



### FOREIGN EXCHANGE MARKET

The local currency came under pressure last week plummeting by over 3% during the week on increased demand for the greenback by offshore players exiting the local market. The ZMK opened last week trading at a buy rate of 4440 and sell rate of 4460 against the US Dollar on the Interbank market. It was all bears for the ZMK from the week's onset closing Monday's trading session at weakened levels of 4480 and 4500 for buying and selling. On Tuesday, the ZMK continued to be under pressure as the mismatch between US Dollar supply and demand persisted.

It was the same story on Wednesday with the ZMK touching a low of 4590 and 4610 in volatile early trading which saw the Central Bank intervening to forestall the local currency's further depreciation. The ZMK closed the week at weakened levels of 4580 and 4600, thereby recording a depreciation of over 3% from its week's opening of 4440 and 4460 for buying and selling. A stable to bearish ZMK is anticipated this week on general stronger Dollar and weak copper prices which touched their lowest in two and half months at US\$6,750/tonne.

### KEY INDICES

T-BILL	RATES
91 DAYS	06.4686%
182 DAYS	06.9031%
273 DAYS	08.9064%
364 DAYS	09.7667%
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%



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#### MARKET INDICATORS

FOREX	4580/4600	
INTERBANK	04.40%	
T-BILLS	06.47%	
BONDS	13.03%	
INFLATION	09.60%	

#### 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%	

### MONEY AND CAPITAL MARKETS

Excess liquidity in the overnight market dropped from K1,438.9billion on Monday to close the week at K934.6 billion. BoZ intervention through the OMO window accounted for much of the liquidity decline. About K400billion was siphoned through term deposits and repos. ZMK demand on the Interbank market was found at K11 billion on Friday while the overnight yield rate is 4.16%. The Bank of Zambia overnight lending facility rate closed the week at 10.16%.

Once again, the treasury bill auction was over-subscribed. The auctioned amounts were K100 billion while the bids soared to K143.5 billion. A large short term market liquidity has continued to influence the weekly treasury bill auction. Year on year, the yields on the benchmark 91 days treasury bill are down by 750 basis points from 14.01% last year.

LuSE did not report any secondary market trade in the bond market. At the primary market auction of the previous week, yields declined across all tenors.

### INTERNATIONAL MARKETS

Last week, the **Dollar** rose against major currencies after stronger-than-expected economic data reinforced the view the USA was recovering from recession faster than other developed countries. The Euro traded at \$1.3863. **Sterling** fell against the Dollar and was trading at \$1.6050. It slipped versus the Euro to 86.92 pence. **ZAR** gained against the Dollar after trade data that showed a surplus in December, but the strong currency weighed on mining shares, dragging the bourse down. It was trading at 7.55/Dollar. **Copper** futures edged up from near 7-week lows on the back of improved economic prospects. Benchmark

Copper for March delivery rose to \$3.1115/lb. LME Copper for 3-month delivery last traded at \$6,857/tonne. **Gold** futures ended lower having fallen for a third straight week, as a resurgent Dollar and uncertainty over a U.S. proposal to limit banks' risk taking prompted fund liquidation. April settles down at \$1,083.80/ounce. Spot Gold at \$1,078.65. London afternoon Gold fix at \$1,078.50. **Crude** futures ended down raking up the biggest monthly percentage loss. March Crude settled down at \$72.89/barrel. March Brent Crude ended down at \$71.46/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.*