



### FOREIGN EXCHANGE MARKET

The ZMK surged by over 2% last week recouping all the losses incurred in the previous week and making further gains. It opened trading on Monday at a buy rate of 4820 and sell rate of 4840 against the USD on the Interbank market but rallied to close the week at firm levels of 4720 and 4740 for buying and selling. The bullish run was against a background of improved US Dollar supply as the month was drawing to a close which saw corporates converting the hard currency to ZMK for the month end local currency obligations.

The ZMK's rally last week was also against a backdrop of increased world economic optimism raising hopes for a sustainable robust commodity prices. Copper price climbed to an 11-month high, buoyed by improving economic and demand expectations, and maintained strong levels into the close at \$6,475/tonne. Higher copper output and resurgent copper prices are expected to support the ZMK in the short to medium term as copper output is forecast to rise to 600,000 tonnes in 2009 from about 575,000. This week, ZMK will most likely range from 4600 to 4800.

### KEY INDICES

| T-BILL     | RATES    |
|------------|----------|
| 91 DAYS    | 16.0449% |
| 182 DAYS   | 16.2046% |
| 273 DAYS   | 17.2174% |
| 364 DAYS   | 18.1071% |
| BOND YIELD | RATES    |
| 2 YEARS    | 18.2640% |
| 3 YEARS    | 19.7286% |
| 5 YEARS    | 20.1678% |
| 7 YEARS    | 17.2000% |
| 10 YEARS   | 19.5752% |
| 15 YEARS   | 19.2499% |

| CROSS     | RATES           |
|-----------|-----------------|
| EUR / USD | 1.4300 / 1.4301 |
| GBP / USD | 1.6267 / 1.6272 |
| USD / JPY | 93.640 / 93.650 |
| USD / ZAR | 7.7305 / 7.7750 |

| LIBOR    | RATES   |
|----------|---------|
| 1 MONTH  | 0.25875 |
| 2 MONTHS | 0.28000 |
| 3 MONTHS | 0.34750 |
| 6 MONTHS | 0.75500 |
| 1 YEAR   | 1.33000 |

| ECONOMIC       | TARGETS  |
|----------------|----------|
| INFLATION RATE | 10%      |
| GDP GROWTH     | 5.8%     |
| DEBT / BORROW- | 1.8% GDP |

### MONEY AND CAPITAL MARKETS

Liquidity in the **overnight market** was found at K448.3 billion at the weeks outset but declined to K324 billion on Wednesday before closing the week higher at K483.6 billion. The overnight index averaged at 12% in the week.

The **treasury bill auction** received bids worth K159.2 billion. BoZ was only looking for K100 billion. Investors showed greater interest in the 364 days issue and bids were found at K70.7 billion. However, BoZ could only accept K40 billion for this tenor and K100 billion for all the four tenors.

The **all share index** recorded a 1.65% decline, closing at 2,658.30 points from 2,702.85 points. Zambia Sugar lost K23 to end the day at K337. CEC closed at K525 down by K10 and CCHZ dropped by K0.50 to close at K5.50. On the other hand Zamefa gained K42; closing at K222 and Zanaco went up by K16 to end at K497. A turnover of K103, 793,862 was recorded after transacting 621,032 shares in 27 transactions. Trading was also recorded in AELZ, Lafarge, Shoprite, and Zambeef.

### INTERNATIONAL MARKETS

Last week, the **Dollar** rose against the Yen and Euro in light trade as mixed economic reports from around the world left traders guessing about the underlying health of the global economy. The Dollar rose to 93.55 Yen. **Sterling** was up at \$1.6382 after figures showed the UK economy contracted at a slightly slower rate in the second quarter than initial estimates. The Euro was down at 87.88 pence. The **Rand** crept to a 4-week high against the Dollar. It was trading at 7.7512/Dollar. **Copper** climbed to an 11-month high, buoyed by improving economic and demand expectations, and maintained strong levels into the close.

Copper for 3 month delivery closed up at \$6,475/tonne. Copper rose to \$6,510. Copper for December delivery settled higher at \$2.9505/lb. **Gold** futures rallied to a 3-week high, gaining 1% as recent signs of economic recovery boosted the metal as a hedge against rising inflation in the longer term. December Gold settled up at \$958.80/ounce. Spot Gold was at \$956.40/ounce. London afternoon Gold fix was at \$955.50/ounce. **Oil** prices rose slightly amid lingering optimism that the recession is ending. Crude for October rose at \$72.74/barrel. London Brent advanced to \$72.79/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.



### Visit Zambia Campaign

#### MARKET INDICATORS

|           |           |  |
|-----------|-----------|--|
| FOREX     | 4720/4740 |  |
| INTERBANK | 12.00%    |  |
| T-BILLS   | 16.04%    |  |
| BONDS     | 18.26%    |  |
| INFLATION | 14.00%    |  |

#### FBZ RATES ZMK US\$

|           |       |       |
|-----------|-------|-------|
| BASE RATE | 23.0% | 13.0% |
|-----------|-------|-------|

#### 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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