



FOREIGN EXCHANGE MARKET

The ZMK was range bound last week posting only a marginal appreciation of 0.40% in an evenly matched foreign exchange market. The ZMK opened last week trading at 5090 and 5110 for buying and selling against the US Dollar on the interbank market.

It traded at its lowest on Wednesday at 5120 and 5140 for buying and selling respectively, but rebounded to 5080 and 5100 on Thursday before closing at 5070 and 5090 levels on Friday. This represented a marginal appreciation of 0.40% overall during the week.

The ZMK appear to have stabilized in the range of 5000 and 5200 in recent weeks after a major rally which began in May, 2009 having traded at 5800 in March/April, 2009. The rally then was attributed to the recovery in copper prices which rose from US\$2,900 per tonne at the end of 2008 to US\$5,000 by June, 2009.

Despite the weakening of the US Dollar globally, the ZMK has failed to sustain its rally beyond the 5000 level as demand for and supply of US Dollars on the market appear to have evenly matched out.

KEY INDICES

T-BILL	RATES
91 DAYS	16.1072%
182 DAYS	16.8144%
273 DAYS	17.4862%
364 DAYS	19.0579%
BOND YIELD	RATES
2 YEARS	18.5114%
3 YEARS	19.3775%
5 YEARS	19.9383%
7 YEARS	17.2609%
10 YEARS	18.4069%
15 YEARS	19.2547%

CROSS	RATES
EUR / USD	1.4202 / 1.4208
GBP / USD	1.6428 / 1.6433
USD / JPY	94.770 / 94.820
USD / ZAR	7.7395 / 7.7595

LIBOR	RATES
1 MONTH	0.28500
2 MONTHS	0.34688
3 MONTHS	0.50188
6 MONTHS	0.95063
1 YEAR	1.48938

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

MONEY AND CAPITAL MARKETS

Yields in the **overnight money market** averaged at 12% last week. The OMO window remained closed and only opened on Friday when BoZ came in the market looking to secure K200 billion from the short term market. The banks' aggregate current account balance had increased from K441.4 billion on Monday to K601.4 billion at the close of the week.

The **treasury bill** auction received bids worth K169.3 billion even though the amounts sought was only K100 billion. The high demand for bills was driven by a very liquid short term market and relatively high yield rates.

At the **Bond** auction, K60.3 billion of the K118.5 billion worth of bids was allocated.

The all **share index** dropped by 0.54% to close at 2,857.40 points from 2,872.91 points. BP Zambia lost a marginal K1 to end the day at K332. Zanaco closed at K500 down by K50. A turnover of K317,548,547 was recorded after transacting 493,297 shares in 22 trades.

INTERNATIONAL MARKETS

Last week, Friday, the **Dollar** fell against the Euro as figures showing a stabilizing Euro zone economy and a good week for the U.S. stock market eroded demand for the greenback as a safe haven. The Euro rose to \$1.4211. **Sterling** fell against the Dollar and Euro, as UK growth figures for the second quarter came in weaker than expected, dampening hopes for a quick economic rebound while global stock market falls added to the downward pressure. Sterling hit a session low against the Euro at 86.74 pence. Against the Dollar it hit the day's low at \$1.6390. **Rand** last traded at 7.7100, with a 14-day relative strength index read-

ing of 33.29, ending 3 straight days of the greenback being oversold against the Rand on that one technical measure. **Crude Oil** crept closer to the \$70/barrel mark and **Copper** scaled 9-month highs after Euro zone economic data, which prompted analysts to predict further gains. Crude finished up at \$68.05/barrel. Copper futures for September settled down at \$2.5220/lb. On the LME, Copper for delivery in 3 months ended down at \$5,520/tonne. **Gold** futures ended slightly lower at \$950/ounce as investors took profits. August futures settled down at \$953.10/ounce. Spot was \$951.05.

(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	5070/5090	
INTERBANK	12.50%	
T-BILLS	16.11%	
BONDS	18.51%	
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%	

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