



## FOREIGN EXCHANGE MARKET

The ZMK posted a 1.6% appreciation last week on sudden increase in USD supply towards the end of the week. It opened the week on a stable note at 5640 and 5660 for buying and selling on the Interbank market. It remained range bound for most part of the week before firming to 5550 and 5570 on Thursday. The ZMK's bullish run on Thursday was on account of improved supply of the greenback by offshore players in what appeared to be rekindled interest in government securities. The ZMK was also buoyed by positive market sentiments.

The global economic downturn appear to be bottoming out with upbeat economic data suggesting potential recovery in the global economy. The prospects for global economic turn around has helped commodity prices to go up in recent times. Copper price has risen by more than 40% this year and last week shot to its highest level in two weeks closing the week at US\$4,600.00 per tonne.

**Outlook:**

*This week, the ZMK is likely to continue on its bullish path as supply of the greenback is most likely to outweigh demand.*

## KEY INDICES

T-BILL	RATES
91 DAYS	13.9462%
182 DAYS	15.8415%
273 DAYS	15.9434%
364 DAYS	18.1344%
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%



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### MARKET INDICATORS

FOREX	5550/5570	
INTERBANK	11.50%	
T-BILLS	13.95%	
BONDS	18.85%	
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%
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

For the second week running, the commercial bank aggregate current account balance closed in excess of K700 billion. BoZ siphoned some of the cash through the OMO window as the **Interbank overnight market** continued to trade at about 12%.

Meanwhile, total bids at the **treasury bill** auction were found at K135.6 billion. Of the K100 billion requirement, only K88.6 billion was allocated. The 364 days tenor remains the most preferred. Bids for this tenor accounted for 64% of the total bids. The benchmark 91 days tenor received bids worth K17.9 billion and currently yields 13.95%

There were no trades reported from the LuSE in the secondary **bond market**. In the primary market, the next bond auction will take place in the third week of the month.

At the LuSE, the index remained unchanged at 2,143.37 points. Transactions were recorded in BP Zambia, Celtel, CEC, Lafarge, Farmers House, Zambeef and Zambia Sugar. The volume traded was 566,575, worth K565,814,806 in 22 transactions.

## INTERNATIONAL MARKETS

Last week, Friday, **Dollar** and Yen fell as increasing risk appetite sparked by better-than-expected U.S. economic data pared demand for both currencies as a refuge against the global slowdown. The Euro rose to \$1.3262/Dollar. **Sterling** firmed against the Dollar in the wake of data showing the pace of deterioration in UK manufacturing slowed in April. Sterling was up at \$1.4878. It gained ground against the Euro at 89.05 pence. Sterling advanced to 147.47 Yen. Thursday, last week, **SAR** surged to a new 7-month high against the Dollar. It was trading at 8.46/Dollar.

Last week, Friday, **Copper** shot to its highest level in 2 weeks, buoyed by a weak Dollar, tightening supplies and upbeat economic data that offered evidence of a potential recovery in the global economy. Copper for July delivery settled at \$2.1010/lb. Copper for 3 month delivery LME closed up at \$4,600/tonne. **Gold** ended lower as signs of economic recovery dented safe-haven demand. Spot Gold was at \$884.85/ounce. **Crude** futures settled above \$53/barrel. June crude Oil rose at \$53.20/barrel. June Brent Crude rose at \$52.85/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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