according to the International Red Cross. The government and unions had a first round of talks on Jan. 12 and a second round two days later with both sides saying progress was being made but that more deliberations were needed. Unions said they wanted the government to immediately bring the petrol price back down to 65 naira, at which point they would cancel strikes and protests and talks could continue.

The government slashing the pump price to 65 naira without any guarantee of subsidies being removed in the future would have been a major climbdown. Workers had suspended strike action for the weekend because of talks and to allow protesters to rest. Economists have said the subsidy needed to be removed because it was wasteful and open to corruption. Protesters have countered that argument by asking the government to work harder to tackle corruption and waste before removing public benefits.

Jonathan gave approval on Sunday for an investigation. Oil Minister Diezani Alison-Madueke said she had written a letter to the Economic and Financial Crimes Commission inviting the regulator to investigate the subsidy procedure. The state oil company NNPC and fuel regulators have come under fire for a lack of transparency and mismanagement from independent reports, including one by KPMG. Alison-Madueke pledged to review these reports.

Nigeria produces more than 2m barrels of crude oil a day but due to decades of corruption and mismanagement it has to import almost all its refined fuel needs. Africa's most populous nation holds the world's seventh largest gas reserves but infrastructure only provides enough power to support a medium-sized European city, meaning most of the country's 160m people live without electricity.

Alison-Madueke said she would meet legislators in the next week to push forward progress on passing a wide-ranging Petroleum Industry Bill (PIB). The PIB has been locked in parliament for years, costing Nigeriabns of dollars in lost investment. *(Reuters)*

The Nigerian Stock Exchange (NSE) last week listed United Bank for Africa Plc (UBA) N35bn bond. The admission of the NGN 35bn bond, which has 14% coupon, raised the number of corporate bonds in the market to 13. UBA issued the bond last year as part of its N400bn Medium Term Note Programme. The debt offer, which matures in 2018, had received 100% subscription from six applications, UBA had explained last year. Before the N35bn, the bank had raised N20bn seven-year debt at 13% from local investors and pension funds. That was the first tranche of the 400bn bond issuance program, to strengthen its capital base and help increase lending.

UBA, which operates in 19 African countries and manages more than 7.5m bank accounts, had said that it had been raising capital to enable it turn deposits into loans, without breaching the regulator's limits on a bank's exposure to a single borrower. According to the bank, it aimed to grow its loan book by 15 to 20% in 2011. As part of making the bank sustain its pan Africanism vision, shareholders of the UBA last month overwhelmingly voted in favour of its plan to restructure into a financial services holding company (holdco).

By the plan, UBA will operate a new structure, where a non-operating company to be listed and known as UBA Holdings Plc, will become the parent company of three intermediate holding companies namely; United Bank for Africa Plc, UBA Africa Holdings Limited and UBA Capital Holdings Limited. Speaking at the meeting, the Group Managing Director/Chief Executive Officer of UBA, Mr. Phillips Oduoza, said the bank would remain a listed entity on the Nigerian Stock Exchange.

According to him, this new move would eliminate duplication across business lines, whilst improving overall coordination, emphasing that the assets of the commercial banking business in Nigeria would be ring-fenced from the other businesses. He said: “The restructuring will also lead to shareholder value maximisation as the spin-off entities will post restructuring, be able to compete and grow their businesses through efficient asset utilisation and strategic focus independent of the bank. It is also expected to provide more robust governance and risk management framework, driven by core principles of responsibility and accountability.”

He added that the restructuring would also lead to shareholder value maximisation as the spin-off entities will post restructuring, be able to compete and grow their businesses through efficient asset utilisation and strategic focus independent of the bank. Speaking in the same vein, Executive Director, Group Executive Office, Mr. Emmanuel Nnorom, said the Holdco structure would create a unique platform for broader range of business and service offerings to entrench the Group’s market competitiveness and allow respective management of each entity to be better focused.

“Value will be unlocked for the group, as investors will gain a deeper understanding of component sub-businesses of the UBA Group and will be better able to ascribe values that match the earnings and growth profiles of these businesses. It will also provide each entity with easier access to long term capital to finance growth thus protecting and creating value in two ways for shareholders,” Nnorom explained. *(This Day)*

Nigeria may have already missed the 7% projected Gross Domestic Product (GDP) growth target of the Federal Government, owing to the ongoing nationwide, which entered its fifth day last Friday; experts have concluded. Economic and commerce experts, who spoke with THISDAY weekend, explained that with a full week out of the indices for calculating the growth strides of the nation’s economy in 2012, it would be difficult for the country to make up for the lost time and meet growth expectations for the year.

While the International Monetary Fund (IMF) had predicted that Nigeria should grow by about 6.6% in 2012, other economic experts and the Federal Government have projected that the nation’s economy should grow by around 7% this year; a target that has now been predicted by many to be a long shot, because of the Labour union protest. Director General of the Lagos Chamber of Commerce and Industry (LCCI) Muda Yusuf, said the loss to the private sector and economy resulting from the strike already stands above N500bn when the informal sector and other arms of the economy are taken into account. He maintained that it was now doubtful if the economy would meet projected growth targets.

President of the Nigerian Association of Chamber of Commerce and Industry Mines and Agriculture (NACCIMA) Dr. Herb Ademola Ajayi, said this presented the strong imperative why the Federal Government and the Labour Unions should resolve their differences and call off the strike. “The economy is losing so much and it will spell more economic misfortunes for the country if the stalemate continues. As things stand now, most of the economic fortunes predicted for the country before the strike have been rubbished by it, and expectations have to be reassessed,” he said.

Also, Executive Director and Chief Executive of African Institute of Applied Economics, Enugu, Prof. Eric Eboh, said the calculation of the expected GDP growth rates may no longer add up with a whole week rendered absolutely unproductive. He lamented that if Nigeria expects its economic growth postulations to come close to adding up in this New Year, urgent steps must be taken to salvage the ongoing chaos and put the country on the path of production again. Governor of the Central Bank of Nigeria (CBN) Lamido Sanusi Lamido in the same vein said the ongoing industrial action by the labour unions is costing Nigeria around NGN 100bn daily.

He said he expected inflation to rise to around 14 to 15% by the middle of 2012, up from 10.5% now with the petrol subsidy removal impasse taking its toll. “Certainly, inflation is always going to go up with the removal of subsidy. I think what we’ve seen is the immediate shock impact of a sudden removal and things will settle down,” he said.

“It took us two and half years from 2009 to come down to single digit from 15.6%. I think a realistic target if we actually hit 15%, I think we will be looking at end of 2013 before we come back to single digit,” he added. *(This Day)*

Federal Government has suspended the planned tariff hike in the electricity sector proposed to commence this month. Chairman of the Nigerian Electricity Regulatory Commission (NERC), Dr Sam Amadi told Daily Trust that the plan was halted because they have not done the legal framework for the new tariff to take off. Under the proposed hike, electricity consumers in the Residential Two (R2) category (residential customers with single-phase meters), where most customers belong, will pay between N10.85 and N14.60 Per Kilowatt hour (kw/h) as against the current rate of N7.30 per Kw/h.

Per kilowatt hour is estimated to be the amount of power consumed by 10 incandescent bulbs in one hour. In a response to a text message, Dr. Sam said, “although the framework and template have been concluded but the legal side was yet to be done with.” He said the commission was going to be more strategic before commencing the implementation of the new tariff, saying “we will consider how the increase would affect all other sides of the electricity industry before it is implemented. There is no urgency for it to be implemented this month.”

Transparency International had reacted by saying that increasing electricity tariff at a time power supply was poor would be a time bomb. Vice President of

Transparency International in Nigeria, Ezenwa Nwagwe said the move could snowball into a bigger crisis. “The Nigerian people have got a strong resentment about poor governance in the country and any attempt to hike the electricity tariff in an atmosphere of poor quality of power supply may be the trigger to a preventable civil uprising,” he said.

Nwagwe had said this at the sideline of an event to mark the public declaration of integrity by the staff of the Nigerian Electricity Regulatory Commission. He said: “I am saying that the tariff increase may be a time bomb that can snowball the resentment that people feel about lack of governance, about lack of transparency and how injudiciously resources are been used.” He said there was pent up anger and frustration in the country, in view of increasing bombing incidents around the country plus the high level of unemployment. Given the high rate of abnormalities in all spheres of Nigeria as a nation, he said the country passes as one of the most peaceful countries in the world, as the people remain patient and resilient in the face of poor leadership.

The increment in electricity tariff, he said, is an issue that should be discussed, with different stakeholders carried along. He said: “Part of my challenges with the government is what I call arrogance of power. They just think that they know it all and decide that it is time to increase and that there is no cost reflective tariff in place.” *(Daily Trust)*

Central Bank of Nigeria Governor Lamido Sanusi said it may be “counterproductive” to raise interest rates in response to a jump in fuel prices that will probably push up inflation in Africa’s top crude producer. “We will have to see where the balance of the data points to, but from where I sit it looks like holding for a bit is the best option,” Sanusi said in an e-mailed response to questions yesterday. He said he wasn’t speaking for the Abuja-based bank’s Monetary Policy Committee, which will meet Jan. 30-31.

The central bank had estimated inflation in sub-Saharan Africa’s second-largest economy would accelerate to 14% to 15% by mid-year, from 10.5% in November, taking into account the initial full removal of a subsidy on fuel on Jan. 1, he said. While the bank is studying the effect of President Goodluck Jonathan’s decision to limit the increase, “it is reasonable to keep as close as possible to the current estimates in forming inflationary expectations,” Sanusi said.

Nigeria’s labor unions suspended strikes and protests yesterday after Jonathan limited gasoline-price increases to NGN 97 (USD 0.60) a liter (0.3 gallon). The strike began Jan. 9 after the government scrapped the fuel subsidy, which it said cost NGN 1.2tn (USD 7.4bn), a quarter of state expenditure, last year, and vowed to spend the savings on power plants and roads. Gasoline prices had more than doubled from 65 naira a liter. *(Bloomberg)*

The Federal Government of Nigeria will redeem bonds worth NGN 456bn to investors this year. A breakdown of the bonds shows that five Federal Government of Nigeria’s, FGN, bonds, with five-year and three-year maturity periods will be redeemed between January and August of the current year. The bonds with five-year maturity periods include: the 4th FGN Bond 2012 Series 2, valued at NGN 35bn and a maturity date of February 2012; 4th FGN Bond 2012 Series 5, valued at NGN 50bn with a maturity date of May and 4th FGN Bond 2012 Series 10, valued at NGN 46bn and with a maturity date of August 2012.

While the three-year bonds are: 6th FGN Bond Series 1, valued at NGN 125bn, with a maturity date of January; and 6th FGN Bond 2012 Series 2, valued at NGN 200bn with a maturity date of May 2012. The bonds have been renamed 9.50% FGN February 2012, 9.23% FGN May 2012, 9.50% FGN August 2012, 9.92% FGN January 2012 and 10.50% FGN May 2012, with interest rates of 9.5%, 9.23%, 9.5%, 9.92% and 10.50% respectively.

The five-year bonds were issued between February 23 and August 31, 2007 while the three year bonds were issued in January and May 2009. Meanwhile, the Securities and Exchange Commission, SEC, said it gave approval to five states to raise NGN 124bn from the bond segment of the Nigerian capital market in 2011. The states, according to a statement obtained from SEC's website include: Ondo, Ekiti, Delta, Niger and Benue States.

Ondo State secured SEC's approval to raise NGN 27bn, Ekiti State NGN 25bn, Delta State – NGN 50bn Niger State – NGN 9bn and Benue State NGN 13bn. However, SEC is yet to grant approval to two states — Zamfara and Ogun States, to raise NGN 46.75bn from the bond market. Zamfara State Government's quest to raise NGN 18.75bn at 14% fixed rate is yet to secure the approval of the apex capital market regulator. According to SEC, the approval is been delayed due to the fact that there is an outstanding issue with regards to underwriting.

On the part of Ogun State's quest to raise NGN 28bn from the bond market, SEC said the delay in the approval of the bond is due to incomplete documentation. Zamfara State had said proceeds from the bond programme would be used to repay existing loan obligations while Ogun State said its proceeds would be used to refinance loans on existing infrastructural projects, roads construction and rehabilitation, Gateway International Airport, Gateway Holding Complex and other projects.

SEC had advised issuers of bonds that it is important that they or their financial advisors guide them issuer as well as file complete and quality information, as this will help expedite the approval process and the bond issue programme. According to SEC, to cut time for approval, the issuer and its advisors should ensure the submission of complete information; ensure necessary approvals, such as approvals by Annual General Meetings, Board; ensure that they secure the necessary credit ratings and secure the necessary Irrevocable Standing Payment Order, ISPO, application to the issue.

SEC also said the issuers should ensure that they do not submit piece-meal documentation; respond to questions promptly; respond to letters of deficiency promptly. SEC said if the proper documentation is received, it will take no more than six weeks for it to approve a filing. It said, "If complete and quality documents are received at the SEC, it should take no more than two to three weeks for SEC approval. Upon the approval two year period), subsequent tranches for issuances should take only a few days at most." *(Vanguard)*

Nigeria's government ordered a fresh audit of its entire oil and gas sector covering the last three years on Wednesday, the latest move to clean up corruption in Africa's biggest oil industry after a week of anti-government protests. The move follows the opening of an investigation into the sector by the corruption watchdog and a separate Senate investigation into fuel subsidies all announced this week.

"As part of government's anticorruption agenda, council today approved the award of contracts to two audit firms to conduct a thorough audit of the accounts and activities of all government institutions and entities in the oil and gas industry from 2009 to 2011 with nine months completion period," Information Minister Labaran Maku said.

President Goodluck Jonathan has come under intense pressure to clean up Nigeria's 2m barrel per day oil sector, after a week of protests over fuel prices revealed public anger about corruption and waste of the country' oil wealth. Unions called off a week long strike on Monday, after Jonathan partly backed down on the scrapping of a popular fuel subsidy. He and oil minister Diezani Allison-Madueke promised prompt action to implement delayed reforms to the oil sector.

Maku named two Nigerian firms at the auditors: Haruna, Yahaya & Co. and Sada, Idris & Co. "The audit would be carried out in all government revenue generating institutions and entities in the oil and gas and solid minerals sectors of the country," he said. "The audit firms shall access production, exports, imports and unaccounted oil and gas and other relevant streams."

On Monday Nigeria's corruption watchdog on orders from Allison-Madueke launched an investigation into the subsidy system, sending agents to the state oil company and petroleum pricing regulator. On the same day, her ministry announced that it had set up a committee designed to facilitate the passing of an oil bill meant to overhaul the entire sector.

Sceptics will point out that the Nigerian government has invited auditors into its oil and gas sector before -- and failed to act on their reports. A report compiled by international accounting firm KPMG into the opaque state oil company has been on the oil minister's desk for a year, but no action has been taken on it yet. *(Reuters)*

Nigeria is set to export around 156,000 barrels per day of the crude oil grade Bonny Light in March, a provisional loading programme showed on Wednesday. The volume compares with a planned 164,000 bpd in February. The list showed that Royal Dutch Shell will load two cargoes of Bonny Light in March despite declaring force majeure on this grade earlier this month due to a leak. A Shell spokeswoman said on Wednesday the force majeure was still in place. *(Reuters)*

As growth in the Nigerian economy moves towards double digits as a result of efforts by the Federal Government to diversify the economy, some experts in the financial service sector have predicted that Nigeria's Gross Domestic Product (GDP) growth would hit 8.1% this year and to 8.2% in 2013. In their review of the nation's economy for the year, analysts at FBN Capital Limited, said the non-oil economy would again be the driving force noting that private consumption would remain robust in 2012.

The experts added that recovery in oil production following the Niger Delta amnesty would only play a supporting role. GDP is a measure of the total value of goods and services produced by a country in a given period. Usually, all components of a nation's economy contributes to its GDP. The experts however, warned that the government must pursue its reform agenda if double-digit growth was to be achieved.

"And has made a start with the deregulation of the petrol price. Its challenge with all its reforms will be to hold its nerve against opposition from vested interests but some additional palliative measures may be required to fully win the argument. If it holds firm on one reform, it becomes emboldened to implement the next, which could be the new electricity tariff, the petroleum industry bill or the sovereign wealth fund."

While observing that fiscal consolidation has also started, the analysts noted that the government was moving to overcome the fiscal laxity of its predecessor, and thereby ease pressure on foreign exchange (forex) and interest rates. "The progress is necessarily gradual because of the predominance of recurrent spending in the budget. Fiscal and monetary policy, if not harmonised, are now set with a shared mindset. In our view the policy rate has peaked at 12.0%. Pressure on the currency will not go away:

The CBN holds its objective of exchange-rate stability dear but has to confront resilient forex demand and an expected softening of oil prices this year. Since it is wedded to the managed rate, we see another adjustment to the central point in 2012, "they said. The Managing Director of FBN Capital, Mr. Osaze Osifo, stressed that the direction of the economy in 2012 would be determined above all by the success of the reform programme (President Goodluck Jonathan's transformation agenda).

He said: "If the government stands firm over the deregulation of the petrol price, the first major step within the programme, it will be emboldened to move on other core elements of the agenda. If it backs down, which is not our central view, then the vested interests which are opposed to deregulation will themselves feel emboldened and resist other reforms with renewed vigour.

"The current government has done its homework better than its predecessors which went down the same route and retreated under pressure. It has brought the state governors onside and used its persuasive powers in the upper echelons of the Nigerian National Petroleum Corporation (NNPC), which has been one of the principal beneficiaries of the subsidy regime. It has tried to narrow its sizeable credibility gap by arguing its case with the public; it also started the debate about the deployment of the savings which the measure would release. Our view therefore is that this government is better placed to hold its ground, "he said.

The FBN Capital boss said: "The potential is that the reform programme develops its own momentum. To take just three elements of the agenda, a substantial "cost-reflective" adjustment to the electricity price tariff is also due for implementation this month. The government may defer its introduction, given the protest over deregulation, even though it has prepared a three-year package of electricity subsidies to ease the pain for the consumer. Such a tariff, together with a watertight regulatory structure, is the precondition to attract the investors to kick start the power sector."

He stated that the prizes would be equally great if the Petroleum Industry Bill (PIB) was passed. "The bill is to be resubmitted by the presidency in a version that has not been disclosed. We would expect the bill to toughen the fiscal regime, particularly for the offshore fields, and to make more unused acreage available for sale to indigenous firms. “We are less confident about the prospects for the root-and-branch reform to the NNPC which the original version of the bill proposed.

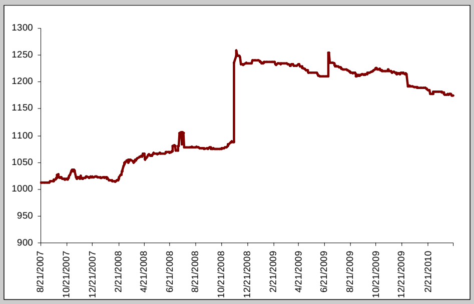
The passage of a diluted bill would suffice, for example, to trigger a new bidding round, Nigeria’s first since the flawed exercise of 2007. The profile of the oil province has slipped as a result of underinvestment and the delays with the PIB, while those of Angola and Ghana have risen,” Osifo declared. *(This Day)*

Nigeria plans to raise between NGN 129.75-239.75bn (USD 1.49bn) in 10-year sovereign bonds in the first quarter of the year, the Debt Management Office (DMO) said on Thursday, a major step to plug the revenue gap in 2012. The debt office said it would auction between NGN 79.75-99.75bn in 10-year bonds of various maturity dates in January, NGN 60-80bn in February and NGN 50-60bn in March of the same tenor respectively.

Nigeria, Africa's second biggest economy after South Africa said all the papers were re-openings of those previously issued, except for the issue of NGN 30-40bn fresh paper in January. DMO discontinued the issuance of lower tenor papers of 3 and 5-year in the third quarter of last year and concentrated on the 10-year instrument as part of its debt restructuring measures. *(Reuters)*

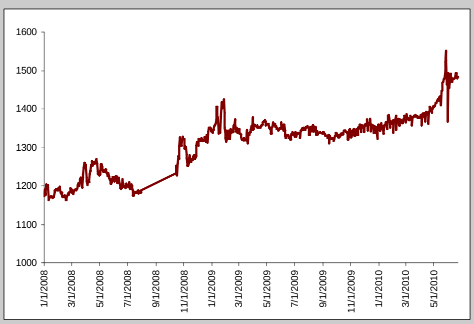
Tanzania

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 a marginal 0.16% to close at 1,303.23 points. TTP and Swiss gained 3.77% and 1.20% to close the week at TZS 275 and TZS 840 respectively while CRBD lost -3.03% to TZS 160. All the other counters remained unchanged.

Corporate News

Uncertainty has gripped Oryx Tanzania workers after the group's decision to sell its assets in 21 African countries in a deal estimated at nearly USD 400m (over TZS 600bn), The Citizen on Saturday has reliably learnt. Since news of the change of ownership came to light late last month, the management of the local branch of the company has not formally told the workers what the future holds. Instead, word has filtered down that there is no cause for alarm.

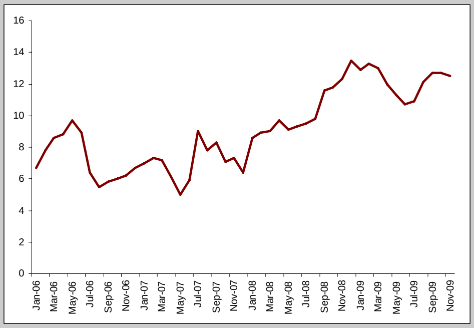
In an interview this week, a cross section of workers said that despite widespread talk about the planned sale within the company, the management has kept mum. The sale of Oryx Tanzania follows the 2010 disposal of BP Tanzania Limited, one of the biggest oil companies, in the wake of a management decision to concentrate its efforts in strategic countries such as Angola, Mozambique, South Africa, Algeria, Egypt and Libya.

BP and Oryx are the leading players in the oil industry. BP also had a large stake in the transit petroleum business through the port of Dar es Salaam to Uganda, Rwanda, Burundi, DRC Congo, Zambia and Malawi. The new development comes 13 years after Addax & Oryx Group acquired shares in the defunct Agip. The company purchased shares of Agip Tanzania and TIPER in 1999 and became Oryx Tanzania, which sparked off a legal battle between the new management and former Agip workers.

The courts ruled that the new management had to retain all the workers and they were absorbed in the new company. With fresh takeover plans, workers are worried that some of them will be laid off despite assurances that all will be well. One of the workers who served in the defunct Agip and is now with Oryx, speaking on condition of anonymity, said the workers are not sitting pretty. "From the memories when this company took over from Agip, there is a high possibility that some of us could face the same legal battle," said the source.

Even as workers engage in their daily activities, speculation is rife and there have been calls for an official statement from the management. Our efforts to

CPI Inflation



Source: SAR

get information from the management were futile as this reporter was turned away on the grounds that the managing director, the sole company spokesperson, was either in a long meeting or out of the premises.

At least four companies shortlisted to bid for the distribution and storage assets of Addax & Oryx Group had until December 29 to put in their final offers to BNP-Paribas, which has been handling the sale since last summer. According to Africa Energy Intelligence, the companies were: Trafigura through its affiliate Puma Energy, Nigeria's Oando run by Wale Tinubu, the trader Vitol and the US equity fund Emerging Capital Partners (ECP).

According to reliable sources, only two of the four have submitted final bids in the past weeks. Founded by former World Bank officials, ECP manages three funds specialising in Africa and is a shareholder of Ocean & Oil, a sister company of Oando. To bid for Addax & Oryx, the group reportedly teamed up with several oil market specialists. The winner will be announced at the end of the first quarter.

After selling off his upstream assets to Sinopec in 2009, Jean-Claude Gandur, the boss of Addax & Oryx, can hope to earn between USD 350-400m from the new disposal. The sale will involve assets in 21 African countries, including many in West Africa like Senegal, Guinea, Mali, Burkina Faso, Niger, Sierra Leone, Cote d'Ivoire, Togo, Benin and Nigeria. The remaining parts are in Tanzania, Congo-K, Uganda, Rwanda, Kenya, Zambia, Zimbabwe and South Africa.

Addax & Oryx is now shedding its close ties with African countries. Only a few dozen service stations are up for sale so would-be buyers are primarily interested in the tank farms, import terminals and butane markets in Addax & Oryx Group's portfolio. However, any company that buys Addax & Oryx's assets in such a wide range of countries with different markets will need to manage its acquisition with extreme care.In 2009, hundreds of Chevron's service stations were acquired by the Corlay Group consortium that consisted of MRS and PetroCI. *(All Africa)*

Economic News

Tanzania's economic growth slowed to 6.4% in the third quarter of 2011 from 6.7% a year earlier, driven by communications, mining and construction sectors, but short of the government's full-year target. The National Bureau of Statistics (NBS) said on Monday the mining sector, Tanzania's biggest foreign exchange earner, rebounded to a growth of 1.5% in Q3, 2011, from a negative growth rate of 12.3% a year earlier.

"The growth (of the mining sector) was influenced by more production of gold as a result of favourable gold prices in the world market during the quarter," NBS said in a statement on its website. Tanzania is Africa's fourth-largest gold producer and its mining sector has attracted major investment over the past decade. Its government targetted economic growth of 7% in 2011, despite a chronic power crisis and a rising inflation rate.

Transport and communication recorded the fastest growth rate of 15.3% in the third quarter of 2011 compared to a growth rate of 12.9% previously. Construction activity grew at a rate of 8.0% in the third quarter of 2011 compared to a growth rate of 13.2% in the corresponding quarter of 2010. The electricity, gas and water sector slumped to a 9.7% contraction from 13% growth previously, due to a decrease in hydro-power generation and a fall in electricity from gas-fired power plants, which led to rolling blackouts in east Africa's second-biggest economy.

The International Monetary Fund said in November Tanzania's growth in 2011 may exceed the body's 6% forecast earlier, due to the strong performance of its telecommunications, construction and financial services sectors. The IMF cut its 2011 growth forecast for Tanzania to 6% from 7.2%, saying frequent power outages would hurt output while food and fuel prices could push inflation higher. "During the period under review, there have been quite a number of challenges that had negative impacts on the economy, especially on the manufacturing and electricity activities," NBS said. "The challenges include, power outages, escalating prices of fuel and the depreciation of the shilling against major currencies." *(Reuters)*

Tanzania's annual inflation rate rose for the 14th consecutive month in December, with some analysts expecting food and fuel costs to keep pushing consumer prices higher in the coming months. The National Bureau of Statistics (NBS) said on Monday prices rose 2.0% during December, pushing the year-on-year inflation rate to 19.8% from 19.2% in November.

"The inflation rate will continue to rise in Tanzania over the coming months because the rains have been erratic and global oil prices are still high. The recent hike in power tariffs will also push consumer prices up," said Humphrey Moshi, professor of economics at the University of Dar es Salaam. Inflation rose throughout east Africa for most of 2011, driving interest rates through the roof, unsettling local bond markets, and causing social tension and street protests in Uganda.

However, the rates of inflation in Uganda and Kenya appear to have turned the corner, analysts say, after an aggressive tightening of monetary policy in both economies. Tanzania has taken some steps to tackle rising prices, but not the same monetary shock therapy administered by its neighbours. Food and non-alcoholic beverages rose 27.1% for the year ended December from 26.1% in November, NBS said, energy prices rose 41% year-on-year from 39.2% in November.

Tanzania's state-run power company raised electricity tariffs by 40.29% on Jan. 15, citing rising costs of energy generation from oil-fired turbines and fuelling inflationary expectations. The forecasts of analysts are at odds with Tanzania President Jakaya Kikwete who said earlier this month he expected the year-on-year inflation rate to fall to single digits by June this year. *(Reuters)*

Tanzania's state-owned power utility said it's in talks with a group of lenders including Citigroup Inc.'s domestic unit for a TZS 408bn (USD

257m) loan to fund electricity generation. The discussions may conclude this week, William Muhando, managing director of Tanzania Electric Supply Co., said in an interview today in Dar es Salaam, the commercial capital. “The money is needed to fund emergency power projects that we undertook last year to meet demand,” Muhando said. “We expect to conclude negotiations with a group of financiers led by Citibank today or tomorrow.”

Tanzania, East Africa's second-biggest economy, had an electricity deficit of 264MW last February following a drop in hydropower generation after a drought. The resulting power outages caused a slowdown in economic growth to 6.4% in the third quarter of 2011 from 6.7% a year earlier, the National Bureau of Statistics said on Jan. 17. Tanesco, as the utility is known, is also pursuing financing for new generation projects to be commissioned this year, Muhando said. The government is expected to complete an agreement with HSBC Holdings Plc to fund a 100-megawatt gas- fired plant in Dar es Salaam, estimated to cost USD 165m, he said.

“This and another 70-megawatt plant fired by heavy fuel oil in Mwanza have been contracted to Jacobsen Elektro AS,” the Norwegian power-plant builder, Muhando said. In addition, the utility is seeking EUR 83m (USD 107m) for a 70-megawatt plant in the northern region of Tanga, he said. Tanesco expects to report an annual loss of TZS 200bn for year 2011 and the same amount for this year because of the drought, Muhando said. “We made a profit of TZS 15bn in 2010, and TZS 5bn in 2009,” he said. “But the low water levels caused a loss in 2011, and this will continue this year.”

Tanesco last year entered into a power-purchase agreement with Washington, D.C.-based Symbion Power LLC to produce 125MW of electricity using both gas and Jet-1 fuel, as one of the emergency projects. The company also contracted Glasgow, U.K.-based Aggreko Plc to produce 100MW using diesel, and boosted production at heavy fuel oil-fired generators run by Independent Power Tanzania Ltd. to 100MW from 20MW.

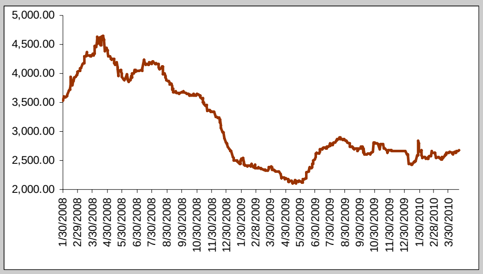
The TZS 408bn loan will be used to pay for fuel used until December 2011 and for a charge demanded by power generators when their plants aren't running at full capacity, Muhando said. Electricity output in Tanzania is currently 700MW, matching demand, “which means the impact of any shortfall is significant,” he said. The talks on the loan are concluding a week after the country's energy regulator approved a 40% increase in electricity powers. Tanesco had applied for prices increase by 155%. The utility was hoping to use a “cost-reflective” tariff as a bargaining chip for the loan, as it would guarantee a specified amount of revenue, Muhando said.

A 155% increase in tariffs would have raised income to TZS 359 per kilowatt hour from TZS 141 per kilowatt hour currently, the power utility told the regulator in an application for the adjustment. “We understand it is going to be an average hydrology year, meaning there will be water to generate electricity at the hydropower dams,” Haruna Masebu, director-general of the Energy and Water Utilities Regulatory Authority, said in a Jan. 12 interview. “We also cannot increase the tariff so much because that could cause inflationary pressures.”

Tanzanian inflation accelerated to 19.8% in December, as energy and food costs increased. Tanesco is revising its budget for 2012 to reflect a “non- cost-reflective" power tariff, and will postpone projects whose return on investment is long-term, Muhando said. "We shall postpone some projects in rural electrification, and concentrate on those that bring returns in at most two years," he said. In the event that the loan raised is less than the amount required, the utility expects to receive a government subsidy, Muhando said. *(Business Weekly)*

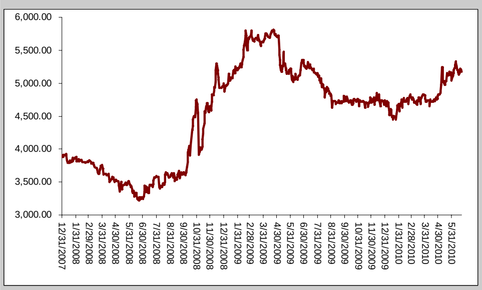
Zambia

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

CPI Inflation

Stock Exchange News

The LuSE index lost -1.31% to close at 3,902.41 points. BATA led the movers after gaining +12.50% to ZMK 225.00 followed by Pamodzi up +2.43% to ZMK 675.00. On the losing front we had Zanaco which lost -10.75% to ZMK 1,204.00, ZSUG (-2.14%) and Lafarge (-0.19%).

Corporate News

ALBERG Mining and Minerals Exploration Limited in Kabwe is tipped to commence operations following Government's announcement that it will soon issue a mining licence to the mine. Minister of Mines Wilbur Simuusa said the development follows successful negotiations with ZCCM-Investment Holdings (IH), which held shares in the Kabwe zinc mine.

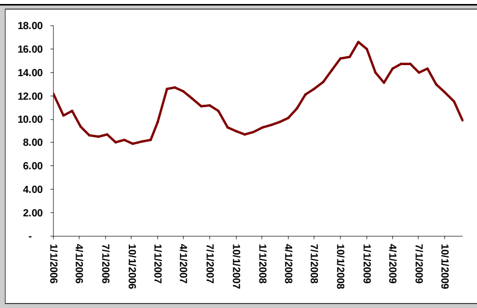
Negotiations between ZCCM-IH and the Alberg Mining and Minerals Exploration Limited started in July 2008 but took long to be concluded due to a number of issues that needed to be considered and addressed. The issues included ownership of the surface rights of the Kabwe lead and zinc mine.Mr Simuusa said the licence of transfer will be issued soon after the suspension of the issuance of mining and non-mining rights is lifted.

He said this in an interview in Lusaka recently. "ZCCM-IH and Alberg successfully completed negotiations and the issuance of the licence of transfer awaits the lifting of the issuance of mining and non-mining rights," he said. Mr Simuusa, however, warned Alberg mine and other mining firms that Government will revoke licences if, the mining companies do not start operations within 12 months.

"Operations must commence within 12 months of issuing the licence or else the licence will be revoked…the mining firms should ensure that they submit their plan,carry out the Environment Impact Assement, carry out explorations and commence operations," he said. *(Daily Mail)*

Bharti Airtel Tuesday launched its 3.75G platform in Zambia, enabling customers to experience high speed mobile broadband access and make video calls and watch television live. "3.75G technology will give our customers the opportunity to interact with data in a different way," said Fayaz King, managing director, Airtel, Zambia. "This is why Airtel doesn't see 3.75G as a product but a platform that enables the community to expand its social and commercial horizons, alongside the rest of the world," he added.

The company said the technology used to usher in 3.75G was the fastest available and will be enormously beneficial for a variety of users, which include large corporates, small or medium businesses and the youth. It offers speeds up to 21 megabytes per second (mbps) and is similar to those being rolled out



Source: SAR

in Europe and the US. There are currently about 400m mobile subscribers in Africa, according to McKinsey & Co. Telecommunications is one of the continent's fastest growing industries with a rapidly expanding cellular phone market that now includes internet access, mobile banking and mobile commerce.

According to King, Airtel will be rolling out its data network across all its markets in Africa with the objective of building the largest 3G network across the continent. There are currently 280 Airtel 3.75G sites across Zambia - covering all provincial districts. The company aims to roll out up to 400 by the end of this year. "Our 3.75G platform will allow customers to combine the enormous potential of the internet with the convenience of cellular phones and other devices. It will liberate the potential of our youth through enabling fast access to the Internet for learning, sharing, social networking, creating and accessing content," said King. *(Indian Times)*

AfriConnect Zambia, owned by SA's largest mobile operator and data transmission infrastructure firm, Vodacom Business Africa, has selected US-based Airspan Networks' 4G equipment to deliver broadband services to the capital, Lusaka, and other major cities in the country. AfriConnect will use Airspan's flagship Air4G compact micro base station, enabling wider area coverage and extremely high capacity. The first phase of the project includes the deployment of several-thousand subscriber terminals in Lusaka, and is expected to expand coverage in other towns and cities.

Despite Zambia having several Internet service providers (ISPs), AfriConnect is so far the only one in the country that has a direct fibre link to SA. The link was established last year to enhance Internet services and lower the high cost of Internet connectivity in the country. Zambia's data market has, up to now, not experienced the same growth as that of the voice market. However, the data market has now become competitive as mobile operators are rolling out broadband Internet services.

The ability to access social networks and e-mail services through mobile phones is said to have fuelled the demand for improved data services. "AfriConnect focuses on delivering high-quality products and services to its customers. Zambia has a reputation for having low connectivity, but this is rapidly changing," Mark Bennett, AfriConnect's MD, says. Zambia, like many other African countries, is connected to undersea cables, including the East African Submarine Cable System (Eassy), which is providing broadband capacity to the country.

Bennett says there is a need, therefore, to get additional bandwidth out to clients. AfriConnect, he says, conducted extensive testing with a number of vendors and subsequently chose Airspan, whose products demonstrated superior technology and the best results in the environment. AfriConnect offers wireless-based Internet solutions throughout Zambia. Its solutions provide high-speed communication for all key markets including residential, the rapidly expanding business community, and key sectors such as healthcare, government, banks, agriculture and non-government organisation (NGOs).

With the deployment of 4G connectivity, powered by Airspan infrastructure, AfriConnect will now be able to better serve these markets. Bennett believes

Airspan's 4G technology will give AfriConnect competitive advantage in the telecommunications sector and enable the company to deploy the first 4G network in Zambia, which is expected to bring affordable and dependable broadband connectivity.

The deployment of a 4G network by AfriConnect is also expected to heighten competition in Internet service provision and bring down the high cost of connectivity in the country. AfriConnect has been connecting rural areas, including schools, to the Internet in a bid to expand the company's coverage. *(UK Zambians)*

KONKOLA Copper Mines (KCM) has launched a new USD 100m concentrator and plans an additional USD 500m investment in the next few years to expand its asset base and raise its target production to 400,000 tonnes per year. Mines Minister Wilbur Simuusa commissioned the East Mill II concentrator on Wednesday marking another milestone in expansions and upgrades at KCM, describing the company as a valuable partner in the development of Zambia.

The new concentrator for grinding and milling, located at the Nchanga Integrated Business Unit (NIBU) in Chingola, will improve plant availability and metal recoveries by about 15% and also help cut operational costs. Mr Simuusa said the massive investments in projects like the Konkola Deep Mining Project (KDMP), currently under development, expansions to the open pits, the construction of a state-of-the-art smelter at Nchanga and concentrators at Konkola, shows KCM is a valuable long-term partner.

"There is no doubt that this project has added value to the assets of KCM and also that the investment will benefit this country in many ways such as safeguarding jobs and enhancing economic activity, which in itself has multiple benefits," he said. This is contained in a statement issued by KCM in Lusaka yesterday. Mr Simuusa urged KCM employees to guard against vandalism and theft of company property to ensure they continued to enjoy the benefits accruing from mining activities while the Government continued to receive revenue in taxes to develop the country.

Mr Simuusa, who led a delegation comprising his deputy Richard Musukwa and senior KCM officials and other senior government officials on a tour of the KDMP, the Nchanga Smelter and other facilities, expressed satisfaction at the investments. KCM chief executive officer Jeyakumar Janakaraj said the new concentrator was part of expansions being implemented by the company which has already invested about US USD 2.5bn since Vedanta Resources took over its assets in 2004. Mr Janakaraj said KCM would focus on long-term investments in Zambia's mining sector to achieve the 400,000 tonnes per year copper output.

"This new facility will enable KCM to reduce waste, recycle and dispose of all waste products. KCM will always seek new methods to balance the constant need for development with a commitment to continuously protecting the environment," he said. KCM, a unit of London-listed Vedanta Resources Plc is one of Zambia's largest private sector employer with over 22,800 permanent and contractor workers.

Mr Janakaraj said the company will invest a USD 200m in the Chingola

Refractory Ore (CRO) project and an additional USD 300m in other projects, including the Upper Ore Body, which is an expansion for the existing Nchanga underground mine, to extend the lifespan of the mine. KCM is expected to process copper from stockpiles of the CRO. *(UK Zambians)*

Economic News

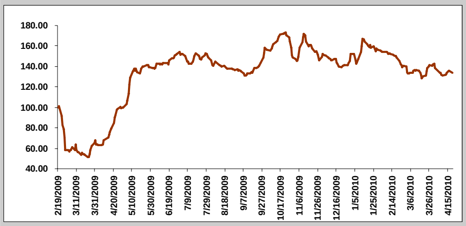
The Lusaka Stock Exchange (LuSE) says it is working with equity trust funds and stock brokers to help Small and Medium Enterprises (SMEs) list shares on the local bourse to raise long-term finance. The exchange has, however, said that it has changed the approach from establishing an SME tier to engaging firms dealing in unit trusts to help them first grow and graduate to medium-sized firms if they are to list shares on LuSE.

LuSE chief executive officer Beatrice Nkanza said the issue of capitalisation for SMEs is currently a huge challenge for SMEs to have their shares listed. “We are encouraging unit trusts to help such firms with funds so that they grow and graduate from being small to medium businesses,” she said. The initial capitalisation for SMEs was set between ZMK 250m and ZMK ZMK 5bn but after discussions it was reviewed to the current prices of between ZMK 1bn and ZMK 8bn.

Mrs Nkanza said small companies lack enough capital to trade on the exchange adding that the current tier provides for only large corporations hence the decision to change the approach. The current option is open for medium-sized firms to go to a broker to raise capital through LuSE.Recently, LuSE announced intentions for the establishment of an alternative market for listing of SMEs to help them find alternative funding to expand their operations. This is in view of the recognition that SMEs had a vital role to play in the growth of the economy. *(Daily Mail)*

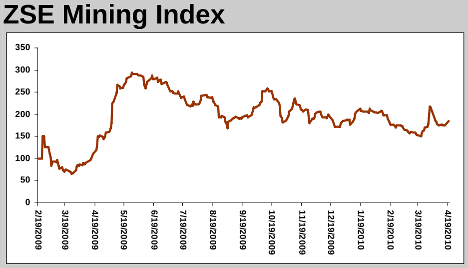
Zimbabwe

ZSE Industrial Index



Source: Reuters

ZSE Mining Index



Source: Reuters

Economic indicators

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

Source: World Development Indicators

Stock Exchange News

The market closed the week on a negative note with Industrial Index gaining -0.52% while Mining Index shed -2.34% to close at 141.36 and 80.82 points respectively. Interfin and Astra led the movers after gaining +36.36% and 33.33% to close the week at USD 0.075 and USD 0.02 respectively. Other gains were recorded in African Sun up +25% to USD 0.0085 and Tractive which put on +16.67% to USD 0.14. Border and Medtech led the losers after shedding -33.33% and 27.27% to USD 0.10 and USD 0.0008 respectively. Other notable losses were recorded in PGI (-16.67%), Truworths (-18.75%) and Trust (-19.05%)

Corporate News

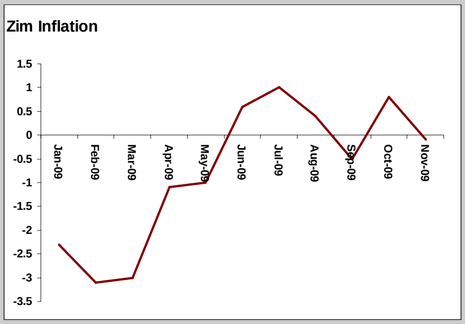
Meikles Limited will in March embark on a USD 7,5m refurbishment exercise of its five-star Harare Meikles Hotel that would result in closure of the hotel's north wing for nine months to allow a complete overhaul and refashioning of all suites. Managing director Karl Snater said this was the biggest upgrading programme of the hotel in almost 20 years and would see the north wing achieve a state-of-the-art, international, five-star standard.

"The major refurbishment that starts in March will be the first phase of an exercise that will in due course also involve the hotel's south wing," said Snater. During the past year the hotel has undertaken a number of upgrades and improvements, including installation of flat-screen televisions in all rooms and suites, acquisition of new banqueting furniture and equipment, painting of the exterior of the hotel and remodelling of the principal banqueting venue, the Stewart Rooms.

He said the refurbishment programme was based on a belief travel and tourism would expand and grow in the medium term. "Along with our many colleagues throughout the sector, we look forward to increased interest in Zimbabwe as a destination for travellers of all kinds, especially in the upper end of the market, which is where Meikles is positioned as the natural and first choice. "What must be acknowledged is that, although we have survived the past 12 very challenging years, we are ready to meet the future with strength and energy.

"Meikles Hotel, in common with all operators within the sector, must now address issues of a physical nature and must undertake investment and expenditure to bring its infrastructure up to the highest possible standard and create for itself a fresh new look for the 21st century that matches the keen and warm welcome extended to customers." He said refashioning of the entire hotel would prepare it for what "we hope is a brighter and busier future". In drawing up a new look for the hotel's accommodation, the creative team has come up with designs that blend the boldness of Africa with the glamour of the 21st century. *(News Day)*

CPI Inflation



Source: SAR

BINDURA Nickel Corporation's financial problems continued into the New Year with no prospects of the company securing the funding it needs to restart operations. BNC planned to resume nickel production and refinery in phases, but nothing has changed for the better since its placement under care and maintenance in 2008. The company only successfully secured a USD 10m facility from South Africa's Industrial Development Corporation to take care of plant and machinery.

Chief operations officer Mr Batirai Manhando said nothing had changed since last year, as the nickel producer and processor had yet to secure funding for restart. "We are still surviving the same way we were surviving. Remember, we only got a loan of (USD 10m) from IDC," he said."We have not started (production).

There is no production going on. Full restart funding is not yet available. But there is hope - a lot of things are happening." He also said while a competent person's report by SRK Consulting of UK indicated USD 26,3m was needed to restart BNC, the figure could have increased slightly, as it has been a long time since the report was produced.

What makes the situation worrisome is that BNC indicated early last year that obtaining the requisite funding presented a material challenge that threatened its future.In July last year, BNC said it had engaged creditors and workers on a restructuring proposal designed to aid its bid to secure funding required to restart operations. Operations were put under care and maintenance in 2008 at the height of Zimbabwe's economic turmoil.

A total USD 26m is required to restart Trojan Mine. BNC sought to obtain improved credit clearance terms so it would not be obligated to use funds secured for the restart to clear outstanding debts to suppliers. Discussions with the workers are aimed at finding common ground, in the face of the challenges the company is currently facing, to reduce the numbers and costs. The restructuring was critical for BNC, as that was the only way to unlock fresh funding needed to finance the restart of operations.

BNC last year signed an off-take agreement with Glencore International, a leading global trader in commodities, under which Glencore would buy all nickel concentrate produced at Trojan Mine until its smelter and refinery were back on stream. But this would only come into effect assuming that BNC secured the financial resources it has been hunting for over the last three year. BNC needs about USD 26m to restart operations, according to a competent person's report by SRK Consulting, which also confirmed the existence of 3,5m tonnes of ore, with potential for increase, at an average grade of 1,29%.

The SRK Consulting report did not cover Shanganie Mine or the restart of BNC's smelter and refinery complex. Additional aspects of the Trojan restart programme such as clearing of debts and staff levels, were not covered in the report. BNC suspended operations in 2008, as economic conditions became unbearable, as did world metal prices and financial problems. *(Herald)*

New Dawn Mining said mining has resumed at its Turk and Angelus mine in Zimbabwe a week after work was halted at the site by some underground workers. The junior gold company, which has five mines in

Zimbabwe, said the disruption has resulted in minimal impact to gold production at the mine. The company aims to produce 60,000 ounces of gold annually by end of 2012. New Dawn's shares closed at CAD 1.04 on Thursday on the Toronto Stock Exchange. *(Reuters)*

The Moxon Group has consolidated its shareholding in Meikles Limited into non-resident entity Gondor Capital Limited in what could enable the diversified firm to mobilise USD 200m in offshore capital. The Moxon Group said it had received Reserve Bank's exchange control approval to exchange its stake in Meikles with Gondor Capital Limited, which the group controls 100%. Previously, the Moxon Group had fragmented shareholding in Meikles Limited and the transfer consolidates the shareholdings.

The dually listed conglomerate said the shareholding exchange would not result in any change in the underlying beneficial ownership of the shareholding in Meikles Limited.Yesterday, 120m Meikles Limited shares, almost half of the group's issued share capital of 245m shares, changed hands on the Zimbabwe Stock Exchange.This reflects the effect in share registration in favour of Gondor Capital, now the majority shareholder in the ZSE and London-listed firm. The Moxons hold 49% in Meikles.

"This transfer consolidates the Moxon Group's investment in Meikles Limited into one investment group, the position that pertained prior to the 2007 Meikles merger," said Mr Moxon. Meikles had entered into a marriage of convenience with Kingdom Financial Holdings, but the union lasted only 18 months due to governance-related irreconcilable differences in the board. Mr Moxon said most firms in the country were undercapitalised and due to the liquidity crunch in the economy, most of the capital available would be raised offshore.

"The Moxon Group has entered into the transaction, as notified today to shareholders of Meikles Limited, to facilitate these capital inflows (into Meikles Limited)," said Mr Moxon. He added the consolidation would help the Moxon Group's efforts over the years to support indigenisation of Meikles and to provide the structure for more investments in Zimbabwe. Meikles continues to seek external funding from deep-pocketed external investors, having allowed South African retail giant Pick ‘n Pay to raise its stake in TM to 49% for capital.

This would result in the South African firm injecting USD 29m into TM Supermarkets for working capital (USD 10m) and capital (USD 11m) projects. Zimbabwean companies have been struggling to raise capital locally after a decade of financial distress which ended only in 2009. *(Herald)*

Kingdom Financial Holdings Limited (KFHL) is disposing off its 38,15% stake in First Discount House Financial Holdings of Malawi (FDH) after the Reserve Bank of Malawi (RBM) said KFHL was not a fit and proper organisation to hold shares in a banking institution. KFHL was the majority shareholder in the FDH and the other shareholders include Thompson Frank Mpinganjira Trust with 37,85%, Old Mutual Life Assurance Company (Malawi) 19% and FDH ESOP 5%.

FDH has four subsidiary companies, FDH Bank, First Discount House Limited, FDH Stock Brokers and FDH Money Bureau Limited. This is contained in documents detailing arbitration proceedings between Old Mutual Life Assurance and The Thompson Frank Mpinganjira Trust who are the first and second applicants while KFHL are cited as the respondents.

KFHL corporate communications and public relations executive Sekai Chitemerere confirmed the development in emailed responses: In consultation with the Reserve Bank of Malawi, Kingdom Financial Holdings Limited has agreed to dispose of its investment in Malawi. This is in line with the groups strategy of constantly reviewing its regional expansion and with the macroeconomic challenges currently prevailing in Malawi, KFHL believes that its capital can be better deployed elsewhere.

Chitemerere said the Reserve Bank of Zimbabwe was aware of this matter and was working together with the central bank of Malawi. However, the modalities and timing for the ultimate disinvestment are still subject to legal review and therefore the group is unable to comment further. Shareholders are also negotiating on the disposal pricing and modalities of the disinvestment, she said.

Chitemerere added: Further announcements on this transaction are expected as soon as there are material developments to report. KFHL also hopes to shortly provide an update on the capitalisation of the group which is now nearing completion. According to arbitration documents in our possession, the RBM says in the course of carrying out its supervisory functions over financial institutions in 2010, it came across some information, which led it to believe Kingdom was not in a good financial position.

In a letter to First Discount Financial Holdings, the RBM said in its fact-finding mission to Harare it noted KFHL was going through financial problems. On April 26 2011 the Malawi central bank wrote to KFHL directing the group to exit FDH financial holdings with immediate effect. The bank said its decision was based on the assessment that KFHL was undercapitalised and as such could no longer remain a shareholder in a prudently regulated financial institution in Malawi.

Please note that as a consequence of our direction on this matter, all individuals representing KFHL on FDH financial holdings board and on the boards of other subsidiaries cease to serve as directors with immediate effect, reads part of the document. On July 28, Kingdom responded to the Malawi central bank making an undertaking to sell its shareholding of 72 408 988 shares at a share price of USD 0,1381.

On August 5 the claimants made a written acceptance to purchase the shares, but were not prepared to accept the price demanded by the respondent. As a result of the differing share price, a dispute between the claimants and respondent then ensued forcing the issue to be taken to an independent arbitrator. In passing judgment the arbitrator said: The price for each share the respondent has offered for sell to the claimants is K8,70 as determined by Nico Asset Managers Limited being an investment bank appointed by Deloitte and Touche auditors of First Discount House Financial Holdings Limited. *(News Day)*

DELTA Beverages lager volumes grew by 19% in the third quarter ended December 2011 supported by further improved product availability. The growth in Delta's lager volumes contributed significantly to global volumes for brewing giant and major shareholder SABMiller, which holds 36,9% equity. "SABMiller 2011 lager volumes for the third quarter were 3% ahead of the prior year with good growth in all our regions with the exception of Europe and North America.

"Our associate Castle grew lager volumes by 9% with a strong performance in Cameroon and the Democratic Republic of Congo," a statement from SABMiller said. Soft drinks also did extremely well after growing by 9% with exceptional performances from South Sudan, Ghana, Zimbabwe, and from SABMiller associate Castle. SABMiller said organic, constant currency group revenue grew 7% for the quarter and the group revenue per hectolitre grew 3% on the same basis supported principally by price benefits, with mix gains achieved in all regions except Europe.

"Overall, financial performance for the quarter was in line with our expectations," said SABMiller. Raw material costs rose moderately and investment in the group's brands and market facing capabilities was also increased, which together with higher central costs constrained margins, overall, financial performance for the third quarter was in line with expectations.

In Zimbabwe, sparkling beverage volumes showed strong growth despite the price adjustments offered in June 2011. Delta recently commissioned a new soft drinks bottle packaging line worth USD 13m which is expected to increase the available capacity to 2m hectolitres resolve the constrained capacity on the 300ml bottles. It also installed new lager beer and soft drink packing lines in Harare and Bulawayo. *(Herald)*

LontohCoal Ltd, set to be the first African company to list in Hong Kong, may double the size of its share sale to as much as USD 1bn to develop a coal operation in Zimbabwe. The initial public offering (IPO) proceeds will accelerate our ability to get into the construction phase, chief executive officer Tshepo Kgadima said today in an interview in Hong Kong. Sandton, South Africa-based LontohCoal plans to list in the first half, he said.

Globally basic material companies, including miners, boosted IPOs by half to USD 23bn last year as China, the biggest resource consumer, continued purchases. China will buy as much as 80% of LontohCoals planned exports. There will be follow-through financing either through a bond issue or by coming back to the market and issuing more equity, Kgadima said. LontohCoals Lubimbi operation will include a USD 5,5bn coal-to-liquids plant, a 1 200km slurry pipeline and a port in Mozambique.

The port and pipeline may cost between USD 1,3bn and USD 1,5bn, he said. The company may consider a joint venture partner for the pipeline. The Lubimbi project, which is 51% owned by LontohCoal and the remainder by local shareholders, will produce 46m metric tonness of thermal and coking coal a year, Kgadima said. The conversion plant will be able to produce 50 000 barrels per day, Kgadima said.

Rio Tinto group and Vale South Africa are also investing in ports in Mozambique to serve their mines in the nation. Rio Tinto signed an agreement today with Ncondezi Coal Ltd to study construction of a port and railways, according to Ncondezis statement. Vale, the worlds largest iron-ore producer, is investing USD 4,4bn to upgrade its Nacala port and build a 912km railway line. Samsung Securities Co is advising LontohCoal and the company is seeking to appoint one or two other mainland Chinese banks and one European bank, said Kgadima, declining to give names.

The company has an anthracite coal mine in South Africa, producing 110 000 tonnes a month that will be expanded to a rate of 150 000 tonnes by the end of the year, he said. Its finalising a long-term sales agreement with a Chinese state-owned company in the steel industry, he said, declining to give the companys name. It has an agreement to deliver 40 000 tonnes per month of anthracite to a Chinese cement manufacturer in Ethiopia, according to a November 22 presentation on the companys website. *(News Day)*

Economic News

The Zimbabwe Stock Exchange is expected to end its listing drought this year as regional and international companies are planning to list in order to raise capital and to comply with the country's empowerment laws. Last year, the ZSE failed to record any listings due to liquidity constraints despite calls for large unquoted firms to go for initial public offerings. Analysts said there is likely to be activity on the exchange in terms of listings as companies seek to raise capital, which is now a more lucrative option than in the pre-dollarisation era.

Interfin Securities said activity would be spurred by spin-offs from conglomerates holding several unrelated businesses and from the much-anticipated privatisation of some State-owned entities and foreign-owned businesses seeking to comply with indigenisation regulations. "We also expect possible entry of regional or international groups acquiring existing business or setting up new shops," said Interfin in a report.

Finance Minister Tendai Biti in 2009 indicated that at least four public enterprises were expected to list on the ZSE but that is yet to happen. It last popped the champagne in 2010 when Padenga Holdings unbundled from Innscor Africa. During the same year, investment company LonZim and mining company Whetstone had hinted at the possibility of listing on the ZSE but this did not materialise.

Padenga is the only company that listed by way of introduction since the multiple currency system in February 2009 while two others listed through a reverse listing. TN Financial Holdings Limited listed through a reverse takeover of Tedco Holdings while Interfin Financial Services was admitted on the bourse through CFX Financial Services. Foreign companies operating in the country were also expected to list on the ZSE as a way of meeting indigenisation requirements as Government has been encouraging more mining firms to list.

Currently, the ZSE resources index has four counters - some are listed outside Zimbabwe while others are not listed. Empowerment laws require foreign firms to extend 51% shareholding to local Zimbabweans and a number of foreign firms had opted for IPOs to meet the requirements.

Kingdom Financial Holdings Limited was also expected to relist last year after completing its demerger from Meikles Limited. Kingdom is seeking dual listing on the ZSE and possibly the Johannesburg Stock Exchange. *(Herald)*

Zimbabwe's headline consumer inflation rate quickened to 4.9% year-on-year in December, higher than government's year-end target for 2011. The National Statistical Agency said on Monday inflation quickened from 4.2% year-on-year in November while it slowed to 0.2% month-on-month compared with

0.5% in November.

Higher food and beverage prices as well as communication and utility charges drove year-on-year inflation higher, the statistical agency's figures showed. Finance Minister Tendai Biti had projected inflation would end the year at 4.5% after dipping into single digits in 2009 when the government adopted the use of foreign currencies to replace its worthless local unit.

Inflation was still within the government's broad target of under 5% up to the end of 2012. Zimbabwe experienced hyperinflation, which peaked at 500bn% in December 2008 according to IMF data. The formation of a unity government in 2009 between veteran leader Robert Mugabe and his rival Morgan Tsvangirai brought an end to hyperinflaiton and improved conditions after a decade of economic crisis. *(Reuters)*

The majority of banks in Zimbabwe are likely to report reduced profits to the year to December 2011, as it has emerged that some banks were sitting on huge bad debts. Companies will start publishing financial statements next month and figures are likely to reflect the negative effects of their huge loan books. Deposits have remained the main source of funding for bank assets and on average deposits account for more than 70% of bank assets while the bulk of assets are concentrated in loans to customers.

Banks experienced increased credit and liquidity risk since dollarisation resulting in high levels of non-performing loans both for individuals and corporates. Increasing non-performing loans remain the biggest threat to the banking sector because as they are depositors' funds. Banks are then forced to write off non-performing loans and this threatens the affected bank's chances of meeting the central bank's capital requirements. Most of the banks have, however, met the RBZ capital requirements save for five institutions that have been granted an extension.

Liquidity of some of the banks has also been affected by the acquisition of assets, which tied down financial resources. Economic analysts yesterday said the high rate of defaults would affect profitability, as banks have to absorb the costs adding that under such conditions, the central bank should be capacitated to deal with any risk that arises. "Huge non-performing loan books are a threat to the existence of a bank and reduce confidence in the banking sector in an environment with liquidity challenges where the central bank cannot bail out banks," said the analyst.

Banks have also succumbed to persistent liquidity challenges and low deposits resulting in most banks finding it difficult to move funds. When calculating doubtful debts banks use different ratios but within the range that is stipulated by the Reserve Bank of Zimbabwe. Ratios vary depending on the quality of clients. If a client has got a clean repayment history the loan is not classified as a non-performing loan. Banks are exposed to high liquidity and credit risk despite increasing lending to the private sector.

Rapid credit growth creates heightened credit risk which makes banks vulnerable to this scenario. Liquidity challenges may trigger bank run and contagion effect, leading to general loss of confidence in the banking system. There are growing fears that non-performing loans could rise while weakly capitalised banks may not withstand significant loan loss. Analysts added that the proposed USUSD 100m fund to strengthen the central bank as the lender of last resort should come as a matter of urgency.

One analyst said the banking sector has performed well since 2009 given the absence of the lender of last resort. "In the absence of the lender of last resort or functional money market exposes banks to greater liquidity risks," he said. In addition, a transitory deposits base makes it difficult to on-lend on a long-term basis. High bank charges and wide interest rates disparity between deposits and lending rates also discouraged savings. *(Herald)*

ZIMBABWE'S tele-density rose by 7,2% last year in a development that should boost the local telecommunications sector. The tele-density rate now stands at 74,7% from the 67,5% that was recorded at the close of 2010, figures from the Postal and Telecommunications Regulatory Authority of Zimbabwe show. The development is, however, slightly below the target by the Ministry of Information and Communication Technology to achieve 10% growth rate in tele-density on an annual basis to 2015.

A country's tele-density measures the number of active mobile phone SIM cards and landlines as a percentage of the country's total popula-tion. Official statistics show that Econet Wireless, the largest mobile operator by network coverage and number of subscribers, now has 5 686 000 subscribers, up from 5,4m in September. Telecel added on the largest number of subscribers since September (575 000) to close the year at 1 875 000 subscribers.

State-owned operator NetOne comes in next, having added only 156 000 subscribers in the same period. With 1 456 000 subscribers NetOne is now the smallest mobile operator in the country. Zimbabwe's fixed telecommunications provider, TelOne, currently has 337 881 subscribers, and the numbers indicate that the operator has lost about 50 000 subscribers in the past two years. The growth in tele-density was augmented by development of communication infrastructure, price reductions in SIM cards, phones and information and communication technologies as well as a favourable policy environment.

It was, however, less than anticipated perhaps as a result of the dip that it took earlier in 2011 when Potraz requested the mobile telecommunications providers to carry out mandatory SIM card registration. This exercise resulted in tele-density falling sharply to 53,5%, which however improved later in the year. Local players in the ICT sector (who almost exclusively dominate the industry) contend that demand for communication technologies continues to increase as service providers are offering new and improved services.

Measuring the country's level of ICT adoption by tele-density rate is however limited, especially in terms of trying to get a sense of the level of Internet connectivity, which is critical in the development of an "information society". Experts have, however, forecast greater IT start-up activity this year in view of the opportunities a 72% mobile penetration and the growing opening up of the Internet to more people present both locally and regionally. *(Herald)*

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Notes

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