



FOREIGN EXCHANGE MARKET

The ZMK was in a free fall situation last week prompting the Central Bank to intervene massively to rescue the local currency from further depreciation. The ZMK opened last Monday trading at a bid rate of 5465 and offer of 5485 on the inter-bank market. By mid-day, the ZMK had tumbled to 5630 and 5650 levels on USD supply fears. High volatility characterized the market leading to the market freezing at some point as some inter-bank players started quoting indicative prices thereby suspending trading. Monday closed trading at frozen levels of 5630 and 5650.

The situation was little changed on Tuesday with minimal trades recorded as most players continued to quote indicative prices. On Wednesday the market resumed normal trading after the Central Bank reminded the players on their obligation to quote firm prices. The ZMK then plummeted to its lowest level in history in intra-day trading at 5790 and 5810. It however rebounded from these levels to 5560 and 5580 on massive BoZ intervention and made further recoveries on Thursday on improved USD supply (or is it BoZ intervention). It closed the week at 5500 and 5520 levels.

KEY INDICES

T-BILL	RATES
91 DAYS	14.0113%
182 DAYS	15.9202%
273 DAYS	17.4930%
364 DAYS	18.0730%
BOND YIELD	RATES
2 YEARS	17.0578%
3 YEARS	16.8936%
5 YEARS	19.0026%
7 YEARS	17.2609%
10 YEARS	18.4069%
15 YEARS	19.2547%



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MARKET INDICATORS

FOREX	5500/5520
INTERBANK	08.00%
T-BILLS	14.01%
BONDS	17.06%
INFLATION	16.00%

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

Last week, trading on the domestic **Overnight money market** was found relatively low. Daily traded Interbank volumes ranged between K20-70 billion as banks continued holding long local currency positions. Yields averaged at 8.3%.

Meanwhile, BoZ intervened in the money markets and took deposits worth K233.5 billion through the **OMO window**.

At the **Treasury bill** auction, Bank of Zambia managed to secure K46.2 billion of the K100 billion requirement from the market. This was against K50.6 billion worth of bids. Average yields remained stable.

Commercial banks showed a greater appetite for the 91 days treasury bill as it attracted bids worth K24.3 billion. However, only K20 billion was allocated for the benchmark tenor.

The all share index recorded a marginal increase of 0.03%, closing at 2,323.67 points, from previous day's close of 2,323.02 points.

A Turnover of K1, 758,069,249 was recorded after transacting a volume of 2,177,286 shares in 25 trades.

INTERNATIONAL MARKETS

Last week Friday, **the Dollar** fell across the board as investors sought to lock in the currency's steep gains ahead of the weekend amid growing uncertainty about the prospect of U.S. bank nationalization. The Euro last traded up at \$1.2838. Against the Yen, the Dollar fell to 92.98. Sterling rose to \$1.4421. Against the Euro, **Sterling** rose thanks to a surprise rise in UK retail sales last month. The Euro was down at 88.26 pence. Sterling was flat against the Yen at 134.69. **SAR** weakened on worries about the global economy. It traded weaker at 10.20 against the Dollar.

Copper sank to a one-month low in NY futures

trade after a huge surge in London stockpiles and a deteriorating economic outlook drove investment away from the industrial metal. Copper for March delivery closed at \$1.4160/lb. LME Copper for 3 months delivery ended down at \$3,150/tonne. **Gold** neared record highs when it surged beyond the much-anticipated \$1,000/ounce level. Spot Gold jumped to \$1,005.40. Gold futures for April delivery rose to \$1,007.70/ounce. **Oil** prices fell as the deteriorating global economic outlook continued to weigh on the market. Crude futures for March delivery settled at \$38.94/barrel. April Brent Crude settled at \$41.89/barrel.