



FOREIGN EXCHANGE MARKET

The ZMK continued to be under pressure last week on USD supply fears and negative global economic environment. It tumbled by almost 2.3% last week, weakening from the opening levels of 5500 and 5520 for bid and offer against the USD to 5625 and 5645 by end of the week. Had it not been for continued BoZ intervention, the ZMK could have plummeted even further. There has not been any positive news for some time since the global financial meltdown of last year which has seen major developed economies enter into recession.

The emerging markets have suffered reduced demand for their commodities from industrialized nations. Commodity prices including copper have plummeted by more than 60% since their peak in July last year. This coupled with the continued exiting of our local market by portfolio investors through de-leveraging has rendered the ZMK bearish.

Outlook:

The ZMK is likely to remain bearish and volatile as mismatch in supply of and demand for USD continues to characterize the market.

KEY INDICES

T-BILL	RATES
91 DAYS	14.2146%
182 DAYS	16.0115%
273 DAYS	17.4245%
364 DAYS	18.3909%
BOND YIELD	RATES
2 YEARS	17.5307%
3 YEARS	18.4346%
5 YEARS	19.4973%
7 YEARS	17.2609%
10 YEARS	18.4069%
15 YEARS	19.2499%

MONEY AND CAPITAL MARKETS

In the **overnight** market, yields slowly appreciated during the week from an average of 8.33% to 9.5% at the close of the week. The upward movement resulted from demand arising from month-end obligations. In addition, BoZ kept the OMO window open throughout the week and collected K341.5 billion.

K116 billion worth of bids were submitted at last week's **treasury bill** auction. This was K65.7 billion more than the bids seen at the previous auction. Rejected funds from the previous week's bond auction were redirected to last week's treasury bill auction. Yields closed the week marginally higher.

At the **LuSE**, the index recorded an increase of 0.15% to close at 2,381.74 points compared to 2,378.21 points recorded on Thursday. CCHZ recorded a drop of K1.5 to close at K7. CEC closed at K455 down by K15. On the other hand Zambia Sugar gained K6 ending the day at K249. The volume shares traded today was 596,932, yielding a turnover of K161, 681,056. A total of 32 transactions were recorded.

CROSS	RATES
EUR / USD	1.2665 / 1.2671
GBP / USD	1.4319 / 1.4324
USD / JPY	97.6000 / 97.6500
USD / ZAR	10.0850 / 10.1500

LIBOR	RATES
1 MONTH	0.49625
2 MONTHS	0.96313
3 MONTHS	1.26438
6 MONTHS	1.80313
1 YEAR	2.11938

ECONOMIC	TARGETS
INFLATION RATE	10%
GDP GROWTH	5%
DEBT / BORROW-	1.8% GDP

INTERNATIONAL MARKETS

Last week Friday, **The Dollar** climbed broadly as a sharp contraction in the U.S. economy, a new rescue attempt for Citigroup fuelled safe-haven buying of the greenback. The Euro was down to \$1.2681, and the Dollar gained against the CHF to 1.1685. **Sterling** fell on renewed concerns about the banking system after British bank Lloyds reported a massive loss for 2008 and as investors reassessed a UK government plan to insure banks' toxic assets. The Pound was down at \$1.4165. The Euro was up at 89.17 pence. **SAR** extended its losses against the Dollar to over 1.7%. The Rand weakened to 10.06 against the Dollar.

Copper prices ended lower last week Friday, snapping a string of gains. Copper for 3-month delivery on the LME closed down at \$3,448/tonne. Copper for May delivery settled at \$1.5385/lb. **Gold** ended slightly lower in choppy trade, falling for a fifth straight session after bullion rose above \$1,000, as investors opted to sell the metal amid volatile stock markets. Spot Gold was down at \$936.10/ounce. Gold futures for April delivery settled down at \$942.50/ounce. **Oil** prices fell 1%, pulled lower by U.S. data showing the economy shrank more than expected. Crude settled at \$44.76/barrel. London Brent Crude fell to \$46.35/barrel.



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MARKET INDICATORS

FOREX	5625/5645	
INTERBANK	09.00%	
T-BILLS	14.21%	
BONDS	17.53%	
INFLATION	14.00%	

FBZ RATES ZMK US\$

BASE RATE	22.0%	10.5%
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DEPOSITS ZMK US\$

SAVINGS	3.0%	0.1%
24 HR CALL	3.0%	0.1%
1 MTH FIXED	3.5%	0.5%
3 MTH FIXED	10.0%	1.25%
NCD 90 DAYS +	LIBOR +3%	

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