



FOREIGN EXCHANGE MARKET

The ZMK failed to extend its gains recorded in the previous week but instead backtracked to close last week 2.15% weaker. It opened trading last week at firm levels of 5100 and 5120 for buying and selling against the USD on the inter-bank market. These firm levels attracted takers on to the market and sooner than later the ZMK started to retreat as demand for USD overwhelmed its supply.

By close of business on Wednesday, the ZMK was trading at a buy rate of 5210 and sell rate of 5230 on the inter-bank market.

In volatile trading on Thursday, the ZMK weakened further on massive USD buying by market players jostling to cover their positions recording an intra-day low of 5415 and 5435 before bouncing back to close the day at 5340 and 5360 on Bank of Zambia intervention. Friday's trading was equally volatile and mixed, first weakening to 5390 and 5410 levels early in the day before hitting a high of 5165 and 5185 intra-day after another intervention by the Central Bank. It then closed the day at 5210 and 5230 thereby recording a depreciation of 2.15% during the week.



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MARKET INDICATORS

| | |
|-----------|-----------|
| FOREX | 5210/5230 |
| INTERBANK | 08.20% |
| T-BILLS | 13.69% |
| BONDS | 18.85% |
| INFLATION | 14.30% |

FBZ RATES ZMK US\$

| | | |
|-----------|-------|-------|
| BASE RATE | 22.0% | 10.5% |
|-----------|-------|-------|

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 central bank last week opened the OMO window and used REPOS as the operational instrument of choice. The offered amounts averaged at K100 billion for tenors ranging from 14-60days. Commercial banks did not seem keen to invest in those periods. Meanwhile, the **overnight money market** index closed the week at 12%.

At the **treasury bill** auction, K100 billion was offered for the four tenors. Total bids were K118.8 billion but the amount allocated was K68 billion. The bids for the 364 days tenor were K90.8 billion. This could be an indication that medium term yields may be on the decline soon.

The **equity market** continued to show positive signs, recording an increase of 4.18%. The all share index closed at 2,289.68 points from 2,194.96 points recorded on Thursday. A yield of K3,378,972,142 was recorded after transacting 1,412,603 shares in 49 trades. The following gains were recorded; Bp Zambia closed at K237 up by K47. Celtel rose by K13 to close at K424.

INTERNATIONAL MARKETS

Last week Friday, The **Dollar** held steady against other major currencies as weak US economic data tempered optimism about signs of easing credit market strains. The Dollar was changing hands at ¥95.87. The Euro fell to \$1.3626 and to ¥130.59. Sterling tumbled as low as \$1.5060. The **Pound** fell broadly, pushing the Euro up to a session high of 88.53 pence versus 87.95 pence before the BoE decision. **SAR** was weak against major currencies on the back of a strong Dollar. It was bid at R8.5605/Dollar, at R11.6143/Euro and at R12.9835/Sterling. **Copper** fell 4%, chasing a decline in London metal to a 2-week low in the

previous session after unexpectedly gloomy US retail sales data. Copper for 3-month delivery edged up to \$4 445. **Oil** prices paused below \$59 as investors weighed stronger equities, a steady Dollar and a gloomy demand forecast by the IEA. Crude for June delivery inched up to \$58.71/barrel, while London Brent for July delivery rose to \$58.71 in its first session of trade as the new front-month contract. **Gold** was little changed, torn between a soft Dollar and firmer equities. Spot Gold was steady at \$926.20/ounce. Gold futures for June delivery fell to \$926.80/ounce.

(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.

KEY INDICES

| T-BILL | RATES |
|------------|----------|
| 91 DAYS | 13.6908% |
| 182 DAYS | 15.5406% |
| 273 DAYS | 15.7885% |
| 364 DAYS | 17.8767% |
| BOND YIELD | RATES |
| 2 YEARS | 18.8542% |
| 3 YEARS | 19.0000% |
| 5 YEARS | 19.9971% |
| 7 YEARS | 17.2609% |
| 10 YEARS | 18.4069% |
| 15 YEARS | 19.2499% |

| CROSS | RATES |
|-----------|-----------------|
| EUR / USD | 1.3492 / 1.3499 |
| GBP / USD | 1.5161 / 1.5166 |
| USD / JPY | 95.190 / 95.230 |
| USD / ZAR | 8.6560 / 8.7550 |
| LIBOR | RATES |
| 1 MONTH | 0.32813 |
| 2 MONTHS | 0.64250 |
| 3 MONTHS | 0.82563 |
| 6 MONTHS | 1.35625 |
| 1 YEAR | 1.65625 |

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