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Brussels, 17 December 2004

KENYA

Belgolaise Indicative Money Market Rates

	O/N	1 WK	1 MTH	2 MTHS	3 MTHS	6 MTHS	1 YEAR
BID	9.00	9.00	9.00	9.50	9.50	9.75	9.75
ASK	10.50	10.50	11.00	11.50	12.50	12.75	12.75

Treasury Bill Rate: Auction Cancelled

\$ / KES: 79.65 / 79.85

The USD/KES broke out of the narrow 81.00 - 81.50 trading range that it had maintained for the better part of the past two months on the back of low corporate dollar demand and USD sales by the commercial banks. The high interest rates provided a boost for the local unit and forced banks to change from their long USD positions that had been maintained in recent months. In a sign that the authorities are getting concerned about the rapid rise in interest rates, the central bank on Thursday announced that it had rejected bids at its weekly Treasury bill auction. The Bank gave no official explanation for the move but market players speculated that this move was due to the very high bids submitted. With no discernible signal of how much further the rates need to rise to achieve the authorities' desired monetary policy objective, investors are reluctant to lock in their investments in an environment of rapidly rising interest rates. It is notable that the recent Treasury bill auctions have not succeeded in raising the advertised amounts of funds. *Low FX activity levels are expected ahead of the Christmas holidays.*

NIGERIA

Belgolaise Indicative Money Market Rates

	O/N	1 WK	1 MTH	2 MTHS	3 MTHS	6 MTHS	1 YEAR
BID	17	17	16	16	18	18	18
ASK	19	19	18	18	21	23	23

\$ / NGN: 132.75 / 134.35

Demand surged to USD 144 million in the central bank FX auction on Wednesday from USD 124 million in the previous auction as buyers came in ahead of the Christmas holidays. The CBN only met USD 96.5 million of the FX demand raising the prospect of pressure for the NGN next week. The pressure on the NGN is likely to be alleviated by some USD sales by some oil majors. Monday's auction will be the last of the year as the central bank closes for the Christmas holiday.

The consumer price index rose by 10.7% in the year to October compared with a 9.1% rise in the year to September according to data from the Federal Office of Statistics. The central bank omitted its CPI figures in its October monthly report. The government had hoped for single digit inflation rate for 2004.

No significant changes are expected in the official FX market next week

COTE D'IVOIRE

Belgolaise Indicative Money Market Rates

	O/N	1 WK	1 MTH	2 MTHS	3 MTHS	6 MTHS	1 YEAR
BID	5.00	5.00	5.25	5.25	5.50	5.50	6.25
ASK	5.50	5.50	5.75	5.75	5.75	6.00	6.75

\$ / XOF: 495 / 510

The UN deadline for a second wave of sanctions against anyone obstructing the peace process passed with no action taken. The lack of action appears to have been an attempt to give the peace drive by South African President Mbeki some time to progress. Sanctions could also be delayed given that the African Union's Peace and Security Council is now scheduled to discuss the Ivorian crisis on January 10. President Gbagbo last week banned public marches for three months and he has also sent to parliament a draft amendment to laws that would make it easier for those of foreign origin to gain citizenship. Another legal amendment to allow those of foreign origin to contest presidential elections requires a two-thirds majority that may be difficult to achieve while the disarmament of the rebels remains another contentious issue.

BENIN

\$ / XOF: 495 / 510

After strong average annual GDP growth of 5.3% in the 2001-03 period economic growth has slowed in 2004. Official real GDP growth targets have been cut from 6% to 3%. The country's authorities have implemented economic reforms that have resulted in improved macroeconomic stability and fiscal responsibility while prudent monetary policy has been implemented by the regional central bank. The slowdown in real GDP growth is attributed to the lack of adequate economic diversification. The cotton and Nigeria-bound re-export industries are dominant in employment, export and public revenues. A poor cotton season and a turbulent trade relationship with Nigeria have combined to reduce economic activity growth in 2004. This is likely to result in lower-than-projected government revenues but the risk of a substantial rise in the debt burden is limited by cuts in government spending. The country has good relations with development partners including the IMF with which it has a Poverty Reduction and Growth Facility (PRGF) arrangement whose final USD 2 million disbursement was made earlier this year. The implementation of sound macroeconomic policies is expected in 2005.

OTHER MARKETS:

South Africa: [$\$/ZAR$: 5.75 / 5.78]. During this holiday season the characteristic low volumes and movements in the EUR/\$ are likely to be the dominant factors in the coming trading sessions.

Angola:	\$/AON	82.95/	Botswana:	BWP/\$	0.2301 / 0.2307
Burundi:	\$/BIF	1078 /	DRC:	\$/CDF	433 / 453
Ethiopia:	\$/ETB	8.50 /	Gambia:	\$/GMD	29.30
Ghana:	\$/GHC	9000 / 9100	Guinea:	\$/GNF	2700 /
Madagascar:	\$/MGF	9750	Malawi	\$/MWK	106.75 /
Mauritania:	\$/MRO	253.60 /	Mauritius:	\$/MUR:	28.30 /28.70
Mozambique:	\$/MZM	18,800	Rwanda:	\$/RWF	560
Tanzania:	\$/TZS	1045 / 1055	Uganda:	\$/UGX	1720/1740
Zambia:	\$/ZMK:	4525 / 4625	Zimbabwe:	\$/ZWD	6200 /

For more information, see our Reuters Page: < AFRICA >

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