



Houseboat on Lake Kariba

### WEEK CAPTIONS

- ◆ MTC-Vodafone of Kuwait is to take over Celtel International B.V. in a development which also involves the take over of Celtel Zambia.
- ◆ Zambia National Commercial Bank has been quoted on the Lusaka Stock Exchange.
- ◆ The government has granted Puku Minerals Ltd a prospecting license to facilitate a feasibility study to reopen the closed Old Luanshya Mine
- ◆ Zambia investment Centre (ZIC) has recorded \$47m investment pledges in 1st quarter of 2005.

### QUOTE OF THE WEEK

*"While the attainment of HIPC is a very welcome development, it is but a small point in the larger scheme of things....we do not regard it as a panacea for all development problems facing the country." – UN Resident Coordinator Aeneus Chuma.*

### FBZ BUSINESS NEWS

◆ **FBZ HAS INSTALLED ITS FIRST ATM AT LUSAKA CORPORATE BRANCH. A FURTHER 7 ATMs WILL BE INSTALLED DURING APRIL.**

## FOREX MARKET

The Kwacha opened the week slightly weaker on account of low supply of the greenback. By Wednesday, the Kwacha had lost 0.6% of its value from its opening levels of 4660 and 4710 to 4690 and 4740 for bid and offer. But by Thursday the Kwacha had started to recoup some of its losses with the announcement by the World Bank that it had approved a \$3.9 billion debt relief package for Zambia under the Highly Indebted Poor Countries (HIPC)

initiative. By Friday, the local currency had regained all its losses to close the week unchanged at 4660 and 4710 for bid and offer. The news of Zambia reaching HIPC completion point is likely to render the Kwacha bullish as more forex inflows are expected from donors. Exporters and NGOs are also expected to return to the market to cash in at the current rates still considered favorable before the Kwacha appreciates even further.

## MONEY MARKET

### INTERBANK

Kwacha opened the week on a strong note as market players struggled to square off short positions carried from last week. Overnight rates eventually declined from 14% to close the week at 9%. In the long-term, interest rates will most likely decline as government's domestic debt appetite will stabilize and its expenditure on poverty reduction and civil servants will increase following retained income from HIPC relief.

### TREASURY BILLS

The market continued to scramble for T-bills during last week's auction. GRZ rejected a total of K71BN of bids, only accepting bids lodged at lower rates amounting to K70BN. As market sentiments favour lower future rates, many investors are keen on locking in funds long-term at current higher yield rates. This is evident from the increased participation in the 182 days and 273 days. Rates dropped by around 1% to average 15.98% and 18.60% for 91 and 273 days respectively.

FOREX	4660 / 4710
INTERBANK	9.00%
T-BILLS	15.99%
BONDS	19.42%
INFLATION	17.4%

FBZ	ZMK	US\$
LENDING	29%	(Base)

### DEPOSITS

SAVINGS	5%	0.2%
24 HR CALL	3%	0.2%
1 MTH	6%	0.6%
3 MTH	10%	1.2%

TERMS & CONDITIONS APPLY

## CAPITAL MARKET

### THE EQUITY MARKET

Weekly turnover increased significantly to K8,338,013,579 compared to K25,083,298 last week. Zambeef Products recorded 3 bloc transactions involving 8,140,000 shares. Other trades were in BP Zambia, Chilanga Cement, Farmers House, National Breweries, Standard Chartered Bank, Shoprite, Zambian Breweries and Zambia Sugar. National Breweries, Shoprite and Zambia Sugar recorded gains of K9, K1 and K0.10 respectively.

### GOVERNMENT BONDS

No new issues were made in the primary market but slight movements on the 24 month bond occurred in the secondary market. No pledges or repos were entered into. The April issue is anticipated in the next week and expected to attract huge demand from the market following Zambia's HIPC completion and resultant lower future rates. In last month's auction, bond rates averaged 20% but seen to drop further in the April.



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**Derivative instrument** -financial instrument whose value is based on an underlying instrument, such as a stock, an index, etc.

## KEY INDICES

T-BILL YIELD	RATES
91 DAYS	15.9862%
182 DAYS	17.6729%
273 DAYS	18.5971%

BOND YIELD	RATES
12 MONTH	20.4430
18 MONTH	21.3784
24 MONTH	21.6010

CROSS	RATES
EUR / USD	1.2852 / 1.2860
GBP / USD	1.8855 / 1.8860
USD / JPY	108.14 / 108.23
USD / ZAR	6.1326 / 6.1826

LIBOR	RATES
1 MONTH	2.92000
2 MONTHS	3.05000
3 MONTHS	3.13000
6 MONTHS	3.39000
1 YEAR	3.78875

ECONOMIC	TARGETS
INFLATION RATE	15%
GDP GROWTH	6.0%

<b>MILES SAMPA</b> (+260 1) 237 582	<b>DIRECTOR TREASURY</b> msampa@financebank.co.zm
<b>MICHAEL BWALYA</b> (+260 1) 224 990	<b>CHIEF DEALER</b> mbwalya@financebank.co.zm
<b>CHILEMBA ZULA</b> (+260 1) 224 990	<b>MONEY MARKET DEALER</b> czulu@financebank.co.zm
<b>ZICHE MAKUKULA</b> (+260 1) 224 264	<b>FOREX DEALER</b> zmakukula@financebank.co.zm
<b>CHARLES CAREY</b> (+260 1) 22 14 19	<b>EXECUTIVE DIRECTOR</b> ccarey@financebank.co.zm

<b>HEAD OFFICE</b>	<b>P.O. BOX 37102 CHANIK HOUSE, CAIRO ROAD, LUSAKA, ZAMBIA</b>
<b>TEL</b>	(+260 1) 22 97 33 - 40
<b>FAX</b>	(+260 1) 22 44 50 / 75 44

**Zambia reaches HIPC Completion point**

The IMF said on Saturday it had approved a \$3.9 billion debt relief plan for Zambia, lifting a crippling debt burden on the country. The IMF board approved the debt relief deal on Friday under the Highly Indebted Poor Countries (HIPC) initiative, aimed at reducing debt loads shouldered by developing nations, it said in a joint statement with the World Bank.

Zambia has said it spends an average of \$123 million annually to service its foreign debt.

**Telecom gold rush**

Wealthy Arab investors are banking on Africa's booming cell phone industry and could derail a plan by South Africa's MTN and Vodacom to dominate one of the world's least-tapped continents.

Kuwaiti mobile group MTC's higher-than-expected \$3.3 billion bid for third ranked African wireless firm Celtel last week has cast a spotlight on growing Arab interest in the fragmented telecoms sector of the world's poorest continent.

## INTERNATIONAL NEWS

**U.S DOLLAR**

The Dollar eased against the Euro on Friday reversing early gains, as traders sold the US currency after it failed to reach a key technical level. In midday New York trade, the Euro rose to \$1.2907, after hitting lows near \$1.2800. Losses against the Euro prompted Dollar selling against other major currencies. Against the Yen, the US currency was down at 108.39 Yen. The Dollar fell about 0.6 percent against the Swiss franc to 1.1989 francs. Sterling, meanwhile, climbed to \$1.8817 GBP.

**GBP**

The Sterling hovered near 10-day lows against the broadly stronger Dollar but edged up against the Euro on Friday as markets digested this week's UK data and no-change decision from the Bank of England. The pound was steady at \$1.87 at 1425 GMT after trading a stable course during the UK session, off earlier lows of \$1.8673.

**RAND**

South Africa's Rand held its ground against a resurgent Dollar on Friday, supported by a large forex influx during the week, which dealers said stemmed from a local company unwinding its stake in an Australian firm. At 1445 GMT the Rand was trading at 6.1788/Dollar, but it traded in a remarkably tight range during the day, as the Dollar bobbed near multi-month peaks against the Euro and Yen.

**GOLD**

U.S. gold futures settled slightly higher on Friday as the Dollar gave back earlier gains against the Euro, raising bullion's appeal for investors. Active June delivery gold gained 40 cents to end at \$428.80 an ounce on the New

York Mercantile Exchange's COMEX division, after trading from \$426.40 to \$429.40.

**COPPER**

U.S. copper futures finished modestly higher on Friday as the Dollar eased against the Euro. Copper buyers responded by taking the red metal into positive regions before the close. At the COMEX division of the New York Mercantile Exchange, benchmark May copper ended 0.10 cent higher at \$1.5075 a lb, after trading between \$1.4940 to \$1.5135.

**OIL**

U.S. crude futures fell below \$53 a barrel Friday morning, extending the previous day's heavy losses as refineries were working hard at almost full capacity thereby easing worries about summer gasoline supply. NYMEX May crude was down \$1.01 at \$53.10 a barrel after sinking as low as \$52.87.

**DIARY****April 12<sup>th</sup>**

**PARIS:** International Energy Agency (IEA) monthly oil market report.

**April 13<sup>th</sup>**

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

**April 15<sup>th</sup> - 17<sup>th</sup>**

**WASHINGTON:**

**World Bank / International Monetary Fund Spring meeting.**

**April 18<sup>th</sup>**

**PRETORIA:**

African Union Labour and Social Affairs Commission meets to discuss poverty and employment on the continent.

**April 19<sup>th</sup>**

**SHARM EL-SHEIK, EGYPT:**

New Partnership for Africa's Development (NEPAD) Summit.

*(Source: Reuters & BOZ)*

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*(Source:*