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THE FDC AFRISCOPE

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*No longer the
wretched of
the earth*



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EDITOR'S NOTE

Dear subscriber,

Welcome to the maiden edition of the *FDC Afriscope*!

The ***FDC Afriscope*** is a new bulletin focusing on Sub-Saharan Africa (SSA). In rejecting the notion of being on the perpetual fringe of the global economy, *the Afriscope* highlights the true picture and the reality of an impatient and aggressive renewal of faith in the African opportunity.

Consistent with Frantz Fanon's position as eloquently expressed in his 1961 book 'the Wretched of the Earth', the *FDC Afriscope* is a later day version of the struggle for economic self-determination and extracting fair value in a global financial architecture, where the dice is loaded against the weak.

As the world struggles with the ideological schizophrenia raised by the tussle between protectionism and globalization, we situate this publication on our firm belief that SSA is the nucleus of the commodity economy and the biggest market for technology innovation and a fast changing world.

According to the Economist Intelligence Unit (EIU), "As urbanization gains pace and the use of social media continues to expand, the political scene in SSA will remain volatile. Political risk in Africa has never been low, and many wars of independence have created a precedent for violent uprising. At the same time, the determination of the African consumer to build a better life and the reality that conditions have improved for a growing number of citizens are powerful factors that will limit the extent and duration of unrest."

This edition focuses on a broad-range of issues such as the economy, market performance, policy environment and risks. We also cover social and lifestyle developments and continental crossovers. We begin with an analysis of the currency crisis in Zimbabwe and the correlation between contentious elections and economic performance. The same hypothesis of stolen elections and investor backlash plays out in the Democratic Republic of Congo (DRC). In the risk analysis, we are concerned about the possible slide towards political deadlock in the elections in Ivory Coast in 2020. The social and lifestyle section gives us an insight into sports, art and exotic travel destinations. Finally, a fun quiz will test your knowledge on the region's current affairs and reduce the possibility of early or late amnesia.



All of these issues throw up a major question of which comes first or what is more important, stability or democracy? Some say they are not mutually exclusive. In other words, you cannot have one without the other. Please enjoy this cocktail of topics that is bound to leave you first thinking of whether Africa is rising or about to leapfrog.

Thank you for your readership.



EXECUTIVE SUMMARY

2019 has been a year of hyperactivity from the get go. So much has been cramped into the first six weeks, it seems like six months. Nine African nations are to hold general elections this year. The electoral process in the continent, notorious for coups and aging dictators, is being watched curiously by international observers and the media. The big question is “what has changed?” Technology and the intensity of social media make it more difficult to steal elections in today’s world. There are approximately 192 million WhatsApp users and 170 million Facebook users in Africa. Moreover, former US Vice President Al Gore’s investment firm, Generation Investment Management, recently invested in Andela, an Africa-focused technology startup company. This is reflective of the continent’s growing status as a hotbed for technological innovation.

In the first edition of the *FDC Afriscope*, we examine the political drama that unfolded in oil-dependent Gabon, where an attempted coup was crushed, even though the president was abroad. Interestingly, coup d’états are becoming increasingly rare in Africa, a sign that democratic practices are becoming more widespread in the continent. In the last decade, there have only been two, compared to 1990-2000, when there were 15. In 2013, Michel Djotodia toppled the government of Francois Bozize to become President of the Central African Republic, while in 2017, the Zimbabwean military successfully removed long-time serving president, Robert Mugabe from power.

We are taking a look at Ethiopia which is on its way to becoming the largest exporter of power (electricity) in Africa with the construction of the Grand Ethiopian Renaissance Dam. The outlook of the Ethiopian economy is promising. In its latest global forecast, the IMF projected that Ethiopian GDP per capita would expand at an annual pace of 6.2% through 2022. Among countries with a population of 10 million or more, only India and Myanmar are expected to grow faster. The Zambian economy recorded a 5% year-on-year growth with the financial services sector recording the fastest growth. The information, communications and technology (ICT) sector was also a top performer for Zambia. It was boosted by the gradual liberalization of the telecom sector after a fourth mobile operator license was awarded in March 2018 to UZI Zambia.

We also take a look at Senegal’s new art museum, honoring black civilization. The idea of establishing the museum predates more than 50 years, to Senegal’s late president, Leopold Sedar Senghor. Interestingly, Senghor was one of the first advocates of negritude, a concept which rejects colonialism and propagates the importance of a Pan-African racial identity among people of African descent. After decades of inertia, construction was finally made possible after a \$34mn Chinese investment. The inauguration of the museum is coming at a time when

African nations are calling on France and Great Britain to return thousands of cultural artifacts that were pillaged during the colonial era.

In the world of African football, Egyptian star, Mohammed Salah became the fourth player to win consecutive African Football Player of the Year. Salah beat the likes of fellow Liverpool teammate, Sadio Mané and Gabon's star striker, Pierre Emmerick Aubemayang.



Deepening currency crisis in Zimbabwe threatens President Mnangagwa's authority

It sounded weird when American fast food chain, Kentucky Fried Chicken (KFC) temporarily shut all its three outlets in October 2018, claiming a shortage of foreign exchange. Then after, Zimbabwe's president, Emmerson Mnangagwa, cut short his stay at the World Economic Forum in Davos, where he was seeking to woo investors. It was now clear that a currency problem has become a crisis.

Violent protests erupted in mid-January across the country following a sharp rise in fuel prices and other essential goods after several months of shortages. The economic crisis stems from the shortage of foreign exchange. The authority of President Mnangagwa, is weakening, and he could lose control of the army if officers join wider sector strikes over access to dollars. If he allows greater use of dollars he will be seen as weak and indecisive, but if he maintains the current hard line, he risks plunging the country into deeper crisis.



Two immediate challenges stemming from Zimbabwe's ongoing economic crisis are a month-long strike by junior doctors in state hospitals and clinics and the announcement by Delta Corporation that it will only accept US dollars for its products. These highlight the growing crisis in the country and the weakening authority of the President Mnangagwa.

The doctors are demanding that their salaries be paid in US dollars rather than the local currency of bond notes and real time gross settlement (RTGS) balances, which trade at a much lower value to the dollar on the black market. Teacher trade unions are backing the doctors and have threatened to strike later in January. The vice-president, Constantino Chiwenga, was appointed by Mnangagwa to settle the doctors' strike. Chiwenga had suspended 500 junior doctors, promising to replace them with final-year trainees from the country's medical schools. However, this idea was rebuffed by senior doctors, who subsequently joined the industrial action.

Similarly, Delta Corporation, the Zimbabwean arm of the brewer Anheuser-Busch InBev, announced that from January it will only accept foreign exchange as payment for its products. The government maintains that the legal exchange rate is one local unit for one US dollar, while the industry minister, Mangaliso Ndlovu, threatened legal action against the company.

Currency shortages have hampered Delta's operations in the country. The brewer owes \$41 million to foreign suppliers of raw materials for beverage manufacturing and packaging, along with \$30 million in dividends to InBev. The company reports that monthly production of soft



drinks has fallen to 25,000 half-liters, from recent highs of over 150,000 half-liters, as it struggles to pay for the ingredient imports. Many smaller firms have moved either to dual pricing, quoting prices in both local and foreign currencies, or to insisting that US dollars be paid for items such as imported drugs or spares and equipment.

If the government acquiesces to this dollarization, its bargaining position with public-sector workers, including the military, will collapse. They, along with many companies operating in the country, will demand to do business in US dollars.

Is Ethiopia on its way to becoming the largest power exporter?



Ethiopia plans to become Africa’s major power exporter through the construction and operation of the 6,000-megawatt Grand Renaissance Dam. The Grand Ethiopian Renaissance Dam will be the largest dam in Africa - 1,800 meters long, 155 meters high with a total volume of 74,000 million cubic meters at the end of its creation.

The project is situated along the Blue Nile and is approximately 500 kilometers north-west of the country’s capital, Addis Ababa. The dam will have two power stations installed at its foot, positioned on the right and left banks of the river. There will be 16 Francis turbines with a total installation power of 6,000 megawatts and an estimated output of 15,000 gigawatt hours per year. The plan at the preliminary stage is to produce 750 megawatts with two turbines.

Though plans to carry out the construction project in Ethiopia were hindered by construction delays and censure from Egypt the dam is to commence initial operation in 2020.

Quick Facts		
Installed power capacity (2018)		2,500MW
Electrification rate (2018)		43%

The reservoir and dam will offer major benefits to Ethiopia, Egypt and Sudan. It will improve the flow of water in the Nile and increase output from the dams in Egypt and Sudan by reducing the problem of silt and sediment. Ethiopia can increase its revenue from the export of power when the dam is completed and begins to function at full capacity.

Nigeria has three main hydroelectric power plants - the Kainji power station, Jebba Hydroelectric power station and Shiroro hydroelectric power station. The stations are mainly powered by the Niger and Benue rivers as well as Lake Chad basin. The country exports electricity to Niger, Benin and Togo.

The present administration led by President Muhammadu Buhari is currently working on negotiating the final tranche of the loan agreement with China for the construction of the 3,050MW Mambilla power station which has been in the works since 1982. The power plant is estimated to cost \$5.7billion and the plan is to commence construction in early 2019 and conclude 60months from the day of instigation. The power plant will be connected to three dams in the Donga River near Baruf, in Kakara Village of Taraba State.



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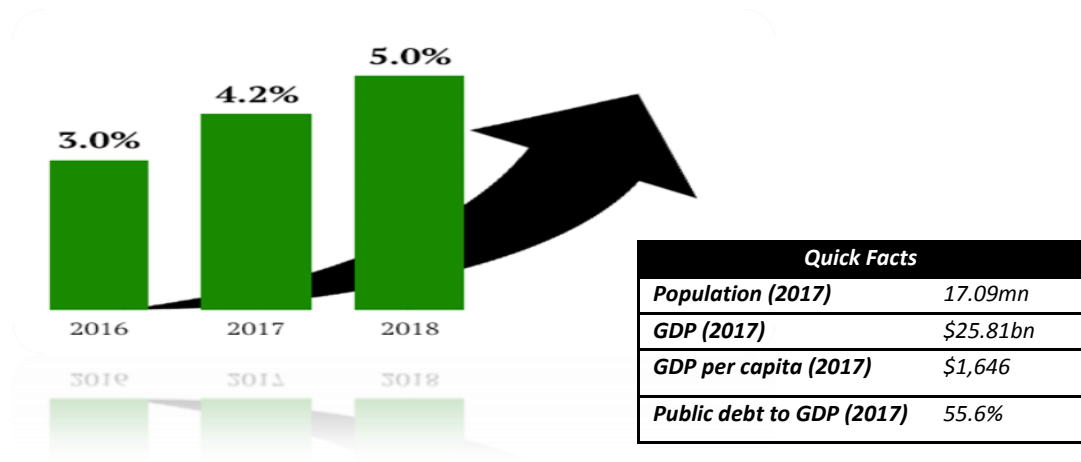
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A multi-year high for Zambia in its third quarter

Zambia’s economy grew by 5% in Q3’18 against the 4.5% recorded in Q3’17. This is a remarkable performance compared to 3.9% in Q2’18 and 2.8% in Q1’18. The services sector was the major driver of growth. Financial and insurance services recorded the highest growth rate at 36.6% while the information and communication industry followed closely with a 31.6% growth. Furthermore, the arts, entertainment and recreation industry improved by 21%.

On the other hand, the agricultural sector sustained a negative growth of 15.4% while the mining sector had a year-on-year growth of 4.5% from 13.9% in Q1.



The increase in ICT growth can be credited to the gradual liberalization of the telecom division after a fourth mobile operator license was awarded to UZI Zambia in March 2018. The wholesale and retail trade sector grew by 5.80% because of easier access to credit.

A fourth mobile operator will further help reduce consumer costs and expand network coverage.

Africa gets its first 5G milestone



Capex is the name of the game in the telecoms space. The market is looking for speed, convenience and cost reduction. Helios Towers has entered the South African market via a partnership with Vulatel Pty Ltd. Helios Towers is a foremost independent telecommunications tower infrastructure company in Africa with over 6,500 towers in Tanzania, Democratic Republic of Congo (DRC), Congo Brazzaville and Ghana.

Vulatel offers end-to-end telecoms network solutions in South Africa, including planning, designing, implementing, testing, certifying and maintaining long-haul, metro, access and Fiber to the X (FTTX) networks. It delivers networks and services that provide unrivalled quality of service to network owners, service providers and corporates. Helios Towers and its investors are desperate to raise cash for expansion across Africa. Its partnership with Vulatel will set the pace for South Africa to be the first provider of 5G network in Sub-Saharan Africa. This partnership creates the opportunity to bridge the significant infrastructure gap in South Africa and open Africa up to the 5G network, which is one of the current global trends. In July 2018, MTN announced plans to launch its first trial of 5G technology in Nigeria. The company added that it has achieved download speeds of more than 20-gigabits per second in the first trial. In addition, MTN's 5H trial network uses 800MHz of bandwidth in the 15GHz band.

NIGERIA'S POSITION

According to the Nigerian Communications Commission (NCC), the country is set to rollout 5G network in 2020 through the use of the 26GHz, 38GHz and 42GHz spectrum bands. The Eko Atlantic project will be used to execute the trial testing for 5G rollout.

Kenya and its Coffee Value Chain

There are different types of coffee based on the way it is prepared such as espresso, cappuccino, mocha, cafe latte and cafe Americano. Kenya, popularly known for its tea production, has begun to put the spotlight on its coffee exports although it trails Ethiopia and Uganda. The country produces the finest quality of Arabica coffee in SSA, which has a unique strong and bold flavor with a high, smooth acidity and a mellow after-taste similar to wine that draws people to it. Kenya's coffee also attracts the highest market value in the SSA region. The Kenya AA coffee is its most popular grade out of the seven grades produced (AA, AB, PB, C, E, TT and T). The Arabica bean is grown on rich volcanic soils found in the highland that is between 1,400 meters to 2,000 meters above sea level. The core growing area extends south from the slopes of 17,000 foot Mt. Kenya almost to the capital, Nairobi. It is estimated that 6 million Kenyans are employed in the coffee industry.

The best quality Kenyan coffee is made through the 'wet method'. The red-cherries are first handpicked then taken to the factory where the overripe, unripe and diseased cherries are discarded before processing. The skin around the beans is removed and the beans are sorted out mechanically in order to grade them as AA, AB, PB, C, E, TT or T. The next phase is sun drying the beans to achieve the bluish color Kenyan coffee is known for before they are taken to the mills in bags.



Kenya has an auctioning system for its coffee that is done every Tuesday of the week. The auction is managed by the Nairobi Coffee Exchange. The different samples of coffee are made available to the bidders. If a bidder is interested in a coffee sample they enter into an auction. The highest bidder wins.

Kenya currently sells most of its coffee to Europe where its variety of Arabica coffee regarded as the best quality in the world, is used to blend other coffees to improve taste. However, the country currently exports nearly all its coffee in raw form, limiting revenue farmers can earn from the crop and its impact in creating wealth and employment.

Increasing the capacity for local coffee processing is part of the Kenyan government's plan to make the country a global hub of coffee export. The government has rolled out plans to promote the planting of Robusta coffee in non-traditional coffee growing areas to boost production that is adequate to support a processing industry. Robusta coffee is also preferred for processing into instant coffee, which is in high demand across the world.



AFRIQUIZ

If you think you have your finger on the pulse on the continent's current affairs, then this quiz is for you.

1. This current African President was once a jazz musician?

a) Sasou Nguesso (Congo Republic) b) Paul Kagame (Rwanda) c) George Weah (Liberia) d) Ali Bongo (Gabon)

2. Which of South Africa's former Finance Ministers quit after admitting to a meeting with the controversial Gupta family?

a) Trevor Manuel b) Pravin Gordhan c) Nhlanla Nene d) Tito Mboweni

3. In which African country is it illegal to manufacture, sell or use plastic bags?

a) Botswana b) Mauritania c) Republic of Togo d) Kenya

4. Which authoritarian African state is a sponsor of a Premier League team?

a) Chad b) Uganda c) Rwanda d) Republic of Congo

5. Which Sub-Saharan Africa country was not colonized?

a) Nigeria b) Ethiopia c) Liberia d) South Africa

6. Which African country has the highest level of entrepreneurs in its population?

a) South Africa b) Nigeria c) Uganda d) Egypt

7). What is the name of the tallest building in SSA?

a) Bahia Centre b) Hassan II Mosque c) The Carlton Centre d) Ponte City Apartments

8. Which country has the highest rate of infant mortality?

a) Mali b) Chad c) Egypt d) South Sudan

9. What does Mosi oa-Tunya (also known as the Victoria Falls in Zimbabwe) mean?

a) The water fall that never dries b) The smoke that thunders c) The never-ending stream¹

¹ The answers are on page 30

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ELECTION WATCH & POLITICAL UPDATE

Félix Tshisekedi inaugurated as next Democratic Republic of Congo president after controversial election

On January 10th, the electoral commission announced Félix Tshisekedi, one of the two main opposition candidates, as the provisional winner of the December presidential election. An opposition win in the Democratic Republic of Congo (DRC) marks the end of a long stint in power for President Joseph Kabila, who failed to step down in 2016. The fact that an election was held peacefully is reflective of the democratic gains that have been made in the country. However, with a controversial electoral process, characterized by widespread irregularities, the DRC is in a precarious political situation.

Martin Fayulu, the other main opposition candidate, has labeled the outcome an "electoral fraud". This claim has a fair amount of credence particularly as the first non-official results that circulated on social media seemed to put Mr Fayulu way ahead of the other candidates. The Catholic Church, which is a credible and powerful force in the DRC, has stated that the results it



had collected on election day do not correspond to those of the electoral commission.

The situation in the DRC, in which an opposition win is seen as fraudulent, is very unusual and has left the country and the region on edge. On January 17th, the African Union

(AU) called for a suspension of the proclamation of the definitive results of the DRC presidential election. This was unprecedented for the regional institution, which has tended to commend whatever other members of the club do, with low levels of democratic concern. However, after the constitutional court, packed with government loyalists, declared Tshisekedi the victor, the AU backed down almost immediately.

Although the regime is alleged to have struck a deal with Tshisekedi, his presidency is the best alternative for them. Fayulu has expressed intentions to dismantle the country's extensive web of institutional corruption, something that likely perturbs the Kabila regime. Felix Tshisekedi was sworn in as President on January 24.

*Virunga National Park,
Democratic Republic of
Congo*



Gabon foils coup attempt



In Gabon, junior military officers seized control of a national radio station, announced the setting up of a "national restoration council" in order to "save democracy" and expressed dissatisfaction with the New Year address of President Ali Bongo. Ali Bongo became the president of Gabon in 2009 after his father, Omar Bongo, died in office.

Since taking over, he has received his fair share of criticism regarding election rigging, embezzlement and corruption. The President has only appeared twice in public since he was rushed to hospital for medical treatment for an apparent stroke in October 2018. This reinforced doubts about Bongo's ability to govern effectively. However, the junior officers failed to gain support from the wider armed forces and were quickly arrested. It seems that the move was more of a mutiny within the ranks of the army than a military coup as it failed to gain wider support. In an apparent effort to shore up his political base after a failed coup attempt, President Bongo flew back to Gabon on January 14 to swear in a new government. However, from the televised footage of the ceremony, it was not clear if he could walk or move his right arm.

The lack of clarity over the state of President Bongo's health has heightened political uncertainty in the country and has created a power vacuum. In the wake of the latest coup attempt, the political situation in Gabon is volatile and could potentially lead to another coup attempt, especially if President Bongo's health deteriorates.

Did You Know?

Coup d'états in SSA are increasingly rare. In the last decade, there have only been two. In 2013, Michel Djotodia toppled the government of Francois Bozize to become President of the Central African Republic, while in 2017, the Zimbabwean military successfully removed long-time serving president, Robert Mugabe from power. The region hit 'coup peak' in 1966, when officers overthrew the governments of Burkina Faso, Burundi (twice), the Central African Republic, Ghana and Nigeria (twice). There were also failed attempts in the Republic of Congo and Sudan.

Ivory Coast's former president acquitted of war crimes



Ivory Coast's former President, Laurent Gbagbo and former youth minister Charles Ble Goude were acquitted of responsibility for crimes committed following disputed elections in 2010. Judges at the International Criminal Court (ICC) cited the prosecution's failure to prove its case. In a written statement, prosecutors called the ruling "disappointing and unexpected". Gbagbo is now in Belgium under conditional release.

Gbagbo was the first former president to go on trial at the global court, and his case was seen as a milestone in efforts to bring to justice even the highest-ranking leaders accused of atrocities. More than 3,000 people were killed after Gbagbo refused to accept defeat by his rival and current Ivory Coast President, Alassane Ouattara.

Presiding Judge, Cuno Tarfusser, ordered the immediate release of Gbagbo and Ble Goude following the judgment. Tarfusser said prosecutors did not present evidence that Gbagbo and Ble Goude formulated a plan for their supporters to unleash violence to keep Gbagbo in power. Prosecutors also failed to prove that speeches by both men incited violence.

The ruling is the latest defeat for prosecutors at the global war crimes court. The case against Kenyan President Uhuru Kenyatta, who was also accused of involvement in post-election violence in his country, collapsed in December 2014. In 2018, a former Congolese vice president, Jean-Pierre Bemba, was acquitted on appeal of crimes allegedly committed by his militia in neighboring Central African Republic.

Gbagbo has been in the court's custody since November 2011 and Ble Goude since March 2014. A former university professor who founded an opposition party well before Ivory Coast embraced democracy, Gbagbo spent much of the 1980s in exile in France. After returning to Ivory Coast, he lost the 1990 presidential vote and spent six months in jail in 1992 for his role in student protests. He came to power in 2000 in a flawed election. In the 2010 election, Gbagbo won the first round with 38% of the vote before losing to Ouattara in a runoff.

Meanwhile, in 2018, President Ouattara granted amnesty to 800 prisoners prosecuted for crimes connected to the 2010 post-election crisis, including Gbagbo's wife, Simone, who also has been indicted by the ICC for crimes against humanity. Ivory Coast has refused to send her to the ICC. Fresh elections are scheduled in Ivory Coast in 2020.

The return of Gbagbo would cause concerns for President Ouattara, as this would upset the succession process that he has tried to put in place. Although Ouattara said that he does not intend to run in 2020, he said that he might reconsider the proposition if his long-time rival, Gbagbo, was to contest again. This would be risky in a politically fragile country, as it could enrage the opposition and weaken President's Ouattara's international credibility. The downside risks to political stability associated with underlying tensions between supporters of Ouattara and Gbagbo are therefore likely to increase before 2020.

Ruling party's majority shrinks in legislative poll in Togo

According to provisional results, Togo's ruling party, the Union pour la République (UNIR), won 59 of the 91 seats in parliament at the legislative poll held on December 20, 2018. The UNIR is three seats down compared with the previous legislature, but will still command a large majority in parliament. The fact that the UNIR lost seats in an election that was boycotted by 14 opposition parties shows the degree of disenchantment with President Faure Gnassingbé's government. The opposition coalition shunned the vote, accusing the government of rigging the voters' register. It also complained that the police and army shot at protesters.



Four new parties will enter parliament for the first time. The Mouvement citoyen pour la démocratie et le développement and the Nouvel engagement togolais will have three seats each. The Parti démocratique panafricain and the Mouvement des républicains centristes will have one seat each. The remaining 18 seats will be shared between 10 independent lists.

The UNIR is expected to continue to advocate for the reinstatement of a two-term limit (as requested by the opposition), but without it applying retroactively to the two terms that Mr Faure has already served. This will allow Mr Gnassingbé to stand for two more five-year terms. Notwithstanding, the UNIR still lacks the 73 seats (80% of majority) necessary to push through any constitutional reforms without holding a referendum. Therefore, the government is expected to call a referendum in 2019, with a view to paving the way for Mr Gnassingbé to remain in power. A referendum on his constitutional amendment was meant to be held on December 16. However, it was called off after a wave of opposition protests by activists demanding that the two-term limit be applied retroactively. This would bar Mr Gnassingbé from running again.

Although the likely constitutional changes will heighten tensions in Togo, the use of heavy-handed tactics against protesters by security forces will reduce the risk of widespread unrest toppling the government.

Independence Monument, Togo



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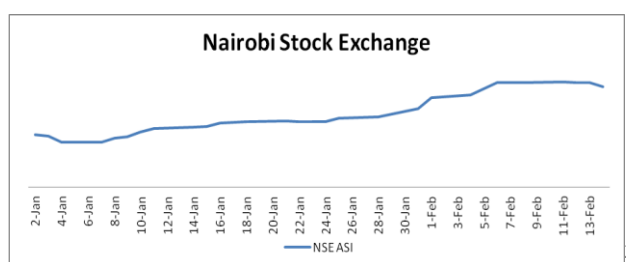
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MARKETS ACROSS SUB-SAHARAN AFRICA

Kenya

Nairobi Stock Exchange

The ASI has gained 13.30% year-to-date (YTD). Despite a glitch that halted trading activities, a terrorist attack on an upscale complex in Nairobi and the implementation of the suspension on buyback of shares by companies of the factors the bullish sentiment was spurred on by the exchange plans to launch a derivatives market in the first half of 2019 and list at least two new firms by the end of 2019 which will attract investors. Tusksys and National Oil Corporation are to list on the exchange this year. In another development, ARM Cement's suspension has been extended for the fourth time due to an ongoing administration. Potential bidders for the embattled company include Dangote Cement and Raysut Cement Co.



Forex Market

The Kenyan shilling appreciated against the US dollar by 1.87% from KES102.15/\$ on January 02 to close at KES100.27/\$ on February 14. Inflows from horticulture exports, diaspora payments and tighter liquidity in the money market, which restrained merchant and oil import demand, supported the currency. The main risk to the shilling is the absence of an IMF buffer in the event of an economic shock. This will lead to a lower import cover and expose the shilling to extreme volatility. A weaker currency would trigger a surge in domestic commodity prices and ultimately lead to higher inflation rate.

Quick Facts	
Population (2017)	49.7mn
GDP per capita (2017)	\$1,169
Unemployment rate (2018)	11.5%
Inflation rate (January)	4.7%

Money Market:

Primary Market Treasury Bills Rates³

	04 Feb (p.a.)	11 Feb (p.a.)	% Change
91-day	7.06	7.04	-0.02bps
182-day	8.78	8.57	-0.21bps
364-day	9.86	9.64	-0.22bps

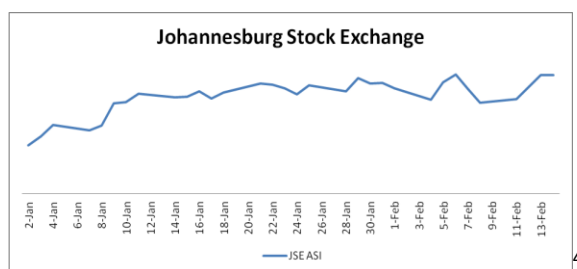
² Nairobi Stock Exchange

³ Central Bank of Kenya

South Africa

Johannesburg Stock Exchange

In 2018, the Johannesburg Stock Exchange recorded its largest decline since 2008, with the ASI down by 11.4%. However, the index reversed its bearish trend in 2019 and has gained 6.37% YTD. The announcement that South Africa's retail sector expanded by 3.1% in November 2018 boosted the share price of banks and retailing companies listed on the stock market. Other factors that boosted the index include a stronger rand and easing global trade tensions. Also noteworthy, the Johannesburg Stock Exchange permitted MultiChoice to list its shares on the exchange on January 23 and there is currently an ongoing investment challenge aimed at students on the exchange.



Forex Market

The ZAR appreciated against the US dollar by 2.99% from R14.46/\$ on January 02 to R14.04/\$ at the close of February 14. The Central bank kept interest rates constant at 6.75%p.a. and lowered its inflation forecast because of a stronger rand and lower global oil prices while the Fed kept lending rates constant. The rand is expected to depreciate moderately in Q2'19 as a result of heightened political uncertainty in the run up to the upcoming parliamentary elections. Escalating global trade tensions could also put pressure on the currency.

Quick Facts	
Population (2017)	56.7mn
GDP per capita (2017)	\$7,525
Unemployment rate (2018)	27.10%
Inflation rate (January)	4.50%

Money Market:

Primary Market Treasury Bills Rates⁵

	01 Feb (p.a.)	12 Feb (p.a.)	% Change
91-day	7.34	7.32	-0.02bps
182-day	7.51	7.48	-0.03bps
364-day	7.33	7.28	-0.05bps

⁴ Johannesburg Stock Exchange

⁵ South Africa Reserve Bank

SOCIAL & LIFESTYLE

Egypt replaces Cameroon as 2019 African Nations Cup hosts

The Confederation of African Football confirmed that Egypt will host the 2019 African Cup of Nations (AFCON), after a meeting of their executive committee in Dakar on January 8th. They will stage the expanded 24-team event, which runs from June to July, after initial host, Cameroon, was stripped of the tournament in December 2018 over concerns on the slow pace of preparations.



Egypt and South Africa were the only two countries to put forward their candidacy to replace Cameroon. It will be the first time there will be 24 teams at the tournament and CAF, after several inspection visits over the last two years, said Cameroon would not be ready in time. This will also be the first time the competition has been played in June and July, having previously been held in January and February. Cameroon has accepted to host the 2021 AFCON. Consequently, Ivory Coast, original hosts of 2021, would host the 2023 AFCON, while Guinea, original hosts of 2023, would host the 2025 AFCON.

The Egyptian government has not yet made a detailed assessment of the budget required for the tournament, but it will soon provide more information, according to the youth and sports minister, Ashraf Sobhi. The tournament will be played in six stadiums: the National Stadium in Cairo, El Salam stadium in the military production zone in eastern Cairo, Alexandria Stadium, Ismailiya Stadium, Suez Stadium and Port Said Stadium. Egypt previously hosted the tournament in 2006, when its team won.

The AFCON is widely followed on the continent and is traditionally seen as an opportunity to boost investment in infrastructure and promote tourism in the host country. Although Egypt has the stadium infrastructure to host the event, there will be concerns about the cost of hosting the tournament at a time of fiscal consolidation. A significant proportion of the host country's budget is spent on the construction of stadia, training camps and transport and hospitality infrastructure. To justify this spending, proponents of hosting a major sporting event argue that these infrastructure projects will provide benefits long after the tournament is concluded. However, these benefits are often exaggerated and seldom come into fruition.

Senegal opens new art museum honoring black civilization

One of the largest art collections in Africa has been opened in Senegal. President Macky Sall opened the 148,000-square-foot Museum of Black Civilizations in mid-December in the capital Dakar. The four-storey structure combines the traditional form of a circular African village hut with a modern glass and wood facade that reflects back onto an outdoor plaza. Although Senegal's first post-independence president, Leopold Sedar Senghor, first conceived a museum honoring black civilization more than 50 years ago, its long-delayed completion comes at a critical moment for African art. Hundreds of thousands of artifacts, believed to represent about 90% of Africa's cultural heritage, now populate exhibitions in European museums and private collections. Additional countries, including Senegal and Ivory Coast have since requested either permanent or temporary restitution. The Museum of Black Civilizations has room for about 18,000 works of art, although many of the galleries remain unfilled.



This could eventually receive thousands of artifacts from European museums that were looted during the colonial era. Especially now that African governments are putting pressure on Western countries to return stolen artifacts following a French government report that urged mass restitutions of objects in France's national museums that were seized during the colonial era. French President Emmanuel Macron announced after receiving the report that France would immediately return 26 artifacts requested by Benin in 2016.

AFRICAN TEXTILES

There is controversy on the source of African prints popularly known as Ankara. Some believe it came from Dutch East Indies (modern-day Indonesia) as batik. Batik uses a chanting tool, which holds a small amount of hot liquid that allows for intricate patterns to be made on cloth. West African men who were enlisted by the Dutch to boost their army in Indonesia, brought the textiles into their countries and thereafter it became popular among their people. On the other hand, some believe that African prints came about when ancient Egyptians began cultivating flax and weaving it into linen.

Whatever the origin story, African prints are now in vogue within the region and globally. We have Kente by the Ashanti and Ewe people of Ghana, Aso Oke, Adire, Akwete from Nigeria, Kanga from Tanzania and Shweshwe from South Africa to mention a few.

Kente

The Ashanti and Ewe weavers use specially designed looms to make the kente cloth. The most important factor in creating kente involves the weaving technique, pattern, colors and the artist's skill. The Asante Kente is woven in bright colors and geometric patterns along the entire length of the loom while the Ewe kente exhibits a tweed effect from plying together different colored threads in many of the warps. Kente is a silk and cotton fabric made of intertwined cloth strips. The Kente cloth is a national symbol as it reminds Ghanaians of their identity and represents a symbol of power among the rulers who wear it. The material is usually in Ghana's flag color which is red, yellow, green and black.



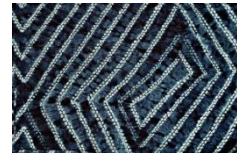
Adire

Adire referred to as the art of tie and dye is very popular in Nigeria. The material is an indigo resist dyed cotton cloth made by women in south-western Nigeria. Resist-dyeing is the creation of patterns by treating certain parts of the fabric in a way to prevent them from absorbing dye. The different types of Adire include:

Adire Oniko: The use of raffia to tie the cloth in order to act as a resistance. A great variety of patterns can be produced using this method. For example, small circles can be created by tying small stones or seeds into the cloth and larger circles can be made by lifting a point of fabric and then binding the fabric beneath it tightly.



Adire Alabare: This is used when the method of resist has been done through sewing.



Adire Eleko: This is the use of cassava flour to resist the indigo dye.



Kanga

Kanga has been a part of East Africa since the mid 19th century and is popular in Kenya and Tanzania. It is rectangular shaped and 100% cotton with a brightly coloured decorative border and includes a Swahili proverb called “jina” which means “name”. The cloth is named after the Swahili word for the spotted black and white guinea fowl probably because its first design patterns resembled the guinea fowl. It is the fabric of Tanzanian culture as it stays with them from birth to death.

Women usually wear a specific kanga to communicate a non-verbal message to their community. This form of communication can represent their personal feelings, relationships, politics, education, health or religion. Some of the proverbs on the Kanga includes:

- Adui mpende (love your enemy)
- Sina siri nina jibu (I have no secrets but I have an answer)
- Mtaka yote hukosa yote (one who wants all, usually loses all)

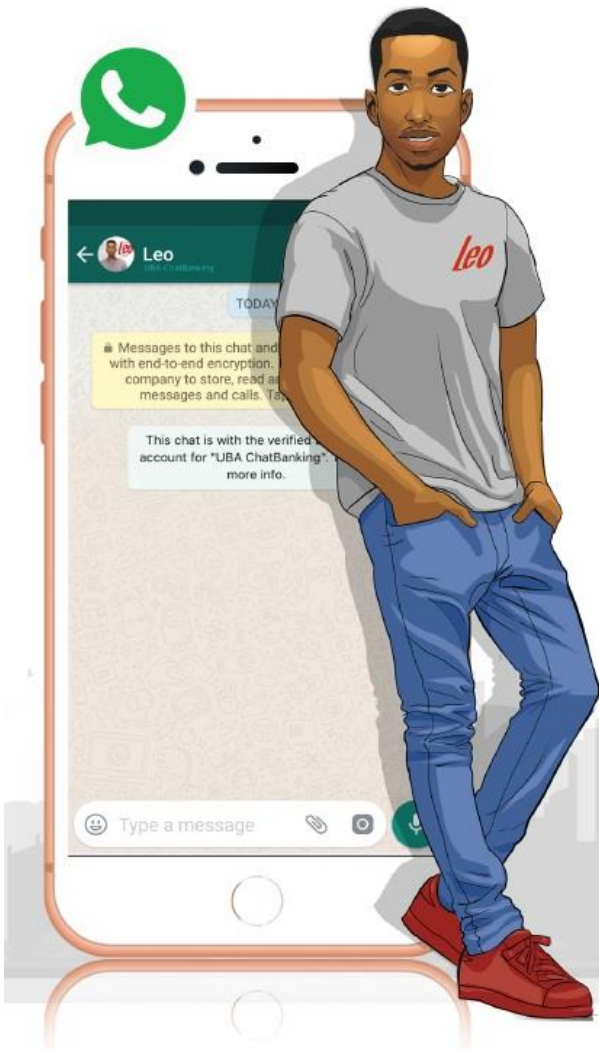




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AVIATION & TRAVEL

Kenya Airways launches new routes to Rome and Geneva



Kenya Airways will launch new routes to Rome and Geneva starting June 2019 as the airline seeks to expand its base and revenue in the wake of heightened competition from other players. The national carrier is targeting travellers visiting these European cities for both leisure and business trips. The airline will deploy its 787 Dreamliner four times a week to cover the new routes that are already dominated by their respective airlines including the Geneva based Swissair, which flies the East African route. With the addition of these two new routes, Kenya Airways' European destinations will increase to 5. Tickets are available for sale with an introductory price on offer of \$699 until February 15 from Nairobi to either city.

Kenya will gain several benefits from direct flights to Geneva and Rome, not least in boosting tourism arrivals from Europe. Besides conventional tourism, direct flights will boost business travel, buoyed by rising interest among European investors in the Kenyan economy. Additionally, direct flights will facilitate travel in both directions by Kenyan expatriates resident in Switzerland. It will also provide a boost to the wider transport sector, especially to Kenya Airways, which is currently engaged in a major restructuring exercise after being bailed out by the government and local banks in mid-2017.

British Airways increases frequency to South Africa



British Airways has added four new weekly services between London and Johannesburg, increasing the number of direct flights between the two cities to 18 per week. During the South African Winter (June to August), a Boeing 747-800 will replace one of the daily A380s, while the 787 schedule will remain at four per week. British Airways has also started flights from London to Durban and will offer three weekly services, also using Boeing 787-8s. Cape Town is also receiving increased frequency with two daily summer flights from London Heathrow as well as three weekly between Gatwick and the Mother City.

Overall, British Airways will operate 38 flights per week to three South African destinations.

Radisson set to open first hotel in Guinea



Radisson Hospitality plans to open its first Radisson Blu Hotel in Conakry, Republic of Guinea, bringing its African footprint to a total of 31 markets. The Radisson Blu Hotel is scheduled to open later this year and will be the brand's first property in the capital city of Guinea, an important hub within Francophone West Africa. The hotel will be positioned near the city centre and will be surrounded by the Convention Centre, Palais du Peuple, the National Hospital and multiple embassies. Conakry International Airport is less than 10 kilometers away. The hotel will feature 123 rooms, consisting of five different room types – including two presidential suites. The meeting and events area will offer more than 400m² of space, consisting of four flexible meeting rooms. The hotel is also set to feature a spa, a fitness room and a swimming pool.

These African Tourist Destinations should be on your travel bucket list in 2019

Mpumalanga (The Place where the Sun Rises)



Mpumalanga is a region in eastern South Africa, near the nations of Swaziland and Mozambique. It constitutes 6.5% of South Africa's land area and was known in the past as the Eastern Transvaal. Mpumalanga is rich in scenic beauty and has dazzling fauna and flora. The area offers exceptional opportunities for discovering lush forests, mountains, rivers, waterfalls, bird-watching, hiking, horse-riding and fishing.

Mpumalanga is well known for its popular wildlife parks. It is home to Africa's biggest game reserve "Kruger Park", the magnificent Blyde River Canyon Nature Reserve, Golden Gate Highlands National Park while the Free State's capital, Bloemfontein, hosts a remarkable art gallery and beautiful botanical gardens.

Kruger National Park, Mpumalanga

Kruger National Park is Africa's largest game reserve and is in north-eastern South Africa. The reserve is larger than the whole of Israel. Its high mass of wild animals includes: lions, leopards, buffalos, elephants and rhinos. Hundreds of other mammals make their home there, as do assorted bird species such as vultures, eagles and storks. The park offers game drives, bush walks, foot safaris, wilderness trails and even a self-drive eco trail.



Answers to the Quiz

1. *Ali Bongo (Gabon)*
2. *Pravin Gordhan*
3. *Kenya*
4. *Rwanda*
5. *Ethiopia*
6. *Uganda*
7. *The Carlton Centre*
8. *Mali*
9. *The smoke that thunders*

Financial and Economic Indicators⁶

Country	GDP Growth rate (%)			Inflation rate (%)			Interest Rate (%p.a.)	Exchange Rate (\$)
	Current	2019f		Current	Trend		Current	Per \$
Angola	(1.60) Q3'18	3.10	18.20	Jan	Downwards		15.75	315.97 ↑
Botswana	4.20 Q3'18	3.60	3.50	Dec	Downwards		5.00	10.63 ↑
Cameroon	4.60 Q3'18	4.40	2.10	Nov	Upwards		3.50	604.20 ↑
DRC	3.70 Q4'17	4.10	9.60	Dec	Downwards		14.00	604.20 ↑
Ethiopia	7.70 Q4'17	8.50	10.90	Jan	Upwards		7.00	28.58 ↑
Gabon	0.30 Q4'17	3.40	6.30	Dec	Downwards		3.50	604.20 ↑
Ghana	7.40 Q3'18	7.60	9.00	Jan	Downwards		16.00	5.19 ↓
Guinea	5.80 Q4'18	5.90	9.90	Dec	Upwards		12.50	9,097.50 ↓
Ivory Coast	7.60 Q2'18	7.00	1.00	Dec	Downwards		4.50	580.90 ↑
Kenya	6.00 Q3'18	6.10	4.70	Jan	Downwards		9.00	100.27 ↓
Liberia	2.50 Q4'17	4.50	26.60	Oct	Upwards		12.40	160.80 ↑
Mozambique	3.20 Q3'18	4.00	3.78	Jan	Upwards		14.25	62.42 ↑
Nigeria	2.38 Q4'18	2.00	11.37	Jan	Downwards		14.00	361.85 ↑
Rwanda	7.70 Q3'18	7.80	0.20	Jan	Upwards		5.50	884.24 ↑
Senegal	3.90 Q3'18	6.70	0.60	Jan	Downwards		4.50	580.90 ↑
South Africa	1.10 Q3'18	1.40	4.5	Dec	Downwards		6.75	14.15 ↑
Tanzania	6.80 Q3'17	6.60	3.00	Jan	Downwards		7.00	2,319.23 ↓
Uganda	6.80 Q3'18	6.10	2.70	Jan	Upwards		10.00	3,672.13 ↑
Zambia	4.10 Q4'17	4.50	7.90	Jan	Flat		9.75	11.90 ↑
Zimbabwe	2.90 Q4'17	4.20	56.90	Jan	Upwards		9.47	N/A

*Net oil importers such as Kenya and Tanzania witnessed a reduction in inflation due to lower fuel prices.

STOCK EXCHANGE				
	Feb 14	Feb 08	% Weekly Change	YTD %
Dar es Salaam Stock Exchange	2,136.00	2,146.75	0.50 ↓	5.09 ↑
Ghana Stock Exchange CI	2,485.53	2,485.56	0.00 ↔	4.02 ↓
Johannesburg Stock Exchange	54,527.11	53,244.18	2.41 ↑	6.37 ↑
Nairobi Stock Exchange	158.85	160.44	0.99 ↓	13.30 ↑
Nigerian Stock Exchange	32,453.69	31,529.92	2.93 ↑	4.45 ↑
Uganda Securities Exchange	1,869.38	1,845.89	1.27 ↑	14.47 ↑
Zimbabwe Stock Exchange (IND)	511.17	517.45	1.21 ↓	6.31 ↑

* Political uncertainty is expected to weigh on the Nigerian Stock Exchange and the Johannesburg Stock Exchange in H1'19. On the other hand, the Ghana Stock Exchange Composite index is set to rally on the back of the country's strong economic performance.

⁶ Trading economics, IMF, Bloomberg, African-markets

AGRICULTURE				
	Feb 14 (\$)	Feb 08 (\$)	% Weekly Change	YTD %
Cocoa	2,247.00	2,235.00	1.57 ↑	5.18 ↓
Wheat	510.50	517.25	1.30 ↓	0.74 ↑
Corn	383.00	374.25	2.34 ↑	1.93 ↑
Sugar	12.42	12.66	1.90 ↓	4.11 ↑
ENERGY				
Brent	64.57	62.10	3.98 ↑	17.59 ↑
WTI	54.48	52.72	3.34 ↑	17.06 ↑
LNG	2.57	2.58	0.39 ↓	13.18 ↓
METALS				
Gold	1,313.90	1,318.50	0.35 ↓	2.32 ↑
Copper	277.30	281.05	1.33 ↓	5.76 ↑
Silver	15.53	15.81	1.77 ↓	0.77 ↓

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