



FOREIGN EXCHANGE MARKET

The ZMK opened last week on a bullish note amidst strong supply of the greenback and weak demand from corporate takers. It opened the week trading at 4430 on the buy side and 4450 on the offer side on the interbank market. On Tuesday, the ZMK touched an intraday high of 4385 and 4405 for buying and selling as the mismatch between supply and demand for US Dollars.

On Friday however the ZMK shed off all the gains made earlier in the week as it weakened to 4440 and 4460 for buying and selling on increased demand for US Dollars. Friday's ZMK bearish run

came amidst a resurgent US Dollar and investors exiting risky trades, unnerved by U.S. President's proposals to limit risk-taking by U.S. Banks. Commodity prices crumbled for a second straight day on U.S. President's threats of restrictions on financial risk taking.

However, three weeks into the new year, the ZMK is 4.20% firmer against the greenback from its opening levels of 4655 to last week's closing of 4460. This is against the backdrop of higher copper prices still trading above US\$7,000.00 per tonne.

KEY INDICES

T-BILL	RATES
91 DAYS	06.5320%
182 DAYS	07.6364%
273 DAYS	09.0476%
364 DAYS	10.0000%
BOND YIELD	RATES
2 YEARS	13.0328%
3 YEARS	14.2820%
5 YEARS	17.3354%
7 YEARS	17.9000%
10 YEARS	18.9000%
15 YEARS	18.9017%

CROSS	RATES
EUR / USD	1.4132 / 1.4138
GBP / USD	1.6125 / 1.6130
USD / JPY	89.810 / 89.860
USD / ZAR	7.6163 / 7.6563

LIBOR	RATES
1 MONTH	0.23063
2 MONTHS	0.23938
3 MONTHS	0.24906
6 MONTHS	0.38469
1 YEAR	0.85750

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

MONEY AND CAPITAL MARKETS

The BoZ aggregate current account balance in the **overnight market** closed the week at K 1,120.7 billion while, the open market operations window 'OMO' remained closed last week. At the close of the week, yields in the overnight market were found at 4.42%.

The **treasury bill** auction received bids worth K154.1 billion while the total amount allocated was K96.4 billion. Market preference was for the 365days tenor that saw bids worth K88.9 billion when BoZ only sought K40 billion. Resulting from this, yields on the longer dated t-bill closed the week at 10%, a decline of 100 basis points. On the other hand, yields on the 91 and 182days tenor closed higher at 6.53% and 7.64% respectively.

The first **bond** auction of the year came on Friday last week. The tender size was K120 billion but the bids were found higher at K264.9 billion. This caused a significant decline in yields across all tenors. The yields on the benchmark 2-year bond depreciated by 150 basis points.

INTERNATIONAL MARKETS

Last week, Friday, the **Dollar** fell against the Euro and Yen as investors exited risky trades, unnerved by U.S. President's proposals to limit risk-taking by U.S. banks. The Dollar was at 89.84 Yen. The Euro rose to \$1.4139. **Sterling** fell broadly after weak UK retail sales data indicated consumer demand remains sluggish and investors scaled back recent optimism about the British economy. Sterling traded at \$1.6095. **ZAR** lost ground as commodities prices dipped. It was trading at 7.6345/ Dollar. **Copper** was the only major commodity that bucked the downtrend, as funds saw value in the metal whose prices had fallen to one-months

lows. Copper LME 3-month contract closed up at \$7,390/tonne. Copper contract for March ended up at \$3.3470/lb. **Crude Oil** fell below \$75/barrel as commodities crumbled for a second straight day on U.S. President's threats of restrictions on financial risk taking. Crude settled down at \$74.54/barrel. **Gold** prices fell touching a one-month low during the session, as U.S. President's proposal to limit risk-taking by banks pressured commodities across the board. Spot Gold was at \$1,092.20/ounce. Gold for February delivery settled down at \$1,089.70.

(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	4440/4460	
INTERBANK	04.40%	
T-BILLS	06.53%	
BONDS	13.03%	
INFLATION	09.90%	

FBZ RATES ZMK US\$

BASE RATE	23.0%	13.0%
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DEPOSITS ZMK US\$

SAVINGS	1.0%	0.2%
24 HR CALL	1.0%	0.1%
1 MTH FIXED	2.0%	0.5%
3 MTH FIXED	3.5%	1.25%
NCD 90 DAYS +	LIBOR +3%	

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