



FOREIGN EXCHANGE MARKET

The ZMK traded in a narrow range last week teetering around 4650 and 4685 levels against the US Dollar. The ZMK opened trading last week at a buy rate of 4665 and sell rate of 4685 on the inter-bank market. It remained range bound for most part of the week before closing the week at 4650 and 4670 levels, a marginal appreciation of 0.3% for the week.

The market had witnessed substantial inflows but these could not have had any major impact as demand was also high in an evenly matched market.

Despite the predictions of a weaker local currency in light of the fuel imports, the ZMK held its ground against the US Dollar as high demand was compensated by increased supply. Globally, there was mixed feelings about the sustainability of the economic recovery resulting in global markets volatility. Uncertain economic outlook might lead investors to pull back from high-yielding and commodity linked currencies into safer havens like the US Dollar and push the commodity prices down. This week, ZMK's direction will much depend on the demand for and supply of the greenback.



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MARKET INDICATORS

FOREX	4650/4670
INTERBANK	06.00%
T-BILLS	12.00%
BONDS	16.99%
INFLATION	12.30%

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

The **overnight money market** rate closed the week at a 6% average. The benchmark index had opened the week at 5.75% but closed firmer owing to central bank intervention.

The **treasury bill** auctions was over-subscribed last week. Of the K230.6 billion worth of bids tendered, BoZ was only looking for K100 billion. Greater appetite was seen for the 182 and 273 days tenors that received combined bids amounting to K125.3 billion. The full K100 billion was allocated as yields depreciated further across all the four tenors

There was no reported activity in the **Bond** secondary market at the LuSE.

The **Lusaka Stock Exchange (LuSE)** all share index last week closed at 2,669.18 points declining by 1.50 per cent from the previous week's close of 2,709.78 points. Year to date, the all share index has lost 5.48 and 8.94 per cent in kwacha and dollar terms respectively. Last week's total turnover was K4.1 billion and was recorded after transacting 5.03 million shares in 29trades.

INTERNATIONAL MARKETS

Last week, **Sterling** extended its rally, climbing above \$1.66 as the **Dollar** sold off broadly after solid U.S. economic growth data spurred demand for currencies more closely linked to growth, like Sterling. The Pound rose to \$1.6605. The Euro fell to 89.15 pence.

South Africa's Rand fell against a resurgent Dollar. It had erased all those gains and was trading at 7.80 against the Dollar.

Gold prices rose slightly toward \$1,050/ounce as the Dollar remained pressured, buffing up bullion's allure as an alternative to the falling Dollar.

Spot Gold was up at \$1,046.50/ounce. Gold futures for December delivery were little changed at \$1,047.20.

Crude for December delivery settled at \$77.00.

London Brent Crude lost to settle down \$75.20.

Copper futures ended sharply lower, under pressure from a sell-off on Wall Street and a recovery in the Dollar after a mixed double-dose of data countered optimism from Thursday's GDP figures.

Copper for December delivery plunged settled at \$2.9555/lb. LME 3-month Copper closed down at \$6,480/tonne.

KEY INDICES

T-BILL	RATES
91 DAYS	12.0001%
182 DAYS	13.2718%
273 DAYS	14.4709%
364 DAYS	15.9879%
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%

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

(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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