

12 May 2014

### Angola

- AOA: Kwanza continues to bob between 96.70 and 98.20

### Botswana

- BWP: BWP/USD to remain within a relatively tight range

### CMA

- ZAR: Euro move helps EUR/ZAR lower but limits USD/ZAR

### Ghana

- GHS: Cedi weakness is unrelenting

### Kenya

- KES: Shilling to weaken at a measured pace over the next week

### Mozambique

- MZN: Metical reverts to the median implied by simple Bollinger Bands

### Nigeria

- NGN: Inflows to inspire dips below USD/NGN160.00

### Tanzania

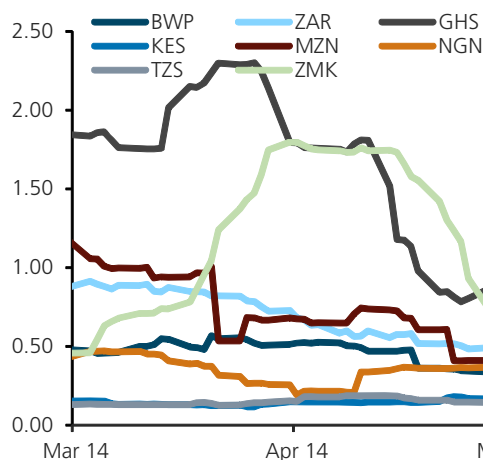
- TZS: Narrowing in bid/offer spread implies better liquidity

### Zambia

- ZMW: Short-term risks are to the upside

### Currency fluctuations

1-month realised volatility



Source: Bloomberg  
Data as at May 2014

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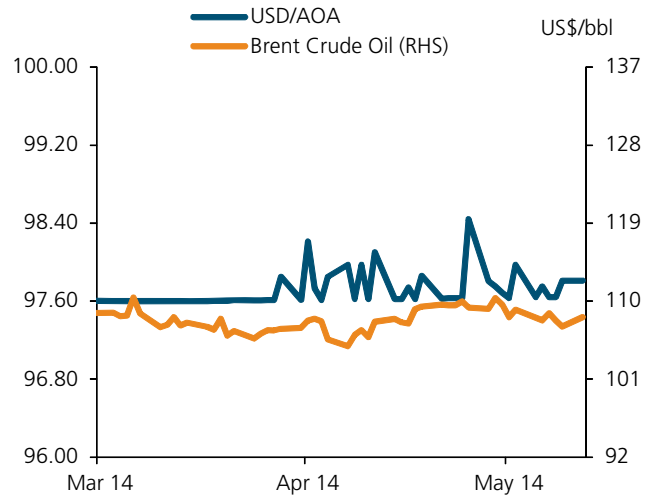


# Angola

## Kwanza (AOA) in brief

- Kwanza trade is rather erratic as the unit continues to bob between 96.70 and 98.20. We anticipate a 3.6% depreciation over the next two years, implying USD/AOA99.05 in 2014 and USD/AOA100.05 in 2015.

Figure 1: Kwanza trades erratically



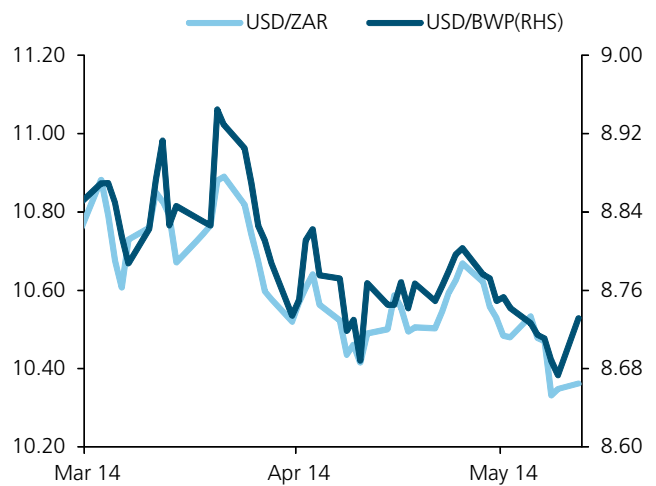
Source: Bloomberg  
Data as at May 2014

# Botswana

## Pula (BWP) in brief

- With limited significant data releases this week, we anticipate BWP/USD to remain within a relatively tight range. The unit is expected to open around 0.1151/54 this morning, similar to Friday's close. The pula was little changed against the rand and remained confined within a narrow range to close at 1.1931/61 from 1.1930/59 in the morning.

Figure 2: BWP/USD to remain within a relatively tight range



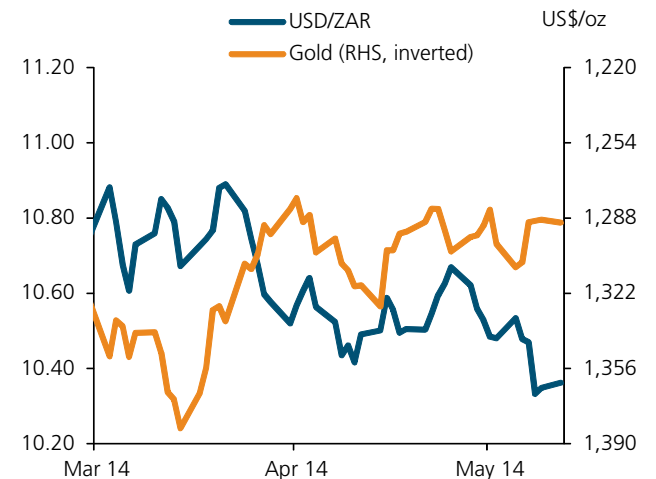
Source: Bloomberg  
Data as at May 2014

# CMA

## Rand (ZAR) in brief

- The trend remains for rand gains but the market starts the week with no momentum thanks to a mixed global environment. EUR/USD remains the major focus: sharp euro weakness pushed EUR/ZAR to a 2014 low last week and is acting as a constraint on USD/ZAR. Event risk is nothing like that seen in the past few weeks although there is enough that could generate some volatility. Support on EUR/ZAR and USD/ZAR is at 14.20 and 10.31 respectively.

Figure 3: Trend remains for rand gains



Source: Bloomberg  
Data as at May 2014

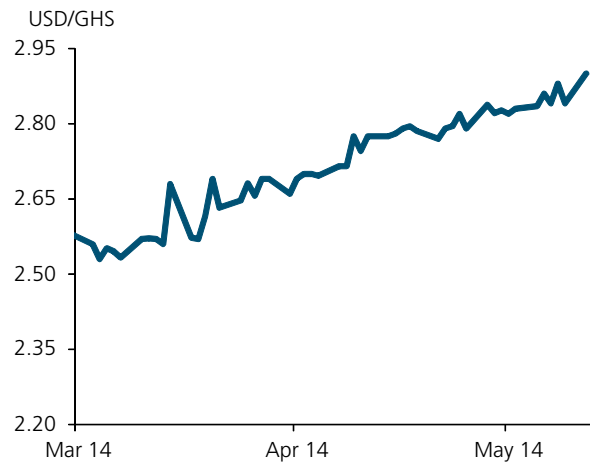


# Ghana

## Cedi (GHS) in brief

- Cedi weakness is unrelenting as the unit continues to march toward 2.90. At this stage, the only viable option appears to be external assistance as local monetary and fiscal authorities struggle to influence market confidence through rhetoric or policy tools. The cedi could weaken faster than we anticipate if left unchecked.

Figure 4: Cedi marches to USD/GHS2.90



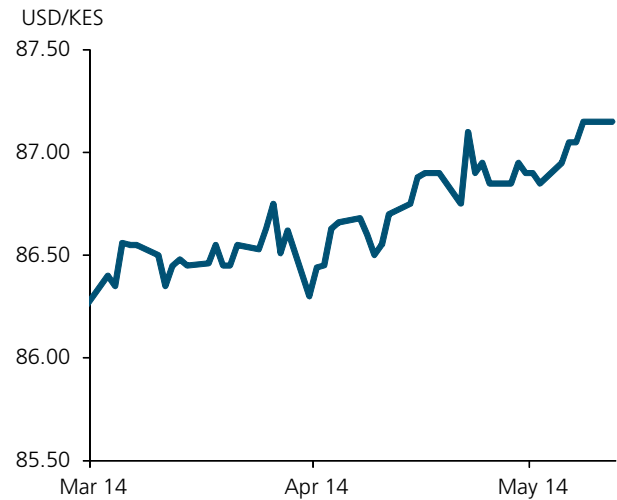
Source: Bloomberg  
Data as at May 2014

# Kenya

## Shilling (KES) in brief

- We anticipate measured depreciation over the next week, particularly as corporate dividends are paid out. However, weakness is likely to be tempered by the CBK’s continued syphoning of liquidity from the local market through open market operations. Resistance is evident at USD/KES87.55.

Figure 5: Shilling resistance evident at USD/KES87.55



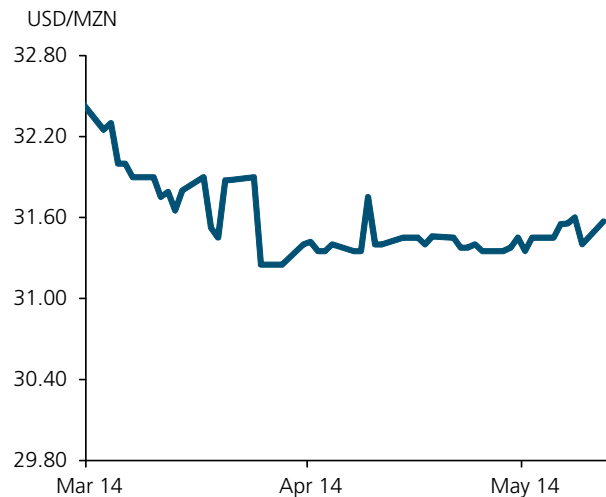
Source: Bloomberg  
Data as at May 2014

# Mozambique

## Metical (MZN) in brief

- Metical trade appears to be evening out as the unit reverts to the median implied by simple Bollinger Bands — 30.84. The upper and lower bounds, defined by two standard deviations, suggest that support and resistance is at 30.51 and 31.16 respectively.

Figure 6: Metical trade appears to be evening out



Source: Bloomberg  
Data as at May 2014

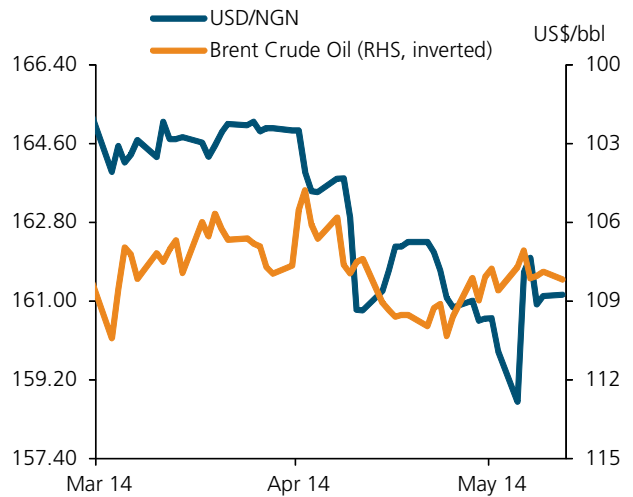


## Nigeria

### Naira (NGN) in brief

- The naira's breach of USD/NGN160.00 last Tuesday was rather short-lived as the unit reverted back to 160.95 by the end of the week. Renewed interest in naira-denominated debt and the remittance of proceeds by oil exporters could inspire dips below 160.00 over the next few days, but the preservation of the interbank rate within the upper bounds of the CBN's 3% band hinges on sustainable inflows.

Figure 7: Naira trade to remain concentrated around 161



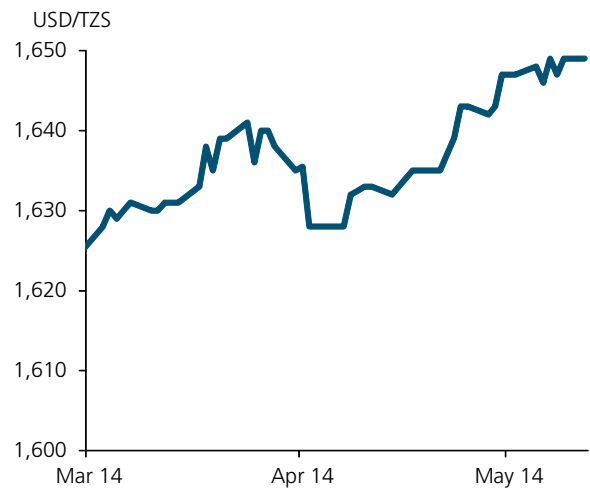
Source: Bloomberg  
Data as at May 2014

## Tanzania

### Shilling (TZS) in brief

- The rate of shilling weakness slowed last week as liquidity conditions improved, as evidenced by the narrowing in the indicative bid/offer spread on the spot rate. US dollar demand emanating from the oil and manufacturing sectors appears to have receded, resulting in a stabilisation in the local unit below USD/TZS1,650. A retracement to 1,630 is dependent on sustainable export inflows.

Figure 8: Rate of shilling weakness slows



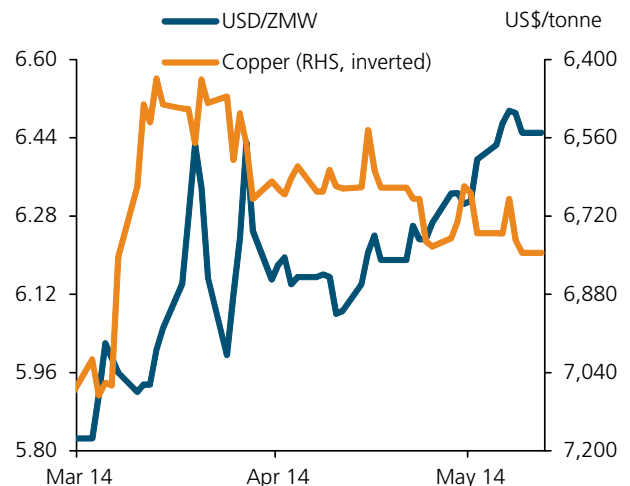
Source: Bloomberg  
Data as at May 2014

## Zambia

### Kwacha (ZMW) in brief

- The kwacha weakened dramatically last week due to excess US dollar demand and now lies dangerously close to USD/ZMW6.50. Short-term risks are to the upside. Though the central bank has, on occasion, intervened directly to quell market fears, it is reluctant to sell down international reserves as it seeks to maintain at least 3-months of import cover and uphold the kwacha's status as a free floating exchange rate. Tighter monetary conditions are desirable, especially in a rising inflation environment. The BoZ is likely to decrease the quantum of money in circulation through open market operations or step adjustments to statutory reserve requirements, though these measures might take several weeks for the effect on USD/ZMW to be realised.

Figure 9: Kwacha trends close to USD/ZMW6.50



Source: Bloomberg  
Data as at May 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	97.64	0.00	0.01	-0.34	-	-	-	-
EUR/AOA	135.34	-0.42	-0.04	0.55	-	-	-	-
GBP/AOA	165.33	-0.19	0.24	1.62	-	-	-	-
JPY/AOA	1.04	-0.05	-0.64	-1.12	-	-	-	-
<b>Botswana</b>								
USD/BWP	8.69	-0.26	-0.74	-0.96	8.90	9.01	9.13	9.39
EUR/BWP	12.04	-0.68	-0.79	-0.08	12.25	12.39	12.57	12.92
GBP/BWP	14.71	-0.45	-0.52	0.99	14.99	15.17	15.37	15.76
JPY/BWP	11.70	0.21	0.11	-0.50	1.17	1.17	1.17	1.17
<b>Ghana</b>								
USD/GHS	2.88	1.41	2.13	6.08	2.21	2.28	2.38	2.54
EUR/GHS	3.99	0.98	2.08	7.02	3.04	3.13	3.27	3.49
GBP/GHS	4.88	1.22	2.36	8.16	3.72	3.84	4.00	4.26
JPY/GHS	35.29	-1.44	-2.70	-7.10	225.12	232.04	241.88	258.04
<b>Kenya</b>								
USD/KES	87.15	0.11	0.29	0.54	87.61	88.40	89.65	92.98
EUR/KES	120.80	-0.31	0.24	1.44	120.53	121.61	123.33	127.92
GBP/KES	147.57	-0.07	0.51	2.52	147.60	148.86	150.83	156.02
JPY/KES	1.17	-0.16	-0.91	-1.99	0.86	0.87	0.88	0.92
<b>Mozambique</b>								
USD/MZN	31.60	0.14	0.79	0.80	29.71	31.86	32.42	33.41
EUR/MZN	43.80	-0.28	0.74	1.69	43.54	43.82	44.59	45.97
GBP/MZN	53.51	-0.05	1.02	2.78	53.32	53.64	54.54	56.06
JPY/MZN	3.22	-0.19	-1.41	-2.23	3223.79	3243.39	3298.22	3393.50
<b>Nigeria</b>								
USD/NGN	160.92	-0.66	0.19	-1.76	159.75	159.75	159.75	159.75
EUR/NGN	223.05	-1.08	0.14	-0.89	219.77	219.76	219.76	219.79
GBP/NGN	272.49	-0.85	0.42	0.17	269.13	269.01	268.77	268.05
JPY/NGN	0.63	0.62	-0.82	0.31	0.64	1.57	1.57	1.58
<b>South Africa</b>								
USD/ZAR	10.33	-1.32	-1.46	-1.81	10.42	10.50	10.67	11.04
EUR/ZAR	14.32	-1.74	-1.51	-0.94	14.31	14.45	14.68	15.17
GBP/ZAR	17.49	-1.51	-1.24	0.11	17.52	17.69	17.95	18.51
JPY/ZAR	9.84	1.29	0.84	0.37	9.79	9.69	9.54	9.21
<b>Tanzania</b>								
USD/TZS	1,647.00	-0.12	0.00	1.17	1,659.63	1,675.75	1,736.50	1,824.00
EUR/TZS	2,282.91	-0.54	-0.05	2.07	2,283.21	2,305.26	2,388.77	2,509.51
GBP/TZS	2,788.87	-0.31	0.22	3.15	2,795.99	2,821.81	2,921.59	3,060.56
JPY/TZS	0.06	0.07	-0.63	-2.59	16.29	16.46	17.07	17.96
<b>Zambia</b>								
USD/ZMW	6.49	-0.08	2.85	5.44	5.34	5.36	5.50	5.77
EUR/ZMW	9.00	-0.50	2.80	6.38	7.35	7.37	7.56	7.94
GBP/ZMW	10.99	-0.27	3.08	7.51	9.00	9.02	9.25	9.69
JPY/ZMW	15.66	0.03	-3.38	-6.54	0.05	0.05	0.05	0.06

Source: Bloomberg, Reuters, RMB Global Markets  
All data as at May 2014



## Commodities prices

	Current	m/m % change	y/y % change	Implied volatility	3-month future	12-month future
<b>Metals</b>						
Gold US\$/oz0	1,290.66	-2.1	-10.9	13.8	1,287.9	1,289.1
Copper US\$/tonne	6,770.00	1.3	-8.4	14.7	6,757.0	6,687.0
<b>Softs</b>						
Cattle US\$/lb	184.58	2.8	36.3	14.8	138.2	146.6
Cocoa US\$/tonne	2,853.00	-4.5	24.2	16.1	2,864.0	2,901.0
Coffee – Arabica US\$/lb	180.80	-10.1	25.7	44.0	183.9	192.1
Coffee – Robusta US\$/tonne	0.00	-	-	21.7	2,093.0	2,136.0
Cotton US\$/lb	92.23	3.6	6.6	18.8	92.4	82.8
Maize – Yellow R/tonne	2,115.00	-5.9	-1.0	24.0	2,101.0	2,180.0
Maize – White R/tonne	2,021.00	-9.4	-4.7	23.7	1,966.0	2,105.0
Raw Sugar US\$/lb	17.20	2.4	-1.3	21.8	18.9	18.9
<b>Energy</b>						
WTI Crude US\$/bbl	100.08	-3.5	4.2	15.7	97.5	91.3

Source: Bloomberg

## Interest rates

	3-m T-Bill		Policy rate
	Apr-14 <sup>1</sup>	Current	Current
Angola	3.64	3.64	9.25
Botswana	3.28	3.23	7.50
Ghana	24.06	24.05	18.00
Kenya	8.76	8.79	8.50
Mozambique	5.25	5.25	8.25
Namibia	5.19	5.65	5.50
Nigeria	11.04	10.44	12.00
South Africa	5.78	5.85	5.50
Tanzania	12.17	11.98	OMO <sup>2</sup>
Zambia	9.50	9.00	12.00

<sup>1</sup> End of month

<sup>2</sup> Open Market Operations

Source: Bloomberg, Reuters, FNB Mozambique, RMB Namibia, RMB Global Markets  
All data as at May 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
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+	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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