

WEEKLY FINANCIAL MARKET NEWSLETTER
July 04, 2008

Treasury Yields

Type	Yld (%)	Wk. chg. (%)	YTD Chg (%)
91-Day	10.02	0.24	-0.62
91-day(SS)	10.28	0.00	-0.22
182-Day	10.79	-0.15	-0.64
1-Year	12.72	-0.56	-0.95

Dalasi Inter-Bank Mid Exchange Rates

Currency	Rate	Wk. Chg	YTD Chg
USD	20.90	-0.72%	9.47%
UKP	39.55	3.67%	15.93%
Euro	32.90	-1.06%	1.22%
CFA	247.50	-1.01%	1.01%

Dalasi Forex Bureau Mid Exchange Rates

Currency	Rate	Wk. Chg	YTD Chg
USD	20.75	0.00	0.07
UKP	40.75	0.00	0.10
Euro	31.75	0.00	0.04
CFA	245.00	-0.01	0.03

USD Cross Rates

Currency	Rate	Wk. Chg	YTD Chg
UKP	1.98	0.51%	0.98%
Euro	1.56	1.28%	-5.74%
Yen	106.97	-0.65%	5.49%

Databank Mutual Fund Prices (GH cedi)

Fund	Price	Wk Chg.	YTD Chg
Epack	0.9463	0.29%	10.98%
Mfund	0.1744	0.17%	12.87%
Bfund	0.1099	0.18%	9.90%

Consumer Price Data

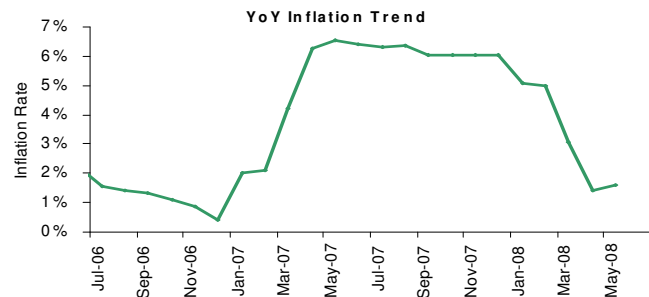
Inflation	Latest	Previous	Year Ago
YoY	1.60%	1.40%	6.40%
Yearly	4.40%	2.88%	3.46%

Commodity Prices

C'dity	Price(\$)	Price(\$)	YTD Chg
Crude Oil	146.2	3.42%	51.17%
Gold	941.70	1.78%	13.16%
Coffee	156.05	1.07%	23.26%

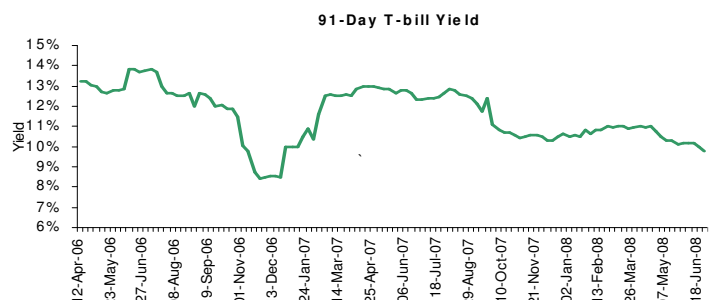
Inflations Inches Up: CPI Now 1.6%

The effect of phenomenal world-wide increases in energy and food prices has taken a toll on the consumer price basket of the Government of The Gambia. Consequently, consumer price inflation for May inched up by 14.3 per cent to 1.6 per cent while annual inflation stood at 4.9 per cent. Monthly inflation increased by 0.55 per cent. The boost in the CPI was triggered by increases in both food and non-food prices; though predominantly driven by food prices. Year-on-year [y/y] food prices increased by 1.95 per cent while month-on-month [m/m] went up by 0.68 per cent. Non-food prices also moved up by 1.35 per cent while m/m inflation also buoyed up to 0.50 per cent. We expect the figure to crawl up in June. This is sponsored by increases in the prices of fuel; notably petrol, diesel and liquefied petroleum gas [LPG]. The pass-through-effect of these prices are expected to impact negatively on food prices [the most weighted in the consumer price basket] and push-up inflation prices for the month of June. Prior to this, sustained fiscal and monetary discipline saw the impact of a global surge in prices during the first quarter of 2008 pass through the economy almost unnoticed. Figures released by the statistical service observed Consumer Price Inflation (CPI) fall from 6.0 per cent at the end of 2007 to 5.1 per cent at the end of January 2008 (y/y). The CPI further eased down to 5.0 per cent at the end of Feb 08 and further dropped to 3.1 per cent at the end of March 08 while April eased down to 1.4 per cent.

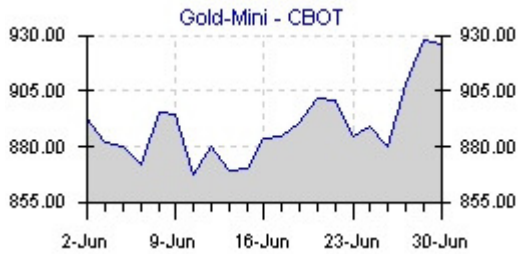


Yields Still Low!

Yields moved in opposite directions as the 91-Day Bill moved up and the 182-Day and 1-year note declining with the S/S Bill remaining pegged at its previously quoted level on the floor of the Government of the Gambia money market this week. Yields quoted on the 91-Day Bill moved up by 24 basis points and was quoted at 10.02 per cent while its counterpart s/s was fixed at 10.28 per cent. The 182-Day Bill eased downwards by 15 basis points to 10.17 per cent. Towards the longer end of the market, the 1-year note was re-rated downwards by a massive 56 basis points and was quoted at 12.72 per cent.



COMMODITY UPDATE



Gold Falls in London on Reduced Hedge Demand

Gold fell in London as a decline in energy costs may reduce demand for precious metals as a hedge against inflation. Silver, platinum and palladium also dropped. Gold for immediate delivery fell \$2.83, or 0.3 percent, to \$931.63 an ounce as of 10 a.m. in London, narrowing this week's gain to 0.5 percent. Prices have climbed 43 percent in the past year as the Federal Reserve slashed borrowing costs, undermining the value of the dollar. Short-term stochastic indicators signal gold may fall to \$918 before a rebound as analysts have predicted. Stochastic charts measure the price of a security relative to its highs and lows during a particular period to try to predict a gain or decline. The metal rose to a record \$1,032.70 an ounce on March 17.

Oil Rises to Record \$146.

Oil prices remained near record highs above \$145 a barrel in Asia after Saudi Arabia's oil minister suggested his country doesn't plan to boost production. A falling dollar has helped boost oil prices this year as investors often buy commodities such as oil as a hedge against inflation when the greenback weakens. Also, a struggling dollar makes oil less expensive to investors overseas. Oil prices are rising amid a drop in stock prices worldwide, with the major stock market indices all down by double digits since the start of the year. Recent saber-rattling in the Middle East is another reason for this week's increase. Traders are concerned that a conflict with Iran could disrupt tight global supplies. Analysts anticipate increases in the coming weeks.

Company News

Ecobank unleashes two branches.

Ecobank Gambia has opened an additional branch in its "Ecobank Everywhere" strategy. Ecobank started operations in the Gambia in Q4 2007 and has been running just a head office to serve its numerous clients. The opening of the Kanifing and the Westfield Branches are aimed at addressing the needs of customers within those areas. The Bank through these branches aims at embarking on an aggressive deposit mobilisation and make available products such as savings accounts, junior savers accounts and western union services.

Databank Releases Mfund 07 Results

Databank's Money Market Fund [MFund] has released its audited 2007 Results. Being the first licensed money market fund in Ghana, the fund's annual returns stood at 11.99 per cent with a savings rate of 5 per cent. The total number of shares is currently 91 million which is valued at GH1.5 million with 14,884 shareholders.

TIT-BITS AROUND AFRICA

Zimbabwe: \$100 Billion Cash Withdrawal Limit Too Little - Economists

THE Reserve Bank of Zimbabwe will have to do more than keep the daily cash withdrawal threshold at \$100 billion because "this is not enough". On Tuesday, the central bank raised by 300 percent the daily cash limit hoping to ease the crisis for cash in the face of runaway inflation. While the RBZ has been responsive to depositor cries for increased withdrawals, opinion was yesterday divided, as more economic analysts called for a wider expansion on the cash limit. This is because the pace of price changes has been rapid, forcing annual inflation to the roof, and rendering the previous \$25 billion daily limit valueless. Even so, economists felt yesterday the new \$100 billion limit was fractional because rapid daily price increases meant that consumers needed more cash for day-to-day transactions. One can buy only a two-litre bottle of cooking oil with \$100 billion, and left with \$20 billion change. There has been a tendency amongst consumers to spend their money as quickly as possible before it loses value. While raised limits will help cash stranded depositors this will lead to increased demand in an economy with serious supply bottlenecks. This imbalance can fuel price increases. The Reserve Bank this week tightened the key bank rate to 8 500 percent and 9 500 percent for secured and unsecured lending respectively seeking to curb speculative borrowing that fuel inflation. In addition, banks are also required to lodge at least 50 percent of their liquid assets with the RBZ, which has tended to reduce cash disbursements to consumers.

Nigeria: FMBN to Disburse N40 Billion to Developers

Federal Mortgage Bank is set to disburse N40 billion to property developers as part of efforts to meet the nation's housing need. Minister of State for Environment, Housing and Urban Development, disclosed this at a News Agency of Nigeria (NAN) forum in Abuja. FMBN said the release, which would be the second tranche of efforts to encourage investment in the housing sector, was aimed at empowering Primary Mortgage Institutions to grant loans to investors in the sector. The National Housing Fund, which presently had more than N30 billion in its purse, was not enough to fund the nation's housing needs.

Namibia: Government Tightens Screws On Parastatal Investments

Board members of parastatals will be held fully accountable for investment decisions they make when an amendment to the act governing these institutions becomes law. It comes in the wake of millions of dollars squandered in failed investments, particularly by the Social Security Commission (SSC) - N\$30 million, the Overseas Development Corporation - N\$100 million, and the Namibia Development Corporation (NDC). The government has tabled an amendment to the State-owned Enterprises Governance Act in the National Assembly on Tuesday, which outlines guidelines for the investment of funds from parastatal coffers. In total the three institutions lost more than N\$130 million in unsuccessful investments. The SSC invested N\$30 million in a little known investment company, Avid Investment.

Uganda: UCL Plans to Invest in Rwanda

UGANDA Clays (UCL) is to invest in Rwanda. During the second half of the year and the early part of next year, they expect not only to commission the Kamonkoli factory in eastern Uganda, but also finalize arrangements to acquire a competitors' business in Uganda. Both plans are contingent upon completing the due diligence and agreeing on price terms as we intend to invest in them on a going-concern basis. UCL they would also send the first consignment of products to Sudan next week where they had opened a sales office.

Ghana: Vodafone to Acquire Ghana Telecom

UK-based Vodafone Group Plc says it has almost concluded the acquisition of 70 percent shares in Ghana Telecom, the national telecoms operator, under its wholly-owned Vodafone International Holdings B.V, with the Government of Ghana maintaining 30 percent interest. Vodafone is among the world's leading mobile telecommunications companies, with a significant presence in Europe, the Middle East, Africa, Asia Pacific and the United States. Per a news release issued by the company, it announced an agreement to acquire the 70% stake in GT for a total consideration of US\$900 million on a debt-free, cash-free basis. The company projects strong, strategic rationale and turnaround opportunity for the acquisition, and lists among others, exposure to the attractive and growing Ghanaian telecommunications market, total population of 24 million with more than 50% under the age of 25, real GDP growth of 6.3% in 2007, contained inflation and a stable political background, low mobile penetration and significant additional growth prospects from recent oil field discoveries as expected principal benefits. As part of the transaction price, it has been agreed that the Government of Ghana's fibre network assets will be transferred to Ghana Telecom, however the transaction remains subject to certain closing conditions, including approval by the Parliament of Ghana.

Africa Stock Markets Update

Country	Stock Market Index		Week	Index Return		Latest
	Name	Level as at 03/07/08*	Change	In Local Currency	In US Dollars	Inflation (%)
Nigeria	All Share	56409.93	5.04%	-2.73%	-3.41%	9.7
Swaziland	All Share	208.49	1.83%	3.49%	5.61%	12.2
Malawi	Domestic	4471.85	1.42%	16.16%	16.35%	7.9
Zambia	LASI	4206.39	1.30%	19.04%	27.40%	12.1
Tanzania	Composite	1084.14	0.32%	1.79%	1.96%	9.1
Botswana	Domestic	7190.56	0.21%	-14.67%	-14.14%	12.1
Ghana	DSI	11328.05	0.17%	36.79%	31.54%	16.8
Tunisia	TUNINDEX	3032.16	0.05%	15.99%	17.02%	5.9
Kenya	NSE 20	5158.51	-0.03%	-2.45%	-2.45%	18.2
Morocco	MASI	14128.62	-0.42%	11.29%	12.07%	3.2
Namibia	Overall	912	-1.19%	-3.90%	-2.41%	9.7
Egypt	CASE 30	9949.93	-1.20%	-5.12%	-5.12%	14.4
Uganda	All Share	1077.86	-1.39%	7.88%	7.88%	12.4
South Africa	All Share	29304	-2.21%	-1.12%	1.02%	11.7
Ivory Coast	BRVM	230.54	-3.17%	15.59%	16.96%	n/a
Mauritius	SEMDEX	1759.15	-5.35%	-4.58%	-3.60%	8.8
Figures available as at issue date						

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