



## FOREIGN EXCHANGE MARKET

The ZMK was trapped in a range last week in mild trading. It opened the week trading at a buy rate of 4630 and a sell rate of 4650 on the inter-bank market. It remained largely unchanged at these levels until Wednesday when it firmed to 4615 and 4635 levels on improved US Dollar supply. The ZMK could not however hold on to these levels as demand for the greenback picked up forcing it to retreat to 4625 and 4645 levels by close of business on Thursday. The ZMK went on to close the week at these levels thereby recording a negligible appreciation of 0.1% during the week.

The ZMK has remained directionless in the last couple of weeks meandering within a range of 4600 and 4700. It appears the market is evenly matched and there has been no major inflows or outflows to sway it on either side of the equation. Copper prices have rallied in recent weeks and had traded just under US\$7,000.00 per tonne earlier last week touching a 14 month high, benefiting from strong global equities and US Dollar weakness. This, however, has had little or no impact at all on the ZMK's performance. This week, we expect the ZMK to continue trading in a range.

## KEY INDICES

T-BILL	RATES
91 DAYS	07.8800%
182 DAYS	10.0535%
273 DAYS	12.0715%
364 DAYS	13.0318%
BOND YIELD	RATES
2 YEARS	15.8972%
3 YEARS	17.0614%
5 YEARS	17.6414%
7 YEARS	18.2192%
10 YEARS	19.0829%
15 YEARS	19.3970%

## MONEY AND CAPITAL MARKETS

The **Money Market** opened the week with liquidity levels found at K705.4 billion. At the close of the week, the liquidity levels had risen to K901.1 billion. However, the overnight index rose marginally from 4.04% to 4.7%.

The **Government Securities** yields continued with their downward trend declining by more than 1% across the board. The weekly **Treasury Bills** tender had total bids of K231.5 billion. However, only K100.0 billion was allocated. The benchmark 91 days now yields 7.88% from 9.49 previously.

The 11th **Government Bond** auction took place last week Friday. Bonds with tenors ranging from 2 to 15 years were auctioned and attracted total bids of K301.9 billion but only K120.0 billion was allocated. The benchmark 2 year bond yields also declined from 16.99% to 15.9%.

With the current liquidity levels, we are still expecting the yields to drop further. Market players may have to look elsewhere for their investments away from government securities.

CROSS	RATES
EUR / USD	1.4864 / 1.4870
GBP / USD	1.6511 / 1.6516
USD / JPY	88.860 / 88.890
USD / ZAR	7.5890 / 7.6325

LIBOR	RATES
1 MONTH	0.23594
2 MONTHS	0.24688
3 MONTHS	0.26219
6 MONTHS	0.48938
1 YEAR	1.02125

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

## INTERNATIONAL MARKETS

Last week, the **USD** rose as investors cut their exposure to risky assets amid signs of an anaemic U.S. economic recovery. The USD rose against major currencies. The Euro fell at \$1.486. **GBP** fell against the USD, on concerns over the UK's fiscal health. GBP was down at \$1.6505. It also fell against the Euro at 90.13 pence/Euro. **ZAR** gave up some ground against the USD, largely reflecting a dip in investors' appetite for risk. It was trading at 7.5995/\$. **Copper** prices ended higher as potential supply threats in Chile added to bullish prospects of a stronger demand outlook next year and further investment money flows into the

broader commodity complex. Copper for December delivery ended up at \$3.1080/lb. LME, Copper was at \$6,845/tonne. **Gold** ended higher for a third straight week on investor sentiment amid inflation concerns. December Gold settled up at \$1,146.80/ounce. Spot Gold was at \$1,150.10/ounce. **Oil** prices slipped to below \$77/barrel as a stronger Dollar weighed on prices and falling equities raised concern about the economy and the outlook for energy demand. Crude for December delivery settled at \$76.72/barrel. Brent Crude for January delivery settled at \$77.20.

(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	4625/4645	
INTERBANK	04.50%	
T-BILLS	07.88%	
BONDS	15.90%	
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%	

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