



## FOREIGN EXCHANGE MARKET

The ZMK was largely unmoved last week except for some intra-day volatilities. It opened last week Monday trading at a buy rate of 4640 and sell rate of 4660 against the US Dollar on the inter-bank market. On Tuesday, it recorded an intra-day low of 4670 and 4690 on diminished US Dollar supply but settled to close the day at 4650 and 4670 levels. It remained range bound at these levels on Wednesday until Thursday when it firmed to 4600 and 4620 on improved US Dollar supply in what appeared to be offshore players participating in the Treasury Bills auction on the day.

The ZMK marginally depreciated on Friday to close the week at 4620 and 4640 levels on increased demand, but still a marginal appreciation of 0.4% overall during the week. The ZMK has failed to breakthrough the 4600 psychological level in its recent rallies. It would appear the 4600 level is the current support level for the ZMK and any decisive break of this level might see the support level shift to 4500. With the USD hitting a one year low against a basket of currencies, the ZMK might just consolidate its recent gains, what more with copper prices hovering above \$6,000/t.

## KEY INDICES

T-BILL	RATES
91 DAYS	15.5513%
182 DAYS	16.1651%
273 DAYS	17.0805%
364 DAYS	18.5156%
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	1.4567 / 1.4573
GBP / USD	1.6668 / 1.6673
USD / JPY	90.690 / 90.750
USD / ZAR	7.4200 / 7.4620

LIBOR	RATES
1 MONTH	0.24338
2 MONTHS	0.25713
3 MONTHS	0.29900
6 MONTHS	0.67750
1 YEAR	1.25375

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

## MONEY AND CAPITAL MARKETS

Yields in the **overnight market** averaged at 12.20% at the close of last week while volumes of Interbank funds traded K107.5 billion. BoZ participated in the market via the OMO window.

At the **treasury bill** auction, bids amounted to K84.6 billion while BoZ was looking to secure K100 billion. K69.2 billion was allocated. Yields on treasury bills have continued to show a downward trend. The 91 days issue now yields 15.55% from 15.95% previously. There was no secondary market activity in the **bond market** at the LuSE.

A drop of 0.25% was recorded in the all share index, which closed at 2,605.99 points from previous closing of 2,612.43 points. 28 Transactions involving 139,115 shares worth K121, 977,179 were recorded. CEC dropped to K437 from K440. Farmers House shed K240 to close at K2, 500. Investrust lost K0.50. Zanaco recorded a drop of K5 to end at K510 and SCZ lost a marginal K1, closing at K329. Transactions were also recorded in AELZ, Celtel, Zambeef and Lafarge.

## INTERNATIONAL MARKETS

Last week, Friday, **Gold** settled above \$1,000/ounce for the first time this year as the tumbling Dollar boosted the precious metal as an investment alternative to the currency. Gold futures' benchmark December contract settled up at \$1,006.40/ounce. Spot Gold, which reflects bullion trading, rose to a high of \$1,011.55/ounce. **Crude Oil** prices, however, fell below key \$70/barrel. The front-month Crude contract closed down at \$69.29/barrel. London Brent Crude ended down at \$67.69. **Copper** for 3 months delivery on the LME closed at \$6,250/tonne. Benchmark Copper futures for December settled down

at \$2.8465/lb. The **Dollar** slipped against a basket of currencies. It was down versus the Yen. The Euro was also lower, trading at 131.88 Yen. The Euro was little higher at \$1.4597. **Sterling** hit a one-month high against a broadly weak Dollar, buoyed by a rally in higher-risk currencies and by the view the BoE's decision to keep monetary policy unchanged suggests the UK economy may be stabilizing. Sterling was higher at \$1.6690. The Euro slipped to 87.32 pence. **South Africa's Rand** advanced to a fresh 13-month high against the Dollar. It was trading at 7.4530/Dollar.

*(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	4620/4640	
INTERBANK	12.50%	
T-BILLS	15.55%	
BONDS	18.26%	
INFLATION	14.30%	

### FBZ RATES ZMK US\$

BASE RATE	23.0%	13.0%
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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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