

25 August 2014

### Angola

- AOA: Kwanza maintains strengthening bias

### Botswana

- BWP: Pula caught in listless trade

### CMA

- ZAR: USD/ZAR faces upside risks following EUR/USD's collapse

### Ghana

- GHS: Market awaits details of IMF support

### Kenya

- KES: Shilling breaches year-end target

### Mozambique

- MZN: Metical spikes to 30.20

### Nigeria

- NGN: Naira stands to benefit from a host of factors this week

### Tanzania

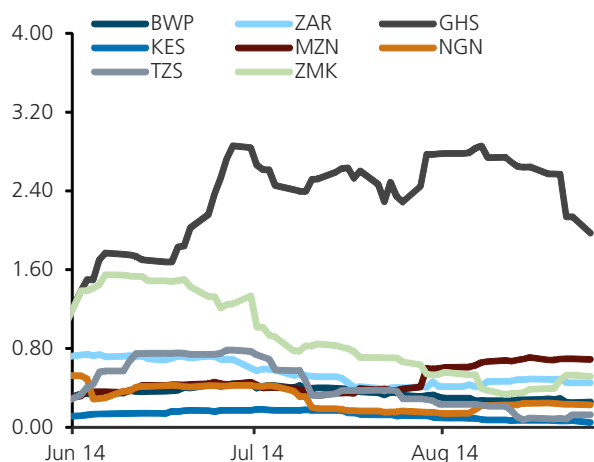
- TZS: Easing in liquidity constraints stimulates US dollar demand

### Zambia

- ZMW: Positioning ahead of bond auction could precipitate gains

### Currency fluctuations

1-month realised volatility



Source: Bloomberg  
Data as at August 2014

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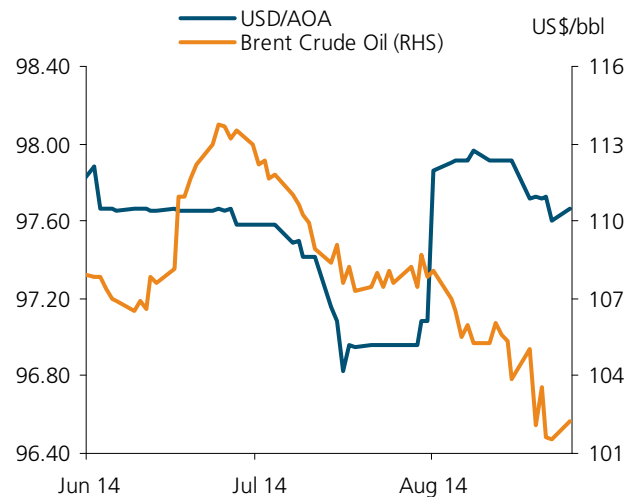


# Angola

## Kwanza (AOA) in brief

- The kwanza maintained an appreciatory trend, ending the week perched below 97.40. Fluctuations in the international oil price could result in negative valuation effects for the international reserve position, impairing the BNA's ability to smooth adverse movements.

Figure 1: Kwanza recoups losses but vulnerable to oil price volatility



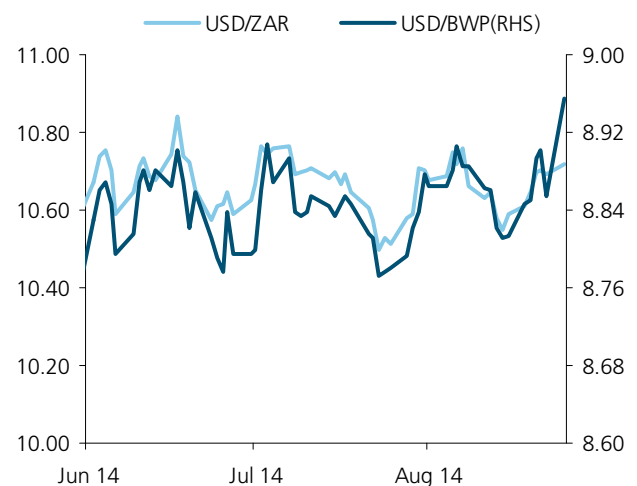
Source: Bloomberg  
Data as at August 2014

# Botswana

## Pula (BWP) in brief

- The pula was caught in listless trade against the greenback on Friday awaiting the Fed chair's speech at Jackson Hole. Yellen was cautious in indicating that while rate hikes could possibly come sooner, the US economy still experienced "significant underuse" in the labour market. The general tone from the meeting was positive for the dollar going into the weekend as BWP/USD closed at 0.1121/24 from 0.1123/26 in the morning. This morning, we expect the pula to open slightly weaker against the dollar at around 0.1120/23. BWP/ZAR on the other hand pushed up slightly as the rand reclined after a tough week to close at 1.2012/42 from 1.2000/30 in the morning.

Figure 2: Pula caught in listless trade



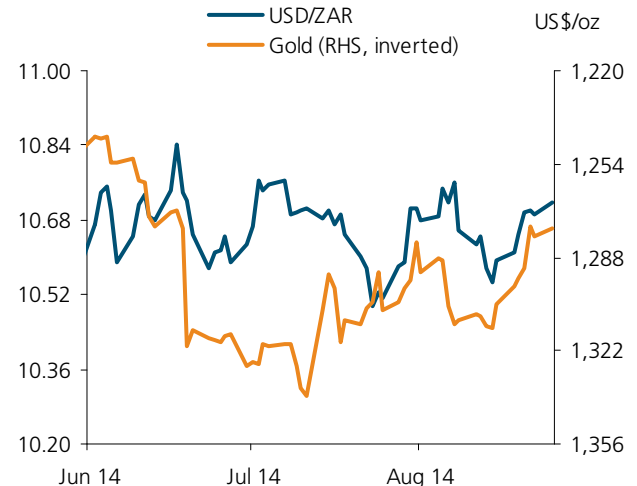
Source: Bloomberg  
Data as at August 2014

# CMA

## Rand (ZAR) in brief

- USD/ZAR faces upside risks following the EUR/USD collapse after Jackson Hole. From the 10.72 seen in early indicative trade out of Asia, look for a push past the last high of 10.75 and possibly even into the 10.80s. This would bring EUR/ZAR back to 14.21 from the current 14.15.
- Global data and event risk is rather limited in the early part of the week. This will not necessarily hold back EUR/USD, which will remain the key driver of the rand. Tomorrow's local GDP figures should be worth a few cents. End-week risks though are high. Market expectations are for headline Eurozone inflation to drop to 0.3% on Friday. The same day sees a string of US data releases.

Figure 3: USD/ZAR faces upside risks



Source: Bloomberg  
Data as at August 2014

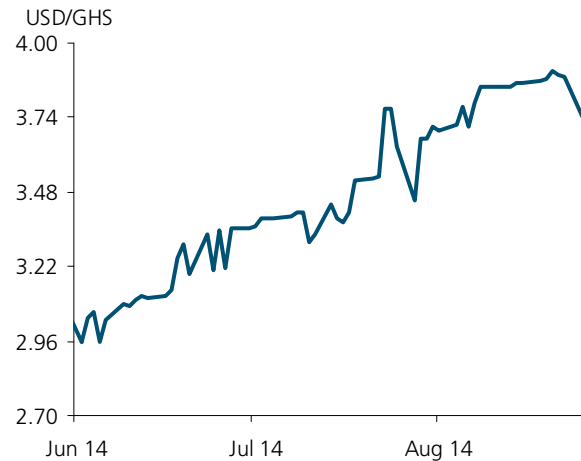


# Ghana

## Cedi (GHS) in brief

- It is difficult to discern an actual spot level on the cedi given disparate quotes from different service providers. This speaks to the relative illiquidity of the local interbank market. The market is awaiting clarity on potential IMF support. Details are likely to be released in the next month as the government looks to market a third US dollar bond issuance. Investors will require reassurance that authorities have tangible solutions to Ghana’s dual deficit woes.

Figure 4: Cedi movements still governed by market sentiment



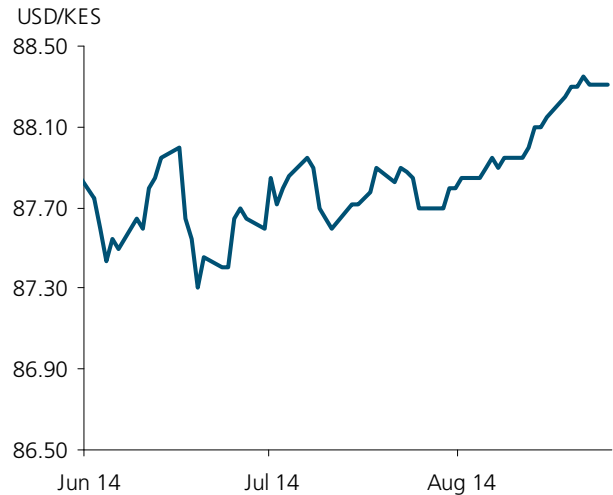
Source: Bloomberg  
Data as at August 2014

# Kenya

## Shilling (KES) in brief

- The shilling has breached our year-end target of USD/KES80.00 and is at risk of pushing higher should agricultural export earnings and tourist receipts remain depressed. Month-end demand is likely to overwhelm the market, with little to offset the settlement of import orders, resulting in further shilling weakness. Though gradual, the depreciatory trend emphasises Kenya’s vulnerability to a deterioration in its external accounts.

Figure 5: Shilling breaches year-end target of 80.00



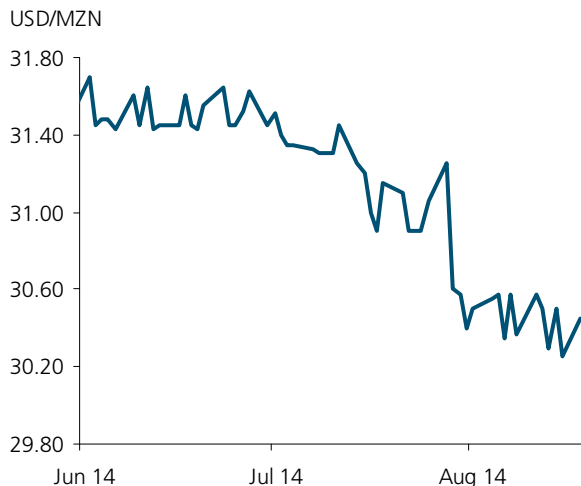
Source: Bloomberg  
Data as at August 2014

# Mozambique

## Metical (MZN) in brief

- The metical spiked to 30.20 last week, implying a slight mismatch in local supply and demand. The 14-day moving average has curved upwards, suggesting further weakness, but losses are likely to be capped at 30.30.

Figure 6: Metical spikes to 30.20



Source: Bloomberg  
Data as at August 2014

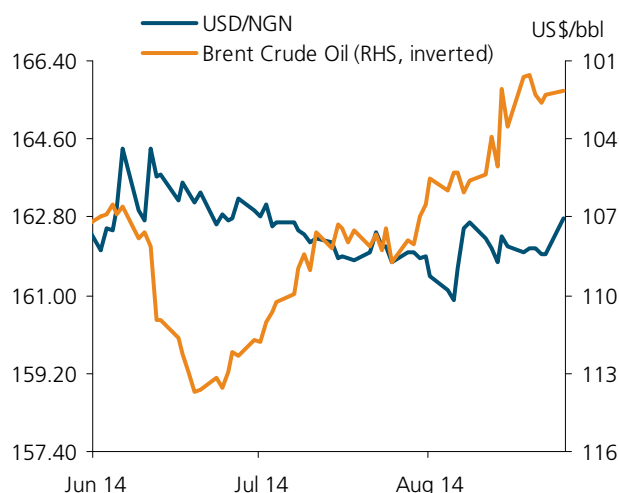


## Nigeria

### Naira (NGN) in brief

- The naira stands to benefit from a host of factors this week. Month-end sales by major oil conglomerates should bolster US dollar liquidity on the interbank market, while the inclusion of the 2024 FGN bond into the JP Morgan GBI-EM index on Friday should generate portfolio inflows. The unit is likely to remain suspended below USD/NGN162.00 over the next few days.

Figure 7: Naira stands to benefit from a host of factors this week



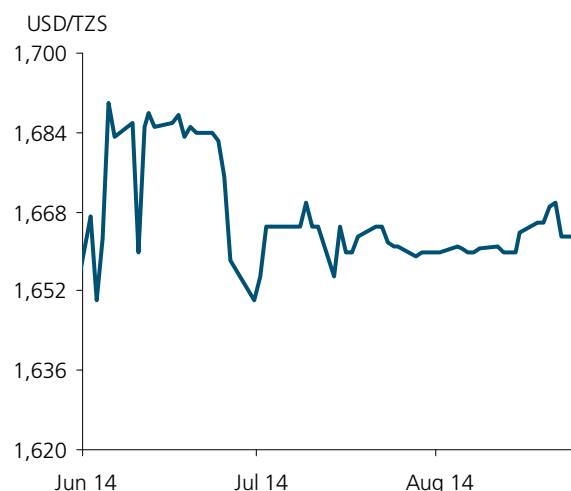
Source: Bloomberg  
Data as at August 2014

## Tanzania

### Shilling (TZS) in brief

- An easing in liquidity constraints has stimulated US dollar demand, driving the local unit weaker. The surge in corporate demand, particularly from the oil and construction sectors, is apparent in the BoT's interbank transactions — the bank traded US\$55.5m last week relative to an average of US\$44.5m placed over the last month. We anticipate measured depreciation over the course of 2H14 and stand by our year-end forecast of USD/TZS1,782.

Figure 8: View of a weakening shilling continues to hold



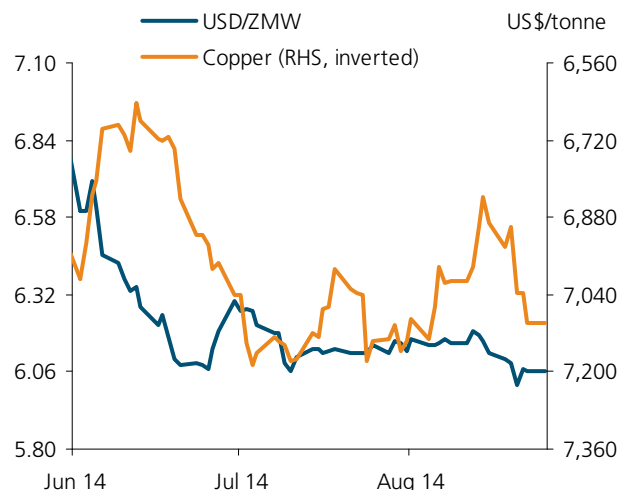
Source: Bloomberg  
Data as at August 2014

## Zambia

### Kwacha (ZMW) in brief

- The kwacha breached the 6.00 psychological level last Wednesday, trading as low as 5.990 on the bid but failed to extend its gains. It's likely that greater US dollar conversions ahead of the T-bill auction last Thursday provided the impetus for gains. Attention turns to the government bond auction this week. Market players are expected to position themselves accordingly ahead of the auction. We see the local unit trading in a range of 6.030/80, with a bias towards kwacha appreciation.

Figure 9: Kwacha lacks momentum to trade lower



Source: Bloomberg  
Data as at August 2014



## Spot and implied forward exchange rates

	Currency rates				Implied forwards			
	Last	% change			Maturity			
		1-day	1-week	1-month	1-m	3-m	6-m	12-m
<b>Angola</b>								
USD/AOA	97.72	0.01	-0.19	0.79	-	-	-	-
EUR/AOA	129.77	-0.08	-0.87	-1.01	-	-	-	-
GBP/AOA	162.08	-0.25	-0.80	-2.06	-	-	-	-
JPY/AOA	1.06	0.44	1.48	1.63	-	-	-	-
<b>Botswana</b>								
USD/BWP	8.90	0.09	1.02	0.98	8.90	8.97	9.12	9.38
EUR/BWP	11.82	0.01	0.34	-0.83	11.75	11.85	12.06	12.42
GBP/BWP	14.76	-0.16	0.41	-1.88	14.73	14.84	15.08	15.46
JPY/BWP	11.66	0.36	0.25	1.44	1.21	1.21	1.21	1.22
<b>Ghana</b>								
USD/GHS	3.89	-0.32	0.71	10.12	2.21	2.28	2.38	2.54
EUR/GHS	5.16	-0.40	0.03	8.15	2.93	3.01	3.14	3.36
GBP/GHS	6.45	-0.57	0.10	7.00	3.66	3.77	3.93	4.18
JPY/GHS	26.71	0.77	0.56	-6.98	229.69	237.18	247.16	263.43
<b>Kenya</b>								
USD/KES	88.35	0.06	0.28	0.59	88.76	89.50	90.72	93.75
EUR/KES	117.32	-0.03	-0.39	-1.21	117.55	118.57	120.24	124.49
GBP/KES	146.53	-0.20	-0.32	-2.25	147.05	148.20	150.06	154.64
JPY/KES	1.18	0.39	0.99	1.83	0.85	0.86	0.87	0.91
<b>Mozambique</b>								
USD/MZN	30.38	-0.41	-0.41	-2.34	29.71	31.03	31.80	33.22
EUR/MZN	40.34	-0.49	-1.08	-4.09	40.63	41.10	42.14	44.11
GBP/MZN	50.38	-0.66	-1.02	-5.10	50.82	51.38	52.59	54.79
JPY/MZN	3.42	0.86	1.70	4.89	3187.81	3222.71	3299.54	3437.61
<b>Nigeria</b>								
USD/NGN	161.95	-0.09	-0.25	-0.03	159.75	159.75	159.75	159.75
EUR/NGN	215.05	-0.18	-0.92	-1.82	211.57	211.64	211.74	212.14
GBP/NGN	268.59	-0.34	-0.85	-2.86	264.67	264.53	264.25	263.52
JPY/NGN	0.64	0.54	1.53	2.47	0.65	1.54	1.54	1.54
<b>South Africa</b>								
USD/ZAR	10.70	0.04	1.46	0.92	10.77	10.85	11.03	11.42
EUR/ZAR	14.21	-0.05	0.78	-0.88	14.23	14.38	14.62	15.13
GBP/ZAR	17.75	-0.22	0.85	-1.93	17.80	17.97	18.25	18.79
JPY/ZAR	9.70	0.41	-0.18	1.50	9.67	9.57	9.41	9.08
<b>Tanzania</b>								
USD/TZS	1,670.00	0.06	0.60	0.30	1,685.53	1,722.10	1,772.10	1,868.10
EUR/TZS	2,217.59	-0.02	-0.07	-1.49	2,232.32	2,281.45	2,348.86	2,480.71
GBP/TZS	2,769.70	-0.19	-0.01	-2.54	2,792.53	2,851.62	2,931.27	3,081.52
JPY/TZS	0.06	0.38	0.67	2.13	16.22	16.58	17.08	18.05
<b>Zambia</b>								
USD/ZMW	6.07	0.96	-1.54	-0.86	5.34	5.36	5.50	5.77
EUR/ZMW	8.06	0.88	-2.20	-2.63	7.07	7.08	7.27	7.64
GBP/ZMW	10.07	0.71	-2.14	-3.66	8.85	8.87	9.09	9.52
JPY/ZMW	17.10	-0.51	2.86	3.32	0.05	0.05	0.05	0.06

Source: Bloomberg, Reuters, RMB Global Markets  
Data as at August 2014



## Commodities prices

	Current	m/m % change	y/y % change	Implied volatility	3-month future	12-month future
<b>Metals</b>						
Gold US\$/oz0	1,277.33	-2.3	-8.6	13.2	1,279.3	1,283.8
Copper US\$/tonne	7,088.00	-1.3	-2.9	13.8	7,078.0	7,071.5
<b>Softs</b>						
Cattle US\$/lb	216.10	-1.0	39.4	14.8	147.0	143.8
Cocoa US\$/tonne	3,196.00	0.1	31.7	17.6	3,196.0	3,161.0
Coffee – Arabica US\$/lb	181.60	1.4	60.6	38.2	181.6	194.8
Coffee – Robusta US\$/tonne	0.00	-	-	23.6	1,997.0	2,028.0
Cotton US\$/lb	67.93	4.3	-19.4	18.4	66.2	68.6
Maize – Yellow R/tonne	1,797.00	-0.7	-16.4	24.0	1,797.0	1,914.0
Maize – White R/tonne	1,736.00	-0.1	-24.6	23.7	1,736.0	1,890.0
Raw Sugar US\$/lb	15.64	-8.8	-5.0	17.7	19.1	19.1
<b>Energy</b>						
WTI Crude US\$/bbl	93.54	-8.4	-12.1	14.0	92.9	91.5

Source: Bloomberg

## Interest rates

	3-m T-Bill		Policy rate
	Jul-14	Aug-14	Current
Angola	3.71	3.64	8.75
Botswana	3.20	3.21	7.50
Ghana	25.01	25.52	19.00
Kenya	8.47	8.21	8.50
Mozambique	5.29	5.39	8.25
Namibia	5.79	5.55	5.75
Nigeria	10.63	10.12	12.00
South Africa	6.09	6.20	5.50
Tanzania	12.39	12.59	OMO <sup>2</sup>
Zambia	9.50	9.50	12.00

1 End of month

2 Open Market Operations

Source: Bloomberg, Reuters, FNB Mozambique, RMB Namibia, RMB Global Markets  
Data as at August 2014

## 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
Cabo Verde	B+	-	B+
Egypt	B	Caa1	CCC+
Ethiopia	B	B1	B
Gabon	BB-	-	BB-
Ghana	B	B2	B
Kenya	B+	B1	B+
Lesotho	BB-	-	-
Mauritius	-	Baa1	-
Morocco	BBB-	Ba1	BBB-
Mozambique	B+	B1	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 banks, FNB subsidiaries and national statistical websites.



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