



Houseboat on Lake Kariba at Sunset

WEEK CAPTIONS

- ♦ MTN Zambia will invest US\$70 million over a two year period on expansion.
- ♦ Albidon Ltd, the company that acquired the Munali Nickel project, is to float shares on the international capital market to raise US\$13 million.
- ♦ Duly Motors launches tractor scheme for farmers on part-payment and non-collateral basis.
- ♦ Government has waived the 5% import duty on all refined petroleum products.
- ♦ Celtel Zambia has started offloading Kwacha denominated recharge cards on the market.

QUOTE OF THE WEEK

" I can only encourage the government to go on striving for a modern unbureaucratic economic system, abolishing impediments for foreign investment and most important fighting corruption wherever it appears." - Germany Ambassador to Zambia Irene Hinrichsen.

FBZ BUSINESS NEWS

FBZ hosts invitation golf tournament and luncheon for 300 in Kalulushi, Copperbelt to commemorate opening of Luanshya & Mufulira branches.

FOREX MARKET

The ZMK started the week on a volatile note recording huge fluctuations during Monday's intra-day trading. On Monday, the ZMK started trading with a buy rate of 4490 and sell rate of 4540 on the inter-bank market. But within hours after opening, the rate shot up to 4590 and 4640 for bid and offer before a rebound to 4440 and 4490 levels. It therefore ended the day just over 1% firmer. From Tuesday, the ZMK remained unchanged except for intra-day volatilities caused by mixed market sentiments.

The ZMK closed the week at 4430 and 4480 for buy and sell on the inter-bank market recording 1.3% appreciation for the week.

Despite the improved Kwacha liquidity, there were very few takers of the greenback as most of them opted to accumulate the ZMK for tax obligations falling due on 14th October, 2005. The fuel crisis and impending maize imports appear not to have had any serious impact on the direction of the Kwacha.

Outlook: A stable to stronger Kwacha is expected this week as supply of the greenback improves.

MARKET INDICATORS

FOREX	4430 / 4480
INTERBANK	10.00%
T-BILLS	14.89%
BONDS	19.48%
INFLATION	19.5%

FBZ	ZMK	US\$
LENDING	29%	(Base)

DEPOSITS

SAVINGS	5%	0.2%
24 HR CALL	3.5%	0.2%
1 MTH	6%	0.6%
3 MTH	9%	1.2%

TERMS & CONDITIONS APPLY

MONEY MARKET

INTERBANK

As predicted, interbank overnight rates appreciated into double digit figures as market liquidity declined on account of treasury bill settlements at the week's outset. Interbank rates went as high as 20% in the week. The previous week had closed at 9.6% with K30.2 billion traded.

On Monday, BOZ auctioned term deposits and secured K15 billion from the market. The result was a further fall in market liquidity and stronger support for the already swelling overnight rates. Interbank rates will likely be stable this week.

TREASURY BILLS

At the treasury bill auction last week, the weighted average yield rates for all but the 273 days tenor marginally declined.

The market showed greater appetite for the 364 days T-bill as K56.6billion worth of bids were sent in against the K25 billion that was sought.

The aggregate settlement amount on Monday will be K67.1 billion, just K2.9 billion short of the K70 billion targeted by the Central Bank.

CAPITAL MARKET

THE EQUITY MARKET

Trading activity was recorded in British American Tobacco, BP Zambia, Chilanga Cement as well as Farmers House. The others which recorded trades include Stanchart, Zambeef, Zamefa, Zambian Breweries, Zambia Sugar and Bata.

A total of 162,408 shares were transacted in 54 trades yielding sales of K36,866,512.00. BP Zambia gained K31.20 and Stanchart K1.20. The index closed at 1,291.73 points up 0.48% from 1,285.51 points in the previous week.

GOVERNMENT BONDS

No secondary trading was reported in the bond market by the Lusaka Stock Exchange (LuSE).

It is widely anticipated that the newly introduced longer dated bonds will help enhance activity in the secondary market. Currently most of the activity in the secondary market is in the form of repos and pledges in the interbank market.

The next auction in the primary market is expected to take place at the close of the month.

TIRED OF BEING A NUMBER?

MAKE THE MOVE!

Credit Rating - an assessment of the credit worthiness of individuals and corporations. It is based upon the history of borrowing and repayment, as well as the availability of assets and extent of liabilities.



KEY INDICES

T-BILL YIELD RATES

91 DAYS	14.8900%
182 DAYS	15.9279%
273 DAYS	16.7059%
364 DAYS	17.8530%

BOND YIELD RATES

2 YEARS	19.4824%
3 YEARS	22.7816%
5 YEARS	25.8186%

CROSS RATES

EUR / USD	1.2126 / 1.2127
GBP / USD	1.7599 / 1.7603
USD / JPY	113.72 / 113.76
USD / ZAR	6.4934 / 6.5434

LIBOR RATES

1 MONTH	3.94000
2 MONTHS	4.01063
3 MONTHS	4.11500
6 MONTHS	4.30000
1 YEAR	4.51875

ECONOMIC TARGETS

INFLATION RATE	15%
GDP GROWTH	6.6%
DEBT / BORROWING	1.6% GDP

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SWIFT ZFBAZMLU

Zambia waives tax to tackle crippling fuel shortage.

Zambia waives a 5 % import duty on fuel on Wednesday to tackle shortages which have forced commuters to walk to work and threatened its all-import copper industry, Chief Government spokesman Vernon Mwaanga said. Thousands of commuters were stranded in major cities on Wednesday because fuel shortages halted bus services. Copper mines, a major employer and source of hard currency for Zambia have been hit hardest since the country's sole Indeni Oil Refinery closed last month because of equipment failure and lack of raw materials for oil refining. Mwaanga later said the Government wanted to establish strategic reserves to ease shortages in future. A ministerial committee headed by Commerce and Industry Minister Dipak Patel would examine other long-term fixes to the problem. Fuel problems have forced Konkola Copper Mines to halve production of finished copper at its Nkana smelter to 300 tonnes a day.

INTERNATIONAL NEWS

■ U.S DOLLAR

The Dollar advanced on Friday after a report showed the US economy lost fewer jobs than expected in September, although the currency trimmed gains in the wake of security concerns in NY. The Euro traded at \$1.2125 and off a 2-week high at \$1.2206. The Dollar also rose against the JPY to 113.75, but more than half a Yen below the 16-month of 114.41 hit earlier this week. Against the CHF, the Dollar gained 0.6% to 1.2782, while Sterling fell 1% to \$1.7606.

■ GBP

Sterling fell to its lowest in 2 months against the Euro on Friday as weak British data raised prospects the Bank of England will cut the cost of borrowing sooner rather than later, after leaving it steady on Thursday. Sterling fell to 68.75 pence, its lowest since August 12, remaining close to that level by 0752 GMT. The Pound was at \$1.7690, down almost 0.6% on the day against the Dollar, but near a 1-week high hit on Thursday.

■ RAND

South Africa's Rand opened steady on Friday, with the unit seen likely to remain inside a firmer range with an eye on global markets as Hurricane Rita hurtles towards the heart of the US oil industry. At 0655 GMT, the Rand was trading at 6.3550 against the Dollar, it scaled a session peak of 6.3225.

(Source: Reuters & BOZ)

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■ COPPER

Copper prices hit a new record peak of \$3,926/ton on the LME on Friday, extending gains since the start of the year to 24% as fund buying of the metal persisted. Benchmark LME 3-months Copper was now targeting \$4,000/tonne. It closed at \$3,915. At the COMEX division of the NYMEX, Copper for December delivery ended at \$1.8085/lb. Spot October settled firmer at \$1.9005.

■ OIL

Oil steadied near \$62 on Friday as the market sought to balance weakening fuel demand in the US against lost supplies of gasoline and heating oil from US and French refiners. US Crude was up at \$61.70/barrel by 1535 GMT. London's Brent Crude was up 35 cents at \$58.72.

■ GOLD

US Gold futures finished up and at the highest close in nearly 18 years on Friday, boosted by investment and safe-haven buying amid jitters over economic factors and a threat of attacks in NY. Benchmark December delivery Gold ended at \$477.70/ounce on the NYMEX COMEX division. Spot Gold last fetched \$473.80/474.50 an ounce. Friday's late fix in London was \$472.70.

DIARY

October 11th

PARIS:

International Energy Agency (IEA) monthly oil market report.

October 11th

GENEVA:

OECD trade experts give media briefing ahead of December's World Trade Organization (WTO) ministerial meeting in Hong Kong

October 10th - 12th

JOHANNESBURG:

Africa Investment Forum.

October 12th

PRETORIA:

South African Reserve Bank starts two-day monetary policy meeting.

October 15th - 16th

HEBEI, CHINA:

G20 meeting of finance ministers and central bank governors. U.S Treasury Secretary John Snow to