



FOREIGN EXCHANGE MARKET

The ZMK was seen trading weaker last week against the US Dollar pressured by low supply of the greenback. The local currency was trading at a buy rate of 4630 and sell rate of 4650 against the greenback at the opening session on Monday. By close of business on the day, the ZMK had marginally weakened to 4640 and 4660 for buying and selling. It weakened further on Tuesday to close the day at 4690 and 4710 but remained unchanged on Wednesday. On Thursday however, the ZMK recorded an intra-day high of 4655 and 4675 on corporate conversions but paired its gains by end

of day to close at 4680 and 4700. Pressure on the ZMK continued on Friday as it closed the day at bearish levels of 4690 and 4710 for buying and selling as the US Dollar climbed across the board, touching an 8-month high against a basket of currencies, a day after the Fed Officials played down the possibility of an early hike in the Fed rate.

The ZMK thus recorded a depreciation of 1.29% during the week.

The last three weeks has witnessed a complete reversal of all the gains made by the ZMK since the beginning of the year.

KEY INDICES

T-BILL	RATES
91 DAYS	04.0132%
182 DAYS	04.9332%
273 DAYS	06.3807%
364 DAYS	07.5259%
BOND YIELD	RATES
2 YEARS	10.9998%
3 YEARS	12.0461%
5 YEARS	15.3481%
7 YEARS	16.8092%
10 YEARS	18.3210%
15 YEARS	18.6477%

CROSS	RATES
EUR / USD	1.3607 / 1.3612
GBP / USD	1.5476 / 1.5481
USD / JPY	91.540 / 91.590
USD / ZAR	7.6400 / 7.6800

LIBOR	RATES
1 MONTH	0.22875
2 MONTHS	0.24000
3 MONTHS	0.25194
6 MONTHS	0.39531
1 YEAR	0.87750

ECONOMIC	TARGETS
INFLATION RATE	8.0%
GDP GROWTH	5.8%
DEBT / BORROW-	1.8% GDP

MONEY AND CAPITAL MARKETS

Overnight yields closed the week at 2.04%. The market had traded at 2.13% at the week's outset. Meanwhile, BoZ kept the OMO window closed throughout the week.

Government secured the K100 billion at the weekly **treasury bill** auction while total bids amounted to K235.6 billion. Resulting from this, treasury bill yields declined across all tenors. The 91 days t-bill now yields 4.01% from 5.03% previously.

The central bank auctioned **bonds** worth K120 billion for tenors that ranged from 2-15 years. Aggregated demand at the auction was K349.1 billion. The demand pressured the yields to close the week significantly lower. The 2-years bond is now trading at 11%, down by 440 basis points. There was no trade in the secondary market at the LuSE.

The **LuSE all share index** last Friday recorded a decline of 0.73% to close at 2,589.25. according to LuSE daily stock update for Friday, a turnover of K255,928 million was recorded after transacting 879,622 shares in 25 trades.

INTERNATIONAL MARKETS

Last week, the **USD** climbed across the board, touching an 8-month high against a currency basket, a day after the Federal Reserve raised the interest rate loans. The Euro was at \$1.3607. **GBP** fell to a 9-month low against the USD after a surprisingly big fall in UK retail sales highlighted weak consumer demand. It fell to \$1.5345. The Euro rose to 87.91 pence. **ZAR** fell by over 1.3% against a resurgent USD. It fell to 7.7365/USD. **Copper** prices soared to their highest levels in more than 3 weeks, as improved economic sentiment in the USA and expectations of robust Chinese demand bolstered the funds' appetite for

the industrial metal. Copper for March delivery shot up to \$3.3570/lb. LME, Copper for 3-month delivery ended at \$7,435/tonne. **Gold** prices rose, reversing early losses fueled by a stronger USD, as investors bought the metal to hedge against currencies' volatility. Gold futures for April delivery ended at \$1,122.10/ounce. Spot Gold was at \$1,119.50/ounce. **Crude Oil** futures ended higher, amid supply worries in the wake of a strike in French refineries and on geopolitical tensions over Iran's nuclear posture. March Crude settled up at \$79.81/barrel. April Brent Crude was up at \$78.19/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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MARKET INDICATORS

FOREX	4690/4710	
INTERBANK	02.00%	
T-BILLS	04.01%	
BONDS	11.00%	
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%
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24 HR CALL	1.0%	0.1%
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1 MTH FIXED	2.0%	0.5%
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3 MTH FIXED	3.5%	1.25%
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NCD 90 DAYS +	LIBOR	+3%
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