

2 June 2014

### Angola

- AOA: We do not anticipate random upward movements

### Botswana

- BWP: Pula confined within a close range

### CMA

- ZAR: Finally reacted to all the local negatives

### Ghana

- GHS: Pressures remain strong but some relief is expected in 3Q14

### Kenya

- KES: CBK capacity to curb volatility

### Mozambique

- MZN: Metical remains stable at USD/MZN31.00

### Nigeria

- NGN: Expected to record gains this week

### Tanzania

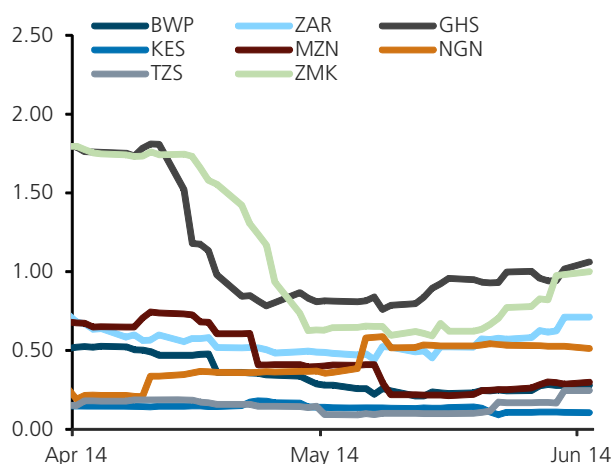
- TZS: Shilling suffering some losses as month-end inflows start declining

### Zambia

- ZMW: Kwacha seems to have settled

### Currency fluctuations

1-month realised volatility



Source: Bloomberg  
Data as at June 2014

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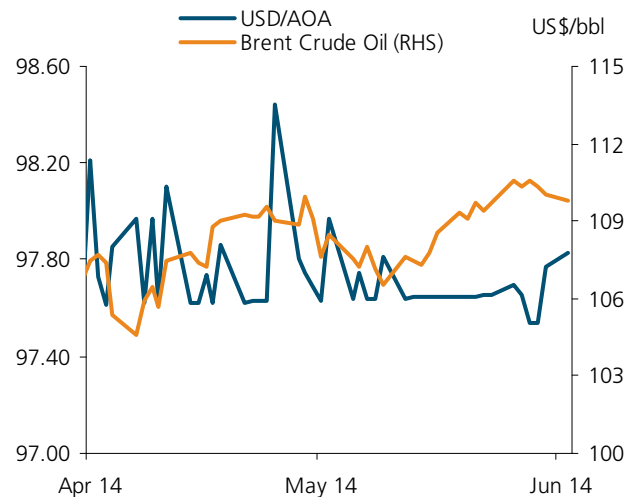


# Angola

## Kwanza (AOA) in brief

- Despite an increase in intraday volatility, we do not expect random upward movements in the currency pair as the central bank attempts to limit the pass through to inflation. We anticipate a 3.6% depreciation over the next two years, implying USD/AOA99.05 in 2014 and USD/AOA100.05 in 2015.

Figure 1: Kwanza stability remains intact



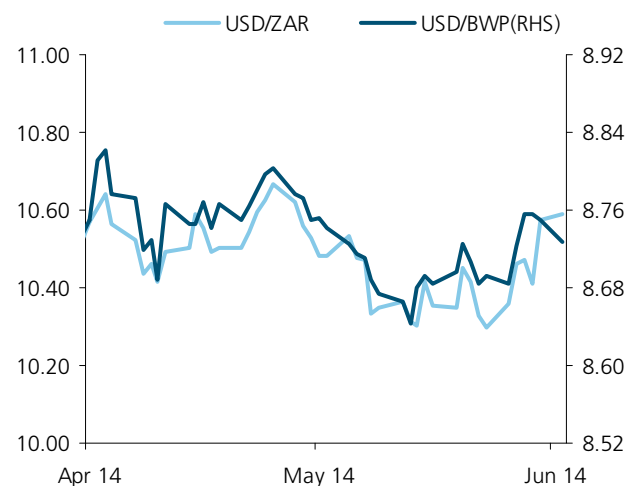
Source: Bloomberg  
Data as at June 2014

# Botswana

## Pula (BWP) in brief

- The pula was confined within a close range against the greenback on Friday. Personal spending reported a month-on-month contraction due to lower income growth while PMI came in higher, pointing to a recovery in the US manufacturing sector. Huge risk are coming from Thursday's ECB policy decision and Friday's US non-farm payrolls number.
- Our forecast for a weak rand in early 2014, followed by mild gains later in the year, generates a BWP/USD forecast of 0.1155 by year-end. The equivalent cross rate on the rand is 1.178. Given that the pula is tied to the rand, which is an extremely volatile currency, there is a wide array of outcomes around our core view.

Figure 2: Global data risks this week



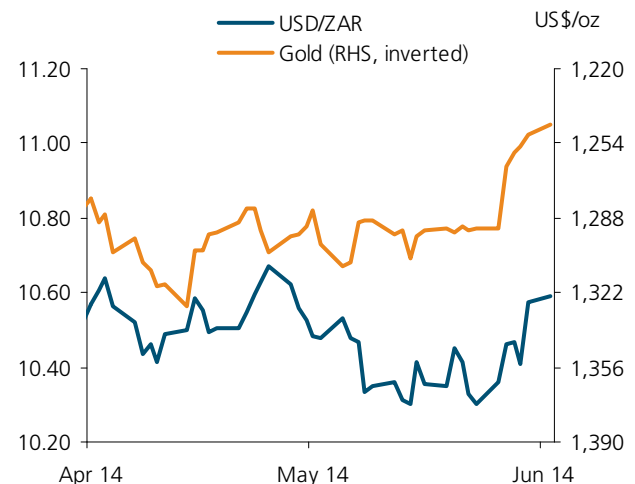
Source: Bloomberg  
Data as at June 2014

# CMA

## Rand (ZAR) in brief

- The rand has finally reacted to all the local negatives. Friday's trade data was the straw that broke the camel's back, with USD/ZAR spiking to 10.59. Having finally focused on local issues, the way is open for further losses but, to us, the strength of the global environment suggests the risk of a further run is limited and that the unit should even be able to recover a little ground today. Nonetheless, attention will rapidly switch back to the global economy given that it is an event filled week, with huge risk coming from Thursday's ECB policy decision and Friday's US non-farm payrolls number.

Figure 3: Stuck above the key 10.28/30 support level



Source: Bloomberg  
Data as at June 2014

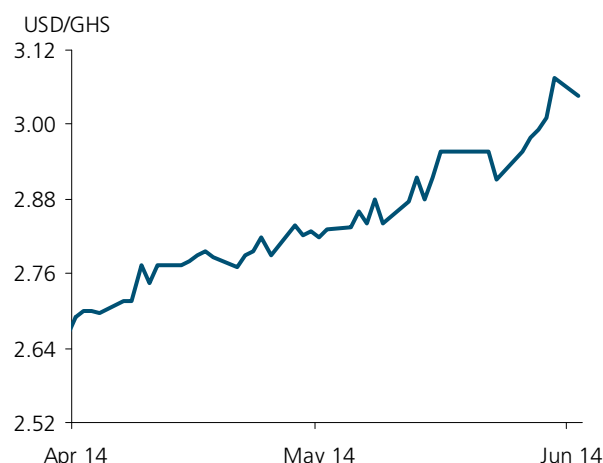


## Ghana

### Cedi (GHS) in brief

- Cedi pressures remain strong, which has kept the unit around the USD/GHS3.00 level. The government is set to go ahead with the issuance of a Eurobond, estimated at US\$1.5bn. Sources told Reuters that the inflows from the auction should be available to the central bank in the early part of 3Q14. This, together with the Cocobod flows toward the end of the year, will support the cedi to some extent. However, the pressures will endure, spurring the depreciatory trend — dollar demand continues to outpace supply despite the lofty cost of funding, moral suasion and OMOs remain ineffective in mopping up excess liquidity, and the dual deficits continue to burgeon, dampening sentiment.

Figure 4: Pressures not subsiding



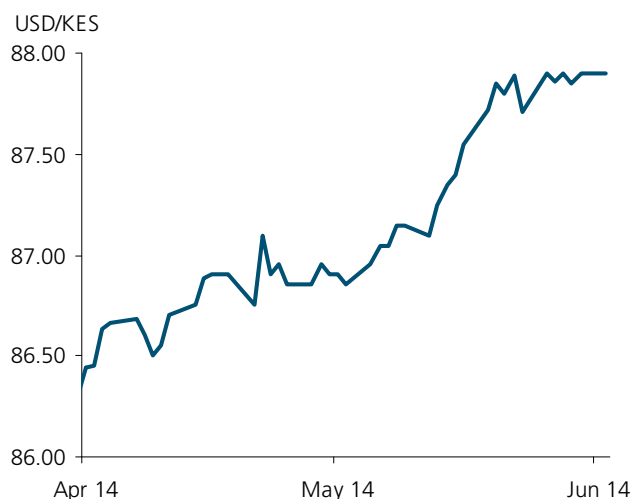
Source: Bloomberg  
Data as at June 2014

## Kenya

### Shilling (KES) in brief

- The shilling traded steadily last week, just below USD/KES88.00. The CBK sold dollars after the shilling weakened above 88.00 last Monday, saying its reserve capacity is strong enough to curb the volatility. Shilling weakness is noticeable in a market that has rarely traded above USD/KES88.00 in the last two years. Shilling losses accumulated at a rapid pace, propelling the local unit above the technical resistance level of USD/KES88.00. Sentiment is on the wane as more bombings are deterring investors and tourists alike. The bias is for further weakness, exacerbated by the start of the dividend payments season as companies seek US dollars to remit to offshore shareholders.

Figure 5: Sentiment weakening the shilling further



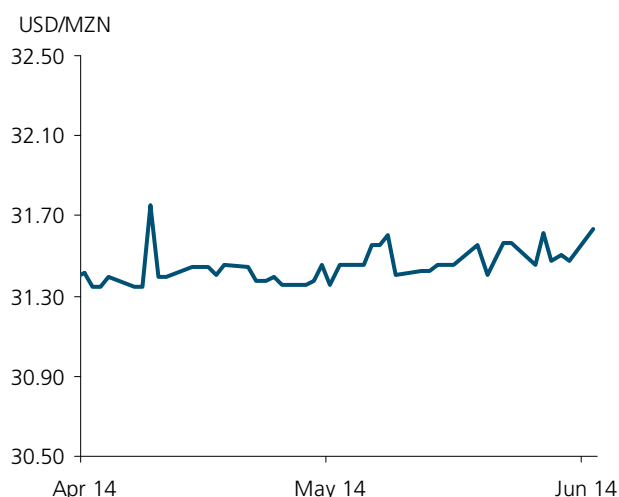
Source: Bloomberg  
Data as at June 2014

## Mozambique

### Metical (MZN) in brief

- Volatility has increased over the past week, with USD/MZN trading between 30.80 and 31.30. The unit was relatively stable in April and May, mainly due to balanced liquidity conditions. Factors supportive of supply included central bank intervention (the BDM is selling US\$2m a day to banks, at very low rates to keep the rate stable) and the commencement of activities by local NGOs and embassies. We expect USD/MZN to gravitate back toward 29.00 in 2014 before drifting to 28.25 in 2015. Mozambique's mammoth current account deficit (estimated at 40.1% in 2013) is cause for concern in the medium term as import demand rises steadily to support the growth in gas and mining programmes.

Figure 6: Metical derived support from May tax requirements



Source: Bloomberg  
Data as at June 2014

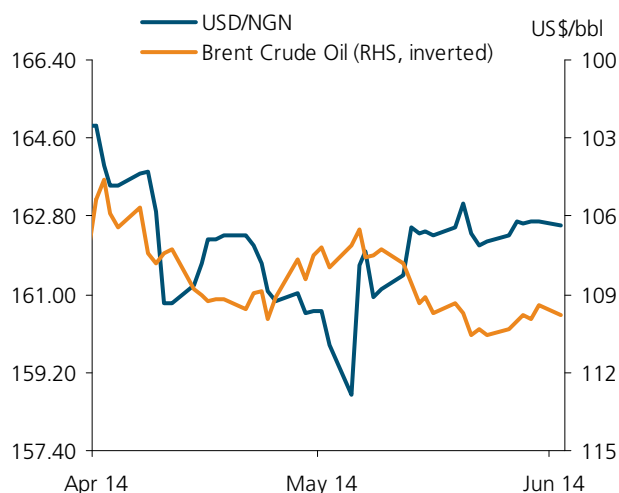


## Nigeria

### Naira (NGN) in brief

- Activity in the FX market closed on a mild note owing to matched flows throughout last week. The naira is expected to record gains this week against the US dollar, buoyed by FX sales by IOCs looking to fund their naira obligations — the most notable being the state-owned oil corporation.
- The external reserves stand at US\$37.15bn, as at 27 May 2014.

Figure 7: Naira activity mild



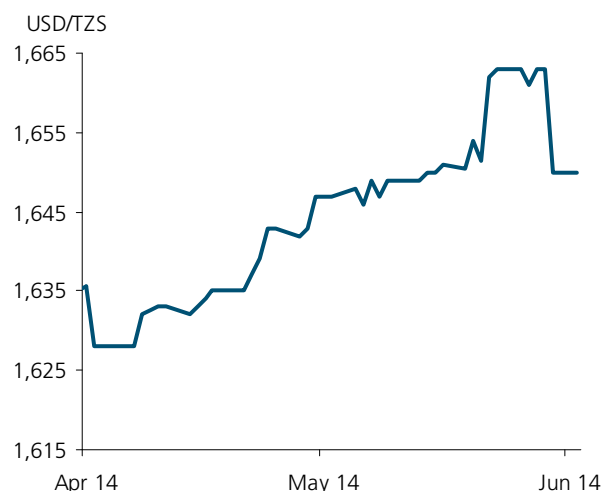
Source: Bloomberg  
Data as at June 2014

## Tanzania

### Shilling (TZS) in brief

- The shilling experienced some pressure in Friday's session as month-end inflows started to decline. USD/TZS opened at 1,659/1,669 and closed at 1,661/1,671. With increased demand from the oil sector, resistance of 1,665/1,675 is likely to hold this week.

Figure 8: Shilling under pressure



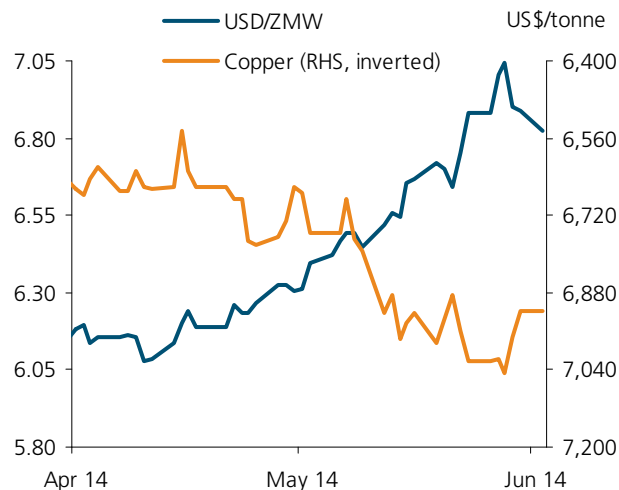
Source: Bloomberg  
Data as at June 2014

## Zambia

### Kwacha (ZMW) in brief

- The kwacha seems to have settled, not moving much in last week's trading session. The unit traded in a range of USD/ZMW6.800/6.900 as demand for the greenback seemed to have eased. The current levels remain attractive to dollar suppliers and if they come into the market, we should see the unit make a few gains. The market is expected to open around 6.950 and we anticipate a quiet day given the reduced jitters in the market.

Figure 9: The kwacha settles



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
<b>Angola</b>								
USD/AOA	97.54	0.00	-0.12	-0.27				
EUR/AOA	132.74	0.12	-0.42	-1.99				
GBP/AOA	163.05	0.05	-0.94	-0.78				
JPY/AOA	1.04	-0.16	-0.05	-0.59				
<b>Botswana</b>								
USD/BWP	8.76	0.00	0.83	-0.22	8.71	8.82	8.94	9.18
EUR/BWP	11.92	0.13	0.53	-1.93	11.86	12.01	12.17	12.51
GBP/BWP	14.64	0.05	0.00	-0.73	14.67	14.84	15.03	15.40
JPY/BWP	11.60	-0.17	-0.99	-0.64	1.19	1.18	1.18	1.19
<b>Ghana</b>								
USD/GHS	3.01	0.63	1.84	6.08	2.21	2.28	2.38	2.54
EUR/GHS	4.10	0.75	1.54	4.26	3.01	3.10	3.24	3.46
GBP/GHS	5.03	0.68	1.00	5.54	3.70	3.81	3.97	4.23
JPY/GHS	33.76	-0.79	-1.97	-6.54	224.92	232.22	242.06	258.20
<b>Kenya</b>								
USD/KES	87.85	-0.06	-0.05	1.15	88.35	89.80	91.53	96.53
EUR/KES	119.56	0.07	-0.35	-0.59	120.44	122.43	124.81	131.73
GBP/KES	146.86	0.00	-0.87	0.63	147.98	150.34	153.11	161.08
JPY/KES	1.16	-0.11	-0.12	-1.99	0.87	0.88	0.90	0.95
<b>Mozambique</b>								
USD/MZN	31.50	0.08	-0.19	0.48	29.71	32.04	32.67	33.86
EUR/MZN	42.87	0.20	-0.49	-1.25	43.32	43.68	44.55	46.21
GBP/MZN	52.66	0.13	-1.01	-0.04	53.22	53.64	54.65	56.50
JPY/MZN	3.23	-0.25	0.02	-1.33	3233.42	3259.15	3321.01	3435.44
<b>Nigeria</b>								
USD/NGN	162.70	0.03	0.34	1.05	159.75	159.75	159.75	159.75
EUR/NGN	221.42	0.16	0.04	-0.69	217.79	217.81	217.85	218.01
GBP/NGN	271.99	0.08	-0.49	0.53	267.58	267.46	267.24	266.58
JPY/NGN	0.62	-0.20	-0.50	-1.89	0.64	1.57	1.57	1.57
<b>South Africa</b>								
USD/ZAR	10.41	-0.58	0.78	-2.00	10.64	10.73	10.90	11.28
EUR/ZAR	14.17	-0.46	0.48	-3.68	14.48	14.63	14.86	15.37
GBP/ZAR	17.40	-0.53	-0.05	-2.50	17.79	17.96	18.23	18.79
JPY/ZAR	9.76	0.42	-0.94	1.16	9.58	9.48	9.33	9.01
<b>Tanzania</b>								
USD/TZS	1,663.00	0.00	0.06	1.28	1,677.63	1,704.38	1,754.50	1,840.00
EUR/TZS	2,263.18	0.13	-0.24	-0.46	2,287.15	2,323.77	2,392.57	2,510.99
GBP/TZS	2,780.04	0.05	-0.76	0.76	2,810.06	2,853.50	2,935.02	3,070.49
JPY/TZS	0.06	-0.17	-0.23	-2.11	16.49	16.76	17.26	18.13
<b>Zambia</b>								
USD/ZMW	6.90	-2.02	2.22	9.07	5.34	5.36	5.50	5.77
EUR/ZMW	9.39	-1.90	1.92	7.20	7.28	7.30	7.49	7.87
GBP/ZMW	11.53	-1.97	1.38	8.52	8.94	8.96	9.19	9.62
JPY/ZMW	14.73	1.89	-2.34	-9.11	0.05	0.05	0.05	0.06

Source: Bloomberg, Reuters, RMB Global Markets  
All data as at June2014



## Commodities prices

	Current	m/m % change	y/y % change	Implied volatility	3-month future	12-month future
<b>Metals</b>						
Gold US\$/oz0	1,242.41	-4.4	-10.5	14.6	1,246.0	1,247.6
Copper US\$/tonne	6,995.50	4.4	-3.4	15.0	6,851.0	6,786.0
<b>Softs</b>						
Cattle US\$/lb	197.05	7.4	36.5	14.8	138.6	148.5
Cocoa US\$/tonne	3,071.00	5.5	40.2	16.1	3,070.0	3,063.0
Coffee – Arabica US\$/lb	177.50	-11.5	39.7	45.4	179.9	187.4
Coffee – Robusta US\$/tonne	0.00	-	-	25.5	1,937.0	1,995.0
Cotton US\$/lb	86.00	-8.7	8.4	19.2	86.3	78.9
Maize – Yellow R/tonne	1,945.00	-9.5	-17.2	24.0	1,945.0	2,041.0
Maize – White R/tonne	1,825.00	-14.4	-23.0	23.7	1,825.0	2,016.0
Raw Sugar US\$/lb	17.38	-0.4	5.0	20.3	19.1	19.1
<b>Energy</b>						
WTI Crude US\$/bbl	103.26	3.5	12.3	13.6	101.0	93.5

Source: Bloomberg

## Interest rates

	3-m T-Bill		Policy rate
	Apr-14 <sup>1</sup>	Current	Current
Angola	3.64	3.64	9.25
Botswana	3.28	3.23	7.50
Ghana	24.06	24.07	18.00
Kenya	8.76	8.80	8.50
Mozambique	5.25	5.29	8.25
Namibia	5.19	5.79	5.50
Nigeria	11.04	10.46	12.00
South Africa	5.78	5.78	5.50
Tanzania	12.17	10.95	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 May 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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