

23 June 2014

Angola

- AOA: After a period of erratic trade, the kwanza has settled at 97.41

Botswana

- BWP: Pula trapped in a range

CMA

- ZAR: Rand trading without obvious direction on a multi-day basis

Ghana

- GHS: BoG at a loss after removal of FX restrictions fails to impact the cedi

Kenya

- KES: Shilling reels in success of maiden Eurobond issuance

Mozambique

- MZN: Metical continues to trade in a channel against the US dollar

Nigeria

- NGN: Naira to receive a welcome boost from month-end US dollar sales

Tanzania

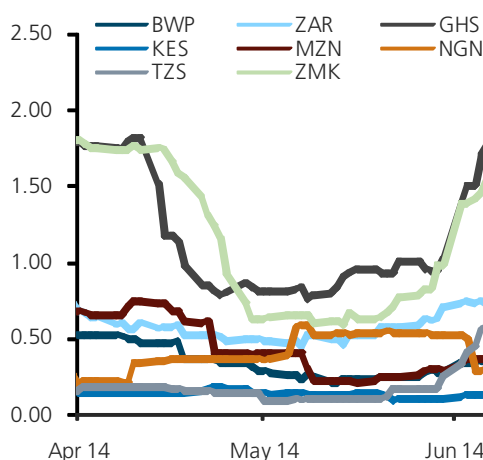
- TZS: Shilling to derive support from quarter-end US dollar conversions

Zambia

- ZMW: Severe tightening of monetary conditions provide the impetus for gains

Currency fluctuations

1-month realised volatility



Source: Bloomberg
Data as at June 2014

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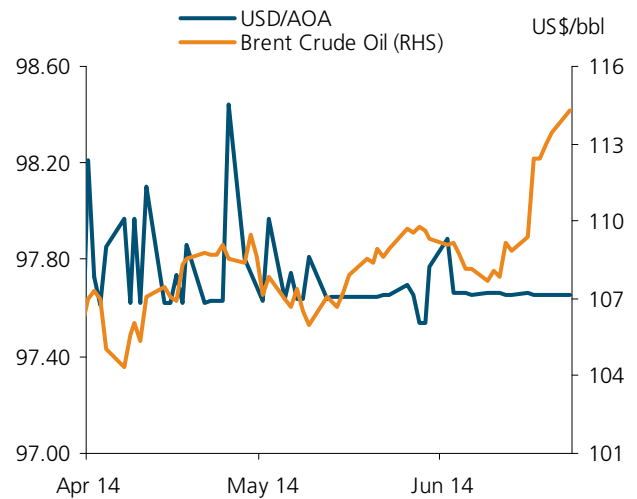


Angola

Kwanza (AOA) in brief

- After a period of erratic trade, the kwanza has settled at 97.41. Though indicative, the level suggests a slight improvement in liquidity conditions. Developments in the international oil market are kwanza positive as it increases the value of export earnings and the BNA's reserve position.

Figure 1: Kwanza consistently trading at 97.41



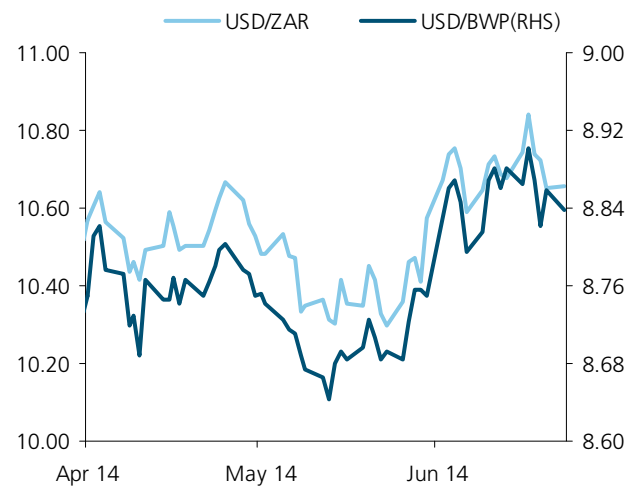
Source: Bloomberg
Data as at June 2014

Botswana

Pula (BWP) in brief

- The pula was stuck in weak trade against the greenback on Friday despite the dollar's decline against its major peers, following the Fed's dovish remarks the previous day. With limited significant data releases this week, the dollar is likely to remain range-bound. We expect BWP/USD to open around 0.1132/35 this morning from 0.1128/30 at Friday's close. BWP/ZAR extended marginal gains as the rand remained subdued in quiet trade. The local unit closed the day at 1.2084/1.2114 from 1.2093/1.2123 in the morning.

Figure 2: Pula to remain range-bound against the US dollar



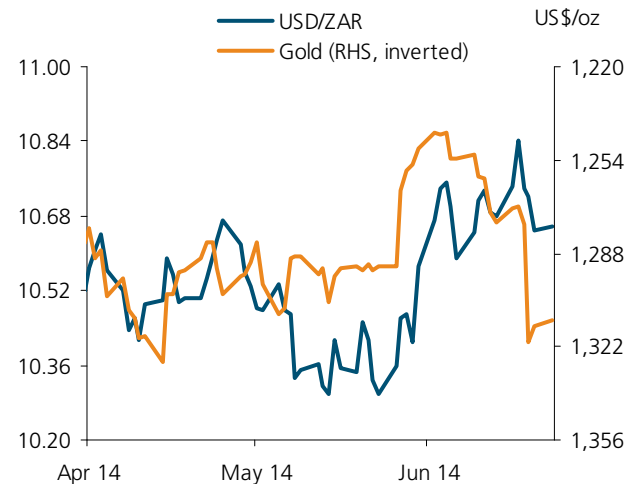
Source: Bloomberg
Data as at June 2014

CMA

Rand (ZAR) in brief

- The rand should start the week strongly thanks to positive Chinese data but on a multi-day perspective is trading without obvious direction. From 10.67, look for USD/ZAR to trade towards 10.60, still within the existing 10.56 – 10.86 narrow range and still far away from the edges of this year's 10.30 – 11.30 broader range. Event risk and data risks are moderate. It is hard to see the local employment or PPI figures impacting on the rand although the BER inflation expectations survey could impact marginally via rate expectations.

Figure 3: Rand maintaining 10.56 – 10.86 range but lacking direction



Source: Bloomberg
Data as at June 2014

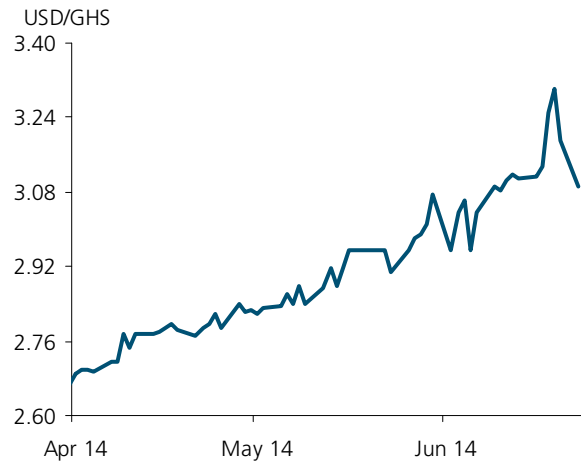


Ghana

Cedi (GHS) in brief

- The BoG is at a loss after the removal of certain foreign exchange restrictions failed to impact the cedi. Having seemingly exhausted its options, the central bank has appealed to the government to compel mining and oil firms to operate retention accounts — yet another stop-gap measure to alleviate unrelenting depreciatory pressure on the currency. We envisage further losses as import demand remains rife. Ultimately, macroeconomic imbalances need to be remedied to generate a steady stream of export and portfolio inflows which would steer the cedi lower.

Figure 4: Cedi on a slippery slope



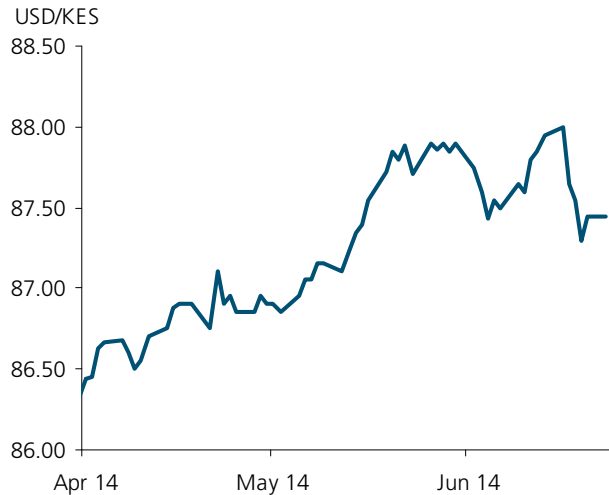
Source: Bloomberg
Data as at June 2014

Kenya

Shilling (KES) in brief

- Positivity surrounding the successful issuance of a US\$2bn sovereign bond continues to percolate through the financial markets. The proceeds are likely to stimulate shilling gains, though the rate of appreciation will be slackened by persistent import demand. Support is evident at 87.00.

Figure 5: Shilling support evident at 87.00



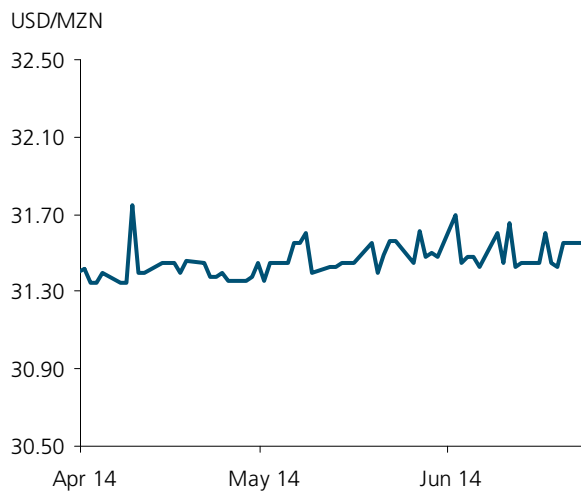
Source: Bloomberg
Data as at June 2014

Mozambique

Metical (MZN) in brief

- The metical continues to trade in a channel against the US dollar, bolstered by NGO proceeds and agricultural export earnings. The unit has fared a little worse against the rand, touching 2.95 last week, but should recoup losses over the next few days as the rand battles to find stability.

Figure 6: Metical to trade in a channel against the US dollar



Source: Bloomberg
Data as at June 2014

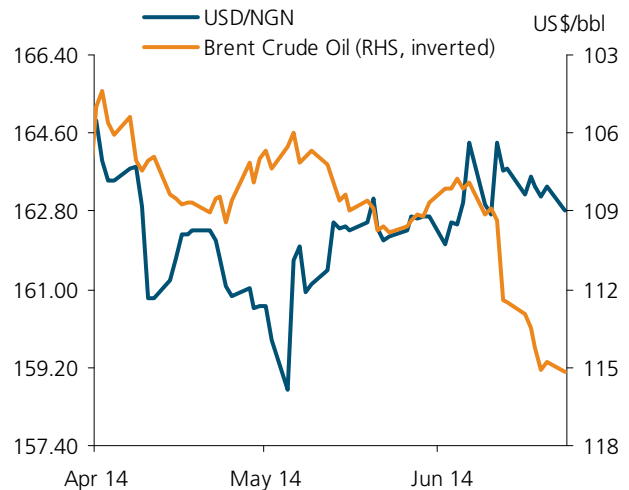


Nigeria

Naira (NGN) in brief

- Seasonal month-end US dollar sales by oil conglomerates should allow the naira to settle below USD/NGN163.00. The potential to appreciate further depends on the magnitude of portfolio inflows and the extent of CBN support. A surge in the international oil price, owing to fears of supply disruptions on account of the crisis in Iraq, should boost the value of the international reserves, increasing the central bank's ability to smooth adverse currency fluctuations.

Figure 7: Naira to garner support from month-end inflows



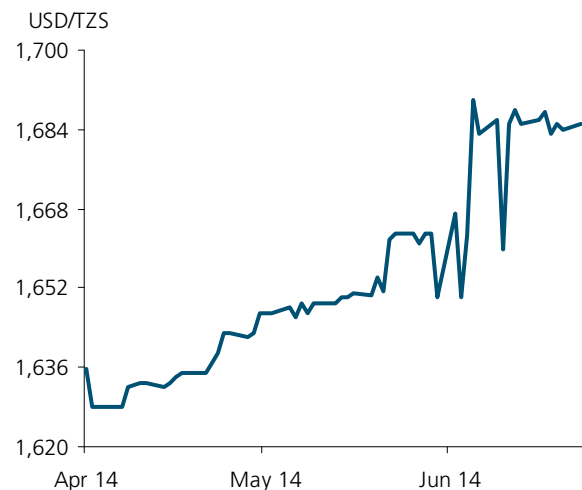
Source: Bloomberg
Data as at June 2014

Tanzania

Shilling (TZS) in brief

- The local unit is teetering below USD/TZS1,680, with trade confined to a slender range of 1,677 – 1,685. The conversion of US dollars by corporates to meet 2Q14 tax commitments has slowed the rate of depreciation. This trend is likely to persist for the remainder of the month.

Figure 8: Shilling to stabilise ahead of quarter-end



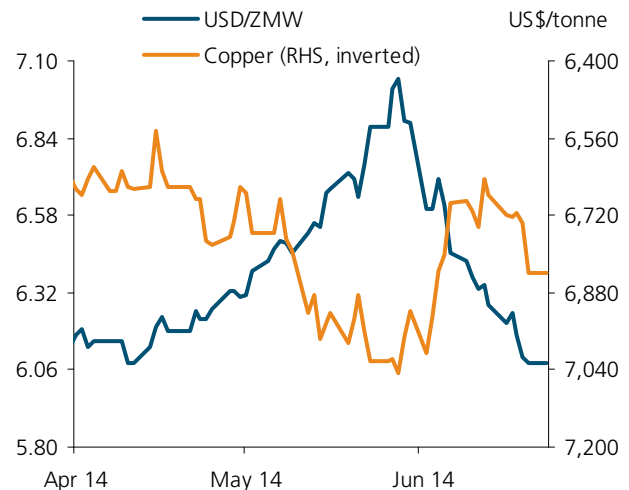
Source: Bloomberg
Data as at June 2014

Zambia

Kwacha (ZMW) in brief

- There was little indication at the end of May that the kwacha would recoup the losses amassed over the course of the year. However, a severe tightening of monetary conditions provided the impetus for gains. A narrowing in daily bid/offer spreads is indicative of improved liquidity conditions. At 6.08, USD/ZMW unit is within striking distance of 6.00. If the average pace of weekly appreciation is sustained, the kwacha could trade below 5.90 by the end of the week. However, downward momentum appears to have slowed, owing to residual import demand.

Figure 9: Kwacha maintains an appreciatory trend



Source: Bloomberg
Data as at June 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	97.66	0.00	0.00	0.01	-	-	-	-
EUR/AOA	133.02	0.34	0.55	-0.64	-	-	-	-
GBP/AOA	166.48	0.58	1.39	1.39	-	-	-	-
JPY/AOA	1.04	-0.28	-0.01	0.57	-	-	-	-
Botswana								
USD/BWP	8.82	-0.53	-0.44	1.45	8.72	8.80	8.94	9.18
EUR/BWP	12.02	-0.19	0.10	0.80	11.86	11.98	12.17	12.51
GBP/BWP	15.04	0.05	0.94	2.85	14.85	14.98	15.19	15.55
JPY/BWP	11.55	0.25	0.43	-0.86	1.23	1.23	1.23	1.24
Ghana								
USD/GHS	3.30	1.54	5.85	11.68	2.21	2.28	2.38	2.54
EUR/GHS	4.49	1.88	6.43	10.95	3.01	3.10	3.23	3.46
GBP/GHS	5.63	2.13	7.33	13.22	3.76	3.88	4.04	4.30
JPY/GHS	30.87	-1.79	-5.54	-9.93	225.59	231.97	241.80	257.88
Kenya								
USD/KES	87.30	-0.29	-0.63	-0.48	87.85	89.35	90.15	93.58
EUR/KES	118.91	0.05	-0.08	-1.12	119.49	121.54	122.68	127.50
GBP/KES	148.82	0.29	0.76	0.89	149.43	151.90	153.09	158.35
JPY/KES	1.17	0.00	0.62	1.07	0.86	0.88	0.88	0.92
Mozambique								
USD/MZN	31.43	-0.08	0.00	-0.39	29.71	31.96	32.59	33.76
EUR/MZN	42.81	0.26	0.55	-1.04	43.11	43.47	44.35	46.00
GBP/MZN	53.57	0.50	1.39	0.98	53.91	54.33	55.34	57.13
JPY/MZN	3.24	-0.21	-0.01	0.98	3234.74	3260.24	3322.63	3435.52
Nigeria								
USD/NGN	163.14	-0.15	-0.37	0.36	159.75	159.75	159.75	159.75
EUR/NGN	222.21	0.19	0.17	-0.29	217.28	217.32	217.40	217.65
GBP/NGN	278.10	0.42	1.01	1.74	271.74	271.59	271.29	270.32
JPY/NGN	0.62	-0.13	0.36	0.22	0.64	1.57	1.57	1.57
South Africa								
USD/ZAR	10.72	-0.16	0.30	3.61	10.71	10.82	10.99	11.37
EUR/ZAR	14.60	0.18	0.85	2.94	14.56	14.72	14.95	15.48
GBP/ZAR	18.28	0.42	1.70	5.04	18.21	18.39	18.66	19.22
JPY/ZAR	9.50	-0.13	-0.31	-2.92	9.53	9.43	9.28	8.96
Tanzania								
USD/TZS	1,685.00	0.12	-0.18	2.09	1,697.52	1,723.55	1,778.55	1,844.06
EUR/TZS	2,295.14	0.46	0.37	1.43	2,308.82	2,344.66	2,420.34	2,512.38
GBP/TZS	2,872.42	0.70	1.21	3.50	2,887.48	2,930.16	3,020.31	3,120.33
JPY/TZS	0.06	-0.40	0.17	-1.48	16.63	16.89	17.44	18.12
Zambia								
USD/ZMW	6.10	-1.29	-3.89	-9.22	5.34	5.36	5.50	5.77
EUR/ZMW	8.31	-0.96	-3.37	-9.81	7.26	7.29	7.48	7.87
GBP/ZMW	10.40	-0.72	-2.56	-7.97	9.08	9.12	9.35	9.78
JPY/ZMW	16.70	1.02	4.04	10.80	0.05	0.05	0.05	0.06

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



Commodities prices

	Current	m/m % change	y/y % change	Implied volatility	3-month future	12-month future
Metals						
Gold US\$/oz0	1,312.68	1.6	1.3	12.7	1,316.6	1,318.9
Copper US\$/tonne	6,777.50	-3.1	0.0	13.3	6,824.5	6,799.0
Softs						
Cattle US\$/lb	206.88	7.3	40.8	14.8	146.3	153.2
Cocoa US\$/tonne	3,117.00	3.1	43.6	18.5	3,108.0	3,109.0
Coffee – Arabica US\$/lb	173.25	-4.8	46.0	43.7	175.5	184.0
Coffee – Robusta US\$/tonne	0.00	-	-	25.0	2,001.0	2,027.0
Cotton US\$/lb	88.32	2.3	3.7	17.5	77.5	79.0
Maize – Yellow R/tonne	1,955.00	-2.5	-14.8	24.0	1,996.0	2,067.0
Maize – White R/tonne	1,847.00	-4.1	-20.6	23.7	1,883.0	2,013.0
Raw Sugar US\$/lb	17.92	3.2	7.0	21.4	19.7	19.7
Energy						
WTI Crude US\$/bbl	107.23	2.8	14.5	15.8	104.9	96.7

Source: Bloomberg

Interest rates

	3-m T-Bill		Policy rate
	May-14 ¹	Current	Current
Angola	3.64	3.64	9.25
Botswana	3.23	3.25	7.50
Ghana	24.07	22.69	18.00
Kenya	8.84	9.47	8.50
Mozambique	5.29	5.29	8.25
Namibia	5.65	5.56	5.75
Nigeria	10.51	10.51	12.00
South Africa	5.78	5.80	5.50
Tanzania	10.95	10.67	OMO ²
Zambia	9.50	9.25	12.00

¹ End of month

² Open Market Operations

Source: Bloomberg, Reuters, FNB Mozambique, RMB Namibia, RMB Global Markets
All data as at June 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
Cabo Verde	B+	-	B+
Egypt	B	Caa1	CCC+
Ethiopia			B
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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