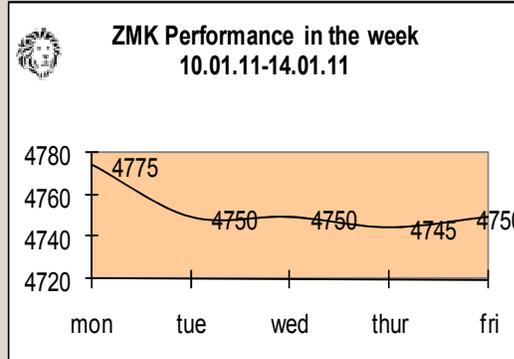




FOREIGN EXCHANGE MARKET

The ZMK was trapped in a range last week in mild trading. It opened last week trading at 4755 and 4795 for buying and selling against the US Dollar on the interbank market. It traded at its lowest on Tuesday after opening at a low of 4775 and 4795 for buying and selling respectively, but rebounded to 4730 and 4750 levels by end of business.

On Friday the ZMK opened at 4725 and 4745 to close at 4730 and 4750 after China raised its bank reserve requirements by 50 basis points, putting a damper on risk appetite. This week, we expect the ZMK to continue trading in a range.



KEY INDICES

T-BILL	RATES
91 DAYS	06.7591%
182 DAYS	07.2813%
273 DAYS	07.7756%
364 DAYS	08.3317%
BOND YIELD	RATES
2 YEARS	08.9132%
3 YEARS	08.0000%
5 YEARS	13.0141%
7 YEARS	13.9812%
10 YEARS	15.0091%
15 YEARS	15.4879%

CROSS	RATES
EUR / USD	1.3382 / 1.3388
GBP / USD	1.5863 / 1.5868
USD / JPY	82.940 / 82.970
USD / ZAR	6.9025 / 6.9625

LIBOR	RATES
1 MONTH	0.26125
2 MONTHS	0.28250
3 MONTHS	0.30313
6 MONTHS	0.45594
1 YEAR	0.78219

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

MONEY AND CAPITAL MARKETS

The aggregate balance of funds held at the respective current accounts at the central bank by commercial banks closed the week higher at K1,496.4billion after opening the week at K1,292.3billion. BoZ absence in the OMO market resulted in increased liquidity levels in the short term market and a declined overnight index that closed at 1.73% from 2.54% on Monday. At the treasury bill auction, overall demand was K577.3 billion as BoZ allocated K150 billion at declining yields. The 91 days t-bill now yields 6.76% from 7.27% previously. At the LuSE, the index closed at 3,432.94 points down by -0.03%. A total of 2,713,397 shares were transacted in 31 trades yielding a total turnover of K303 million. Trading activity was recorded in AELZ, BPZAM, CEC, INVESTRUST, ZAMBEEF, ZAMEFA, ZAMBREW, ZANACO, and ZSUG.

INTERNATIONAL MARKETS

Last week, the **USD** recovered earlier losses against the Euro and Yen, though it remained confined to the tight range. The Euro closed at \$1.3328. The USD recovered to 82.92 Yen.

GBP hit a 1-month high against the USD on expectations UK interest rates could rise in coming months due to sticky inflation. GBP was up to \$1.5876.

ZAR fell to its lowest in 5 weeks, as the central bank mopped up USD supply as a measure to curb currency strength. It traded at 6.9425/USD.

Copper made modest gains. 3-month Copper on the LME closed at \$9,650/tonne. The benchmark

March futures contract rose to \$4.4120/lb.

Gold futures ended 2% lower after China tightened bank reserves to rein in inflation and as safe-haven demand faded on a better economic outlook. February Gold futures settle down at \$1,360.5/ounce. Spot Gold fell to \$1,359.50/ounce. London afternoon Gold fix was at \$1,367/ounce.

Crude Oil futures fell over \$1/barrel, as Alaska's main Oil pipeline moved closer to restoring Oil shipments to full volumes. February Crude Oil futures were down at \$90.36/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	4730/4750	
INTERBANK	01.74%	
T-BILLS	06.76%	
BONDS	08.91%	
INFLATION	07.90%	

FBZ RATES ZMK US\$

BASE RATE	19.5%	13.0%
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DEPOSITS ZMK US\$

SAVINGS	1.0%	0.2%
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24 HR CALL	0.1%	
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1 MTH FIXED	1.0%	0.5%
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3 MTH FIXED	2.0%	1.2%
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CPR 180 DAYS +	LIBOR	+4%
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MARK BERTRAM DIRECTOR TREASURY (+260 1) 237 582
 MICHAEL BWALYA ASSISTANT DIRECTOR (+260 1) 224 990
 PAUL MANGOMBA SENIOR DEALER (+260 1) 224 264
 CHILEMBA ZULU FOREX DEALER (+260 1) 224 990

mbertram@financebank.co.zm
 mbwalya@financebank.co.zm
 pmangomba@financebank.co.zm
 czulu@financebank.co.zm

HEAD OFFICE P.O. BOX 37102
 FINANCE HOUSE, CAIRO ROAD, LUSAKA, ZAMBIA
 TEL (+260 1) 22 97 33 - 40
 FAX (+260 1) 22 44 50 / 75 44
 SWIFT ZFBAZMLU

www.financebank.co.zm