



WEEK CAPTIONS

- ◆ Copper earnings are expected to hit the US\$2 billion mark by next year.
- ◆ A Mkushi farmer engaged in cultivation of grapes intends to start producing wine next year.
- ◆ Kariba North Bank has started rehabilitating its plant at a cost of US\$60 million.
- ◆ The ERB has reduced the pump price of petrol by 4.5% from K6,016.00 to K5,745.00 per litre.
- ◆ The fuel crisis that hit the country recently cost Ndola Lime K3.6 billion.
- ◆ MTN offers 10% shares to the Zambian public.

QUOTE OF THE WEEK

"... In order for the economy to take off, the key is investment and strengthening the supply (production) side of the economy and also we have to improve, as a prerequisite, infrastructure." - Japanese Ambassador to Zambia M. Miyashita on Asia-Zambia investment initiative.

FBZ BUSINESS NEWS

WORLD BANK MISSION ON FINANCIAL SECTOR NETWORK IDENTIFIED FBZ AS THE MOST PROMINENTLY NETWORKED BANK AND IDEAL LOCAL PARTNER FOR "MAKING FINANCE WORK FOR AFRICA."

FOREX MARKET

The ZMK closed the week on a stable note amid lackluster trading conditions. Having opened the week at 4100 and 4150 for bid and offer respectively, the ZMK posted mild gains on Wednesday when it touched 4080 and 4130 for buying and selling on the inter-bank market before retreating to 4100 and 4150 on Thursday.

The ZMK went on to close the week at 4110 and 4160 for bid and offer largely unchanged from the opening levels bringing an end to the huge volatilities witnessed in last two weeks.

Trading activity continued on a subdued note as very few suppliers came on the market to sell Dollars at these rates considered too low for their comfort. The takers, on the other hand, adopted a wait and see attitude hoping for further appreciation of the ZMK before making their purchases.

Outlook: Market sentiments still favour a robust local currency as the year comes to a close, albeit with retreats and rebounds in the short term. Suppliers will have no choice but to offload the greenback at the prevailing rates and cut their losses.

MARKET INDICATORS

FOREX	4080/ 4180
INTERBANK	14.00%
T-BILLS	15.51%
BONDS	19.08%
INFLATION	18.3%

FBZ	ZMK	US\$
LENDING	29%	(Base)

DEPOSITS		
SAVINGS	5%	0.2%
24 HR CALL	3.5%	0.2%
1 MTH	6%	0.6%
3 MTH	9%	1.2%

MONEY MARKET

INTERBANK

The interbank overnight index marginally declined last week as excess liquidity levels in the market improved. A further decline in the overnight rate was only halted by the Central Bank when it withdrew some excess cash from the system through Open Market Operations.

On Thursday excess market liquidity was reported to be K121.8 billion with K46.9 billion traded in the overnight market at an average rate of 13.4%

A further decline in rates is expected this week.

TREASURY BILLS

Last week's treasury bill auction saw declined levels of participation. The total amount of bids tendered was K87.9 billion. This was a sharp fall from the previous week's recorded amount of K112.4 billion.

The whole amount of K85 billion on offer was allocated as the yield rate for the 91 and 364 days treasury bill marginally declined.

Little movement in yield rates is expected at the next auction.

CAPITAL MARKET

THE EQUITY MARKET

Trading activity was recorded in British American Tobacco, BP Zambia, Chilanga Cement, National Breweries, Standard Chartered Bank, Zambeef products, Zambian Breweries and Zambia sugar. 147,239 shares were transacted in 29 trades yielding a total turnover K113, 644,497. Chilanga Cement and Zambian Breweries lost K500 and K10 respectively while BP Zambia gained K5 and closed at K405. The index closed at 1,211.02 down 3.34% from 1,252.90 the previous week.

GOVERNMENT BONDS

The eleventh GRZ Bond auction of the year will be held this week on Friday.

The Central Bank in its role as Government's agent will be looking to borrow K95 billion from the general public.

At the last auction bids amounting to K143.2 billion were received by the central bank and K95.2 billion allocated.

Yield rates are expected to marginally decline.

TERMS & CONDITIONS APPLY



**SHE SEES A BRIGHT FUTURE
AND SO DO WE!**

Paid-Up Capital - The total amount of shareholder capital that has been paid in full by shareholders. Paid-up capital is essentially the portion of authorized stock that the company has issued and for which payment has been received.

KEY INDICES

T-BILL YIELD	RATES
91 DAYS	15.5141%
182 DAYS	16.1811%
273 DAYS	16.8749%
364 DAYS	17.1649%

BOND YIELD	RATES
2 YEARS	19.0825%
3 YEARS	21.9777%
5 YEARS	25.2167%

CROSS	RATES
EUR / USD	1.1767/ 1.1770
GBP / USD	1.7451/ 1.7457
USD / JPY	117.92/ 117.96
USD / ZAR	6.7200 / 6.7700

LIBOR	RATES
1 MONTH	4.12000
2 MONTHS	4.27000
3 MONTHS	4.34000
6 MONTHS	4.55000
1 YEAR	4.80125

ECONOMIC	TARGETS
INFLATION RATE	15%
GDP GROWTH	4.3%
DEBT / BORROWING	1.6% GDP

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**South Africa's MTN to sell 10 percent of
Zambian unit.**

The Zambian unit of South African cell phone operator MTN, has presented its plan to offer 10% of the business to the public, the Communications Authority regulator said on Thursday. This is in fulfilment of one of the conditions for purchase of Telecel where MTN was required, within three months of the execution of the share transfer, to submit to the CAZ, for approval its plan to divest 10% shareholding to the Zambian public, said

Shuller Habeenzu the CAZ CEO in a statement. Habeenzu said that the key objective of the proposed plan is to ensure broad based ownership by the public, which include MTN employees and customers. MTN agreed to buy Telecel Zambia, now MTN-Zambia in August for undisclosed fee and said last month it would invest \$70 million on expanding and upgrading existing facilities. MTN-Zambia has 90,000 subscribers, but intends to grow.

INTERNATIONAL NEWS

■ U.S DOLLAR

The Dollar shot to 18-months highs against the Euro on Friday, after the euro zone currency failed to breach \$1.20 in the wake of a soft U.S. payrolls report, unleashing a torrent of selling. Hedge funds in particular bailed out of their positions as the Euro dropped through its previous low for the year at around \$1.1870, sending the Dollar surging across the board. By late afternoon, the Euro settled at \$1.1823, down 1% from late Thursday, after hitting its lowest level since 2004 at 1.1803. The Dollar also pushed to another 26-month high against the Japanese Yen piercing through options-related defense at 118 yen up to 118.35 yen. Against the Swiss Franc, the Dollar rose 1.1 percent to 1.3062 francs, while Sterling fell 1.1% to \$1.7501.

■ GBP

Sterling fell one percent on the day against the Dollar and lost some ground versus the Euro on Friday, following a sharp rise in the U.S. currency and some weak data from Britain. By 1550 GMT, Sterling fell as low as \$1.7510, hitting its lowest level since October, 19. It also lost a quarter percent on the day to 67.60 Pence per Euro.

■ RAND

South Africa's Rand edged firmer against the Dollar on Friday after the Euro recovered slightly versus the greenback. At 1415 GMT the Rand was trading at 6.61/Dollar, around 2 cents stronger on its New York close in the previous session.

■ COPPER

At the London Metal Exchange (LME), three months copper set an all time high on Friday at \$4,105 per tonne, soaring far above the previous record set Thursday at \$4,018 as it headed into the close.

Much of the appreciation was on account of tight supply fears and inflation worries in the US. Meanwhile, China's state reserves bureau announced that it would auction 20,000 tonnes of copper and sell 100,000 tonnes more in order to suppresses the rising prices.

■ OIL

On Friday, oil prices fell below \$58 per barrel to record the lowest level since July as swelling fuel stocks, eased consumer fears of tight winter supplies. Oil supplies were nearly 13% higher in the U.S. than they were last year. OPEC also announced that there were no takers for the extra two million barrels per day of crude it had volunteered if needed.

■ GOLD

December gold futures rose 30 cents to close at \$468 per ounce at the NYMEX. The yellow metal was barely changed even as the dollar shot to new two year highs against the euro on Friday.

DIARY

November 15th

JOHANNESBURG:

Final day of precious metals conference sponsored by the London Bullion Market Association.

November 19th

BERLIN:

ECB President Jean-Claude Trichet to speak on "Economic and financial basis for European identity" on the occasion of a conference on "European identity."

November 23rd

LONDON:

Bank of England to publish minutes of its November 9 - 10 Monetary Policy Committee (MPC) meeting.

November 25th

JOHANNESBURG:

Treasury Director Lesetja Kganyago addresses Black Economic Empowerment executive breakfast hosted

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