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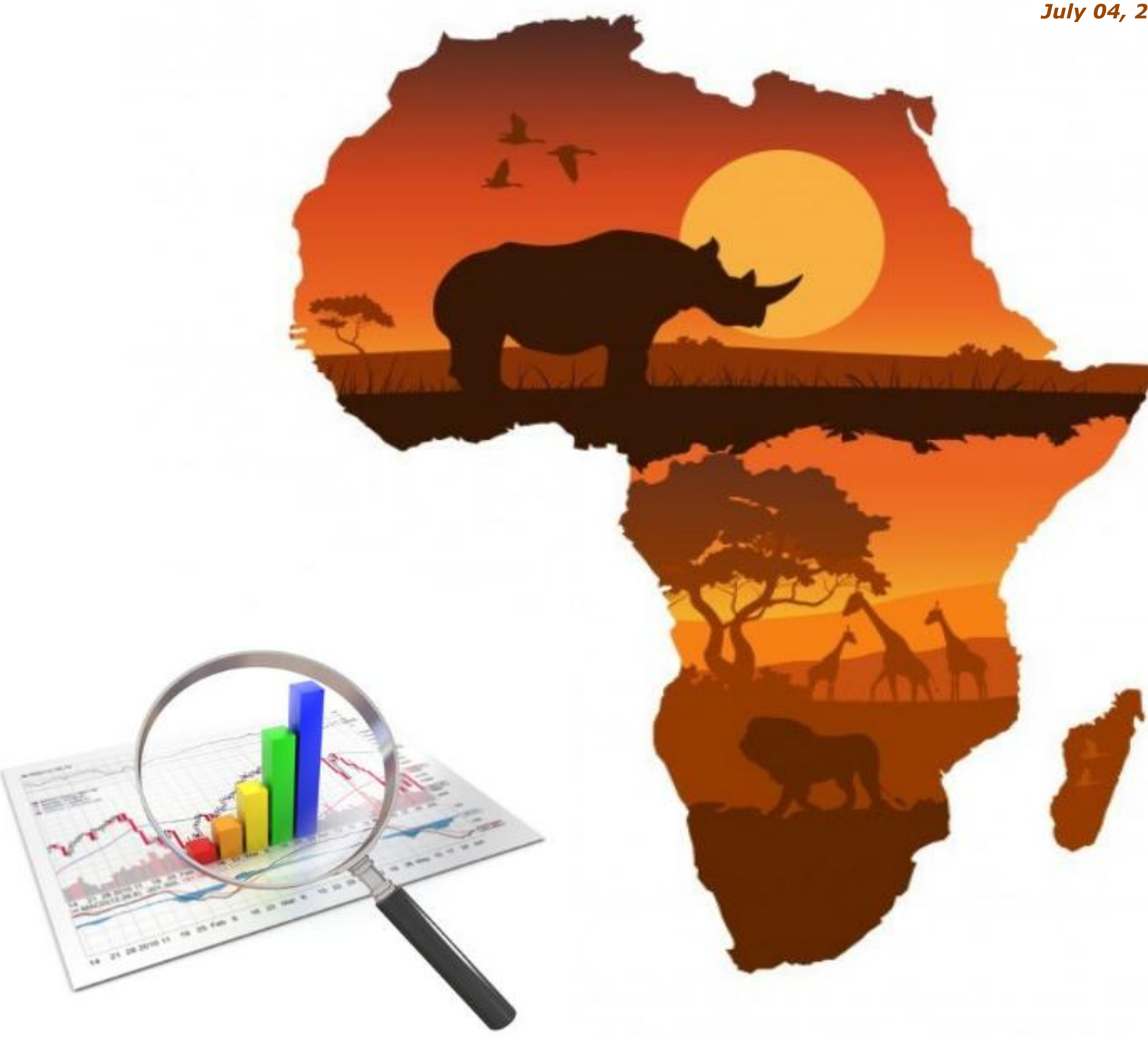

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Sub-Saharan Africa

The slowdown in the largest economies in Africa brings us to the sub-Saharan Africa region. The region is expected to grow at an average of 3.4% by 2020. This growth would however be limited in many countries due to policy mismanagement as governments strive to balance reforms so as to improve citizen's living standards. External factors such as protectionist measures by the US with China would also hinder growth.

Nigeria and South Africa will account for some of this growth and other countries such as Côte d'Ivoire, Ethiopia, Ghana and Senegal will experience steady and firm growth. South Africa and Nigeria's share of SSA's GDP is however projected to drop to 35.1% in 2020 from 37.1% according to EIU as a result of insecurity, power shortages, double digit inflation rate and tight credit conditions in Nigeria. On the other hand, the power cuts South Africa experienced in Q1 still serves as a risk factor as power cuts occurring in the winter period (June to August) when demand is high will damper growth. Along with this is a 13.8% rise in tariffs, heavy rainfall which could disrupt agriculture sector output and reoccurring strikes especially in the mining sector.

Ethiopia's real GDP growth rate will average 7.1% between 2019-2020 as business confidence increases from economic reforms such as the establishment of industrial parks, sale of state-owned interest in telecommunications and airlines. The government's Growth and Transformation Plan II will help move the economy from agriculture to manufacturing. The programme will run until 2020.

Uganda's growth to move from a drop to 5.1% in 2019 to 5.7% in 2020 on the back of ongoing expansion in services and an expansionary fiscal policy while Cote d'Ivoire growth will be spurred on by infrastructural developments in transportation, electricity and water by private and public sectors. This would improve productivity in the agricultural and industrial sectors.

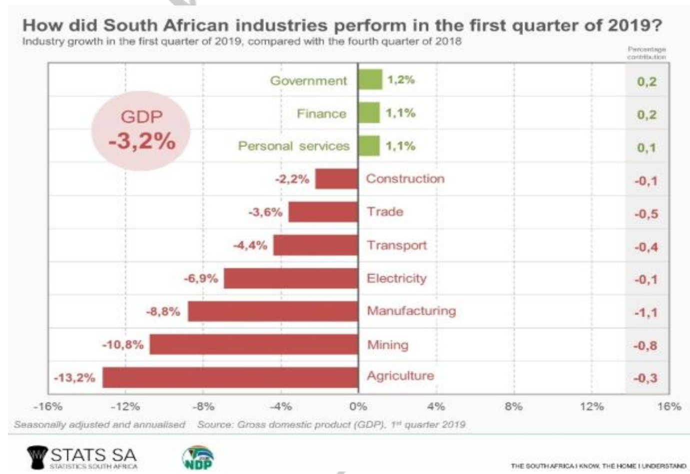
The African Continental Free Trade Agreement (AfCFTA) is an opportunity for integration in the African continent. It will cover a market of 1.2 billion people with a combined GDP of $2.5 trillion. Nigeria, one of the largest economies has agreed to sign the AfCFTA. Along with this is the upcoming ECO single currency that will be used for trade in Africa. These developments will lower transaction costs and facilitate payments in the region as well as the creation of employment and promotion of made-in Africa goods in the economy. However, major constraints to the obvious benefits of the trade and agreement will be infrastructure, communication and finance among member countries.

South Africa's GDP falls to its lowest in a decade at the end of Q1 2019.

South Africa's GDP contracted by 3.2% at the end of Q1 2019, with 7 out of 10 of its industries declining. This is the biggest quarterly fall in economic activity since the first quarter of 2009, when the economy was constrained by the global financial crisis.

Eskom drags down manufacturing and mining industries performance

[1]The manufacturing and mining industries were the biggest drags on the country's growth in Q1'19, having aggregate contraction of 19.6%. Both industries suffered from weak demand for petroleum, iron-ore, coal, wood and diamond, causing them to record their worst ever fall since first quarter of 2016. Trade and construction industries remained in recession. Weaker wholesale, retail and motor sales dragged the trade industry down by 3.6% while agriculture production slumped by 13.2% after registering a 7.9% rise in activity in the fourth quarter of 2018. Construction entered its third consecutive quarter of negative growth, slipping by 2.2%. The unemployment rate also increased by 0.5%, and this worsened the economy's situation. However, the economy recorded marginal growth in a few sectors that kept the economy marginally above recession. The financial services sector, government sector, and personal services sector edged up 1.1%, 1.2% and 1.1% respectively.



After careful analysis of the data, it's quite clear that the load-shedding, corrupt practices and mismanagement of the giant South African Electrical Company, Eskom, affected the nation's productivity thereby forcing the manufacturing industry to yield less revenue this quarter.

[1] *Stats SA, Quarterly Labour Force Survey, Quarter 1: 2019, http://www.statssa.gov.za/?p=12200*

South Africa's embattled parastatals

South Africa's economy is fiscally dominant with a more than proportionate role of government investment and the public sector. This is partly because of the existence of large state owned enterprises (SOEs) and monopolies. The country's negative growth and recession in recent years is partly attributable to the financial and technical difficulties facing many SOEs. Underperforming parastatals impose numerous economic costs, including the waste of scarce fiscal resources and poor service delivery to private sector firms and households.

Eskom, the state-run power firm, is the most obvious example of a struggling parastatal. In spite of heavy investment and rising end-user tariffs, the company is unable to meet the country's power needs, leading to load-shedding and economic disruption. Other embattled parastatals facing a diverse range of challenges include South African Airways, the Passenger Rail Authority of South Africa, the Sound African National Roads Agency and the Post Office.

Moreover, the management and boards of parastatal firms are often appointed more for political than business reasons. This is a particular issue in South Africa and one that has grown worse in recent years. In-fighting between boards and management, and direct government interference in settling these disputes, is a related challenge. Credit Ratings agencies have stated that they are monitoring continuous bailouts and government guarantees. This is because they pose a serious threat to the government's public finances and policy priorities. Standard & Poor's forecasts government guarantees to parastatals to increase by over R500 billion ($36bn) by 2020. This represents 10% of South Africa's GDP.

Most advanced and developing economies have aggressively pursued privatisation of SOEs but South Africa has been reluctant to because of opposition from trade unions. It is also reluctant to sanction the break-up of SOEs into smaller units for similar reasons. This leaves the government with the sole option of trying to revive ailing SOEs in their current form.

At best, improved management and less political interference will place troubled SOEs on a more sustainable footing. However, given the government's propensity to link appointments to politics, South Africa's SOEs will remain inefficient, and will continue to be a drag on overall growth and employment. The privatisation of SOEs appears to be the most efficient solution to the country's fiscal problems.

Outlook for Q2

According to the Statistics South Africa's economic data for April, there has been an increase in vehicle sales, a boost in the manufacturing industry and a reduction in inflation. It is likely that the beginning of a new administration with an organized and set ruling cabinet, along with the absence of load-shedding and industrial action in the economy, will help the economy avoid a second consecutive contraction in GDP.

The largest economies in Africa

The largest economies in Africa, South Africa and Nigeria make up 33% of Africa's GDP. Both countries have fallen into a recession in recent years.

Nigeria experienced its first recession in 25years in Q2'2016 when annual GDP growth rate recorded a second consecutive negative growth of 1.49%. Nigeria took longer than South Africa to overcome its recession with five quarters of negative growth due to a sharp decline in global oil prices and domestic oil production. Oil contributes 73.2% to Nigeria's exports. The economy came out of the recession in Q2'2017 with a positive GDP annual growth rate of 0.72% due to an increase in oil production.

The second recession in South Africa since 1994 occurred in 2018 when its manufacturing and agricultural industry lost 29.2% and 0.3% respectively. This led to a 0.7% contraction in Q2'2018. Agricultural production was affected by decline in the production of field crops and horticultural products, continued drought conditions in Western Cape and a harsh hailstorm in Mpumalanga which resulted in extensive crop damage. South Africa was able to come out of its recession faster than Nigeria because the decline in GDP growth rate was attributed to power outages and strikes which slowed down production in the mining and manufacturing industry. The country rebounded on the back of positive growths in manufacturing (7.5%), transport (5.7%) and finance & business services (2.3%). The manufacturing industry increased production of basic iron and steel, metal products and machinery; wood and paper; petroleum products; and motor vehicles. It recorded it largest bound since Q2'2016. The agricultural industry also rebounded by 6.5% due to strong growth in the production of field crops, horticultural cultivation and animal products after two quarters of decline.

African companies all set to conquer the African Continent

Over the years many African entrepreneurs have tried to expand beyond their home market and into the rest of the continent, only to fail or substantially scale back their ambitions. Factors such as poor infrastructure, customer acquisition, corruption, political issues and uncertainty hinder expansion.

The legacy of colonialism which linked imperial capitals rather than countries together is much to blame for this. Even to this day American and European multinational companies dominate sectors as diverse as logistics and soft drinks rather than African companies. Currently, investment pledges to African countries is estimated at $72 billion which is 9 times less than that of companies around the world.

All this has started to change with regional banks and airlines stitching the continent up. Recent surveys also show that more African companies are more interested in expanding to new regions in the continent compared to foreign multinational companies. We see evidence of this in the rapid expansion of the 30 biggest African companies, now operating in an average of 16 countries. In some sectors like cement, this has come full circle with regional giants like Dangote Cement overtaking foreign companies like Lafarge to become the largest producer of cement in the sub-Saharan region with operations in 10 countries.

The increased pace of inter-continental expansion can be attributed to two factors. Firstly, a lot of companies struggle to find customers for their product. These customers also tend to be concentrated in small pockets across vast land masses, necessitating a pan-African expansion. Secondly, companies expand to hedge against the challenges of uncertainty presented by weak supply chains, unstable currencies, capital controls and fickle regulators. Having a pan-African presence in multiple industries helps firms' better weather sudden set-backs caused by one of these factors. Provision of credit facilities and safe keeping of funds are done by banks. United Bank for Africa (UBA) has presence in over 15 countries in Africa. Banks use this as an advantage to draw investment capital into the region. Shoprite, a well known South Africa retail firm, operates in fifteen (15) countries is Africa's largest food retailer with over 500 outlets.

We have also noticed a selection of winners and losers by African companies with most companies choosing to focus on only the biggest economies while divesting from smaller countries. For instance, MTN is resilient with its coverage in Nigeria, where it holds 38.4% of the market share in the telecoms industry. In spite of regulatory actions and sanctions the company proves it is there to stay for the long term. The Group recently listed its Nigerian subsidiary (MTN Nigeria) on the country's stock exchange making it the second largest company on the bourse after Dangote Cement Plc.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Russia and Rwanda sign a nuclear energy deal

Russia's state owned nuclear group Rosatom has signed a deal with Rwanda to develop a nuclear science and technology centre in Rwanda. The agreement allows for greater dialogue and cooperation between Russia and Rwanda in the field of atomic energy as well as creating a framework for implementation of future projects. A cornerstone of this agreement is the access Rwanda will gain to Russian reactor designs and nuclear expertise. Increased expertise in this field is also expected to jumpstart technologies as diverse as detection of animal diseases to treatment of cancer. The nuclear centre is part of Rwanda's ambitious goal of simultaneously developing a green economy and reaching 100% electricity access by 2024, a big jump from the lowly 30% electrification rate present today. Rwanda's currently has 216MW of installed power capacity which it hopes to more than double to 512MW by 2023. The use of Nuclear power will complement Rwanda's commitment to cut emissions by 64% by 2030 under the Paris Climate Agreement and achieving the country's own goal of attaining climate neutrality by 2025.

This will be Russia's 9th nuclear agreement with an African country. The recent agreement with Rwanda according to leaked documents constitutes a part of Russian strategy to drive out colonial powers like France and the U.K from Africa and match the influence of countries like China and U.S.A in Africa. It is part of a broader strategy to dominate Africa by helping countries economically and aiding candidates favourable to Russia and hostile to the West win elections.

Quick facts-Rwanda	
Unemployment rate (2017)	15.10%
GDP (2017)	$9.14bn
Inflation rate	0.40%

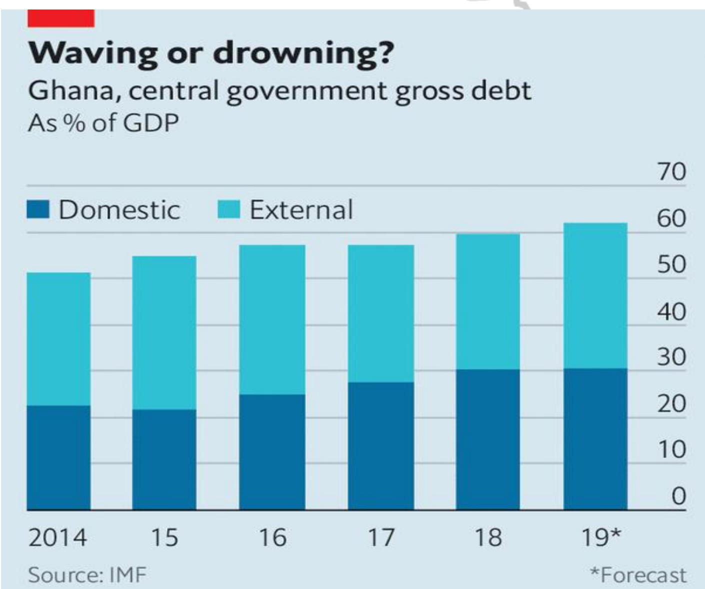
Never gonna let you go: Ghana hopes to put the IMF behind it

Culled from the Economist

"Debt is back under control, but an election is coming up"

Sirens wailing, a black government car pushes through the traffic, past the beggars and street vendors, up a potholed road. Vehicles like these, the perks of a growing number of political appointees, are a common sight in Accra—and a source of popular outrage. Since Nana Akufo-Addo became president in January 2017 the number of government ministers has soared by 42% to 125, each with a car, guards and a taxpayer-funded home.

Outside Ghana Mr Akufo-Addo has been hailed as a hero. When he was sworn in, it was as if he was a passenger in a plummeting aeroplane who had just been handed the controls. His predecessor, John Mahama, had taken a high-flying economy—growth was 17% in 2011 thanks to the first production of oil from its Jubilee Field—and promptly put it into a nose-dive. Under Mr Mahama inflation soared, the economy slowed and public debt ballooned, with much of the borrowed money squandered on higher wages for public employees.



Many of the government's flagship investment programmes have been sunk by mismanagement. One especially embarrassing example is that of the Komenda Sugar Factory, which was built three years ago with a loan from the Indian government, and which was supposed to provide more than 7,000 jobs. Yet it is idle because it does not have any sugar cane to process. In all about one-third of infrastructure projects in Ghana are never finished.

Worse still, many were paid for with borrowed money. A rebasing of GDP last year has flattered the country's balance-sheet. Ghana's debt-to-GDP ratio, which hit 73% in 2016, looks quite tame this year at 62% (it would have been 76% under the old GDP measure).

However, simply changing the estimated size of the economy does not magically bring in more tax. Interest payments still consume one-third of government revenues, which is more than it spends on education or health. Increasing the amount raised in taxes will be tough, because most of the economy is informal. The IMF notes that taxes make up a smaller share of GDP (14% in Ghana) than in most other developing countries and classifies it as being at "high risk of debt distress".

Investors are also wary and demand much higher interest rates to hold Ghana's foreign-currency bonds compared with Nigeria's or Kenya's. One reason is that they worry the government will start spending freely ahead of elections in 2020, as governments often have in the past. Gregory Smith of Renaissance Capital, a bank, points out that budget deficits were almost one percentage point of GDP higher in each of the seven election years since 1990 than in non-election years. The trend has accelerated: in 2012 and 2016 deficits ballooned by almost three percentage points of GDP.

Mr Akufo-Addo won the election in 2016 with the preposterous promise of a factory in every district. This time he might do better by breaking the old pattern of running up debts before an election, only to turn to the IMF afterwards for another bail-out.

New Banking Law proposed in Egypt

The main aim of the new legislation is to protect the banking system during a crisis, modernising laws to keep pace with global developments, along with upgrading the governance structures of the central and commercial banks. The law also lifts a ban on crypto currencies, instead outlining a legal framework for its regulation. More conventional services like tendering of payment and financial technologies will also face greater scrutiny under the proposed law.

The changes in the governance structure will reduce the murky nature of the financial sector in Egypt. It will make identifying conflicts of interest more easily; ensure the independence of these banks and ultimately reducing the percentage of Non-Performing Loans (NPLs) in the banking sector. The new regulation on online payment services will make them more trustworthy which will in turn increase their attractiveness and speed up their adoption. In the long run this will shrink the informal sector and increase tax revenues for the government. The forward thinking policy of providing a legal framework for crypto currencies will serve to reduce the attractiveness of the medium for criminals and can potentially set up Egypt as an African hub for crypto currency firms.

The new law has also called for higher capital requirements for domestic and foreign banks operating in Egypt. Domestic banks will be required to raise their reserves to EGP5 billion from the earlier EGP500 million, while foreign banks will now need to hold $150 million compared to the $50 million required earlier. Currently only 6 banks meet this new capital requirement. The implementation of higher capital requirements is expected to encourage mergers between the 33 banks and thus increase the solvency of Egypt's cash strapped banks. It will also leave Egyptian banks in better health to cope with another financial crisis.

The new law will also align Egypt's banking sector with best global practices and laws, facilitating greater linkages between banking sector in Egypt and the rest of the world. The law in contrast to earlier legislation also places special focus on financial inclusion and strengthens the protection of consumer rights. It also prevents the risks of monopolies and anti- competitive behaviour emerging by outlining measures for monopoly prevention. Thus bank mergers are unlikely to dampen the dynamism of the banking sector and raise fees for consumers.

South Africa becomes the first African Country to have a carbon tax

On June 1st South Africa's carbon tax came into effect, making the country one of the 40 countries and the only African country in the world to implement one. The tax prices carbon at $8.34 per ton of CO2 until December 2022 after which the policy will be reviewed for effectiveness and rates recalibrated. The effective rate per ton is substantially reduced with a 60-95% tax refund allowed in the first phase due to various loopholes. The current price on carbon is believed by many to be too low with studies saying a price of $50-$100 is required for any transformational change in South Africa. The carbon tax alone will be insufficient to meet South Africa's Paris agreement goals of levelling greenhouse gas emissions by 2025 and start reducing them by 2036. At present South Africa's greenhouse gas emissions have been increasing at a rate of 2.3% per year, far above the 1.8% average for the rest of the world and it seems that the country is not on track to hit its goals.

However, Climate Change activists have celebrated the carbon tax claiming it will serve to raise awareness about emissions and send a signal to polluters to decarbonise or face higher costs in the form of carbon tax increases. The act will also increase reporting standards on emissions, allowing for more targeted focus on decarbonisation for various industries. It will also signal a move away from coal for power generation in a country heavily dependent on it for generating electricity. This is in line with South Africa's plan to diversify away from coal as the primary energy source and instead rely on gas, nuclear, hydropower, solar and wind.

The carbon tax will therefore in practice serve less as a tax punishing firms and more as a boon for the South African economy. Plans released by the treasury currently funnel tax revenue into energy efficiency projects potentially reducing energy costs for firms. Other plans floated by activists use the tax revenue to subsidise at least 100,000 rooftop solar systems per year for poor households, this will partially alleviate the blackouts currently faced in South Africa. The tax may also serve as a boon for firms in the long run by boosting the competitiveness of South African firms and give them an edge in a world where consumers are increasingly worried about the environmental impact of their consumption.

World's most neglected displacement crisis

The top ten (10) neglected countries in 2018 include seven (7) African countries according to Norwegian Refugee Council (NRC). Four (4) of them appeared in 2017.This list was compiled based on lack of media attention, lack of funding and political neglect. Cameroon, DRC, Central Africa Republic (CAR) and Burundi were the top four (4) on the list while Mali, Libya and Ethiopia were also on the list. Other countries on the list include Ukraine, Venezuela and Palestine. The affected countries are fleeing into Rwanda, Tanzania, Uganda, Ethiopia and DRC.

This situation is critical as it inhibits not just the countries development but also the continent. It shows how unbothered we are about one another and consequences of political instability. Cameroon is edging towards a full-scale war due to a violent conflict between the military and non-state armed groups. Hundreds of villages have been scorched while approximately 450,000 citizens have been forced out of their homes and 780,000 children are no longer in school. The root of this crisis breeds from the country's colonial history which resulted into French and British mandates. The English speaking part feel alienated.

However, this isn't the only dilemma the country is in, there is still the Boko Haram violence which has created a displacement issue in the north and refugees crisis in the east that has led to CAR citizens seeking protection.

DRC is not just facing a displacement issue from fights between armed forces but the Ebola crisis in the nation has compounded its predicament. Unable to raise the needed aid, citizens are being left in acute hunger. The United Nation (UN) reported a 70% rise in acute hunger between year 2017 and 2018. More than 60% of Central African Republic population of 4.6million indigenes is in need of support. Citizens are being killed, forced to flee and aid workers are being victimized. Burundi, Mali, Libya and Ethiopia are not in a better situation. Ethiopia also has the combined burden of about 900,000 refugees which it is trying its best to assist. A lot of humanitarian aid is needed and international attention is paramount in order to restore peace and order in these countries. All the affect African countries were unable to raise half of the required assistance in 2018. Cameroon raised 44% of the $320million needed to respond to the crisis in 2018.

2017	Appeal Funded (%)	2018	Appeal Funded (%)
DR Congo	57	Cameroon	44
South Sudan	54	DR Congo	43
Central African Republic	41	Central African Republic	50
Burundi	27	Burundi	40
Ethiopia	46	Ukraine	37
Palestine	47	Venezuela	No Appeal
Myanmar	77	Mali	56
Yemen	76	Libya	26
Venezuela	No Appeal	Ethiopia	56
Nigeria	68	Palestine	46

Source: *Norwegian Refugee Council*

Ebola case in Uganda

Ebola outbreak between 2014 and 2016 was a serious epidemic situation. The growth rate was exponential as the cases were doubling every 20-30days. Unfortunately, there is still the fear of a looming Ebola outbreak especially in Africa. The Democratic Republic of Congo still battles with the disease and with the ongoing situation, citizens have been displaced. Some of these citizens have moved to Uganda. The epidemic has infected at least 2,062 people and killed 1,390 of them in eastern Congo. 28,000 people have so far been infected in West Africa and among them 11,300 people have died. Majority of those affected are from Liberia, Guinea and Sierra Leone.

Uganda has recorded at least three (3) confirmed cases of Ebola. The first case recorded was a five (5) year old boy who entered the Uganda borders from Congo. The other two cases were that of his brother and grandmother.

Although, Uganda is seen to have the situation under control, the concerns are rising as regards the spread of the disease which could kill more people not only in Uganda but also in South Sudan as eastern Congo is at its border and the nation already has an ongoing civil war that needs to abated.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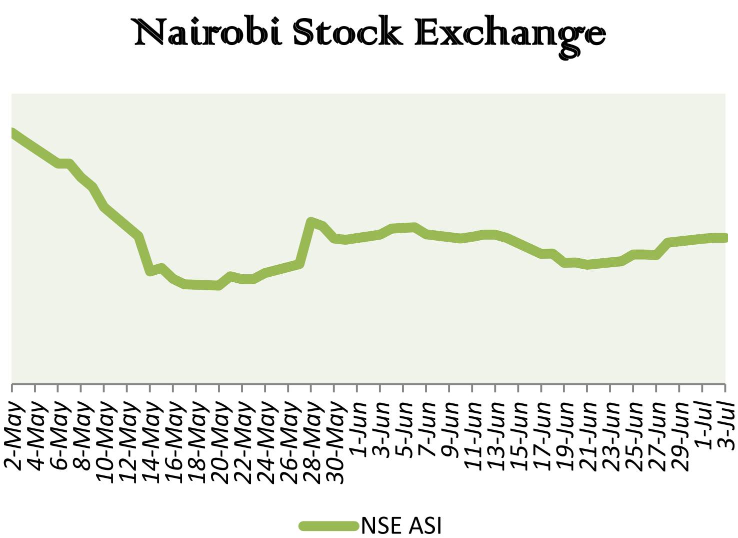
MARKETS ACROSS SUB-SAHARAN AFRICA

(May till date)[2]

Nairobi



The Nairobi Stock Exchange started out the month of May on a positive streak. The ASI has however lost 6.76% to close at 150.11 on July 03 from 161 on May 02. The exchange recorded 18 positive and 24 negative days in anticipation of its derivatives market launch.

The first oil marketer to list on the exchange, Kenol-Kobil has delisted making it the fourth company to delist from the NSE in three (3) years. Total Kenya is now the only oil marketer on the exchange.

Forex Market

The Kenyan shilling opened the month of May at KES100.86, depreciated by 1.49% against the US dollar and closed at KES102.39 on July 03. This was as a result of rise in the demand for dollars especially among oil importers and excess liquidity in the local money market. Kenya recently issue new banknotes for its currency in order to combat corruption. In a bid to aid Kenya, Tanzania and Uganda no longer allow the exchange of Kenya's old notes. This would help curb counterfeits and permit for an efficient flow of the new currency.

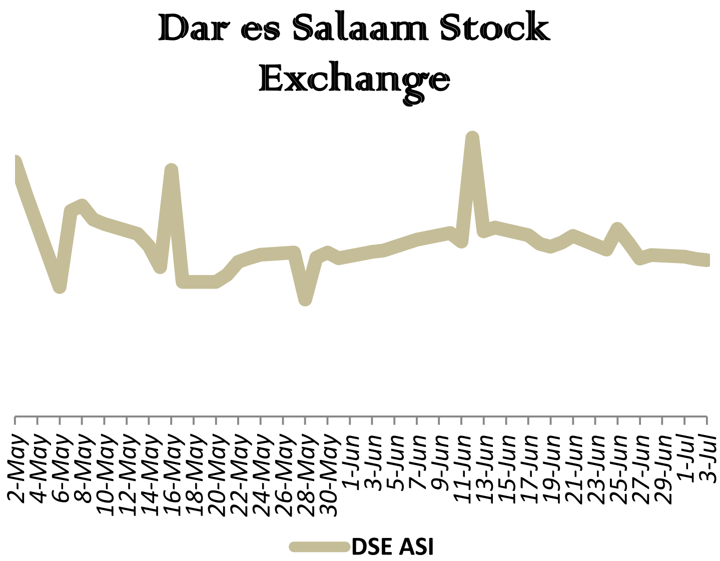
Treasury Bills

	24 Jun (p.a)	01 Jul (p.a)	Variance
91-day	6.814	6.738	-0.076
182-day	7.578	7.487	-0.091
364-day	9.050	8.759	-0.291

The rate decreased by 0.076bps, 0.091bps and 0.291bps for the 91-day, 182-day and 364-day instrument respectively from results on June 24 and July 01.

[2] *Nairobi Stock Exchange, Bloomberg, Bank of Tanzania, Central Bank of Kenya*

Tanzania



The ASI index lost 4.40% to close at 1,887.68 on July 03 from 1,974.54 on May 02. Market capitalization declined by 4.40% to TZS18,606.23bn on July 03 from TSZ19,451.52bn on May 02. The decline can be attributed to the banks, finance and investment index which declined by 3.26% to 2,056.39 from 2,125.58. The exchange recorded 21 positive and 20 negative days. The ASI has lost 0.08% YTD.

Forex Market

Tanzania shilling appreciated by 0.19% from TSh2,304.23 on May 01 to TSh2,299.88 on July 03. The nation's effort towards curbing money laundering and shilling depreciation seems to be working out although at a slow pace. Its currency has appreciated 0.41 % since April when some forex shops shut down in order to aid its currency. Tanzania is also helping Uganda fight money laundering by banning exchange of its old bank notes.

Treasury Bills

	12 Jun (p.a)	26 Jun (p.a)	Variance
91-day	4.28	4.39	0.11
182-day	5.13	5.19	0.06
364-day	9.03	9.05	0.02

The rate increased by 0.11bps, 0.06bps and 0.02bps for the 91-day, 182-day and 364-day instrument respectively from results on June 12 and June 26.

Update on Zimbabwe

Zimbabwe issued a new local interim currency at the beginning of the year in order to manage the currency crisis. The currency which is called RTGS dollar (Real-time Gross Settlement) is an electronic money transfer system set up on the Interbank Foreign Currency Exchange Market. The president made known that Zimbabwe will have its own currency before the end of year 2019 while the nation's stock exchange plans to delve into the use of block chain technology in mineral commodities, exchange real estate investment trust securities and exchange traded funds. After this disclosure, its ASI performance improved and hit as high as 231.74 but the disclosure of its legal tender has reversed this trend to 194.20.

In order to support a new currency the President declared the use of RTGS as well as bond notes paper money and coins as the country's sole legal tender. Alongside this decision is the ban of other foreign currencies such as the US dollar, British pound and South Africa rand. The Zimbabwe central bank raised its overnight lending rate from 15% to 50% to support the local currency after the ban of foreign currencies.

The main issue which needs to be addressed is a proper regulatory framework and for authorities to have it at the back of their minds that the nation's problems cannot be solved in a day. This is evident in their inflation rate (97.85%) which continues to rise despite the efforts being made.

AFRIWORD PUZZLE

M	X	A	P	H	O	Q	J	F	Z	G	S	V	I	Z
R	U	E	I	T	G	V	S	R	X	S	O	H	M	B
H	S	U	K	P	N	U	Z	D	Z	G	Z	L	V	A
H	D	X	I	L	O	V	I	O	I	X	Y	H	G	W
G	G	U	H	C	G	U	I	T	W	M	G	B	N	G
P	C	N	S	N	A	Z	T	O	H	Q	A	G	Y	L
J	W	U	A	A	R	E	I	B	H	H	S	O	E	R
J	O	F	D	B	I	L	T	O	N	G	J	E	X	H
C	A	P	T	I	Y	A	I	N	M	S	P	V	T	U
I	A	Z	F	D	N	G	B	U	E	I	F	Q	G	A
R	R	I	Z	A	G	N	T	U	U	K	K	D	A	B
A	A	A	E	M	A	A	F	E	R	Q	Q	H	M	X
H	K	H	F	G	P	H	B	U	B	O	Z	B	N	S
M	U	L	N	A	W	C	R	V	X	H	Y	B	Z	W
A	M	I	W	M	S	F	W	P	L	D	Z	O	Q	J

Afang
Amharic
Biltong
Bititi
Changa
Couscous
Dashiki

Jazz
Kente
Kush
Maafe
Madiba
Mutapa
Nyiragongo

Otobo
Safari
Ukara
Vuvuzela
Yoruba

POLITICAL UPDATE

Sudan in a political predicament

It all began when the long-serving President Bashir took severe measures to hinder an economic collapse. This led to cuts in subsidies which sparked anger in the nation and spread to its capital, Khartoum. Along with this anger came a protest to dethrone President Bashir who had served for thirty (30) years. On April 6' protestors occupied the front of the military headquarters and demanded for an ousting of the president. They got their wish five (5) days later as President Bahir was removed from power on April 11.
Security forces opened fire on pro-democracy protesters in its capital, Khartoum on June 03 which led to the death of thirty (30) individuals. The protesters representatives had been in talks with the military on who would take control following the ousting of long-time President Omar al-Bashir. However, negotiations between the two sides are at a standstill as the military has scrapped all agreements with the opposition and declared for elections to hold within nine (9) months. This has infuriated the opposition side which insisted on the nation having a transition phase for at least three (3) years to ensure the elections are free and fair.

The question now is who is in charge and who the opposition side?

A seven-member council of generals assumed power on April 11 to maintain order and security. The Transitional Military Council (TMC) which was led by Lt-Gen Abdel Fattah Abdelrahman Burhan has however struggled with creating a form of normalcy in the country. This is because the army is not a cohesive force in Sudan as there are other paramilitary organizations and various Islamist militias that hold some influence.

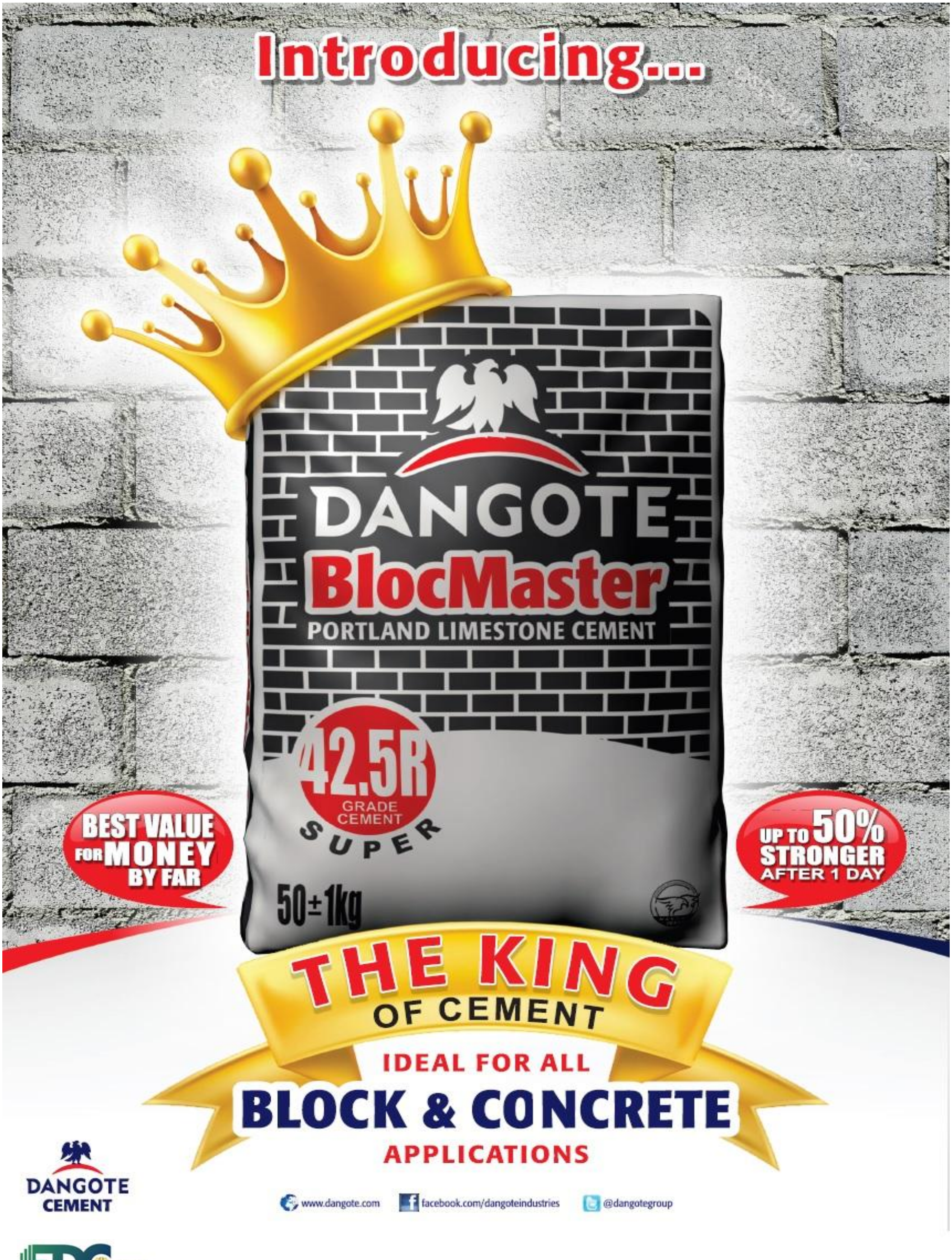
The opposition side is the Sudan Professionals Association (SPA) which is made up of lawyers, health workers and doctors. The resistance is made up of mostly young people and the protest was led by a woman named Kandaka meaning Nubian queen. When the military took over I April, the protestors insisted on a transfer of authority to civilian administration.

This led to the formation of Alliance for Freedom and Change which brought together ruling generals and protest organizers who agreed that Bashir's regime was deeply entrenched in the country's culture and therefore a transition period will be necessary for the nation. Also, a new government structure including a sovereign council, a cabinet and a legislative body was agreed on. The military has however defaulted on this and created the current situation in the country.

What does this mean?

Already, the international eye is on the country and they are not happy with the developments in Sudan. Shutting the internet down is a major sign the country is in need of fast solutions. The shutdown of The African Union has suspended the nation from membership until a transitional authority is established while the UN has begun to remove all non-essential staff from Sudan.

This development supports the fact that the former President culture is deeply imbedded in Sudan. Apart from further deteriorating the nation's economic growth and development, security becomes a major issue along with the possibility of inflation increasing from 44.60% as food insecurity increases.



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Protests over election results rock Malawi

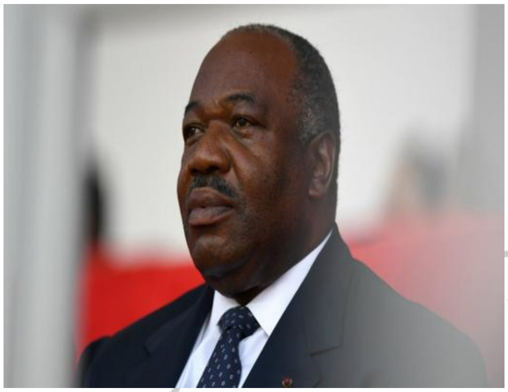
President Peter Mutharika was sworn in for a second term with a narrow margin of 159,000 votes late last month amid allegation of vote rigging. The opposition candidate Reverend Lazarus Chakwera called the outcome "daylight robbery" and submitted a court case for the annulment of the results on the grounds of fraud. The opposition accused the Malawi Electoral Commission (MEC) to be biased, alleging it turned a blind eye to the ruling party's blatant ballot stuffing and use of Tipp-Ex to invalidate votes. The MEC in turn has rebutted these allegations saying that it has acted fairly and without bias, respecting the concerns of both candidates during the election. The dispute has now further culminated into widespread protests over the past two weeks across the country calling for Chakwera to be sworn in as President. In recent days, the broadly peaceful protests have shown signs of becoming violent with the police having to break up protesters with teargas.

President Mutharika in a nationwide televised address called out Chakwera claiming the real objective of the opposition was to topple the government through the use of violence and force. He asked all Malawians to remain calm and wait for the court's result. Meanwhile, even if President Mutharika is able to claim victory in court he will have difficulty in claiming a real mandate to govern with only 38.5% of the vote share. This is further compounded by the failure of the president's party to gain a majority in parliament having only 63 out of the 193 seats forcing it to lead a minority government with its ally DPP. Political analysts have also noted that Chakwera has missed a real opportunity to pick up the mantle of leader of opposition and present an alternative agenda to the country with his sole focus of victory meaning being President.

The ruckus created over the results has also put real challenges Malawi faces on the backburner. The after effects of the devastation wrought by the disastrous Cyclone Idai still needs to be addressed, with ordinary Malawians still struggling to get back on their feet in the aftermath. The agricultural output of the country already strained due to the cyclone has come under further duress due to a terrible drought in growing regions. The culture of graft remains widespread as well and shows no sign of disappearing under President Mutharika.

The most damaging effects however concern the impact of the election on Malawi's political culture, dampening hope and dimming enthusiasm in citizens for democracy. No matter who wins ultimately in court, it is the Malawian people who have the most to lose.

Gabon in political turmoil



President Ali Bongo has sacked both his vice president and his minister of forests along with 13 other officials, due to a scandal caused by the illegal logging and sale of kevazingo (a type of lumber). A type of lumber that is illegal to log, but often logged still due to the high prices it can fetch in Asia ($2000 per cubic meter). Authorities came to know about the illegal logging in February and March when they uncovered and seized 5000 cubic meters of the banned wood, equivalent to 150 large container loads and worth $8 million in monetary terms. The contraband timber was held in the warehouse of a Chinese company bearing the stamp of the forestry ministry. If that wasn't enough the seized wood was later found lost and apparently stolen causing concerns of corruption at the highest echelons of the government. The scandal got the name "Kevazingo Gate". These developments gave rise to growing calls in recent days by the press and civil society to sack Vice President Mapangou and the head of the ministry of forests for their involvement in the trade. President Ali Bongo eventually relented relieving them from their duties.

The government has now appointed Lee white also known as Mr Green, a British born green activist who later took Gabonese citizenship. He was earlier head of the National Park Agency in Gabon and has been given the mandate by the President to put an end to the bad practices as well as the corruption prevalent in the ministry of forests. He has a delicate task managing the competing and conflicting concerns between logging and conservation especially in a country like Gabon which has an 80% forest cover and a large population dependent on the forests for their livelihoods.

RwandAir launches direct flights to Israel this June

On June 25th, 2019, Rwanda's national carrier, RwandAir, will start flying to Tel Aviv – the main hub of Israel – from Kigali. Israel would become their second flight destination in the Middle East after UAE and their 29th flight destination in the world. RwandAir will fly to Israel three times a week, Tuesday, Thursday and Friday by a Boeing 737-800NG aircraft with a total of 138 seats in economy class and 16 seats in business class.

This expansion is to improve ties between the two countries and generate business for their people. Israel is one of the leading tech hubs in the world and direct flights there would open up more business partnership between the two countries. Moreover, Rwanda's plan to expand their economy to foreign investors allows business travellers and pilgrims over the world to fly to Israel and indirectly, other Middle Eastern cities through their network.

This is Rwanda's second expansion this year and it hopes to keep on reaching out to other cities outside their flight destinations in order to boost its hospitality sector performance and improve their businesses. It's newly added flight destination was DR Congo's capital, Kinshasa in April 2019.

Air Seychelles increases frequency of flights to Johannesburg

Seychelles' national carrier, Air Seychelles, launched new daily service to Johannesburg on June 4th, 2019. Flight HM061 from Seychelles to Johannesburg operated by the airline's Airbus A320 aircraft featuring 16 business class and 120 economy class seats would now begin to fly daily, departing from 1.45pm at O.R. Tambo International Airport and arriving at 8.40pm from Johannesburg. Charles Johnson, Chief Commercial Officer of Air Seychelles said the airline was constantly looking at ways to maximize convenience and flexibility for our guests.

Air Seychelles just added a sixth weekly frequency last year, and will be now offering daily service between the two countries to strengthen business, tourism and cultural ties between the Seychelles and South Africa. The new daily service would not only cater to their leisure and business travellers but create a combined experience to South Africa and beyond.

South African Airways partners with Radisson Blu

South African Airways (SAA), Africa's most awarded airline has partnered with Radisson Blu Anchorage Hotel, Lagos to provide exceptional travel and hospitality experience for corporate travelers in Nigeria and beyond. At a corporate travel managers' forum held at the Radisson Blu Anchorage Hotel, Lagos, both SAA and Radisson Blu management offered better travel and hospitality deals and packages for the growing corporate travelers' community in Nigeria.

SAA corporate deals allow travelers to save up to 15% discount on flight tickets. Their Voyager programme, SAA's award-winning loyalty reward program accrues for travelers benefits according to their spending amongst other numerous gains.

During the forum, Wellington Mpofu, Radisson Blu Anchorage Hotel Lagos Director of Sales, said the Radisson Blu brand with five properties in Nigeria is available to complement SAA's amazing flight experience by offering hospitable service to guests who can call any of the Radisson Blu hotels and book easily.

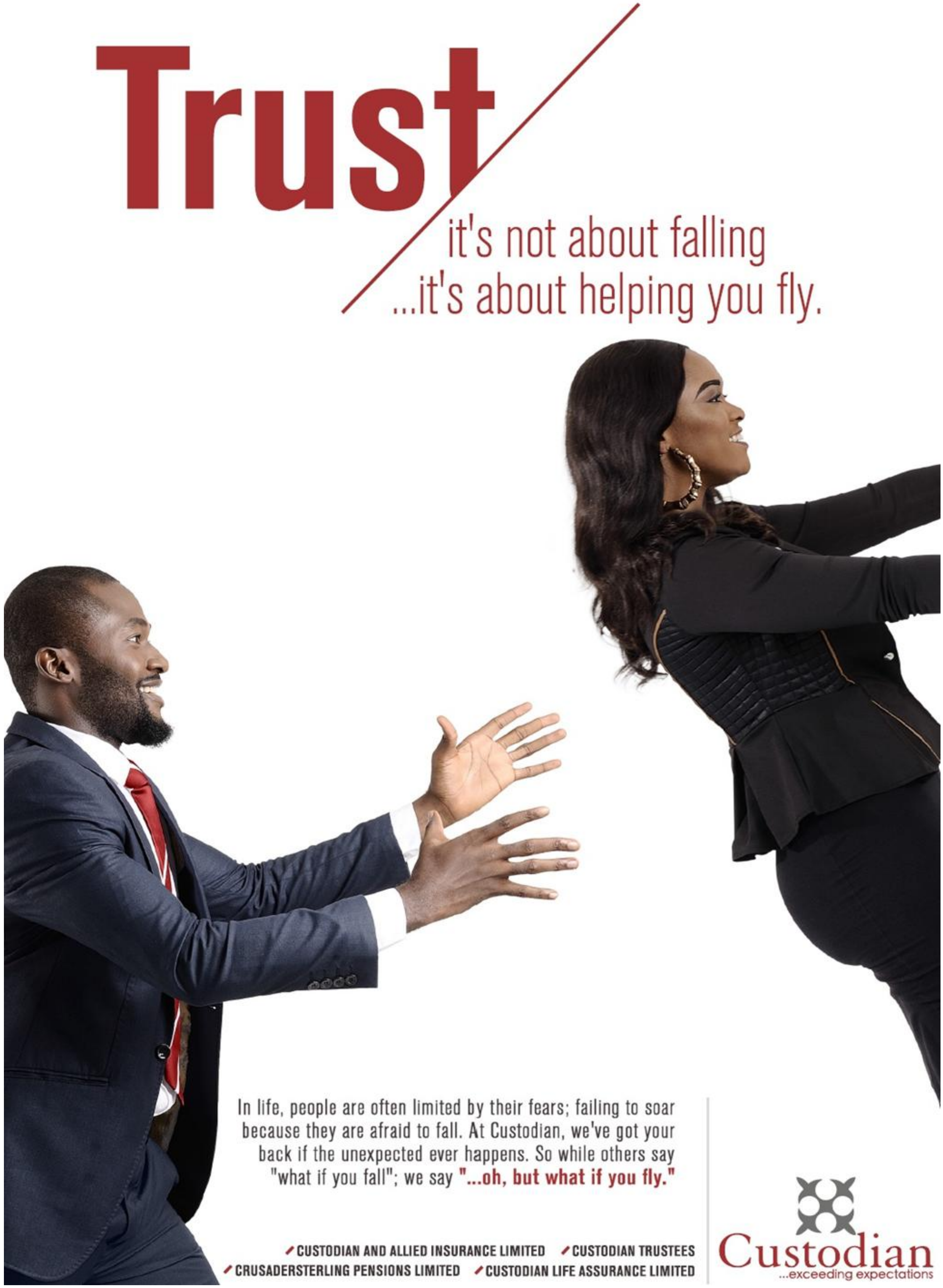
Radisson Rewards Program, the Radisson Blu loyalty rewards initiative covers all the Radisson Blu brands all over the world. The Radisson Blu Anchorage Lagos is currently giving 15% discount on room bookings with 10,000 bonus points which will end 14 June this year.

The five Radisson Blu brands currently in Nigeria are, Radisson Blu Anchorage Victoria Island, Park Inn Hotel Victoria Island, Radisson Blu Ikeja, Park Inn Ikeja and Park Inn Abeokuta.

Kenya Airways intends to double fleet over the next 5 years

Kenya Airways is 48.9% owned by the government and 7.8% owned by Air France-KLM. It restructured $2billion debt in 2017. In order to curb loss making and compete with rivals like Ethiopian airways, Kenya Airways plans to double the size of its fleet in five (5) years by opening new routes in the hope of profit returns. The airline had a fleet of 41 airplanes at the end of 2018 while Ethiopian airways have more than 100 planes.

Although plans to increase revenue through the takeover of Nairobi's Kenyatta International Airport were thwarted last month by a parliamentary committee, the airline plans to reorganize its aircraft leasing agreement and other debts so as to allow for cash flow for new planes investment. The parliament's transport committee instead proposed that the government help in other ways such as by exempting it from paying taxes.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Tech development hub in Africa by Microsoft

The rate of investment in Africa continues to rise and the Tech sector has not been left behind. The Tech industry in Africa is experiencing a rapid growth which is evident in the number of active tech hubs. In 2018, tech hubs in Africa increased by 41% to 442 tech hubs from 314 hubs. Tech giants such as Facebook and Alphabet Inc are topping up their investments in the continent. Microsoft Corp is planning to invest a sum of $100million over the next five (5) years in Nigeria and Kenya. The investment will be used to set up an African technology development centre which will employ more than 100 local engineers. The entity already has six (6) hubs located in other parts of the world.

The engineers will customise applications with artificial intelligence for the African market. This is an opportunity to drive innovation in various sectors and foster collaboration between governments and its citizens.

Tiwa Savage makes history by signing onto UMG

Renowned Nigerian artist Tiwa Savage has decided to leave Mavin Records, signing instead an exclusive recording agreement with the world's leading musical platform Universal Music Group (UMG). The organization is home to top artists like Ariana Grande, Akon, Marshmello and many others.

This agreement will give Tiwa access to the vast infrastructure and distribution tools possessed by UMG. Thereby allowing her to expose her music to a global audience and thus be able to cultivate a global following for her talent. At the same time increasing access and developing an international following for Nigerian music, this growth promises to take the African Music Industry to newer and greater heights, opening new doors for artists from the entire continent.

Addis Ababa to host the next FIFA Congress in 2020

Ethiopian Capital, Addis Ababa has become the accommodation centre in Africa as it hosts various organizations meetings. The nation hosts the African Union (AU) conference and in addition to this, the capital hosted the World Press Freedom Day activities which lasted for over three (3) days. Earlier this year it was announced that it would host the World Economic Forum (WEF) 2020 edition. In light of this, it was announced by at the 69th FIFA Congress in Paris that the nation will host the 70th FIFA Congress in May 2020.

Rihanna becomes the world's richest female musician

Rihanna has fallen upon a winning formula in her work, amassing a $600 million fortune to become the world's richest female musician. Becoming a prominent household name ever since taking the music scene by storm with her 2005 debut album "Music of the Sun" and with famous hits like What's My Name, Run This Town and many others. In recent years she has exemplified what pop music at its best can be: a combination of rock, EDM, dancehall, trap and even dub step transformed to become accessible to everyone. Each and every album she has released has upended and revolutionized the world of music with her distinctive take on music and her far reaching artistic vision.

Rihanna amassed most of her fortune with the release of her cosmetics brand Fenty Beauty in collaboration with Louis Vuitton in September 2017. She successfully delivered new value to the cosmetics industry by tapping into the under-served market for women of colour, by releasing 40 shades targeting their specific skin tones and an ad campaign novel for employing black and brown models.

Always a beacon for black power, she has come a long way from her home in Bridgetown, Barbados suffering a childhood marred by her dad's drug abuse and later domestic violence at the hands of Chris Brown. An inspiration for immigrants everywhere wishing to achieve the American dream, we wish her the best in her future endeavours.

Africa Stays Calm with Voice of Africa meditation

Voice of Africa is an initiative started by the Art of Living foundation to unleash a tidal wave of peace and positivity in Africa by bringing together large numbers of people to meditate together for peace and security on Africa day. The pan-African initiative encompassed 22 countries in Africa.

Sri Sri Ravi Shankar, the head of the Foundation led the meditation on May 25th and afterwards answered queries on how Africa can solve some of its most pressing issues in a Q&A session. The organisation is renowned for its famous breathing technique Sudarshan Kriya, taught through its Happiness program with proven benefits such as reduced stress, depression, anxiety and participants report an overall increase in their mental and physical well-being.

2019 FIFA Women's World Cup Kicks off

The 8th edition of the Women's Fifa World Cup kicked off on in France on June 7th. Nigeria, South Africa and Cameroon are the only 3 nations to qualify successfully from Africa, with South Africa qualifying for the first time in its history. The tournament consists of 6 groups of 4 teams each, with the top two in each group plus the four best 3rd placed teams progressing to the knockout stage.

The reigning champions USA are considered favourites to win the World Cup, with France coming a close second. Underdogs for the tournament include Norway and Brazil. Among the African countries Cameroon is seen as the country with the best chance of staging an upset and winning the cup.

FINANCIAL AND ECONOMIC INDICATORS[3]

Country	GDP Annual Growth Rate (%)			Inflation Rate (%)			Interest Rate (%p.a.)	Exchange Rate ($)
	Current		2019f	Current		Trend	Current	Per $
Angola	2.20	Q4'18	0.40	17.14	May	Downwards	15.50	343.69
Botswana	4.30	Q1'19	3.90	2.60	May	Upwards	5.00	10.62
Cameroon	4.60	Q3'18	4.40	2.30	Dec	Upwards	3.50	582.97
DRC	4.10	Q4'18	4.30	6.41	Apr	Downwards	9.00	1,649.89
Ethiopia	7.70	Q4'17	7.70	15.40	Jun	Upwards	7.00	29.12
Gabon	2.00	Q4'18	3.10	4.20	Mar	Constant	3.50	582.97
Ghana	6.70	Q1'19	8.80	9.40	May	Downwards	16.00	5.44
Guinea	5.80	Q4'18	5.90	9.70	Mar	Constant	12.50	9,245.00
Ivory Coast	7.70	Q3'18	7.00	0.80	May	Upwards	4.50	582.05
Kenya	5.60	Q1'19	5.80	5.70	Jun	Upwards	9.00	102.39
Liberia	2.50	Q4'17	0.40	23.30	Apr	Downwards	12.40	197.29
Mozambique	2.50	Q1'19	4.00	2.42	May	Downwards	13.25	62.22
Nigeria	2.01	Q1'19	2.10	11.40	May	Upwards	13.50	359.67
Rwanda	8.40	Q1'19	7.80	-0.40	May	Downwards	5.00	897.50
Senegal	5.70	Q1'19	6.90	1.50	May	Upwards	4.50	582.05
South Africa	0.00	Q1'19	1.20	4.50	May	Upwards	6.75	14.06
Tanzania	6.80	Q3'18	4.00	3.50	May	Upwards	7.00	2,299.88
Uganda	6.60	Q4'18	6.30	3.40	Jun	Upwards	10.00	3,702.25
Zambia	3.70	Q4'18	3.10	8.60	Jun	Upwards	10.25	12.84
Zimbabwe	4.00	Q4'18	-5.20	97.85	May	Upwards	9.23	N/A

STOCK EXCHANGE

	July 03	June 28	% Weekly Change	YTD %
Dar es Salaam Stock Exchange	1,887.68	1,892.27	0.24	7.72
Ghana Stock Exchange CI	2,324.61	2,394.82	2.93	9.63
Johannesburg Stock Exchange	58,012.18	58,203.84	0.33	10.00
Nairobi Stock Exchange	150.11	149.61	0.33	6.89
Nigerian Stock Exchange	29,375.25	29,966.87	1.97	6.54
Uganda Securities Exchange	1,627.15	1,614.82	0.76	1.35
Zimbabwe Stock Exchange	194.20	204.75	5.15	32.80

AGRICULTURE	July 03 ($)	June 28 ($)	% Weekly Change	YTD %
Cocoa	2,433.00	2,425.00	0.33	0.70
Wheat	514.00	527.25	2.51	2.14
Corn	441.25	431.50	2.26	17.67
Sugar	12.54	12.62	0.63	4.24
ENERGY				
Brent	63.82	66.55	4.10	18.62
WTI	57.34	58.47	1.93	26.27
LNG	2.29	2.31	0.87	22.11
METALS				
Gold	1,420.90	1,413.70	0.51	10.90
Copper	268.30	271.35	1.12	1.98
Silver	15.35	15.34	0.07	1.22

3 Trading economics, IMF, Bloomberg, African markets