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### The week in focus

#### Botswana

- Botswana records significant gains in food security
- BWP: Pula trades weaker against the greenback

#### CMA

- Namibia: Government procures assets to assist in drought relief
- ZAR: Strong US payrolls figure pushes USD/ZAR to the 10.20s

#### Ghana

- Ghana set to issue its second Eurobond in July
- GHS: Cedi faces increasing headwinds

#### Kenya

- Government proposes exempting the staples, maize and bread, from taxes
- KES: Shilling surpasses our year-end estimate but we remain confident in our view

#### Mozambique

- Fitch upgrades Mozambique's credit rating to B+
- MZN: Metical plateaus at USD/MZN29.60

#### Nigeria

- US\$1bn dual tranche issuance draws considerable interest
- NGN: Month-end is a boon for the naira

#### Tanzania

- Government revises coal reserves to 5bn tonnes
- TZS: Shilling remains well supported below USD/TZS1,630

#### Zambia

- US\$14bn of investments are required to boost power sector
- ZMW: String of local and international public holidays provide relief to kwacha

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## Botswana

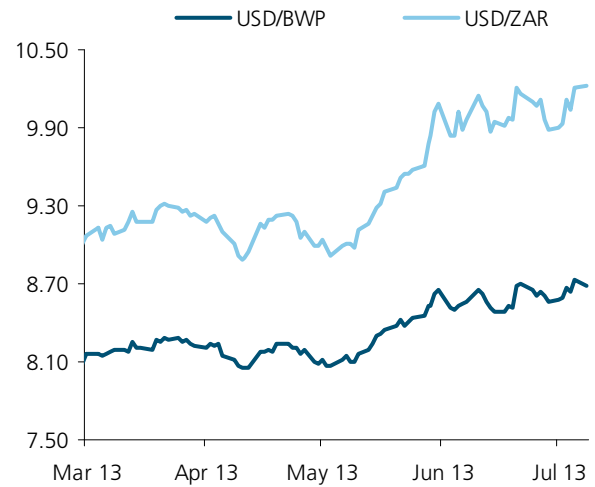
### News flash

- Botswana has recorded significant gains in food security over the last year. According to the EIU's Global Food Security Index, which comprises 27 measures of food affordability, availability and quality, Botswana ranks 43 out of 107 nations. No region's score improved dramatically, but sub-Saharan Africa showed the biggest gain, climbing by around one point in the index.

### Pula (BWP) in brief

- The pula spent most of Friday's session trading weaker against the greenback, touching a low of BWP/USD0.1140. The pula closed at 0.1143/57 from 0.1156/61 in the morning. Against the rand the pula closed the day at 1.1608/1.1774 from 1.1546/1.1712 in the morning.

Figure 1: Pula continues to track rand movements



Source: Bloomberg  
Data as at July 2013

## CMA

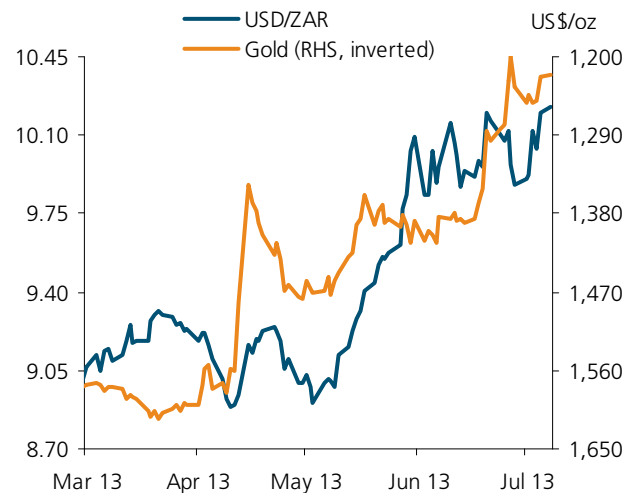
### News flash

- Namibia: The government has reserved N\$45m to procure two rigs and other accessories to assist in the drilling of boreholes. Namibia is experiencing its most severe drought in the last 30 years, and the scarcity of water has become serious for both people and livestock. The Kavango Region will be equipped with 30 boreholes and six pipeline extensions that will cost the government N\$16.1m.

### Rand (ZAR) in brief

- The strong US payrolls figure has pushed USD/ZAR to the 10.20s but, while the market looks to edge higher this morning, the risk of a breakthrough the top end of the range is small. Fed tapering in September now looks more likely than ever. Not only did Friday's non-farm payrolls figure show that a better than expected 195,000 jobs were created in June, but also that employment growth in both April and May were better than had previously been thought. Though GDP growth might have slowed in 2Q13, the payroll figure confirms that the US's underlying fundamentals continue to improve.

Figure 2: Rand subject to two-way volatility



Source: Bloomberg  
Data as at July 2013



## Ghana

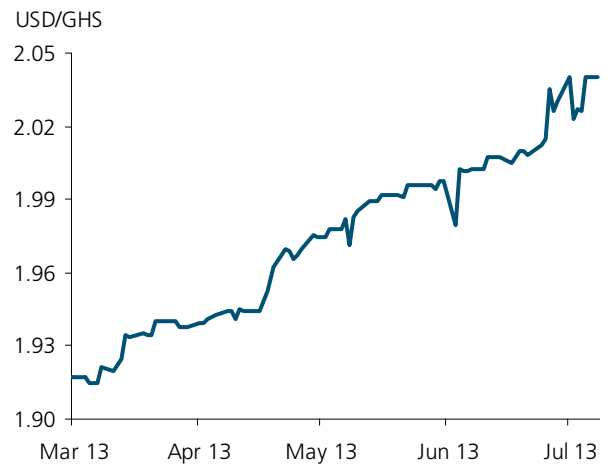
### News flash

- Ghana is set to issue its second Eurobond in July of up to US\$1bn. Arguably, the global backdrop has changed and this could affect the offering, but the appetite for emerging markets debt remains strong. Although it continues to boast relatively high risk-adjusted returns, Ghana's fiscal position is fragile at best.
- The government has intensified efforts to secure long term domestic funding by announcing that it will issue a 7-year cedi denominated bond next month.

### Cedi (GHS) in brief

- Though the cedi appears to have stabilised at USD/GHS2.00, the unit continues to face increasing headwinds on account of Ghana's dual deficits. We expect the BoG to introduce measures to support the currency should Ghana's fiscal health continue to deteriorate. However, that is not our core view. The impending Eurobond is likely to force the currency pair lower as investors continue to express interest in African international bond offerings. This was evident last week when Nigeria's US\$1bn dual tranche bond was four times oversubscribed.

Figure 3: Apparent cedi stabilisation at USD/GHS2.00



Source: Bloomberg  
Data as at July 2013

## Kenya

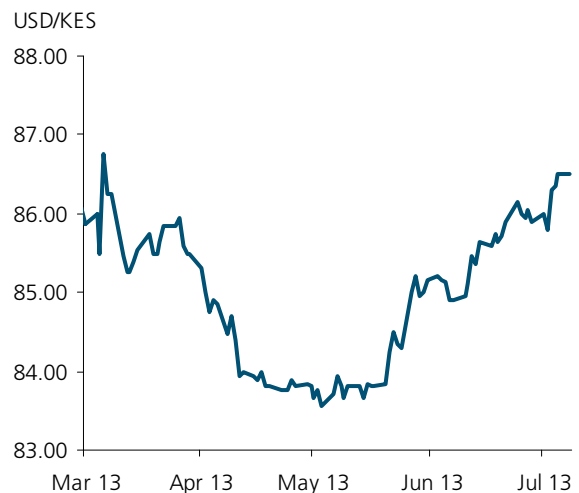
### News flash

- The government has proposed exempting the staples, maize and bread, from taxes under a proposed law re-introducing a 16% value-added tax on most foods. The new tax is an attempt by the government to increase revenues to help fund a budget deficit of around US\$3.8bn.

### Shilling (KES) in brief

- The shilling remains poised at USD/KES86.00 and has already surpassed our estimated year-end level. We maintain our forecast but envisage greater two-way risk in 2H13. The CBK is likely to intervene should the shilling demonstrate extreme upside or downside movements — rapid appreciation will erode Kenya's export competitiveness, while swift depreciation presents upside risk to inflation.

Figure 4: Shilling poised at 86.00, though upside pressure remains



Source: Bloomberg  
Data as at July 2013



## Mozambique

### News flash

- Having assessed Mozambique's macroeconomic performance relative to that of its peers, Fitch Ratings agency has resolved to increase the sovereign's long-term foreign currency issuer default rating from B to B+, declaring its outlook as being stable.
- The prolonged economic contraction in the eurozone has forced Portuguese migrants, aged 25 to 40, to seek out employment opportunities in Mozambique. Reportedly, the number of new registrations has increased between 30% and 39% since 2009. Despite an influx of skilled emigrants, Mozambique law stipulates that foreigners can make up no more than 5% of the workforce in large companies and between 8% and 10% in smaller firms.

### Metical (MZN) in brief

- The metical has plateaued at USD/MZN29.60, suggesting a normalisation in domestic liquidity conditions. Demand for foreign currency has receded on account of persistent rand weakness, which has made imports more affordable. We expect the metical to end the year at USD/MZN29.00.

Figure 5: The metical has plateaued at 29.60



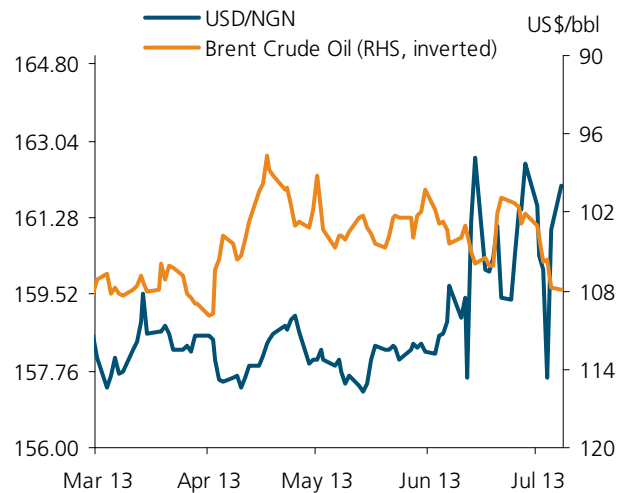
Source: Bloomberg  
Data as at July 2013

## Nigeria

### News flash

- Nigeria's US\$1bn dual-tranche Eurobond was reportedly three to four times oversubscribed, highlighting the continued demand for EM debt. US\$500m was raised through a five-year issuance priced at 5.375%, with the remainder secured through a 10-year offering at 6.625%.
- President Goodluck Jonathan is travelling to China this week to sign off on US\$3bn of loans from the government to build infrastructure. The loans will be based on interest rates of less than 3% over a 15-20 year period.
- Cocoa production is expected to rise by 40% to 280,000 tonnes this season due to good rainfall. Nigeria's cocoa association expects a further increase of 15% to 320,000 tonnes in the 2013/14 season.

Figure 6: Naira draws support from month-end inflows



Source: Bloomberg  
Data as at July 2013

### Naira (NGN) in brief

- Month-end was a boon for the naira as international oil firms offloaded US dollars to meet local currency obligations. NNPC is yet to come to market. A sizeable offering by the oil giant could provide the impetus for further naira gains. However, the unit remains under pressure as it continues to trade within the upper 3% of the CBN's target band.



## Tanzania

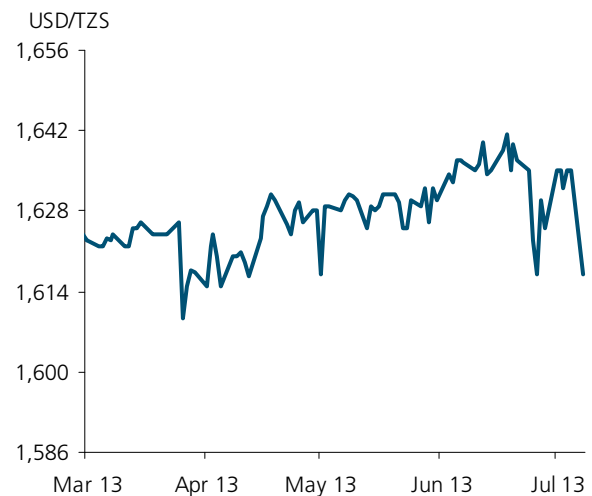
### News flash

- The Ministry of Energy and Minerals has revised upwards its coal reserves from 1.5bn tonnes to 5bn. Coal production is used mainly for domestic consumption and the government plans to increase its coal-fired power generation capacity and export more. The government’s energy strategy will focus on generating power from natural gas, coal, hydro-power and renewable energy sources. Tancoal Energy’s Ngaka coal project and the government’s Kivira mine are each set to have power plants with 400 megawatts capacity.

### Shilling (TZS) in brief

- The shilling remains well supported below USD/TZS1,630 as corporate and governmental inflows offset demand for US dollars. Volatility is expected to rise as flows begin to recede.

Figure 7: Shilling remains well supported at USD/TZS1,630



Source: Bloomberg  
Data as at July 2013

## Zambia

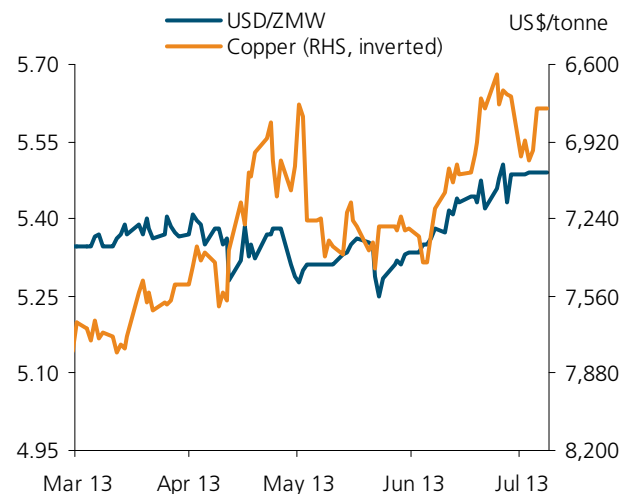
### News flash

- According to the World Bank, Zambia requires US\$14bn of investments to improve its transmission and power distribution infrastructure across the country. The national power grid can no longer accommodate the demand from industry. The maximum peak demand is currently 1,750MW.

### Kwacha (ZMW) in brief

- A string of local and international public holidays provided welcome relief to the kwacha last week. Despite being confined to a narrow range of USD/ZMW5.44 – 5.48, the local unit continued to trade dangerously close to the 5.50 level. The BoZ is likely to intervene should the unit surpass this level to dampen the effect on inflation. However, a meaningful reversal in trend requires fundamental support and a rebalancing of domestic liquidity conditions.

Figure 8: Kwacha trades dangerously close to USD/ZMW5.50



Source: Bloomberg  
Data as at July 2013



## Spot and implied forward exchange rates

	Currency rates				Outright forwards			
	Last	% change			Maturity			
		1-day	1-week	1-month	1-m	3-m	6-m	12-m
<b>Botswana</b>								
USD/BWP	8.63	-0.39	0.35	1.29	8.79	8.87	8.98	9.21
EUR/BWP	11.15	-1.09	-0.52	0.05	11.27	11.37	11.52	11.83
GBP/BWP	13.02	-1.66	-0.77	-0.40	13.07	13.18	13.34	13.67
BWP/JPY	11.59	0.38	1.55	-0.44	1.17	1.17	1.17	1.17
<b>Ghana</b>								
USD/GHS	2.03	-0.05	0.00	2.37	2.07	2.13	2.23	2.37
EUR/GHS	2.62	-0.75	-0.86	1.11	2.65	2.73	2.86	3.05
GBP/GHS	3.06	-1.33	-1.12	0.66	3.08	3.17	3.31	3.52
GHS/JPY	49.39	0.04	1.91	-1.49	209.03	215.90	225.07	239.07
<b>Kenya</b>								
USD/KES	86.35	0.06	0.35	1.35	86.82	87.78	89.25	92.78
EUR/KES	111.58	-0.64	-0.51	0.10	111.40	112.65	114.62	119.37
GBP/KES	130.21	-1.22	-0.77	-0.34	129.25	130.61	132.74	137.90
KES/JPY	1.16	-0.07	1.55	-0.50	0.86	0.87	0.88	0.92
<b>Mozambique</b>								
USD/MZN	29.85	0.00	0.17	0.16	29.71	29.98	30.16	30.78
EUR/MZN	38.57	-0.70	-0.69	-1.07	38.31	38.48	38.74	39.61
GBP/MZN	45.01	-1.28	-0.95	-1.51	44.45	44.61	44.86	45.76
MZN/JPY	3.35	-0.01	1.73	0.68	-	-	-	-
<b>Nigeria</b>								
USD/NGN	157.60	-1.56	-2.38	-0.35	159.75	159.75	159.75	159.75
EUR/NGN	203.65	-2.25	-3.22	-1.57	204.97	205.03	205.16	205.55
GBP/NGN	237.65	-2.82	-3.47	-2.01	237.80	237.71	237.60	237.46
NGN/JPY	0.64	1.58	4.39	1.20	0.63	1.60	1.60	1.60
<b>South Africa</b>								
USD/ZAR	10.04	-0.80	0.71	2.06	10.27	10.34	10.48	10.77
EUR/ZAR	12.97	-1.50	-0.15	0.81	13.16	13.27	13.45	13.84
GBP/ZAR	15.13	-2.07	-0.41	0.36	15.27	15.39	15.58	15.99
ZAR/JPY	9.97	0.80	1.18	-1.19	9.87	9.78	9.65	9.36
<b>Tanzania</b>								
USD/TZS	1,635.00	0.18	0.31	0.03	1,641.15	1,666.15	1,713.65	1,786.15
EUR/TZS	2,112.75	-0.52	-0.56	-1.20	2,105.68	2,138.38	2,200.74	2,298.18
GBP/TZS	2,465.42	-1.10	-0.81	-1.64	2,442.99	2,479.24	2,548.76	2,654.95
TZS/ZAR	0.06	-0.19	1.59	0.82	16.22	16.47	16.96	17.73
<b>Zambia</b>								
USD/ZMW	5.49	0.00	1.10	2.91	5.34	5.36	5.50	5.77
EUR/ZMW	7.09	-0.70	0.24	1.64	6.85	6.87	7.05	7.42
GBP/ZMW	8.28	-1.28	-0.02	1.19	7.95	7.96	8.16	8.57
ZMW/JPY	18.23	-0.01	0.79	-2.00	0.05	0.05	0.05	0.06

Source: Bloomberg, Reuters, RMB Global Markets  
All data as at July 2013



## Commodities prices

	Current	m/m % change	y/y % change	Implied volatility	3-month future	12-month future
<b>Metals</b>						
Gold US\$/oz	1,221.75	-11.7	-22.9	24.4	-	1,218.6
Copper US\$/tonne	6,821.00	-6.3	-10.3	23.4	6,793.5	6,812.0
<b>Softs</b>						
Cattle US\$/lb	151.80	5.7	3.6	14.8	122.0	125.6
Cocoa US\$/tonne	2,214.00	-6.3	-1.4	23.8	2,204.0	2,240.0
Coffee — Arabica US\$/lb	120.95	-4.7	-31.2	27.4	121.3	130.8
Coffee — Robusta US\$/tonne	0.00	-	-	25.8	1,809.0	1,844.0
Cotton US\$/lb	83.68	-1.4	18.2	21.5	86.4	83.9
Maize — Yellow R/tonne	2,203.00	-3.5	-3.4	24.0	2,231.0	2,241.0
Maize — White R/tonne	2,232.00	-3.3	-4.0	23.7	2,258.0	2,170.0
Raw Sugar US\$/lb	16.26	-1.0	-26.9	19.5	17.6	17.6
<b>Energy</b>						
WTI Crude US\$/bbl	103.39	7.7	22.4	24.3	100.5	93.3

## Interest rates

	3-m T-Bill		Policy rate
	June-13 <sup>1</sup>	Current	Current
Botswana	4.82	4.05	8.50
Ghana	23.09	21.83	16.00
Kenya	5.11	5.17	8.50
Mozambique	4.06	4.85	9.00
Namibia	5.15	5.15	5.50
Nigeria	11.50	11.53	12.00
South Africa	5.23	5.25	5.00
Tanzania	11.82	12.04	OMO <sup>2</sup>
Zambia	6.50	7.50	9.75

<sup>1</sup> End of month

<sup>2</sup> Open Market Operations

Source: Bloomberg, Reuters, RMB Global Markets

All data as at July 2013

## All rated sub-Saharan countries

	Fitch	Moody's	S&P
Angola	BB-	Ba3	BB-
Benin	-	-	B
Botswana	-	A2	A-
Burkina Faso	-	-	B
Cameroon	B	-	B
Cape Verde	B+	-	B+
Egypt	B	Caa1	CCC+
Gabon	BB-	-	BB-
Ghana	B+	B1	B
Kenya	B+	B1	B+
Lesotho	BB-	-	-
Mauritius	-	Baa1	-
Morocco	BBB-	Ba1	BBB-
Mozambique	B+	-	B+
Namibia	BBB-	Baa3	-
Nigeria	BB-	Ba3	BB-
Rwanda	B	-	B
Senegal	-	B1	B+
Seychelles	B	-	-
South Africa	BBB	Baa1	BBB
Tunisia	BB+	Ba2	BB-
Uganda	B	-	B+
Zambia	B+	B1	B+

Note: For full ratings disclosure, please refer to the last page

The sources used to compile this document are: Bloomberg, Reuters, AllAfrica.com, respective central bank and national statistical websites.



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