

31 March 2014

Angola

- AOA: USD/AOA ascended to 97.48 at the end of last week

Botswana

- BWP: Pula supported by the rand strength

CMA

- ZAR: Strong but needing to decisively break 10.59

Ghana

- GHS: Alignment of BoG and interbank rates to exacerbate depreciatory pressures

Kenya

- KES: Shilling to drift into unfamiliar territory as it makes its way to USD/KES87.00

Mozambique

- MZN: Momentum indicators suggest continued metical gains

Nigeria

- NGN: Naira to derive marginal support from seasonal month-end US dollar sales

Tanzania

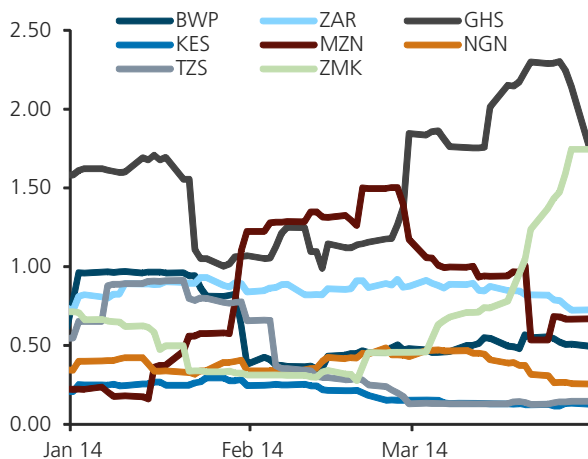
- TZS: Shilling to remain rangebound over the coming days

Zambia

- ZMW: Local liquidity crunch precipitates kwacha weakness

Currency fluctuations

1-month realised volatility



Source: Bloomberg
Data as at March 2014

Contents

2	Angola, Botswana and CMA
3	Ghana, Kenya and Mozambique
4	Nigeria, Tanzania and Zambia
5	Spot and forward exchange rates
6	General information
7	Contact pages
8	Disclaimer

Analysts



Nema Ramkhelawan-Bhana

Africa Analyst

nema.ramkhelawan@rmb.co.za
+27 11 282-8519

Celeste Fauconnier

Africa Analyst

celeste.fauconnier@rmb.co.za
+27 11 282-1923

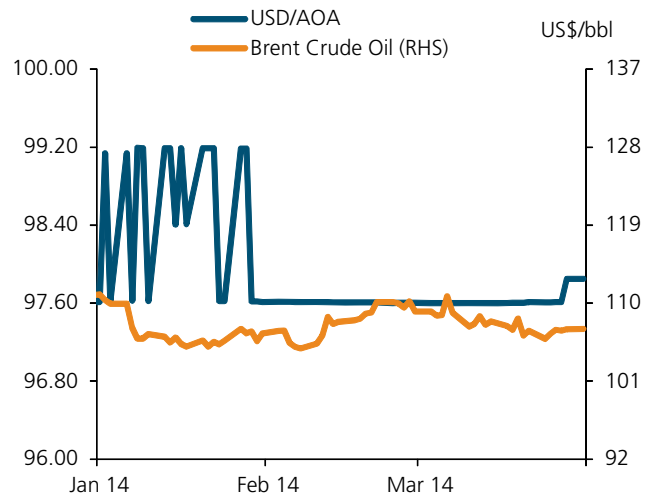


Angola

Kwanza (AOA) in brief

- After trading sideways for almost three months, USD/AOA ascended to 97.48 at the end of last week. Sharp upward movements are usually indicative of a shortage of US dollar liquidity that coincides with a drop in the price of international crude oil — Angola’s leading export. Kwanza trade is likely to stabilise at these levels.

Figure 1: USD/AOA ascends to 97.48



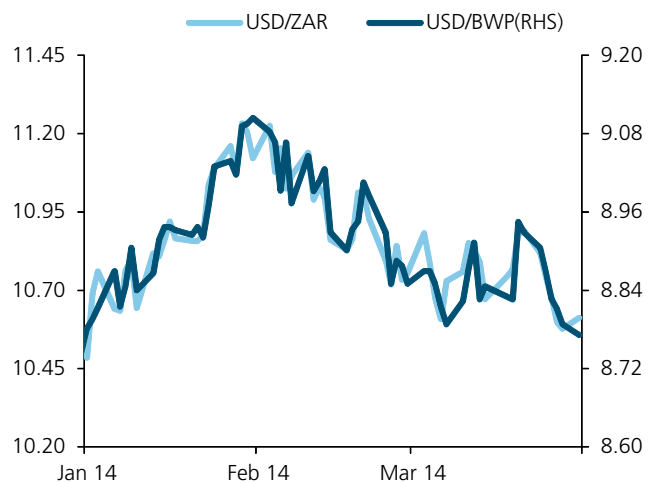
Source: Bloomberg
Data as at March 2014

Botswana

Pula (BWP) in brief

- The pula traded in a tight range on Friday but with a strong bias against the greenback. The unit got support mainly from the rand strength that started the previous day after the SARB signalled that it would hike rates later this year. BWP/USD closed the day little changed at 0.1136/39 from 0.1137/40 in the morning. The pula maintained a week tone against the rand to close the day at 1.2032/62 from 1.2038/67 in the morning .

Figure 2: Trading in a tight range



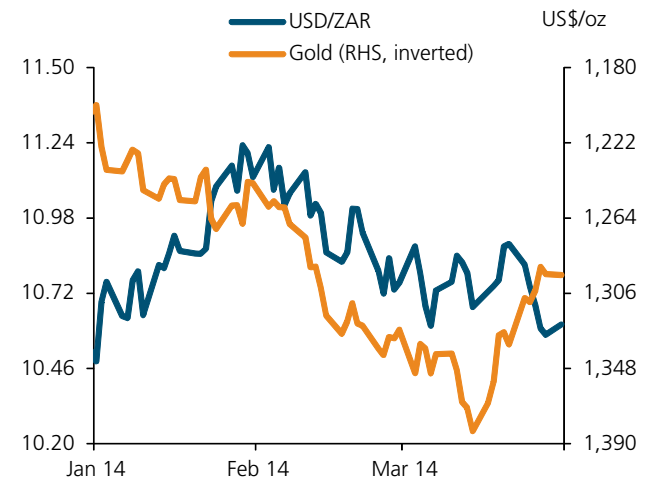
Source: Bloomberg
Data as at March 2014

CMA

Rand (ZAR) in brief

- The bias remains for rand gains as the EMs recovery trade continues but risks are high in a data and event-packed week. USD/ZAR starts right on the support level of 10.58/59 but needs to build momentum for a decisive break after last week’s dips to 10.57 did not sustain.
- Confidence towards EMs continues to grow. Last week saw the best EM equity performance in nine months. Foreign investors have stopped panicking. Flows into South Africa remain positive — March will probably end with R16bn net equity and bond flows, the best since April last year..

Figure 3: Last week’s dip did not sustain



Source: Bloomberg
Data as at March 2014

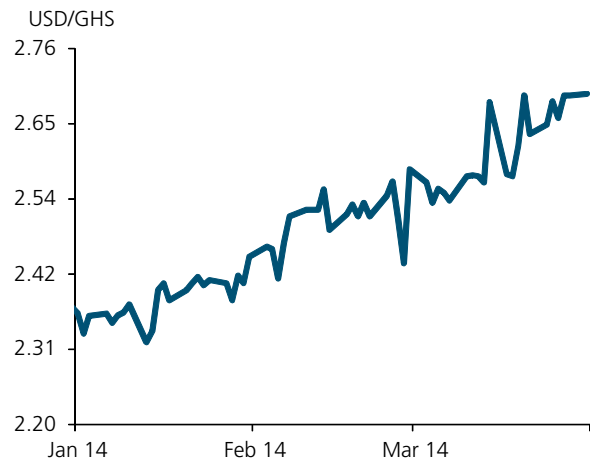


Ghana

Cedi (GHS) in brief

- The interbank market has resumed trade after being largely inactive over the last six months due to a dearth of liquidity, with the BoG making regular offerings to commercial banks to boost the available pool of US dollars. However, the local unit remains under pressure owing to a mass of unmet demand by local companies. The alignment of the central bank and interbank cedi rates is likely to exacerbate depreciatory pressures, keeping the local unit captive above 2.65.

Figure 4: Cedi to remain captive above 2.65



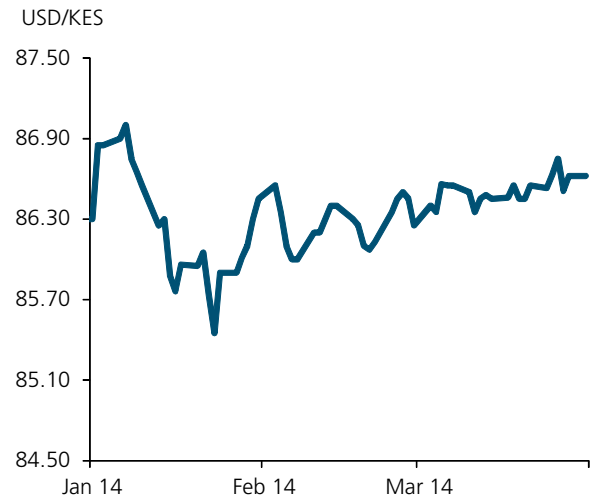
Source: Bloomberg
Data as at March 2014

Kenya

Shilling (KES) in brief

- The unit is drifting into unfamiliar territory as it slowly makes its way to USD/KES87.00, which it last traded at in August 2013. We anticipate a wave of shilling liquidity this week as oil importers and companies are required to pay dividends to offshore stakeholders and step up their demand for US dollars. While short-term momentum indicators suggest slight weakness, the trend is unlikely to be entrenched as the CBK mops up excess shilling demand.

Figure 5: Shilling slowly makes its way to 87.00



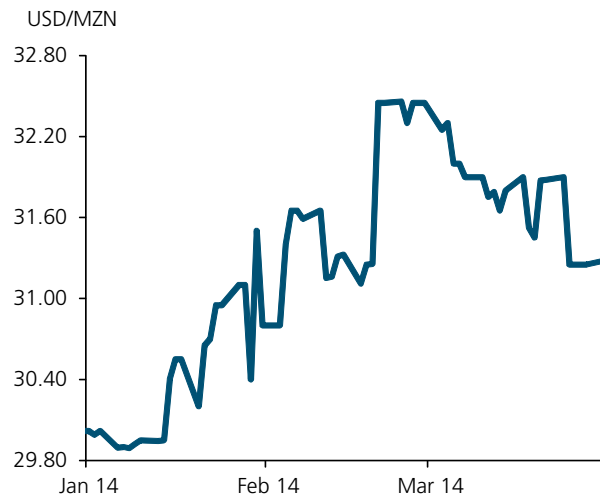
Source: Bloomberg
Data as at March 2014

Mozambique

Metical (MZN) in brief

- The 14-day simple moving average suggests the metical should continue to strengthen, though the rate of gains will be measured due to intermittent donor inflows. Companies are required to pay income tax in April and agricultural export proceeds are likely to come into the market in May. This should drain a fair portion of metical liquidity and prompt a move lower.

Figure 6: USD/MZN drifts lower



Source: Bloomberg
Data as at March 2014

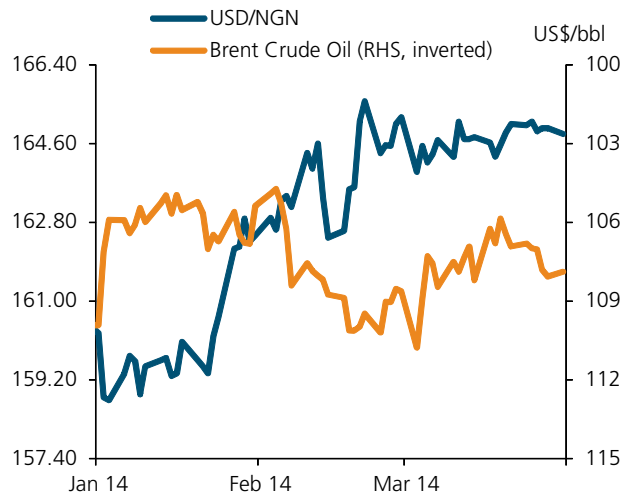


Nigeria

Naira (NGN) in brief

- Naira liquidity should begin to dry up as additional tightening measures, applied by the CBN last Tuesday, take effect. Interim Governor Alade quashed notions of a sudden devaluation but did not mention a widening of the band. Nevertheless, the CBN's actions are indicative of its commitment to exchange rate stability, which will be maintained by Governor Designate Godwin Emefiele once he takes on the reins of the central bank. The naira continues to trade outside the upper limit of the 3% band for now but could derive marginal support from seasonal month-end US dollar sales by large oil conglomerates.

Figure 7: Naira to derive marginal support from month-end dollar sales



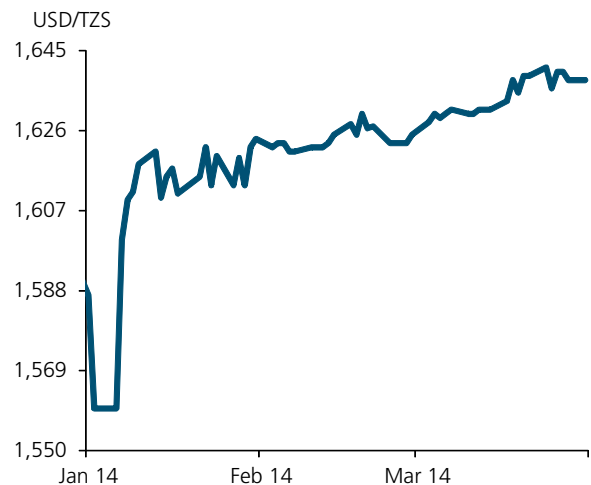
Source: Bloomberg
Data as at March 2014

Tanzania

Shilling (TZS) in brief

- The shilling is likely to remain rangebound over the next few days as corporates seek out local currency to fulfil tax obligations and pay salaries. The unit is unlikely to deviate from current trading levels as the local market remains well bid, with the central bank providing US\$47.3m to the interbank market in the last week.

Figure 8: Shilling to remain rangebound



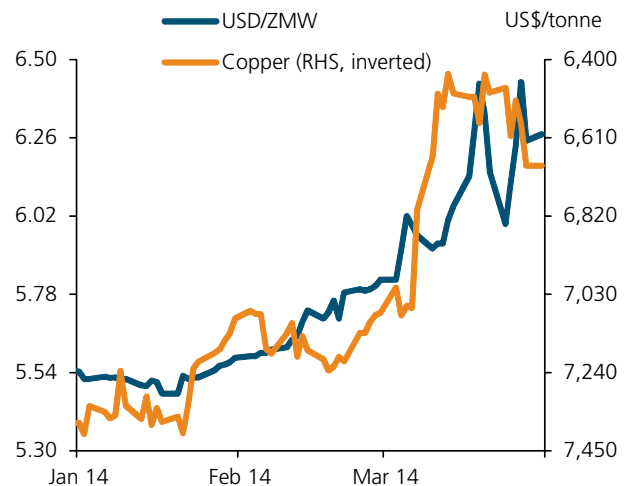
Source: Bloomberg
Data as at March 2014

Zambia

Kwacha (ZMW) in brief

- After a brief respite, the kwacha leapt to 6.40 last week as market participants used moments of fleeting strength to either take profit or hedge against further currency weakness. A widening in the bid/offer spreads on the spot rate is indicative of a liquidity crunch. Our in-country sales team believes that provisional taxes, which are due at the end of the month, should provide mild support to the local unit as foreign currency is converted to kwacha. Thin trading volumes imply a weakening bias. Resistance is evident at USD.ZMW6.300.

Figure 9: Kwacha weakness driven by dearth of liquidity



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	97.61	0.00	0.01	0.01				
EUR/AOA	134.17	-0.31	-0.21	0.08				
GBP/AOA	162.22	0.31	0.73	-0.16				
JPY/AOA	1.05	0.08	-0.32	-0.37				
Botswana								
USD/BWP	8.81	-0.18	-1.50	-1.32	8.90	8.98	9.12	9.39
EUR/BWP	12.11	-0.49	-1.71	-1.26	12.24	12.34	12.54	12.92
GBP/BWP	14.64	0.13	-0.78	-1.49	14.80	14.92	15.15	15.56
JPY/BWP	11.59	0.25	1.20	0.97	1.20	1.20	1.20	1.20
Ghana								
USD/GHS	2.69	1.27	0.00	5.91	2.21	2.28	2.38	2.54
EUR/GHS	3.70	0.95	-0.22	5.97	3.04	3.13	3.26	3.49
GBP/GHS	4.47	1.58	0.73	5.73	3.68	3.79	3.95	4.21
JPY/GHS	37.98	-1.18	-0.31	-5.92	227.25	234.06	244.01	260.31
Kenya								
USD/KES	86.51	-0.28	0.07	0.19	87.04	87.83	89.20	92.61
EUR/KES	118.92	-0.59	-0.15	0.25	119.68	120.76	122.65	127.38
GBP/KES	143.77	0.03	0.80	0.02	144.80	146.04	148.23	153.60
JPY/KES	1.18	0.36	-0.38	-0.55	0.85	0.85	0.87	0.90
Mozambique								
USD/MZN	31.25	0.00	-1.96	-3.73	29.71	31.58	32.13	33.12
EUR/MZN	42.96	-0.31	-2.17	-3.66	43.15	43.42	44.18	45.55
GBP/MZN	51.93	0.31	-1.25	-3.89	52.21	52.51	53.39	54.92
JPY/MZN	3.27	0.08	1.68	3.50	3226.38	3245.72	3300.68	3395.71
Nigeria								
USD/NGN	164.95	0.04	0.06	0.35	159.75	159.75	159.75	159.75
EUR/NGN	226.74	-0.27	-0.16	0.41	219.66	219.65	219.65	219.73
GBP/NGN	274.13	0.35	0.79	0.18	265.76	265.64	265.45	264.96
JPY/NGN	0.62	0.04	-0.37	-0.71	0.64	1.56	1.57	1.57
South Africa								
USD/ZAR	10.60	-0.75	-2.60	-1.86	10.66	10.73	10.90	11.31
EUR/ZAR	14.57	-1.06	-2.82	-1.79	14.61	14.75	14.99	15.51
GBP/ZAR	17.61	-0.44	-1.90	-2.02	17.68	17.84	18.11	18.70
JPY/ZAR	9.64	0.83	2.35	1.52	9.67	9.58	9.42	9.09
Tanzania								
USD/TZS	1,640.00	0.00	0.06	1.05	1,651.00	1,679.25	1,731.50	1,814.50
EUR/TZS	2,254.34	-0.31	-0.16	1.11	2,270.15	2,308.86	2,380.69	2,495.75
GBP/TZS	2,725.52	0.31	0.79	0.88	2,746.64	2,792.37	2,877.15	3,009.43
JPY/TZS	0.06	0.08	-0.37	-1.39	16.06	16.34	16.86	17.70
Zambia								
USD/ZMW	6.43	3.13	1.48	10.96	5.34	5.36	5.50	5.77
EUR/ZMW	8.84	2.81	1.26	11.03	7.34	7.36	7.56	7.94
GBP/ZMW	10.69	3.44	2.22	10.77	8.88	8.90	9.13	9.57
JPY/ZMW	15.89	-2.96	-1.77	-10.20	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	1,295.38	-2.3	-19.0	16.0	1,294.3	1,296.2
Copper US\$/tonne	6,667.00	-6.1	-12.1	16.4	6,676.0	6,671.0
Softs						
Cattle US\$/lb	178.35	3.9	31.6	14.8	138.4	141.2
Cocoa US\$/tonne	2,983.00	1.6	37.5	19.8	2,994.0	3,001.0
Coffee – Arabica US\$/lb	180.60	0.4	31.7	44.0	180.6	189.1
Coffee – Robusta US\$/tonne	0.00	-	-	25.1	2,096.0	2,095.0
Cotton US\$/lb	93.86	8.4	6.1	26.7	93.6	79.8
Maize – Yellow R/tonne	2,277.00	-24.4	-1.2	24.0	2,277.0	2,270.0
Maize – White R/tonne	2,385.00	-21.9	2.3	23.7	2,385.0	2,205.0
Raw Sugar US\$/lb	17.98	9.2	1.8	25.1	18.7	18.7
Energy						
WTI Crude US\$/bbl	101.42	-1.1	4.3	17.3	100.0	91.9

Source: Bloomberg

Interest rates

	3-m T-Bill		Policy rate
	Feb-14 ¹	Current	Current
Angola	3.69	3.64	9.25
Botswana	3.30	3.23	7.50
Ghana	20.02	23.68	18.00
Kenya	9.11	8.94	8.50
Mozambique	5.21	5.22	8.25
Namibia	5.19	5.19	5.50
Nigeria	13.67	13.71	12.00
South Africa	5.67	5.73	5.50
Tanzania	13.67	12.17	OMO ²
Zambia	7.99	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 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.



Africa

Global Markets Africa

Ebrahim Motala
+27 11 269-9964
ebrahim.motala@rmb.co.za

Global Markets Africa Sales

Sylvester Selepe
+27 11 282-1148
sylvester.selepe@rmb.co.za

Global Markets Africa Trading

Roy Daniels
+27 11 282 4412
roy.daniels@rmb.co.za

Africa Structuring

Raveen Ramlakan
+27 11 269-9150
raveen.ramlakan@rmb.co.za

Botswana

Olebile Makhupe
+267 370-6419
omakhupe@fnbbotswana.co.bw

Mozambique

Jeronimo de Faria-Lopes
+258 21 356-921
jeronimo.defarialopes@fmb.co.mz

Namibia

Michelle van Wyk
+264 61 299-2265
michellevw@fnbnamibia.com.na

Nigeria

Pardon Muzenda
+234 1 463-7922
pardon.muzenda@rmb.com.ng

Swaziland

Khetsiwe Dlamini
+268 404-2463
kdlamini@fmb.co.za

Tanzania

Keith Blakeway
+255 768 989-049
kblakeway@fmb.co.tz

Zambia

Llewellyn Foxcroft
+260 (211) 366-800
lfoxcroft@fmbzambia.co.zm

India

Harihar Krishnamoorthy: Head: Global Markets
India
+91 22 6625-8701
harihar.krishnamoorthy@firstrand.co.in

Global Markets regional offices

Cape Town

+27 21 658-9333

Durban

+27 31 580-6390

Port Elizabeth

+27 41 394-2511

India

+91 22 6625-8701

London

+44 20 7939-1700

Business Development — Africa

Banks and DFIs

Suresh Chaytoo
+27 11 282-8154
suresh.chaytoo@rmb.co.za

Structured Trade and Commodity Finance

Belinda Dreyer
+27 11 282-8187
belinda.dreyer@rmb.co.za

Investment Banking Business Development: Africa

Ayodele Olajiga
+27 11 282-4619/+ 234 808 300 2890
ayodele.olajiga@rmb.co.za

Investment Banking Property Finance: Africa

Ryan Rhodes
+27 11 282-4354
ryan.rhodes@rmb.co.za

Global Markets contact details

Africa Sales and Trading

+27 11 282-8664/4412

Agricultural Trading and Hedging

+27 11 269-9800

Cross-Asset Solutions

+27 11 269 9030

Customer Dealing and Sales

+27 11 269-9230/9175

Distribution and Institutional Solutions

+27 11 269-9295

Energy and Metals Trading

+27 11 269-9140

Equities Prime Broking

+27 11 282-1941

Equity Sales and Research

+27 11 282-8286

Fixed Income Derivatives Trading

+27 11 269-9065

Fixed Income Prime Broking

+27 11 282-1941

Fixed Income Sales

+27 11 269-9040/9100

+27 21 658-9375

Fixed Income Trading

+27 11 269-9040

Foreign Exchange Forwards

+27 11 269-9130

Foreign Exchange Options Trading

+27 11 269-9150

Funding

+27 11 269-9075

Global Markets Fund Solutions

+27 11 269 9520

Futures Clearing

+27 11 282 8375

Global Markets Structuring

+27 11 269 9150/9030

Inflation

+27 11 269-9300

Money Market Trading

+27 11 269-9075

Nostro Services

+27 11 282-1284

Reporting Solutions

+27 11 282-1941/4472

RMB Morgan Stanley Trading

+27 11 269-9260

RMB Stockbroking Operations

+27 11 282-8401

Securities Lending

+27 11 269-9719

Structured Credit Trading

+27 11 269-9295

Structured Trade and Commodity Finance

+27 11 282-8542

Please email us at globalmarkets@rmb.co.za for more information

www.rmb.co.za/globalmarkets

To subscribe to research, please email research@rmb.co.za



This research has been written by the Global Markets research team at FirstRand Bank Limited (“the Bank”) (acting through its Rand Merchant Bank Division). Whilst all care has been taken by the Bank in the preparation of the opinions and forecasts and provision of the information contained in this report, the Bank does not make any representations or give any warranties as to their correctness, accuracy or completeness, nor does the Bank assume liability for any losses arising from errors or omissions in the opinions, forecasts or information irrespective of whether there has been any negligence by the Bank, its affiliates or any officers or employees of the Bank, and whether such losses be direct or consequential. Nothing contained in this document is to be construed as guidance, a proposal or a recommendation or advice to enter into, or to refrain from entering into any transaction, or an offer to buy or sell any financial instrument.

This research contains information which is confidential and may be subject to legal privilege. Irrespective of whether you are the intended recipient or not, you may not copy, distribute, publish, rely on or otherwise use anything contained herein without our prior written consent.

Some of our communications may contain confidential information which could be a criminal offence for you to disclose or use without authority. If you have received this communication in error, please notify us at the address below and destroy the communication immediately.

This communication is not intended nor should it be taken to create any legal relations or contractual relationships.

FirstRand Bank Limited is listed on the JSE and Namibian Stock Exchange and is an Authorised Financial Service Provider under South African law. FirstRand Bank Limited is authorised and regulated by the South African Reserve Bank. In the UK, FirstRand Bank Limited is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of FirstRand Bank Limited regulation by the Prudential Regulation Authority are available from us on request.

Ratings disclaimer

Ratings are not a recommendation or suggestion, directly or indirectly, to any person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security.

The ratings agencies (Fitch, Moody’s and S&P) are not your advisor, nor are they providing any person any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Ratings may be raised, lowered, placed on Rating Watch or withdrawn at any time for any reason in the sole discretion of the agencies. The assignment of a rating by the agencies does not constitute consent by the ratings agencies to the use of its name as an expert in connection with any registration statement or other filings under US, UK or any other relevant securities laws.