

7 April 2014

Angola

- AOA: Kwanza regains its footing against the dollar after soaring to 98.00

Botswana

- BWP: Gaining strength after benign US non-farm payrolls figure

CMA

- ZAR: USD/ZAR stuck between 10.50 – 10.62

Ghana

- GHS: Cedi continues its ascent amid unrelenting import demand

Kenya

- KES: CBK required to intensify mopping up efforts to arrest shilling losses

Mozambique

- MZN: Pushing back over USD/MZN31.00 as FX flows remain low

Nigeria

- NGN: Evening out of domestic liquidity provides impetus for naira gains

Tanzania

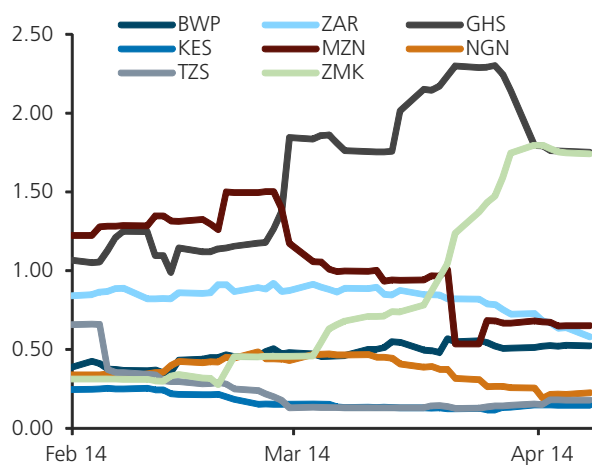
- TZS: Shilling to benefit from tourism and agricultural inflows

Zambia

- ZMW: Kwacha volatility likely to persist in 2Q14

Currency fluctuations

1-month realised volatility



Source: Bloomberg
Data as at April 2014

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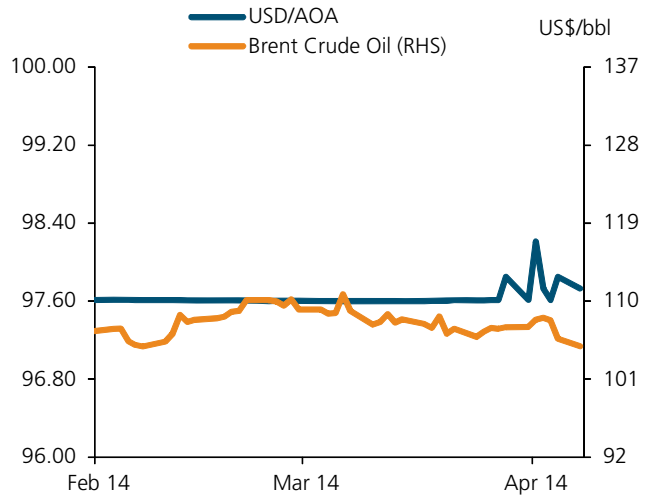


Angola

Kwanza (AOA) in brief

- The kwanza has regained its footing against the US dollar after soaring to 98.00 at the beginning of the month. Trade should remain concentrated around 97.48 over the next few days.

Figure 1: Volatility becoming more stable



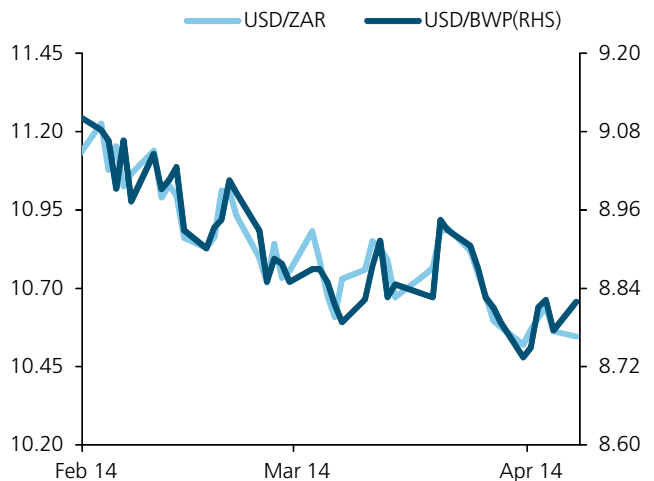
Source: Bloomberg
Data as at April 2014

Botswana

Pula (BWP) in brief

- The pula was confined within a tight range against the greenback, awaiting the release of the US non-farm payrolls data for direction. However, it gained strength after the data came out lower than expected. As a result, we expect BWP/USD to continue strong this morning to open around 0.1138/41. The local unit lost ground against the rand on Friday, closing at 1.1994/1.2024 from around 1.2052/86 in the morning.

Figure 2: Gaining strength after benign US non-farm payrolls figure



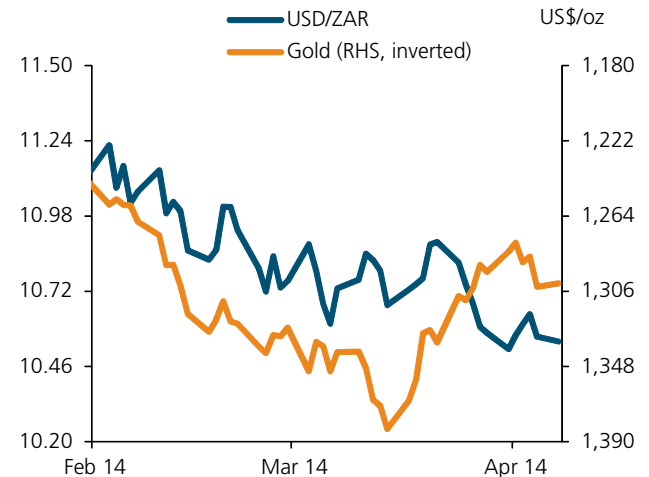
Source: Bloomberg
Data as at April 2014

CMA

Rand (ZAR) in brief

- The benign US non-farm payrolls figure has allowed the rand to shrug off last week's negatives but seems unlikely to be able to get a rand rally going again. USD/ZAR opens the week at 10.54, looking stuck in a 10.50 – 10.62 range for the early part of this week that has no data or event risk. The rand is doing better on the crosses but is likely to struggle.

Figure 3: Benign payrolls eases US yields and EM pressure



Source: Bloomberg
Data as at April 2014

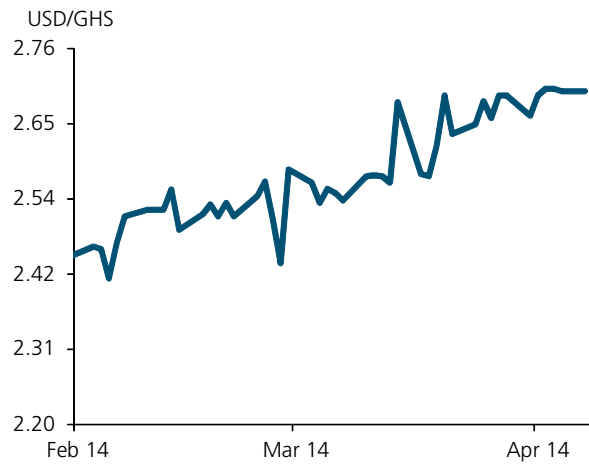


Ghana

Cedi (GHS) in brief

- USD/GHS continues its ascent despite the BoG’s recent measures to curb excess cedi liquidity. Import demand continues to drain the local market of US dollars that are hard to come by as export earnings are exposed to fluctuations in international commodities prices and investors shy away from cedi-denominated assets amid fears of further fiscal slippage. We anticipate measured losses this week.

Figure 4: Further losses expected



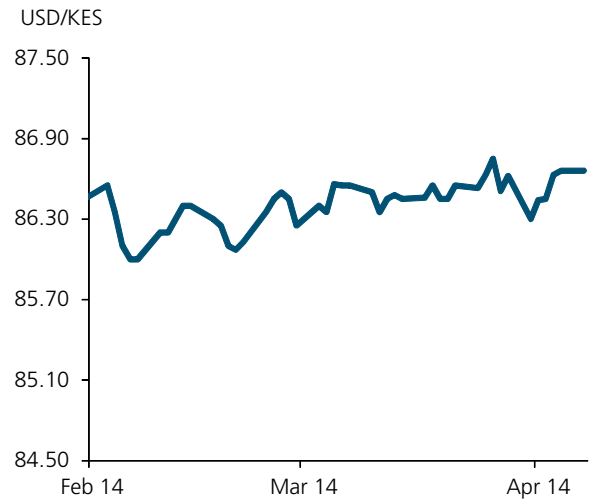
Source: Bloomberg
Data as at April 2014

Kenya

Shilling (KES) in brief

- The shilling’s depreciatory trend has gained momentum. Technical indicators, notably Bollinger Bands, suggest a mean level of USD/KES86.45. The extent of deviation from the average is not particularly stark, with support and resistance evident at 86.15 and 86.75 respectively. However, US dollar demand remains rife — pointing to a possible quickening in the rate of weakening. This could be partially offset by the CBK’s mopping up activities, though its level of participation could be constrained by the cost of sterilisation.

Figure 5: Dollar demand remains strong



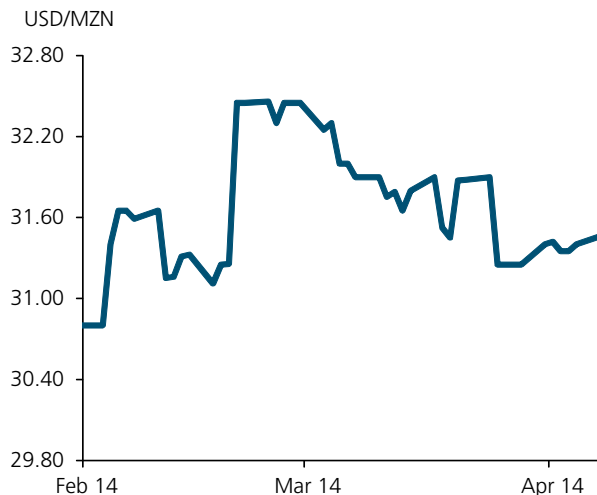
Source: Bloomberg
Data as at April 2014

Mozambique

Metical (MZN) in brief

- The metical depreciated around 6% against the US dollar in January and February. Looking at the supply of FX, exports are almost non-existent and foreign aid is undergoing budgeting allocations. On the demand side, buying power is rather low considering the typical overspend in the festive season. The factor which contributed to a shock on demand was the abnormal fuel imports which are typically an average of US\$20m to US\$30m monthly — US\$70m and US\$60m was paid in January and February respectively.

Figure 6: FX supply low



Source: Bloomberg
Data as at April 2014

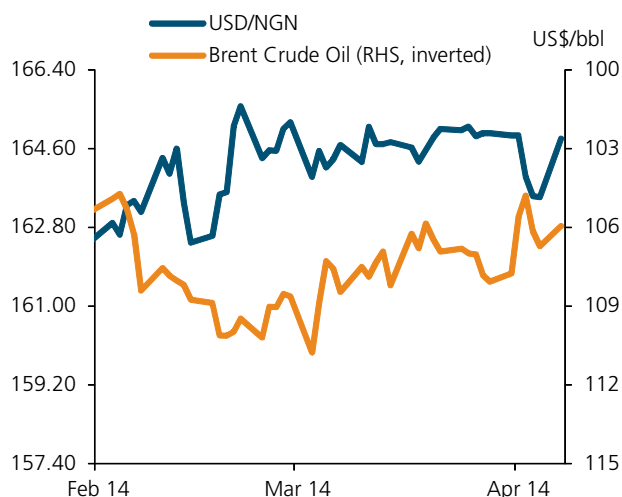


Nigeria

Naira (NGN) in brief

- Domestic liquidity evened out last week, owing to a 3% increase in the private sector reserve requirement and respectable month-end US dollar sales by oil majors, providing the impetus for naira gains. The local unit ended the week at its strongest level against the US dollar since mid-February and has the potential to extend its gains if the NNPC comes to market over the next few days. A lessening in naira volatility accompanied by an increase in domestic yields could lure offshore investors back to the local market, offering further support to the currency. However, unfavourable changes to Nigeria's sovereign rating or outlook could dampen sentiment.

Figure 7: Impetus for further naira gains



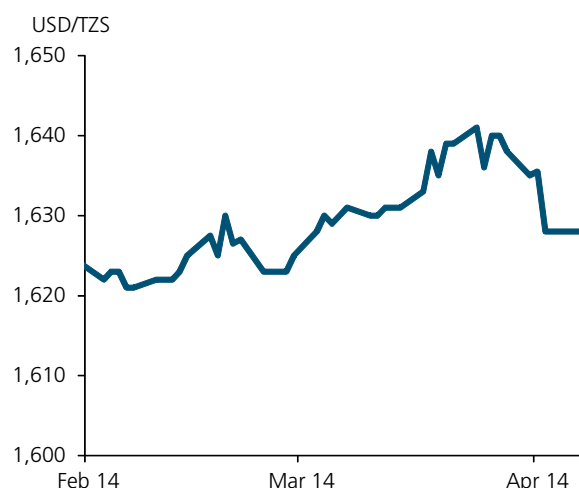
Source: Bloomberg
Data as at April 2014

Tanzania

Shilling (TZS) in brief

- The end of 1Q14 bode well for the shilling as domestic firms sought the local unit to satisfy tax and wage commitments. As such, the unit dipped below USD/TZS1,630.00 and should sustain a strengthening bias over the next few days on account of inflows from the tourism and agricultural sectors. While the bid/offer spread on the spot rate is likely to be sustained at TZS10, the range in which the local unit trades should shift lower.

Figure 8: Strengthening bias expected this week



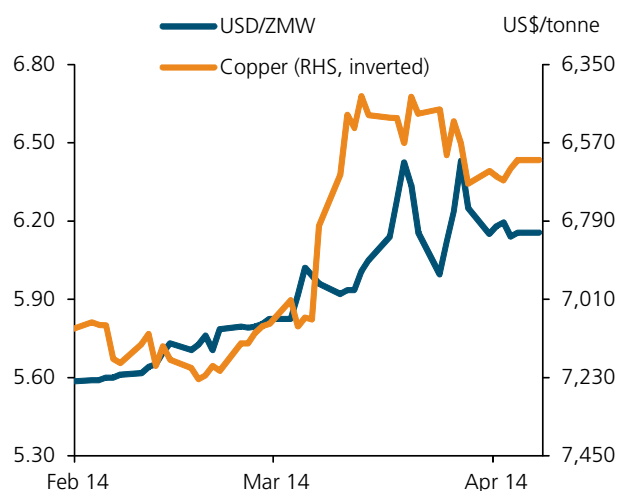
Source: Bloomberg
Data as at April 2014

Zambia

Kwacha (ZMW) in brief

- The kwacha endured a baptism of fire in 1Q14, weakening precipitously as domestic liquidity waned. Though the BoZ's tightening of the benchmark policy rate has increased the cost of funding long dollar positions through the local money market, corporate activity has been sustained as importers take advantage of dips in the local unit. We anticipate heightened volatility as we enter the second quarter, the copper price dangles below US\$6,800/tonne — constraining export earnings — while investors become more discriminant of risk assets. The removal of SI regulations could provide short-term respite as firms pursue dollar funding as part of their liability management strategies. Near-term resistance is evident at USD/ZMW6,100.

Figure 9: Heightened volatility expected in 2Q14



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	97.61	-0.12	0.00	984.56				
EUR/AOA	133.93	-0.46	-0.18	983.37				
GBP/AOA	161.93	-0.39	-0.17	980.32				
JPY/AOA	1.06	0.29	1.74	-90.55				
Botswana								
USD/BWP	8.82	0.13	0.13	-0.53	8.90	8.98	9.12	9.39
EUR/BWP	12.10	-0.20	-0.05	-0.64	12.24	12.34	12.54	12.92
GBP/BWP	14.64	-0.14	-0.04	-0.92	14.80	14.92	15.15	15.56
JPY/BWP	11.78	0.03	1.61	3.03	1.20	1.20	1.20	1.20
Ghana								
USD/GHS	2.70	0.00	0.37	5.47	2.21	2.28	2.38	2.54
EUR/GHS	3.70	-0.33	0.19	5.35	3.03	3.12	3.25	3.48
GBP/GHS	4.48	-0.27	0.20	5.06	3.66	3.77	3.93	4.19
JPY/GHS	38.50	0.16	1.37	-2.83	228.27	234.54	244.50	260.84
Kenya								
USD/KES	86.63	0.21	0.14	0.27	87.09	88.51	90.76	92.58
EUR/KES	118.87	-0.13	-0.04	0.16	119.35	121.28	124.35	126.87
GBP/KES	143.72	-0.06	-0.04	-0.13	144.31	146.60	150.21	152.92
JPY/KES	1.20	-0.04	1.60	2.21	0.84	0.86	0.88	0.90
Mozambique								
USD/MZN	31.35	0.00	0.32	-2.79	29.71	31.76	32.31	33.31
EUR/MZN	43.02	-0.33	0.14	-2.90	43.25	43.52	44.27	45.64
GBP/MZN	52.01	-0.27	0.14	-3.17	52.29	52.61	53.48	55.01
JPY/MZN	3.32	0.16	1.42	5.43	3259.11	3279.34	3334.17	3430.36
Nigeria								
USD/NGN	163.51	-0.27	-0.87	-0.27	159.75	159.75	159.75	159.75
EUR/NGN	224.35	-0.60	-1.05	-0.38	218.92	218.89	218.87	218.93
GBP/NGN	271.26	-0.54	-1.05	-0.66	264.71	264.59	264.39	263.88
JPY/NGN	0.64	0.43	2.64	2.76	0.65	1.54	1.54	1.54
South Africa								
USD/ZAR	10.64	0.33	0.41	-2.22	10.60	10.72	10.88	11.23
EUR/ZAR	14.60	0.00	0.23	-2.32	14.54	14.68	14.91	15.42
GBP/ZAR	17.65	0.06	0.24	-2.60	17.58	17.75	18.01	18.58
JPY/ZAR	9.77	-0.17	1.33	4.81	9.73	9.63	9.48	9.16
Tanzania								
USD/TZS	1,628.00	0.00	-0.73	0.00	1,644.75	1,672.38	1,717.50	1,791.00
EUR/TZS	2,233.78	-0.33	-0.91	-0.11	2,253.91	2,291.47	2,353.13	2,454.44
GBP/TZS	2,700.85	-0.27	-0.90	-0.39	2,725.37	2,769.86	2,842.52	2,958.35
JPY/TZS	0.06	0.16	2.49	2.48	15.93	16.20	16.65	17.39
Zambia								
USD/ZMW	6.14	-0.89	-4.51	5.41	5.34	5.36	5.50	5.77
EUR/ZMW	8.42	-1.22	-4.68	5.29	7.32	7.34	7.53	7.91
GBP/ZMW	10.19	-1.16	-4.68	5.00	8.85	8.87	9.10	9.53
JPY/ZMW	16.93	1.06	6.55	-2.77	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	1,301.57	-2.9	-17.7	14.2	1,303.5	1,305.0
Copper US\$/tonne	6,677.00	-3.7	-9.5	15.1	6,623.0	6,627.3
Softs						
Cattle US\$/lb	177.70	3.1	24.6	14.8	134.8	139.8
Cocoa US\$/tonne	2,966.00	0.0	39.1	19.0	2,983.0	2,993.0
Coffee – Arabica US\$/lb	185.00	-5.6	32.0	43.0	187.1	193.7
Coffee – Robusta US\$/tonne	0.00	-	-	27.0	2,085.0	2,059.0
Cotton US\$/lb	92.23	1.3	6.3	25.2	92.7	79.9
Maize – Yellow R/tonne	2,262.00	-35.9	6.8	24.0	2,227.0	2,316.0
Maize – White R/tonne	2,308.00	-35.2	8.4	23.7	2,141.0	2,239.0
Raw Sugar US\$/lb	17.35	-3.7	-1.7	24.8	18.6	18.6
Energy						
WTI Crude US\$/bbl	100.85	-1.7	8.8	16.2	98.7	91.9

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	23.98	18.00
Kenya	8.94	8.84	8.50
Mozambique	5.22	5.22	8.25
Namibia	5.19	5.19	5.50
Nigeria	13.71	13.74	12.00
South Africa	5.73	5.79	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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