

22 April 2014

### Angola

- AOA: Intraday volatility is manic

### Botswana

- BWP: Pula mainly confined to a narrow range against the greenback

### CMA

- ZAR: Rand caught between opposing forces, still not clear which pressure will win

### Ghana

- GHS: Depreciatory pressure on the cedi is unrelenting

### Kenya

- KES: Shilling is trading in relatively unfamiliar territory as it flirts with 87.00

### Mozambique

- MZN: Metical appears to have settled into a new trading band

### Nigeria

- NGN: USD/NGN perched at 162 as the market awaits seasonal month-end inflows

### Tanzania

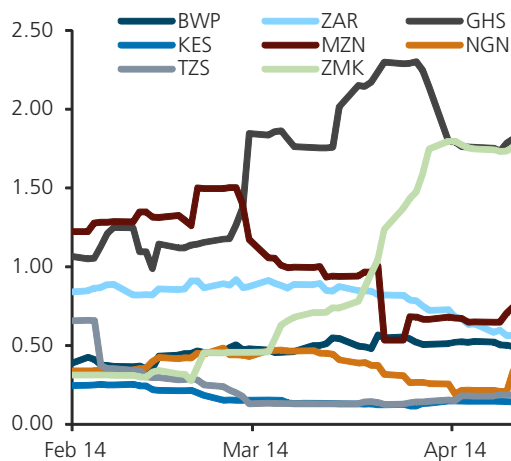
- TZS: Resurgence in import demand likely to exert upward pressure on USD/TZS

### Zambia

- ZMW: Kwacha begins the shortened trading week teetering below USD/ZMW6.20

### Currency fluctuations

#### 1-month realised volatility



Source: Bloomberg  
Data as at April 2014

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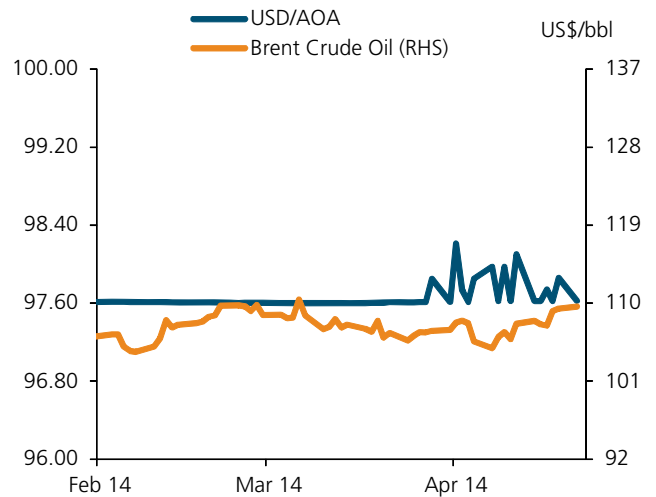


# Angola

## Kwanza (AOA) in brief

- Intraday volatility is manic as the local unit swings wildly between 96.60 and 97.48. The kwanza has settled at the lower-end of the volatile trading range, suggesting an improvement in liquidity conditions. However, as we noted last week, the BNA will be under pressure to accrue reserves if the oil price continues to fluctuate.

Figure 1: Kwacha settles at lower-end of volatile trading range



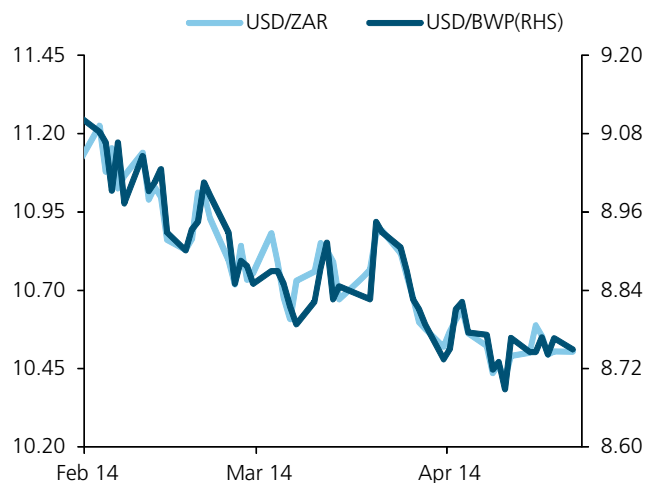
Source: Bloomberg  
Data as at April 2014

# Botswana

## Pula (BWP) in brief

- The pula was mainly confined within a narrow range against the greenback on Thursday, with subdued trade before the Easter break. As local markets re-open, taking their cue from USD/ZAR movements, we expect the unit to open little changed this morning from Friday's close around BWP/USD0.1142/45. The pula lost ground against the rand to close the session at 1.2028/58 from 1.2033/63 in the morning.

Figure 2: Pula confined to a narrow range



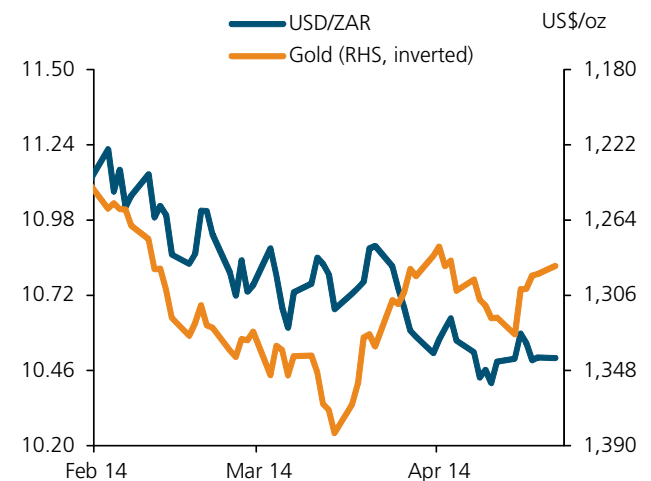
Source: Bloomberg  
Data as at April 2014

# CMA

## Rand (ZAR) in brief

- The rand is caught between opposing forces and it is still not clear which pressure will win. Our bias is to expect a stronger rand by the end of the week but this is a low conviction call. USD/ZAR opens at 10.48, below the 10.50 technical level, but with no downside momentum. Event risk is moderate this week. The highlight is Draghi's speech on Thursday: markets continue to look for any hint that the ECB is moving towards quantitative easing. Also of note will be the Chinese HSBC PMI figure, out on Wednesday, which hopefully should confirm expectations that economic growth is stabilising rather than stalling.

Figure 3: Rand is caught between opposing forces



Source: Bloomberg  
Data as at April 2014

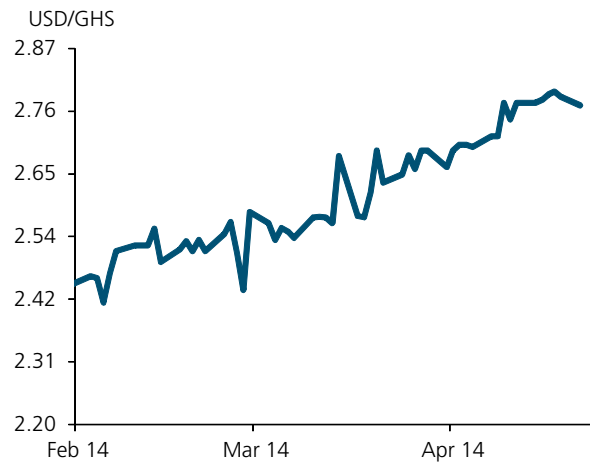


# Ghana

## Cedi (GHS) in brief

- Depreciatory pressure on the cedi is unrelenting as raging import demand renders the BoG's measures ineffective. Ghana's lingering dual deficits continue to breed uncertainty, keeping offshore investors at bay. For as long as the government fails to rebuild adequate fiscal buffers, the onus will be on the central bank to implement processes to slow the pace of depreciation.

Figure 4: Depreciatory pressure on the cedi is unrelenting



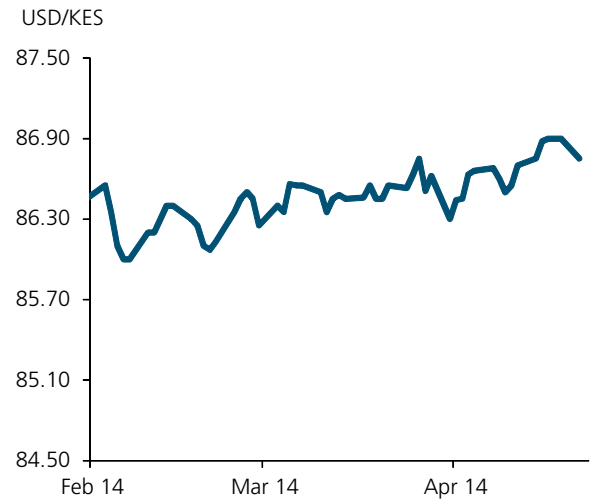
Source: Bloomberg  
Data as at April 2014

# Kenya

## Shilling (KES) in brief

- The local unit is trading in relatively unfamiliar territory as it flirts with 87.00 amid rising import demand. Prevailing money market conditions might restrict the extent of shilling losses as liquidity remains tight, increasing the cost funding US dollar positions. Short-term momentum indicators suggest a slow trend depreciation.

Figure 5: Shilling trading in unfamiliar territory



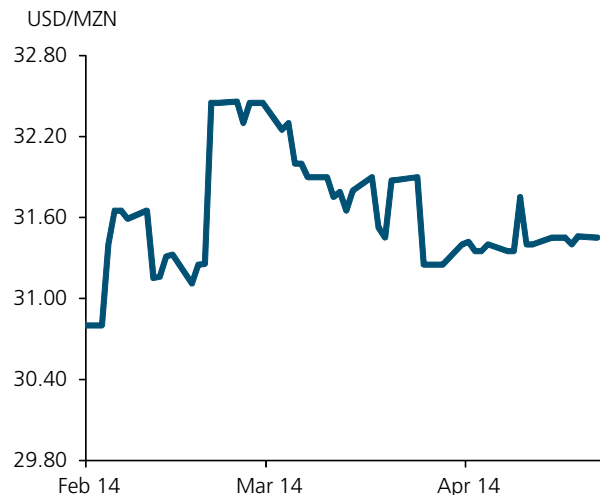
Source: Bloomberg  
Data as at April 2014

# Mozambique

## Metical (MZN) in brief

- The metical appears to have settled into a new trading band, oscillating between 30.89 and 31.20 over the last few days. We expect the unit to recoup losses in 2Q14 as agricultural export proceeds and long-awaited donor funding begin to trickle into the local market, offsetting FX demand.

Figure 6: Metical oscillating between 30.89 and 31.20



Source: Bloomberg  
Data as at April 2014

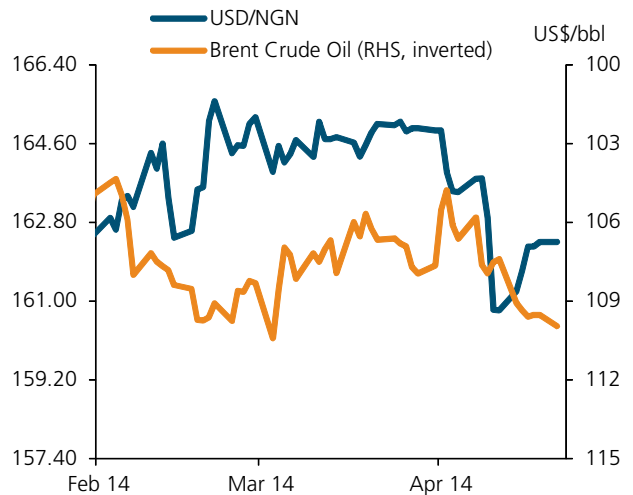


# Nigeria

## Naira (NGN) in brief

- The currency is perched at USD/NGN162 as market participants await seasonal month-end inflows from local oil conglomerates to augment interbank liquidity. Offshore interest in naira-denominated assets has blown hot and cold since February, providing limited support to the local unit. We expect the 3-year and 10-year FGN bond auctions this week to be largely dominated by local institutions that are lapping up cheap funds. While the interbank rate is within striking distance of the CBN's upper 3% reference band, it has struggled to break lower as importers take advantage of favourable levels to hedge future exposure.

Figure 7: Naira dependent on month end USD sales



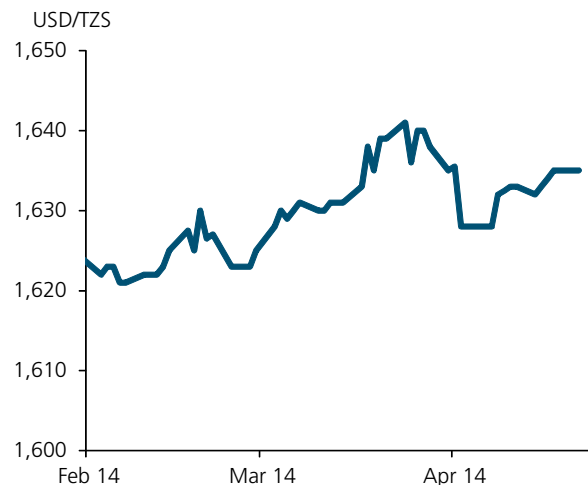
Source: Bloomberg  
Data as at April 2014

# Tanzania

## Shilling (TZS) in brief

- A resurgence in import demand from the oil sector is likely to exert upward pressure on USD/TZS as traditional export earnings wane, thinning the pool of available US dollars in the interbank market. Despite a moderation in liquidity conditions, the range in which the local unit has more recently traded — 1,630 to 1,640 — should be sustained.

Figure 8: Shilling vulnerable to weakness as export earnings wane



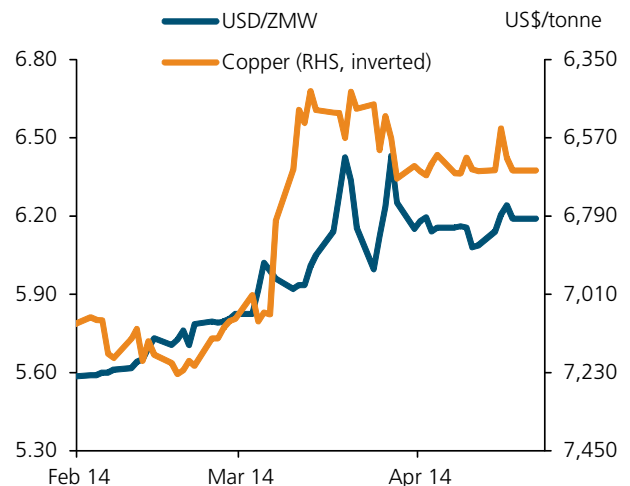
Source: Bloomberg  
Data as at April 2014

# Zambia

## Kwacha (ZMW) in brief

- The kwacha begins the shortened trading week teetering below USD/ZMW6.20 but risks drifting higher as the 1Q14 tax season draws to an end, throwing US dollar liquidity off kilter. Demand is likely to outpace supply as the copper price continues to fall, eroding export earnings. However, the pace of depreciation should be more measured compared to the first few weeks of the year if panic-buying is kept at bay.

Figure 9: Kwacha teeters below USD/ZMW6.20



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
<b>Angola</b>								
USD/AOA	97.86	0.25	-0.24	0.26	-	-	-	-
EUR/AOA	135.17	0.20	-0.76	-0.52	-	-	-	-
GBP/AOA	164.35	0.21	0.12	1.55	-	-	-	-
JPY/AOA	1.05	-0.22	1.04	0.72	-	-	-	-
<b>Botswana</b>								
USD/BWP	8.77	0.29	0.00	-0.72	8.79	8.89	9.01	9.25
EUR/BWP	12.11	0.25	-0.52	-1.50	12.12	12.26	12.42	12.75
GBP/BWP	14.72	0.25	0.36	0.55	14.76	14.92	15.10	15.47
JPY/BWP	11.68	-0.26	0.80	1.72	1.20	1.20	1.20	1.21
<b>Ghana</b>								
USD/GHS	2.79	-0.36	0.36	8.37	2.21	2.28	2.38	2.54
EUR/GHS	3.85	-0.40	-0.16	7.52	3.05	3.14	3.28	3.50
GBP/GHS	4.68	-0.39	0.73	9.75	3.71	3.82	3.98	4.25
JPY/GHS	36.78	0.39	0.44	-6.81	226.39	233.60	243.53	259.84
<b>Kenya</b>								
USD/KES	86.90	0.00	0.23	0.40	87.14	87.93	89.28	92.64
EUR/KES	120.03	-0.04	-0.29	-0.38	120.33	121.40	123.26	127.91
GBP/KES	145.94	-0.04	0.60	1.69	146.27	147.53	149.68	154.97
JPY/KES	1.18	0.03	0.57	0.58	0.85	0.86	0.87	0.91
<b>Mozambique</b>								
USD/MZN	31.46	0.19	0.19	-0.21	29.71	31.77	32.32	33.32
EUR/MZN	43.46	0.14	-0.33	-0.99	43.58	43.86	44.62	46.00
GBP/MZN	52.83	0.15	0.56	1.07	52.97	53.30	54.18	55.73
JPY/MZN	3.26	-0.16	0.60	1.19	3232.33	3252.42	3307.29	3403.88
<b>Nigeria</b>								
USD/NGN	162.35	0.06	0.97	-1.19	159.75	159.75	159.75	159.75
EUR/NGN	224.25	0.02	0.45	-1.96	220.60	220.57	220.55	220.57
GBP/NGN	272.65	0.03	1.34	0.08	268.16	268.03	267.82	267.22
JPY/NGN	0.63	-0.03	-0.17	2.20	0.64	1.56	1.56	1.56
<b>South Africa</b>								
USD/ZAR	10.51	0.10	0.14	-2.22	10.55	10.65	10.82	11.20
EUR/ZAR	14.51	0.06	-0.38	-2.99	14.56	14.71	14.94	15.45
GBP/ZAR	17.64	0.06	0.51	-0.97	17.70	17.87	18.14	18.72
JPY/ZAR	9.75	-0.07	0.65	3.28	9.71	9.61	9.46	9.13
<b>Tanzania</b>								
USD/TZS	1,635.00	0.00	0.12	-0.18	1,641.75	1,671.38	1,721.50	1,769.00
EUR/TZS	2,258.43	-0.04	-0.40	-0.96	2,267.13	2,307.70	2,376.69	2,442.48
GBP/TZS	2,745.82	-0.04	0.49	1.09	2,755.85	2,804.24	2,886.07	2,959.09
JPY/TZS	0.06	0.03	0.67	1.17	16.03	16.32	16.82	17.32
<b>Zambia</b>								
USD/ZMW	6.19	0.00	1.73	-1.43	5.34	5.36	5.50	5.77
EUR/ZMW	8.55	-0.04	1.20	-2.20	7.37	7.39	7.58	7.96
GBP/ZMW	10.40	-0.04	2.10	-0.17	8.96	8.99	9.22	9.66
JPY/ZMW	16.55	0.03	-0.91	2.45	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
<b>Metals</b>						
Gold US\$/oz0	1,287.43	-3.5	-9.7	14.3	1,288.5	1,290.3
Copper US\$/tonne	6,631.00	1.4	-3.6	15.0	N/A	N/A
<b>Softs</b>						
Cattle US\$/lb	178.33	1.9	33.5	14.8	134.6	140.6
Cocoa US\$/tonne	2,987.00	1.0	29.9	20.2	3,004.0	3,023.0
Coffee – Arabica US\$/lb	196.70	14.9	38.0	50.3	199.2	206.0
Coffee – Robusta US\$/tonne	0.00	-	-	27.8	2,136.0	2,151.0
Cotton US\$/lb	89.90	-3.7	6.6	18.6	92.2	81.6
Maize – Yellow R/tonne	2,240.00	-30.9	3.5	24.0	2,204.0	2,289.0
Maize – White R/tonne	2,266.00	-33.8	4.9	23.7	2,095.0	2,222.0
Raw Sugar US\$/lb	16.84	0.1	-5.8	23.2	18.8	18.8
<b>Energy</b>						
WTI Crude US\$/bbl	104.17	4.7	17.4	16.5	101.8	94.1

Source: Bloomberg

## Interest rates

	3-m T-Bill		Policy rate
	Mar-14 <sup>1</sup>	Current	Current
Angola	3.64	3.64	9.25
Botswana	3.23	3.28	7.50
Ghana	23.68	22.70	18.00
Kenya	8.94	8.83	8.50
Mozambique	5.22	5.25	8.25
Namibia	5.19	5.66	5.50
Nigeria	13.71	12.08	12.00
South Africa	5.73	5.80	5.50
Tanzania	12.17	12.16	OMO <sup>2</sup>
Zambia	9.50	9.50	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 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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