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In Brief

IST posts earnings growth despite delays in nuclear contract

The South African technology group IST made US\$3.2 million in profits last year, up 17.2% from 2002, it was announced last week. It won a \$38million contract for the design of key systems of the Koeberg nuclear reactor, but funding delays have occurred.

Angola capital market to be set up

A capital market will be established in Angola, according to reports by AngolaPress. A team linked to the Finance Ministry is visiting other regional markets to gain information.

ASEAN ministers submit harmonisation plans

The Economic Ministers of ASEAN states met in Singapore on Wednesday, to review progress to a single economic community. Draft plans for integration of economic sectors from electronics to wood products were presented.

Delayed Nigerian budget signed

President Olusegun Obasanjo signed the Nigerian budget into law on Wednesday, after a number of delays. He qualified his acceptance, however, saying that it would not be possible to implement the budget in full.

Kenya pressing for AGOA extension

The Kenyan Government is attempting to gain an extension to their AGOA textiles exemptions, reports KBC. At present, Kenya is exempted from the AGOA requirement that 75% of its textile exports use local material inputs. The exemption will end in September.

Sepon gold and copper set for expansion

Output from the Sepon gold mine in Laos continued at high levels in the first three months of 2004, said the Australian mining company Oxiana in their first quarterly report last week. Oxiana, the owner of Sepon, said that 41,888 oz of gold was produced between January and March. They confirmed the discovery of new deposits throughout their zone of operation, and said that construction of the gold plant expansion would begin this month.

Expansion is expected to increase output by around 16,000 oz a quarter. The company said that its nearby copper mines were under construction, and aggressive prospecting is continuing in order to find additional deposits. Drilling and exploration is being undertaken at Oxiana's interests in Thailand, the Philippines, and China.

Shin Satellite AGM goes for long-term gain

Thailand's Shin Satellite held its Annual General Meeting last week, following a year of mixed performance measures. There were no substantial changes in policy or management, despite a 40% decline in profits to US\$37 million in 2003. The fall was due in part to increasing competition and rising operating costs, both on-going and one-off.

Investing heavily

Shin Satellite is one of Asia's largest satellite operators, with existing revenues concentrated in Thailand, and its surrounding regions. It is investing heavily in the IPSTAR broadband satellite project, which will increase its Asian profile sharply. Its revenue in 2003 rose 14.5% to \$157 million, and Reuters reported the Chairman Dumrong Kasemset as saying growth in excess of 30% would be expected in the forthcoming year.

Out of court settlement between Malaysia and Ghana Telecom

The arbitration started last year by Telekom Malaysia against Ghana Telecom may be reaching an out-of-court settlement, following recent breakthroughs in discussions. An early settlement would allow Ghana Telecom to advance with its investment plans, and would permit Telekom to recover some of the money it says it is owed.

One breakthrough has been that the two parties have approached an understanding on a US\$50 million liability to Telekom, in respect of Telekom's incomplete purchase of a proportion of Ghana Telecom. A second breakthrough has been Telekom agreeing to release funds agreed under the original purchase agreement. It had been unwilling to do this while the contractual difficulties were still unaddressed. A large number of issues are still outstanding, however, covering the legality of business decisions undertaken by Ghana Telecom following Telekom's initial decision to invest in the company.

NNPC dismisses managers over fraud

The Nigerian National Petroleum Corporation has dismissed seven of its senior managers over a fraud of \$110 million, it announced last week. The fraud is alleged to have occurred during the period 1999 to 2003, and was revealed in an internal report.

The managers are alleged to have arranged for large numbers of ships carrying refined petroleum products to arrive in Nigerian ports at the same time. They were inevitably delayed beyond their scheduled delivery period, and had to pay charges for extra time spent in berth. This extra sum was collected by the managers. Although Nigeria has very large amounts of petroleum, it has limited refining capacity and has to import much of the fuel it uses.

A panel has been set up to investigate further.

Telekom Malaysia assessing Indian investment

Telekom Malaysia said last week that it sees India's Idea Cellular as a "potential opportunity", whilst adding that prudent consideration would have to be given to the deal. A tie-up would give Telekom presence in one of the highest-potential markets in the world. Some analysts say that Malaysian telecommunication companies are looking to invest abroad to escape a saturated domestic market.

A third of Idea Cellular is owned by AT&T, and there has been speculation that AT&T are looking to exit the market following their merger with Cingular Wireless earlier in 2004. Idea Cellular itself took over the telecommunications companies Escotel and Escorts in January, in what it claimed was the largest wireless transaction in Indian wireless history.

Great Lakes roads feel the strain

The Burundi highway running from the capital Bujumbura to the north western province of Cibitoke has been flooded by the river Kazeke, according to reports on the Umoco.com news service. Cibitoke is one of the main food-crop producing regions in the country, and unlike much of the war struck nation, it is accessible from the capital. Immediate price rises have been reported in Bujumbura agricultural markets.

The state of Burundi's roads has been subject to concern for a number of years. The World Bank has recommended restriction of petroleum imports to prevent further

damage. Burundi imports petroleum from the Mombassa refineries in Kenya, through Uganda and Rwanda. The border crossing between Uganda and Rwanda at Gatuna was forced to close earlier this month following the collapse of a bridge on the Rwanda side.



Road of ruin... Burundi's roads are in a poor state of repair. freefoto.com

Malawi Stock Exchange untouched by East African storm

The Malawi Stock Exchange has escaped the price fluctuations in the Kenyan and Ugandan Stock Exchanges, with just two equities changing hands this last week. The National Bank of Malawi and the Sugar Corporation of Malawi traded in a total volume of 38,000 shares, each trading at the same price as their last trade. The Treasury Bill auction was a little more lively, with the 91 day bill yield increasing slightly from 34.39% to 34.58%. The longer term bills of 182 and 273 days saw small declines in their yields.

Cairo and Alexandria SE best performer so far this year

Research by this newsletter can reveal that the Cairo and Alexandria Stock Exchange is surging ahead this year, and significantly outperforming a sample group of other African and South Asian exchanges. The 30.4% growth in its main index is approached only by the Lahore exchange, which is up 22.8% in the year, causing excitement in sections of the Pakistani press.

Such figures, if sustained throughout the year, will mean the Lahore exchange doubles in value in 2004, while Cairo will increase by 140%. There are many caveats,

of course, and there are some indications that Cairo is trading at the top end of its valuations.

The Bombay and Indian National Exchanges have declined slightly over the year, the only two falling in the measured group. Their indices have improved in recent weeks, and the growth has been accompanied by strengthening in the Rupee exchange rate against the US dollar.

Exchange	Index	Growth to 16 th April 2004	Annualised growth
Casablanca	MASI	15.6%	61.2%
Bombay	SENSEX	-1.7%	-5.5%
Cairo	CASE 30	30.4%	140.2%
Mauritius	SEMDEX	14.9%	58.1%
Lahore	LSE-25	22.8%	96.6%
Indian National	S&P CNX	-2.9%	-9.2%

Market Watch

(Week ending 23/4/2004)

Equity market leading indices and (increase in week)

Casablanca MASI	4,559 (-0.7%)
Bombay SENSEX	5,926 (1.1%)
Cairo CASE 30	1,508 (1.0%)
Mauritius SEMDEX	633 (1.3%)
Uganda All Share	371 (6.5%)
Lahore LSE-25	2,937 (-5.4%)
Indian National NIFTY	1,892 (1.3%)

Selected currencies value to US\$1 and (strengthening in week)

Ethiopia Birr	8.9 (0.0%)
Gambia Dalasi	29.4 (0.0%)
Ghana Cedi	8,800 (0.6%)
India Rupee	44.2 (-0.3%)
Indonesia Rupiah	8,645 (-0.1%)
Kenya Shilling	78.5 (-0.4%)
Malawi Kwacha	110.3 (-0.1%)
Nigeria Naira	137.9 (-6.0%)
Pakistan Rupee	59.4 (-0.1%)
Tanzania Shilling	1,139 (-0.6%)

Nigerian Cabotage Law

The Nigerian Cabotage law is due to come into force on May 1, having gained legislative approval last year. The law restricts trade in Nigerian waters to those boats which are owned, manned, built, and registered in the country. It has been subject to much debate on whether it will achieve its aim of promoting the Nigerian maritime industry.

Concerns have been raised that the domestic industry does not have sufficient capacity to take on the extra work when foreign shippers withdraw. In order to limit possible disruption to provision, the Government has established a fund to support the domestic industry's attempts to adapt. The fund is supported by levies on the industry itself. Recently, the Government has been looking at other sources of funds which Nigerians may use to invest, including those from foreign investors.

Comment: The Naira, reserve currency of choice?

The Nigerian Naira has strengthened this year against the US dollar, equalling its five month high of N130 to US\$1 last Monday before declining towards the end of the week. It is its longest period of strengthening in recent years.

The Naira's new strength and stability make it worth considering by regional central banks looking to hold foreign currency reserves. Holding a stable Naira would be very attractive for the purposes of helping to manage trade between small countries and Nigeria. It would also offer a quick route to the proposed West Africa single currency. Macroeconomic improvements in corruption and monetary restraint are making the Naira a more credible asset.

Whether it has sufficient credibility for large scale holdings is questionable. The currency has lost a third of its value over the last four years, and there have even been limited periods of sustained strengthening during that time. Reserves of the Naira are a good means of matching local liabilities, and of facilitating trade. But as a West Africa reserve currency, the dollar is probably safe.

Nairobi SE consolidates gains

The Nairobi Stock Exchange consolidated its gains last week, following the previous week's large share price rises that ended a month of declines. There was little overall movement in the market, although there was still considerable movement at the level of individual shares. The traded volume fell down to 11 million shares, from a high 19 million the previous week.

The financial sector performed badly, correcting to some extent earlier spectacular gains. National Bank was down 10.9%, but it had gained 39.0% the week before. Standard Chartered performed similarly. The industrial sector gave a strong performance, with East African Cables up 25.0%, following a 31.8% rise. Mumias Sugar also rose, up 8.7%, on the back of very heavy trading that has characterised the stock lately. Over half of the shares traded on the exchange were Mumias.

Anti-dumping activity reduces

There were 115 anti-dumping investigations started at the World Trade Organisation (WTO) in the last six months of 2003, down from 161 at the end of 2002. China was accused most often of violation of WTO rules, accounting for 30 of the investigations. India was the chief accuser, having initiated 33 investigations.

The chemical industry was seen as being a particular target for dumping, with 31 investigations on it. India, with its large successful chemical industry, actively pursued grievances both in terms of initiations and retaliatory measures applied. 13 of the 31 investigations were due to India, continuing its historical tough stance. The United States, China, Canada, Mexico, and Australia were also identified as being major starters of anti-dumping legislation.

Vietnam and Malaysia talk business

The Vietnamese Prime Minister Phan Van Khai paid a three day state visit to Malaysia last week, returning the visit paid by Malaysian Prime Minister Abdullah Ahmad Badawi earlier this year. The visit included discussions between the two men on economic and political ties. Mr Khai also met business leaders and the Executive Director of the Kuala Lumpur Stock Exchange.

Vietnam and Malaysia are building a close working relationship. The two state visits this year follow meetings at the ASEAN-Japanese summit in Tokyo last year. Malaysian enterprises are significant investors in Vietnam, and many Vietnamese entrepreneurs and migrants live, work and train in Malaysia. They have expressed past interest in industrial cooperation.

The visit press releases did not make it clear whether the issue of Spratly Islands was addressed, the strategically placed and supposedly hydrocarbon-rich islands claimed by Vietnam, Malaysia, and four other countries.

