

11 August 2014

Angola

- AOA: Kwanza weakens marginally

Botswana

- BWP: Pula trades in narrow range

CMA

- ZAR: Risk appetite could easily become more discriminant

Ghana

- GHS: IMF deal: To be or not to be, that is the question

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- KES: Higher interbank rates limit US dollar borrowings

Mozambique

- MZN: A 30-day simple moving average suggests further metical strength

Nigeria

- NGN: Naira surrenders gains

Tanzania

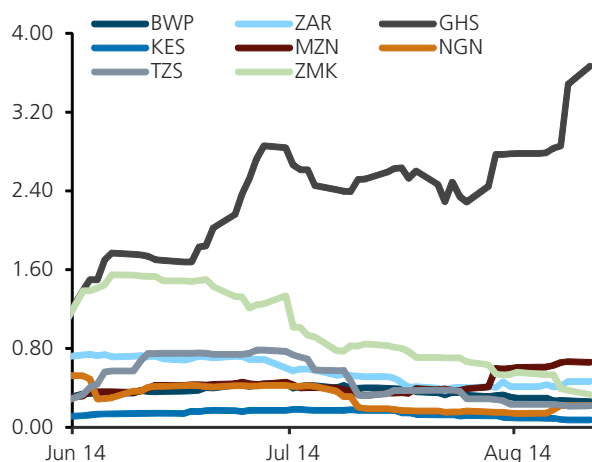
- TZS: Shilling weaker but trading in a narrow range

Zambia

- ZMW: Movements steered by changes in domestic liquidity

Currency fluctuations

1-month realised volatility



Source: Bloomberg
Data as at August 2014

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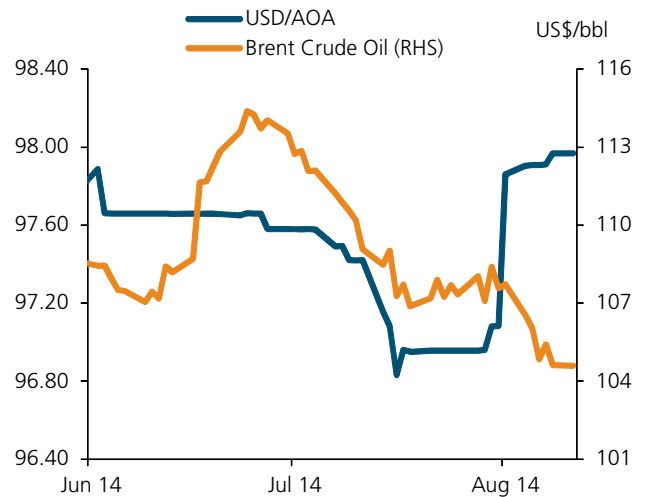


Angola

Kwanza (AOA) in brief

- The kwanza weakened marginally last week but is still well below its weakest level recorded against the greenback earlier this year. A lower international oil price could curb export earnings and dampen the BNA's ability to contend with changes in onshore liquidity. However, we would only begin to express concern if the price dips below US\$100/bbl.

Figure 1: Kwanza weakens marginally



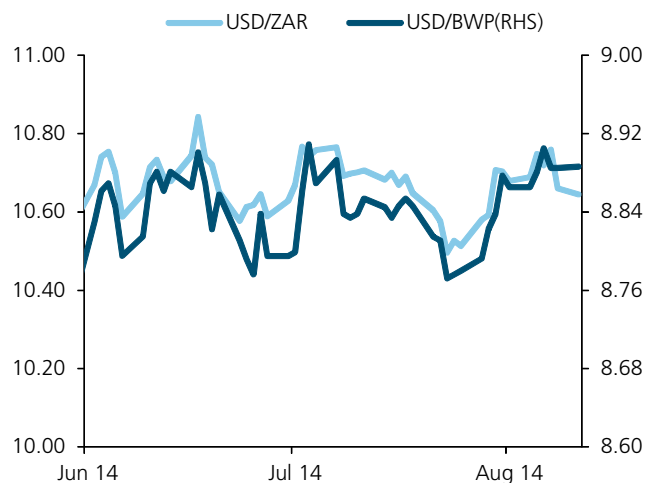
Source: Bloomberg
Data as at August 2014

Botswana

Pula (BWP) in brief

- According to RMB Botswana, the pula traded in narrow ranges against the greenback on Friday with little market moving news. However, we had expected the pula to open this morning stronger in line with other emerging markets currencies around 0.1128/30 compared with the closing level at 0.1123/27. Against the rand, the pula should open weaker around 1.2024/54 compared with 1.2048/79 at close.

Figure 2: Pula trades in narrow range



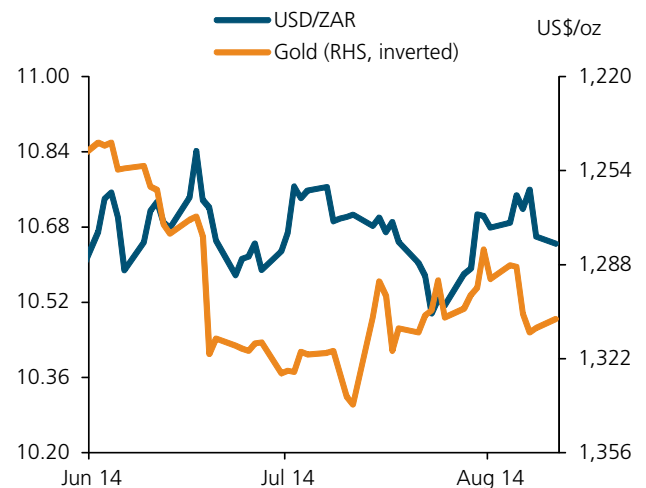
Source: Bloomberg
Data as at August 2014

CMA

Rand (ZAR) in brief

- EM bonds were generally weaker on Friday in contrast to the recovery in EM FX. The rand gained around 1.0% against the US dollar, outperforming alongside the Hungarian forint and the Turkish lira, the other historically high-beta currencies. USD/ZAR spiked to 10.82 intra-day, but has fallen to 10.65. On balance, local markets will still be driven by global factors this week. However, with ABIL being bailed out by the SARB, broadening credit concerns (Eskom, Transnet and the fiscus) and contagion may weigh on the rand and local rates market. Contagion is not our base case, as the banking sector is well regulated and exposure to ABIL limited. Even so, risk appetite could easily become more discriminant.

Figure 3: Rand to be driven by global factors this week



Source: Bloomberg
Data as at August 2014

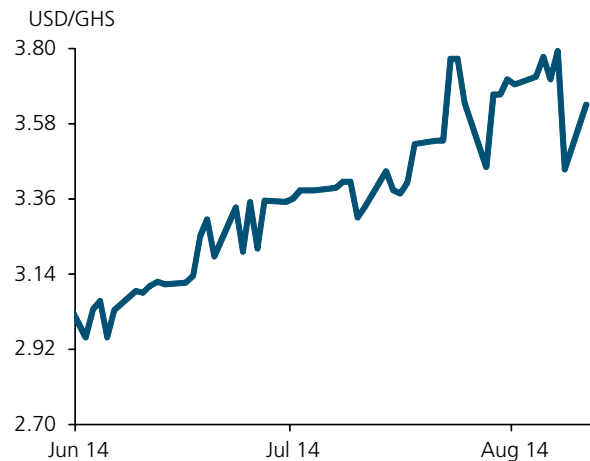


Ghana

Cedi (GHS) in brief

- It seemed as though the presidency was at its wits end when it announced that it would seek assistance from the IMF to help stabilise Ghana's ailing currency. Attempts to implement home-grown strategies to alleviate currency constraints have been relatively unsuccessful, necessitating external assistance. But the euphoria was short-lived as Fitch advised that an IMF deal was not a foregone conclusion. While the government's intentions might be laudable, we do not believe that they are enough to shore up investor confidence ahead of the Eurobond roadshow at the end of this month. Efforts to effect fiscal consolidation must be stepped up to truly reflect the government's commitment to remedying structural deficiencies.

Figure 4: Cedi at the mercy of market sentiment



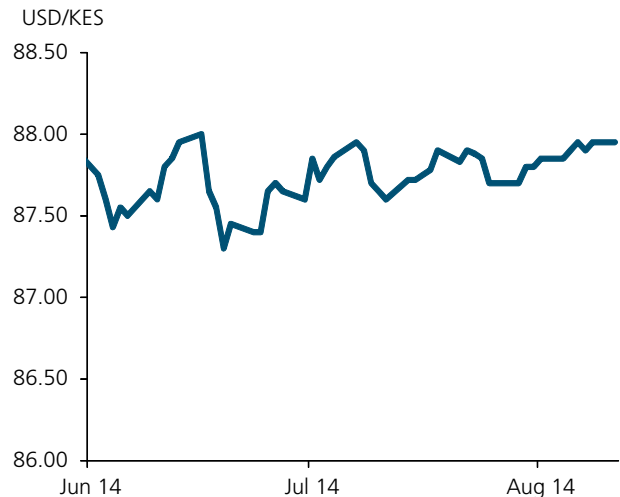
Source: Bloomberg
Data as at August 2014

Kenya

Shilling (KES) in brief

- An escalation in the overnight interbank rate sapped liquidity from the interbank market last week, providing support to an otherwise lacklustre currency. The CBK's participation in the local money market will set the shilling's course this week. Greater OMOs could alleviate liquidity pressures, implying a slightly weaker shilling.

Figure 5: Interbank liquidity squeeze provides support to shilling



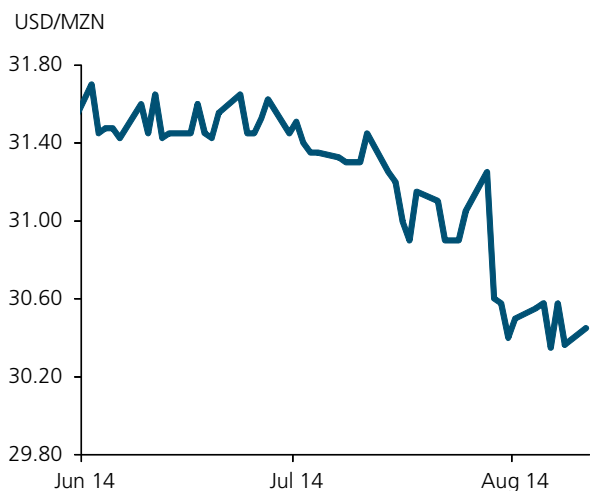
Source: Bloomberg
Data as at August 2014

Mozambique

Metical (MZN) in brief

- The metical is edging closer to our year-end target of USD/MZN30.00. A 30-day simple moving average suggests further strength. Given the channel in which the metical is trading, a break of 30.42 (the mean level implied by Bollinger bands) might be in the offing. USD/MZN29.78 would present the next support level.

Figure 6: Metical edging closer to our year-end target



Source: Bloomberg
Data as at August 2014

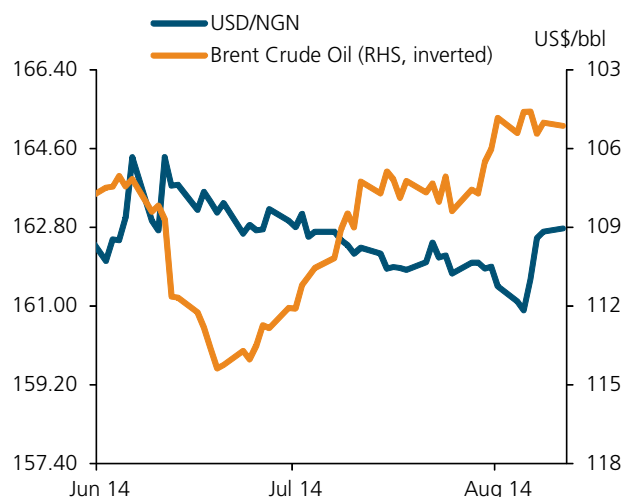


Nigeria

Naira (NGN) in brief

- The naira surrendered the gains it amassed at the beginning of the month as the liquidity injected into the market by oil exporters evaporated. The currency pair is poised at USD/NGN162.60 but could drift higher if the interbank market fails to accommodate import demand, especially as corporates bring forward their commitments to take advantage of the more favourable rates. Encouragingly, bond yields still appear attractive and could lend support to the currency if investors find value in the real yields.

Figure 7: Naira surrenders gains



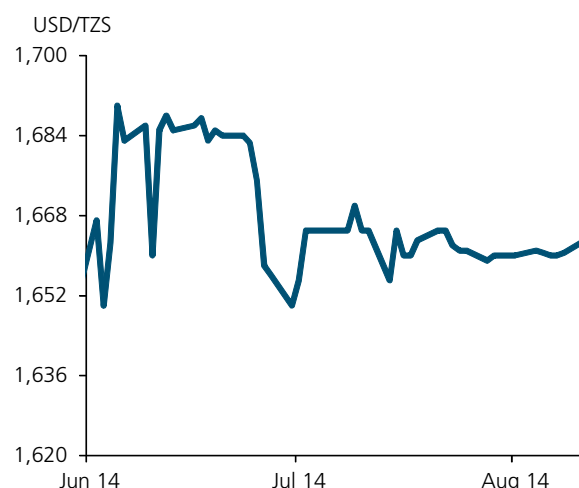
Source: Bloomberg
Data as at August 2014

Tanzania

Shilling (TZS) in brief

- Our view of a weakening shilling continues to hold, with resistance levels capped at 1,660/1,670 due to the liquidity squeeze experienced by the market.

Figure 8: View of a weakening shilling continues to hold



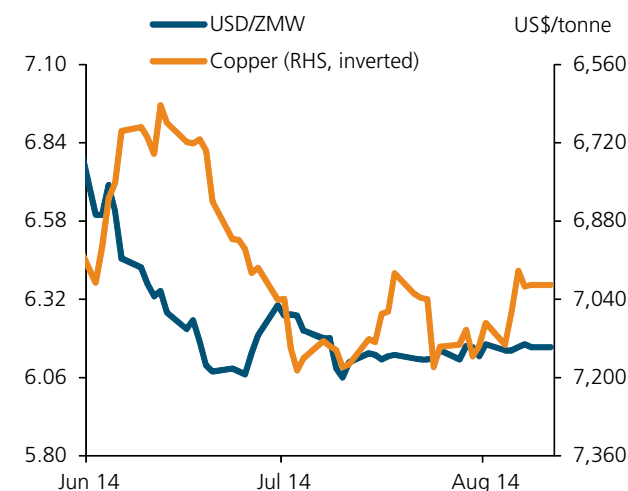
Source: Bloomberg
Data as at August 2014

Zambia

Kwacha (ZMW) in brief

- It was a relatively uneventful week for the kwacha. The local unit meandered in a narrow range, ebbing and flowing in line with changes in domestic liquidity. A slight imbalance in the supply of and demand for US dollars might entrench a weakening bias over the next few days but we do not believe that the trend will hold over the medium term as the unit should remain well-supported by export earnings and capital inflows.

Figure 9: Local unit meanders in a narrow range



Source: Bloomberg
Data as at August 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	97.91	0.00	0.85	0.43	-	-	-	-
EUR/AOA	130.72	-0.13	0.60	-1.45	-	-	-	-
GBP/AOA	164.81	-0.09	0.54	-1.31	-	-	-	-
JPY/AOA	1.04	-0.02	-1.56	-0.17	-	-	-	-
Botswana								
USD/BWP	8.89	-0.22	0.09	-0.09	8.90	8.97	9.13	9.33
EUR/BWP	11.86	-0.36	-0.17	-1.96	11.92	12.02	12.24	12.53
GBP/BWP	14.96	-0.31	-0.22	-1.82	14.92	15.04	15.29	15.58
JPY/BWP	11.49	0.20	-0.81	0.35	1.20	1.21	1.20	1.22
Ghana								
USD/GHS	3.79	2.23	2.23	11.79	2.21	2.28	2.38	2.54
EUR/GHS	5.06	2.09	1.97	9.70	2.96	3.05	3.19	3.41
GBP/GHS	6.38	2.14	1.91	9.86	3.71	3.82	3.98	4.24
JPY/GHS	26.92	-2.20	-2.88	-10.31	225.47	232.46	242.24	258.23
Kenya								
USD/KES	87.90	-0.06	0.11	-0.06	88.55	89.88	90.48	93.66
EUR/KES	117.36	-0.19	-0.14	-1.93	118.76	120.56	121.42	125.87
GBP/KES	147.96	-0.15	-0.19	-1.79	148.49	150.63	151.47	156.30
JPY/KES	1.16	0.04	-0.83	0.32	0.87	0.88	0.89	0.92
Mozambique								
USD/MZN	30.58	0.75	0.58	-2.39	29.71	30.89	31.66	33.08
EUR/MZN	40.82	0.61	0.33	-4.22	40.96	41.43	42.48	44.45
GBP/MZN	51.47	0.66	0.27	-4.09	51.21	51.77	53.00	55.20
JPY/MZN	3.34	-0.76	-1.29	2.72	3115.44	3149.53	3224.85	3360.94
Nigeria								
USD/NGN	162.55	0.58	0.40	-0.09	159.75	159.75	159.75	159.75
EUR/NGN	217.02	0.45	0.15	-1.96	214.23	214.29	214.38	214.70
GBP/NGN	273.62	0.49	0.09	-1.82	267.88	267.74	267.44	266.61
JPY/NGN	0.63	-0.60	-1.12	0.36	0.64	1.57	1.57	1.57
South Africa								
USD/ZAR	10.76	0.38	0.53	-0.05	10.70	10.83	11.00	11.35
EUR/ZAR	14.36	0.25	0.27	-1.93	14.37	14.52	14.77	15.27
GBP/ZAR	18.11	0.29	0.22	-1.79	17.97	18.14	18.42	18.96
JPY/ZAR	9.49	-0.40	-1.24	0.32	9.52	9.42	9.26	8.94
Tanzania								
USD/TZS	1,660.00	0.00	0.00	-0.30	1,677.43	1,712.89	1,756.77	1,869.01
EUR/TZS	2,216.27	-0.13	-0.25	-2.17	2,249.53	2,297.68	2,357.55	2,511.91
GBP/TZS	2,794.28	-0.09	-0.31	-2.03	2,812.86	2,870.77	2,941.04	3,119.17
JPY/TZS	0.06	-0.02	-0.72	0.57	16.44	16.80	17.25	18.39
Zambia								
USD/ZMW	6.17	0.16	0.65	-0.32	5.34	5.36	5.50	5.77
EUR/ZMW	8.24	0.03	0.40	-2.19	7.16	7.18	7.37	7.75
GBP/ZMW	10.39	0.07	0.34	-2.05	8.95	8.98	9.21	9.64
JPY/ZMW	16.55	-0.18	-1.36	0.59	0.05	0.05	0.05	0.06

Source: Bloomberg, Reuters, RMB Global Markets
Data as at August 2014



Commodities prices

	Current	m/m % change	y/y % change	Implied volatility	3-month future	12-month future
Metals						
Gold US\$/oz0	1,307.54	-2.3	-0.5	13.8	1,310.1	1,313.3
Copper US\$/tonne	7,020.00	-1.8	-2.3	14.1	6,995.8	6,982.8
Softs						
Cattle US\$/lb	215.33	2.4	40.0	14.8	150.0	144.0
Cocoa US\$/tonne	3,228.00	3.2	31.1	17.7	3,228.0	3,166.0
Coffee – Arabica US\$/lb	180.85	13.8	47.2	58.4	180.9	192.5
Coffee – Robusta US\$/tonne	0.00	-	-	24.1	1,959.0	1,984.0
Cotton US\$/lb	63.81	-7.2	-28.3	20.2	63.8	67.3
Maize – Yellow R/tonne	1,852.00	5.2	-12.8	24.0	1,852.0	1,910.0
Maize – White R/tonne	1,777.00	7.2	-22.1	23.7	1,777.0	1,927.0
Raw Sugar US\$/lb	16.14	-5.4	-4.9	20.2	19.2	19.2
Energy						
WTI Crude US\$/bbl	97.90	-2.9	-7.6	16.8	96.0	93.3

Source: Bloomberg

Interest rates

	3-m T-Bill		Policy rate
	Jul-14	Aug-14	Current
Angola	3.91	3.91	8.75
Botswana	3.20	3.21	7.50
Ghana	25.01	23.54	19.00
Kenya	8.47	8.24	8.50
Mozambique	5.29	5.29	8.25
Namibia	5.79	5.56	5.75
Nigeria	10.63	10.72	12.00
South Africa	6.09	5.92	5.50
Tanzania	12.39	12.39	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
Data as at August 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	B1	B
Gabon	BB-	-	BB-
Ghana	B	B2	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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