

29 April 2014

Angola

- AOA: Fall in oil production erodes BNA's ability to accumulate reserves

Botswana

- BWP: Expect the pula to follow USD/ZAR and trade within a limited range

CMA

- ZAR: Risk of extreme rand moves is high

Ghana

- GHS: Upward revisions to year-end forecasts as cedi continues to slide

Kenya

- KES: Level of import demand continues to steer the local interbank market

Mozambique

- MZN: Metical likely to sustain downward momentum as the harvest gets underway

Nigeria

- NGN: Naira levels in month-end inflows

Tanzania

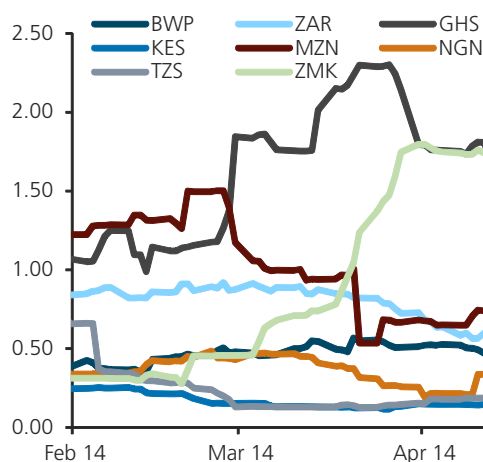
- TZS: Rate of depreciation should slow over the next few days

Zambia

- ZMW: Kwacha to stabilise but flagging copper price remains worrisome

Currency fluctuations

1-month realised volatility



Source: Bloomberg
Data as at April 2014

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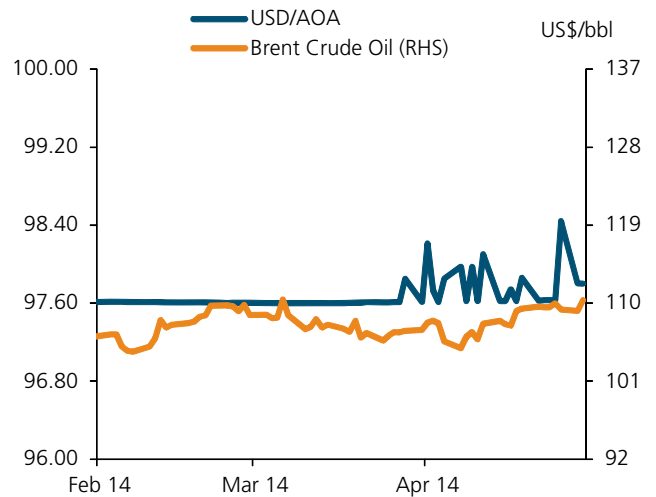


Angola

Kwanza (AOA) in brief

- The kwanza continues to rock back and forth between USD/AOA 96.60 and 98.00, reflecting an imbalance in liquidity conditions partly due to a drop in oil production which has constrained the BNA's ability to accumulate reserves. Despite an increase in intraday volatility, we do not anticipate random upward movements in the currency pair as the central bank pursues attempts to limit the pass through to inflation. Keep in mind that Angola imports more than half the oil that it exports.

Figure 1: Kwanza unlikely to undergo sharp upward adjustment



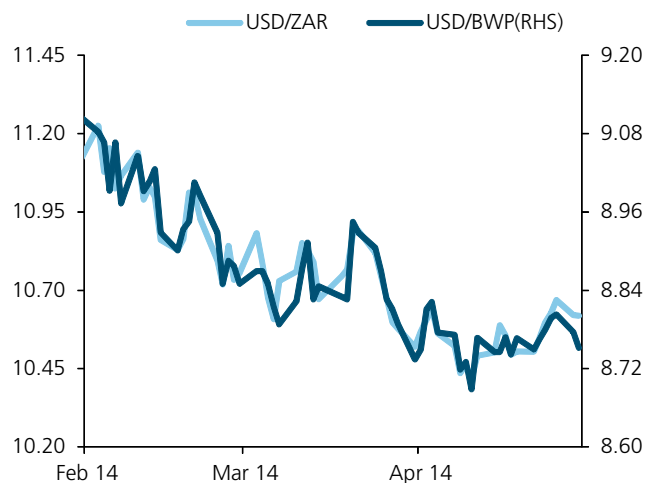
Source: Bloomberg
Data as at April 2014

Botswana

Pula (BWP) in brief

- The pula maintained a weak bias against the greenback on Monday, with the dollar still riding high on positive sentiment towards the US economy. US consumer confidence numbers are due on Tuesday, forming part of a string of significant US data to be released this week. We expect the pula to follow USD/ZAR and trade within a limited range.

Figure 2: Pula to track USD/ZAR



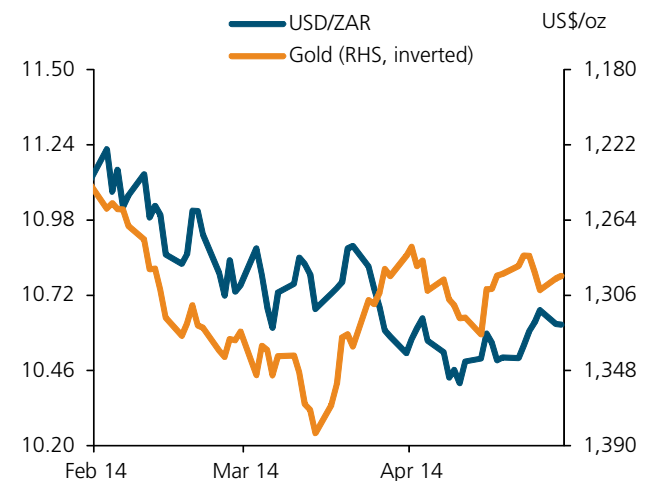
Source: Bloomberg
Data as at April 2014

CMA

Rand (ZAR) in brief

- It may be a holiday-interrupted week, but the risk of extreme rand moves is high. The underlying trend remains for rand losses as the EM bond sell-off broadens. While the rand has been trading largely independent of core market themes, there will be no getting away from the intense event risks of this week: a Fed policy decision, 1Q14 US GDP, Eurozone CPI and US non-farm payrolls. USD/ZAR starts at 10.62, the upside momentum having been broken by the long weekend and needing to break the key resistance level at 10.68 to reignite the move higher.

Figure 3: Risk of extreme rand moves is high



Source: Bloomberg
Data as at April 2014

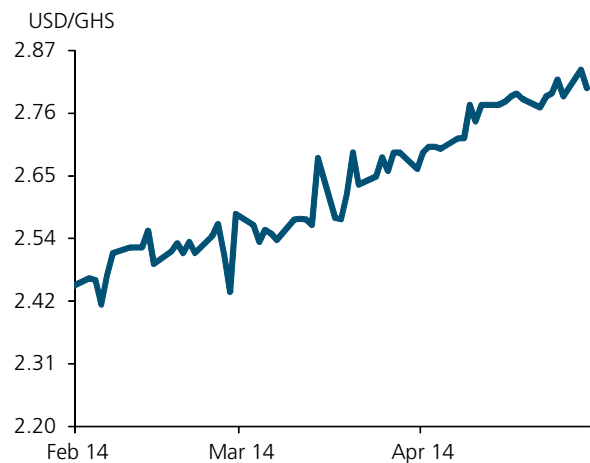


Ghana

Cedi (GHS) in brief

- The cedi is weakening at a rapid pace, losing almost 5.5% in value this month. The status quo is little changed: US dollar demand continues to outpace supply despite the lofty cost of funding, moral suasion and OMOs remain ineffective in mopping up excess liquidity, and the dual deficits continue to burgeon, dampening sentiment. We have revised our year-end forecast to USD/GHS2.99 but are mindful that the level could be far weaker than estimated in the absence of external support.

Figure 4: Cedi weakening at a rapid pace



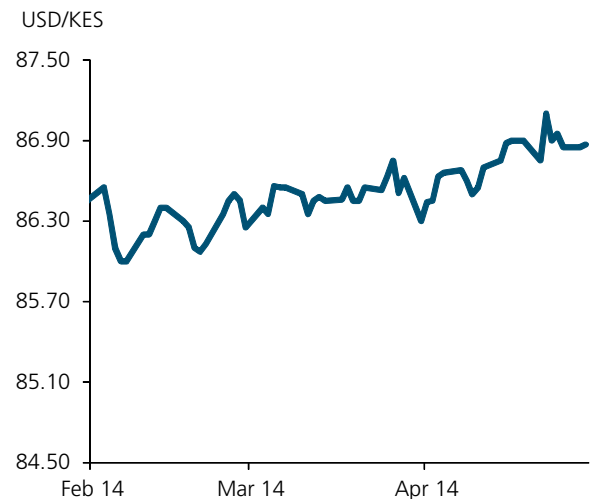
Source: Bloomberg
Data as at April 2014

Kenya

Shilling (KES) in brief

- Shilling weakness is not comparable to that of the Ghanaian cedi but noticeable in a market that has rarely traded above USD/KES88.00 in the last two years. The level of import demand continues to steer the local interbank market but has not precipitated significant losses on account of regular intervention by the central bank. Open market operations have assisted in swabbing excess shilling liquidity. However, we believe that this cannot help indefinitely as current account pressures are likely to force an upward adjustment in the currency over the long term.

Figure 5: Shilling weakness noticeable in a relatively benign market



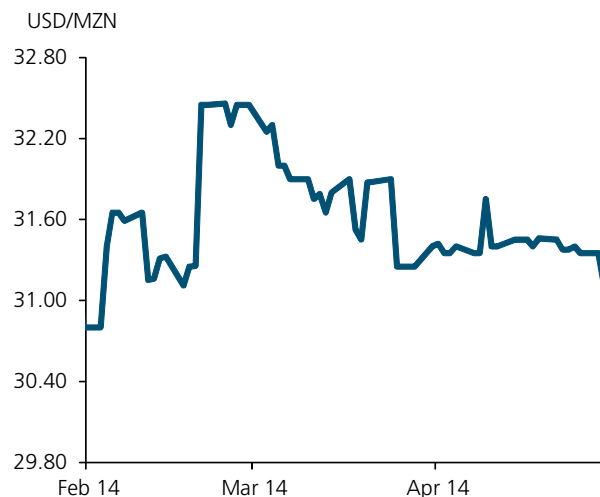
Source: Bloomberg
Data as at April 2014

Mozambique

Metical (MZN) in brief

- USD/MZN has slipped below 31.00 and should sustain a measured downward pace in 2Q14 as the harvest season gets underway. Greater levels of agricultural produce should temper import growth and bolster export earnings, thereby alleviating pressure on the currency.

Figure 6: Metical slips below 31.00



Source: Bloomberg
Data as at April 2014

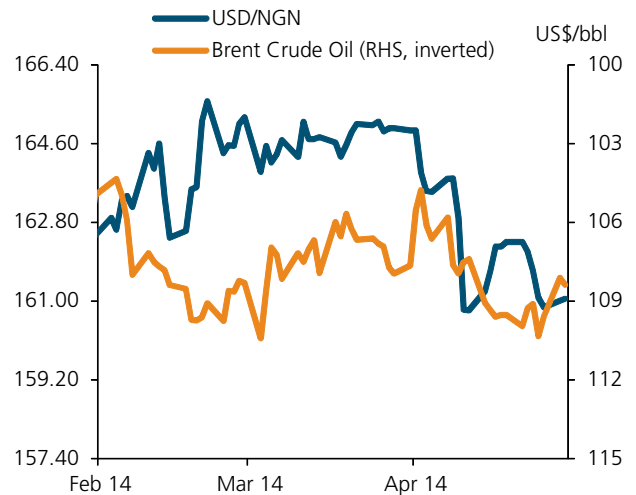


Nigeria

Naira (NGN) in brief

- The naira revelled in month-end inflows last week, edging closer to the upper threshold of the CBN's formal trading band. Foreigners have seemingly regained their appetite for naira-denominated assets as the CBN's auction of T-bills was heavily oversubscribed, breathing life into the currency. We do not anticipate a breach of USD/NGN160.00 in the near term as import demand remains rife.

Figure 7: Naira levels in month-end inflows



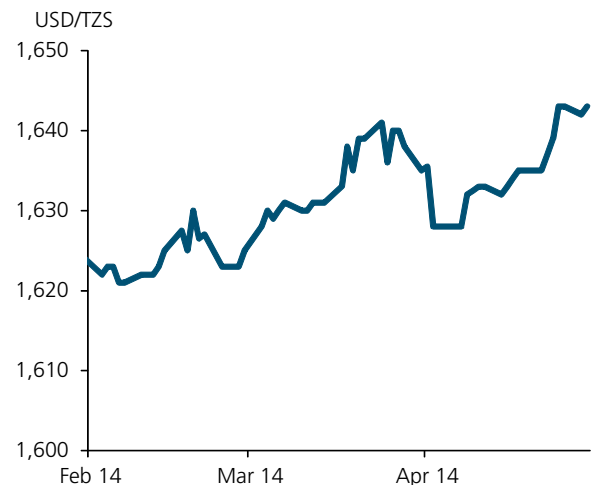
Source: Bloomberg
Data as at April 2014

Tanzania

Shilling (TZS) in brief

- Mounting US dollar demand by oil importers propelled the currency pair higher last week but the rate of depreciation should slow over the next few days. The shilling has weakened on average by 1.1% in the second quarter of the last 14 years, implying a trading range of 1,633 to 1,650 over the next three months.

Figure 8: Shilling to trade in a narrow range



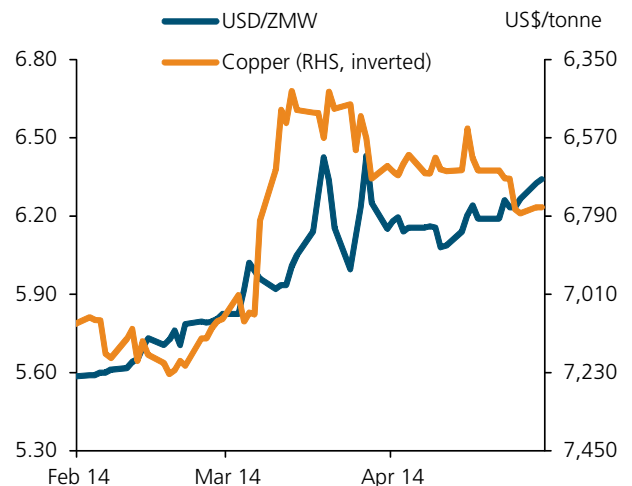
Source: Bloomberg
Data as at April 2014

Zambia

Kwacha (ZMW) in brief

- The escalation in USD/ZMW should be restrained by conversions by local corporates seeking local currency to fulfil month-end commitments. This implies a narrowing in the daily bid/offer spreads as the supply of US dollars offsets importer demand. Trade is likely to be concentrated between 6.2000 and 6.3000 but the flagging copper price remains worrisome as it increases the variability in monthly export earnings and may exert upward pressure on the local unit once month-end flows dissipate.

Figure 9: Kwacha is vulnerable to fluctuations in the copper price



Source: Bloomberg
Data as at April 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	98.44	0.83	0.59	0.85				
EUR/AOA	136.18	0.90	0.75	0.90				
GBP/AOA	165.41	0.89	0.65	2.53				
JPY/AOA	1.04	-1.02	-0.85	-0.95				
Botswana								
USD/BWP	8.80	0.07	0.41	-0.75	8.84	8.95	9.07	9.31
EUR/BWP	12.18	0.14	0.57	-0.70	12.26	12.41	12.57	12.90
GBP/BWP	14.79	0.13	0.47	0.90	14.87	15.05	15.23	15.59
JPY/BWP	11.61	-0.27	-0.67	0.64	1.20	1.20	1.20	1.21
Ghana								
USD/GHS	2.79	-1.06	0.18	4.05	2.21	2.28	2.38	2.54
EUR/GHS	3.86	-0.99	0.33	4.11	3.06	3.16	3.29	3.52
GBP/GHS	4.69	-1.00	0.23	5.79	3.71	3.83	3.99	4.25
JPY/GHS	36.62	0.88	-0.44	-4.00	225.74	233.36	243.27	259.53
Kenya								
USD/KES	86.85	-0.12	-0.06	0.25	87.21	88.61	90.83	94.70
EUR/KES	120.15	-0.04	0.09	0.30	120.64	122.55	125.60	130.95
GBP/KES	145.93	-0.06	0.00	1.92	146.50	148.78	152.38	158.53
JPY/KES	1.18	-0.08	-0.21	-0.36	0.85	0.87	0.89	0.93
Mozambique								
USD/MZN	31.35	-0.16	-0.35	0.32	29.71	31.35	31.89	32.95
EUR/MZN	43.37	-0.08	-0.19	0.37	43.08	43.35	44.10	45.46
GBP/MZN	52.68	-0.10	-0.29	1.99	52.31	52.63	53.51	55.03
JPY/MZN	3.26	-0.04	0.08	-0.43	3180.63	3200.35	3254.15	3348.51
Nigeria								
USD/NGN	160.85	-0.14	-0.92	-2.57	159.75	159.75	159.75	159.75
EUR/NGN	222.52	-0.06	-0.77	-2.52	220.97	220.94	220.91	220.91
GBP/NGN	270.28	-0.08	-0.87	-0.95	268.35	268.22	268.02	267.42
JPY/NGN	0.64	-0.06	0.67	2.53	0.64	1.56	1.56	1.57
South Africa								
USD/ZAR	10.67	0.40	1.56	-0.70	10.67	10.83	11.01	11.34
EUR/ZAR	14.76	0.47	1.71	-0.65	14.82	14.97	15.22	15.75
GBP/ZAR	17.93	0.46	1.61	0.96	18.00	18.18	18.47	19.06
JPY/ZAR	9.58	-0.59	-1.79	0.59	9.53	9.43	9.27	8.95
Tanzania								
USD/TZS	1,643.00	0.00	0.49	0.43	1,655.63	1,682.38	1,732.50	1,818.00
EUR/TZS	2,272.93	0.07	0.64	0.48	2,290.13	2,326.76	2,395.72	2,514.01
GBP/TZS	2,760.73	0.06	0.54	2.10	2,781.16	2,824.75	2,906.71	3,043.32
JPY/TZS	0.06	-0.20	-0.75	-0.53	16.21	16.48	16.98	17.85
Zambia								
USD/ZMW	6.27	0.52	1.21	2.37	5.34	5.36	5.50	5.77
EUR/ZMW	8.67	0.60	1.37	2.42	7.39	7.43	7.62	8.00
GBP/ZMW	10.53	0.58	1.27	4.07	8.97	9.00	9.23	9.67
JPY/ZMW	16.31	-0.72	-1.46	-2.42	0.05	0.05	0.05	0.06

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



Commodities prices

	Current	m/m % change	y/y % change	Implied volatility	3-month future	12-month future
Metals						
Gold US\$/oz0	1,295.84	0.0	-12.2	13.6	-	1,299.7
Copper US\$/tonne	6,782.00	1.7	-4.2	14.4	6,750.5	6,716.5
Softs						
Cattle US\$/lb	181.40	1.7	29.2	14.8	136.8	143.5
Cocoa US\$/tonne	2,935.00	-1.6	25.7	19.2	2,946.0	2,967.0
Coffee – Arabica US\$/lb	198.80	10.1	48.8	47.8	201.2	207.9
Coffee – Robusta US\$/tonne	0.00	-	-	27.6	2,126.0	2,141.0
Cotton US\$/lb	92.65	-1.2	10.8	19.4	92.2	82.2
Maize – Yellow R/tonne	2,208.00	-3.0	3.7	24.0	2,195.0	2,281.0
Maize – White R/tonne	2,230.00	-6.5	4.6	23.7	2,091.0	2,226.0
Raw Sugar US\$/lb	16.94	-5.8	-3.1	22.7	18.9	18.9
Energy						
WTI Crude US\$/bbl	101.03	-0.6	6.9	17.8	99.2	92.3

Source: Bloomberg

Interest rates

	3-m T-Bill		Policy rate
	Mar-14 ¹	Current	Current
Angola	3.64	3.64	9.25
Botswana	3.23	3.28	7.50
Ghana	23.68	24.06	18.00
Kenya	8.94	8.76	8.50
Mozambique	5.22	5.25	8.25
Namibia	5.19	5.19	5.50
Nigeria	13.71	11.04	12.00
South Africa	5.73	5.78	5.50
Tanzania	12.17	12.17	OMO ²
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
All data as at April 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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