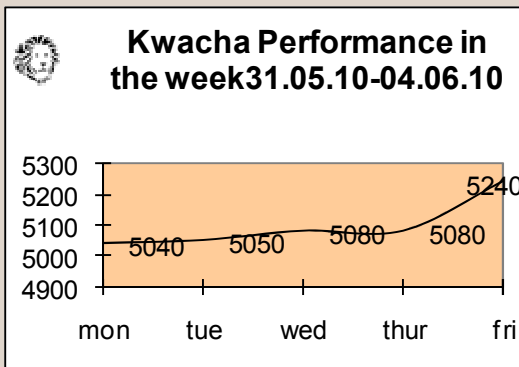




FOREIGN EXCHANGE MARKET

The ZMK opened last week on a stable note in lackluster trading conditions. It opened trading on Monday at 5020 and 5040 for buying and selling against the USD on the interbank market. It remained largely unchanged up to Thursday in an evenly matched market. However, the ZMK became volatile on Friday on interbank demand which saw the ZMK tumble to 5220 and 5240 levels by close of business on Friday. This was in reaction to global economic concerns leading to investors becoming risk averse and taking cover in safer assets. ZMK lost 4% of its value in the week.



KEY INDICES

T-BILL	RATES
91 DAYS	04.4979%
182 DAYS	05.9999%
273 DAYS	05.7470%
364 DAYS	06.7659%
BOND YIELD	RATES
2 YEARS	08.6195%
3 YEARS	09.5000%
5 YEARS	09.4872%
7 YEARS	14.7205%
10 YEARS	15.6890%
15 YEARS	16.2273%

CROSS	RATES
EUR / USD	1.1973 / 1.1979
GBP / USD	1.4460 / 1.4465
USD / JPY	91.910 / 91.920
USD / ZAR	7.7625 / 7.8220

LIBOR	RATES
1 MONTH	0.35000
2 MONTHS	0.43563
3 MONTHS	0.53656
6 MONTHS	0.74919
1 YEAR	1.19656

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

MONEY AND CAPITAL MARKETS

The overnight market continued to trade funds 1.5%. BoZ was present through the OMO window last week.

Treasury bill yields were seen rising across all tenors at last week's auction. Market sentiments are now firmly favoring appreciating interest rates in the wake of declining commodity prices and volatile world currency markets. Demand at the auction was K166 billion when the central bank was only looking to secure K100 billion. The full amount was allocated. The 91 days t-bill now yields 4.5% from a low of 1.98%.

The all share index recorded a decrease of 0.09% to end at 2,853.53 points from previous closing of 2,856.16 points. A turnover of K72,054,154 was recorded after transacting 54,467 shares in 26 trades. AELZ gained K280 to end the day at K1,480 and Lafarge recorded an increase of K100, closing at K6,000. Trading activity was also recorded in Zambia Sugar, Zamefa, Natbrew, Celtel, BP Zambia and BATZ.

INTERNATIONAL MARKETS

Last week, **USD** fell versus the Yen after a government report showed U.S. non-farm payrolls grew at a slower than expected rate in May. It was lower at 92.06 Yen. Euro was down at \$1.2052. **GBP** extended declines against the USD, tracking a broad fall in the Euro as a lower-than-expected rise in U.S. jobs data kept investors averse to risk as it suggested the U.S. economy was slowly improving. It was down at \$1.4475. The fallout from the U.S. numbers weighed on the **ZAR**, which fell to a 10-day low against the USD. It traded at 7.7780/USD. **Copper** hit its lowest price, after disappointing U.S. jobs data added to doubts

about the global economy. Copper for July delivery settled at \$2.8195/lb. LME, Copper for 3-month delivery fell to \$6,235/tonne. **Gold** rose, rebounding from losses after weaker-than-expected U.S. employment data pushed the stock market and commodities sharply lower, raising the safe-havens bid for bullion. Spot Gold rose to \$1,217.45/ounce. Gold futures for August delivery rose to \$1,217.70/ounce. **Brent Crude Oil** futures rose on revived optimism about U.S. energy demand ahead of key monthly jobs data. Brent futures for July rose to \$76.43. U.S. Crude rose to \$75.30.

(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	5220/5240	
INTERBANK	01.60%	
T-BILLS	04.50%	
BONDS	08.62%	
INFLATION	09.10%	

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%
CPR 180 DAYS +	LIBOR +4%	

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