

OPEN VIEW

This is a tricky year not just for politicians. The stakes are high, too, for investors, more so at the Nairobi Stock Exchange. This is an election year and markets are known to react drastically to political developments especially when they verge on the absurd. We already have economic growth projections for the year. They are reasonable forecasts and the aim is to beat the target.

The optimists are preaching that markets will defy the political noises, so investors should continue riding the bull. But pessimism has proved a virtue with investors who have ridden the bear only to be mauled. What this means is that the economy, or the NSE for that matter, doesn't work in isolation. A resilient economy begins and ends with the people who participate in it.

It's hard to put one egg in many baskets as a way of spreading risk. Then the challenge is to make sure that as the politicians shout themselves out, the economists and investors should always have calculators and pens. Periods in the run-up to elections are understandably tense and volatile and many investors take the exit strategy to hedge their funds.

The stock market receives the biggest blow in this case, as shares tumble, wiping out investors' fortunes in a matter of days. Market authorities should build confidence basing on the past two elections that, despite fears of upheaval, passed peacefully and the markets were open on the first day of trading. With many Kenyans interested in the economy these days, it should be easier to weather the election storms.

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SMART PICTURE

Golden handshake



➔ A delegate from Switzerland shakes hands with a Maasai elder at Oltepesi village, 56 km south of Nairobi, on Thursday. The delegation was in the village ahead of the World Social Forum, which began Friday, to interact with the local community, share views on development and human rights issues, wildlife conservation and address the issue of benefit sharing from resources such as tourism and Magadi Soda, used in the manufacture of soda ash.

PHOTO/REUTERS/ANTONY NJUGUNA

HEARD

"We are ready to be starved of Pakistan rice for sometime."
— Dr Mukhisa Kituyi, Trade and Industry minister, commenting on the streamlining of trade in the commodity between the Kenya and Pakistan.

"Despite the political uncertainty, we expect the economy to maintain its strong growth momentum in 2007, but with an overall growth forecast of 5.3 per cent."
— Mr Evans Osano, AIG Global East Africa vice president and head of investments, on the economy.

"This is what bedevils companies which depend on political patronage and it is a signal to other firms to adhere to strict business ethics."
— Dr Oburu Odinga, chairman of the Parliamentary Finance Committee, on the fall of Mugoya Construction Company.

"Many tourists are preferring being hosted within the communities in small groups, away from large towns and have become more interested in the environment."
Dan Kagagi, chief executive of the Tourism Trust Fund.

"Remuneration of journalists is a huge challenge because when they are not paid well their integrity is brought to question and you have all this brown-envelope journalism."
— Mr Wilfred Kiboro, former Nation CEO and a member of the African Media Development Initiative advisory Board.

THE INSIDER

If rates are good, why are we feeling bad?

➔ Kenyans love to talk. And mobile phone operators are using every trick in the book to satisfy that demand. What they have also not forgotten is that most callers want to do it on the cheap, even if it is only psychological.

So it's easy to understand why many mobile phone subscribers on both Celtel and Safaricom networks have been abuzz lately. From per-minute to per-second billing, competition between the two has now gone off-peak. These are various times when callers pay relatively lower rates. So we have rates plans with as many names as Kiswahili diction can allow. As Safaricom says Saasa, a Celtel caller shrieks Uhuru, all coming with "attractive" tariffs. This has spawned inter- and intra-network churn, but very few of the cellphone users are finding the sought-after value for money, because they have to pay a connection fee on every call, hoisting the charges by a few shillings.

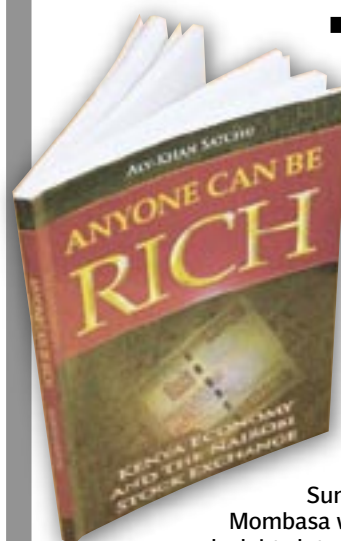
This is a price war and it is good for clients. Safaricom is having a go at its rival today, according to someone familiar with the company's affairs. Expectations are high for a significant and more permanent cut in rates, far from the intermittent offers it has been giving since December. With all these good developments, why are subscribers not yet smiling?

— NATION REPORTER



PHOTO/FILE

BOOKS: Anyone Can Be Rich



➔ It has been a long time since the Nairobi Stock Exchange published an investors' guide. Market watchers read the last installment about two years ago. So it is likely that Aly-Khan Satchu's latest attempt, with the reassuring title of Anyone Can Be Rich, should attract some dedicated reading within the City. Mr Satchu, a trader who has operated from the trenches, is qualified to pull off these ventures, which he describes as a "cook-book" for anyone trying to understand our stock exchange.

The snappy and witty, yet earthy conversational style should appeal to the younger generation that is increasingly forming the majority on the queues for the NSE's expanding pipeline of IPOs.

Mr Satchu, a lawyer, has put together a book that is in many ways a chronicle of his own life: from the heady heights of international commodity and bond trading with such varied houses as Credit Suisse First Boston,

Sumitomo Finance, ANZ Investment Bank etc to a sleepy Mombasa where getting reliable Internet is a struggle. There are some insights into listed companies, complete with CEO interviews ratio analysis and a catalogue of recent IPOs. — WASHINGTON AKUMU

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