



FOREIGN EXCHANGE MARKET

The ZMK opened last week on a bullish note spurred by recovery in copper prices on the international market amidst growing optimism of a sustained global economic recovery. After recording a depreciation of 2% in the previous two weeks, the ZMK rebounded from its low levels of 4740 to 4670 last week thereby recording an appreciation of 1.5% during the week. The ZMK's bullish run was in line with other emerging market currencies as the US Dollar weakened across a basket of currencies which included emerging markets commodity linked currencies.

Copper price rallied to a three week high last week boosted by supply fears emanating from the anticipated 80% cut in production at Australia's giant Olympic Dam mine which experienced a mechanical failure. Increased optimism for world economic recovery has led to rising equity markets which has rendered support to rising commodity prices. Weakening US Dollar, perceived as a safe haven, has also fueled demand for high yielding riskier assets which in turn is rendering robust support to emerging market currencies.



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MARKET INDICATORS

FOREX	4650/4670
INTERBANK	11.50%
T-BILLS	15.01%
BONDS	18.09%
INFLATION	13.00%

FBZ RATES ZMK US\$

BASE RATE	23.0%	13.0%
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DEPOSITS ZMK US\$

SAVINGS	3.0%	0.2%
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%	

MONEY AND CAPITAL MARKETS

Excess liquidity in the **overnight market** closed the week at K629.8 billion from the week's opening levels of K301 billion. The central bank's week long absence from the OMO window meant that the liquidity levels in the market could only increase. The result was lower overnight index that declined from 10.9% to close the week at 9.41%.

Meanwhile, a very liquid short term market brought about a higher level of participation at the **treasury bill auction**. A total of K177.5 billion was received as bids while K99.4 billion was allocated.

The LuSE **All Share Index** dropped by 0.25% to 2,780.62 points. British American Tobacco weakened by K200 closing at K1,050 and Zanaco dropped to K540 down by K5. BP and CCHZ posted a K1 gain each closing at K280 and K7.50 respectively. Trading activity also occurred in Celtel, Lafarge, and Zam-beef. Overall, a total of 276,668 shares were transacted in 38 trades yielding a total turnover of K98.36 million.

INTERNATIONAL MARKETS

Last week, the **Dollar** rose broadly after Federal Reserve Chairman said the central bank will be ready to tighten monetary policy as an economic recovery takes hold. The Euro slipped to \$1.4718. **Sterling** fell, hurt by a broadly firmer Dollar. It was down at \$1.5961. Against the Euro, It fell at 92.32 pence. **ZAR** weakened against the Dollar as the greenback rebounded against major currencies. The Rand stood at 7.36/Dollar. **Copper** ended lower, backing away from the previous session's 3-week highs on doubts that there is enough demand to support further gains given prices have nearly doubled this year. Copper for December

delivery closed at \$2.8380/lb. On LME, Copper for 3-month delivery was at \$6,230/tonne. **Gold** slipped as the market took a breather on the Dollar's rebound the day after last week's sharp rally pushed Gold to a record high above \$1,060/ounce. Most-active December Gold futures settled down at \$1,048.60/ounce. Spot Gold was at \$1,045.60/ounce. **Crude Oil** futures ended higher in range-bound trading, lifted by hopes for higher Oil demand, but gains were limited. November Crude settled up at \$71.77/barrel. November Brent Crude ended up at \$70/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.



KEY INDICES

T-BILL	RATES
91 DAYS	15.0072%
182 DAYS	16.0112%
273 DAYS	16.4855%
364 DAYS	17.0290%
BOND YIELD	RATES
2 YEARS	18.0902%
3 YEARS	19.6537%
5 YEARS	20.0097%
7 YEARS	17.2000%
10 YEARS	19.5752%
15 YEARS	19.2499%

CROSS	RATES
EUR / USD	1.4569 / 1.4575
GBP / USD	1.5938 / 1.5943
USD / JPY	89.790 / 89.820
USD / ZAR	7.6100 / 7.6650

LIBOR	RATES
1 MONTH	0.24438
2 MONTHS	0.25250
3 MONTHS	0.28406
6 MONTHS	0.60313
1 YEAR	1.21250

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

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