



Walking Safari— South Luangwa National Park

WEEK CAPTIONS

- Plans are underway to establish one of Zambia's largest underground nickel and copper mines near Mazabuka.
- Canada has cancelled Zambia's debt amounting to US\$39.2 million (K150 billion).
- ABSA has bought a controlling stake in Angolan Banco Commercial Angolano for US\$7.5 million
- Cobalt production shot up 36.8% in the month of February compared to January 2005.
- The World Bank has committed US\$20 million (K100 billion) for public sector reform programmes.

FOREX 4580 / 4630

INTERBANK 7.00%

T-BILLS 15.87%

BONDS 19.42%

INFLATION 18.7%

FBZ RATES ZMK US\$

LENDING 29% (Base)

DEPOSITS

SAVINGS 5% 0.2%

24 HR CALL 3.5% 0.2%

1 MTH FIXED 6% 0.6%

3 MTH FIXED 9% 1.2%

TERMS & CONDITIONS APPLY

QUOTE OF THE WEEK

"In order to enhance macro-economic stability and long term debt sustainability it is critical that we continue implementing sound economic policies.." – BOZ Governor C. Fundanga

FBZ BUSINESS NEWS

FBZ launches nationwide Moneygram service as Zambia's Moneygram Super Agent.

FOREX MARKET

The Kwacha was bullish during the week gaining over 1% during the first two days of trading as suppliers panicked to convert their US\$ into the local currency.

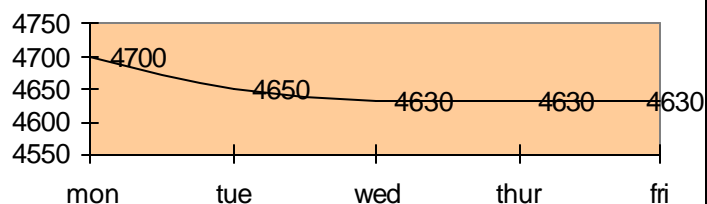
By midweek however, the rate stabilized as euphoria over HIPC subsided. ZMK opened the week at 4650 and 4700 for bid and offer then rallied to 4600 and 4650 on Tuesday, firming to 4580 and 4630 on Wednesday, gaining another 0.5%, up to the close of the week.

Market sentiments still favour a resilient local currency as more suppliers come on the market to offload their US\$ to meet the upcoming VAT payments and other month end obligations. Tax obligations also indicate that importers will be short of Kwacha and thus reduce their demand for the greenback.

OUTLOOK: Increased supply of the greenback will render the Kwacha bullish and could see it touch the K4600 level. However, following end of the March financial year, pending dividend payments by most corporates could ignite counter demand.



Kwacha Performance
11 - 15th April, 2005



INTERBANK MARKET

The Kwacha market was very liquid as borrowers took advantage and pushed overnight rates to 7% from averages of 9% in the previous week. The Central Bank's Open Market Operations (OMO) remained closed as they did not see the need to mope out some of the liquidity.

OUTLOOK:

Inter-bank rates will most likely go up as the grace period for corporate tax is due on Thursday the 21st.

TREASURY BILLS

Demand for T-bills remained high at K135.5 billion as investors look to lock in funds before anticipated decline in rates materialize. Yield rates marginally declined 0.22% on average. Weighted average rates of 15.87% for 91 days, 17.46% for 182 days and 18.26% for 273 days from 15.99%, 17.67% and 18.60% respectively.

OUTLOOK:

T-bill rates are expected to decline further as demand remains high given the available market liquidity.

GOVERNMENT BONDS

Investors and other market players are expected to be active in the Bonds primary auction due this week on Friday 22nd April. The Government will be looking to borrow a total of K80 billion.

Outlook: In line with T-bills rates, decline in the bond rate is expected particularly in the longer dated 18 and 24 months categories.



Tired of being a number?

MAKE THE MOVE!

TERMINOLOGIES:

Asset-Backed Security: An issue whose security or collateral is the return on a financial instrument, e.g. a mortgage, credit card receivables or a currency hedge.

KEY INDICES

T-BILL YIELD	RATES
91 DAYS	15.8731%
182 DAYS	17.4568%
273 DAYS	18.2620%

BOND YIELD	RATES
12 MONTH	19.4176
18 MONTH	20.3089
24 MONTH	20.7005

CROSS	RATES
EUR / USD	1.2841 / 1.2849
GBP / USD	1.8931 / 1.8936
USD / JPY	107.71 / 107.80
USD / ZAR	6.2500 / 6.3000

LIBOR	RATES
1 MONTH	2.98000
2 MONTHS	2.08000
3 MONTHS	3.15000
6 MONTHS	3.36375
1 YEAR	3.67000

ECONOMIC	TARGETS
INFLATION RATE	15%
GDP GROWTH	6.0%
DEBT / BORROWING	1.6% GDP

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IMF seeks further debt relief for Zambia

The IMF, World Bank and the G8 are seeking debt relief beyond the \$3.9 billion debt write-off granted to Zambia, a senior Fund official said last week.

IMF resident representative in Zambia Joseph Kakoza said that the IMF and World Bank were discussing possibilities of granting Zambia further debt relief and would meet this month to determine the way forward. The debt relief discussions also involve the Group of Eight rich nations.

Africa responds well to oil price surge

Africa's oil producers, flush with cash from surging energy prices, have made prudent budgetary choices despite temptations to spend the windfall, said the IMF last week.

The IMF noted Angola, Gabon and the republic of Congo have applied higher-than-expected oil revenues to pay down arrears or repay foreign loans, while Chad and Nigeria have set the additional funds aside. Oil importers have also responded well to energy volatility.

INTERNATIONAL NEWS

| **U.S DOLLAR**

The Dollar slumped broadly on Friday as soft US consumer sentiment and weak manufacturing data overshadowed a report showing hefty inflows to US assets that were sufficient to cover February's trade deficit. By late afternoon in New York, the Euro was trading at \$1.2913, up about 0.9% from late Thursday. The Dollar was also down 0.4% against the Japanese Yen to 107.73 Yen.

| **GBP**

Sterling turned round from a six-month high against the Euro on Friday but clawed back ground against the Dollar as investors took profits on the greenback's recent rally. At 1435 GMT, Sterling was down 0.25% at 68.24 pence per Euro after hitting a six-month high at 68.02 pence in early trade. Against the Dollar, the Pound was up 0.7% at \$1.8932.

| **RAND**

The South African Rand traded in a range against the Dollar on Friday, as buoyant demand and a resilient Euro helped it fight off further losses following Thursday's surprise rate cut. At 1405 GMT the Rand was trading at 6.315/Dollar, some three cents softer than its close in New York on Thursday. It slipped to 6.33 on Thursday after the rate announcement, its weakest level in two weeks.

| **GOLD**

U.S. gold futures climbed from two-months lows to finish higher on Friday, after a mixed bag of

U.S. data fanned worries about the economy and pressured the Dollar following its previous surge against the Euro. June delivery gold on the New York Mercantile Exchange's COMEX division gained 90 cents to end at \$426.50 an ounce.

| **COPPER**

U.S. copper futures held most of their gains into the close on Friday, reversing a three-day rout that took red metal prices down to two-month lows. At the COMEX division of the New York Mercantile Exchange, benchmark May copper ended with 1.65 cents gains at \$1.4450 a lb. At the London Metal Exchange, three-months copper finished higher at \$3,182 a tonne from \$3,143 a tonne on Thursday.

| **OIL**

Oil prices closed near the lowest level in two months on Friday as swelling stockpiles in the United States, the World's largest energy consumer, countered worries about rising global demand. At the New York Mercantile Exchange, crude oil for May delivery closed 64 cents lower at \$50.49 a barrel from an all time high of \$58 a barrel last week.

DIARY**April 19th**

GENEVA: World Trade Organization Committee on Agriculture special session.

April 20th**GENEVA:**

World Trade Organization dispute settlement body meeting on U.S. cotton.

April 21st**WASHINGTON D.C.:**

Federal Reserve Chairman Allan Greenspan testifies before a Senate Budget Committee hearing on Structural Deficits and Budget Process Reform.

April 21st**JAKARTA:**

First Asia-Africa Business Summit, opened by President Susilo

Source: Reuters & BOZ)

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(Source: