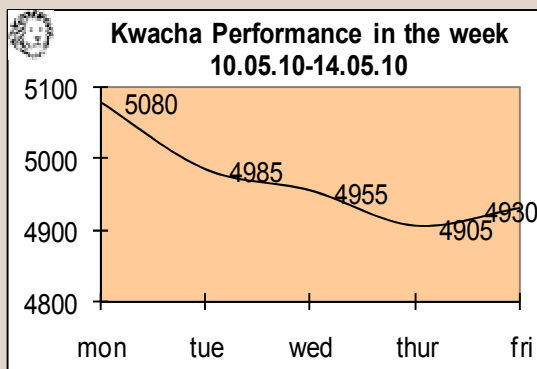


**FOREIGN EXCHANGE MARKET**

The ZMK last week recouped some of the losses recorded in the previous two weeks to close the week 2.95% firmer. It opened trading on Monday at 5060 and 5080 levels on the interbank market. In the previous two weeks, the ZMK had tumbled by almost 8% as investors pulled out of risky assets on rising concerns over Greek debt problems. Concerns over the high debt loads of some euro-zone nations sent commodity prices tumbling affecting currencies in the emerging markets. But last week, the ZMK became bullish on improved USD flows and as calm returned to the euro-zone.

**KEY INDICES**

T-BILL	RATES
91 DAYS	03.9543%
182 DAYS	04.0559%
273 DAYS	04.8584%
364 DAYS	06.1270%
BOND YIELD	RATES
2 YEARS	07.5656%
3 YEARS	07.5967%
5 YEARS	09.0788%
7 YEARS	16.8092%
10 YEARS	18.3210%
15 YEARS	18.6477%

CROSS	RATES
EUR / USD	1.2362 / 1.2368
GBP / USD	1.4533 / 1.4538
USD / JPY	92.440 / 92.500
USD / ZAR	7.5464 / 7.5514
LIBOR	RATES
1 MONTH	0.33775
2 MONTHS	0.38928
3 MONTHS	0.44506
6 MONTHS	0.63500
1 YEAR	1.10563

ECONOMIC	TARGETS
INFLATION RATE	8.0%
GDP GROWTH	5.8%
DEBT / BORROW-	1.8% GDP

MONEY AND CAPITAL MARKETS

Commercial bank current account holdings closed the week lower at K780.9 billion from K900 billion in the previous week. BoZ mopped up the difference through the OMO window.

Treasury bill yields continued on an appreciating trend last week. Reduced levels of participation at the auction accounted for the overall gain in yields. The benchmark 91 days treasury bill that traded at 3.61 per cent previously marginally appreciated to close at 3.95 per cent. Amounts allocated were K75 billion against bids of K140.7 billion.

The Lusaka Stock Exchange (LuSE) last week recorded 88 trades involving 3.86 million shares with a value of K2.58 billion.

The all share index declined by 0.27 per cent to close the week at 2,856.92 points from 2,864.65 points in the previous week. Zain trading as Celtel and Zambia Sugar both lost K5 to close at K630 and K285 respectively. Trading Activity was also recorded in AEL Zambia, British American Tobacco, National Breweries, Zambeef and Zanaco.

INTERNATIONAL MARKETS

Last week, the Euro plunged to an 18-month low against the **USD** as harsh spending cuts mandated by an emergency bailout may choke off a recovery in the euro zone. The Euro was weaker at \$1.2384. **GBP** slipped against the USD on concerns over potential political tensions. It was down at \$1.4567. **ZAR** steadied against the USD but could weaken during the session as concerns about the global economy triggered by financial woes in Europe dampened risk appetite. It touched 7.4858/USD. **Copper** futures settled at a one-week low and fears that new austerity measures in Europe and fiscal tightening in China could slow

an economic recovery. Copper for July delivery finished at \$3.1340/lb. LME for 3-months delivery closed at \$6,925/tonne. **Gold** futures ended lower, as options-related selling and investors' need for cash dragged the market off record highs hit during the session. June Gold settled down at \$1,227.80/ounce. Spot Gold was at \$1,229.90. Gold fix was at \$1,236.50. **Crude Oil** futures ended lower and extended losses on concerns the euro zone recovery may be stifled and amid high U.S. Oil inventories. June Crude settled down at \$71.61/barrel. June Brent Crude settled down at \$77.18/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.

**Visit Zambia Campaign****MARKET INDICATORS**

FOREX	4910/4930	
INTERBANK	01.60%	
T-BILLS	03.95%	
BONDS	07.57%	
INFLATION	09.20%	

FBZ RATES ZMK US\$

BASE RATE	21.0%	13.0%
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DEPOSITS ZMK US\$

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

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