



FOREIGN EXCHANGE MARKET

The ZMK recorded further gains of 1.7% last week firming from Monday's opening levels of 4720 and 4740 for buying and selling to close the week at 4640 and 4660 against the USD on the interbank market. The bullish run was against a backdrop of improved US Dollar supply coupled with weak demand for the greenback as corporate entities settled their local currency tax obligations. Much of the appreciation occurred at month end on Monday and the currency remained range bound for the rest of the week in lackluster trading conditions.

The ZMK's rally is against a backdrop of increased world economic optimism which has raised hopes for a sustainable robust commodity prices. Copper price has more than doubled since the beginning of the year there by strengthening the external environment and thus improving the outlook for the Zambian economy. Higher copper output and resurgent copper prices are expected to support the ZMK in the short to medium term as copper output is forecast to rise to 600,000 tonnes in 2009 from about 575,000. The ZMK will most likely range from 4600 to 4800.

KEY INDICES

T-BILL	RATES
91 DAYS	15.9455%
182 DAYS	15.9786%
273 DAYS	17.1526%
364 DAYS	18.1097%
BOND YIELD	RATES
2 YEARS	18.2640%
3 YEARS	19.7286%
5 YEARS	20.1678%
7 YEARS	17.2000%
10 YEARS	19.5752%
15 YEARS	19.2499%

CROSS	RATES
EUR / USD	1.4290 / 1.4296
GBP / USD	1.6391 / 1.6396
USD / JPY	92.990 / 93.040
USD / ZAR	7.5930 / 7.6130

LIBOR	RATES
1 MONTH	0.25375
2 MONTHS	0.26500
3 MONTHS	0.31438
6 MONTHS	0.71250
1 YEAR	1.28813

ECONOMIC	TARGETS
INFLATION RATE	10%
GDP GROWTH	5.8%
DEBT / BORROW-	1.8% GDP

MONEY AND CAPITAL MARKETS

At the close of last week, **Interbank overnight funds** were traded at 12%. The index had traded at 12.40% on Tuesday declined as the week progressed. BoZ was in the market taking deposits through the OMO window.

At the 36th **treasury bill auction** of the year, BoZ came to the market looking to borrow K100 billion on behalf of the government. Total bids amounted to K112.4 billion while the amounts that were allocated totaled K83 billion.

The **all share index** recorded an increase of 0.61% to close at 2,728.20 points from 2,711.63 points. A total of 48 trades were recorded involving 896,636 shares worth K310,210,274. CEC dropped by K17 to close at K478. On the upward trend, Investrust recorded a gain of K0.50 to end at K17.50. Zambeef closed at K4,050, up by K50. Zanaco gained K15 while Zambia sugar gained K59 to close at K515 and K359 respectively. Transactions were also recorded in AELZ, BP Zambia, CCHZ, Celtel, Lafarge and Shoprite

INTERNATIONAL MARKETS

Last week, the Yen fell broadly after data showing U.S. employers cut fewer jobs than expected in August, reinforcing recent data pointing to an economic recovery and dimming the safe-haven allure of the Yen. The **Dollar** was up at 92.87 Yen. The Euro fell to \$1.4199. **Sterling** turned negative against a rising Dollar to trade near the day's lows after U.S. non-farm payrolls data. It was trading at \$1.6323. The **Rand** hit a 6-week high and was trading at 7.61/Dollar. A weaker Dollar helped the volatile **Copper** market eke out gains by the close of last Friday. Copper for December delivery ended up at \$2.8665/lb.

On LME, Copper for 3-months delivery closed up at \$6,280/tonne. **Gold** futures ended \$1 lower as prices failed to surpass \$1,000/ounce. December Gold futures settled down at \$996.70/ounce. Spot Gold at \$991.50/ounce. **Crude Oil** futures ended slightly higher. October Crude settled up at \$68.02/barrel. October Brent Crude ended down at \$66.82/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.



Visit Zambia Campaign

MARKET INDICATORS

FOREX	4640/4660	
INTERBANK	12.00%	
T-BILLS	15.95%	
BONDS	18.26%	
INFLATION	14.30%	

FBZ RATES ZMK US\$

BASE RATE	23.0%	13.0%
-----------	-------	-------

DEPOSITS ZMK US\$

SAVINGS	3.0%	0.1%
24 HR CALL	3.0%	0.1%
1 MTH FIXED	3.5%	0.5%
3 MTH FIXED	10.0%	1.25%
NCD 90 DAYS +	LIBOR +3%	

MILES SAMPAA DIRECTOR TREASURY (+260 1) 237 582 msampa@financebank.co.zm
 MICHAEL BWALYA ASSISTANT DIRECTOR (+260 1) 224 990 mbwalya@financebank.co.zm
 PAUL MANGOMBA SENIOR DEALER (+260 1) 224 264 pmangomba@financebank.co.zm
 CHILEMBA ZULU FOREX DEALER (+260 1) 224 990 czulu@financebank.co.zm

HEAD OFFICE P.O. BOX 37102
 FINANCE HOUSE, CAIRO ROAD, LUSAKA, ZAMBIA
 TEL (+260 1) 22 97 33 - 40
 FAX (+260 1) 22 44 50 / 75 44
 SWIFT ZFBAZMLU
 www.financebank.co.zm