SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

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

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change		YTD % Change	
Country	Index	3-Jan-14	10-Jan-14	Local	USD	Local	USD
Botswana	DCI	9,064.31	9,104.54	0.44%	15.51%	21.23%	22.86%
Egypt	CASE 30	6,811.30	6,887.48	1.12%	15.90%	26.09%	26.15%
Ghana	GSE Comp Index	2,159.62	2,184.82	1.17%	21.77%	82.11%	78.73%
Ivory Coast	BRVM Composite	230.16	232.16	0.87%	-9.27%	39.37%	29.84%
Kenya	NSE 20	4901.12	5059.52	3.23%	6.83%	22.42%	26.98%
Malawi	Malawi All Share	12,531.04	12,581.74	0.40%	59.41%	109.16%	150.85%
Mauritius	SEMDEX	2,109.07	2,134.25	1.19%	-3.41%	23.22%	23.42%
	SEM 7	404.25	409.58	1.32%	-3.29%	21.44%	21.64%
Namibia	Overall Index	990.48	980.65	-0.99%	27.29%	-0.57%	2.47%
Nigeria	Nigeria All Share	41,450.48	41,480.62	0.07%	1.14%	47.73%	47.54%
Swaziland	All Share	294.27	294.27	0.00%	29.23%	3.01%	6.47%
Tanzania	TSI	2,848.25	2,849.01	0.03%	0.46%	91.77%	95.49%
Tunisia	TunIndex	4,384.90	4,360.02	-0.57%	1.63%	-4.80%	-8.46%
Zambia	LUSE All Share	5,354.20	5,332.74	-0.40%	10.85%	43.15%	51.94%
Zimbabwe	Industrial Index	201.05	204.00	1.47%	1.47%	33.86%	33.86%
	Mining Index	45.79	41.97	-8.34%	-8.34%	-35.55%	-35.55%

CURRENCIES

Cur-rency	3-Jan-14 Close	10-Jan-14 Close	WTD % Change	YTD % Change
BWP	8.68	8.77	0.99	14.59
EGP	6.93	6.94	0.11	14.68
GHS	1.87	2.36	1.11	24.00
CFA	478.27	482.77	0.94 -	2.54
KES	85.40	85.24 -	0.19 -	0.41
MWK	424.95	433.31	1.97	34.99
MUR	29.11	29.14	0.08 -	4.63
NAD	10.57	10.78	1.98	27.23
NGN	157.97	157.82 -	0.10	1.10
SZL	10.57	157.82	1.98	27.50
TZS	1,551.62	1,579.08	1.77	0.26
TND	1.65	1.65	0.42	6.74
ZMW	5.44	5.49	0.98	5.88

SECURITIES AFRICA

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Botswana

Corporate News

No Corporate News This Week

Economic News

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Egypt

Corporate News

EFG Hermes, one of the largest investment banks in the Middle East, said on Thursday it had approved a buyback plan that aims to return 1 billion Egyptian pounds to shareholders during the first nine months of 2014. The first phase of the programme amounts to 425 million EGP to be executed within the next four weeks, with the second phase taking place in the late second to third quarter of 2014, EFG said in a statement. The first phase will involve a buyback of 36.96 million shares, representing 6.44 percent of the firm's current outstanding shares, at 11.5 EGP per share, the statement said. *(Reuters)*

Economic News

Egypt's core inflation dipped slightly to 11.91 percent in the year to December from 11.95 percent in November, the central bank said on Thursday. Core inflation strips out subsidised goods and volatile items including fruit and vegetables. Separately, the official statistics agency said the annual urban inflation rate slowed to 11.7 percent in December from November's 13 percent, the highest annual rate in nearly four years. *(Egypt)*

Ghana

Corporate News

Airtel Ghana has launched Airtel Insurance, a value added service (VAS) to give its customers free insurance cover as part of a move to boost insurance penetration in Ghana. Available statistics at the National Insurance Commission (NIC) indicates just about six to seven percent of Ghanaians have insurance cover, while a whopping 94% remain uncovered. This is because the traditional insurance companies have steered away from the risk associated with poor and average people. But Airtel Ghana has partnered with the internationally acclaimed MicroEnsure and Ghana's Enterprise Life to design, administer and underwrite a premium-free insurance scheme that provides cover for Airtel customers on monthly basis, based on how much a customer spends the previous month. The scheme, available on subscription at short code *580#, provides cover for life, accident and for hospital bills, and it takes the usage of GHC5 and above every month to qualify. Yaw Antwi Boadu is Head of Value Added Service at Airtel Ghana and he told journalists for usage between GHC5 and GHC9.99 in a particular month, the user qualifies for GHC250 life cover, GHC250 accident cover and GHC25 hospital cash the following month. He said for usage between GHC10 and GHC19.99, the coverage is GHC500 each for life and accident and GHC50 hospital cash, while between GHC20 and GHC49.99 usage qualifies the user for GHC1,250 life and accident coverage and GHC100 hospital cash. "For the big spenders who spend anything from GHC50 and above in a particular month, they qualify for GHC2,500 life and accident coverage, and for GHC150 hospital cash the following month," he said. Yaw Antwi Boadu said for each year, there is a limited amount of GHC1,000 hospital cash available for each customer to claim.

He assured customers that the cover is totally free and Airtel does not charge customers higher tariffs for registering for the scheme, adding that the company had taken upon itself to pay the premiums on behalf of customers in order to help boost insurance cover in Ghana. Airtel is working with MicroEnsure as the company that administers the scheme, and responsible for doing the documentation on claims prior to payment. Country Manager of MicroEnsure, Adjoa Kisiwaa Boateng has assured Airtel customers that it is committed to working out claims to be paid within three days, once the customer presents genuine documents. "We are pro-claim and we have done this for years and for millions of people around the world so you can rest assured that your claims will be paid promptly provided you do your part of the bargain in time," she said. Enterprise Life is the underwriter for the scheme, so they take premiums from Airtel on behalf of customers and pay the actual cash to the customers in times of claims. Jacqueline Benyi is General Manager – Operations at Enterprise Life and she told journalists Enterprise was glad to ride on the back on Airtel to raise its customer level and help deepen insurance penetration in Ghana. She urged Ghanaians to take advantage of the scheme to get free insurance cover through Airtel. Meanwhile, it is instructive to note the MicroEnsure partnered the start of a similar scheme on Tigo, which is now being administered by Tigo itself and underwritten by another local insurance company. MicroEnsure says they are using several other avenues such as insurance on bank loans for SMEs and other yet to be announced channels to distribute cheap insurance schemes as a way of boosted insurance penetration in Ghana. *(Ghana Web)*

Economic News

Cocoa shipments from Ghana have been hit after stevedores downed tools at the western port of Takoradi, causing congestion and delays, the West African nation's cocoa regulator said. Cocobod Deputy Chief Executive Kwabena Asante Poku said about 500 truckloads of cocoa were waiting to be offloaded for shipment as of Monday morning because manual loaders had failed to report for work. "We are having problems with our loading gangs. Many have failed to report to work and that has slowed down shipment and offloading," Asante Poku told Reuters. Only one-third of the 120 loaders hired by the Cocoa Marketing Company subsidiary were currently at their posts, according to port officials. Asante Poku said some of the loaders had raised issues about pay but he added that that was being handled. "What we have noticed is that many of them also went on holidays without notifying us during Christmas and the New Year and have not come back," he added. He said Cocobod was working "around the clock" to ease the congestion to around 200 trucks by next week. A truckload of cocoa contains an average of 600 bags of 64 kg each. Asante Poku said bulk shipment had also resumed. "We are currently doing around 12,000 tonnes of shipment per gang and this will increase in the coming days," he added. Ghana, the world's second-largest cocoa grower after Ivory Coast, had produced 486,094 tonnes of beans by December 12 since the start of the 2013/14 crop in mid-October. *(Reuters)*

Ghana's central bank has issued new regulations to improve liquidity in the interbank currency market and shore up the local currency, its governor Henry Wampah said on Thursday. The regulations require all commercial banks in Ghana to "actively" quote a two-way pricing of currency exchange and limit the spread on corporate transactions to a maximum of 200 pips. "We believe these new set of measures, and others to follow soon, are transformational and they will help revamp our interbank market and stabilise the local currency," Wampah told Reuters of the measures that came into effect on Monday. Ghana's cedi slumped around 20 percent against the dollar in 2013 and sentiment remains bearish mainly due to poor liquidity, traders said. President John Mahama said this week that stabilising the currency was a priority if government was to enable the private sector to lead economic development. Other priorities include bringing down inflation and the budget deficit, he said. Macroeconomic instability including a falling currency casts a shadow over Ghana's economy. The country is viewed as one of Africa's brightest prospects because of its stable democracy and rapid growth powered by exports of cocoa, gold and oil. Wampah said the central bank would also continue to inject dollars into the interbank market as it deems fit. Commercial banks are required to obtain "no objection" from the central bank for the appointment of treasurers to ensure market standardisation, he said. "We intend to ensure strict compliance," he said adding that the central bank would soon announce further restrictions on foreign accounts. Analysts say the latest measures could significantly improve the interbank market. "They are transformational and will bring significant improvement into our interbank market, if they are implemented," a trader at a major bank told Reuters. The cedi was indicated at 2.3425 - 2.3525 at 1300 GMT on Thursday and traders said they expected it to remain under pressure next week while market participants assess the impact of the new regulations. *(Reuters)*

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Kenya

Corporate News

No Corporate News This Week

Economic News

Kenya has asked the International Monetary Fund (IMF) for an "insurance type" facility to cushion its economy from potential local and external shocks, officials from both sides said on Tuesday. East Africa's biggest economy is at the tail end of a $750 million extended credit facility from the IMF which helped it through the global financial crisis as well as a surge in domestic inflation in 2011. Kenya plans to start marketing a $1.5 billion Eurobond this month. Plans to launch a Eurobond in 2007 were scuppered first by the global crisis and later by violence, triggered by a disputed election, which killed more than 1,200 people and displaced about 350,000 from their homes. Officials told Reuters both the IMF and the government were keen on a future lending programme but its form has yet to be defined and it would not be announced before March. "We are living in a world that is increasingly uncertain," Kenyan finance minister Henry Rotich told a news conference held jointly held with IMF Managing Director Christine Lagarde. He said the facility could be used to cushion the economy from any future shocks, referring to U.S. Federal Reserve plans to run down a stimulus policy that has encouraged investors to seek higher returns in emerging markets. Besides the risk of money flowing back out of Kenyan markets, Kenya was also vulnerable to drought at home and high commodity prices in global markets, Rotich said. "We are still vulnerable just like it happened in 2011," he said, referring to the surge in inflation when the currency nearly collapsed. "The Treasury is exploring its options with regard to new financing options with the IMF," said Alex Muiruri, a fixed income trader at African Alliance Investment Bank. The IMF said it expects a current account deficit of 8.4 percent of the gross domestic product in the financial year ending this June. Lagarde, who was on a two-day tour to Kenya, said the country needed to shore up its foreign exchange reserves to deal with any future external risks. *(Reuters)*

Kenya has pushed back the first draft of its revised laws on the petroleum sector for parliament's approval to June, as east Africa's biggest economy prepares to exploit its oil finds. Energy and Petroleum Principal Secretary Joseph Njoroge had said the law was expected to be presented to parliament by November. Oil discoveries in Uganda and Kenya and gas offshore Tanzania and Mozambique have made east Africa attractive to explorers. Britain's Tullow Oil and its partner Africa Oil Corp have struck oil in northwest Kenya and are in the process of determining commercial viability. The east African economy last updated its petroleum laws in 1986. Njoroge said the ministry was still consulting with players in the petroleum industry and they were expected to hold meetings with county governors and senators in February. "So by the end of this (fiscal) year, that is by June, we expect to have put everything in place," he said. Consultants Hunton & Williams and Challenge Energy - who the World Bank and the government hired to help with the review - have recommended that the law includes clearly defined policies for the upstream, midstream and downstream sections to avoid overlaps and reduce inefficiency. The new law is also expected to provide guidance on natural gas exploitation, not adequately covered in the existing law. The government has said in the past that some oil companies licensed to prospect for oil and gas in the country's blocks were reluctant to do so due to concerns over a lack of a legal and fiscal framework to commercialise the gas. Njoroge also said that fighting in neighbouring South Sudan had led to a delay in the signing of an intergovernmental agreement on the building of a pipeline to transport crude oil from Uganda to the Kenyan coastal town of Lamu on the Indian Ocean, where the government is planning to build a new port. He said they had hoped to sign the deal in December. In June, Uganda and Kenya agreed to cooperate on a pipeline route that could also eventually ship oil from South Sudan. South Sudan government officials were not immediately reachable to comment. "Without that intergovernmental agreement, it is very hard to proceed, because that pipeline is supposed to pick a lot of quantities from South Sudan, which even makes the project more feasible," Njoroge said. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News This Week

Mauritius

Corporate News

No Corporate News this week

Economic News

No Economic News This Week

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Nigeria

Corporate News

Nigeria's Access Bank has sold its loss-making Ivory Coast subsidiary to Cameroon's Afriland First Bank Group for $1 million, according to a bank official and a filing with the Nigerian Stock Exchange. Access Bank is Nigeria's fourth largest bank in terms of assets, according to its website. It held total assets of 1.745 trillion Nigerian naira at the end of 2012. However, it has failed to make its mark in Ivory Coast, French-speaking West Africa's largest economy, since it began operations there in 2008. Access Bank filed a statement with the Nigerian Stock Exchange over the weekend announcing the transfer of ownership. It said the sale had received regulatory approval from both the Central Bank of Nigeria and the Central Bank of West African States but gave no further details regarding the deal. "Afriland First Bank Group purchased the majority shares of Access (Bank Cote d'Ivoire), which were nearly 97 percent. The bank will now be called Afriland First Bank Cote d'Ivoire," Jacob Amematekpo, a bank administrator and minority shareholder in the Ivorian unit, told Reuters. "The sale price was $1 million, because the bank had problems," he said on Monday. The Ivorian unit's losses after tax were almost 3.4 billion naira in 2012, according to Access Bank's financial report for that year. Amematekpo said upon completion of the purchase, Afriland injected 17 billion CFA francs into the unit, bringing its total capital up to 38 billion CFA francs. Afriland, founded in 1987, began branching out from its flagship bank in Cameroon in 1994 and now operates subsidiaries in Equatorial Guinea, Sao Tome and Principe, Democratic Republic of Congo, Liberia, Zambia, South Sudan, and Guinea. *(Reuters)*

First City Monument Bank Limited (FCMB) has concluded plans to increase the number of its branches nationwide in order to provide financial services to larger number of bank customers. The founder, FCMB, Otunba Micheal Subomi Balogun disclosed this yesterday during an interview with journalists at the end of an annual thanksgiving session at Ijebu Ode, Ogun State. According to Balogun, the bank would soon open 27 new branches in Lagos. He also revealed that new branches would also be opened in other regions in the country this year.
"FCMB is having about 300 branches now and the target is that everybody should have access to the bank in every nook and cranny in Nigeria. FCMB is adding 27 new branches in Lagos, it is opening so many more branches in the South-west; it is adding so many in the north, South-south and South-east," he said. He expressed optimism that in the few years time, the bank would be among the top five commercial banks in the country, adding that the culture of the financial institution would help it realise its goals. Balogun added: "I am expecting that FCMB would be the best place for everyone that wants to keep his or her money. FCMB would also be the first place for everyone to go and ask for financial assistance, FCMB would be the best place for everyone to seek to work and FCMB would be the best place that carries all the ideals that has taken me to where I am. "Definitely it would be among the best five. But there are certain things in which it can excel that you can compare with any bank and that is the culture of excellence. If you see bankers being smart today, without any sense of arrogance, I was the first that introduced wearing complete suite and smartness."

As part of activities to mark his 80th birthday, Balogun also disclosed plans to establish a museum in Ijebu Ode. The facility, according to him would help preserve history. Furthermore, Balogun said the museum would be a unique and permanent legacy that would be useful to future generations. "I don't just want to build mortar and brick, I want a sense of history, so, I asked for the location of where some of the legends where buried in Ijebu Ode. I have enlisted academicians, professors of history in the universities to come and be members of the museum. They would serve as both curators as well as historians to dig out the history. If we do this it will be the first of its kind," he added. *(This Day)*

United Bank for Africa (UBA) Plc, which operates in 19 African countries, will grow its loan book this year at a pace similar to 2013, led by opportunities in the power sector. UBA is also expecting a positive re-rating of the bank, based on its improved fundamentals, Chief Executive Officer Phillips Oduoza said in a Jan. 7 interview at the bank's headquarters in Lagos. "The re-rating may take place in 2014 as the balance sheet is much stronger and growing," Oduoza said. UBA grew its loan book by 47 percent in 2013, the highest rate of growth for any Nigerian lender as the 23 percent growth in deposits from customers led to a significant increase in risk assets creation. The emerging power sector, telecoms, upstream oil and gas and agriculture, will underpin loan book growth in 2014, according to Oduoza. The banks African operations are investments that will increasingly come into play in 2014 as the bank consolidates their operations and more of them become profitable. "It is an investment for tomorrow, 14 of our African operations are making profit now and we expect most of them to be profitable in 2014 and begin to contribute to the bottom-line," Oduoza said. The African operation ex- Nigeria enables UBA to diversify its income stream and minimise the income loss from regulatory actions in Nigeria. The CBN had in 2013 cut the commission on turnover (COT) banks charge to N3 per million from N5 per million, eliminated the N100 ATM charge, increased the minimum interest payment on savings deposits to 30 percent of the monetary policy rate (MPR) or 3.6 percent from 1 percent, and increased the cash reserve requirements (CRR) on public sector deposits to 50 percent.

The bank has also consciously moved away from investing in Government securities to risk asset creation, and has significant levers to pull to improve profitability, according to Oduoza. UBA's loan to deposit ratio – a measure of how much banks are inclined to lend- rose to 47 percent in the most recent period from a low of 38 percent at the beginning of 2013. Oduoza says he would like to see the cost to income ratio (CIR) fall to 50 percent, which would directly translate into boosting the bottom-line. The CIR has declined from 78 percent in FY 2012 to 62 percent at Q2 2013. UBA announced revenues of N188 billion for the nine month period to September 2013, representing a 12.5 percent increase from N167 billion in the same period of 2012 as net interest income rose 18.8 percent to N133 billion. Profit before tax (PBT) rose marginally to N43.4 billion while total comprehensive income for the period rose by 28.5 percent to N48.74 billion. "UBA offers an attractive 45 percent upside potential over 12 months, among the highest in CEEMEA (Central and Eastern Europe, Middle East and Africa) banks," said JP Morgan in a report released October 2013. "We think UBA's valuation, despite a strong rally since the beginning of the year, offers an opportunity to buy into probably the deepest valuation discount in CEEMEA banks." UBA stock which closed trading at N8.85 per share on Monday has risen by 77 percent in the past year. The lender has a market capitalisation of $1.78 billion. *(Business Day)*

The Nigerian High Commissioner to Zambia, Mrs. Sifawu Momoh, has said one of the Nigerian's foremost investors, Dangote Group Plc, will soon complete the establishment of a cement factory estimated at $400m in Zambia. She said the factory, which was billed for inauguration in February, was part of the Federal Government's strategy to strengthen economic ties with Zambia. Momoh stated this when she received a team of the Technical Aids Corps led by Mr. Salmon Shittu, from Nigeria, who briefed the envoy on new strategies being adopted by the agency to ensure the effective operations of the TAC scheme in its mandate countries. The High Commissioner, according to a statement by TAC in Abuja on Thursday, explained that the Dangote's cement firm, when fully operational in Zambia, would give direct employment to many citizens of the country and boost the economic ties of both countries. She explained that Nigeria had a lot to learn from Zambia in areas of agriculture and tourism. She also added that her home country was ready to help in the development capacity assistance of the Zambia. "As parts of the efforts to help Zambia develop, the Nigeria Directorate of TAC has sent her medical personnel to further boost Zambian health industry," Momoh added. She explained that the governments of both countries had been discussing ways of sustaining and increasing direct investments to both countries. The High Commissioner further explained that the investors from both countries would soon meet to share ideas on how to bring development into the country. *(Punch)*

Nigeria's securities regulator said on Thursday Ecobank Transnational showed a lack of transparency in its recruitments that fostered conflicts of interest and recommended it pick a new chairman. The Securities and Exchange Commission (SEC) also told the pan-African lender to come up with a one-year plan to iron out its "governance gaps," adding that it expected a quarterly report on progress. It recommended that Ecobank communicate findings of its inquiry to shareholders at an extraordinary meeting. An Ecobank spokesman did not immediately respond to a request for comment. The lender announced the departure on Wednesday of its group executive director for finance and risk, Laurence do Rego, who made allegations last year that prompted the SEC's investigation. Ecobank Chairman Kolapo Lawson resigned in October pending the outcome of the probe, which also concerned loans taken out at the bank by companies in which he had an interest. Do Rego's allegations included that the CEO Thierry Tanoh had pressured her to misstate the group's 2012 results. Tanoh, a former vice president of the World Bank's International Finance Corporation, said in September he was forgoing his bonus as part of efforts to restore investor confidence. Ecobank is trying to salvage confidence knocked by the probe and investors still view it as one of few major pan-African success stories. "The Commission believes that ETI will need to appoint a substantive board chairman who will lead the effort to attain an improved governance climate," the statement said. "The chairman should have integrity, independence and should not have the potential for conflict of interest in the discharge of the role." *(Reuters)*

Economic News

The rate of unemployment in the country is expected to increase further by about two per cent this year, a report has predicted. The Financial Derivatives Company Limited (FDC), a Lagos-based financial advisory firm stated this in its 2014 outlook obtained Monday. According to the National Bureau of Statistics (NBS), the rate of unemployment in Nigeria stood at 23.9 per cent in 2011, while urban unemployment was estimated at 29.5 per cent in 2013. In addition, the FDC report also forecast that the misery index would likely to increase further in 2014, from the 38 per cent it stood in 2013. It also predicted that the nation's currency would fall by about three per cent this year, even as it anticipated a correction in the stock market. The report equally stated that inflationary pressure would manifest this year, adding that the Consumer Price Index (CPI) which stood at 7.9 per cent as at November 2013, may increase to between 9.5 and 11 per cent."External reserves to deplete further to $40 billion. Recurrent expenditure projected to increase to 72.71 per cent of total government spending," it added. Furthermore, the report predicted that the net Foreign Direct Investment (FDI) would decline to $4.8 billion in 2014, adding that the United States tapering of its quantitative easing programme would trigger capital flow reversal.

The report showed that in 2013, power generation declined as the naira shed 12 per cent at the parallel market, while the exchange rate divergence ratio widened. In the review period, external reserves declined to $43 billion, with net FDI declining to $5.3 billion as trade balance decreased to $40.2 billion. Nigeria is ranked 37th largest economy in the world (with GDP of $283 million) and is projected to rise to 13th position in 2020. The countries potential GDP growth declined to 11 per cent, the report added. In a separate report yesterday, an Economist at Renaissance Capital, Charlie Robertson pointed out that with the proposed rebasing of the country's GDP next month, the Nigerian economy would become the biggest in Africa at over $400 billion. "Electricity reform is working. Growth of seven per cent a year since 2000 means Nigeria's GDP is on course to be bigger than 2012 Japan by 2050, at over $5 trillion in today's money by 2050. We like Nigeria for the first quarter of 2014," Robertson added. *(This Day)*

A renowned economist and former Chairman of the asset-management division of the Goldman Sachs Group, Mr. Jim O'Neill has said that the Nigerian economy has the potential to grow between 10 and 12 per cent if the perennial power outage suffered in the country is sorted out. This, he insisted would double the size of the Nigerian economy in six or seven years. Speaking on a BBC programme titled: "The MINT Countries: Next Economic Giants?" monitored in Lagos on Monday, O'Neill revealed that about 170 million Nigerians share the same amount of power that is used by about 1.5 million people in the United Kingdom. O'Neill, who coined BRIC, an acronym that stands for Brazil, Russia, India and China, recently identified new potential investment destination which he had also classified as the MINT economies. This comprises of Mexico, Indonesia, Nigeria and Turkey (MINT). "Almost every business has to generate its own power. The costs are enormous. Sorting out energy policy was seen in both Mexico and Nigeria as a top priority and each country has launched major initiatives this year, which if implemented, will accelerate growth rates significantly," he added. On his part, the founder of the Dangote Group, Alhaji Aliko Dangote who was one of the interviewees on the programme said: "Can you imagine, can you believe, that this country has been growing at seven per cent with no power, with zero power? It's a joke."

According to O'Neil, the creation of the MINT acronym could also spur pressure for Nigeria to become a member of the G20, just like its other peers in the MINT category. He also noted that with Nigeria's Gross Domestic Product at $0.26 trillion as at 2012 and currently ranked 39, by 2050, if the right policies are put in place, the country could rank 13 with $4.91 trillion GDP. The former Goldman Sachs official also maintained that if the MINT countries would be able to design appropriate policies, some of them would match the Chinese-style double-digit growth rates that occurred between 2003 and 2008. He however pointed out that a factor that would help Nigeria attain its projection would be for African countries to stop fighting and trade with each other. O'Neill added: "This might in fact be the basis for the MINT countries developing their own economic-political club just as the BRIC countries did - one of the biggest surprises of the whole BRIC thing for me. I can smell the possibility of a MINT club already." Speaking on the prospect of the Nigerian economy among the MINT nations, the Coordinating Minister of the Economy and Minister of Finance, Dr. Ngozi Okonjo-Iweala said: "We know our time will come." Economically three of the MINT countries - Mexico, Indonesia and Nigeria - are commodity producers and only Turkey isn't. This contrasts with the BRIC countries where two - Brazil and Russia - are commodity producers and the other two - China and India – are not. In terms of wealth, Mexico and Turkey are at about the same level, earning annually about $10,000 (£6,100) per head. This compares with $3,500 (£2,100) per head in Indonesia and $1,500 (£900) per head in Nigeria, which is on a par with India. They are a bit behind Russia - $14,000 (£8,500) per head - and Brazil on $11,300 (£6,800), but still a bit ahead of China - $6,000 (£3,600). "When expectations are low - as one might generally say about Nigeria for example (although not in recent years among specialist investors in Africa) - it is easier to be positively surprised. "Well corruption is obviously one topic that all four would seem to share, and I had many interesting discussions about it in each country," the economist added. *(This Day)*

Nigeria's 47.2 stock market return is the best in Africa in 2013 and players in the Nigerian stock market raked in more money in the past 12 months than their peers in other major African exchanges, such as the Johannesburg and Nairobi exchanges, the results show. The market's best performance in the past five years was driven by relative stability of the naira, which impacted foreign portfolio inflows (FPI), increased liquidity across the globe that resulted from the US Fed's quantitative easing (QE) programme, and improved investor appetite in Nigerian equities. The stock market returned 47.2 percent in 2013 –the best performance since 2008. Considering the position of foreign investors in the Nigerian stock market, their search for growth in emerging markets supported the bullish trend which brought the Nigerian market into the news across the globe – thus reflecting sustained investor appetite for Nigerian equities. The sterling performance at the end of 2013 shows the market had beat analysts' consensus and expectations. The 47.2 percent return in 2013 compares with 35.5 percent in 2012. The market cap peaked to N13.226trillion (compared N8.97trillion at the end of 2012), while the Nigerian Stock Exchange (NSE) All Share Index which tracks the performance of the bourse ballooned to above 40,000 points psychological level (compared with 28,078.81 points at the end of 2012). With the level of market cap at the end of 2013, it implies that portfolio of investors worth grew by N4.25trillion. Looking at the implications of a stellar 2013 for equities, FBN Capital analysts said they are not ruling out yet another January rally in 2014, adding that "stretched valuations across many blue-chip names and the onset of a pull back in QE by the US Fed leads us to be more cautious in our outlook on equities for 2014."

"The oil and gas index's gain of 121.9 percent surpassed any of the other sectors. However, in market capitalisation terms, the cement sector was dominant given that Dangote Cement which accounted for 24 percent of the index at the start of the year gained 71 percent during the year (at the end of 2013 its weighting had risen to 28percent). Nestle Nigeria, which gained 71.4 percent also had a marked impact on the index's performance. Assuming Dangote Cement and Nestle Nigeria were flat through 2013, the NSE ASI would have returned 37percent", these analysts at FBN Capital added. "Beyond the attractive valuation of the market, benign domestic macroeconomic variables and prolonged monetary stimulus in the U.S. and Europe provided support for the rally on Nigerian stocks. Notably, the gain was concentrated in January and May. Whilst the 35percent return in 2012 triggered investor appetite and a 'herd instinct' in January, leading to strong pricing across all stocks, positive earnings release and expectation of delayed stimulus tapering in the U.S. stimulated the gains in May," UBA Capital analysts noted. Taking a cue from this performance, Charlie Robertson, an economist with Renaissance Capital noted why investors must look at Nigeria. He said: "Because from May 2014, it will be 20 percent of the MSCI frontier index (the key benchmark for equity investors in frontier markets) – today it is 14% of that benchmark. Because from February 2014, we should see that Nigeria is the biggest economy in Africa at over $400billion. Because it has one of the best reform teams in any country globally; electricity reform is working. Growth of 7 percent a year since 2000 means Nigeria's GDP is on course to be bigger than 2012 Japan by 2050, at over $5 trillion in today's money by 2050. We like Nigeria for the first quarter of 2014." (*Business Day)*

Tanzania

Corporate News

No Corporate News this week

Economic News

Tanzania's year-on-year inflation rate fell to 5.6 percent in December from 6.2 percent a month earlier, the National Bureau of Statistics said on Wednesday. The decline in the rate of inflation mirrored a slower rise in the prices of commodities during the month, the statistics office said. The food and non-alcoholic beverages inflation rate decreased to 6.0 percent in December from 7.2 percent recorded in the previous month, the statistics office said, adding that the monthly headline inflation rate rose by 1.3 percent during the month from 0.6 percent in November. The government has previously stated it expects inflation to decline to 5 percent by June this year. *(Reuters)*

Zambia

Corporate News

KONKOLA Copper Mine (KCM) has projected to increase copper production to 7.5 million tonnes per annum from the current two million tonnes at a cost of about US$670 million. The company as adopted the expansion strategy by way of Konkola Deep Mining Project (KDMP) which will involve the sinking of a new shaft to the depth of 1,490 metres, making it the deepest new shaft sinking project in Africa. According to ZCCM-Investment Holding Strategic Plan for 2012 to 2016, the KDMP is to extend the mine life by 25 years and enable per unit cost reduction through expanded output at the country's largest and highest per unit cost operation. "KCM has adopted an expansion strategy by way of the KDMP which will involve expanding the production of copper ore at KCM from two million tonnes per annum to 7.5 million tonnes per annum by accessing the rich ore body that lies beneath what the current operations have been exploiting. "The projects cost for the KDMP is estimated to be around US$670 million and among other significant infrastructural expenditure is the construction of the Chingola Smelter, expansion of the Nkana refinery and other works estimated to cost US$700 million in total," reads the report.

The report says all projects are being financed from internal resources including shareholder loans. It notes that over the last two years, cash flows have remained very tight despite significant borrowing and prevalence of repayment of shareholder loans dominant over dividend declarations. "As at December 2010, total liabilities stood at US$1.01 billion against pre-external finance quarterly cash flow of US$8 million," it says. It says despite the absence of projected cash flows and production schedules, it is expected that capital gains rather than dividend payments are to be realised over the strategic period. However, ZCCM-IH strategy for KCM during the strategic planning period will be to maintain its 20.6 percent shareholding. Vedanta Resources Plc holds 79.4 percent in KCM while ZCCM-IH has 20.6 percent shareholding. *(Daily Mail)*

BANCABC has complied with the minimum capital requirement for commercial banks after raising over K500 million, exceeding the Bank of Zambia (BoZ) set threshold. The bank also grew its loan book to US$130 million last year as part of its commitment to support economic activity in the country. BancABC managing director Clergy Simatyaba said the bank's shareholders raised K527 million before the December 31, 2013 deadline, above the statutory requirement for commercial banks operating in Zambia. In 2012, the BoZ revised the capital requirement for both local and foreign banks to K104 million and K520 million, respectively, setting December 31, 2012, as the deadline, but the ultimatum was later extended by a year as many banks failed to meet the threshold. Mr Simatyaba said in an interview on Friday that the development demonstrates the bank's commitment to remain on the Zambian market and contribute to the economic development of the country. "With this investment, we are now grounded in the market and will grow our business extensively. The shareholders are confident about the Zambian market hence their commitment to meet the statutory obligation," he said. The adjustment in capitalisation is aimed at increasing liquidity for the banks to reduce the cost of finance, particularly for SMEs. Only five out of the 19 commercial banks have not met the December 31, statutory minimum capital requirement deadline. He said the investment will result in the bank injecting more resources to growth sectors such as the small and medium-scale enterprises (SME) and construction sectors.

Mr Simatyaba said the bank will also expand its footprint in line with the central bank's policy to provide banking services to the unbaked communities countrywide. Meanwhile, Mr Simatyaba said the bank grew its loan portfolio to US$130 million last year with SMEs and the public accounting for 60 percent of the total amount. Local corporates, mainly from the construction sector accounted for 40 percent of the total amount. "We supported contractors engaged by Government to undertake various infrastructure projects countrywide. We also supported a number of SMEs both financially and in technical support," he said. He said the bank has expanded existing branches in Kabwe, Solwezi, Luanshya and other parts of the country with rehabilitation of Choma because of the town's status as the provincial capital of Southern Province. *(Daily Mail)*

ZAMBEEF Products Plc shares on the London Stock Exchange's Alternative Investment Market (AIM) recorded a 30 percent rise after leading investment magazine, Investors Chronicle profiled the company. Zambeef Products Plc said the analysis in the publication, under the headline "Zambeef's 44 percent discount to book value reeks of recovery upside" and included a "buy" recommendation, attracted investors, pushing the share price up 15 percent on January 3, 2014 from 34.75 percent to 40 percent. It also recorded a further 13.75 percent on Monday afternoon to a high of around 45.50 percent. This is according to a statement issued by Langmead & Baker Limited in Lusaka yesterday. The Investors Chronicle notes that the company's drop in profits for the year to September 31, 2013, that prompted a fall in share price also meant the company's shares were now good value for investors to buy, and have potential to rise further. "It is clear that the chief causes for the failure of 2012-13's profits to meet city expectations were one-off and equally clear that Zambeef has much going for it; not just that vertically integrated model, but its potential to grow on the back of Zambia's march out of poverty," said Investors Chronicle.

Zambeef, which is listed on both the London AIM and Lusaka Stock Exchange saw revenue rise by 24 percent to K1.59 billion during its last financial year, with gross profit up by a similar percentage to K553 million. Edible oils accounted for the strongest gross profit growth across the company's divisions, more than doubling during the year to K49.77 million. Cropping also saw strong growth, with a 49 percent increase in gross profit to K154 million during the year, while the group's Novatek stockfeed business was up 21 percent to K48.85 million. Investor confidence in Zambeef has grown steadily over the years, endorsed most recently by Templeton Asset Management, one of the world's leading fund management groups, which increased its shareholding in Zambeef last month to bring its total holding to 5.11 percent of the issued share capital of the company. *(Daily Mail)*

Economic News

THE Kwacha is expected to continue its volatile tone against the United States (US) dollar due to increased demand for the greenback (dollar), Zanaco Bank says. The local unit is anticipated to trade around K5.5 and K5.6 on the interbank market. "Near-term, the Kwacha is expected to trade with a bearish [volatile] tone, with key resistance remaining around the K5.55 level. Trading range for the Kwacha is expected to be K5.5 and K5.6 on the interbank market," the bank's daily newsletter says. On Friday, Kwacha trading witnessed the local currency recoup some of the losses suffered against the dollar in Thursdays' trading. It says the local unit began trading at K5.525 and K5.535, unchanged from the previous day's close. Zanaco says interbank dollar selling helped the Kwacha touch a session high of K5.5 and K5.51. On the local money market, Friday witnessed an increase in market liquidity levels to close the day at K1 .17 million from K1 .11 million. The bank says the volume of traded funds slightly went up to K94 million from K92 million while the overnight interbank lending rate dropped to 10.09 percent from the previous day's 10.24 percent. It says the Bank of Zambia was in the market during the morning session only seeking to mop out excess liquidity amounting to K300 million. "A total of K160 million was withdrawn and the successful rates ranged from 11.41 percent to 14.28 percent on seven-days and 60-days respectively," the statement reads. Meanwhile, on the commodities market, copper price on the London Metal Exchange (LME) dipped on Friday, easing from a seven-month high as expectations of higher supplies and concerns over Chinese growth weighed on the market. Three-month copper on the LME closed at US$7,315 a tonne from US$7,393. It hit an intra-day high of US$7,460 on Thursday, its highest level since June 5. *(Daily Mail)*

THE World Bank has approved an International Development Association (IDA) credit of about US$89.4 million for Zambia, Malawi and Mozambique to boost food production. World Bank sector manager for agriculture and irrigation in Malawi and Zambia Tijan Sallah said agriculture is the largest sector in the economies of the three countries and a major source of livelihoods for an estimated 277 million people living across southern Africa. According to information posted on the World Bank website, raising agricultural productivity is critical for fighting poverty, achieving food security and protecting the environment in the three countries. "Africa is taking major strides to improve its farm economy, which is necessary for building shared prosperity. The World Bank board of executive directors has approved an IDA credit of US$ 89.4 million to support efforts of the governments of Malawi, Mozambique and Zambia to boost food and farm productivity. This programme will finance strategic investments that will empower farmers with cutting-edge knowledge while increasing regional cooperation in agricultural research across southern Africa," he said. Mr Sallah said the funding will help to establish regional centres of leadership for major staple foods including maize, rice and legumes. Other benefits are building agricultural research capacity, support regional collaboration in technology dissemination, boost farmer trainings and intensify knowledge transfer activities.

He said the programme is expected to directly benefit agricultural researchers, extension agents, seed producers and farm input suppliers as well as at least 30 percent of targeted farmers who will be women. The project is fully-aligned with the Comprehensive Africa Agricultural Development Programme aimed at addressing capacity constraints and increase technology spill-overs in the rural economy. Commenting on the project, World Bank co-task team leaders Michael Morris and Melissa Brown said the agriculture sector has a strong influence on growth, employment, food security and poverty reduction efforts benefiting the three countries. “We look forward to the successful implementation of this innovative project that takes a farmer-centric approach to development and dissemination of improved crop varieties and promising farm practices,” they said. The Agricultural Productivity Programme for southern Africa will also provide a US$0.6 million grant to the Centre for Coordination of Agricultural Research and Development for Southern Africa. IDA is one of the largest sources of assistance for the world's 81 poorest countries, of which 39 are in Africa. It has also supported developmental work in 108 countries and annual commitments have increased steadily to an average of about US$15 billion over the last three years, with about 50 percent of commitments going to Africa. *(Daily Mail)*

Zambia plans to establish a sovereign wealth fund to spur investment outside the mining industry of Africa's biggest copper producer, President Michael Sata said. The fund will be set up through the Industrial Development Corp., which will oversee the southern African nation's state-owned companies, Sata said in an e-mailed statement today. It “will focus on stimulating investment in strategic non-mining industries among others, thereby expanding the country's investment portfolio and thus creating jobs,” he said. Zambia is joining Africa's largest oil producers, Nigeria and Angola, in establishing sovereign wealth funds. It will get funding from the dividends of about 40 state-owned companies, while the government will also provide some “seed capital,” Zambian Agriculture Minister Robert Sichinga said. “There is a need for a coordinating unit to help with the country's industrial development,” Sichinga said by mobile phone from Kasama in Northern province. He couldn't say how much the government will inject into the fund. Zambia's government is boosting investment in roads and other infrastructure to encourage the development of tourism and agriculture. The country aims to cut its dependence on copper, which accounts for about three-quarters of the landlocked nation's export earnings. Neighboring Angola started a $5 billion sovereign wealth fund in 2012 to invest in agriculture, mining, infrastructure and real estate, plus cash, bonds and equities. The Luanda-based fund, headed by the eldest son of President Jose Eduardo Dos Santos, will help diversify the economy away from oil, the government has said. Another neighbor, Zimbabwe, is also planning a fund, which will be financed by mining royalties and special dividends on state mineral and metal sales, according to a draft of the Sovereign Wealth Fund of Zimbabwe Act obtained by Bloomberg News in November. *(Bloomberg)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

WONDER Bay Company, a local mining firm, has received approval to open a medium sized gold mine in Hope Fountain, about 85 kilometres north of Bulawayo at a cost of US$30 million. WBC is controlled by Zimbabweans with 57 percent shareholding while South Africans own the remainder. Greenland Syndicate (the local partner in the project) owns 42 percent stake while 10 and five percent equity have been allocated to community and employees respectively. Caratrom of South Africa, a company with strong links with West Lake Safaris Estates holds another 42 percent while one, Jakobus Grange owns one percent. According to sources, the project is expected to commence during the first half of this year. "The investment would be staggered in three phases with US$5 million expected to be injected in the first year, about US$8 million in the second year and US$16 million in the third year. "The project, to be located in Hope Fountain under Bulawayo mining district seems to be taking shape and if all things go well, it will be up and running during the first half of the year," the source said. "There are no issues with the indigenisation authorities as the shareholding structure is in line with the required empowerment thresholds. "It will be a fairly big project that has potential to create close to 150 permanent jobs." Zimbabwe is targeting to become one of the top five gold producing countries in Africa within the next three years, according to Finance Minister Patrick Chinamasa.

Minister Chinamasa said Government would implement various strategies to boost gold output. "Our intention is to reorganise the gold sector. We want to become one of the top five if not top four gold producing countries on the continent in the coming three years," he said. Minister Chinamasa said legalising the operations of gold panners was also crucial if the country was to realise a substantial increase in gold output. Zimbabwe has over 20 000 gold panners whose output, if properly accounted for, would significantly increase the country's gold output. The Chamber of Mines of Zimbabwe has said that gold production could reach 50 tonnes in the next five years. But this is dependent on the gold sector securing about US$1 billion in fresh capital and the availability of reliable power supplies. Zimbabwe's gold sector is slowly recovering after declining sharply in the last decade. Gold output reached an all-time low of three tonnes in 2008 having peaked at 27 tonnes in 1999. In 2012, gold production was 14 tonnes, earning the country US$1,9 billion. Production figures for last year are yet to be released but the country had set 17 tonnes as target for 2013. The target is unlikely to be achieved as declining prices prompted most gold miners to cut production. Global gold fell 28 percent last year, notching up its biggest annual decline in 32 years as prospects for global economic recovery prompted investors to switch to riskier assets. Gold prices reached to all-time highs of US$1 920,30 an ounce in September 2011 but ended at US$1 201,13 per ounce on Tuesday last week, the last day of 2013. *(Herald)*

Strong international prices and increased Chinese demand for Zimbabwean tobacco lifted cigarette manufacturer, BAT Zimbabwe and tobacco processor, TSL to top performances on the Zimbabwe Stock Exchange (ZSE) in 2013, a trend likely to be repeated this year, analysts have said. BAT's closing price of 1 200 cents on December 31 was a 233,3% increase on its starting price of 2013, despite reporting an earnings loss in the first half of the year to June 30 and witnessing a 16% slump in domestic cigarette consumption over the same period. "BAT's gains are amplified owing to tight liquidity," noted an analyst. "It is basically too difficult to get BAT shares. The counter was also favoured owing to the strong growth fundamentals attached to the tobacco industry, and the attraction is likely to continue in 2014." British American Tobacco International Holdings (UK) Limited, holds a majority 56,95% of the shareholding in the local unit. Other shareholders include Old Mutual with 17,57% and Fed Nominees with 6,56%. TSL Limited's share price grew by 204,4% after a good performance from its tobacco arm propelled the company's earnings growth of 34% in the first half of 2013. The company owns one of the world's largest tobacco auction floors and is involved in the entire tobacco production chain from growing it to shipping. It also operates the Avis franchise in Zimbabwe. "TSL is the best turnaround story of 2013," an analyst told The Source. "It restructured and unlocked huge efficiencies which reflected in robust earnings growth. The company is also tightly held and as such, curtailed liquidity also helped to push values up."

Among TSL's shareholders are Closefin Investments with 28,70%, Vanac Investments with 25,27% and Old Mutual which holds 11,54%. Zimbabwe's biggest hotelier, African Sun saw its share price shoot up by 200%. Analysts said strategies to improve financial performance through reduction of debt by way of a balance sheet restructuring cemented investors' interest. It has opened a hotel in Ghana, a market it had earlier abandoned and is seen to be among top performers in 2014. Other companies that performed well include Afdis, with a 113,3% growth and Padenga, whose share price rose 86,7% during the year. The latter is one of the few Zimbabwean businesses with operations on multiple continents and owns a large alligator farm in Texas, United States of America. Padenga recently built a skin-processing facility in nearby Louisiana and is recognized as a global leader in the industry, supplying more than 33% of the global supply of premium crocodile skins. "The company's shares are tightly held and the price can thus easily move with the purchase of a few shares," noted an analyst. The ZSE's industrial index registered over 30% growth in 2013, while the resource index declined by an almost similar margin. *(News Day)*

MEIKLES Limited will this year retire all local short term debt, fund the Employee Share Schemes and resume dividend payments once the Reserve Bank of Zimbabwe (RBZ) repays a US$87 million owed to the group. Chairperson John Moxon said the company was owed US$87,2 million by the RBZ. The debt has been growing since 1998 when it originated and has accrued interest amounting to about US$ 27 million since the economy was formally dollarized in February 2009. The debt originated from deposits made to RBZ following Meikles listing on both the local bourse and the London Stock Exchange in 1996 and the raising of funds from a number of substantial investors for the benefit of the company. Commenting on the funds held on deposit at RBZ when presenting the company's half year results for the year to September 30 2013, Moxon said there were indications that a solution to the long standing deposit at the Reserve Bank may be forth coming shortly. "When this solution is achieved, the group expects to retire all local short term borrowings, and if necessary assist group companies with the redemption of term loans on due date,2 he said. "The group will also be in a position to provide funding for further working capital in the group divisions." Moxon added: "There will be funding available to support the Employee Share Schemes, (Once the money is repaid) which are an important part of the group's indigenization processes. "Due to liquidity constraints, capital expenditure and working capital requirements, the group is unable to pay an interim dividend. However, on repayment of the RBZ deposit there should be sufficient capacity to resume the payment of dividends. "A solution to this outstanding issue is undoubtedly the most important matter for all stakeholders in the group and has been the single largest impediment to growth and stability."

Meanwhile, the second six months of the financial year ending March 2014 will be dominated by growth in non-trading income and primarily investment income. The group's is anticipating gains in investments that would be accounted for in the year end financials. "These gains may include the South African interests, where the group has substantial performance expectations, and a first contribution from the group's mining activities," said Moxon. In the short term, Meikles expects its retail divisions to continue battling a demanding environmental challenges particularly tight market liquidity conditions and low disposable incomes. "Tanganda has had an excellent start to the agricultural growing season and the weather forecast for the remainder of the season is positive. The newly renovated Meikles Hotel, together with the renovation of the Victoria Falls Hotel will provide a better performance platform for the hospitality division," Moxon said. During the period under review, Meikles revenue rose slightly to US$190,2 million from US$189,4 million last year. Earnings per share rose to 14,37c from 0,26c. Profit for the period was US$37,5 million from US$767,000.*(New Zimbabwe)*

Zimbabwe, which last year compelled the world's biggest platinum producers including Anglo American Platinum Ltd. (AMS) to set up a refinery for the metal in the country by 2015, said this goal may be unachievable. "I am not sure if it will be possible to achieve that deadline since we are left with just one year," Deputy Mines Minister Fred Moyo said by phone today from the capital, Harare. "This depends on technology, funding availability, skills and as well as timing. We are producing around 400,000 ounces but setting up a refinery may cost a billion, $2 billion, but this is dependent on our production levels." President Robert Mugabe in November threatened to halt exports of the precious metal unless Impala Platinum Holdings Ltd. (IMP), Aquarius Platinum Ltd. and Anglo American Plc's platinum unit set up a facility in the country, according to the state-controlled Herald. They're studying building a $3 billion complex, the Platinum Producers Committee, which represents the producers, said in October. The companies say Zimbabwe doesn't produce the 100 megawatts of power the refinery would need. Moyo spoke after government officials met with the Chamber of Mines, which also represents the platinum producers, about the southern African nation's plan to introduce a 15 percent levy on unprocessed exports of the metal. Zimbabwe has the world's biggest reserves of platinum after neighboring South Africa, where all its ore is now refined. The government and the mining companies agreed that they should "commit ourselves to value addition in the diamond, platinum and chrome sectors," Moyo said. Deputy Finance Minister Samuel Undenge was also present at the meeting. *(Bloomberg)*

Economic News

THE Confederation of Zimbabwe Industries (CZI) has said 2014 is a critical year for the industry to recover from an accelerated decline in recent years, its president has said. According to the manufacturing sector survey, the industry's capacity utilisation plunged to 39,6% in 2013 from 44% recorded in 2012. The decline in capacity utilisation was attributed to erratic power supply, influx of cheap imported goods, antiquated machinery and high labour costs, among other things. In an interview with NewsDay, CZI president Charles Msipa said the 2014 National Budget had set the tone for stimulating activity in the manufacturing sector although funding remained a challenge. Finance minister Patrick Chinamasa last month proposed a cocktail of measures to turnaround the sector, which at peak contributed a fifth of the economy. Critics say the underperformance of local industries has resulted in Zimbabwe becoming a net importer. "We need to point out, if there are areas which need critical attention for the revival of the local industry. The year 2014 is the critical year for us to start to at least arrest the decline experienced in 2013," Msipa said. Msipa said the Finance minister on December 19, 2013 presented a Budget which contained many position pronouncements for the industrial sector. "One of the policies presented is the re-introduction of export incentives, but what exactly are the incentives and how do we operationalise? "We need to put the details on how it should be implemented," Msipa said. He said the other policy which was critical to attract investment was the setting up of special economic zones which he said needed proper consultation and research to ensure success. "The first order of business is to understand the positive policy in the Budget that needs to be attained to actually be able to understand them," he said. He, however, said the other critical area for the industry was the shortage of capital in the market. Msipa said there was need to create an enabling environment to attract capital and the public and private sector should double their effort to attract capital on Zimbabwe. "What is happening is the shortage of capital, ever since we adopted the multi-currency system. It is very important that the public and the private sector should double efforts to attract capital," Msipa said. Government has since the introduction of multiple currencies in 2009, put various initiatives aimed at reviving struggling companies. *(NewsDay)*

THE country's trade deficit in the year to November rose US$3,89 billion as industrial activity remains low with most manufacturing companies now resorting to importing rather than endure the high cost of production. In the eleven months, according to the latest trade data from Zimstat, the country imported products worth US$7,15 billion dominated by fuel, fertilizers, second-hand car imports and textiles. Exports were at US$3,25 billion of mainly minerals and tobacco. South Africa remained the country's largest trading partner with imports of US$3,4 billion and exports of US$2,43 billion In the 2014 National Budget, imports were projected at US$7,6 billion for the full year against exports of US$4,4 billion. Next year, the figures are expected to widen further to US$8,3 billion imports and US$5 billion exports. According to economists, trade is one of the two main transmission channels through which global developments influence economic performance in the country. The second transmission is capital. No improvement in the trade deficit is anticipated in the short to medium term as industry continues to be under-capitalised and concerns over the attraction of Zimbabwe as a predictable foreign direct investment destination. The lack of FDI in itself is a problem as any measures to finance the trade gap are unsustainably reliant on foreign capital. Zimbabwe's low sovereign risk rating is blocking the flow of capital into the economy as potential financiers remain skeptical of providing long-term funding for the economy. Analysts say if the country is open to foreign capital, and will be a reliable guarantor of property rights, foreign capital would flood into Zimbabwe.

There would be plenty of money available to meet the growing import bill as a result. The economy has become a high cost producer mainly because wages are rising faster than productivity while at the same time machinery and most production processes are outdated. But the export problem stretches back considerably further. Volumes have essentially declined or stagnated since the mid-2000s. Economists say weak exports are symptomatic of much more serious competitive problems for the country. Productivity in the country has declined, condemning the industries to weak income growth in the manufacturing sector. Economic analysts say prominence should be given to the establishment of production facilities that enable the country to weave its own cotton into finished shirts, process its tobacco into cigarettes, polish its own diamonds and beneficiate them into high value jewellery, and also refine its own platinum, among other possibilities which can be explored to add value to primary products. Presenting the 2014 National Budget Finance and Economic Development Minister Patrick Chinamasa said Government would introduce protectionist measures to guard against continued flooding of cheap imports. "Short-term protectionist measures can lead to short-term gains at the expense of the medium-term recovery. The effectiveness of such measures could also be affected by the lack of capacity," he said. Part of the protectionist measures included a hike in duty for 22 products to levels of around 40 percent from between five and 15 percent. The goods are dairy products, wheelbarrows, plastic products such as buckets and plates, PVC pipes and steel products which include cast iron pots and galvanised steel sheets. To encourage productivity and competitiveness of local products, Minister Chinamasa scrapped duty on raw materials for a number of sectors such as dairy, rubber, clothing and textile. Local industry productivity has not only been hit by cheap imports but by shortage of working capital for retooling, with industry experts estimating that US$2 billion is required for that purpose.*(Herald)*

BLANKET Mine expects gold output to increase by 5,4 percent to 48 000 ounces this year after production rose only marginally due to the effect of plant shut down and low head grade.In its 2013 production update and 2014 outlook Blanket co-shareholder Caledonia Mining said it had recorded a 3 percent decline in the last quarter, which weighed down annual output. Gold production in the fourth quarter of 2013 was adversely affected by a three-day shut down of the milling plant for essential maintenance and a lower realised head grade which, as previously indicated, is returning towards the long term mine average grade of 3,84 grams per tonne. A total of 11 413oz were produced in the last quarter of 2013 compared to 11821oz in 2012, translating to a 3,84 percent decline, which saw out only 0,1 percent better that 2012 at 45 5170z. "Total 2013 gold production was 45 517 ounces, a 0,1 per cent increase over the annual gold production in 2012 of 45 463ounces and 3,4 percent higher than the production guidance of 44 000 ounces for 2013.

Targeted gold production for 2014 is 480 00oz," said Caledonia. Blanket chairman Mr. Nick Ncube said: "Production for 2013 was little changed from 2012 notwithstanding the fact that during 2013 the achieved head grade returned towards the lower head grade normal life of mine average of 3,84 grams per tonne, as previously advised." The company said production for 2013 was 3,4 per cent ahead of the targeted production level of 44 000 ounces. "The underground development that is required to achieve the projected increase in gold production to 48,000 ounces in 2014 has been completed and I look forward to Blanket delivering this increased level of production in 2014," Mr. Ncube said in the trade update statement. He added that the underground development at Blanket Mine that is required to achieve the projected increase in gold production to 48 000 ounces in 2014 financial year has been completed and the directors expected the mine to deliver the increased level of production in 2014. Notably, the company failed to achieve its target for a 10 per cent increase in output announced when second quarter output came in well ahead of budget and previous output records. "Management believes Blanket is on course to produce approximately 44 000 ounces in 2013, 10 percent higher than the previous guidance of 40 000 ounces," Caledonia said in August last year. The Gwanda based indigenised associate of Toronto Stock Exchange listed Caledonia Mining Corporation agreed with Government in 2012 to sell an effective 51 percent to local investors in line with provisions of the country's Indigenisation and Economic Empowerment Act. *(Herald)*

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