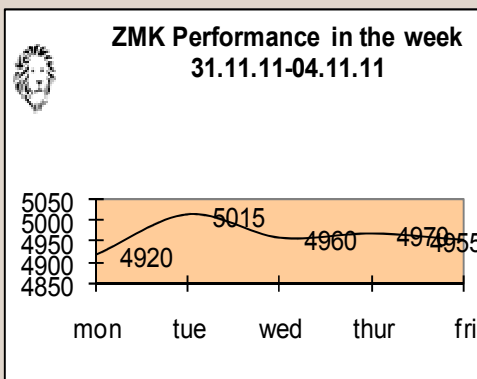




FOREIGN EXCHANGE MARKET

The ZMK opened last week on a bearish note at 4900/4920 against the USD on falling global stock and commodity prices due to renewed worries about the euro zone debt crisis. On Tuesday, it tumbled to a low of 4995/5015, following the announcement by Greece to hold a referendum on the EU bailout deal. Investors retreated from riskier assets thereby boosting the Dollar. By close of the week, ZMK recovered to 4935/4955 levels as commodity prices rose following Greece's cancellation of referendum plans.



KEY INDICES

T-BILL	RATES
91 DAYS	08.8994%
182 DAYS	11.3847%
273 DAYS	13.3131%
364 DAYS	13.4954%
BOND YIELD	RATES
2 YEARS	15.5332%
3 YEARS	16.3760%
5 YEARS	17.1524%
7 YEARS	14.2829%
10 YEARS	15.4010%
15 YEARS	17.0000%

CROSS	RATES
EUR / USD	1.3794 / 1.3798
GBP / USD	1.6029 / 1.6034
USD / JPY	78.230 / 78.240
USD / ZAR	7.8855 / 7.9255
LIBOR	RATES
1 MONTH	0.24750
2 MONTHS	0.33850
3 MONTHS	0.43750
6 MONTHS	0.63111
1 YEAR	0.94883

ECONOMIC	TARGETS
INFLATION RATE	7.0%
GDP GROWTH	6.4%
DEBT / BORROW-	1.4% GDP

MONEY AND CAPITAL MARKETS

On Tuesday, Bank of Zambia adjusted the statutory reserve ratio from 8% to 5% and the core liquid assets ratio by 300 basis points from 9% previously. This measure will free up liquidity and allow banks to gain value from these funds. Ultimately, banks are expected to reciprocate by lowering customer lending rates.

In the overnight market, the immediate impact was on the overnight money market index that had been seen at 16% last week but closed this week at 9%.

On Thursday, commercial banks direct the 'new' money to the t-bill auction. They targeted the longer dated tenors because market sentiment now favours lower yields in the short term. Total bids at the auction were K561.7 billion and K216.9 billion was allocated. The 364 days t-bill now yields 13.50% down from 16.18% previously.

The next bond auction takes place on the 18th.

INTERNATIONAL MARKETS

The Euro weakened against the USD, on pace for its largest weekly loss, as uncertainty persisted about Europe's bailout package ahead of a crucial confidence vote in debt-ridden Greece. The Euro was down at \$1.37406. **GBP** fell against the USD. GBP was down against the USD at \$1.6021. The Euro was down at 85.88 pence. **ZAR** firmed against the USD as Greek government plans for a referendum on a sovereign bailout appeared to unravel with the expected collapse of the government. It was trading at 7.8665. **Copper** rose, cheered by ECB interest rate cut and news that Greece is likely to forego plans to hold a

referendum on its bailout package, easing worries that the country could face a disorderly default. 3-month Copper on LME rose to \$8,050.25/tonne. **Gold** fell in one of the quietest trading day, as the metal tracked riskier assets on fresh worries about the euro zone bailout fund and a mildly encouraging U.S. non farm payrolls report. Spot Gold fell to \$1,754.89/ounce. Gold futures for December delivery settled down at \$1,756.10/ounce. **Oil** prices rose and posted a weekly gain even as uncertainty about euro zone debt problems. Brent December Crude rose to \$111.97. U.S. December Crude rose to \$94.27/barrel.

(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.



MARKET INDICATORS

FOREX	4935/4955
INTERBANK	09.68%
T-BILLS	08.90%
BONDS	15.53%
INFLATION	08.70%

FBZ RATES ZMK US\$

BASE RATE	15.5%	13.0%
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DEPOSITS ZMK US\$

SAVINGS	1.0%	0.2%
24 HR CALL		0.1%
1 MTH FIXED	1.0%	0.5%
3 MTH FIXED	2.0%	1.2%
CPR 180 DAYS +	LIBOR +4%	

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