



FOREIGN EXCHANGE MARKET

The ZMK opened the week on a weaker note following the announcement by the government that Oil Marketing Companies (OMCs) were to be allowed to import fuel to mitigate the shortages of the commodity being experienced in the country. This followed the shutting down of Indeni, the sole oil refining plant. This put pressure on the ZMK, sentimentally at least, resulting in a bearish market for the local currency as demand for the greenback surged. The Central Bank was however quick to intervene to support the local currency and insured a stable market.

The ZMK opened trading last week at firm levels of 4610 and 4630 for buying and selling but had weakened to 4675 and 4695 by Tuesday. On Wednesday, it touched an intra-day low of 4720 at which level the Central Bank intervened. There was more pressure on the local currency on Thursday but quick intervention by the Central Bank saved the situation as the ZMK closed the week at 4665 and 4685 levels, a depreciation of 1.2% from the week's opening levels. The ZMK is expected to hold its ground against the USD this week as the month draws to a close.

KEY INDICES

T-BILL	RATES
91 DAYS	13.5006%
182 DAYS	14.9908%
273 DAYS	16.2535%
364 DAYS	16.2384%
BOND YIELD	RATES
2 YEARS	16.9884%
3 YEARS	18.9297%
5 YEARS	19.9661%
7 YEARS	17.2000%
10 YEARS	19.5752%
15 YEARS	19.2499%

MONEY AND CAPITAL MARKETS

The short term market opened the week with liquidity levels found at K659.4 billion. At the close of the week, this figure significantly rose to K870.1 billion. In response to this, the **overnight index** declined from 6.18% to 5.46%. Total bids at the **treasury bill auction** were in excess of K200 billion. However, only K91.1 billion was allocated. T-bill yields declined marginally. The tenth **bond auction** of the year took place on Friday last week. Those auctioned were the 2,3 and 5 year bonds. Bids worth K160.4 billion were placed by commercial banks. Consequently, the yields on the three tenors were pressured to close lower. The benchmark 2-year bonds now yields 16.99% from 18.09 previously.

The **Lusaka Stock Exchange (LuSE)** all share index last week closed at 2,709.78 points dropping by 2.44 per cent from the previous week's closing of 2,777.53 points. The market recorded a turnover of K7.74 billion after transacting 9.05 million shares in 104 trades.

CROSS	RATES
EUR / USD	1.5000 / 1.5006
GBP / USD	1.6305 / 1.6310
USD / JPY	92.040 / 92.090
USD / ZAR	7.4515 / 7.4715

LIBOR	RATES
1 MONTH	0.24375
2 MONTHS	0.25400
3 MONTHS	0.28188
6 MONTHS	0.58063
1 YEAR	1.23500

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

INTERNATIONAL MARKETS

Last week, the **Dollar** and Euro soared against Sterling after data showing the UK economy was still mired in recession stunned investors who had expected it to return to growth. The **Pound** was down at \$1.6310. The Euro rose to 91.98 pence, but was down against the Dollar at \$1.5001. **ZAR** weakened against the Dollar, mainly on profit-taking after the domestic currency's recent strong rally, while nagging worries about possible economic policy shifts also weighed. The Rand traded at 7.46 against the Dollar. **Copper** and zinc ended up after hitting multi-month highs amid upbeat global economic data while **oil** and crop prices

were mixed, feeling pressure from a higher Dollar and lower equity markets. Crude Oil's front-month contract settled down at \$80.50/barrel. Copper prices rose to 13-month highs as upbeat data in the USA, China and Europe reinforced optimism that economic recovery would boost metals demand. December Copper settled up at \$3.0345/lb. On the LME, benchmark Copper rose as high as \$6,714/tonne. **Gold** dropped in choppy trade as the Dollar rebounded against a basket of currencies after a strong U.S. housing report and bleak U.K. economic data. Gold was down at \$1,053.65/ounce.

(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.



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MARKET INDICATORS

FOREX	4665/4685	
INTERBANK	06.00%	
T-BILLS	13.50%	
BONDS	16.99%	
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%	

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