



Victoria Falls—150 years last since Dr Livingstone's 1st historic sighting

WEEK CAPTIONS

- ◆ South Africa's mining group, African Rainbow Minerals, eyes Zambia for mineral exploration and development.
- ◆ Lilayi Development Holdings Limited has unveiled models of houses planned for its 5000-unit housing estate in Lilayi area
- ◆ Cargolux Airline has reduced its fuel surcharge on all shipments.
- ◆ Vedanta Resources is making moves to increase its shareholding in Konkola Copper Mines.
- ◆ National Milling starts cooking oil production targeted for the low-income earners.

QUOTE OF THE WEEK

"Looking ahead, the outlook for the economy is favourable. With a return to normal weather conditions along with stable oil prices and fuel supplies, economic growth is expected to be considerably stronger in 2006." - IMF country representative Dr. Joseph Kakoza.

FBZ BUSINESS NEWS

FINANCE BANK PARTICIPATED IN WORLD BANK ZAMBIA MISSION ON "ACCESS TO FINANCE", TO EXPLORE ISSUES THAT PRECLUDE EXTENDING CREDIT MORE WIDELY IN DIFFERENT SECTORS.

FOREX MARKET

The ZMK maintained its resilience last week on the back of strong dollar supply from key suppliers as well as Non-Governmental Organizations (NGOs). It firmed from the opening levels of ZMK4100/USD and ZMK4150/USD for bid and offer on the inter-bank market to close the week at ZMK3990/USD and ZMK4040/USD levels. This translates into an appreciation of almost 3% against the dollar during the week.

The current exchange rate levels were last recorded in January, 2002.

The Zambian Kwacha has performed extremely well this year following Zambia's reaching the HIPC completion point which has led to improved dollar flows into the country.

On year-on-year basis the ZMK has appreciated by close to 15% which has seen the local currency firming from the January levels of ZMK4750/USD to the current levels of ZMK4050/USD.

Outlook: The ZMK is expected to maintain its recent gains and could appreciate further to ZMK3800/USD levels by the end of the year.

MONEY MARKET

INTERBANK

Many commercial banks carried long positions for most of the week, as interbank rates declined from 13% on Monday to 9% at the close of the week.

The central bank was constantly in the market looking to secure funds by way of term deposits. On Thursday, K12 billion was borrowed for a period of 85 days at a weighted average rate of 17.5%.

Overnight rates may firm slightly owing to a fall in liquidity due to T-bill and Bonds settlements.

TREASURY BILLS

On Thursday last week, the Central Bank came into the market to effect the weekly treasury bill auction.

A total of K85 billion was on offer. However, BOZ only received K50 billion in bids as market players held back liquidity in readiness for the GRZ bond auction that fell on Friday.

K50 billion was allocated as the yield rates for the 91 and 273 days marginally appreciated.

This week, a mildly short market may marginally push up the yield rates.

CAPITAL MARKET

THE EQUITY MARKET

Trading activity was recorded in British American Tobacco, BP Zambia, Chilanga Cement, Pamodzi Hotel, Standard Chartered Bank and Zambia Sugar. Pamodzi hotel was the lead stock with 12,016,000 shares worth K2,042,720,000 traded in 3 trades. Overall, 12,208,623 shares were transacted in 34 trades yielding a total turnover of K2,117,495,309. The all share index went up by 3.57 % from 1,211.02 points and closed at 1,254.30 points driven by the share price gains.

GOVERNMENT BONDS

The monthly bonds auction took place on Friday 18th November.

K95 billion was offered by the Central Bank and K74.20 billion was allocated as the weighted average yield rate for the 2 and 5 year tenors continued to decline.

The average yield rate for the 2-year bond is now 19.04%. At the next auction, yield rates are expected to decline further as the market seems to favour high yielding long-term assets.

MARKET INDICATORS

FOREX	3990 / 4040
INTERBANK	9.00%
T-BILLS	15.56%
BONDS	19.04%
INFLATION	18.3%

FBZ ZMK US\$

LENDING	29% (Base)
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DEPOSITS

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

TERMS & CONDITIONS APPLY



TAKE ADVANTAGE

AutoFINANCE

Corporate Governance - The relationship between all the stakeholders in a company. This includes the shareholders, directors, and management of a company, as defined by the corporate charter, bylaws, formal policy, and rule of law.

KEY INDICES

T-BILL YIELD	RATES
91 DAYS	15.5567%
182 DAYS	16.0131%
273 DAYS	17.0147%
364 DAYS	17.0114%

BOND YIELD	RATES
2 YEARS	19.0414%
3 YEARS	22.2077%
5 YEARS	25.0495%

CROSS	RATES
EUR / USD	1.1769/ 1.1770
GBP / USD	1.7161/ 1.7176
USD / JPY	119.42/ 119.48
USD / ZAR	6.6670/ 6.6870

LIBOR	RATES
1 MONTH	4.16563
2 MONTHS	4.30125
3 MONTHS	4.37250
6 MONTHS	4.57000
1 YEAR	4.78188

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

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Chinese Government Copper Trader Goes Missing.

A Chinese government copper trader is missing after he took a major short position on the London Metal Exchange, the Asian Wall Street Journal reported.

Liu Qibing, who worked for China's State Reserve Bureau, built short positions that require delivery of between 100,000 and 200,000 tons of copper by Dec. 21. Initially the Chinese government denied his existence, but the paper was able to cite several people

who have worked with the trader.

China raised the possibility that it might not recognise this series of controversial copper trades on the LME, when a Beijing official said the Chinese trader who made them, was acting in a personal capacity and was no longer employed by the government, according to the Financial Times.

Liu Qibing, the copper trader, had made these potentially loss making trades on the London Metal Exchange running into hundreds of millions of dollars.

INTERNATIONAL NEWS

■ **U.S DOLLAR** — The Dollar ended lower against the Euro on Friday, after the ECB President Jean-Claude Trichet again indicated an interest rate rise was likely. Though the Dollar had been up for most of the global session it fell against the Euro, and trimmed gains against other major currencies, after ECB President said that the bank was ready to raise interest rates for the first time in 2 1/2 years. Late in New York, the Euro traded at \$1.1766, up about 0.1 percent from late Thursday.

■ **GBP** — Sterling fell to a two-year low against the Dollar and a one-month low against the Euro on Friday as the Pound's interest rate advantage looked set to wane. Sterling's weakness against the Euro was triggered by ECB President Jean-Claude Trichet, who signaled that Euro interest rates would rise from 2.0% in December. By 1500 GMT, Sterling was up 0.15% against the Euro at 68.44 Pence. Against the Dollar, Sterling hit a two-year low of \$1.7100.

■ **RAND** — The South African Rand was steady near a 10-day peak versus the Dollar on Friday, with local markets waiting for domestic inflation data due next week for clues on the interest rate outlook. Soaring gold and platinum prices lifted the Rand to a 10-day best of 6.6915/Dollar on Thursday. At Friday 1500 GMT, the Rand was trading at 6.7075/Dollar.

■ **GOLD**
Gold futures closed down slightly

in New York on Friday, below a fresh 18-year high hit overnight as traders awaited the next move from bullish funds and investors.

The market paused after a speculative rally that had hoisted gold up by 4.3% since the end of the previous week on expectations that it could soon touch \$ 500 an ounce. Gold futures at the COMEX closed the week at \$486.20.

■ **COPPER**

Copper prices on Friday rose again to record highs above \$4,200 a tonne as investors gambled that China cannot ship enough metal to cover a trading position that might expose it to losses of \$300 million.

Traders believe that a looming December delivery deadline on contracts to supply between 150,000 and 200,000 tonnes of copper placed by a Chinese trader will be impossible to meet. Trading on Friday saw copper prices reach an all time high of \$ 4,243/ tonne.

■ **OIL**

Crude oil futures ended down but off five-month lows on Friday as traders covered short positions ahead of the expiration of the December crude contracts. Ample inventories overshadowed the aggressive buying as oil closed the week lower at \$ 56.14/ barrel.

DIARY

November 23rd

LONDON:

Bank of England to publish

minutes of its November 9 - 10 Monetary Policy Committee (MPC) meeting.

**November 24th
NEW DELHI:**

World Economic Forum in India.

**November 25th
JOHANNESBURG:**

Treasury Director Lesetja Kganyago addresses Black Economic Empowerment executive breakfast hosted by Absa.

**November 29th
PARIS:**

Publication of the OECD Economic Outlook No. 78, preliminary version. News conference.

**December 1st
HARARE:**

Zimbabwe Finance Minister Herbert Murewa presents 2006 Budget.

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