



EXPECT MORE FROM US

WEEK CAPTIONS

- ◆ Zambia Development Agency (ZDA) recorded \$4.1 billion worth of investments during the first six months of this year.
- ◆ Zambia's export value last month grew to K1.9 Trillion from K1.5 Trillion recorded in June, with Switzerland accounting for the largest share of exports at 40.9%.
- ◆ International development Community reps. will gather in Accra to review progress and assess bottlenecks in improving aid.
- ◆ BA clinches deal with Iberia, American airlines and plan to expand their global co-operation.

QUOTE OF THE WEEK

"It was normal to expect some movements in the financial and capital markets after the announcement of the President's death but things are now getting back to normal." The peace that Zambia was experiencing would assist the country to go forward. Bank of Zambia (BoZ) governor Dr. Caleb Fundanga

FBZ BUSINESS NEWS

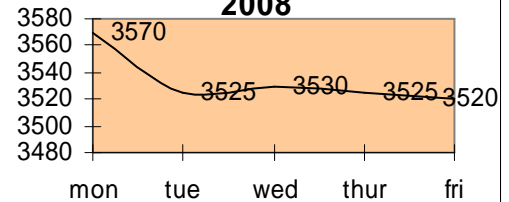
Finance Bank Zambia limited will in the next few weeks issue a pre-listing bond of about K200 billion on the Lusaka Stock Exchange (LuSE).

FOREX MARKET

ZMK continued its steady recovery from the losses experienced in the week beginning 19th. Exporters showed greater demand for ZMK in the wake of month-end associated obligations. Larger forex inflows were seen coming from the mines as they positioned themselves to meet month-end kwacha settlements. At the week's outset, trade in the wholesale market opened at 3550/3570 against USD. ZMK appreciated and peaked at 3490/3510 on Tuesday. however, Kwacha depreciated marginally to trade at 3510 and 3530 at the close of the week.



Kwacha Performance in the week Aug. 25th-29th, 2008



MONEY MARKET

INTERBANK

The weighted average Interbank rate was found at 11.80% on Monday but closed the week marginally lower at 11.30%. Overnight liquidity levels were stable at levels in excess of K200billion. The downward movement resulted from lower demand levels that were found at K41.9 billion. The central bank continued to take term deposits from the market in a bid to syphon excess liquidity in the market.

TREASURY BILLS

Last week's treasury bill auction received bids worth K28.2 billion of the central bank's K100billion weekly offer. Banks held back participation in the t-bills market as they positioned themselves for the month-end cash outflows. K28.1 billion was allocated while K100 million was rejected in the 91 days period. All the yields for the four tenors closed higher and the benchmark 91 days t-bill now yields 12.40% from the previous week's close of 12.30%.

MARKET INDICATORS

FOREX	3510/3530	
INTERBANK	11.30%	
T-BILLS	12.40%	
BONDS	14.94%	
INFLATION	12.60%	
FBZ	ZMK	US\$
BASE RATE	19.0%	10.5%

CAPITAL MARKET

THE EQUITY MARKET

During the week a total of 16,242,005 shares were transacted in 136 trades. Total turnover recorded was K12.25 billion. The index closed at 3,683.56 points up by 0.55% from 3,663.41 points week ending 22 August 2008. The rise was due to share price increases recorded in the following stocks: Shoprite (K 4000) closing at K17,000, CEC closed at K600 up by K130, Trading activity was also recorded in Celtel, Lafarge, Natbrev, Zambrew and Farmers House

GOVERNMENT BONDS

At the last auction, the market was presented with an opportunity to invest in the 7-15 years period. The central bank was looking to secure K120 billion and the auction received bids worth K158.1 billion. The quarterly 7,10 and 15 years tenors received bids worth k100.1 billion and further emphasized the market's desire to invest long-term. A total of K92.5 billion was allocated. No secondary market trades were recorded at the LuSE **Outlook:** *A further decline in yields.*

TERMS & CONDITIONS APPLY



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Forward Points - The number of basis points added to or subtracted from the current spot rate to determine the forward rate. When points are added to the spot rate, there is a forward points premium; when points are subtracted from the spot rate, there is a points discount.

KEY INDICES

T-BILL	RATES
91 DAYS	12.3976%
182 DAYS	13.5439%
273 DAYS	13.5145%
364 DAYS	14.1074%
BOND YIELD	RATES
2 YEARS	14.9380%
3 YEARS	15.5019%
5 YEARS	16.4403%
7 YEARS	17.2000%
10 YEARS	18.2000%
15 YEARS	19.2040%

CROSS	RATES
EUR / USD	1.4672 / 1.4676
GBP / USD	1.8211 / 1.8216
USD / JPY	108.79 / 108.84
USD / ZAR	7.6846 / 7.7246

LIBOR	RATES
1 MONTH	2.48563
2 MONTHS	2.68063
3 MONTHS	2.81063
6 MONTHS	3.11750
1 YEAR	3.20688

ECONOMIC	TARGETS
INFLATION RATE	9%
GDP GROWTH	7%
DEBT / BORROW-	1.2% GDP

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DRC to raise Zambia power exports by 186%
Congo's state-power utility (SNEL) plans to raise tariff charges for power exports to Zambia by 186%. Zambia imports some power from the DRC to run its mines. SNEL intended to raise tariffs to 4 cents/kWh from 1.4 cents/KWh. This will obviously create a huge strain on Zesco's power import bill and calculations are that Zesco will need to charge 6 cents/kWh to sustain power imports. The rates are still under discussion as the negotiations have not been concluded. Zesco would not immediately pass

on the cost of the extra bill in power imports to customers because of a recent tariff hike. Zambia has been rationing power following a deficit which has partially been caused by a shutdown of some generators at the Kafue hydro power plant. Zesco and CEC are currently importing power from the DRC to plug the deficit. Zambia's current peak national power demand is 1,450 megawatts and only around 1,250 megawatts is generated, with the balance met via imports from the Congo. Zesco also rations power if imports are reduced by the Congo to meet internal demand.

INTERNATIONAL NEWS

1. CURRENCIES

■ U.S DOLLAR

The U.S. Dollar rallied against a currency basket last week Friday, on track for its best monthly gain in nearly 16 years, boosted by a batch of data showing a far more stable growth path for the US than the rest of the world. The Euro was down at \$1.4670. The Dollar was down against the Yen at 108.62. The U.S. Dollar rose versus the Canadian Dollar to 1.0631.

■ GBP

Sterling briefly hit a 2-year low against the Dollar last week Friday, after a stronger-than-expected reading of U.S. business activity contrasted with a recent string of figures showing ongoing weakness in the UK economy. Sterling slipped as low as \$1.8237.

■ RAND

South Africa's resource-heavy bourse closed weaker last week Friday, weighed down by mining stocks and tracking a weaker U.S market, while the Rand firmed against the Dollar. The Rand was trading at 7.6950 to the Dollar. It touched 7.6555 earlier and came back after the trade deficit data.

2. COMMODITIES

■ COPPER

Copper futures opened lower last week Friday as concerns about rising inventories in London and uncertainties about Chinese end-user demand held a bearish influence over prices ahead of the long holiday weekend. Most-active Copper for December delivery was down at \$3.3615/lb. Spot September fell at \$3.3950. LME Copper for delivery in 3-months traded at \$7,460/tonne.

■ OIL

Oil prices edged lower last week Friday as worries over potential damage to Oil refineries and platforms in the U.S. Gulf of Mexico subsided despite projections that Hurricane Gustav will enter the Gulf of Mexico as a major storm early this week. Crude Oil futures for October delivery settled down at \$115.46/barrel. Brent Crude settled lower at \$114.05/barrel.

■ GOLD

Gold futures rose slightly in quiet trading last week Friday, caught between an Oil rally on storm fears and profit-taking ahead of a long weekend. December Gold up at \$841.60/ounce. Spot Gold at \$835.70/836.70. London's afternoon Gold fix at \$832.50.

3. DIARY

Friday, September 5th

BASEL, Switzerland: Global Economy Meeting (GEM) of central bank heads from leading industrial and emerging economies, held at the BIS.

Wednesday, September 10th

BRUSSELS: ECB President testifies before the European Parliament's Committee on Economic and Monetary Affairs.

Monday, October 13th

WASHINGTON: 2008 Annual meeting of the IMF and the World Bank.

Monday, October 20th

PRAGUE: 11th Conference of the ECB-CFS Research Network on "The Market for Retail Financial Services: Development, Integration, and Economic Effects" (to Oct. 21).

Thursday, October 30th

AMSTERDAM: ECB Governing Council member Nout Wellink opens a seminar on business ethics.

(Source: Reuters, Financial Times LUSE & BOZ) Every attempt has been made to ensure that the information provided is accurate. However, Finance Bank Zambia Limited and its employees cannot be held responsible for any errors and no liability is accepted for any losses which may arise from the use of this information.