SECURITIES AFRICA

For week ending 17 July 2012

Weekly African Footprint

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

Currencies:

	13-Jul-12	WTD %
Currency	Close	Change
AOA	95.13	0.00
DZD	80.76	-1.69
BWP	7.62	-1.17
CFA	526.23	-2.49
EGP	6.04	-0.08
GHS	1.93	-0.03
KES	82.47	0.21
MWK	268.12	-0.02
MUR	29.76	-0.33
MAD	8.97	-1.72
MZM	27,700.00	0.00
NAD	8.24	-2.90
NGN	160.50	0.68
ZAR	8.30	-2.02
SDD	261.81	0.00
SDP	2,261.00	0.00
SZL	8.25	-2.73
TND	1.62	-1.48
TZS	1,563.06	-0.01
UGX	2,442.88	-0.02
ZMK	4,638.95	5.55

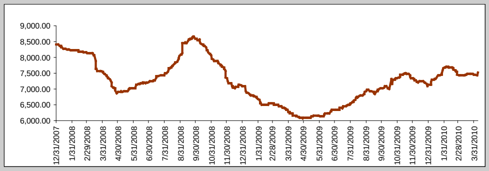
Source:oanda.com

African Stock Exchange Performance:

Country	Index	13 July 2012	WTD % Change	WTD % Change USD	YTD % Change	YTD % Change USD
Botswana	DCI	7,323.28	0.95%	-0.26%	5.05%	1.63%
Egypt	CASE 30	4,814.84	-2.72%	-2.72%	32.92%	32.39%
Ghana	GSE All Share	1,022.63	-0.78%	-0.78%	5.53%	-11.58%
Ivory Coast	BRVM Composite	144.05	-2.24%	-4.62%	3.72%	-2.48%
Kenya	NSE 20	3,788.64	-0.12%	0.09%	18.21%	19.78%
Malawi	Malawi All Share	5,991.88	0.14%	0.12%	11.59%	-32.41%
Mauritius	SEMDEX	1,775.81	0.01%	-0.31%	-5.96%	-11.09%
	SEM 7	339.84	0.00%	0.00%	-2.99%	-7.99%
Morocco	MASI	9,668.79	-1.74%	-3.38%	-12.18%	-16.01%
Namibia	Overall Index	891.74	-1.25%	5.71%	6.41%	5.13%
Nigeria	Nigeria All Share	22,741.06	2.85%	3.56%	9.70%	9.21%
South Africa	All Share	33,792.75	-1.27%	-3.21%	5.62%	4.00%
Swaziland	All Share	284.32	0.00%	-2.66%	5.92%	4.59%
Tanzania	DSEI	1,441.33	0.28%	0.26%	10.60%	10.41%
Tunisia	TunIndex	5,090.05	1.44%	0.25%	7.79%	1.12%
Zambia	LUSE All Share	3,896.62	0.08%	5.96%	-6.55%	1.37%
Zimbabwe	Industrial Index	131.55	-1.66%	-1.66%	-9.81%	-9.81%
	Mining Index	90.90	17.28%	17.28%	-9.73%	-9.73%

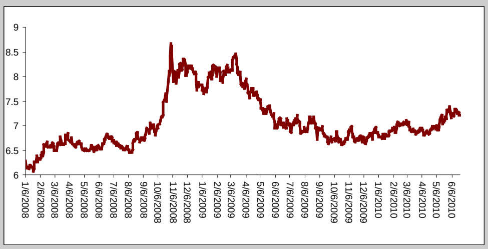
Botswana

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 gained +0.95% to close at 7,323.28 points. Furnmart and Cresta led the gainers after adding +6.67% and +5.00% to close at BWP 1.60 and BWP 1.05 respectively. Other notable gains were recorded in Sechaba (+3.58%) and Selafana (+3.57%). CIC Energy (-21.52%) and Discovery Metals (-3.74%) led the shakers.

Corporate News

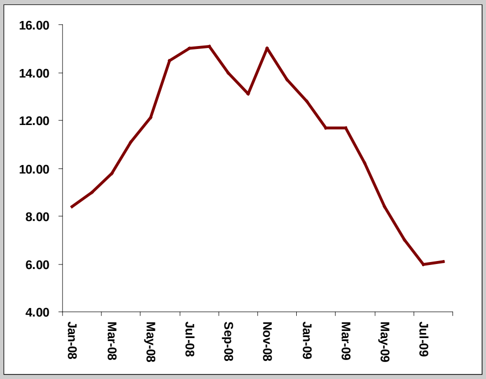
Morupule Colliery, the country's sole coal producer, has sealed supply deals in South Africa and Namibia and is presently running 24 hour loading shifts to fullfil the contracts it has secured, Business Week has learnt. Last week, the Colliery's marketing manager, Jonathan Vergeer, revealed that one of the deals was for the supply of Grade A coal to a power station under the Southern African Power Pool (SAPP).

Under its recently finalised expansion, Morupule Colliery increased its production from about onem tonnes of coal per annum to 3.2m tonnes, although full capacity production can reportedly reach fourm tonnes per annum. Approximately 2.8m tonnes of this production is tied to a 20-year supply contract with the adjacent Morupule A and B power stations, owned and operated by the Botswana Power Corporation (BPC). The colliery is aggressively marketing the balance of its production.

"We conducted a few trials in Namibia and South Africa which were successful and we have shipments of coal in full operation," Vergeer told last week's resource conference."We are on 24 hour loading for the market that we have managed to secure. We will issue further details in future, but I can say that we have managed to get involved with other power stations in terms of boosting the SAPP power shortage."

Vergeer said the colliery had "done its sums" in terms of pricing and logistics, concluding that it would be able to supply grade A coal into the region. Grade A coal, an export grade classification, is of the highest quality in terms of energy value and is of the standard most sought after by power producers. South Africa represents the most lucrative market in southern Africa for existing and upcoming coal producers, as it offers competitive prices and is endowed with the reliable heavy haul rail infrastructure necessary.

At present, overseas coal exports out of Botswana are limited by the lack of heavy haul infrastructure to sea ports, with the existing route through Zimbabwe and Mozambique unable to fully support the capacity of existing and upcoming coal mines. "We are well-positioned to supply locally and regionally or for further washing for on-sale in the sub-region," the colliery's marketing manager



Source: SAR

said. "The potential for export markets therefore exists, but there are significant difficulties in going beyond South Africa."

Last December, Morupule Colliery announced it was in preliminary discussions with customers in Turkey and the Far East for supply contracts, with Mozambican ports targeted for the sea route. However, in February, transport hub officials said one route, through the Maputo Port, was no longer available for Botswana due to limited capacity, although there were promises of room being reserved at other ports under development.

Exports through South Africa are, on the other hand, constrained by lack of capacity at seaports, owing to high volumes of outbound coal from that country's own producers. Vergeer said supplies to the BPC were steadily increasing as the power utility brought more units from its Morupule B power station into operation.

Morupule Colliery has a 20-year contract with the BPC for the supply of 50m tonnes of coal to the Morupule A and B power stations. The contract period ends in 2023 and includes pricing, quality and other terms. It is currently unclear whether the deal will be revised as reports have emerged indicating that the 120 megawatt Morupule A power station may either be decommissioned or placed under care and maintenance. *(Mmegi)*

Global miner Anglo American has secured the final regulatory approval for its USD 5.1bn acquisition of the Oppenheimer family's stake in diamond producer De Beers, paving the way for the deal to close within the coming months. The approval from South Africa's minister of Mineral Resources, announced on Friday, enables Anglo to formally offer the Botswana government a pro-rata share of the Oppenheimer family's 40% stake, under a long-standing pre-emption agreement.

The government of Botswana, the world's top diamond producing country, could increase its 15% stake in De Beers to 25% if it takes up the pre-emption right, meaning Anglo's ownership would rise to just 75% - though its purchase price reduces accordingly. If they do not, Anglo's stake will rise to 85% of De Beers, the world's largest diamond producer by value.

The De Beers deal is due to close in the second half of the year. Botswana formally has 30 days to make its decision, though the clock will only start ticking after the Oppenheimers and Anglo tie up the final outstanding details in the coming weeks. Last November, when the Oppenheimer stake sale was announced, Botswana said it would be exploring the option of increasing its stake. *(Reuters)*

Mascom Wireless has set up a network-operating centre in Phakalane in an effort to improve its customer service. This effort represents one of the country's fresh investments in the telecommunications sector. Mascom Chief Technical Officer, Bonolo Gababotse, told journalists on a tour of the building last week that the facility is designed to support multiple services. "This is the innovation centre, it's a network operating centre and it is the eye of the network," he said.

The P180m facility is a three-story, state of the art and very modern design. It is

54 metros high, is three-legged, unique and an iconic transmission telecommunications tower. The building is also designed to be environmentally friendly, with technologically advanced equipment installations. The building houses different sections which include; network-operating centre and power generator rooms. "In the network operating room, workers monitor everything that is happening in the network and they are able to communicate with other network operators outside," explained Gababotse.

He said the modernised building is also designed to ensure that customer service is not interrupted by power failures in the country: "We want business to run continually. We don't want our customers to suffer in the event of a BPC power-cut," he said. He explained that power diesel generators are kept on standby, and they immediately switch on when a power problem arises.

The network operating technology is a first for Botswana. Gababotse explained that the towers are passive and no radiation is generated from it. Vice President, Mompati Merafhe, is expected to officially open the facility later this month. The unveiling of the giant Mascom infrastructure comes on the heels of the introduction of 4G LTE by the leading mobile operator. *(Mmegi)*

Galane Gold plans to resurrect the long-closed Monarch Mine near Francistown as it searches for more gold deposits to feed its flagship operation, the Mupane Gold Mine. Last week, Galane Gold executives told a resources conference that activities at Monarch would include studying the gold potential of a region beyond the 200 metre mark that previous mining reached before closure in 1998.

Prior to its closure, Monarch was the country's most successful gold mine, among the numerous mostly small-scale operations scattered in the north eastern gold belt. Galane Gold estimates that Monarch Mine, a landmark dating back to the 19th century, pumped out approximately 240,000 ounces of gold during its lifespan. Galane Gold CEO, Philip Condon said a prospecting licence has been applied for in respect of Monarch, with a programme of activities already laid out.

He said previous drilling showed that gold mineralisation extended below the 200 metres mined by previous producers, with potentially 250,000 ounces every 200 metres. "The work will examine the potential below 200 metres where limited drilling by previous workers indicates that the reef continues," Condon said. "We are designing a deep drilling programme to test this potential."There is potential for 250,000 ounces for every 200 metre vertical depth tranche."

Besides the potential for extracting further gold at Monarch, Galane Gold also plans to "mine" a 500,000 tonne fines dump, being gold-bearing residue from previous processing operations. Galane experts estimate the dump contains 1.4 grammes of gold per tonne, representing a lower cost per carat for extraction when compared to the costs of deepening Monarch Mine's operation. Planned activities at Monarch Mine are part of a wider strategy by Galane Gold to tap into adjacent resources and build up supply to Mupane's processing and treatment works.

The strategy includes activities at another historic operation, the Shashe Gold Mine, where Galane Gold executives say studies show the landmark underground mine has the potential for 200,000 ounces of gold for every 300 metres deep. "We expect to extract a bulk sample from underground for metallurgical test work in late 2012," said the Galane Gold CEO. Another high target is Jim's Luck, a gold-bearing mineral resource area located near Matsiloje where Galane Gold is hoping to uncover 500,000 ounces of gold through an open pit operation.

At Jim's Luck, Galane plans to spend USD 1.52m (BWP 11.4m) and close to one and a half years defining the resource before incorporating it into the four other mining lease areas currently contributing to Mupane's operations. For 2012, Galane Gold will also progress exploration work on small potential resources that include Rainbow, Motopi, Tekwane Ni/Pt Project and the Tekwane Gold Project. Galane Gold has budgeted USD 3.4m for the exploration of new gold-bearing resource areas this year, in order to add to the venture's limited lifespan. *(Mmegi)*

Economic News

The value of the country's rough and polished diamond exports reached BWP 2.43bn in May, up 48% from April and continuing the seesaw trend in sales of the precious stones this year. Prior to the latest upswing, diamond exports had slumped by nearly 45% in April, having risen by 34% in March, with the fluctuations largely driven by mixed demand in diamond markets.

According to preliminary data released by the Bank of Botswana (BoB) on Monday, May diamond exports were nearly 20% down from May 2011, a time when a global diamond shortfall and general recovery from the 2009 recession, underpinned demand for the precious stones. In United States dollar terms, May exports were pegged at USD 324m, being nearly 45% up from their April levels.

Analysis of the BoB's figures indicates that the Pula lost 1.73% in value against the US dollar in April, encouraging diamond trade due to more competitive pricing. The BoB added that first quarter diamond exports had been revised upwards by P1.16bn to P7.16bn, due to the correction of a statistical error. "This (was) on account of exports of polished diamonds that were inadvertently excluded from the previous estimates," the BoB said. "The estimates for diamond exports combine sales data for rough diamonds provided by the Diamond Trading Company Botswana (DTCB) with exports of polished diamonds taken from the trade statistics produced by Statistics Botswana.

"The latter are available only after a lag of one to two months, resulting in sometimes significant upward revisions to the initial estimates, which only include rough diamonds." The BoB added that adjustments in the methodology for recording diamond exports could be expected in order to account for ongoing developments in the sector. The healthier May and first quarter diamond figures bode well for domestic growth, as the sector, which contributes more than a third of national output, has recently led an economy-wide downtrend.

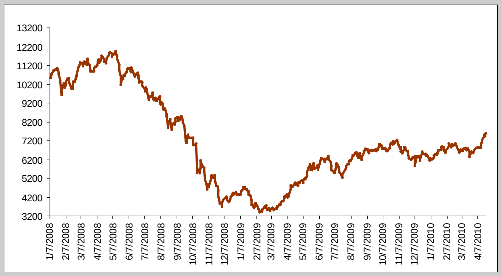
Statistics Botswana recently released first quarter Gross Domestic Product (GDP) figures indicating that mining fell by 7.8% in the first three months of 2012, improving from a drop of 16.1 in the last quarter of 2011. "Real GDP increased by 3.2% in the first quarter of 2012 compared to 9.0% in the same quarter of 2011," Statistics Botswana said. "The deceleration was mainly due to the mining sector, which recorded a decrease of 7.8%.

With the exception of mining, most industries recorded an increase over the period, notably construction and water and electricity recorded the highest increase of 19.7% and 11.2% respectively," Statistics Botswana said in a statement. Diamond demand and prices have vacillated since the fourth quarter of 2011, due to uncertainty in key markets such as the United States, the European Union and Japan.

While India and China are fast emerging as major diamond markets, a currency value fall in the former and economic growth concerns in the latter, are dulling short-term prospects for diamonds. However, most industry players remain positive on the precious stones' performance this year, pointing to the continuing supply/demand shortfall in the market, particularly for specific colours and sizes. *(Mmegi)*

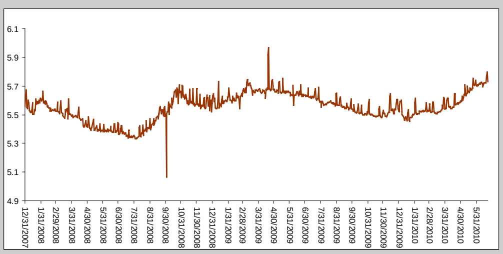
EGYPT

Cairo Alexandra Stock Exchange



Source: Reuters

EGP/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

Stock Exchange News

Egypt's stock exchange benchmark EGX 30 index retreated by -2.72 % this week, closing at 4,814.84 points compared to 4,949.57 points recorded in the previous week. TMG lost -16% to close at EGP 4.73, while Raya Holdings shed -5% to EGP 4.75 and Orascom Telecoms was down -2% to EGP 3.29. Market trade volume reached 140,775,438 shares amounting to EGP 1,719,142,232. The most active sectors through the week were Telecommunications, Real Estate, Financial Services, Construction & Material and Banks. Telecommunications sector achieved total traded value of EGP 499,615,609 while Real Estate came second in terms of performance, as it achieved total traded value of EGP 367,832,659.

Corporate News

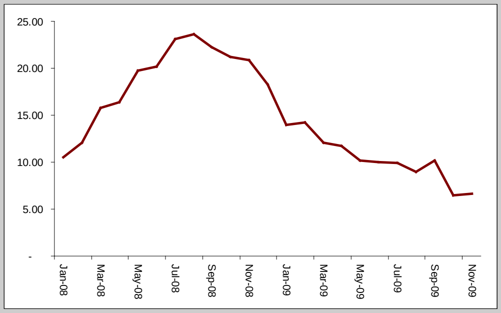
The Egyptian Mortgage Refinance Company (EMRC) has performed operations worth EGP 60m in the first half of the current year, and has made a net profit of EGP 4.5m in the first quarter of 2012. Managing Director of EMRC, Iman Ismail, announced that the loan portfolio of the company reached EGP 500m by the end of June, and that the company has completed mortgage refinance operations worth EGP 60m in the first half of 2012, of a EGP 100m finance target.

She added that the company performed mortgage refinance transactions worth 50% of the target sum, lending just EGP 100m to mortgage finance companies out of a target of EGP 200m. She anticipates that the company will exceed its target average for 2012, after the return of relative political and economic stability in the wake of the presidential elections, particularly in light of the fact that, due to the revolution, the mortgage finance market had come to a standstill in the first half of 2011.

She went on to say that the company's profits in the first quarter of 2012 were EGP 4.5m, EGP 1m up from the profits of the first quarter of 2011, which totaled EGP 3.5m. The company is aiming for a total net profit of EGP 16m in 2012, an increase of EGP 1.6m from the EGP 14.4m net made by the company in 2011. She stressed that the company has imposed several austerity measures uch as decreasing salaries and canceling subscriptions to a number of newspapers in order to lower internal expenses.

The Managing Director added that the total capital of the company amounts to EGP 421m. Negotiations are currently underway to increase this capital by bringing in new shareholders, Al-Ahly Mortgage Finance Company and Sakan for Mortgage Finance, which are expected to contribute EGP 2m and EGP 1m respectively.

CPI Inflation



Source: SAR

The company is also considering the acquisition of a mortgage finance portfolio worth EGP 120m, distributed among Taamir Mortgage Finance Company (EGP 20m,) the Egyptian Company for Mortgage Finance (EGP 50m,) and the Housing and Development Bank (EGP 50m.) The EMRC raised the interest rates for loans by 0.5%, to 11.75% for loans under 5 years, 11.5% for loans that are between 5-15 years, and 10.75% for loans that are over 15 years, not exceeding 20 years.

Defaults in repayment, she added, were less than 3% in 2011, and this is expected to stay constant in 2012. The company lends banks and companies in exchange for the portfolio and is not responsible for the cases of defaults in payment, as the loans are substituted in these cases. She also announced that the EMRC has performed mortgage refinance operations totaling EGP 481m since the company was founded in 2008, and the percentage of low-income loans reached 59%, a total of EGP 284m.

The number of clients whose mortgages have been refinanced has reached 14,632 including 12,451 low-income clients a percentage of 85% of the total number of clients. The company has only received one loan since it began, from the World Bank via the government, worth EGP 214m to be repayed over 20 years. Repayment will begin in the second half of this year.

She expects the mortgage finance industry to regain its momentum this year, especially as the indicators of the Egyptian Financial Supervisory Authority have shown an increase in mortgage financing to companies in the first quarter of this year, a total of EGP 2.1bn compared with EGP 1.7bn in the first quarter of 2011, in addition to an increase in financing to banks, from EGP 2.4bn in the first quarter of 2011 to EGP 2.6bn in the first quarter of 2012.

Ismail has revealed that mortgage finance companies are facing great difficulties with placing shares on the stock market due to the decrease in the rate of return on capital to 6%. She spoke also of their need for long-term investors, as well as their inability to get loan securitization on the mortgage loan portfolio.

She indicated that the companies are trying to replace this procedure by presenting bonds to individuals by 2014, and the placement of these bonds must be connected to a climate of political and economic stability. She revealed that the EMRC is aiming to depend on the Mortgage Finance Fund (MFF) to increase its activity over the next two years through lending to the banks and companies that will finance the units of the Fund, especially as Mai Abdel Hamid, Director of the MFF, is the Deputy Head of the Board of Directors of the company.

She demanded an end to the crisis in the approval of amendments to Law No. 148 pertaining to the regulation of mortgage finance. The Egyptian Mortgage Association completed the placement of amendments with the aid of 27 legal consultants from banks and firms, but the dissolution of parliament has delayed the discussion of these amendments.

She says the new law must tackle Islamic forms of mortgage finance because those offering those forms without a legal basis run into a lot of difficulties, such as those encountered by Tayseer and Amlak companies. She stressed the necessity of increasing the percentage deducted from the client's income to 40% as well as ensuring the transparency of mortgage finance companies – financial companies, she said, must disclose their finances in order to increase client confidence in the mortgage finance market.

Ismail presented her vision for resolving the real estate crisis in Egypt, stressing the necessity of including buildings described as illegal within the units that can be dealt with in the mortgage finance framework. She clarified that these unplanned settlements represent 40% of the construction in Egypt and are inhabited by 20m people. A building will sometimes reach 12 floors in a street 6 meters wide, and it is impossible to demolish it or evict people from it.

She explained that units in these buildings are sold or leased with the new lease law. Citizens have no problem in renting or purchasing them with the mortgage finance system, but it is the law which stands in the way, claiming these buildings to be illegal. She mentioned that the new cities face difficulties in getting legal permits for real estate, even after the construction is complete. She said that these problems force the mortgage finance industry to exclude 50% of the real estate market from its targeted activity. *(Daily News)*

Economic News

Egypt's central bank will offer funds in a new 28-day repurchase agreement, lengthening the maturity of its tenders in a bid to boost a market drained of liquidity by soaring interest rates on treasury bills, bankers said. The central bank said it would offer EGP 10bn (USD 1.65bn) under the new instrument. The central bank introduced seven-day repos in March 2011 to manage short-term interest rates after the political and economic turmoil that ousted President Hosni Mubarak, and last month it announced it would offer 28-day repos as well.

The bank accepted 22.3bn pounds in seven-day repos last week at an interest rate of 9.75%. It said last month that the 28-day repos would be variable rate tenders with a minimum bid equal to its seven-day repo rate. The amount of seven-day repos accepted by the central bank has been gradually increasing at the government's funding needs grow. In its offerings in May and June 2011 were as low as 6bn pounds, but early this month one of its weekly offerings was for 36bn pounds. *(Reuters)*

Egypt, the world's largest wheat importer, said on Sunday it was in no rush to tap international grain markets due to its large stockpile of local wheat and the surge in prices following the worst U.S. Midwest drought in nearly a quarter of a century. Another Middle Eastern wheat importer, Jordan, also said earlier on Sunday it had postponed a tender to buy 100,000 tonnes of wheat to July 17 as it awaits more reports on the U.S. crop situation.

Egypt had previuosly said it would tap international wheat markets for August shipment. "Of course entering the markets for August shipment isn't likely now and that's because our local purchases leave us in a very comfortable position," Nomani Nomani, vice chairman of the General Authority for Supply Commodities (GASC) told Reuters by telephone. GASC said Egypt had procured 3.7m tonnes of wheat this year, 1.1m tonnes more than last year's 2.6m tonnes and 700,000 tonnes over its previously announced 3m target.

Nomani said the surge in local purchases was mainly attributable to the attractive prices offered to farmers and the introduction of better strains. Egypt raised the price it pays for local wheat in October to EGP 380 (USD 63.60) per ardeb (140 kg) from EGP 350 during the last season. "We are also expecting a good corn crop this year and as we mix wheat with corn to produce subsidised bread, this should also help reduce our imports," Nomani said.

GASC uses a mixture of 60% local wheat, 30% imported wheat and 10% corn to make subsidised bread. Egypt's target is to buy 500,000 tonnes of local corn but estimates so far show the figure could reach up to 750,000 tonnes as a result of attractive prices offered to farmers and new strains with higher yields being introduced, Nomani said.

"Of course we are not saying we are not entering the international market but what we are saying is that we are in a comfortable position," he said. Egypt has a mix of local and imported wheat to last until January, a little over six months. Asian corn, wheat and soymeal buyers also stayed away from the market last week, postponing tenders as global grain and oilseed prices continued to rally with a worsening U.S. drought curbing supplies. Although Chicago corn eased on Friday after recent steep gains, prices were set for their biggest three-week rally in three-and-a-half years due to the extreme weather. *(Reuters)*

The number of mobile phone subscriptions in Egypt soared a further 23% to 92.04m in the year to April, according to state figures released on Sunday. In April 2011, Egypt's three mobile operators Etisalat Egypt, Mobinil and Vodafone Egypt counted a total of 74.58m subscriptions. Egypt's population is roughly 84m, a significant number of whom have more than one mobile subscription. Total subscriptions in March 2012 stood at 91.92m. *(Ahram)*

Egypt's urban consumer inflation eased to 7.2% in the 12 months to June from 8.3% in May, figures from Egypt's state statistics agency showed on Tuesday. The urban consumer price index for June was 122.8 versus 114.5 a year earlier, the agency CAPMAS said. *(Reuters)*

Egypt's foreign reserves climbed to USD 15.533bn in June, compared to USD 15.52bn in May, for the third consecutive monthly increase, Egypt's central bank shows on its website on Sunday. The reserves had inched up at the end of April for the first time since the January 2011 uprising, which toppled former president Hosni Mubarak, to reach USD 15.21bn. *(Ahram)*

Demand for Egyptian workers fell by around 20% in the year to May, data from the Egyptian Cabinet's Information and Decision Support Centre (IDSC) showed on Monday. The centre's Labour Demand index shows that domestic demand for Egyptian employees fell by 42% year-on-year, while requests by other countries dropped 19.2%.

Demand for higher-educated labour slumped from 345 points in May 2011 to 291 points in May 2012. There was slightly more cheering news on a monthly basis, with the index rising a mild 7% between April and May. The index, which uses 2002 data as its base year, traces demand for Egyptian labour based on vacancies announced in national newspapers. In May, Egypt's state-run statistics body showed the country's official jobless rate was continuing to rise, hitting 12.6% in the first quarter of 2012.

Figures from the Central Agency for Public Mobilization and Statistics (CAPMAS) showed 3.4m unemployed people in Egypt at the end of March 2012 a rise of 62,000 on the fourth quarter of the previous year. In April, the Arab Labour Organisation predicted that unemployment in the Arab world will reach at least 16% in the wake of last year's uprisings. *(Ahram)*

Egypt's external debt dropped by USD 1.5bn in the first nine months of the 2011/12 fiscal year to reach USD 33.4bn in March, data from the Central Bank of Egypt (CBE) showed on Tuesday. The bulk of the drop, according to the CBE, was caused by fluctuations in the exchange rates of the euro and other major currencies against the dollar. This decline in the relative global power of US currency helped Egypt trim USD 1.08bn from its debts.

The remainder of the fall in debt was attributed to the sale of USD 210m worth of debt to Egyptian residents, and the repaying of USD 187m in bonds by non-residents since July 2011. Egypt boasts a relatively healthy level of foreign debt, with ratio of debt service to current receipts (including transfers) standing at 5.2% in March, down from 5.3% in June 2011.

The country's balance of payment deficit, however, is continuing to surge, hit by a sharp drop in tourism receipts and investment inflows. Net reserves, which have plummeted by more than half since early 2011, gained slightly for a third consecutive month in June 2012. Analysts, however, say that such improvement is unlikely to be sustainable, as one-time payments and revaluations mask the country's potentially chronic fiscal problems.

Debt service rose by USD 161m to USD 2.6bn between July 2011 and March 2012, compared with the same period of the previous financial year. The debt balance as a%age of GDP retreated to 12.8% at the end of March 2012, from 15.2% at the close of March 2011. *(Ahram)*

Egyptian demand for steel fell a monthly 7.5% in May, official statistics from the Cabinet's Information and Decision Support Centre (IDSC) showed on Monday. Egypt ordered around 514,000 tonnes of steel rebar that month, significantly less than in April. Average steel prices slipped 4.3% month-on-month, recording EGP4520 per tonne in May compared to EGP4720 in April.

Actual steel production, however, saw 14% growth. Around 581,000 tonnes were locally produced in Egypt in May versus 510,000 tonnes in April. "The decrease in steel consumption was related to Egyptian steel only. Factories here replaced local products with Turkish rebar, which is cheaper at around EGP 4,400 per tonne," explained Ahmed El-Zeiny, head of the building materials division in Cairo's Chamber of Commerce.

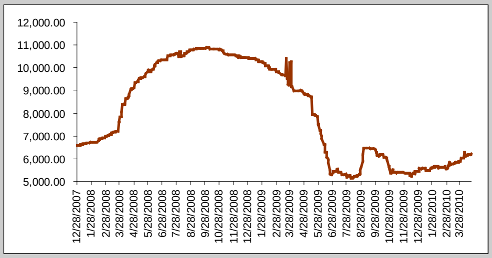
Consumption may also have been affected by political uncertainty in the run-up to late May's president elections, said El-Zeiny. Such tension is continuing with the decision on Sunday of Egypt's new president, Mohamed Morsi to reinstate parliament, revoking an earlier military decision. Parliament reconvened for a few moments on Tuesday morning.

"It was a wise presidential decree. [If it is successful] it will positively impact investments," El-Zeiny told Ahram Online. Cement producers also saw a slight downturn in April, with sales dropping 6.2% on the month before. Egyptians bought 4,431.2 tonnes of cement in April, down from 4,725.3 tonnes in March. *(Ahram)*

Egypt has sold crude oil for loading in July to December 2012 in several tenders, which amounted to a total of 7.9m barrels, traders said on Thursday. It has sold one cargo of 325,000 to 350,000 barrels per month of medium-sweet Qarun for August, September, October and December. The buyers were BP and an Egyptian company, Triocean. Ten Aframax cargoes, each of up to 650,000 barrels of heavy sour Belayim, have been sold to BB Energy, traders said. The prices paid for the cargoes were not immediately available. *(Reuters)*

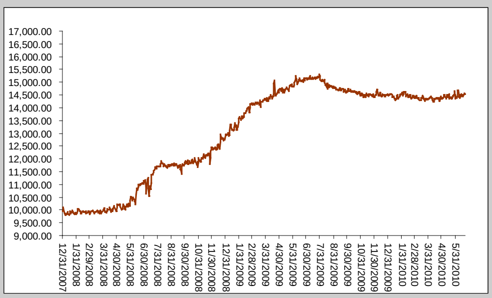
Ghana

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

CPI Inflation

Stock Exchange News

The GSE All Share Index shed -0.78% to close at 1,022.63 points. SIC was the only gainer after adding +3.13% to GHS 0.33 while CPC (-50%), PZ Cussons (-5.26%), PBC (-4.76%) and UTB (-6.25%) were on the losing front.

Corporate News

Oil Marketing Firm, GOIL emerged the best performing stock on the Ghana Stock Exchange in terms of returns to investors for the first half of the year. The company from January to June returned to its investors, slightly over 50% in its share-value. This is contained in the half year market report of the Ghana Stock Exchange.

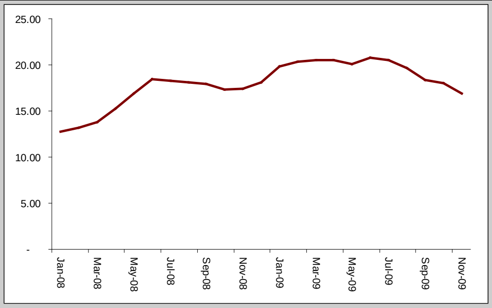
Managing Director of GOIL, Patrick Akoli attributes their good showing to prudent management and sterling financial performance. “Is a direct outcome of the rebranding and we believe that with the new outlook and the progframme instituted anybody that buys the GOIL stock is very sure of having value for his or her money by way of capital appreciation. The future also looks bright as we plan to branch into other business araes” he said.

GOIL is currently trading at 49 pesewas per share with about 390 thousand outstanding bids. The Ghana Stock Exchange also returned a little over 7% on the average to its investors for the first half of the year. Almost 73m shares also exchanged hands at a value of 39bn Ghana cedis for the first six months of the year. The value of the Ghana Stock Exchange as at last Friday was 55bn Ghana cedis. *(Ghana Web)*

Economic News

Ghana has to date, lifted about 5.9m barrels of crude oil, accumulating revenue of USD 903m, the National Co-ordinator of the Ghana Extractive Industries Transparency Initiative (GHEITI), Mr Franklin Ashiadey, has said. According to a Ghana News Agency (GNA) report, Mr Ashiadey made this known at a one-day sensitisation workshop on GHEITI on oil and gas for assembly members of the Nzema East Municipal, Sekondi- Takoradi Metropolitan, Jomoro, Shama, Ellembele and Ahanta West at Axim in the Western Region.

The GHEITI Secretariat at the Ministry of Finance and Economic Planning organised the workshop. But the Parliamentary Select Committee on Mines and Energy, the Public Interest and Accountability Committee (PIAC) on Oil and Gas and the Africa Centre for Energy Policy-Ghana, a civil society organisation in the oil sector, have raised a red flag over the lack of transparency in the activities of the Ghana National Petroleum Company (GNPC) in the management of the nation's oil revenue.



Source: SAR

The organisations argued that although the GNPC had received over half of Ghana's entire oil revenue for last year, it had failed to account for a single Ghana cedi and cautioned that steps must be taken to prevent the GNPC from becoming a monster and a law onto itself. Members of the three entities made the call in separate interviews with the Daily Graphic on the sidelines of a two-day capacity building workshop for members of the PIAC, the Parliamentary Select Committee on Mines and Energy and the Commission on Human Rights and Administrative Justice (CHRAJ) at Aburi last Friday.

Dubbed "Making Ghana's Oil and Gas Resource Count", the workshop was organised by the Institute of Economic Affairs (lEA), STAR¬-Ghana and the Centre for International Private Enterprise. The first annual report of the PIAC uncovered several issues and discrepancies in the country's oil sector reporting, such as the wide gap between government revenue projections for 2011 and the actual revenues received.

The report also noted that the GNPC was yet to provide the PIAC with a report on the use of funds (GHS 315,390,698) received to cover its activities in 2011. The GNPC did not pay dividend to the government for 2011 because the company needed to plough back its profits to recover significant investments and operating costs associated with its participating interest. According to the GNA report, Mr Ashiadey explained that the shortfall between the projected revenue and the actual receipts was mainly due to failure to consider that most tax revenue remained unavailable, while the sector was still coming on stream.

He said the committee's report urged the government to follow the letter of the law when forecasting revenues because the projections determined what the country should save, as well as spend. He said the committee was expected to ensure that the Ghanaian public had the opportunity to debate how the government was managing petroleum revenues in the light of the country's development priorities.

He said the success of Ghana's oil would not be measured by the number of barrels of oil produced but the amount of poverty reduced with the revenue from the barrels of oil produced. Mr Ashiadey said it was incumbent on Ghana EITI stakeholders to ensure that the requisite systems were in place to promote good and accountable governance in the management of the country's oil resources. To that end, he said, strong policy institutions, legal frameworks, prudent revenue management, transparency, among others, were required.

He said it was in that regard that the government was committed to the EITI implementation in the oil and gas sector to ensure transparency in oil revenue management. Expressing concern over the lack of transparency in the management of the nation's oil revenue in an interview on the sidelines of the workshop at Aburi, Mr Amin Adam of the Africa Centre for Energy Policy-Ghana said the GNPC must be supported financially, technically and in capacity to build its capacity and in the future become a competitive operator in the industry, so that Ghana would eventually benefit, writes Donald Ato Dapatem.

"However, what we should prevent is allowing the GNPC to become a monster devouring the nation," he said. Mr Adam explained that the Petroleum Law defined how resources should be allocated to the GNPC. He said surprisingly, it came out from the PIAC report that the GNPC had ploughed back its dividend, a move it had no mandate to make, and explained that the definition of benchmark revenue included expected revenue from oil and gas and dividend from the national oil company.

"So if the GNPC decides to plough back, then it means that the benchmark for 2011 is incomplete, which is inconsistent with the law. We should prevent the situation where the GNPC will arrogate to itself the power to decide what to hold back out of the oil revenue because the law has defined how money should be allocated to them," he said. According to Mr Ishmael Edjekumhene, a member of the PIAC, the committee first raised the issue about the accountability and transparent posture of the GNPC when it released its report this year.

He explained that it was unacceptable that a company which was receiving close to 50% of the nation's entire revenue from oil and gas had not completed its audited accounts for last year for the ordinary Ghana to know how much it had received on his or her behalf and how much had been spent on what. "But the mere fact that the GNPC received a chunk of the nation's receipts from the oil and gas imposes a little bit of responsibility on it to be extra-transparent and accountable to the people of Ghana," he added.

Mr Edjekumhene said one of the worrying developments was the indication by the board chairman of the GNPC that the company would sponsor the Black Stars to the tune of USD 3m yearly. "Why should the GNPC spend USD 3m on the Black Stars when the team has done so exceptionally well over the year that it has become a big brand name which will be sponsored by any commercial entity?" he queried.

The Acting Chairman of the Parliamentary Select Committee on Mines, and Energy, Mr Ernest Kofi Yaka, said parliament, as the representative of the people of Ghana, was in the dark regarding the revenue that the GNPC had received on behalf of the people. He quickly gave the hint that the House would have to very quickly summon the management of the GNPC to account for its activities and, most importantly, the huge sums of money it had received from the oil-producing companies since Ghana found oil in commercial quantities.

"As a member of the committee, I don't know what is happening in the GNPC," he said. He expressed worry when it came to light that the GNPC had been given thousands of dollars for the training of Ghanaians in the oil and gas sector yearly. According to a, report presented at the workshop, the GNPC had been receiving between , USD 75,000 and USD 250,000 annually from the oil companies as petroleum costs, which were deductible from the petroleum income tax.

"As Members of Parliament, we must know the criteria for the selection of those who have been benefiting from such training, how much is spent on each person, how much they have received for the training, among other issues," he noted. *(My Joy)*

This week will see Ghana and India entering into another level of negotiations over the establishment of the USD 1bn urea project to be sited in the Shama district of the Western Region. The major problem hindering the start of construction of the project has always been the pricing and the constant supply of gas to the project if completed. Gas supply is expected to come from Ghana.

India will be holding a three-day trade show in Ghana starting from Monday July 9, 2012 and is expected that top Indian government officials will be in the country to hold discussions with the Ghana government over the urea plant. Ahead of the talks, the Indian Economic Times, citing officials, reports that India is likely to ask Ghana to provide assured gas supply at competitive rates to the proposed USD 1bn urea project to be executed by the Rashtriya Chemicals & Fertilisers Ltd (RCF).
‘

The RCF is India’s largest urea maker and its proposed plant in Ghana has the capacity to produce onem tonnes of the product per annum. “There is an issue of gas pricing for the project. The matter is expected to be taken up by Commerce and Industry Minister Anand Sharma during his meeting with Ghana Trade and Industry Minister Hannah Tetteh tomorrow,” an official told the Economic Times adding that “the gas price negotiations are pending and are key to the viability of the project.”

India’s Fertiliser Secretary, Ajay Bhattacharya, who is accompanying Sharma, would discuss the issue with Ghana government officials. The urea plant is expected to be commissioned by 2016-17 if all hurdles are cleared. *(Ghana Business News)*

Ghana's minor mid-cocoa output for the 2012 season is expected to fall 60% to 42,000 tonnes, compared with about 107,000 tonnes harvested in the previous seasons, three sources close to industry regulator Cocobod said on Tuesday. "We are not expecting a bumper light crop - our target is, plus or minus, 42,000 tonnes," one of the sources told Reuters on condition of anonymity because Cocobod regard output data as market sensitive information.

Ghana runs a two-cycle cocoa year comprising the major harvest from October to May, which is mainly exported and the July to September light crop which is discounted to local processors. The 11-week season opens on Friday and the producer price remains unchanged at GHS 205 (USD 105.6) per bag of 64 kilograms gross or GHS 3,280 for a tonne, Cocobod said last Friday. Another source said the fall in output was due to disappointing weather this year.

"The trees did not get all that they needed to grow well - it's kind of stunted," the source said, also requesting not to be named. Prolonged dry weather and heavy rains that followed, coupled with pest attacks, have curbed cocoa output this season in most of Africa's West coast countries, including in Ivory Coast and Ghana, the world two top producers. The International Cocoa Organisation has forecast Ivorian output at 1.35m tonnes for the 2011/12 season, down compared with last season's record 1.5m tonnes harvest, mainly due to poor weather.

Ghana, the world's second largest cocoa grower after the Ivory Coast, produced a record over onem tonnes of cocoa last year, bolstered mainly by good weather, improved farming techniques and some smuggling from neighbouring Ivory Coast. Ghana is targeting buying at least onem tonnes of beans yearly from the 2012/13 season. *(Reuters)*

The National Communications Authority, NCA plans to free up broadband

spectrum for telecom companies to expand mobile broadband penetration by 2015. This is expected to contribute about GHS 1.5bn to GDP, create nearly 1m jobs and also improve the quality of TV Broadcasting. The number of mobile phone subscribers who access the internet on their handsets is also expected to increase by up to 11m.

Director of Spectrum Policy at the GSMA -the Global Union of Mobile Network providers in charge of Africa and the Middle East, Peter Lyons spoke at a stakeholders meeting. “All of this would mean at current tax levels, an addition of 200m Ghana cedis per year for the government by 2020. If Ghana can use the same spectrum bands and configuration as countries around the world like India, Brazil and other African countries, it will get what’s called the “economies of scale” so that the cost per device manufactured would decline”. he said.

Director of Regulatory Administration at the NCA, Joshua Peprah explains his outfit is well-positioned for a smooth take off. “The allocations scheme would be in alignment with best practices so that we can benefit from cheap devices that would operate in these spectral bands. So we are doing a lot of consultation with our colleagues from at the International Telecommunications Union and the African Telecommunications Union so that the digital dividend to be made available is used effectively" he said. *(Ghana Web)*

Mr. Seth Adjei Baah, the President of Ghana Chamber of Commerce and Industry (GCCI) has called on Turkish investors to consider setting-up a steel manufacturing company in Ghana. He said given the long bilateral trade relations between Ghana and Turkey, the time had come for the two countries to create wealth and develop together. He noted that with the current political and economic stability in Ghana, establishing a steel factory in Ghana would not only benefit the people of Ghana, but also the whole of the ECOWAS sub region and beyond.

Mr. Adjei Baah made the call when a delegation of Turkish Investors from the steel industry called on him in Accra on Wednesday. He commended the delegation for making the right decision to do business in Ghana since the country is the gateway to Africa. Turkey has emerged strongly on the global steel market and her total crude steel production is expected to reach 38m tonnes at the end of 2012, with exports around 18.1m tonnes worth USD 15.4bn in 2011.

The delegation, representing 21 leading companies across Turkey and Europe, is in the country under the auspices of the Turkish Steel Exporters’ Association led by its Board Chairman, Mr. Namik Ekinci. Mr. Ekinci said the visit further demonstrated the growing importance of Ghana as a key emerging market and a potential strategic trading partner. Turkish companies represented, offer a wide range of steel products, including HR/CR coils, diamond and tear-drop pattern plates, wire rods, billets, beams, bars, hollow sections, tubes, pipes and other steel products.

Turkey is Europe’s second biggest crude steel producer and the seventh largest steel exporting country in the world, with exports to more than 180 countries. Mr. Pinar Tokur, the Sector Manager of Turkish Steel Exporters’ Association, noted that the business visit and trade exchange sessions would not only be a great platform for productive dialogue between Ghana and Turkey, but would also boost the steel sub-sector and the Ghana manufacturing base.

Earlier in the day, the delegation met with members of GCCI and other business communities in the country to shore-up bilateral trade relations between Ghana and Turkey to expand platforms for fresh strategic partnerships and explore new business and growth opportunities for both nations. *(Ghana Web)*

Ghana's annual inflation rate rose for a fourth straight month in June, hitting 9.4%, data showed on Wednesday, but the government's deputy statistician said inflation should start to fall with the start of the cocoa harvest this month. "It's the seasonality and we expect that the rise will peak around June, then it will start going down in the harvest season," deputy government statistician Kofi Agyeman-Duah told a news conference. "For the past three years to date, there's always that tendency for monthly inflation to start moving down after June," he said.

Annual inflation edged up from 9.3% in May, the statistics office said. However the increase was less than some in financial markets expected and analysts said it would ease fears of double-digit inflation soon and may reduce the likelihood of another interest rate rise. Price pressure slowed on a monthly basis as the price index rose 1.4% from May, easing from a 1.8% increase between April and May, the data showed.

Inflation, which has risen from 8.7% in January, has been aggravated by a sharp depreciation in the local cedi currency, prompting the central bank to raise interest rates in April. Agyeman-Duah said a key inflation driver in June was rising transport and clothing costs. "Annual inflation has remained subdued in recent months, despite a marginal increase in year-on-year terms. Given the prevailing base effects in the time series, we suspect a sharp pick up in inflation is unlikely to materialise," said Samir Gadio, emerging markets analyst at Standard Bank.

The cedi has so far depreciated by more than 17% this year on increased dollar demand by local firms for imports, which is fuelling one of Africa's fastest-growing economy. The Bank of Ghana raised its key interest rate by one percentage point in April to 14.5% in an effort to support the troubled currency. It also changed bank reserve requirements and bond auctions to mop up liquidity in support of the cedi.

The dollar-cedi rate held at around 1.9450 through last week amid strong demand for the greenback. "For investors, recent Bank of Ghana statements on the likelihood - or not - of further rate tightening will now be more meaningful," said Razia Khan, an analyst with Standard Chartered.

"With the real interest rate still very positive, and significantly greater than in most frontier markets, the immediate pressure for doing even more may dissipate. However, further action of some sort may still be needed to stabilise the currency." Khan said. *(Reuters)*

The government has withdrawn its sovereign guarantee for STX Ghana following its decision to exit from the STX housing project, the Minister for Water Resources, Works and Housing, Mr Enoch Teye Mensah, has said. Consequently, the government, on May 5, 2012, directed the Ministry of

Finance and Economic Planning and Barclays Bank Ghana to suspend the guarantee in respect of the housing project.

In an interview in Accra, Mr Mensah advised managers of STX Ghana to desist from its public posturing that it still had a binding contract in connection with the USD 1.5m concessional facility meant to finance the project. But Mr Bernard Kwame Asamoah, one of the partners of STX Ghana, dismissed the statement made by the minister, saying that no communication had been made to him regarding the government's withdrawal of its sovereign guarantee for the company.

"I was out of the country and just returned. Therefore, I may have to cross-check the information you are relaying to me," he told graphic.com.gh. A sovereign guarantee is an undertaking given by host countries to assure project lenders that the government will take certain actions or refrain from taking certain actions affecting the project. The government provided a sovereign guarantee to serve as a financial backbone for STX Ghana in the execution of the government's housing project meant to provide some 30,000 housing units for the security services.

Mr Mensah said the off-taker agreement entered into with STX Korea had since ceased to exist, following the Cabinet's decision to back out of the deal. According to him, the project became stillborn because of changes in the shareholding structure of STX Ghana, a development which prompted the Korean partners to drag their Ghanaian partner, Mr Asamoah, to court over alleged falsification of corporate documents and unlawful reconstitution of the board.

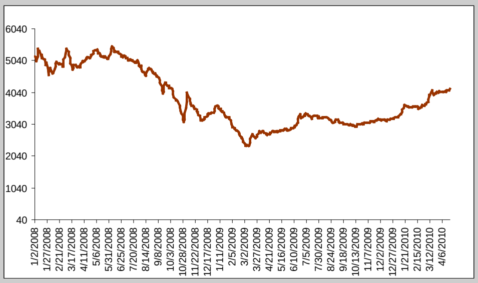
"Government's position is that since there is no binding contract, STX Ghana should stop parading itself that it still possesses the USD 1.5m guarantee to execute the project," Mr Mensah said. "The managers only came to waste everybody's time by holding the nation to ransom in connection with the deal," he added. The minister said lands allocated to the company for the housing project had since been repossessed by the government.

He said the government was patiently waiting for a report from the Attorney-General's Office in connection with claims it could make of the aborted project. Mr Mensah also charged government functionaries to avoid according managers of STX Ghana platforms relating to the project which had since ceased to exist. The government, in April this year, announced its decision to pursue STX Korea for the recovery of all government investments, as well as assets, it provided for the intended execution of the abandoned STX housing project.

President John Evans Atta Mills, on January 27, 2011, cut the sod for the commencement of the project, which at the time was expected to be the biggest investment made by the government in the housing sector. The project was, however, fraught with problems resulting from the Korean and Ghanaian partners engaging in a turf war over ownership and control of the company. *(Ghana Web)*

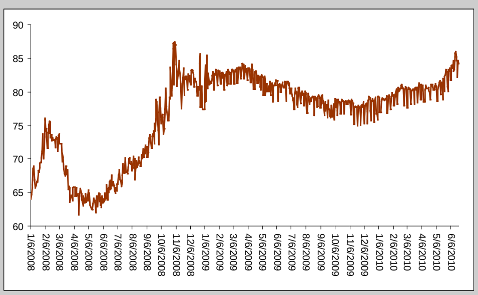
Kenya

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

Both the NSE 20 and the All Share indices ended the week in the red with the former down -0.12% and the latter down -0.73%. Turnover fell by 37.87% to KES 1.05bn. CFC lost -2.73% at KES 44.50. National Bank was down -1.26% at KES 19.55. Co-op rose +2.21% to close at KES 11.55. KPLC traded 0.66% higher at KES 15.25. SCB was up 1.59% at KES 192. Equity bank traded 1.18% higher at KES 21.50. Bamburi Cement edged up +9.09% at KES 180.

Corporate News

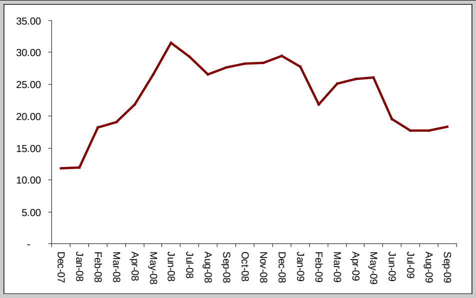
Battery maker Eveready East Africa wants to retain Moody Awori as a board chairman despite having attained the age of 70 years. Shareholders will be required to consider approving the decision in its 44th Annual General Meeting (AGM), next month.

Mr Awori was appointed as a director and Chairman of the Board of Directors on December 5, 2008. The AGM is scheduled to take place in Nakuru on Thursday August 9. “That pursuant Section 186 (5) of the Kenya Companies Act, Hon. A. Moody Awori who has attained the age of 70 years continues in office as a Director of the Company not withstanding his having attained such age,” reads a notice sent to the Nairobi Securities Exchange Monday morning.

Shareholders will also be required to ratify the incorporation of Flamingo Properties Ltd in Kenya as a wholly owned subsidiary of the Company. Directors also want shareholders to approve the incorporation of the firm's operations in Uganda as a wholly owned subsidiary. This comes at a time the battery firm has been grappling with pressure from cheap imports, mostly from China, and new entrants who have eaten into its market share. Dry cell batteries account for about 90% of Eveready sales.

The firm returned to profitability in the six months to March 2012 helped by exchange rate gains as the shilling strengthened against major world currencies. Its half year net profit stood at Sh44.4m compared to a loss of Sh53.9m in same period last year as it sales grew to Sh714m from Sh659m in the period under review. *(Nation)*

Lake Turkana Wind Power Ltd. awarded Civicon Ltd. of Kenya a contract to rehabilitate 313 kilometers (196 miles) of roads to and within its wind farm, Business Daily said. Work on the KES 3.2bn (USD 38.2m) program is expected to take 15 months and will improve access to Lake Turkana’s 300-megawatt wind power project, the largest in Africa, the Nairobi-based newspaper said, citing Civicon Project Manager John Latham. Civicon, a civil and mechanical engineering company with operations in five East African nations, is a unit of TransCentury Ltd. (TCL), a Kenyan investor in infrastructure projects.



Source: SAR

(Business Week)

Base Resources, the Kenyan-focused mineral sands developer, responded to a factually incorrect and misleading report in the Western Australian media today which suggests construction at the Company's Kwale Project in Kenya is delayed pending drawdown of the project debt facility. Managing Director, Tim Carstens confirmed that development at Kwale commenced in October last year and physical construction commenced in January this year. "Construction at Kwale is around 17% complete, and the project remains on schedule and within budget. What's more, we have consistently reported construction progress to the market over the last several months."

Mr Carstens added that Base is comfortable with its progress towards satisfying the final conditions precedent in July to make an early drawdown of the project's USD 170m Debt Finance Facility. "As announced to the market on 14 June, while we don't require these funds until November 2012, under the terms of the Debt Finance Facility we can drawdown within six months of requiring the funds.

We believe it is prudent to pursue drawdown ahead of schedule, and we continue to progress the last remaining conditions precedent, which we reasonably expect to meet later this month, to achieve first drawdown well in advance of the November funding requirements," he said. Mr Carstens also added that the short-term impacts on the sector following a sales downgrade announced by Iluka earlier this week have no bearing on Base or the Kwale Project which is only planned to commence production at the end of 2013.

"Base's offtake agreements are being finalised now on the basis of fixed volumes and flexible pricing and so the current market conditions have no impact on contract terms, or offtakers' preparedness to finalise agreements with us. In fact, this contracting strategy will give us certainty of volume at prices that benefit from the market discipline of the major players, such as Iluka, in short-term market conditions of the sort we are currently experiencing." "In all respects, we are on track to complete development of the Kwale Project and establish Base as a significant producer in the second half of 2013". *(Proactive Investors)*

African Queen Mines said Wednesday that has hit "broad zones" of mineralization at its Odundu property in Kenya, highlighting results trench B1 of 3.3 grams per tonne (g/t) gold over 28 metres. The Odundu property covers an area of approximately 97 square kilometres in the Kanango gold mining area of the Migori District of Nyanza Province near Lake Victoria.

African Queen said that trench results from earlier this year have now been received and the first five core drill holes (OD1 to OD5) totaling 1043metres have been completed at the project. Hole OD6, positioned approximately 85 metres along strike, will explore the southeast extension at depth. The assay results of trench channel samples, received from ALS Chemex Laboratories, confirm both low and higher grade gold mineralization over a strike of 567 metres, said the company.

Highlights from the trenching program revealed that gold mineralization within the main Odundu shear zone exposed by trench B1 assayed values of 4.40 g/t gold over one metre, 10.00 g/t gold over 2.2 metres and 29.30 g/t gold over one metre. African Queen noted that gold assay results obtained from trench D include 33.00 g/t gold over one metre and 0.93g/t over 18 metres. Trench E recorded an assay value of 3.85 g/t gold over three metres.

“We will gain much more information from assays pending from samples from these drill cores, but it is certainly exciting to encounter mineralization over broad zones that is consistent with our structural model derived through our geochemical and geophysics data from initial exploration activities over the past year,” said African Queen's CEO Irwin Olian.

In early April, the company said that Alkili Minerals Services had initiated its 2,000 metre core drilling program at the Odundu property. African Queen said that drilling completed so far indicates the anomalous northwest-southeast trending shear zone that has been traced over the property for approximately three kilometers is mineralized at depth within the confines of the drilling.

The project is situated some 380 kilometres by road from the capital city of Nairobi and 60 kilometres north of the border with Tanzania, forming part of the rich Lake Victoria Greenstone Belt that hosts gold deposits including African Barrick Gold’s Bulyanhulu and North Mara Mines and AngloGold Ashanti's Geita Mine. *(Proactive Invetsors)*

The total mobile money deposits handled by telecoms three months to March grew by 4.8%, from KES 176.8bn recorded as at December last year to KES 185.4bn. This represented a 42.4% growth in the amount of deposits posted the same period last year. CCK said the deposits growth is an indication that the demand for the mobile money transfer service attributed to its convenience; ease of access, acceptability and as an instrument of financial inclusion for the unbanked population in the country.

As at March 31, there were 18.987m mobile money transfer subscriptions from 18.981m recorded during the previous period. Safaricom’s mobile money transfer service M-Pesa saw its revenues grow 43% to KES 16.9bn supported by a six% growth in registered users to 14.9m in the company’s financial results for the year 2011/2012. The mobile money transfer scene has also seen Telkom Orange’s Orange Money and Essar’s YuCash angle for the lucrative business as the voice segment takes a hit.

In terms of mobile phone subscribers, the report says yuMobile registered the highest growth of 14.5%, representing growth of 324,284 new subscriptions bringing its total customer base to 2.55m users. As at March 31, this year, the industry had 29.21m mobile subscriptions compared to 28.08m posted the previous period. “The tremendous growth in the new subscriptions by Essar Telecom Kenya could be attributed to increased promotional and special offers targeting the youth” says the report.

In terms of market share, Safaricom’s share of the mobile telephony market declined by 1.3%age points to 65.3% while yu gained the largest market share of 0.8%age points to 8.7%. *(Standard)*

Economic News

Nairobi Securities Exchange (NSE) rebounded during the last six months (January-June) buoyed by increased participation by foreign investors. But analysts maintain a cautiously optimistic view about the market's growth prospects for the full-year. "We remain cautiously optimistic that our market shall complete the year in positive territory," said Joel Warutere, Investment manager at Pine Bridge Investments (EA) Ltd.

Kenya's stock market remains attractive on a valuation basis at about 9.6X, but volatility emanating from potential risk aversion as a result of persistent Eurozone debt crisis and the General Election pose a big threat to its future. However, it is widely expected that lower interest rates and strong half-year corporate earnings could be supportive of positive stock market performance.

According to data from the NSE, the benchmark index NSE 20 Share Index which tracks price changes of 20 blue chip stocks that are representative of the market rose 13% from 3,224 in January to 3,651 in May this year.Similarly NSE All Share Index (NASI) grew 13% to 78 from 69, while market capitalisation jumped 14% to Sh1 trillion from Sh880bn in the same period. The volume of equity transactions increased 37% to 28,324 from 20,726.

The equity market was boosted heavily by foreign investors participation, which during the month of May recorded the highest equity turnover in 12 months (from June last year to May) and market capitalisation crossed the historic trillion mark. The proportion of foreign participation increased by nine%age points to 52% from 43%. Foreign investors continued to concentrate on the 'Buy Side' of the equity market, pushing up the overall equity turnover for May.

In June, the NSE 20-Share index maintained an upward trend, and even hit a six-month high of 3,738.15 points, while market capitalisation, which measures total shareholder wealth on the bourse, went up 21% to KES 1.05tn from KES 867bn on January 26.

Analysts attributed the dramatic upsurge in activities in the market to positive sentiments about the country's economic recovery, projected better half-year corporate earnings and declining interest rates In addition, analysts contend that a series of rights issues that have rocked the market in recent months have boosted the market's resurgence.

According to analysts at AIB Capital Ltd, investor interest is expected to continue building in the equity market on the back of dropping yields in the bond market and the anticipated cut in central bank rates in the coming or two months. "Some investors will be are expected to plough back dividend income as most companies start making payments. Speculators are expected to take up positions on selected counters ahead of half year results," said Ronald Lugalia, Investment analysts, AIB Capital, formerly Afrika. *(Standard Media)*

The number of mobile phone subscribers in Kenya rose nearly 16% in the first quarter of this year from a year ago, the telecom industry regulator said on Tuesday. The Communications Commission of Kenya (CCK) said the users increased to 29m during the period, reflecting a race by operators to extend network coverage around the country.

"The continued growth in subscriptions is a clear indication of the operators' increasing focus to offer competitive and innovative products and services," it said in its latest quarterly report. The east African nation has four operators with Safaricom, which is 40% held by Britain's Vodafone, commanding about 70% of the market. India's Bharti Airtel, Telkom Kenya, which is controlled by France Telecom, and Essar's Yu are the other operators in the market.

Internet usage, which firms say is the next area of big opportunity in the sector, grew by 69% to 6.5m subscribers from the same period last year, driven by connections through handheld devices. Subscriptions to mobile phone-based money transfer services rose 9% to just under 19m during the period, CCK said. *(Reuters)*

South African retailer Massmart is in talks enter Kenya, a senior executive said on Tuesday, the latest step by the unit of Wal-Mart Stores to expand its presence in Africa. "We are in advanced discussions to open a Game store in Nairobi," Brian Leroni, a Massmart executive for corporate affairs told Reuters, without giving timelines.

Massmart currently has about 36 stores outside of South Africa, many of those its Game discount retail stores. Massmart has so far been slow in its African expansion, a year after Wal-Mart, the world's largest retailer, took a 51% stake in the South African retailer. . *(Reuters)*

Kenyans abroad sent home USD 101m in May, a 47% jump from the same month a year ago, and up from the previous month, central bank data showed on Tuesday. Remittances are one of the main sources of foreign exchange for east Africa's biggest economy alongside tea, horticulture and tourism. The country got a record USD 891.1m in remittances in 2011.

The May inflows rose 4.6% from April, when Kenya received USD 95.6m from its citizens abroad. The central bank said North America remained the top source of remittances, accounting for 51.2% of the inflows in May, followed by Europe at 27.9%. Those from the rest of the world, however, dipped by 2.9% in May.

The central bank attributed the increase in inflows to reduced transaction charges for money transfer services due to increased competition, and the convenience of sending money by mobile phones. Typically, Kenyans living abroad send money home to help their families and for investment in various sectors, including real estate.

In recent years, the central bank says they have also started investing in government securities targeted at them, such as infrastructure bonds and the Savings Development Bond. Cumulatively in the first five months of 2012, Kenyans in the diaspora sent home USD 496.7m, compared with USD 334.7m in the same period a year before. *(Reuters)*

Kenya's house prices were almost flat in the second quarter of 2012, in sharp contrast to double-digit growth last year, while rental prices rose as buyers hurt by high interest rates opted to rent. HassConsult, a real estate firm which publishes the only regular property price index in the country, said prices could remain subdued until after the general elections expected by March 2013 as developers put off investments.

Prices of houses edged up marginally by 0.9% in the second quarter compared with 15.7% in the same period last year. Rental prices rose 7.7% compared with 6.8% in 2011. "This surge in rental prices comes as landlords cover higher finance and other costs," said Farhana Hassanali, property development manager at HassConsult.

Policymakers raised rates aggressively late last year to fight high inflation and to prop up the currency. The subsequent leap in commercial interest rates to as high as 30% from a low of 14%, left both developers and buyers struggling. Caroline Kariuki, the managing director of The Mortgage Company, said a 150 basis point cut in the central bank's benchmark rate on July 5 may offer some reprieve to developers and buyers, as commercial banks start lowering rates.

Housing has been one of Kenya's fastest growing sectors over the last decade, fuelled by heavy demand and returns that easily outpaced those of equities and government securities. The east African nation of 40m people has a massive housing deficit with annual demand at 250,000 units per year against a supply of 60,000 units, a World Bank study showed.

HassConsult said prices could start rising next year if the elections go smoothly. The presidential election expected by March 2013 will be the first since a contested election in 2007 that led to widespread violence in which more than 1,200 people were killed and thousands more displaced. "By the second half of 2013 property prices might start becoming strong," Hassanali said. *(Reuters)*

Kenya has now leased out all existing oil blocks to exploration companies as the country intensifies its oil search after its appetite rose from the Turkana find in March.
Energy minister Kiraitu Murungi says the government has given out the remaining four blocks to international firms including America’s Apache Corp, France’s Total, Anadarko from the US and China’s CNOOC.

“All our 46 oil blocks including the nine in the deep sea are now contracted out and our offices are currently busy signing production sharing contracts. The role of the ministry now is to follow up to ensure that the work programmes are implemented,” Mr Murungi said this on Wednesday evening at the sidelines of the launch of the Oil and Gas Summit scheduled to start in November.

Apache Corp is expected to drill Kenya’s first deep-water oil well in three months. “We are going to deep sea drilling again from September with Apache about 60 kilometres East of Malindi. We are witnessing significant interest since we struck oil in Turkana,” he said. Renewed interest in oil and gas exploration has seen the government rake in over Sh5bn in license fees as multinationals scramble for rights to search for the black gold.

On average, a company licensed to explore in any of the blocks pays KES 25m (USD 300,000) as a one-off goodwill charge for the licence, KES 14.7m (USD 175,000) training fee per year and a negotiable surface fee that averages to about KES 840 (USD 10) per kilometre for each year the company is licensed.

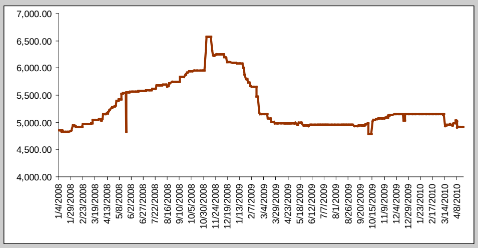
Kenya has 46 gazetted blocks located in four sedimentary basins covering an area of 485,000 square kilometres. The Energy ministry said the government is keen to learn from the best practices around the world to guide the exploitation of oil in an effort to protect the country from the risks associated with oil.

“We are looking at countries like Abu Dhabi, Norway and Ghana which have managed their oil resources fairly well as examples. However, we want to make Kenya a case study of the best management of oil in the world,” he said.

The ministry will be co-hosting the conference East Africa Oil and Gas Summit in partnership with Global Event Partners (K) Ltd between November 12 and 14. The two-day conference is expected to provide a platform for leading East African decision makers to engage with international and local investors on investments opportunities. *(Nation)*

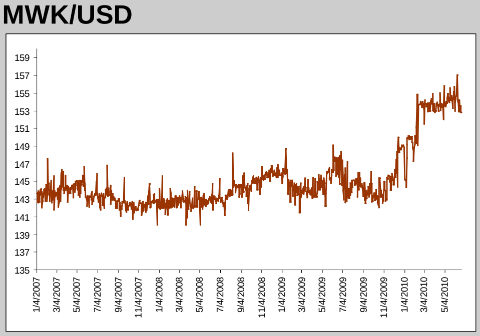
Malawi

Malawi Stock Exchange



Source: Reuters

MWK/USD



Source:SAR

Economic indicators

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

Source: World Development Indicator

Stock Exchange News

The market index gained +0.14% to close at 5,991.88 points, with thin trades across both local and foreign boards. PCL was the only counter that recorded a price change after adding +1.62% to MWK 188. Market turnover for the week amounted to USD 232,079.44.

Corporate News

No Corporate News this week

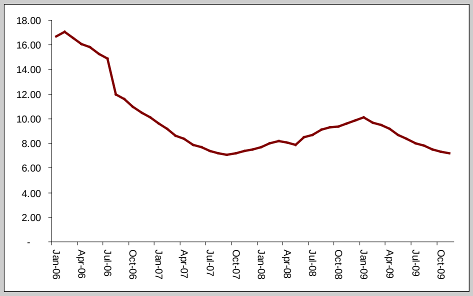
Economic News

Malawi's central bank has raised its benchmark interest rate to 21% from 16%, trying to put the economy on a more stable footing after a sharp devaluation of its kwacha currency. The southern African country last raised its rate a few days after devaluating the kwacha in May to combat an acceleration in inflation.

The latest adjustment followed a meeting on Monday by the Monetary Policy Committee of Reserve Bank of Malawi (RBM), according to a directive by Governor Charles Chuka to commercial banks and obtained by Reuters on Tuesday. The governor said the decision will assist to "stabilise the economy, restore balance in money markets, as well as improve the foreign exchange situation during the lean season." *(Reuters)*

Malawi has reduced the price of fuel by an average of 6%, the energy authority said Tuesday, citing a depreciation of the kwacha currency against the U.S dollar and a fall in international petroleum prices. The fuel price reduction follows a decision in May by the new administration of President Joyce Banda to abandon the kwacha's long-standing peg against the dollar in line with an International Monetary Fund request. *(Reuters)*

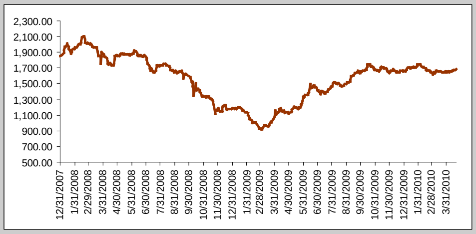
CPI Inflation



Source: SAR

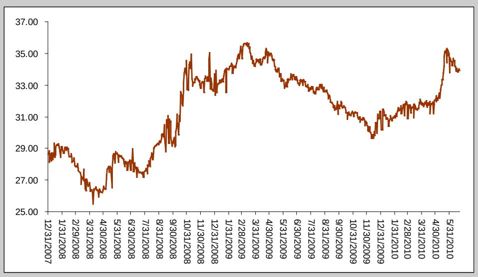
Mauritius

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 SEMDEX was down -1.1% while the SEM 7 lost -0.9% to close at 1,755.81 and 336.86 points respectively. MEI and SBM led the movers after gaining +2.9% and +0.6% to close the week at MUR 72.00 and MUR 82.50 respectively while Dale led the losers after shedding -4.8% to MUR 10.00 followed by Bramer Banking, down -4.7% to MUR 8.10 and Caudan (-4.2%). Market turnover for the week amounted to MUR 516m (USD 16.6m).

Corporate News

No Corporate News this week

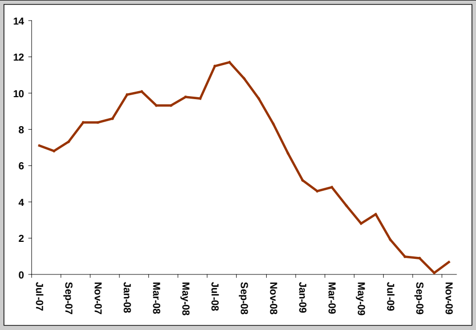
Economic News

Mauritius expects this year's foreign direct investments to at least match those of 2011 despite the global slowdown, with money flowing into a new range of sectors of the diversifying Indian Ocean island economy. Maurice Lam, chairman of the Board of Investment, told Reuters the FDI target for this year was MUR 10bn (USD 320m), slightly up from last year's MUR 9.5bn.

Famed for its white sand beaches and luxury spas, Mauritius is shifting an economy traditionally focused on sugar, textiles and tourism more towards offshore banking, business outsourcing, luxury real estate and medical tourism. Lam said the global economic downturn was affecting investment marketing, but based on a slight year on year rise in foreign direct investment over the first six months, he was confident the 2012 total would match last year's.

"I have asked the people of the BOI to double their efforts in order to be able to match last year's performance given the global economic context," Lam said. "We should bear in mind that there will be a shift in the amount of FDI as more investments flow into the light engineering, education and health care sectors."

Mauritius, which pitches itself as a bridge between Africa and Asia, is looking to the likes of Japan and South Korea for new investors. The Bank of Mauritius said in June foreign direct investment rose 15.5% to MUR 1.598bn in the first quarter, led by the real estate and construction sectors. South Africa was the main source of FDI, followed by France. *(Reuters)*



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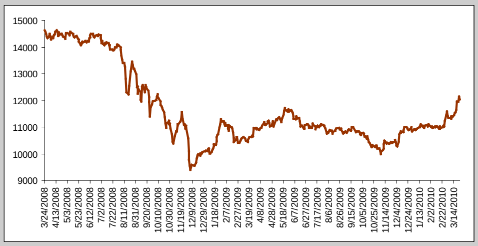
Source: SAR

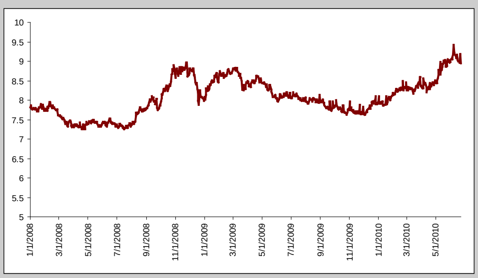
Morocco

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 Moroccan market closed on a negative note with the MASI and the MADEX shedding -2.9% and -3.0% to close at 9,668.8 and 7.889.7 points respectively. The best performing industry was the Distribution sector after gaining +5.9%. The best performing stocks were Ennakl (+16.8%), Salafin (+8.4%), Eqdom (+5.8%), Microdata (+5.7%) and Cosumar (+3.6%).

Corporate News

Maroc Telecom, Morocco's biggest telecom group, has asked for voluntary redundancies to cut its workforce by at least 11% as the Vivendi subsidiary tries to boost margins, two company sources said on Wednesday. Analysts said the plan, launched this month, may result in annual savings worth at least MAD 300m (USD 33m) after costs to pay off the 1,500-2,000 staff Maroc Telecom is targeting out of a 13,700-strong workforce.

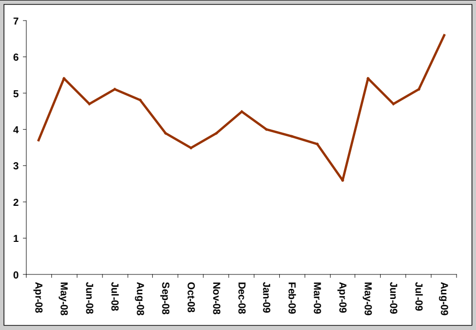
"The plan will affect mostly operations in Morocco and aims mainly to convince staff close to retirement age to leave," said one of the two sources, both of whom spoke on condition of anonymity. Maroc Telecom was not available to comment. Earlier this month, Vivendi's French telecom unit SFR unveiled plans to make EUR 500m (USD 613m) cost cuts in 2013 on top of the 450m targeted for 2012 as it grapples with low-cost competition.

"Maroc Telecom is implementing a broader strategy by Vivendi to cut costs. The telecom market in Morocco is reaching maturity, so operating costs must be reduced to protect shareholders' value," a Casablanca-based analyst said. "Wages are by far the biggest capex for Maroc Telecom and the redundancy plan should enable Maroc Telecom to keep its net margin at 40%," the analyst said. Maroc Telecom, Vivendi's second-most lucrative subsidiary after SFR, has seen revenue growth slow mostly because of growing competition in Morocco, its main source of income.

The company, which has subsidiaries in Burkina Faso, Gabon, Mali and Mauritania, has about 2,700 employees outside Morocco. "There are concerns about revenues from Africa declining especially from Mali where the unrest has yet to show its impact on telecom operators active there," a trader said. Maroc Telecom's net profit fell 15% to MAD 8.1bn (USD 968m) in 2011 after turnover shrank 2.5% to MAD 30.8bn. *(Reuters)*

Economic News

No Economic News this week.



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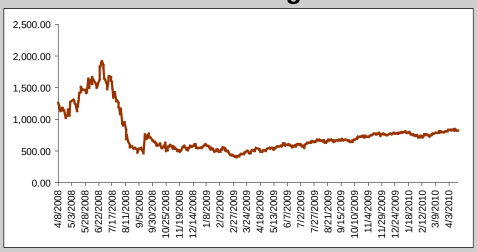
Source: SAR

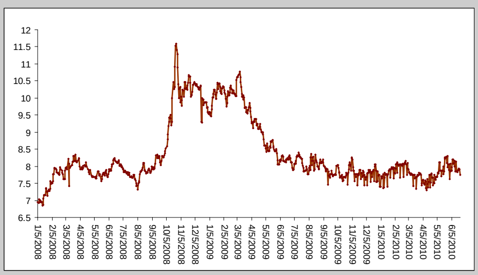
Namibia

Namibia Stock Exchange



Source: Reuters

NAD/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

Stock Exchange News

The NSX overall Index lost -1.22% at 892 points. On the NSX local and DevX, TUC (+7.14%) led the movers followed by FNB, up +2.32% to NAD 0.75 and NAD 15.00 respectively. Other gains were recorded in BVN (+2.05%) and NBS (+0.08%). DYL was the main shaker after losing -20% to close at NAD 0.04 followed by MMS which shed -6.67% to NAD 0.14 and FSY (-1.16%).

Corporate News

No Corporate News this week

Economic News

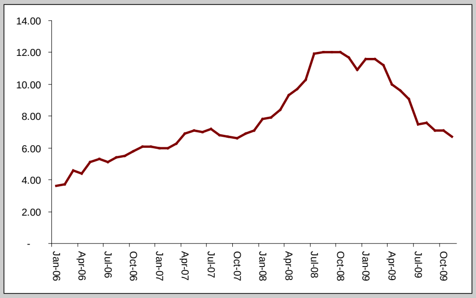
Namibia plans to issue a debut rand-denominated bond next month to help to fund its budget deficit, expanding its investor base beyond its borders after a successful Eurobond last year, Deputy Finance Minister Calle Schlettwein said on Wednesday. Namibia issued a debut USD 500m 10-year Eurobond in October, with a coupon of 5.5%. The issue has done well since, with the yield falling to 4.8% on Wednesday from a high of 5.73 in November.

"The aim is to diversify our debt portfolio. Most of our debt is domestic. Last year's Eurobond listing was all in dollar- rated instruments and we want to reduce the foreign exchange risk," Schlettwein said. Windhoek plans to borrow between 2 and 3bn rand over three years, Schlettwein told Reuters. Namibia, one of the world's biggest diamond producers and a major source of uranium, pegs its currency at par to the South African rand in a common monetary union with Lesotho and Swaziland, mitigating the currency risk.

The south-west African country expects a budget shortfall of 4.4% of GDP for the current financial year. South African bond yields have dropped to record lows in the past month as foreigners have piled into the country's relatively high-yielding debt ahead of its inclusion in Citi's influential World Government Bond Index in October As such, it could be cheaper for Namibia to raise funds in South Africa, where three-year debt is priced at 5.88%, compared with 6.40% in Namibia.

"We were encouraged by the success of the Eurobond listing and we are looking at a peg of the rate there. We have realised that the open market is a good way to source money," Schlettwein said. Absa and Rand Merchant Bank have been mandated to handle the issue, with a roadshow planned for August and the listing in the same month, he added. *(Reuters)*

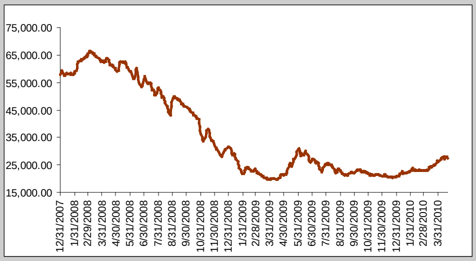
CPI Inflation



Source: SAR

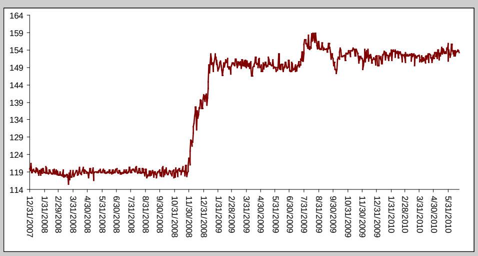
Nigeria

Nigeria Stock Exchange



Source: Reuters

NGN/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

Stock Exchange News

The NSE All Share index gained +2.85% to close at 22,741.05 points. Union Bank gained +22.05% to close at NGN 4.65 while Livestock Feeds was up +21.14% to close at NGN 1.49. Other notable gains were recorded in Evans Medical (+18.99%), Airline Services (+14.17%) and GT Assurance (+13.97%). On the losing front we had Roads Nigeria (-12.71%), RT Briscoe (-12.11%) and Continental Re (-11.69%). Market turnover amounted to NGN 9.62bn with UBA and Diamond Bank dominating.

Corporate News

Italian oil major Eni said on Sunday there has been an oil spill on its Nembe-Obama pipeline in Nigeria's onshore Niger Delta due to sabotage. "Repair work has started. The wells of Nembe South have been closed with minimal impact on production," a spokesman for the company said. In 2009, Eni said its net output in Africa's biggest oil producer was 128,000 barrels per day (bpd).

Sabotage of foreign oil company's infrastructure in the Niger Delta has reduced since an amnesty for militants in 2009, but there has been a surge in oil theft in the region this year. Oil companies and the Nigerian government have accused communities of causing spills to claim compensation for the environmental damage caused.

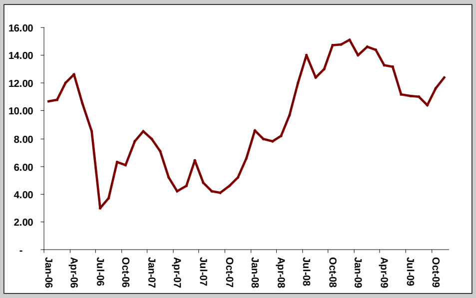
Locals often say oil companies are slow to react to spills and do not clean them up properly. "It is indeed sad and most unfortunate that in spite of the huge consequences occasioned by the oil spill, Eni has failed to discuss development," Nengi James, chairman of an oil community committee in the Nembe region, said.

"They (oil firms) allow oil spills to spread to rivers and mangrove forests before coming for inspection and clean-up." The environmental damage caused by oil spills in the Niger Delta has destroyed fishing livelihoods and means some communities drink water containing deadly levels of toxins, the United Nations said in a report last year.

Foreign oil majors, the Nigerian government and Niger Deltans blame each other for the damage done. Shell, the largest producer in Nigeria, estimates 150,000 bpd of crude oil is being stolen. *(Reuters)*

A Lagos Federal High Court has ordered the winding up of the defunct Afribank Nigeria Plc and Spring Bank Plc. Presiding judge, Justice Charles Archibong took the action at the weekend after hearing the request for same from Ayodeji Arowolo from the law firm of Olaniwun Ajayi (SAN). According to the judge, since the licences of the two banks have been revoked by the

CPI Inflation



Source: SAR

Central Bank of Nigeria (CBN) and properly gazetted, there was no need for them to continue to operate.

The Governor of the Central Bank of Nigeria (CBN), Malam Sanusi Lamido Sanusi, had revoked the licence of Afribank Nigeria Plc, Bank PHB and Spring Bank Plc in a notice dated August 8, 2011 and published as Government Notice No 140, in the official gazette of the Federal Government No.63 Volume 98. Arowolo said a fresh petition to wind up Bank PHB has been filed and is awaiting hearing date.

Pursuant to Section 40 of the NDIC Act 2006, which also drew strength from the action of the apex bank, the Nigerian Deposit Insurance Corporation (NDIC) filed winding up petitions, dated November 22, 2011, to close down the operation of the three banks. Specifically, Section 40 of the act states that: “Whenever the licence of an insured institution is revoked by the Central Bank of Nigeria, the corporation shall act as liquidator of such failed insured institution with powers conferred on a liquidator under the Companies and Allied Matters Act, 1990 and shall be deemed to have been appointed a provisional liquidator by the Federal High Court for the purpose of that Act.”

Its subsection (2) says: “Immediately following the publication in the gazette of the revocation of the licence of a failed insured institution the corporation shall apply to the Federal High court for an order to wind up the affairs of the failed insured institution.” On November 23, 2011, an order of court was obtained to serve the petitions by substituted means; advertising in a national daily. The petitions were advertised in a newspaper on December 30, 2011, in compliance with the order. *(Daily Trust)*

The proposed Share Sale and Purchase Agreement (SSPA) between Dangote Flour Mills Plc and Tiger Brands ALimited of South Africa has been forwarded to the Securities and Exchange Commission (SEC) for approval. After the approval from SEC, Dangote Flour is expected to execute the SSPA with the South African firm. The transaction, if implemented, may result in Tiger’s acquisition of 63.35% of Dangote Flour Mills’ issued capital.

Already, the board of the company has notified the Nigerian Stock Exchange (NSE) via an earlier market bulletin. Meanwhile, the board of UAC Nigeria Plc and Livestock Feeds (LSF) Plc has signed a Memorandum of Understanding aimed at boosting operation. In a notification to the NSE UAC stated that the proposed transaction would lead to significant development of the agro-allied business industry, a key pivot of Nigeria’s drive for enhanced agricultural sector contribution to the national economy.

The company in the statement noted that its planned investment in Livestock Feeds was driven by potential synergies between the two companies in the animal feeds industry. “UACN believes the investment will provide new growth vector leveraging on Livestock Feeds manufacturing platform to penetrate new market geographies as well as deepening presence in existing markets.

“It will also enhance and consolidate market power, achieve scope and scale economies in procurement, production and also optimise manufacturing configuration that mitigates concentration risks”. On its part, the management of Livestock Feeds last week noted that the investment would further accelerates the growth agenda of Livestock Feeds in delivering value to all stakeholders.

The company said: “Livestock Feeds, a pioneer animal feed milling company in Nigeria with over 48 years in animal feed industry, had in 2008 sought and obtained the shareholders’ mandate to raise additional equity from the capital market to finance investment and working capital to grow the company”. *(Guardian News)*

Leading telecommunications company, MTN Nigeria, has rolled out a bouquet of services running on its all new ultra-high capacity submarine cable, West African Cable System (WACS). The services are being rolled out and managed by MTN Business, a division of MTN focused on business-to-business solutions. The 17, 200 km submarine cable system stretches from Europe through West Africa to South Africa. This service was made commercially available in May, 2012.

Industry analysts expect more Nigerian homes will have access to cheaper internet services as the country’s bandwidth market is witnessing explosive price wars occasioned by heightened competition in the submarine cable market. “We are now in a position to offer large organisations and SMEs reliable high capacity connectivity for all their needs,” declared Babatunde Osho, chief enterprise solutions officer, MTN Nigeria, in a statement released in Lagos. “We have capacity to provide high quality, low latency internet access to wholesalers such as ISPs, Internet Bandwidth Resellers and Carriers, as well as end-users anywhere in the country.”

Osho explained that WACS has 15 landing stations along its route, putting MTN in a vantage position to deliver International Private Leased Circuits to additional locations worldwide. He added that MTN has a unique advantage which no other cable has, of a pre-existing extensive terrestrial Internet Protocol (IP) and broadband backbone infrastructure, enabling the company to deliver high grade and highly-available Internet capacity to anywhere and everywhere in Nigeria. Osho expressed the belief that WACS would bring the much-needed boost to the growth of many businesses whose requirements for data have continued to be on the rise in the last few years.

The West African Cable System (WACS) is a consortium of 11 network operators across 15 countries with MTN being the single biggest investor in the group. WACS connects South Africa with the United Kingdom along the West Coast of Africa, landing in South Africa, Namibia, Angola, the Democratic Republic of Congo, Cameroon, Nigeria, Togo, Ghana, Cote d’Ivoire, Cape Verde as well as the Canary Islands, Portugal and the United Kingdom.

MTN Business will continue to provide world class ICT solutions that will enable large corporations and small and medium scale enterprises, serve their customers better. The coming of WACS is yet another way of keeping our promises.” says Osho. *(Business Day)*

Niger Insurance Plc has posted a gross premium income of NGN 7.8bn in 2011 for the fiscal year ended December 31, 2011, up from NGN 7.04bn in 2010. According to its annual reports, its underwriting profit stood at NGN 1.54bn while its profit from deposit administration increased significantly from NGN 120m in 2010 to NGN 1.53bn in 2011.

The profit after tax grew significantly from a loss of NGN 123m in 2010 to NGN 1.22bn in 2011. During the same period under review, the company's shareholders fund increased from NGN 4.2bn in 2010 to NGN 5.3bn in 2011, while its total assets stood at NGN 21.2bn at the end of December 2011.

With the result, shareholders are hopeful of a dividend at Niger Insurance's annual general meeting holding July 19, in Lagos. In another development, Niger Insurance, having operated for 50 years in Nigeria, has announced plans to organise a befitting golden jubilee celebration in August. *(Daily Trust)*

Management of Dangote Sugar Refinery Plc has revealed that production will commence within the week after the refinery was partially affected by fire incident over the weekend. A statement from the company stated, "fire occurred at the Dangote Sugar Refinery refining plant. The fire, which started at the bagging station about 7pm, was successfully contained within 30 minutes with the combined efforts of the company, Nigerian Ports Authority, Lagos State and Federal Fire Service and others. The incident partially disturbed production activities.

Speaking on the incident, the company's Managing Director, Engr. Abdullahi Sule revealed that there were no casualties or any loss of life in the incident, while investigations have begun to ascertain the cause of the fire and extent of damage to the affected area. He added that the company employs good manufacturing and best practices in all its operations and will continue to safeguard its human and material resources.

Sule also assured all Dangote Sugar Refinery Plc numerous customers and other stakeholders that this will not affect supplies of the company products, as there is adequate stock of Dangote Refined Sugar and industrial grade to meet and surpass customers' needs. Efforts are underway for production to commence within the week. *(The Guardian)*

The acting Managing Director of Kaduna Refining and Petrochemical Company (KRPC), Alhaji Idi Muktar, has said that the facility has been producing 3.5m litres of petroleum products daily since its turnaround maintenance was effected, representing 70% of its total capacity. He told newsmen in Kaduna at the weekend that textiles, soap, detergent and other industries, which depended on the by-products of the refinery, may soon bounce back.

According to him, "this refinery is capable of producing 16 by-products from the refining of our crude oil and imported ones, but unfortunately with the closure of the refinery for almost five years, these industries had no choice but to shut down operations. "The good news now is that we have produced enough to start supplying them on a sustainable basis. We now have enough Kero-Solvent, a clear liquid consisting of a mixture of hydrocarbons for detergent industries.

"We are just waiting for permission to start allocating them. Also, our Liquefied Petroleum Gas (LPG) plants in Kaduna and environs would start getting their supply from here. "We also have plenty stock of asphalt for road construction and sundry services. The textiles industries in Kaduna that have been shut down because of power problems should breath back to life because we can now supply them with the much needed Lou Pour Fuel Oil (LPFO). Furfural, much demanded in the solvent and lubricating industries is also now available," Muktar said.

He stated that apart from petrol, diesel and Kerosene for local consumption, other products were also critical to the Nigerian economy, adding that it made KRPC the biggest single investment in the entire Northern Nigeria. Muktar however, called on Nigerians to have faith in the NNPC, noting that there were very positive developments at the Kaduna facility. *(Guardian News)*

The United Bank for Africa has posted a Profit Before Tax (PBT) of NGN 31.842bn for the half year ended June 30, 2012, representing an increase of 159% compared to NGN 12.3bn in the corresponding period of 2011. A statement from the bank said that profit after tax grew to NGN 26.2bn compared to NGN 11bn during the same period last year, representing an increase of 138.4%.

Other details of the bank's un-audited second quarter results released to the Nigerian Stock Exchange (NSE) yesterday showed that gross earnings rose by 21.6% from NGN 91.3bn in June 2011 to NGN 111bn in June 2012. The statement added that the bank posted an operating income of NGN 80.567bn, indicating an increase of 16.9% from NGN 68.944bn recorded in the same period of 2011.

Similarly, the bank's total assets grew by 5.1% from NGN 1.946tn in 2011 to NGN 2.044tn as at June 30, 2012. In addition, the Net Loan Portfolio increased to NGN 734.4bn, compared with NGN 690.4bn in June 2011, an increase of 6.4%. Commenting on the result, the Group Managing Director and Chief Executive Officer, UBA,Mr. Phillips Oduoza, said "our expansion into Africa had reached a consolidation stage and the management of UBA had shifted its focus from expansion, to maximizing the investment in our unique footprint. What you have seen in the first half of the year, is a reflection of what our platform is capable of delivering." He said further that the bank is pleased that despite the challenging environment, it is committed to delivering good returns to stakeholders. *(Daily Trust)*

Cement Company of Northern Nigeria Plc Monday reported a dip of 48% in its profit for the first quarter (Q1) ended March 31, 2012. The company, in its unaudited results released on the floor of the Nigerian Stock Exchange (NSE), recorded a turnover of NGN 3.147bn for the Q1; up from NGN 3.104bn posted in the corresponding period of 2011.

However, profit before tax fell by 48% from NGN 752m in 2011 to NGN 393m in 2012, while profit after tax depreciated by the same margin from NGN 511m to NGN 268m. The shares of the cement manufacturing firm remained static at NGN 6 per share as investors did not react adversely to the reduced profitability.

But while CCNN witnessed depreciation in its profit, an insurance firm - Sovereign Trust Insurance Plc, recorded a growth in its profit for Q1 of 2012. Gross premium stood at NGN 3.069bn in 2012, up from NGN 2.44bn in the corresponding period of 2011.Profit before tax rose from NGN 597m in 2011 to NGN 617m in 2012, while profit after tax grew from NGN 537m to NGN 553m in

2012. *(This Day)*

Access Bank Plc is considering issuing bonds denominated in the United States dollar to enable it raise funds and enhance its operations, THISDAY gathered yesterday. Preparatory to this, THISDAY learnt that the commercial bank had mandated Citigroup and Goldman Sachs International to arrange series of global fixed income investor meetings in Europe and the US from today.

The bank is expected to float a US dollar-denominated 144A/Reg S bond offering, at the end of the meetings. 144A is a private placement for US investors while the Reg S is a Bond issued in the Eurobond market for international investors. 144A/Reg S bonds are generally assigned two separate sets of securities identification codes.

The proposed bond issuance is however subject to market conditions and approval by regulators as well as the Financial Services Authority (FSA) and the International Capital Market Association (ICMA). When contacted, officials of Access Bank declined to comment on the development.Access Bank's share price on the Nigerian Stock Exchange (NSE) closed at N7.60 per share yesterday.

The bank's ratings had been upgraded by international agencies since its acquisition of former Intercontinental Bank. Specifically, Fitch, a United Kingdom-based rating agency recently upgraded the bank's long-term Issuer Default Rating (IDR) to 'B' from 'B-' while the Bank's National Long-term rating was upgraded to 'A-(nga)' from 'BBB-(nga)'. The rating agency also upgraded Access Bank's outlook from positive status to stable, showing an impressive three notches up.

Similarly, S&P upgraded its long-term Nigeria national-scale rating to 'ngA' from 'ngA-' with its outlook raised from 'negative' to 'stable' while Agusto & Co, Nigeria's leading rating agency upgraded its 'BBB' rating of the Bank to 'A-'; still maintaining its 'stable' rating of the bank's outlook.

The bank had after its business combination with Intercontinental, said that its aim was to become the "most respected bank in Africa". Group Managing Director/Chief Executive Officer, Access Bank, Mr. Aigboje Aig-Imoukhuede, had said: "We will lead the way in Africa by consistently applying international best practice, and where we need to; having the courage to pioneer new standards." *(This Day)*

Total upstream company in Nigeria has expressed commitment to deliver about 225m standard cubic feet per day of gas to the domestic market by 2013. It also said that as part of its commitment, its joint venture with the Nigerian National Petroleum Corporation (NNPC) is building a critical 50km pipeline linking Rumuji to Imo River, where it joins the gas network in the eastern region.

The company's Executive Director, Gas Business, Olubunmi Obembe explained that the pipeline is designed to transport about 300m standard cubic feet of gas per day. He said the pipeline is expected to serve as a vital inter-connector between the west and eastern markets for gas. "Total intends to supply 60m standard cubic feet per day of gas to the Alaoji Power Plant starting from about mid-2013," he said.

According to him, NNPC -Total joint venture is currently working on a 440MW independent Power Project located in OML 58 in Rivers State as well as a 109 kilometers high voltage line from Obite to Onitsha. He said final investment decision is expected this year, adding that on completion, the project will help to alleviate power shortage in the country. He said: "Nigeria has a big future in gas related businesses. We are proud to be an active partner to the people of Nigeria." *(Daily Trust)*

Nigeria's Stanbic IBTC Bank, said on Tuesday it will seek shareholders' approval to transfer its subsidiaries into a newly-formed holding company, in line with regulatory requirements to separate core lending from other businesses. The central bank two years ago scrapped the universal banking model and directed lenders in Africa's second biggest economy to sell their stake in non-banking subsidiaries or adopt a holding company structure.

"A major reason for adopting the new structure is to consolidate our goal of building Nigeria's leading end-to-end financial services organization," Chief Executive Sola David-Borha said, adding that the new firm will house its banking, pensions and asset management business. Stanbic, a unit of South Africa's Standard Bank, said the new holding company called Stanbic IBTC Holding Plc, will come into effect next month and it will apply for a new banking licence.

According to the scheme documents seen by Reuters, shareholders will approve the new structure on August 9, and then the bank will de-list from the Nigerian Stock Exchange on Sept. 17, and be replaced with Stanbic IBTC Holding Plc. Under the new arrangement, existing shareholders' will retain 39.77% of the holding company, while Standard Bank will own 52.76%. The newly-created entity will then own 99.9% of the subsidiaries. *(Reuters)*

The Nigerian Content Development and Monitoring Board (NCDMB) and Shell Petroleum Development Company (SPDC) have signed an agreement with five original equipment manufacturers (OEMs) which are set to invest USD 62m in local components manufacturing in Nigeria in the next three years. The firms are part of the 58 manufacturers of oil and gas equipment that have met the technical requirements prescribed by NCDMB in its Equipment Components Manufacturing Initiative (ECMI) and have been issued Nigerian Content Equipment Certificates.

The ECMI is geared at getting manufacturers of oil and gas equipment or their representatives to commit to credible proposals on domiciling local manufacturing of some components of their equipment at the shortest possible time. Under the ECMI, importation of some vital industry equipment by the manufacturers, are only allowed by the Board after the suppliers have committed to domiciliation plans. Speaking at the event in Port Harcourt, the Executive Secretary of NCDMB, Ernest Nwapa, explained that the investments planned by the five firms is expected to create 250 skilled employment for Nigerians.

He listed other benefits, which include the transfer of technology know-how, development of manufacturing skills and development of after-market maintenance skills. Nwapa, however, clarified that obtaining the Nigerian Content Equipment Certificates is not licenced to win contracts in the industry. He added that the board had an in-built mechanism to track investment commitments and domiciliation plans and will apply appropriate sanctions to defaulters.

Nwapa noted that the board will in keeping with Section 48 of the Nigerian Content Act make recommendations to the Minister of Petroleum Resources, Mrs. Diezani Alison-Madueke, for a fiscal framework that would impose a higher tax burden for equipment utilised in the industry with less than 50% local content. This will help address issues of price competitiveness usually associated with locally made goods. He congratulated the five companies for being the first set of OEMs to register footprints in Nigeria under the Shell-OEM scheme.

In his comments, the Managing Director of Shell Petroleum Company of Nigeria and Chairman of Shell Group in Nigeria, Mr Mutiu Sumonu, said his company supported the Equipment Components Manufacturing Initiative because of the multiplier effects it would bring to the oil and gas Industry and Nigerian economy. To ensure the success of the investments, he said SPDC was committed to lead the exercise, offer logistics assistance to the OEMs and maintain large demands for the equipment. *(Nation)*

Nigerian lender Diamond Bank said on Wednesday first-half pretax profit rose fourfold to NGN 9.99bn (USD 62m), lifting its shares 4.8% to NGN 2.41. It said pretax profit in the 2011 period was NGN 1.96bn. *(Reuters)*

The Banker magazine, a subsidiary of the Financial Times of London, at the weekend released the list of the world's top 1000 banks, a list that has come to represent the "who is who" amongst banks in the world. According to the magazine, two Nigerian banks featured in the capital adequacy ratio measurement. They are Fidelity Bank, with a capital to asset ratio of 28.8%, "making it the soundest bank" in Nigeria.

First City Monument Bank (FCMB), came second with a ratio of 23.89%, with both of them coming into the 1,000 soundest capital to asset ratio banks in the world. Fidelity is also ranked as the 6th largest bank in Nigeria by tier one capital, also referred to as Shareholders Funds, with USD 867m, making it the 17th largest in Africa and 618th in the world.

Fidelity's shareholders funds which is well above N130bn in the local currency was once above USD 1.1bn but dropped because of exchange rate variation. This affected all Nigerian banks, and most of African banks. Seven other Nigerian banks joined Fidelity in the list of world's top 1,000 banks, with Zenith Bank ranking number one having USD 2.398m in capital. First Bank comes second with USD 2.262m; and GTB third with USD 1.47m.

Accordingly, Zenith is 7th in Africa and 322nd in the World; First Bank is 8th in Africa and 338th in the world; GTB is 11th in Africa and 455th in the world. The complete ranking is as follows: Zenith, First Bank, GTBank, Access Bank, UBA, Fidelity, FCMB and Skye Bank. Bank of America occupies the prime position as the largest bank in the world with a capital base of USD 163.626bn, followed by another American bank, JP Morgan Chase with a capital base of USD 142.4bn;

HSBC as third, worldwide. China has three banks in the top 10 list.

Africa's largest bank by the ranking is the Standard Bank Group of South Africa with capital base of USD 9.842bn. The first four banks in Africa are from South Africa, with the fifth from Morocco. Banks which make the top 1,000 list either by capital base or the capital to asset ratio are considered the prime banks in the world.

The Banker magazine's yearly ranking of banks has come to be seen as authoritative and objective judgment of the size and health status of banks. The presence of eight Nigerian banks in the top 1,000 by size and two by capital to asset ratio is a positive statement on the performance of Nigerian banks. *(Daily Trust)*

Guaranty Trust Bank Plc (GTBank) said it has been recognised as the 2012 'Best Bank in Nigeria' by Euromoney Magazine for the fourth consecutive year. A statement from the commercial bank Wednesday, said the award, which was presented during the 2012 Euromoney awards for excellence dinner, recently in London, was to honour financial institutions worldwide, which, among others, had recorded significant feats within their operating environments.

Speaking at the event, Group Managing Director/Chief Executive Officer, GTBank, Mr. Segun Agbaje, attributed the award to the bank's well defined operating strategy, passion and commitment of GTBank employees, as well as its adherence to values such as hard work, discipline and excellence. Agbaje further stated that the Bank would continue to seek innovative ways of offering its stakeholders exceptional service. He also thanked the Bank's customers for their continuous patronage and tremendous support over the years. GTBank's effort to consolidate its position as a foremost African brand and the bank of choice for customers had led to numerous laurels it had won. *(This Day)*

UnityKapital Assurance Plc has declared a NGN 413.6m profit after tax in its 2011 results released to the Nigerian Stock Exchange (NSE) in Lagos, yesterday. This is against a negative profit of NGN 190.234m recorded in year 2010. It also declared a profit before tax of NGN 514.2m in 2011 compared to NGN 6.6m in the same period of year 2010 showing an increase of 7748.9%. The company's gross premium grew from NGN 868.7m in year 2010 to NGN 1.7bn in 2011, representing an increase of 99.5%. *(Daily Trust)*

Economic News

Nigeria spends about N356bn to import rice and another N635bn on wheat annually, the Special Adviser to the Minister of Agriculture and Rural Development, Dr. Olukayode Oyeleye, has said. Oyeleye told The Nation that the country devotes over N1 billon daily to rice importation and another N2bn daily to wheat importation,adding that money could be saved if the cultivation of wheat and rice is taken seriously by farmers and the private sector.

"With the production of adequate cassava and its subsequent use, Nigeria will be saving 40% from importation of wheat," he said. He also said the government will be going into mass cassava production, which, he said, has a multiplier effect on job creation in the value chain, from planting to processing and marketing. “There will be job opportunity for all the people that are involved and this will enable us to also export what we produce,” he stated.

He said the recent climate change could force some nations to reduce what they export, so they could satisfy their local population, adding that for this reason, Nigeria must look inward and ensure food sufficiency for its populace. He, however, faulted the claim in some quarters that cassava flour leads to diabetes, describing claims as unfounded and scientifically unproven.

He praised the efforts of a segment of the private sector that has started combining cassava and wheat flour to bake bread, cake, biscuits and other confectionaries, assuring that the combination has many nutritional and health benefits. *(Nation)*

The Federal Government has signed a Memorandum of Understanding (MoU) with the Petroleum Refining and Strategic Reserve Limited (PRSR), a renowned America-Nigeria joint venture, for the construction of USD 4.5bn two modular refineries in the country. Each of the refineries, expected to be completed and launched within 12 to 13 months, would refine between 30,000 and 60,000 barrels per day (bpd) of crude oil, and produce fivem litres of petrol, diesel, kerosene and LPFO per day.

Minister of Trade and Investment, Olusegun Aganga signed on behalf of the federal government while the chairman of PRSR, Chief Edozie Njoku, endorsed for the company at a brief ceremony held at the ministry’s conference room in Abuja. In his remarks, Aganga said the new agreement was part of the government’s National Industrial Revolution Plan aimed at ending the exportation of raw materials and jobs from Nigeria to the West, while encouraging the transformation of the raw materials and exportation of finished goods, which add value to the economy.

Aganga said: “This is part of the paradigm shift we talk about. We have to stop exporting crude oil and therefore we need more refineries. With the signing of this deal, I am sure the two refineries which will cost about USD 4.5bn will be launched in a year’s time”. The minister, who reiterated the government’s determination to improve the business climate and make Nigeria the preferred investment hub in Africa and globally, informed that the firm had a history of performance and trusted track records; having delivered on bigger projects in Russia and other countries.

He assured the firm of government’s technical support needed to accomplish the task, saying that the Nigerian National Petroleum Corporation (NNPC) was actively involved in the deal. Aganga, while justifying private sector involvement in government’s transformation agenda, informed that the Eleme Petrochemicals was now 30 times more productive than when it was in the hands of government.

Also speaking, the Chairman of PRSR said the two refineries were part of a 30-month plan to construct six modular refineries in strategic places in Nigeria, pointing out that his firm would build simple refineries, “that will help tackle the problems of Nigeria as against the existing complex refineries.” Njoku added that the six refineries, when completed, would have a combined capacity to refine 180,000 barrels of crude oil within the country and produce up to 30m litres per day of refined oil products within 30 months.

The chairman said: “The refineries would be operated for the benefited of Nigerians by eliminating the current subsidy regime and significantly reducing the current market prices of kerosene and diesel by as much as 50%”. “During the construction timeline, over 10, 000 Nigerians will be employed and once operational, the six refineries will create over 150,000 direct and indirect jobs”, he added.

On the possibility of completing the pilot refineries on schedule, he explained that “modular refineries are comparatively easy to assemble in a relatively short time period”, adding that the company would produce. Speaking in the same vein, the company’s technical partner, Graham Ford, described Nigeria as investment destination and expressed their readiness to partner the country to overcome its perennial crisis in the oil sector. *(This Day)*

Nigeria’s total pension contributions now stand at USD 16bn (about N2.56tn), representing about NGN 3.56bn rise from the NGN 2.2tn high of December 2011, the chairman, Pension Fund Administrators Association of Nigeria, Mr. Dave Uduanu, said this at a media briefing in Lagos. The retirement savings accounts (RSA) in all the pension fund administrators (PFAs) now stand at about fivem, representing about 12% compliance rate.

The industry had targeted at least 40m RSAs in the six years’ life span of the contributory pension scheme but has only achieved fivem. He attributed the poor compliance rate across the country to the large unorganised informal sector and the lack of enthusiasm by state governments to domesticate the Pension Reform Act 2004, which prescribes the contributory pension scheme.

He said 90% of the contributions and retirement savings account holders are federal government staff. Uduanu, however, noted that there are far-reaching reforms in the offing that would see the unorganised informal sector captured by the contribution.He noted that once there is an opportunity for self-employed individuals to contribute directory or through cooperatives, the potential of the industry would be fully unlocked for phenomenal growth. A feat he assured the developing guidelines would achieve.

Currently, he said the industry is growing at some 35% rate per-annum and providing long-term funds for capital projects indicating that, it is pension fund that is currently deepening the bond market in Nigeria. He also indicated that the pension industry would take advantage of its power to generate funds for access by various governments, particularly, the state governments through bonds and other borrowing instruments, to compel the states to domesticate the Pension Reform Act 2004.

He revealed that they have reached an agreement with the Nigerian Stock Exchange to introduce, as a precondition to accessing bonds by states, an evidence of domestication of the Pension Reform Act 2004. Commenting on the recent recapitalization of the PFAs which saw the 21 PFAs emerging from 24, he said what the industry needs is 10 mega PFAs and not some small PFAs. *(Daily Trust*

Nigeria emerged Africa’s biggest destination for Foreign Direct

Investment in 2011 with USD 8.92bn, according to the 2012 World Investment Report by the United Nations Conference on Trade and Development. The report, which was released in Geneva last week, noted that FDI inflows to sub-Saharan Africa soared from USD 29.5bn in 2010 to USD 36.9bn in 2011. This level, it said, was comparable to the peak of USD 37.3bn achieved in 2008, prior to the onset of the global financial crisis.

According to the report, Nigeria received USD 8.92bn in FDI, placing it as first in Africa. South Africa was ranked next with USD 5.81bn during the period under review. The report stated that Ghana received USD 3.22bn; Congo, USD 2.93bn; and Algeria, USD 2.57bn worth of FDI. The countries were ranked as the top five African FDI destinations by the UNCTAD, which said that the other countries, aside South Africa, topped the chart because they were oil and gas producing nations.

The report stated that another significant African oil producer, Angola, also received major investment inflows, "but divestment and repatriated profits by transnational corporations rendered net inflows negative." UNCTAD said the continuous rise in commodity prices and a relatively positive economic outlook for sub-Saharan Africa were among the factors that contributed to the turnaround in the FDI inflow as found out by the annual survey.

It, however, said that for Africa as a whole, total FDI inflows declined. This, it said, was due to a drop in FDI to North Africa, with inflows to traditional strong performers, Egypt and Libya, coming to a halt as result of protracted political and social instability in those countries. UNCTAD said overall, the continent's FDI prospects for 2012 were promising "as strong economic growth, ongoing economic reforms and high commodity prices have improved investor perceptions of the continent.

"UNCTAD's figures show that South Africa's FDI inflows for 2011 accounted for 13.6% of Africa's total, while amounting to 31.8% of the country's Gross Domestic Product in 2011; up from 9.9% in 1995." However, the report suggested that in line with each country's development strategy, investment policies were required to establish open, stable and predictable entry conditions for investment; it also recommended regular reviews to ensure effectiveness and relevance. *(Punch)*

Nigeria's cabinet has approved a final draft of an oil law, years in the making, that will be sent to President Goodluck Jonathan before going to parliament in a few days, the oil minister said on Wednesday. The Petroleum Industry Bill's passage is needed to unblockbns of dollars of stalled investment into exploration and production, but it has been stuck for about five years as ministers and parliamentarians disagreed on details.

"(Cabinet) today approved the final draft of the new PIB. We expect that within the next few days Mister President will forward it to the national assembly," Diezani Alison-Madueke told reporters at the presidential villa. Industry participants say the PIB is needed to halt a decline in crude production in Nigeria. The bill includes plans to partly privatize and list the state oil company, tax oil company profits at 20% for deep offshore and 50% for shallow or onshore, and give the oil minister supervisory powers over all oil institutions.

"The new PIB is going to make the oil industry more competitive and accountable. It proposes revolutionary changes in the industry," Alison-Madueke said. Industry experts have said that the tax terms in the latest bill are more favourable to foreign oil companies like Shell , Exxon, Chevron and Total than previous drafts. There is no guarantee that lawmakers will push through the bill. Powerful interests could block or delay it, as has happened in the past, although Jonathan being explicitly behind it gives this version of the bill a better chance than previous ones.

The PIB would also lead to an overhaul of the Nigerian National Petroleum Corporation (NNPC). The oil minister said that NNPC would be unbundled and an independent National Oil Company would be created, which would be listed and take over current infrastructure owned by Nigeria's government. But the final draft does not make clear which assets the NOC will take over and if it will be given the most valuable production sharing contracts. *(Reuters)*

Nigeria plans to raise NGN 75bn (USD 466.30m) through sovereign bonds ranging between 5 and 10 years at its regular auction on July 18, the Debt Management Office (DMO) said on Thursday. The debt office said it would sell 25bn naira each in the 5-, 7- and 10-year paper with term-to-maturity of four years and eight months, six years and 10 months, and nine years and five months respectively.

The bonds are re-openings of previous issues. "The DMO reserves the right to alter the amount allotted in response to market conditions," the debt office said in a statement sent to Reuters by email. Nigeria, Africa's second-biggest economy after South Africa, issues sovereign bonds monthly to support the local bond market, create a benchmark for corporate issuance and fund its budget deficit. *(Reuters)*

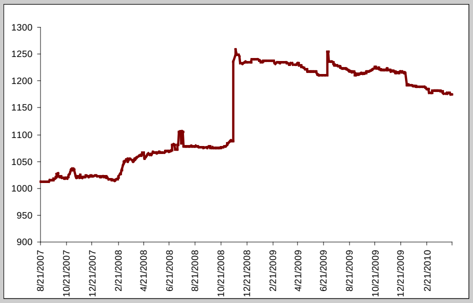
The Federal Government will assess Micro, Small and Medium Enterprises (MSMEs) and Micro Finance Banks to determine their viability, before they would be eligible to access funds from the MSMEs development funds and the NGN 200bn Small and Medium Enterprise Credit Guarantee Scheme (SMECGS), the Minister of State for Finance, Dr. Yerima Lawan Ngama, has said. Ngana, who spoke at the Annual Lecture of Microfinance banks in Abuja, yesterday, said the development funds and the N200bn SMECGS, were established for the sub sector and they are available to eligible institutions.

Despite the September 2010 mass liquidation of 103 microfinance banks, the minister lamented that the challenges are still noticeable. The minister who was represented by the Executive Director, Operations, Nigeria Deposit Insurance Corporation (NDIC), Prince Erediuwa, said, “drawing rights for both funds will be based on viability of the applying institution.” He said the Central Bank of Nigeria (CBN) and other relevant agencies of the government, will come out with a clear policy/framework for eligibility.

In his presentation, the CBN governor Mallam Sanusi Lamido Sanusi represented by Mr. A. A. Sowunmi, Deputy Director in charge of microfinance issues, said the apex bank has proposed the establishment of the MSME Development Fund to provide liquidity support for MFBs. The fund he said will cover refinancing, guarantee and wholesale facilities through various windows to support the MFBs to lend to entrepreneurs adding that arrangements to establish the Fund is at an advanced stage. *(Nation)*

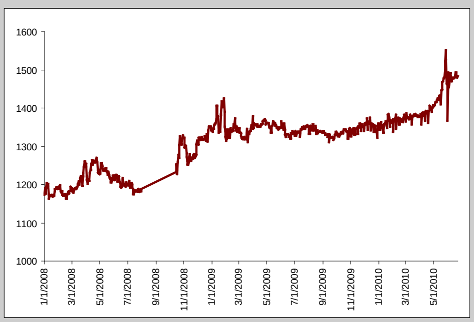
Tanzania

Dar-es Salaam Stock Exchange



Source: Reuters

TZS/USD



Source:SAR

Economic indicators

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

Source: World Development Indicator

CPI Inflation

Stock Exchange News

The DSEI gained a marginal +0.28% to close at 1,441.33 points. SWISS, TBL, NMB and TCC were the only movers after gaining +11.54%, 4.17%, +1.08% and 0.60% to close at TZS 1,160, TZS 2,500, TZS 940 and TZS 3,360 respectively while CRBD was the only shaker after shedding -2.00% to TZS 122.50.

Corporate News

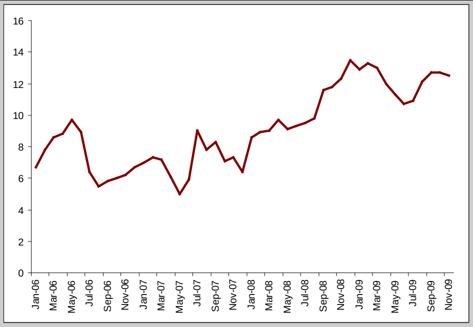
Bank M (Tanzania) Limited, has recorded almost double its net interest income on the back of liquidity tightness and high interest rates in the market in the first half. The bank's net interest income in the first six months of this year has shot up to 9.34bn/- compared to 5.51bn/- of similar period last year despite tight liquidity position and galloping inflation. A statement issued by the bank yesterday said in the same period, the bank recorded a significant increase in Non Funded Income from 3.05bn/- to 6.22bn/-, a clear reflection of acceptance of its service delivery standards.

Jacqueline Woiso, the head of banking transaction said the statement that the increase in income which does not depend on interest shows those customers have firm confidence towards the banking products and services. "We have made great strides in our performance and this is solely because of our enhanced service delivery and professional practices which make our customers to take Bank M as their preferred choice," she said.

The recently released financial statements of the bank, shows that Non Interest Expenses increased to 8.76bn/- from 5.73bn/- with a big chunk going to salaries and other staff benefits that consumed over half of the Non Interest Expenses. This achievement in the first six months did not end up at the income generation but also in profitability as the pre-tax profit almost tripled to 6.55bn/- as per recently released financial performance of the bank for the 2nd quarter of this year, it said.

The profit growth implies that the bank will surpass its profitability level registered last year and enhance its presence in the top list of commercial banks in the market, despite being in the market for slightly over four years, it added. According to the statement there was growth in pretax profit to prudent loaning as the bank continues to maintain low levels of NPLs (Non Performance Loans) to total loans and advances which also signify high quality in terms of asset management.

Explaining further, she said the bank's Non Performing Loans (NPL) as a%age of total loan stands at 2% since last year's third quarter and has not set aside fund for doubtful debts for the period. Meanwhile despite the low ratio of NPLs, the bank took no chances and put on provision for impairment losses on loans and advances of 246m/- compared to zero amount last year, she said. Alongside the spurt in net interest income generated from loans, the Non-



Source: SAR

Interest Income has also grown significantly to 6.22bn/- in the first half against 3.05bn/- of previous year.

The loan book of the bank also grew to 240.05bn/- to push up total assets to 335.92bn/- from 312.23bn/- of the previous quarter of the year. "We have managed well our loan book because of careful evaluation of risk which is also reflected in the sectoral exposure of the bank's loan portfolio which is well diversified with risks well spread across all the sectors of the economy," she commented. The bank has also recorded similar overwhelming achievement in deposits with its total deposits climbing to 285.03bn/- in first six months of this year compared to 272.53bn/- it has managed to mobilise in 12 months of last year.

Bank M has continued it's stance as a standard setter in transparency by publishing in-depth additional disclosures to its financial statements, it said. This is basically extra information on key financial and performance indicators that is not mandatory to be published under the central bank's guidelines, it said. *(IPP Media)*

Economic News

The International Monetary Fund has approved a USD 224.9m standby credit line to Tanzania to help the country deal with any potential pressures on its balance of payments position from troubles facing the global economy. The east African nation could have to deal with the effects of any escalation of the debt crisis in the euro area from a position of weakness, after prices climbed sharply last year and its shilling currency weakened against the dollar.

"While Tanzania does not face an immediate balance of payments need, the newly approved Standby Credit Facility (SCF) provides a comfortable buffer against external shocks," the IMF's deputy managing director, Naoyuki Shinohara, said in a statement seen by Reuters on Monday. "The authorities intend to treat the SCF as precautionary and will only draw the IMF resources should external demand deteriorate or access to international financial markets become more limited."

He said Tanzania should sustain a tight monetary policy in 2012/13 to curb high inflation and bring it down to targeted single-digit levels. The year-on-year inflation rate eased in May to 18.2%, from 18.7% in April. Just as in neighbouring Kenya and Uganda, inflation was driven up partly by high fuel and food costs.

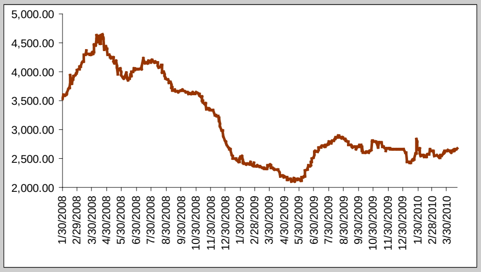
"The Bank of Tanzania intends to move to more active use of interest rates as a policy instrument. The flexible exchange rate regime will ease the burden on monetary policy and help maintain adequate international reserves," Shinohara said. Tanzania's GDP growth in the first half of the 2011/12 fiscal year was 6.5%, unchanged from a year ago, the IMF said in the statement.

The government cut its economic growth forecast for 2012 to 6.8%, from an earlier estimate of 7%, due to a prolonged drought and chronic energy shortages. Other nations in the region have been racing to build up buffers against the impact of sluggish global growth and any worsening of the euro area crisis, with Mauritius unveiling a credit line to banks to help exporters. *(Reuters)*

SECURITIES AFRICA

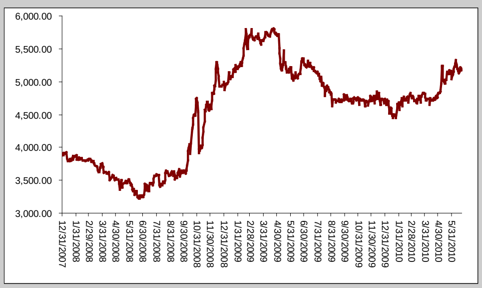
Zambia

Zambia Stock Exchange



Source: Reuters

ZMK/USD



Source:SAR

Economic indicators

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

Source: World Development Indicators

CPI Inflation

Stock Exchange News

The LuSE index gained a marginal +0.08% to close at 3,896.62 points. Zambia Sugar led the gainers after adding +1.79% to ZMK 285 followed by AELZ which rose +0.18% to ZMK 3,411 and Lafarge (+0.03%). CECZ was the biggest loser after shedding -2.19% to ZMK 670 followed by BATZ, down -1.13% to ZMK 1,582 and Investrust (-0.59%).

Corporate News

The advisory committee set up by Government will in the next two weeks meet and issue a mining licence to Nigerian cement company Dangote Industries. The move not to give the mining licence has caused delays in the construction of the USD 500-m cement plant in Masaiti District on the Copperbelt. But now Mines, Energy and Water Supply Permanent Secretary Victor Mutambo said the advisory committee would be sitting in the next two weeks and would issue Dangote Industries with the mining licence.

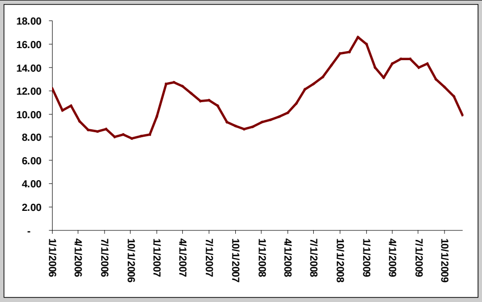
He confirmed this in an interview at the weekend. Two weeks ago, Dangote Industries general manager Vivek Heblikar said Government had approved the Dangote Industries mining licence, but that the company was yet to receive official communication from the Government. Mr Heblikar said the company had received information that the licence had been approved but no official communication had been received from Government.

The company has been waiting for official communication from the Government on the approval of its licence. Construction of the cement plant had suffered a setback following delays by the Government to issue the company with a licence. Dr Mutambo said Government was aware that Dangote was a huge project and that the ministry was doing everything possible to ensure the licence was issued.

“We, as Government, are aware that Dangote is a huge project which we cannot ignore. “The advisory committee will soon be sitting and issue the cement plant with a mining licence,” Dr Mutambo said. He explained that what had caused the delay was the suspension of issuance, renewal and transfer of mining and non-mining rights to facilitate an audit and streamlining of the licensing system.

Dr Mutambo said the Environmental Impact Assessment had already been approved while the organisation had submitted all the documentation and was only waiting to be granted the licence. He expressed hope that the plant would now go ahead with limestone mining upon being issued with a licence. *(Times)*

Zamtel yesterday unveiled its new management team that is expected to help realise the company’s corporate goals and announced the completion of its optic fibre connectivity to two submarine cables. Zamtel chief executive officer Mupanga Mwanakatwe said the new seven-member



Source: SAR

executive committee was composed of seasoned professionals who have worked in big companies in various capacities. "The team has a wealth of experience, drive, motivation and innovation that will set Zamtel on a progressive path to realise corporate goals and objectives," he said.

Dr Mwanakatwe named the entrants as Evans Muhanga who is the chief marketing officer, Albert Salima who is chief information services officer and Sydney Mupeta who is chief technical officer. Others are Nchimunya Hachandi (chief financial officer), Mooka Silumbu (chief human resources and administration officer), Lho-zindaaba Sakala (chief sales and distribution officer) and Leya Ngoma (chief legal and regulatory officer). On the expansion programme, Dr Mwanakatwe said Zamtel had completed its optic fibre connectivity to two submarine-Wacs and Sat3 through the Namibia Telecoms.

He said as the result of that, Zamtel was now able to deliver 600MBPS of internet capacity to the Zambian customers, making access to fast internet broadband even more affordable for all. The Zamtel fibre runs from Solwezi, Ndola, Lusaka, Livingstone and Sesheke into Namibia and eventually to the Western seaboard international undersea cables. "We are in discussion with other neighbouring countries for additional connectivity in line with our strategy of multiple entry points. We are planning to introduce additional value-added services in the near future," he said.

Dr Mwanakatwe said Zamtel was also planning to increase capacity on its fixed internet broadband on ADSL to cater for everyone who has a landline at home as a short to medium-term solution. He said the company plans to replace the copper network under fixed lines by growing its fibre metro network, a development he said would provide cost-effective end solutions to corporate clients such as branch inter-connectivity.

On the GSM side of business, Dr Mwanakatwe said Zamtel has continued with its rollout of 3G and 2G network coverage and that his company plans to increase the number of sites for the 3G from 155 to 200 by September this year. He added that Zamtel had increased its roaming access on 130 networks in 70 countries in Africa, Asia, Europe and America and that Zamtel would soon launch data roaming which enable the clients send and receive e-mails seamlessly while abroad. *(Times*

Economic News

ZAMBIA is set to produce 1.5m tonnes of copper per annum and become the world's fifth top copper producer by 2015 due to massive investments, the Zambia Development Agency (ZDA) has said. ZDA Multi Facility Economic Zones (MFEZ) manager Robert Banda said Zambia was set to be among the top five copper producing countries in the world by 2015. Mr Banda said Zambia which was currently ranked seventh had shown the potential of producing about 1.5m of copper per year thereby becoming the fifth country on the world's leading copper producers.

Among the major Foreign Direct Investments (FDIs) which have been injected into the sector include US USD 3bn by the First Quantum Minerals, USD 2bn by Vedanta, CUSD 7.3bn by Barrick Gold, another USD 2bn by China Nonferous Metal Mining Group and USD 1bn by Vale. He said Zambia as

African leading copper producer had contributed 50% towards the Growth Domestic Product (GDP) for Africa and had unlimited repatriation of profits.

“Zambia is expected to produce 1.5m tonnes of copper by 2015, and currently its nominal GDP is at USD 19.2bn and is contributing 50% of GDP to Africa,” Mr Banda said. Mr Banda said apart from that, the country had abundant natural resources which presented excellent investment and trade opportunities for investors to come into the country.

He said foreign investors should consider investing in sectors that had great impact for economic growth of the country as the country possessed a positive and investor friendly economic environment. Mr Banda added that Progressive banking; legal and insurance services of international standards and stock exchange market were also available in the country. “We would like to urge foreign investors to come and invest in Zambia because the country has a positive and investor friendly economic environment,” he said. *(Times)*

A new law in Zambia limiting the use of dollars in everyday transactions has triggered a dramatic 8% rally in the kwacha in the past week, and other African countries struggling with weakening currencies are taking note. The currency of Africa's biggest copper producer climbed more than 2.5% on Tuesday to hit its highest level in more than a year as the new law spurred demand for the local unit.

Commercial banks quoted the kwacha at 4,690/4,730 to the dollar at 1240 GMT, compared to Monday's close of 4,775. Earlier, it traded at a session high of 4,640, its highest since April 2011. The regulation, which came into force on May 18, requires domestic transactions to be quoted or paid for in kwacha and prohibits the use of foreign currency to buy domestic goods and services. Penalties include up to 10 years in jail.

Analysts said the policy ends the common practice of quoting prices for expensive services such as health and education in dollars instead of kwacha. The currency has soared in the last week as people have rushed to convert their stashes of hard currency into the local unit.
"They have decided that a lot of the so-called demand for FX in the economy was not really demand. It was mostly that there was common usage of foreign currency in Zambia," said Razia Khan, head of Africa research at Standard Chartered in London.

Contacted by Reuters, Zambia's central bank governor declined to comment on the sudden kwacha appreciation. The success of the intervention in Zambia, one of frontier Africa's foremost investment destinations, may see it rolled out in similar form elsewhere. The central bank in Ghana, where the cedi has slid more than 17% against the dollar this year, has noted an increasing trend towards "dollarisation", with cars, school fees, rent and mortgages all paid for in dollars.

In a June 13 monetary policy statement, the bank blamed the "easy availability of foreign cash", noting that foreign currency to total deposits in the banking system rose to 31.8% in April this year from 27.9% two years ago. "The Bank of Ghana has decided to initiate a process of reclaiming the primacy of the domestic currency in trading activity," it said, without providing specific details.

Standard Chartered's Khan said cedi volatility had led to the growing preference for foreign currency accounts, putting even greater pressure on the currency. "If Ghana were to put in place measures that any transactions have to be priced in cedis it would create some level of demand for the local currency," she said. "Places like Ghana that have seen their currencies pressured would do well to implement this." *(Reuters)*

A Chinese company plans to invest USD 100m in a Zambian mining project that will produce 600 tonnes of copper cathodes a year, a government agency said on Thursday. Zambia's environmental management agency, which has to approve all major infrastructure projects in Africa's biggest copper producer, said China Copper Mines Ltd had applied to build a copper leach plant.

"Key production processes will include crushing, screening, heap-leaching, solvent extraction and electro-winning of mineral resource," it said in a statement. China Copper Mines would exploit five mineral waste dumps created by mining operations at the high-grade Fitula open pit more than 400 km north-west of Lusaka, it said. *(Reuters)*

After much recent debate inside the country and from investors, it has been declared this week that Zambia will drastically increase its copper output by 2015 due to new investment. Currently, Zambia is the seventh largest producer in the world, and although it is the largest producer in Africa, its capacity stretches to just a tenth of Chile’s – the country with the world’s highest volume of copper output.

The move to increase the volume capacity of Zambia is due to new investment in the countries’ industry. Amongst the major investors which have injected funds into the sector include US USD 3bn by First Quantum Minerals, USD 2bn by Vendanta, USD 7.3bn by Barrick Gold, as well as USD 1bn by Chinese investors Nonferous Metal Mining Group.

Mr. Banda of the Multi Facility Economic Zones (MFEZ) said that the Copper trade contributed to 50% towards Zambia’s GDP, and it is therefore essential to continue investment in the industry. "Zambia is expected to produce 1.5m tonnes of copper by 2015, and currently its nominal GDP is at USD 19.2bn," Mr Banda said.

The scope for foreign investment in Zambia is already good as the country has abundant natural resources, which presents excellent opportunities for economic growth and investment. Coupled with the ‘positive and investor friendly environment’ spoken of by Mr. Banda, there is fantastic opportunities for further investments in other areas of Zambia’s economy, including progressive banking and legal and insurance services. The price of copper has stabilised after a dip in mid-2008 due to the world financial crisis. *(Africa Business Review)*

The Zambian government aims to diversify its economy away from its dependence on copper by exploiting its vast hydro-electric and agricultural resources, said Chisha Folotiya, the chairman of Laurence Paul Investment Services, on Tuesday. “Faced with abundant land and water resources and rising global food prices the Zambian government has decided to focus on agriculture and agribusiness, among other target sectors, for economic diversification and poverty alleviation," Mr Folotiya told an IHS Global Insight conference.

Zambia has 3,35-m hectares of arable land and 40% of Southern Africa's fresh water resources, so after decades of neglect, agriculture is a priority for the government. This was reflected in significant infrastructure development for prominent farming areas earmarked under recent national budgets. The fertilizer support input programme extended to reach a larger portion of population, which has resulted in bumper maize harvests, with Zambia now exporting to Zimbabwe among other countries.

The new emphasis on agriculture has attracted large foreign and local investments in the agribusiness sector with Zambeef, for example, listing on the London AIM market, while UK firm Chayton Africa recently bought 20000 hectares and will invest USD 85m to produce maize, wheat and soya beans. To improve service delivery, the government has split the provinces into smaller regions through a decentralisation drive.

As new provincial and district capitals are named, infrastructure and housing will be developed. In addition to its focus on agriculture, the government is boosting its investment in power generation to alleviate current shortages and amass exportable surpluses for the rest of the region. This will result in two new hydro-electric plants, at Itezhi Tezh and Batoka Gorge, while two new coal-fired stations are due to be developed at the Maamba and Sinazongwe collieries.

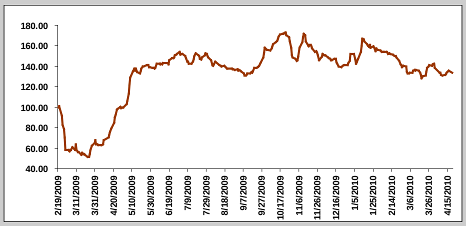
The International Monetary Fund (IMF) expected Zambia's gross domestic product (GDP) growth rate to rise to 7,7% in 2012 from 6,5% in 2011, the latest in a number of projections for South Africa's neighbours forecasting higher growth this year. The higher growth in 2012 is in contrast to most countries GDP growth rates in 2012 relative to 2011. "Despite the favourable macroeconomic results, there is an urgent need to re-orient policies to ensure that economic growth and macroeconomic stability are accompanied by strong employment growth and poverty reduction.

"Looking forward, it will be important for the government to implement policies to diversify the economy and ensure that growth is more inclusive, the IMF said. The IMF enumerated key areas for improvement, which included tax policy, tax administration, sound public financial management to create fiscal space for increased infrastructure spending and technical capacity to efficiently administer a larger capital budget.

Maize marketing, pricing policies and the development of a broad-based reform strategy for the agricultural sector was another area that required attention. The IMF also suggested increasing access to financial services by small and medium enterprises, without jeopardising financial sector stability. Finally, the IMF called for the removal of incentives for the proliferation of informal business and employment arrangements. The United Nations World Investment Report 2011 reported that foreign direct investment flows into Zimbabwe were only USD 105m in 2010, while neighbouring Zambia attracted almost ten times that amount at USD 1,041bn. *(Business Live)*

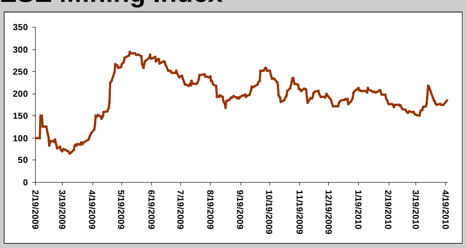
Zimbabwe

ZSE Industrial Index



Source: Reuters

ZSE Mining Index



Source: Reuters

Economic indicators

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

Source: World Development Indicators

Stock Exchange News

The Industrial index ended the week 1.66% lower at 131.55 pts while the Mining's index edged up an impressive 17.28% at 90.90pts. Market turnover stood at USD 6,454,027, was much lower than last week's USD 17.2m. Falgold increased by 51.52% at 25c. Other Mining counter Rio Zim was up 40.635 at 45c. Cafca traded 20% higher at 0.60c while Ariston closed 12.505 higher at 1.85. The shakers were led by Lifestyle which lost 57.32% to close at 1.75c. General Beltings lost 255 at 0.06c.

Corporate News

MWANA Africa registered an 86% jump in revenue to USD 81,3m in the 12 months to March 31, 2012, after its gold mining unit, Freda Rebecca's exports more than doubled. Mwana Africa said the gold mining subsidiary contributed USD 79,8m to group revenue from USD 38m last year. The unit's sterling full-year performance helped reduce the AIM-listed mining conglomerate's group loss by 42% to USD 6,7m.

In the same vein, the loss attributable to shareholders declined by 79% to USD 600 000 from USD 3,4m last year. Mwana Africa's improved fortunes largely mirrored the strong increase in bullion output at its current major cash cow, Freda Rebecca. "Freda Rebecca production increased by 75% to 47 770 ounces of gold in the year to March 2012 from the 27 240 ounces achieved over the comparative period the prior year.

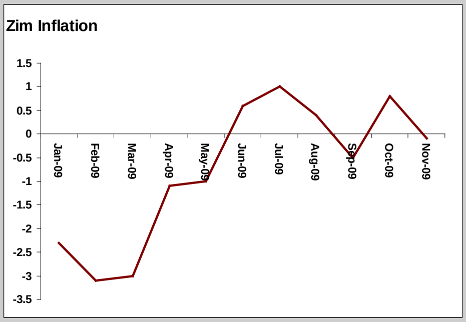
The mining giant's other gold mining operation, Zani Kodo (Democratic Republic of Congo), recorded increased gold resource of 41% from 1,3m oz to 2m oz. Freda's production for the quarter to June 30 2012 was 17 950oz against the 14 280oz over the quarter to March 31, 2012. Mwana Africa said Freda's rate of production was equivalent to an annualised production rate of 71 800 ounces.

During the period under review, the group's exploration expenditure amounted to USD 10,2m compared with USD 12,3m last year. Over the same period, a share placement of 185,4m shares in June 2011 raised approximately USD 14,2m net of expenses. A further share subscription and placing of 383m shares in April 2012 raised about USD 32,8m, net of expenses.

Chief executive Mr Kalaa Mpinga said the last year had been a great success as the group recorded progress on all its objectives. "The group's focus for the financial year has been on expanding production at Freda Rebecca Gold Mine to our target production rate of 50 000 ounces per annum, (and) increasing the gold resource at our Zani-Kodo project in the DRC through continued exploration drilling," said Mr Mpinga.

Mwana Africa also sought to secure funding to enable the restart of its

CPI Inflation



Source: SAR

subsidiary, Bindura Nickel Corporation's Trojan Mine. BNC has been under care and maintenance since 2008 when the nickel mining and refinery giant succumbed to the effects of the economic downturn that rocked Zimbabwe. *(Herald)*

TN Bank will list on the Zimbabwe Stock Exchange on Wednesday this week after shareholders approved the demerger of the bank from TN Holdings last week. TN Holdings shareholders will receive one TN Bank share for every 10 shares of the group, which will change its name to Lifestyle. TN Bank was demerged from TN Holdings Limited through the issuance of 76 203 638 TN Bank shares to TN Holdings shareholders at a subscription price of USD 0,0000001 per share.

The bank will be recapitalised through the issue for cash of 62 344 140 new TN Bank Limited shares to Econet Wireless Zimbabwe at a price of USD 0,3208 per share. Econet will acquire 45% of TN Bank Limited for USD 20m. The Econet subscription values TN Bank at approximately USD 44,4m. The ZSE listing committee has agreed to the listing of all the issued shares of TN Bank Limited, subject to the fulfilment of the listing requirements.

In a brief trading update, TN Holdings management told shareholders that revenue to June 30 2012 was expected at approximately 55% of 2011 turnover which amounted to USD 54,5m. Operating costs are expected at 62% of 2011 which were USD 30,7m. Net profit after tax for 2012 is expected at between 50% and 51% of the USD 3,6m achieved last year. The new business units, TN Grill and TN Mart, as well as TN Zambia, are expected to at least break even by the end of the year. *(Herald)*

Victoria Foods (Private) Limited (Victoria) faces liquidation over an unpaid USD 5,7m debt owed to Dominion Trading FZ-LLC (Dominion), a United Arab Emirates-based company for the supply of wheat, maize and rice. In its application to the High Court, Dominion says the Harare-based company, a unit of CFI Holdings has struggled to service the debt despite committing to a 30-60-day settlement agreement from the date of invoice.

Controversial businessman Nicholas van Hoogstraten is a significant shareholder of the group while Steve Kuipa is the group chief executive of CFI. Already, the master of the High Court has made the first move to clear the path for the appointment of a liquidator and the Victoria Foods faces liquidation case is now awaiting confirmation by a judge. In court papers in possession of the Daily News, Dominion says Victoria Foods is failing to pay.

"Respondent in breach of the agreements failed to make payment when the accounts were due and payable. Despite demand for payment of the whole amount due, owing and payable to the applicant, respondent has failed/rejected/neglected to pay the applicant," Dominion said in its court papers.

"The applicant considers that it is just and equitable that the respondent be wound up in that, it is clear that the respondent is insolvent and is unable to pay its debts as they fall due, it is therefore just equitable that the respondent be wound up as it is unable to repay the debts." The liquidation of Victoria Foods comes as CFI is reported to be planning to dispose the company among other operating units as part of its efforts to retire its debts.

CFI, which has been facing liquidity challenges, is currently undergoing a restructuring exercise that has seen it disposing its stake in Beira Grain terminal, Dore & Pitt and Windmill Private Limited. “Negotiations with potential strategic partners regarding investments in its food processing unit Victoria and Crest Poultry Group Private Limited are still ongoing,” the company said earlier in the year.

Windmill is a major manufacturer of fertiliser and agricultural chemical products. Victoria is a domestic and industrial food processing firm which produces products like flour, mealie meal, rice and salt. The company has three mills (two in Gweru and one in Harare). The Victoria wheat and maize mills each produce 150 metric tonnes of flour and maize meal per day respectively.

CFI also has an interest in Glenara Estates situated about 30km outside of Harare along Mazowe Road. CFI’s poultry division trades as Crest Poultry Group and comprises Agrifoods, Agrimix, Hubbard Zimbabwe, Crest Breeders, Suncrest and Vetco. Its retail chain is made up of Farm and City, Fruit and Vegetable, struggling Town and Country and Honeydew.

According to a Master of the High Court certificate seen by the Daily News, the process of liquidation is in full swing. It reads: “I, the undersigned, Master of the High Court, do hereby certify that due security has been furnished by the above-named applicant for the cost and charges in this matter up to the appointment of the liquidator or, if no liquidator is appointed, all fees and charges necessary for the discharge of the applicant from liquidation. Further, I have no objection to the appointment of Theresa Grimmel as the Provisional Liquidator.” *(Daily News)*

Government has directed Essar Holdings to enter into a joint venture ownership arrangement with ZMDC for the revival of NewZim Steel (Ziscosteel) with the Indian firm ceding 51% shareholding to the parastatal. This is in accordance with the country’s indigenisation laws. Cabinet approved the decision recently. Essar acquired a 60% stake in the giant steelmaker in March last year in a USD 750m deal.Government has since advised the ZMDC to engage Essar and draw up the necessary joint venture arrangements.

Documents in The Herald’s possession show that the Ministry of Mines and Mining Development has apprised the Ministry of Industry and Commerce on the development in a letter dated July 2. “Cabinet has directed that Essar Holdings Limited comply with the Indigenisation and Economic Empowerment Act on a 49/51 (percent) basis with the Zimbabwe Mining Development Corporation.

“The Zimbabwe Mining Development Corporation is by copy of this letter requested to engage with Essar Africa Holdings and draw up the necessary joint venture agreements,” reads a letter from Mines and Mining Development secretary Mr Prince Mupazviriho to Mrs Abigail Shonhiwa, the Secretary for Industry and Commerce. In the letter, Government indicated that it was ready to transfer mining rights in Redcliff and Buchwa in line with a Cabinet resolution on the matter to NewZim Steel.

“The requisite transfer fees and duty shall be for the transfereer’s accounts. The Ministry of Mines and Mining Development also wishes to advise that: the claims that are under legal dispute will be dealt with upon a favourable outcome by the Supreme Court of Zimbabwe whereupon issues and conditions of their transfer will be discussed,” Mr Mupazviriho said.

He invited Essar for further discussions. “The ministry also wishes by copy of this letter to invite Essar Africa Holdings to come and discuss the terms and conditions for the renewal of Special Grant numbers 2104 and 5123 with the technical teams from the Ministry of Mines and Mining Development,” Mr Mupazviriho added. The change of ownership at NewZim Steel comes after Mines and Mining Development Minister Obert Mpofu last month said the Essar deal should be revisited.

He argued that the Indian firm should not be allowed to pay only USD 700m for resources worth over USD 30bn. Giving Oral evidence before the Parliamentary Portfolio Committee on Industry and Commerce, Minister Mpofu said he would only transfer mineral rights of iron ore to Essar only for actual value, as part of the conditions he wanted observed on the deal. Minister Mpofu further made it clear that Essar must comply with the country’s indigenization policy and should not be allowed to export iron ore. *(Herald)*

The number of active Telecel Zimbabwe subscribers has now topped twom, an increase of half-a-m since the end of December 2011, chief commercial officer Ashraf Elguindy revealed. The developments come on the back of last month’s forecast by former Telecel chief executive John Swaim that subscriber numbers, which stood at 1,8m at the end of March, would reach twom in July.

Elguindy said the introduction of data bundles and their reduction in cost to as little as USD 2,50 for 55 megabytes, USD 22,50 for 550 megabytes, USD 42,50 for 1 250 megabytes and USD 75 for three gigabytes, which works out at two-and-a-half cents per megabyte allowed the network to offer lower data service rates to its customers. The commercial director said the Tele-Tunes service was proving popular among its subscribers after being launched earlier in the year.

The pioneering service allows subscribers to substitute a tune or song of their choice for the ringing tone that callers hear when they phone them. He said the mobile network’s other products such as the Mega Juice Card, offering subscribers a 100% bonus on recharge with the one dollar card to be used in making calls to any Telecel customer and the 50 cents emergency credit that it offers regular subscribers who run out of airtime but still need to make a call, provided its subscribers with good value for money.

“The last two years or so have been an exciting period for Telecel. “We have led the way within the mobile telecommunications sector in reducing costs and making mobile communications affordable for everyone. The number of subscribers we have, has soared to its present level of twom and continues to grow. The quality of our voice communications is we believe he best in the country,” he said.

Elguindy added that Telecel continued to expand its network and install new base stations both to extend its reach geographically and to increase the capacity of areas where the network was well established and where the demand for its services, both voice and data, continued to grow.

“We have also been able to benefit from being part of the Orascom Telecom group and from Orascom’s new status as a subsidiary of an even larger telecommunications group, VimpelCom,” he said. VimpelCom is the sixth-largest telecommunications operator in the world. He said Telecel subscribers also benefited from its partnership between VimpelCom and Opera Software to make Opera Mini available as a browser even to those with low cost handsets and the partnership between VimpelCom and Google to give subscribers access later in the year to Google Play products.

Elguindy said the appointment of Francis Mawindi as the new chief executive was expected to benefit Telecel greatly, given his extensive experience in telecommunications in America, where he had been the France Telecom Orange head of business operations for global services in both North America and Latin America. *(Daily News)*

ZIMPLOW'S rights offer, to raise USD 11,2m for the acquisition of a 57,2% stake in agriculture implements manufacturer Tractive Power Holdings, opened yesterday. The cash call is scheduled to close on July 27 2012 while the results of the rights issue would be announced on August 8. Shareholders approved the cash-raising initiative at an extraordinary general meeting on June 29.

They also voted in favour of proposals to increase authorised share capital from 500 to 800m and placement of unissued shares under the control of directors of the company. Zimplow seeks to raise USD 11,2m by issuing 224 185 085 ordinary shares with a nominal value of USD 0,0001 each at a rights offer subscription price of USD 0,05 per share.

The new ordinary shares would be issued in the ratio of two ordinary shares for every three ordinary shares already held in the company. About USD 9,7m would be used to acquire the Tractive Power stake, while the balance of the proceeds (USD 1,5m) would be used to cover expenses of the rights offer. Zimplow directors said the rationale behind the acquisition of TPH was to explore more opportunities in tractor-drawn farm equipment.

Already, Zimplow holds a 100% stake in Mealie Brand, CT Bolts, Tassburg and has a 49% stake in Afritrac. "The board also sees significant potential for your company to consolidate its position within this sector. Zimplow exposure to TPHL will therefore offer an avenue for product and market diversification in agriculture and mining sectors," the directors said in a statement released last month. *(Daily News)*

A Recapitalised TN Bank listed on the Zimbabwe Stock Exchange (ZSE) Wednesday following its demerger from TN Holdings which will be renamed TN Lifestyle. The bank recently received a capital injection of USD 20m from Econet Wireless Zimbabwe, giving the telecoms group a 45% stake. Econet's investment values the bank at USD 44,4m.

"We are excited about the demerger which will see TN Bank grow on the back of Econet's strengths and stability," TN holdings chief executive officer Tawanda Nyambirai said after the meeting. "Products such as Ecocash and many others in the pipeline shall be key drivers of growth. This move anticipates the integration between telecommunication and banking that is now talked about globally."

TN Holdings' finance director George Nyashanu said the group's revenues for the first six months to June 2012 are expected to be more than half the USD

54,5m achieved during the full-year to December 31 2011. Nyashanu projected net profit after tax for the group to be 51% of the USD 3,5m achieved year-end 2011 while operating costs are expected to surge 62% driven by staff costs and borrowing costs.

“We expect the main contribution to revenue growth to come from our furniture division and TN Bank,” Nyashanu said. “TN Asset Managment, TN Financial Services, TN Health Care and TN Medical, are all profitable, while TN Grill, TN Mart and TN Harlequin Luxaire Zambia, are expected to break even by year-end.” *(New Zimbabwe)*

Profitability at tile manufacturing company ZimTile has increased by between 30 and 40% since the commissioning of a new USD 2,5m plant last year, officials said yesterday. ZimTile is a subsidiary of PG Industries. Speaking to journalists during a tour of the plant in Harare, company managing director Washington Kuwana said the new plant had a capacity to produce 40 000 tiles per day, but was currently producing 20 000 tiles.

We are hoping by 2013 the plant will be producing 40 000 tiles daily, Kuwana said. He said with the new plant in place they had been no operational challenges as the new plant was more advanced. We are now operating with 20 people compared to 70 people from the old machine, he said. ZimTile sales and marketing executive Sakhile Kumalo said the plant was not producing at optimum capacity due to a shortage of pallets.

We are being limited by pallets, but we have begun buying them in batches from South Africa. Hopefully by 2013 we will be able to reach 40 000 tiles a day, Kumalo said. She said demand for both bricks and tiles was currently higher than production capacity in the country.Khumalo said the group exports 5% of the products to Zambia, Democratic Republic of Congo and Malawi. *(News Day)*

Economic News

The Reserve Bank of Zimbabwe (RBZ) has begun disposing of its shareholding in Homelink, a subsidiary of the central bank as it sheds quasi-fiscal operations. A notice by the central bank yesterday shows that RBZ had opened a tender, courting suitors to take over the loss-making unit. Records show that as of September 2009, Homelink had a net asset value of USD 9,8m.

This disposal comes at a time when the debt-ridden apex bank is currently offloading its non-core assets, which were bought during the economic downturn resulting in the bank assuming supra-ministerial roles. “Consistent with the Reserve Bank of Zimbabwe Act (Chapter 22:15) which requires that the Reserve Bank of Zimbabwe (RBZ) disposes of its assets not related to its core functions, the Reserve Bank hereby notifies the public that it intends to re-tender the disposal of its 100% shareholding in Homelink (Pvt) Ltd,” reads the notice.

The adjudication of the bids relating to the aqusition of the asset, the RBZ said, would be administered by KM Financial Solutions. Homelink, a wholly-owned subsidiary of the apex bank, was incorporated in 2005 at a time when the country was facing foreign currency shortages. Its role included mobilising foreign currency remittances from the diaspora to build housing projects locally.

Records show that Homelink has constructed 120 houses in Westgate and 25 houses in Waterfalls. Documents seen by this newspaper show that in 2008, the central bank bought 43 houses for members of the judiciary valued at USD 4,3m at a time when the bank had no capacity to pay for the houses. According to a valuation report of Homelink, about 80% of mortgages in the company's books expired in 2010 amid reports that the default rate was high resulting in most mortgage holders rescheduling their debt.

The interest rate on the mortgages is 5,5% and the purchaser was obliged to pay a successive monthly installment of USD 360. The documents show that stands accounted for 87% of Homelink's inventory as of September 2009. Homelink, through Easylink, was granted an operational licence to operate the money transfer business.

Official figures show that remittances from Zimbabweans working beyond the country's borders have in recent times decreased owing to the downturn in the global economy. Meanwhile, reports show that the central bank has also begun divesting from troubled food manufacturer Cairns Holdings. *(News Day)*

Flue-cured tobacco worth USD 485,9m from 131m kilogrammes of the golden leaf have been sold since the beginning of the marketing season, latest figures have shown. At least 133m kilogrammes of tobacco are expected to be sold during this year's marketing season. Latest figures from the Tobacco Industry and Marketing Board show that by day 97, sales for the current selling season were 6% higher than those of the comparative period last year.

The cash crop was sold at the country's four auction floors at an average price of USD 3,70 per kg. The USD 485,9m earned so far indicates a 44% increase from USD 337m during the same period last year. According to the TIMB, close to 1,6m bales have so far been sold compared to 1,5m sold during the same period last year.

The figures show that 74 865 bales have so far been rejected compared to 109 189 bales recorded during the same period last year. Government projections indicate that the country's agricultural sector is expected to grow by 11, 6% this year buoyed by a growth in tobacco output.

However, an interim report on Medium-Term Plan (MTP) implementation progress report shows that tobacco output has been revised downwards due to the decline in the planted hectarage caused by lack of funding."For 2012, the MTP was targeting 180m kg, however, tobacco output for 2012 has been revised downwards to 130m kg. This output is 28% lower than the MTP target," the report reads.

The report said the growth target for the agriculture sector had been revised downwards due to the poor agricultural season. Experts say Tobacco prices have been competitive owing to the quality of flue-cured tobacco produced this year, with many farmers expressing optimism that they would be able to go back to the fields next season. *(News Day)*

Foreign Direct Investment (FDI) inflows into Zimbabwe more than doubled last year to USD 387m spurred by increased inflows into sub-Saharan Africa, according to the United Nations Conference on Trade and Development (UNCTAD) report released last week. The World Investment Report 2012, showed that FDI inflows into Zimbabwe had risen from the USD 166m recorded in 2010, signalling the interest of investors despite the uncertainty on the political front.

This development comes against a background of a 27% recovery in terms of inflows in sub-Saharan Africa in 2011 from USD 29bn recorded the previous year. United Nations Development Programme economic advisor, James Wakaiga, told delegates at the report's launch last week that the development occurred in the context of an increase in profits, particularly for transnational corporations and a relatively high economic growth rate in developing countries.

"It is disappointing that FDI inflows to Africa continued their downward trend for a third consecutive year at USD 42,7bn despite a robust macro-economic outlook for a number of countries in southern Africa," said Wakaiga. "However, the continued rise in commodity prices and relatively positive economic outlook for sub-Saharan Africa, are some of the factors that have contributed to the turnaround. The increases in banking, retail and communications (activity) in Africa have led to the increase in the share of the services for FDI inflows," he said.

Wakaiga noted that the Common Market for Eastern and Southern Africa (Comesa) had established a common investment area, which would be important for promoting intra-Comesa and international FDI in areas such as infrastructure, information technology, telecommunications, energy and agriculture, among other sectors, adding that this would augment intra-regional investment potential.

The World Investment Report 2012 was compiled with recognition of an emerging broader development policy agenda that has inclusive and sustainable development goals at its core, in light of the continuing effects of the global financial crisis and the ongoing European sovereign debt crisis. UNCTAD noted that many countries continued to liberalise and promote foreign investment in various industries to stimulate growth in 2011.

Zimbabwe Investment Authority chief executive officer, Richard Mbaiwa, said two of the major challenges faced by investment policy makers at national level related to integrating investment policy in development strategy and incorporating sustainable development objectives in investment policy.

"There is concrete guidance for policy makers on how to formulate investment policies, and regulations and how to ensure their effectiveness," said Mbaiwa. He noted that the first guiding principle related to investment for sustainable development, as this would be an over-arching objective of investment policy making.

"The second is policy coherence, which is grounded in a country's overall development strategy so that there is coherence and synergy between policies and development strategy," he said. The third is tied to the need for involvement of all stakeholders in public governance and institutions with standards that have predictable, efficient and transparent procedures for investors.

Government has identified foreign direct investment as one of the engines for economic growth and has put in place a one-stop shop to simplify investment processes. According to the Medium-Term Plan unveiled last year, government wants investment to contribute 20% of the Gross Domestic Product (GDP) by 2015 from the current 4%.

It has also instituted reforms that include the conclusion, as well as negotiating for new Bilateral Investment Promotion and Protection Agreements designed to provide a favourable environment for investors in order to get a bigger chunk in terms of the global FDI inflows.

Analysts fear the threat caused by the empowerment laws stymie investment. Under the law, locals should have substantial controlling shareholding in all foreign-owned companies operating in Zimbabwe. *(Daily News)*

The Infrastructure Development Bank of Zimbabwe (IDBZ) disbursed USD 100m for 43 infrastructure projects in the first half of this year in a development expected to stimulate activity in the construction sector. Funded projects span over the energy, transport, water and sanitation, housing development and information communication technology sectors.

IDBZ public relations executive Priscilla Mapuranga said the quantum and quality of infrastructure development in any economy was key to stimulating activity, as the cost of doing business would become lower and affordable. “In Zimbabwe, for instance, there is a big mismatch between amounts of capital required for infrastructure and the domestic capacity to meet these long-term capital requirements,” Mapuranga said.

“The bank shall, however, intensify its efforts to mobilise the required funding through lines of credit specifically targeted for infrastructure development and identify sources of grant funding for project preparation work.” She said the bank intended to vigorously promote issuance of infrastructure bonds to close the funding gap being experienced at the long end of the market.

A report on the infrastructure needs by the African Development Bank (AfDB) estimated that the country required at least USD 14bn to rehabilitate its ageing infrastructure and create new capacity to meet growing demands. IDBZ said while a line of credit facility worth USD 30m was signed in November 2011, the China Development Bank and the IDB were still working on fulfilling facility terms before funds were released for disbursement to clients.

She said through its shareholding in Norsad Finance Limited, IDBZ realised an investment in excess of USD 3m for the year ended December 2011. Norsad comprises development finance institutions from both Sadc and the Nordic countries. The bank is also in the process of sourcing lines of credit from Norsad for on-lending to local companies.

This will assist in improving liquidity in the domestic financial system. AfDB in its report, noted that of the 90 000km of road network, the proportion in good condition had declined from 73% to 60%. The amount of freight carried on Zimbabwe’s railways fell to 2,7m tonnes in 2009, just 15% of the original network capacity. *(News Day)*

The Reserve Bank of Zimbabwe (RBZ) has given ReNaissance Merchant Bank (RMB) the nod to rename its banking unit to Capital Bank Corporation Limited. The move comes six months after the National Social Security Authority took control of the bank after it snapped 84% of the shareholding through an injection of USD 24m. In a statement yesterday, RBZ registrar of banking institutions Norman Mataruka, said the move was line with banking regulations.

Contacted for comment RMB board chairperson Joseph Kanyekanye could not comment as he was in a meeting. RMB reopened its doors to the banking public in March this year after it emerged from recuperative curatorship following unethical corporate governance issues unearthed by the central bank. The regulator revealed that the bank was found to be technically insolvent with negative capital of USD 16m leading to the axing of founders Patterson Timba, Dunmore Kundishora and some board members from holding any position in the banking sector for five years.

In March, RMB managing director Lawrence Tamayi said the bank would focus on corporate finance and advisory services as most companies were implementing recovery or growth strategies including debt and equity raising, disposals of non-core business, mergers and acquisitions, joint ventures with foreign partners and public offerings. We are working on a number of strategies to reposition the bank and grow a new brand, which we are confident will provide the banking public with an exceptional banking experience, he said. *(News Day)*

Finance minister Tendai Biti yesterday said government will this week gazette major amendments to the Securities Act aimed at improving the country's capital markets regulatory and supervisory functions. Speaking at TN Bank's listing ceremony on the Zimbabwe Stock Exchange (ZSE), Biti said the move would also end current irregularities at the bourse, that have seen chief executive Emanuel Munyukwi being suspended.

"We have had a major challenge with the ZSE, its management and the committee that has been running it. We feel for lack of a better word it's a mafia corporation," he said, adding "Cabinet has approved major amendments to the Securities Act which I think will be gazetted tomorrow." The amendment, Biti said, will force the demutualisation of any capital market in Zimbabwe to ensure accountability.

He said the changes will allow existing markets to be accountable to a board and some known shareholders. "We feel that we have tried to protect these institutions without democratising and modernising them," Biti added. The minister said currently, the status quo of the ZSE was that nobody really knows who owns it and as a result the stock brokers, who are the players, assume a self-regulatory role with disclosure being put to question.

He said the new regulations will also set up the Central Securties Depository (CSD) an electronic securities settlement system in order to make sure the ZSE complies with international best practices. "The second thing is a CSD, a lot of things are happening, you buy a share the next thing is a stock broker tells you don't remember. "Part of the reason why foreign investment has shrunk to this market compared to say 2000 when we were the second- biggest bourse on the African continent are issues associated with CSD and the absence of modernisation of this market."

Commending Lifestyle Holdings Limited (formerly TN Holdings Limited) founder and group chief executive Tawanda Nyambirai's success in business, Biti said the de-merger was an ideal indigenisation model where local blacks build assets from their capital and creativity. “The role of the state is not to facilitate the grabbing of some people’s assets because they are white.” He said the ideal role of indigenisation is to create an enabling environment such that talent and entrepreneurship irrespective of race can flourish.

Biti welcomed Nyambirai’s initiative at a time other badly run local banks have failed. “In recent times we have seen in our banking system a small click of predatory bankers. A small clique of mafia bankers. I saw an article that said it’s almost like common practice that if you want to rob the public, start a bank and that is totally unacceptable,” the minister said.

“To the extent that TN Bank has remained professional, professionally well done and that Nyambirai has refused to be seduced away from the path of virtue into the path of wilderness where people hit their chests and say I own a bank, but you don’t own a bank you are just stealing people’s money.” *(Daily News)*

The government is in talks with China Railway International over plans to build a 1,000 megawatt coal-fired power plant to ease the country's electricity shortages, energy minister Elton Mangoma has said. Zimbabwe's ageing plants produce around 1,000 MW, half of its peak demand, a power supply deficit which has paralysed mines and industry. Mangoma said the country was considering several options to expand output at existing facilities, while pursuing new projects, including the Western Areas coal project in Hwange where a 1,000 MW thermal plant is planned.

In a statement to parliament, Mangoma said state-owned Zimbabwe Power Co (ZPC) was in talks with China Railway International, a subsidiary of China Railway Group, to jointly run a coal mine that would supply the proposed plant. "Promising negotiations are underway with China Railway International," Mangoma said. He did not say how much the project would cost, but said the plant would take between three and four years to finish.

Zimbabwe has short-listed bids for the expansion of its Hwange thermal station and the Kariba hydro-plant to boost their combined output by 900 MW. Independent power producers with projects that have the potential to generate a total of 5,000 MW have been licensed but are yet to start work. Mangoma said the country has also cut its debt to foreign power providers to under USD 20m from around USD 100m in a bid to resume imports after major regional suppliers cut the country off.

"We have currently made strides to pay the debt we owed and our total debt has now been reduced to below USD 20m from nearly a USD 100m," Energy Minister Elton Mangoma told parliament. He said talks have begun with neighbours Mozambique and Zambia to get "a little bit more" electricity after reducing the debt. In recent months, Zimbabwe could only afford to import 25 megawatts from neighbouring countries after major electricity suppliers in the region cut off supplies for non-payment.

"Zimbabwe used to import as much as 500 MW from SNEL in DR Congo, EDM and HCB in Mozambique and ZESCO in Zambia," he said adding the average quantity had come down to 100 MW. "Because we were not paying, even that 100MW has been reduced to 25MW." Earlier this year Mangoma said the power utility Zimbabwe Electricity Supply Authority (ZESA) is owed USD 400m in unpaid electricity bills by consumers. Authorities also increased energy charges last year by 31% to 9.83 cents per kilowatt hour. *(New Zimbabwe)*

Notes

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