



FOREIGN EXCHANGE MARKET

The ZMK recorded a marginal depreciation of just under 1% last week as the gap between demand for and supply of US Dollars narrowed. The Kwacha opened the week trading at 5565 and 5585 for buying and selling on the inter-bank market. It then depreciated to 5610 and 5630 levels on Tuesday on inter-bank activity but remained largely unmoved for the rest of the week. The ZMK went on to close the week at 5620 and 5640 for buying and selling, a depreciation of 1% for the week under review. It is still trying to find its proper level in light of the global financial meltdown.

The global financial crisis and the resultant global economic recession has led to weakening demand for commodities by industrialized nations leading to sharp falls in commodity prices. This coupled with outflows of portfolio capital has led to a steep depreciation of the Kwacha, seen as a necessary adjustment to the weakening external environment.

Until such a time that there will be an improvement in global economic outlook and thus recovery of copper prices, the ZMK is likely to continue to be unstable and weak.

KEY INDICES

T-BILL	RATES
91 DAYS	13.9216%
182 DAYS	15.9067%
273 DAYS	17.0248%
364 DAYS	18.0642%
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%



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MARKET INDICATORS

FOREX	5620/5640	
INTERBANK	10.00%	
T-BILLS	13.92%	
BONDS	17.53%	
INFLATION	14.00%	

FBZ RATES ZMK US\$

BASE RATE	21.0%	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%	

MONEY AND CAPITAL MARKETS

The **treasury bill** auction at the close of last week attracted bids worth K126.3 billion. A total of K100 billion was allocated. On account of the over-subscription, weighted average yields declined marginally and the benchmark 91 days treasury bill closed the week at 13.92% from 13.99 percent the previous week.

Last week, Bank of Zambia was ever present in the short term money market and siphoned a total of K225 billion through the **OMO** window. In the 3 day long business week, demand for kwacha in the short term market averaged at K120 billion. This demand caused the overnight yields to soar to 11.2% from the week's opening levels of 10.9%

On Friday, the **all share index** recorded a drop of 0.60% to close at 2,313.49 points from 2,327.39 points recorded on Wednesday. **BATZ** was the only security that recorded a gain, closing at K1, 440 from K1, 300. A volume of 279,457 was transacted yielding a turnover of K167, 469150 in 55 trades. Trading was also recorded in Celtel, Lafarge and Zambeef.

INTERNATIONAL MARKETS

Last week Friday, the **Dollar** gave up its gains against the Euro in volatile trade as U.S. stocks closed the week in positive territory, prompting investors to take on more risk. The Euro edged up against the Dollar to \$1.2919. **Sterling** gained to \$1.3984. The Yen fell against both the Dollar and Euro at 98.03 and 127.65 respectively. The **SAR** was trading at 9.99 against the Dollar. South Africa's main maize futures ended up, tracking higher Chicago Board of Trade corn prices, while the benchmark wheat futures fell on the back of a firmer Rand against the Dollar.

Metal, both precious and industrial, rose against

the gloomy backdrop in other commodities last week Friday, with **Gold** rallying on currency woes and Copper rising on declining inventories. Gold for April delivery settled up at \$930.10/ounce. Spot Gold was at \$927.55/ounce. **Copper**, the benchmark May contract closed at \$1.6645/lb. LME, Copper for delivery in 3 months rose to \$3,720/tonne. **Crude** futures fell back in choppy trading on weak demand forecasts from OPEC and the International Energy Agency amid caution ahead of a possible output cut when the producers' group meets Sunday. April Crude settled down at \$46.25/barrel. April Brent ended down at \$44.93/barrel.

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