



FOREIGN EXCHANGE MARKET

Trading in the Zambian forex market resumed at 08:30hrs on Tuesday 26th. Interbank trade opened at 5090 on the buy side and 5110 on the sell side before appreciating to a high of 5055 and 5075 for bid and offer respectively.

On Wednesday, market sentiment was leaning towards a weaker ZMK on account of reduced USD supply to the market. This became more evident when ZMK traded at low levels of 5115 for bid and 5135 for offer. On Thursday, a further depreciation saw ZMK open at 5120/5140 and close the day at 5175/5195.

At the close of the week, the bearish run continued and ZMK traded at 5275/5295 in the afternoon trading session.

At this point, Bank of Zambia opted to intervene and effectively halted the bearish run. A sharp turn around saw ZMK gain by 3.12% to close the week at 5110 and 5130 for bid and offer respectively.

This week, we expect ZMK to find support at 5000 and resistance at 5200. A breach of the 5000 level may see ZMK gain significantly.

KEY INDICES

T-BILL	RATES
91 DAYS	13.6374%
182 DAYS	15.3488%
273 DAYS	16.1963%
364 DAYS	17.9057%
BOND YIELD	RATES
2 YEARS	17.8632%
3 YEARS	18.5859%
5 YEARS	19.0000%
7 YEARS	17.2000%
10 YEARS	18.2000%
15 YEARS	19.2499%

CROSS	RATES
EUR / USD	1.4158 / 1.4159
GBP / USD	1.6182 / 1.6187
USD / JPY	95.290 / 95.350
USD / ZAR	7.9290 / 7.9490

LIBOR	RATES
1 MONTH	0.31625
2 MONTHS	0.50938
3 MONTHS	0.65625
6 MONTHS	1.24000
1 YEAR	1.60000

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

MONEY AND CAPITAL MARKETS

Throughout the week, the **overnight market** traded at a 12% average. Volumes of Interbank funds traded were found at K90 billion on Tuesday and peaked at K158 billion on Thursday.

Bank of Zambia kept the OMO window open and took deposits worth K102 billion.

At the **treasury bill** auction, total bids received amounted K119.7 billion and the amounts allocated were K100.1 billion. The 364 days tenor received bids worth K64.6 billion. K50.1 billion was allocated. The 91days issue now yields 13.64%.

The all **share index** closed at 2,498.32 points, increasing by 2.41% from previous closing of 2,448.09 points. BP Zambia dropped by K3 to close at K352. On the other hand CEC increased by K2 to close at K441. Celtel ended at K465 up by K22. Lafarge gained K10 to close at K4,500. Natbrew closed at K4,620 from K4,300. Zanaco recorded a K70 gain to close at K375. A volume of 3,556,188 was transacted in 28 trades yielding a turnover of K1.89 billion

INTERNATIONAL MARKETS

Last week, Friday, the **Dollar** hit a 5-month low against a basket of major currencies and the Euro rose above \$1.41 for the first time this year as investors bought higher-yielding currencies and assets on hopes of a global economic recovery. The Euro traded up at \$1.4137. **Sterling** jumped to its highest level in more than six months against the Dollar and was on track for its biggest monthly gain since 1985 as improved investor sentiment stoked demand for riskier currencies. Sterling rose against the Dollar to \$1.6105. Against stronger Euro, the Pound dipped, however, with the single currency up at 87.66 pence.

SAR came off its 8-month high to the Dollar after heavy gains. The Rand was trading at 8.0275/ Dollar. **Copper** rose to its highest level in 3-weeks. Copper for July delivery settled at \$2.1975/lb. Copper for 3-months delivery on the LME closed at \$4,830/tonne. **Gold** futures rose above \$980/ounce to end near a 3-month high. Spot Gold traded at \$976.80/ounce. **Crude Oil** futures ended higher for the sixth straight session. July Crude settled up at \$66.31/barrel. July Brent Crude settled up at \$65.52/barrel.

(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.



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MARKET INDICATORS

FOREX	5110/5130	
INTERBANK	08.20%	
T-BILLS	13.64%	
BONDS	17.86%	
INFLATION	14.30%	

FBZ RATES ZMK US\$

BASE RATE	22.0%	10.5%
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DEPOSITS ZMK US\$

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