



Victoria Falls in full flow 150 years after Dr David Livingstone came across them.

### WEEK CAPTIONS

- ◆ LuSE market slows down.
- ◆ Celtel to spend K160BN on network expansion
- ◆ SABMiller to invest K28BN in its Zambian operations
- ◆ Intra COMESA trade remains at 7%
- ◆ Zambian government geared to equip standards bureau.
- ◆ Mulobezi railways in western province needs funding
- ◆ Kenya tourism leaps in 2004.
- ◆ Rover still hopeful on a rescue deal

### MARKET INDICATORS

FOREX	4630 / 4680
INTERBANK	7.00%
T-BILLS	15.20%
BONDS	18.25%
INFLATION	18.7%

### FBZ RATES ZMK US\$

LENDING	29% (Base)
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### 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

"I FEAR THAT WE HAVE ALREADY COMMITTED MORE PHYSICAL RESOURCES TO THE BABYBOOM GENERATION IN ITS RETIREMENT YEARS THAN OUR ECONOMY HAS THE CAPACITY TO DELIVER." US FEDERAL RESERVE CHAIRMAN —ALAN GREENSPAN

**FBZ SIGNS A NEW COLLECTIVE AGREEMENT WITH ITS UNIONISED STAFF, PROVIDING SIGNIFICANT INCREASES IN SALARIES AND BENEFITS.**

### FOREX MARKET

The Kwacha remained stable during last week's trade sessions. It opened the week on a firm note at K4630 per US Dollar as many Dealers in the market expected huge Forex off-loads from corporates in the wake of tax settlements on the 21st of April. However, only a handful of Forex suppliers came into the market. The supply retention soon depreciated the local currency to the 4670 level on Tuesday.

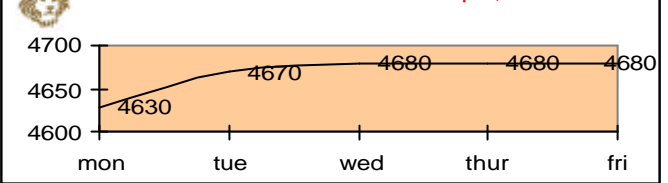
The surprise turn caught many dealers off-guard and forced aggressive short position covering. This action pushed the interbank exchange rate further up to the highly resistant level of K4680.

Support for Kwacha came at the end of the week as Commercial Bank dealers held onto their Kwacha liquidity in readiness for the Treasury bills and bond settlements on Monday the 25th.

### OUTLOOK:

*Though market sentiments favour a buoyant Kwacha in the long-term a bearish Kwacha is seen in the short term with support coming for corporations as they offload greenback to meet their month-end obligations this week.*

ZMK Performance: 18 - 25th April, 2005



### INTERBANK MARKET

Last weeks' money market interbank activities were induced by tax settlements on the 21st. A Few banks were caught with short positions that pushed overnight rates up a notch from 7% to 10%. On Wednesday, the aggregate current account position at the central bank was K210.40bn while K46.5bn was traded on the interbank market.

### OUTLOOK:

*Interbank rates will be influenced by corporate wage bills, treasury bill and bond settlements on the 25th.*

### TREASURY BILLS

The central bank came into the market on behalf of the government with intentions of securing ZMK 70 billion through issuance Treasury bills. An aggregate of ZMK130.40 billion was bid by the commercial banks and pensions houses as rates declined further. The 91 day treasury bill rate currently stands at a weighted average rate of 15.1958

### OUTLOOK:

*Continued enhanced demand with rates dropping marginally.*

### GOVERNMENT BONDS

The monthly government bond auction took place on Friday the 22nd. The central bank was looking to borrow ZMK80 billion. A total of ZMK146 billion worth of bids were registered as K66 billion worth of bids was rejected. The 18 month bond is now paying the highest returns followed by the 24 month paper. The 12 month bond now has a weighted average rate of 18.2496%

**Outlook:** *Bond rates will most certainly decline as market sentiments favour lower long term interest rates.*



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**TERMINOLOGIES: SHORT POSITION**— A SITUATION WHERE A COMODITY, CURRENCY, SECURITY, HAS BEEN SOLD AND HAS TO BE CANCELLED OUT OR COVERED BY A CORRESPONDING PURCHASE

## KEY INDICES

T-BILL YIELD	RATES
91 DAYS	15.1958%
182 DAYS	16.8376%
273 DAYS	17.8487%

BOND YIELD	RATES
12 MONTH	18.2496
18 MONTH	19.3952
24 MONTH	18.9999

CROSS	RATES
EUR / USD	1.3055 / 1.3063
GBP / USD	1.9145 / 1.9155
USD / JPY	105.98 / 106.08
USD / ZAR	6.0300 / 6.0800

LIBOR	RATES
1 MONTH	3.03000
2 MONTHS	3.10250
3 MONTHS	3.17000
6 MONTHS	3.38188
1 YEAR	3.69063

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

**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

## INTERNATIONAL NEWS

**U.S DOLLAR**

The Dollar fell to 1-month low against the Japanese Yen on Friday amid speculation that China could soon revalue the Yuan, a move expected to lift other Asian currencies. The Dollar hit a 1-month low of 105.76 Yen, the biggest 1-day percentage drop in 2 months, before trading at 105.99 late in New York, down 0.8% from late Thursday.

**GBP**

Sterling rose against the Dollar and the Euro on Friday after data showing British first-quarter economic growth in line with expectations, confounding last-minute jitters about weaker numbers. Sterling rose as far as \$1.9169 and was trading at \$1.9157 at 1400 GMT, a third of a percent up on the day and half a cent below 1-month highs set earlier this week. The Pound strengthen as far as 68.17 pence per Euro, compared with 7-month highs beyond 68 pence set this week, before paring gains to 68.25 pence.

**RAND**

South Africa's Rand was off a one-month peak on Friday after an overnight rebound in the Dollar with all eyes on the greenback's global performance. At 0655GMT the Rand was trading at 6.10/Dollar, a couple of cents off its late Johannesburg levels on Thursday. It had firmed to 6.055/Dollar during trade on Thursday, its best level since March 22.

**GOLD**

Inflation worries and a slower U.S. Economy growth rate brought about a bearish dollar and firmer gold prices at the close of the week. June delivery gold was up \$2.10 at the COMEX at \$436.50 an ounce. Again, gold price movements will be decided by dollar behavior in the week. This is the case with all dollar priced assets.

**COPPER**

On Friday, copper made modest gains as dollar softened. In a week of roller coaster movements, LME copper futures closed strong in a range of \$3,251 and \$3,282/ tonne. Traders will take cue from dollar movements to decide the red metals fate.

**OIL**

Oil jumped back above \$55 per barrel on Friday as traders said sustained demand and refinery outages could strain US gasoline supplies ahead of peak summer motoring demands. A spate of violence in the Middle East also revived what dealers called a 'terror premium' in which oil prices move higher on fears of potential attacks on energy infrastructure in the oil rich region

**DIARY****April 25**

*Brussels*- EU economic and monetary affairs commissioner Joaquin Almunia gives regular testimony in European parliament's economic and monetary affairs committee.

**April 27**

*Frankfurt*- ECB chief Economist Otmar Issing to speak on EU enlargement and the Monetary Union at the spring 2005 world Economic outlook conference

**April 28**

*Geneva*-WTO rules in the European Unions' appeal against last years rulings' findings that its sugar subsidy regime is illegal.

**April 28**

*Pretoria*- release of the PPI index data at 0930 GMT

(Source: Reuters & BOZ)

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