

17 March 2014

Angola

- AOA: Official rate maintained at USD/AOA97.36 since mid-December 2013

Botswana

- BWP: EM concerns over China and Ukraine drag BWP/USD lower

CMA

- ZAR: Expect a relatively volatile week, with focus on the Fed, Ukraine and China

Ghana

- GHS: Indicative rates not reflective of the pressure on the interbank market

Kenya

- KES: USD/KES continues to oscillate around 86.40

Mozambique

- MZN: Depreciatory pressure on the metical is subsiding

Nigeria

- NGN: Market angst over the suspension of Governor Sanusi has settled

Tanzania

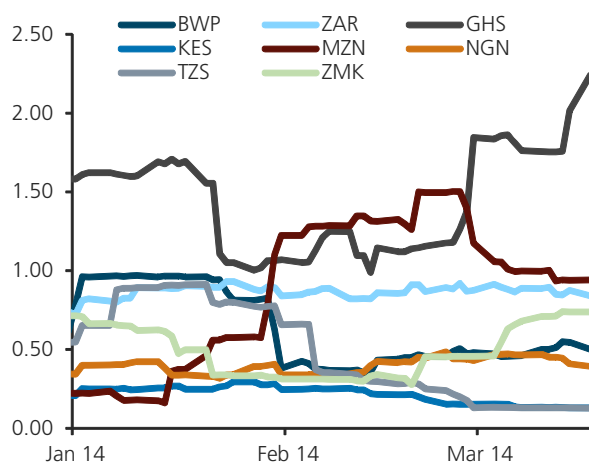
- TZS: Intraday volatility should subside over the next few days

Zambia

- ZMW: The local unit is perched at USD/ZMW6.02

Currency fluctuations

1-month realised volatility



Source: Bloomberg
Data as at March 2014

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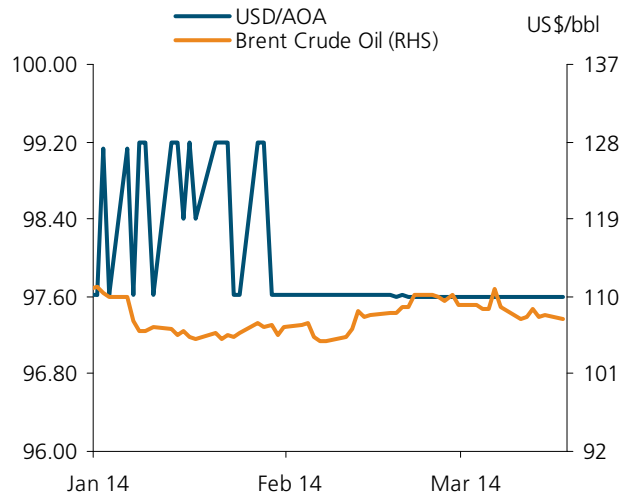


Angola

Kwanza (AOA) in brief

- The BNA has successfully maintained the official rate at USD/AOA97.36 since mid-December 2013, through active liquidity management. Indicative pricing shows little to no intraday volatility.

Figure 1: Kwanza relatively unmoved from 97.36



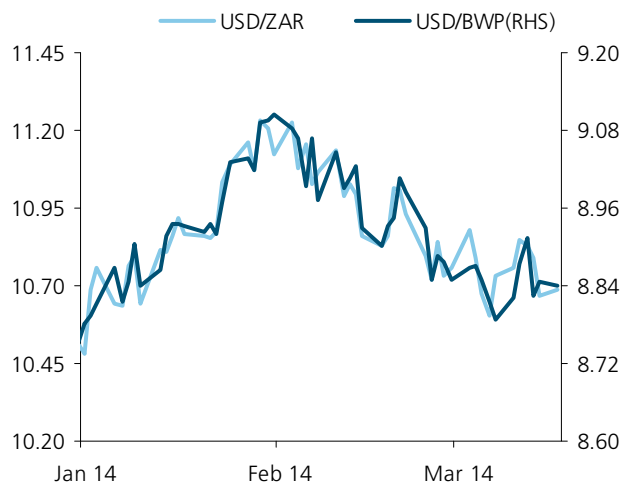
Source: Bloomberg
Data as at March 2014

Botswana

Pula (BWP) in brief

- The pula weakened against the greenback on Friday, tracking emerging market concerns over the slowdown of China's growth and ensuing tensions in Ukraine. Despite this, we expect the unit to open slightly stronger this morning around BWP/USD0.1134/0.1136 compared to its closing levels of 0.1129/0.1132, taking cue from USD/ZAR's overnight movement. The pula was little changed against the rand, trading within a close range —it closed the day at 1.2141/71 from 1.2169/99 in the morning .

Figure 2: Pula moving in tow with the rand



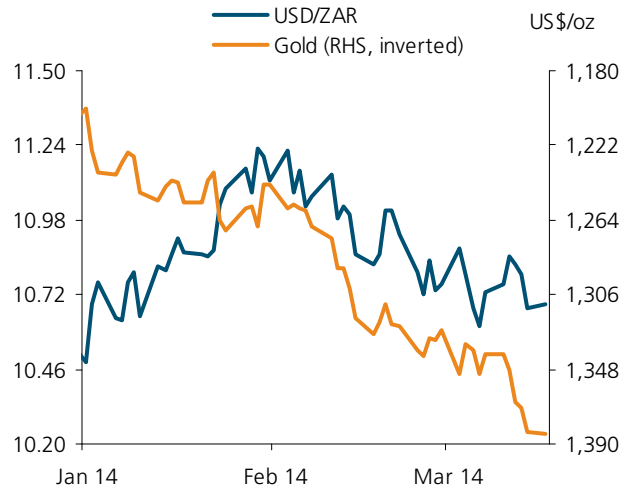
Source: Bloomberg
Data as at March 2014

CMA

Rand (ZAR) in brief

- The rand has broadly managed to shrug off the negatives from China and Ukraine but is looking stretched versus other risk currencies and may battle to extend further. Having traded as far as 10.96 last week, USD/ZAR managed to reverse all the way to 10.70 by the close — outperforming other high-risk currencies by 5 – 10 cents. The South African current account deficit came in better than expected, but the deficit will widen again in 1Q14. USD/ZAR opens at 10.70. The key support level to break is 10.59/60 while resistance is at 10.84. Expect a relatively volatile week, with focus on the Fed, Ukraine and China.

Figure 3: Rand outperforms other high-risk currencies



Source: Bloomberg
Data as at March 2014

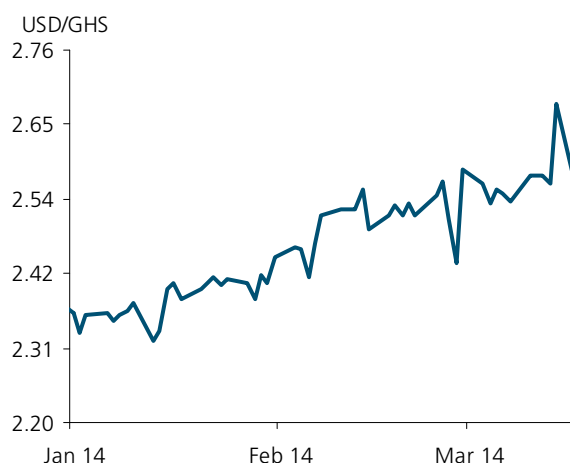


Ghana

Cedi (GHS) in brief

- Indicative rates do not adequately reflect the pressure on the interbank market to satisfy unmet US dollar bids. It is for this reason that we remain bearish on the short-term outlook of the cedi. A meaningful pullback in the local unit is premised on a moderation in import demand and the restoration of portfolio inflows. Resistance is firmly entrenched at USD/GHS2.62 for now.

Figure 4: Cedi resistance evident at 2.62 against the US dollar



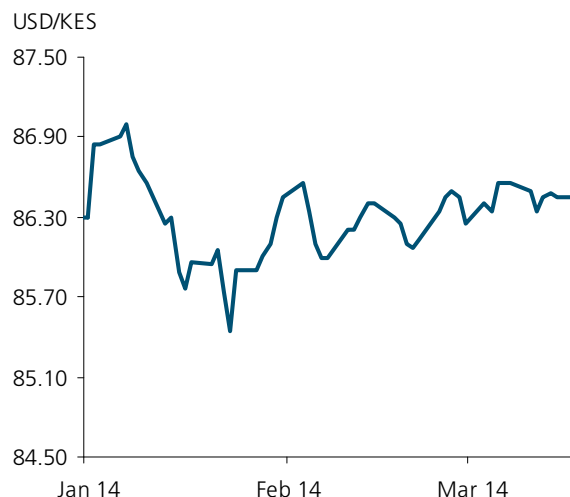
Source: Bloomberg
Data as at March 2014

Kenya

Shilling (KES) in brief

- USD/KES continues to oscillate around 86.40 and should maintain a flat trajectory over the next few days as the demand for shillings, to fulfil corporate tax payments, offsets local currency inflows from maturing government securities. Trade is likely to be concentrated in a narrow band of USD/KES86.10 – 86.70.

Figure 5: USD/KES continues to oscillate around 86.40



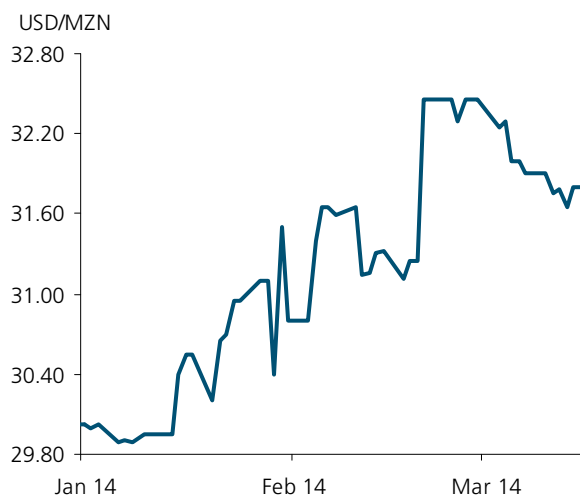
Source: Bloomberg
Data as at March 2014

Mozambique

Metical (MZN) in brief

- Depreciatory pressure on the metical is subsiding, with short-term technical indicators signalling further appreciation. The sale of US dollars by the BDM provided the impetus for a reversal in the local unit's upward trend. USD/MZN31.00 is within sight. A meaningful move lower — below USD/MZN30.00 — will be facilitated by local tax commitments, a moderation in import demand for durable goods, and the start of the export season over the next few months.

Figure 6: Depreciatory pressure on the metical is subsiding



Source: Bloomberg
Data as at March 2014

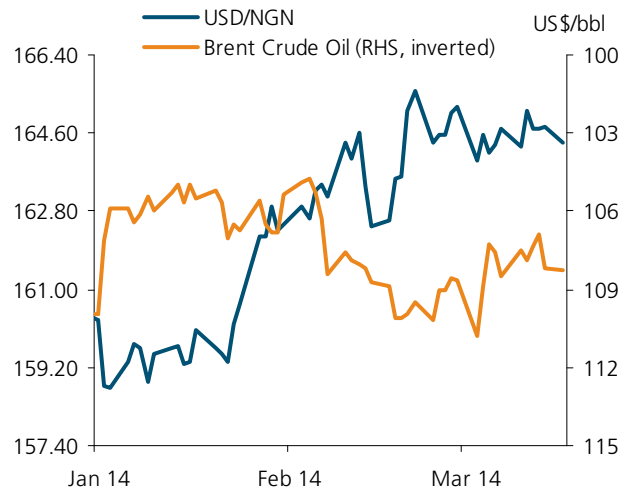


Nigeria

Naira (NGN) in brief

- Market angst over the suspension of Governor Sanusi has settled, as evidenced by a lessening in daily volatility. However, the market has become overly dependent on direct selling by the central bank, which is rapidly running down international reserves. Despite its efforts, the naira is still roughly 3% above the upper bounds of the accepted trading band — increasing the possibility of monetary tightening at the next MPC meeting later this month, especially as the CBN tapers its intervention programme.

Figure 7: Naira at risk of weakness as CBN slows the pace of intervention



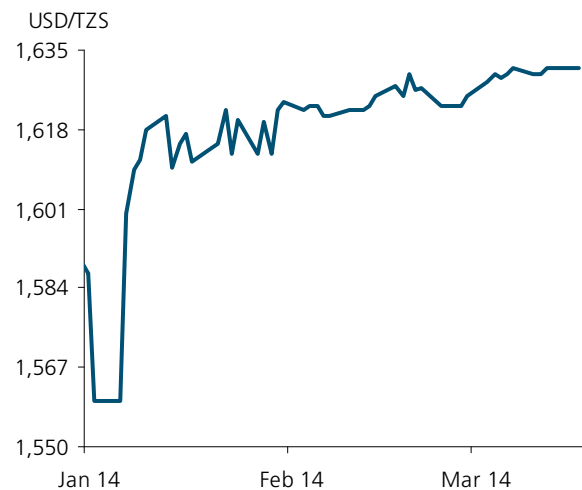
Source: Bloomberg
Data as at March 2014

Tanzania

Shilling (TZS) in brief

- USD/TZS should edge lower this week as corporates and NGOs sell US dollars to meet month-end obligations. Despite an increase in volume, intraday volatility should subside over the next few days as inflows offset import demand.

Figure 8: Shilling to trade in a narrow range



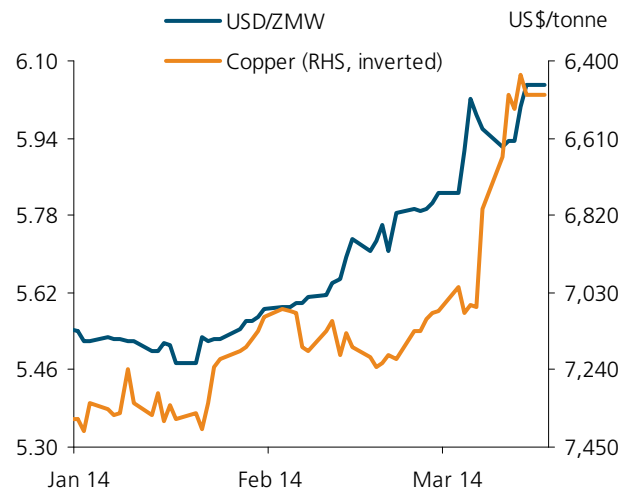
Source: Bloomberg
Data as at March 2014

Zambia

Kwacha (ZMW) in brief

- Despite the BoZ's attempts to tighten monetary conditions, domestic liquidity remains unbalanced. The kwacha is perched at USD/ZMW6.02, owing to rampant import demand, the lagged effect of generalised risk aversion that has paralysed portfolio inflows and a moderation in the copper price which continues to dull export earnings. While the central bank supports a flexible exchange rate policy, it will intervene when necessary to minimise currency volatility. We expect the BoZ to continue selling international reserves to slow the pace of kwacha weakness until balance is restored to the local interbank market. However, the extent of the intervention is limited by its reserve capacity which equates to a meagre three months of import cover.

Figure 9: Kwacha is perched at USD/ZMW6.02



Source: Bloomberg
Data as at March 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	97.60	0.00	0.00	-0.01	-	-	-	-
EUR/AOA	135.25	-0.32	-0.01	1.57	-	-	-	-
GBP/AOA	162.32	0.12	-0.78	1.35	-	-	-	-
JPY/AOA	1.04	-0.81	-1.11	-0.35	-	-	-	-
Botswana								
USD/BWP	8.83	-0.97	0.13	-2.43	8.91	8.98	9.10	9.29
EUR/BWP	12.23	-1.29	0.12	-0.88	12.38	12.48	12.65	12.92
GBP/BWP	14.68	-0.85	-0.65	-1.10	14.82	14.93	15.13	15.41
JPY/BWP	11.54	0.16	-1.24	2.12	1.20	1.20	1.20	1.22
Ghana								
USD/GHS	2.56	-0.39	0.59	1.59	2.21	2.28	2.38	2.54
EUR/GHS	3.55	-0.71	0.58	3.20	3.08	3.17	3.30	3.53
GBP/GHS	4.26	-0.27	-0.20	2.97	3.68	3.78	3.95	4.21
JPY/GHS	39.78	-0.42	-1.69	-1.92	224.00	230.99	240.80	256.89
Kenya								
USD/KES	86.48	0.03	-0.08	0.32	87.04	87.87	89.24	92.72
EUR/KES	119.84	-0.29	-0.09	1.91	121.11	122.27	124.17	129.05
GBP/KES	143.82	0.16	-0.86	1.69	144.88	146.20	148.36	153.88
JPY/KES	1.18	-0.84	-1.03	-0.68	0.86	0.87	0.88	0.92
Mozambique								
USD/MZN	31.65	-0.44	-1.09	0.00	29.71	32.11	32.67	33.66
EUR/MZN	43.86	-0.76	-1.10	1.58	44.39	44.67	45.45	46.84
GBP/MZN	52.64	-0.32	-1.87	1.37	53.10	53.42	54.31	55.86
JPY/MZN	3.22	-0.37	-0.01	-0.36	-	-	-	-
Nigeria								
USD/NGN	164.70	0.00	0.21	0.19	159.75	159.75	159.75	159.75
EUR/NGN	228.24	-0.32	0.21	1.77	222.29	222.28	222.28	222.34
GBP/NGN	273.91	0.12	-0.57	1.56	265.90	265.79	265.60	265.12
JPY/NGN	0.62	-0.81	-1.32	-0.55	0.64	1.57	1.57	1.57
South Africa								
USD/ZAR	10.79	-0.33	1.74	-3.11	10.75	10.83	11.00	11.39
EUR/ZAR	14.95	-0.65	1.73	-1.58	14.94	15.07	15.31	15.84
GBP/ZAR	17.95	-0.21	0.94	-1.79	17.87	18.02	18.29	18.89
JPY/ZAR	9.44	-0.48	-2.80	2.84	9.44	9.35	9.20	8.88
Tanzania								
USD/TZS	1,631.00	0.00	0.06	0.55	1,649.02	1,675.05	1,730.05	1,795.56
EUR/TZS	2,260.24	-0.32	0.05	2.15	2,294.54	2,330.68	2,407.22	2,498.98
GBP/TZS	2,712.52	0.12	-0.72	1.93	2,744.74	2,786.89	2,876.36	2,979.83
JPY/TZS	0.06	-0.81	-1.17	-0.91	16.27	16.53	17.09	17.76
Zambia								
USD/ZMW	6.01	1.20	0.27	6.93	5.34	5.36	5.50	5.77
EUR/ZMW	8.32	0.87	0.26	8.62	7.43	7.45	7.64	8.03
GBP/ZMW	9.99	1.32	-0.51	8.39	8.89	8.90	9.13	9.57
JPY/ZMW	16.95	-1.98	-1.37	-6.82	0.05	0.05	0.05	0.06

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



Commodities prices

	Current	m/m % change	y/y % change	Implied volatility	3-month future	12-month future
Metals						
Gold US\$/oz0	1,383.86	4.9	-13.1	16.2	1,379.2	1,381.3
Copper US\$/tonne	6,490.00	-9.6	-16.6	16.8	6,476.0	6,476.5
Softs						
Cattle US\$/lb	174.60	2.4	27.7	14.8	137.9	140.0
Cocoa US\$/tonne	2,997.00	2.1	41.7	23.3	2,992.0	2,997.0
Coffee – Arabica US\$/lb	197.85	41.4	44.9	47.5	198.4	205.9
Coffee – Robusta US\$/tonne	0.00	-	-	33.3	2,175.0	2,170.0
Cotton US\$/lb	91.95	5.0	-0.6	24.0	92.2	79.7
Maize – Yellow R/tonne	3,340.00	7.7	44.9	24.0	2,333.0	2,260.0
Maize – White R/tonne	3,320.00	7.5	41.8	23.7	2,399.0	2,222.0
Raw Sugar US\$/lb	17.25	10.4	-8.7	26.5	18.2	18.2
Energy						
WTI Crude US\$/bbl	99.14	-1.2	6.1	24.0	97.3	91.5

Source: Bloomberg

Interest rates

	3-m T-Bill		Policy rate
	Feb-14 ¹	Current	Current
Angola	3.69	3.69	9.25
Botswana	3.30	3.27	7.50
Ghana	20.02	21.65	18.00
Kenya	9.11	9.16	8.50
Mozambique	5.21	5.21	8.25
Namibia	5.19	5.20	5.50
Nigeria	13.67	13.78	12.00
South Africa	5.67	5.78	5.50
Tanzania	13.67	13.26	OMO ²
Zambia	7.99	7.99	10.25

¹ End of month

² Open Market Operations

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