



FOREIGN EXCHANGE MARKET

The ZMK was little changed during the last week of the year recording only a marginal appreciation of 0.4%. The week was characterized by lackluster trading conditions as most players on either side of the equation took the backseat as the year (and the decade) came to a close.

The ZMK opened the week trading at 4655 and 4675 against the US Dollar for buying and selling and remained largely unchanged for the short week before closing at 4635 and 4655 levels at close of the week on Thursday, Friday being a New Year's holiday.

On year to date basis, the ZMK has appreciated by over 5% from 4920 at the beginning of the year to 4660 levels at close of 2009. The ZMK is lingering way off its best despite robust copper prices which have risen by almost 140% since the beginning of the year and traded at a 16 month high on Thursday touching US\$7,400.00, its highest since September 1, 2008.

As we enter into the New Year and a new decade, the ZMK is likely to become bullish on positive market sentiments buoyed by high copper prices and world economic recovery prospects.

KEY INDICES

T-BILL	RATES
91 DAYS	05.0491%
182 DAYS	07.9927%
273 DAYS	10.6986%
364 DAYS	11.8262%
BOND YIELD	RATES
2 YEARS	14.3953%
3 YEARS	15.8226%
5 YEARS	17.0743%
7 YEARS	18.2192%
10 YEARS	19.0829%
15 YEARS	19.3970%

MONEY AND CAPITAL MARKETS

At last week's **treasury bill** auction, treasury bill rates continued on a downward trend. The benchmark 91days t-bill now yields 5.05% from 5.26% previously. The depreciation of yields is the story of the local money markets this year. The 91 days t-bill was earning 13.5% at the years outset but has since depreciated by 63%. The same is seen for the shorter dated central bank operational instruments. There has been greater demand for these safer investment vehicles in the wake of the world economic downturn. In the **bond market**, investors have been less willing to commit funds long-term as market sentiments continue to favor a quicker recovery of the world markets. As a result, the decline in yields are only seen a 13%.

The **Lusaka Stock Exchange** (LuSE) all share index dropped by 1.57% last week on Thursday to close at 2,794.89 points from the previous closing of 2,839.51 points on Wednesday. The index had opened the week with an appreciation on Monday, recording an increase of 4.74% over the 24 December 2009 close.

CROSS	RATES
EUR / USD	1.4323 / 1.4329
GBP / USD	1.6168 / 1.6173
USD / JPY	93.000 / 93.050
USD / ZAR	7.3690 / 7.4090

LIBOR	RATES
1 MONTH	0.23094
2 MONTHS	0.23969
3 MONTHS	0.25063
6 MONTHS	0.42969
1 YEAR	0.98438

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

INTERNATIONAL MARKETS

Last week, the **Dollar** rose to its highest level against the Yen in holiday-thinned trading. The Dollar was up at 93.03 Yen. The Euro fell to \$1.4325. **Sterling** jumped to a 10-day high against the Dollar as year-end position adjustments led to a broad sell-off in the USD, with thin trading sparking exaggerated price movements. It was up against the Dollar at \$1.6225. The Euro fell to 88.66 pence. **ZAR** held firm against the Dollar after strong gains overnight, supported mainly by selling interest from exporters in a thin festive holiday market. It was trading at 7.3970. **Copper** prices rose more than 1% to 16-month highs and

ended with an annual gain of almost 140%. Copper for 3-month delivery on the LME closed up at \$7,375/tonne. Copper for March settled up at \$3.3465/lb. **Gold** prices sealed their biggest absolute annual gain in 3 decades with a small advance. Spot Gold stood at \$1,095.50/ounce. February Gold futures settled up at \$1,096.20. **Crude Oil** futures ended slightly higher, up a 7th straight session and reaching \$80/barrel intraday for the first time since November. February Crude rose to \$79.36/barrel. February Brent Crude fell to \$77.93/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.



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MARKET INDICATORS

FOREX	4635/4655	
INTERBANK	04.60%	
T-BILLS	05.05%	
BONDS	14.40%	
INFLATION	09.90%	

FBZ RATES ZMK US\$

BASE RATE	23.0%	13.0%
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DEPOSITS ZMK US\$

SAVINGS	1.0%	0.2%
24 HR CALL	1.0%	0.1%
1 MTH FIXED	2.0%	0.5%
3 MTH FIXED	3.5%	1.2%
NCD 90 DAYS +	LIBOR +3%	

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