



FOREIGN EXCHANGE MARKET

The ZMK was range bound for the most part of last week teetering around 4600/4650. Last week's trading opened at a bid rate of 4620 and a sell rate of 4640 against the US Dollar on the inter-bank market. It remained largely unchanged on the day as well as Tuesday in lackluster trading conditions. On Wednesday however, the ZMK recorded an intra day low of 4680 and 4700 for buying and selling on low supply of the greenback while demand for the same increased. By close of business on the Thursday, the ZMK had rebounded to its week's opening levels on improved supply.

On Friday, the market witnessed increased US Dollar flows from corporate entities resulting in the ZMK recording an intra-day high of 4590 and 4610. These levels stimulated a lot of demand from importers forcing the ZMK to retreat and closed the day and the week at 4625 and 4645 levels, largely unchanged from the week's opening levels.

The ZMK is yet to decisively breakthrough the 4600 psychological level which appears to be the support level at the moment. A stable ZMK is anticipated this week barring external factors.

KEY INDICES

T-BILL	RATES
91 DAYS	15.2592%
182 DAYS	16.2202%
273 DAYS	17.0237%
364 DAYS	17.9828%
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	1.4707 / 1.4713
GBP / USD	1.6270 / 1.6272
USD / JPY	91.280 / 91.300
USD / ZAR	7.3800 / 7.4800

LIBOR	RATES
1 MONTH	0.24625
2 MONTHS	0.25750
3 MONTHS	0.28938
6 MONTHS	0.67563
1 YEAR	1.27188

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

MONEY AND CAPITAL MARKETS

Commercial banks continued to place funds with the central bank through the OMO window throughout the week last week. Aggregate current account balances averaged at K300 billion while volumes of Interbank funds traded were found in the range of K40 - K100 billion. The **overnight index** closed the week at 11.6%.

Bids at last week's **treasury bill** auction amounted to K150.7 billion. This overwhelming response forced the t-bill yields to close the week lower. K83.1 billion was allocated with the 364days tenor accounting for half of the amount.

A total volume of 1,083,268 shares worth K1.32 billion were transacted in 12 trades. The **all share index** closed at 2,614.22 points up by 0.06% from 2,612.55 points. British American Tobacco transacted 1,022,353 shares worth K1.2 billion accounting for the bulk of total turnover. The stock gained K30 and closed at K1, 250. Trading activity was also recorded in CEC, Celtel, Lafarge, Standard Chartered Bank and Zanaco.

INTERNATIONAL MARKETS

Last week, the **Dollar** rebounded from a one-year low against the Euro as waning risk appetite cut demand for higher-yielding currencies and boosted safe-haven demand for the greenback. The Euro fell to \$1.4701. The Dollar was up at 91.38 Yen. **Sterling** fell to \$1.6245. The Euro rose to 90.49 pence. **ZAR** extended losses against the Dollar, shedding as much as 1% as investors retreated from riskier assets. The Rand traded softer at 7.4375/Dollar. **Copper** prices fell almost 4%, leading a broad decline in commodities for a second straight day as the Dollar bounced up from its lowest level in a year. Copper for December

delivery settled at \$2.7850/lb. On the LME, Copper for 3-months delivery ended at \$6,175/tonne. **Gold** ended lower on profit taking, capping a volatile week in which the metal had risen toward its all-time high \$1,030.80/ounce as a steadily falling Dollar boosted investment demand. December Gold futures settled down at \$1,010.30/ounce. Spot Gold was at \$1,009/ounce. **Crude Oil** futures ended lower, pressured by a stronger Dollar and as refined product futures fell after gaining for 2 days. October Crude settled down to \$72.04/barrel. November Brent Crude settled down at \$71.32/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	4625/4645	
INTERBANK	12.50%	
T-BILLS	15.26%	
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 SAMPA 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