

19 May 2014

Angola

- AOA: Kwanza trade is still rather erratic

Botswana

- BWP: Anticipating South African CPI and the SARB meeting this week

CMA

- ZAR: Rand stranded at 10.35, looking for direction

Ghana

- GHS: Rumours of possible IMF assistance arrest cedi losses

Kenya

- KES: Shilling losses accumulating at a rapid pace

Mozambique

- MZN: Metical to derive support from May tax requirements

Nigeria

- NGN: Market poised for MPC decision

Tanzania

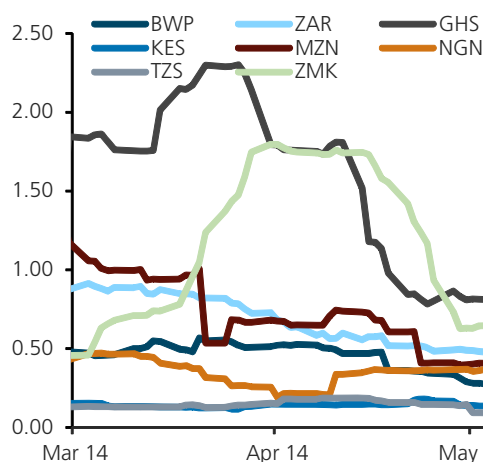
- TZS: Shilling anticipated to weaken amid rising import demand

Zambia

- ZMW: Kwacha on a slippery slope

Currency fluctuations

1-month realised volatility



Source: Bloomberg
Data as at May 2014

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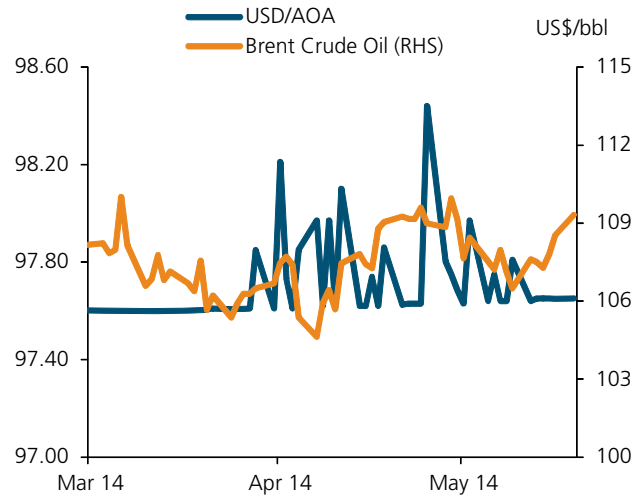


Angola

Kwanza (AOA) in brief

- Kwanza trade is still rather erratic as the unit continues to bob between 96.80 and 98.40. 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



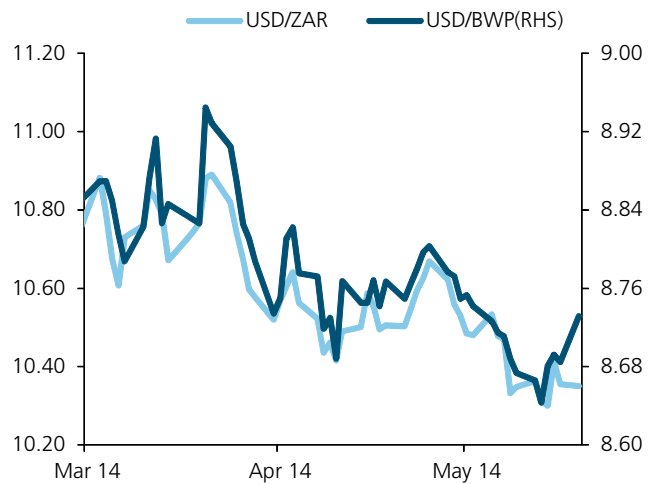
Source: Bloomberg
Data as at May 2014

Botswana

Pula (BWP) in brief

- The pula remained little changed against the greenback on Friday despite the dollar's efforts to recoup its week's losses as April US housing data recorded a five-month high while consumer confidence disappointed. With limited significant data releases today, we expect the unit to open around similar levels to Friday's close at BWP/USD0.1151/54. The pula remained slightly subdued against the rand in anticipation of key South African CPI and the SARB meeting this week. BWP/ZAR therefore closed trade at 1.1919/49 from 1.1943/73 in the morning

Figure 2: Little change in pula movements



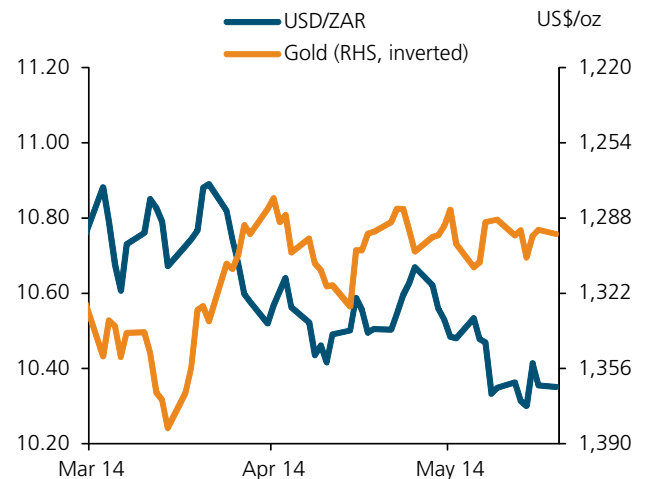
Source: Bloomberg
Data as at May 2014

CMA

Rand (ZAR) in brief

- USD/ZAR starts the week at 10.35, waiting for direction from Wall Street and EUR/USD. Strong support is evident at 10.28/30, where the market failed so spectacularly last week. Resistance comes in at 10.42/44, last Friday's high. Event risk is concentrated on Thursday.
- Risk assets experienced some aggressive profit-taking last week, restricting USD/ZAR's ability to break through 10.30. However, fears that this selling could turn into a rout were laid to rest by a positive close on Wall Street on Friday. Global markets are now left looking for direction. Asian markets this morning reflect the uncertainty, trading sideways, and the rand is likely to do the same.

Figure 3: Support is evident at 10.28/30



Source: Bloomberg
Data as at May 2014

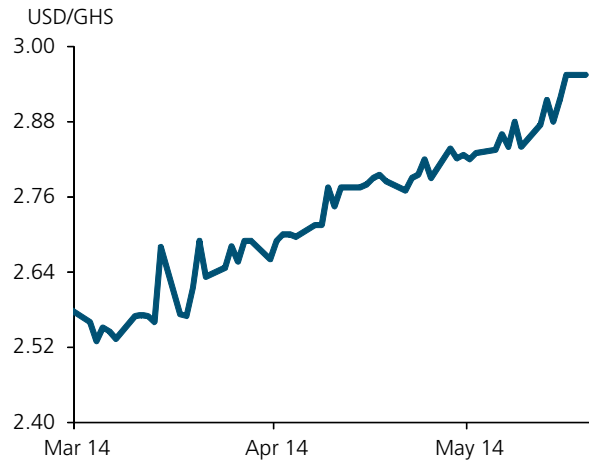


Ghana

Cedi (GHS) in brief

- Rumours of possible IMF assistance arrested cedi losses last week. Reports are contradictory but what is factual is that the government met with the IMF last month and no decision has been taken to enter a programme as yet. Nevertheless, the adoption of an IMF support programme would provide international credibility to the raft of measures introduced by the government. While its status as a middle-income economy precludes it from certain types of assistance, Ghana could possibly enter into a standby arrangement to help address its balance of payments difficulties and alleviate pressure on the cedi.

Figure 4: Rumours of possible IMF assistance arrest cedi losses



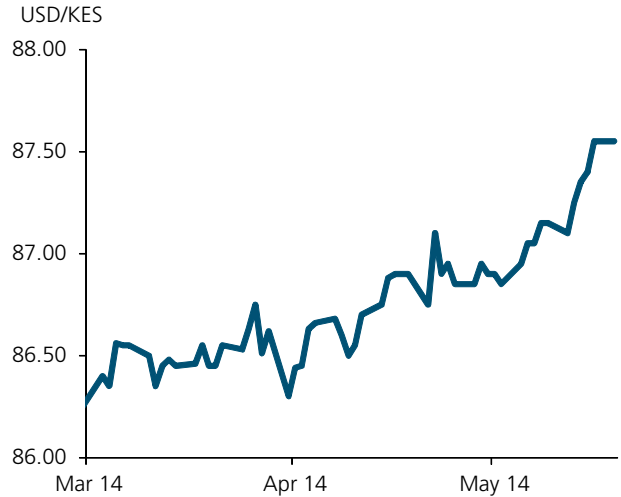
Source: Bloomberg
Data as at May 2014

Kenya

Shilling (KES) in brief

- Shilling losses are accumulating at a rapid pace, propelling the local unit to USD/KES87.40. Dividend payments could provide the impetus for further weakness this week as companies seek US dollars to remit to offshore shareholders. Resistance is evident at USD/KES87.50, though the unit could gap higher if this level is breached.

Figure 5: Shilling losses accumulating at a rapid pace



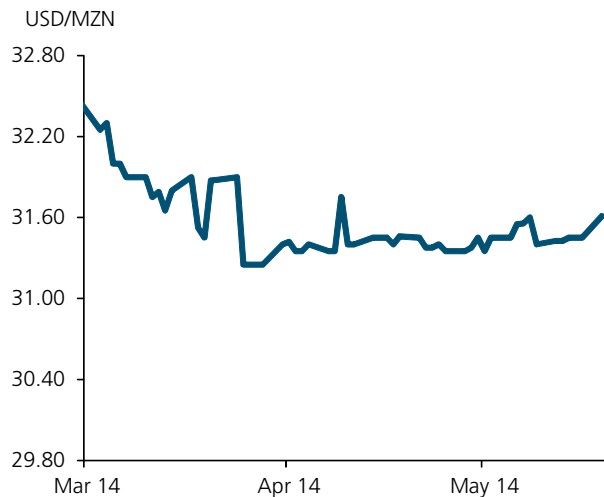
Source: Bloomberg
Data as at May 2014

Mozambique

Metical (MZN) in brief

USD/MZN and ZAR/MZN spot rates experienced relatively low volatility in April, mainly due to balanced liquidity conditions. Factors supportive of supply included central bank intervention and the commencement of activities by local NGOs and embassies. ZAR/MZN is trading at 3.00, mainly due to the rand's sustained gains. A determining factor this month will be income tax commitments which are likely to mop up metical liquidity, putting downward pressure on USD/MZN.

Figure 6: Metical to derive support from May tax requirements



Source: Bloomberg
Data as at May 2014

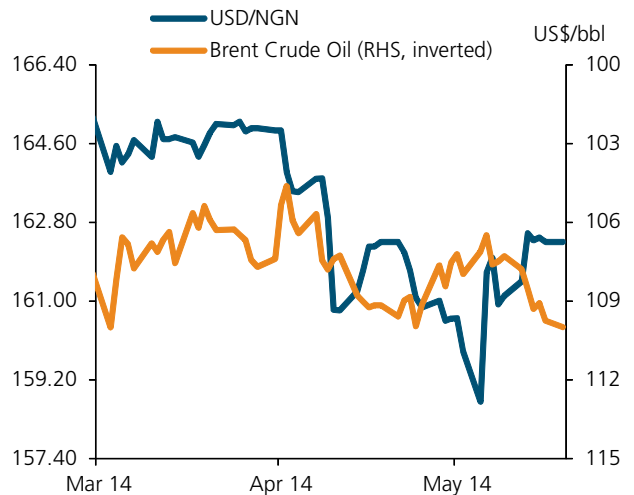


Nigeria

Naira (NGN) in brief

- The naira could not maintain the strength which prevailed between March and April, closing last week at USD/NGN162.10 — 0.99% weaker than at the start of the month. The local market is likely to scale back positions in anticipation of the CBN’s MPC decision on Tuesday. We do not anticipate a hike in the benchmark policy rate but markets are likely to respond positively if the MPC stays the course and reiterates its commitment to price and FX stability.

Figure 7: Naira trade



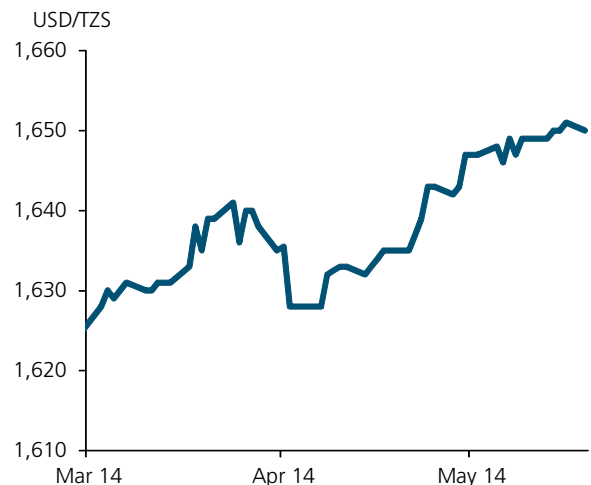
Source: Bloomberg
Data as at May 2014

Tanzania

Shilling (TZS) in brief

- The shilling is anticipated to weaken over the next week amid rampant US dollar demand by oil importers. Inflows have thinned considerably, pushing domestic liquidity conditions off-kilter. We forecast trend depreciation for the remainder of the year.

Figure 8: Shilling expected to depreciate due to rising import demand



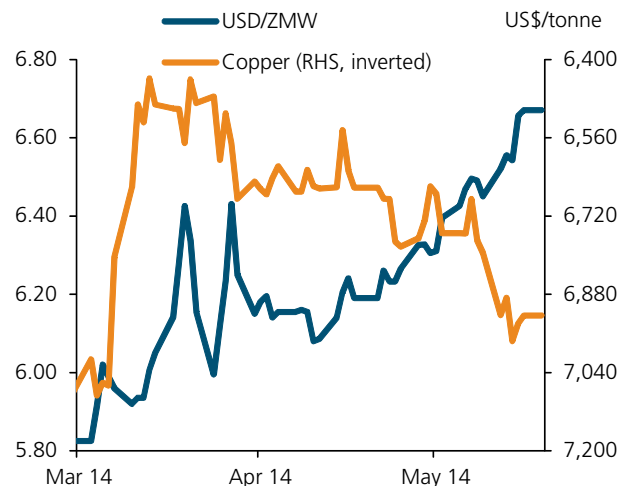
Source: Bloomberg
Data as at May 2014

Zambia

Kwacha (ZMW) in brief

- The kwacha is on a slippery slope, depreciating rapidly last week as corporate demand for US dollars outstripped the available supply. The BoZ intervened shortly after the local unit breached USD/ZMW6.70, providing momentary respite. The unit will remain under pressure amid persistent corporate demand though month-end commitments might slow the rate of depreciation as corporates convert US dollars to meet their tax obligations.

Figure 9: Kwacha on a slippery slope



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
Angola								
USD/AOA	97.65	0.00	0.01	0.03				
EUR/AOA	133.85	-0.01	-1.10	-0.84				
GBP/AOA	163.93	0.07	-0.85	0.35				
JPY/AOA	1.04	-0.19	-0.06	-0.26				
Botswana								
USD/BWP	8.69	0.13	0.04	-0.61	8.71	8.82	8.94	9.18
EUR/BWP	11.91	0.12	-1.07	-1.48	11.94	12.08	12.25	12.59
GBP/BWP	14.59	0.20	-0.81	-0.29	14.65	14.82	15.01	15.39
JPY/BWP	11.69	-0.32	-0.09	0.38	1.19	1.19	1.19	1.19
Ghana								
USD/GHS	2.92	1.22	1.22	5.05	2.21	2.28	2.38	2.54
EUR/GHS	4.00	1.21	0.09	4.13	3.03	3.12	3.25	3.48
GBP/GHS	4.89	1.29	0.35	5.38	3.72	3.83	3.99	4.25
JPY/GHS	34.85	-1.39	-1.25	-5.02	224.32	230.89	240.67	256.72
Kenya								
USD/KES	87.40	0.06	0.29	0.75	87.90	88.75	89.95	93.35
EUR/KES	119.80	0.05	-0.83	-0.13	120.36	121.53	123.19	127.91
GBP/KES	146.73	0.13	-0.57	1.07	147.79	149.14	151.04	156.38
JPY/KES	1.16	-0.24	-0.34	-0.97	0.87	0.87	0.89	0.92
Mozambique								
USD/MZN	31.45	0.00	-0.47	0.00	29.71	31.93	32.49	33.48
EUR/MZN	43.11	-0.01	-1.58	-0.87	43.44	43.72	44.49	45.88
GBP/MZN	52.80	0.07	-1.32	0.32	53.33	53.65	54.55	56.09
JPY/MZN	3.23	-0.19	0.43	-0.23	3219.42	3238.94	3293.54	3388.07
Nigeria								
USD/NGN	162.45	0.04	0.95	0.76	159.75	159.75	159.75	159.75
EUR/NGN	222.67	0.03	-0.17	-0.12	218.74	218.76	218.78	218.89
GBP/NGN	272.72	0.11	0.09	1.08	268.59	268.46	268.25	267.61
JPY/NGN	0.63	-0.22	-0.99	-0.98	0.64	1.57	1.57	1.58
South Africa								
USD/ZAR	10.41	1.09	0.79	-0.83	10.40	10.51	10.68	11.03
EUR/ZAR	14.27	1.08	-0.33	-1.70	14.25	14.39	14.62	15.12
GBP/ZAR	17.48	1.16	-0.07	-0.52	17.50	17.66	17.93	18.49
JPY/ZAR	9.76	-1.27	-0.83	0.61	9.75	9.65	9.49	9.17
Tanzania								
USD/TZS	1,650.00	0.00	0.18	1.10	1,663.52	1,689.55	1,745.55	1,811.06
EUR/TZS	2,261.66	-0.01	-0.93	0.22	2,277.84	2,313.67	2,390.51	2,481.53
GBP/TZS	2,770.02	0.07	-0.68	1.42	2,796.86	2,839.28	2,931.04	3,033.84
JPY/TZS	0.06	-0.19	-0.23	-1.31	16.39	16.65	17.22	17.90
Zambia								
USD/ZMW	6.66	1.72	2.54	8.39	5.34	5.36	5.50	5.77
EUR/ZMW	9.12	1.72	1.40	7.44	7.31	7.34	7.53	7.91
GBP/ZMW	11.17	1.80	1.66	8.73	8.98	9.00	9.23	9.67
JPY/ZMW	15.26	-1.88	-2.53	-7.95	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
Metals						
Gold US\$/oz0	1,295.55	0.1	-4.7	13.3	1,293.6	1,295.1
Copper US\$/tonne	6,950.00	4.8	-5.2	14.3	6,878.0	6,793.5
Softs						
Cattle US\$/lb	187.30	4.9	39.9	14.8	138.4	146.8
Cocoa US\$/tonne	2,917.00	-2.8	26.8	14.3	2,917.0	2,964.0
Coffee – Arabica US\$/lb	182.50	-9.3	34.6	42.0	185.1	193.8
Coffee – Robusta US\$/tonne	0.00	-	-	21.9	2,046.0	2,088.0
Cotton US\$/lb	89.75	-0.5	3.9	18.8	89.8	81.8
Maize – Yellow R/tonne	2,050.00	-8.5	-5.5	24.0	2,023.0	2,103.0
Maize – White R/tonne	2,020.00	-10.9	-6.5	23.7	1,899.0	2,030.0
Raw Sugar US\$/lb	17.91	7.5	6.0	22.6	19.4	19.4
Energy						
WTI Crude US\$/bbl	102.19	-2.0	6.4	13.7	99.8	93.3

Source: Bloomberg

Interest rates

	3-m T-Bill		Policy rate
	Apr-14 ¹	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	8.84	8.50
Mozambique	5.25	5.29	8.25
Namibia	5.19	5.65	5.50
Nigeria	11.04	9.96	12.00
South Africa	5.78	5.79	5.50
Tanzania	12.17	11.98	OMO ²
Zambia	9.50	9.00	12.00

¹ End of month

² 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
Cabo Verde	B+	-	B+
Egypt	B	Caa1	CCC+
Ethiopia			B
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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