

18 August 2014

Angola

- AOA: Month-to-date losses exceed annual rate of depreciation

Botswana

- BWP: Reversing some gains

CMA

- ZAR: Temporary weakness

Ghana

- GHS: Cedi bounces after government requests formal assistance from the IMF

Kenya

- KES: Higher interbank rates limit US dollar borrowings

Mozambique

- MZN: Metical could test 29.90 should liquidity conditions improve

Nigeria

- NGN: More weakness expected this week

Tanzania

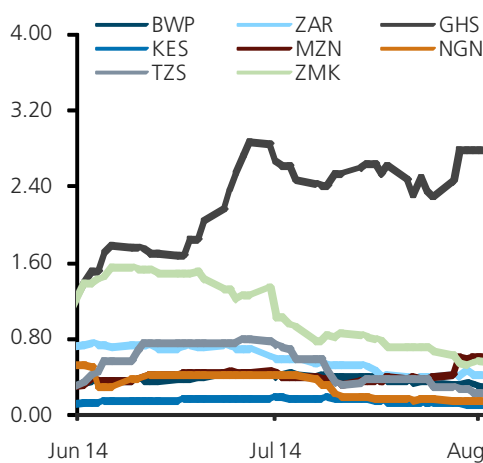
- TZS: Shilling biased towards a slight weakening this week

Zambia

- ZMW: Could see some strengthening as bond tender approaches

Currency fluctuations

1-month realised volatility



Source: Bloomberg
Data as at August 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

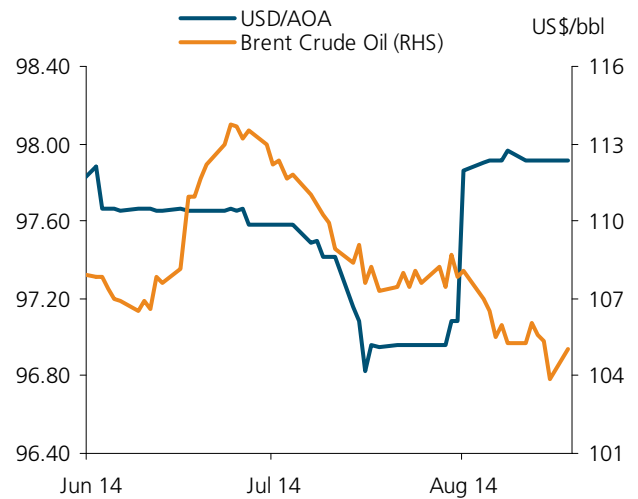


Angola

Kwanza (AOA) in brief

- The kwanza's month-to-date losses have exceeded its annual rate of depreciation, reflecting growing liquidity constraints. The unit is teetering near 97.78 but faces additional upside pressure as the international oil price hovers US\$100/bbl as the prospect of greater Libyan supply eclipses the continued tensions in Iraq and the escalation in tensions in Ukraine, forcing spot prices lower.

Figure 1: Kwanza weakens marginally



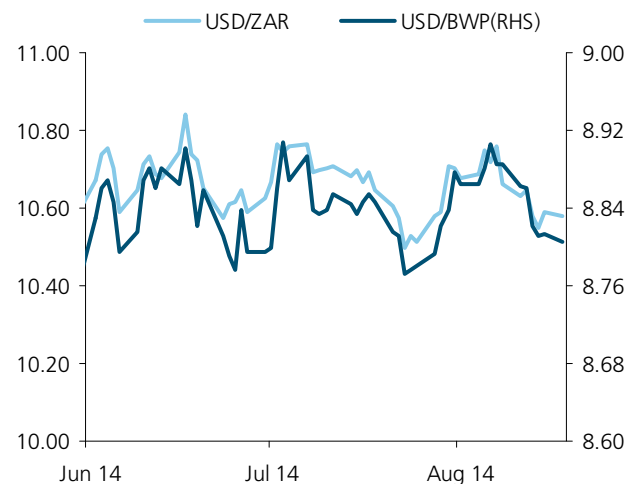
Source: Bloomberg
Data as at August 2014

Botswana

Pula (BWP) in brief

- The pula traded steady against the greenback on Friday before adopting a softer tone when US producer and industrial production came in slightly higher than expected, supporting the dollar. Eastern European geopolitical tensions continued to push the dollar higher later in the day when Ukrainian forces attacked a Russian convoy. This saw BWP/USD reverse the week's gains to trade within the 0.1130/33 range from 0.1134/36 in the morning. The unit is therefore expected to open around 0.1131/34 this morning. The pula was little changed against the rand and we expect the unit to remain steady ahead of the South Africa CPI due this week. BWP/ZAR is likely to open around 1.1968/98 from 1.1954/84 at close.

Figure 2: Reversing some gains



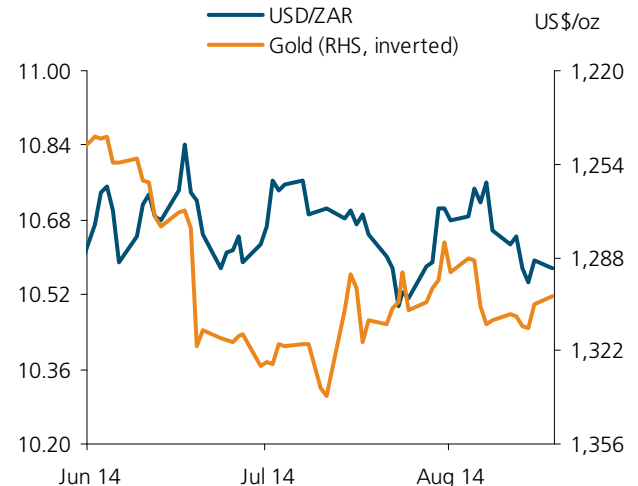
Source: Bloomberg
Data as at August 2014

CMA

Rand (ZAR) in brief

- Geopolitics had some market impact on Friday as news headlines about the Ukraine/Russia conflict put downward pressure on risky asset prices and boosted demand for safe-haven assets. Weaker than expected confidence data out of the US did not help matters either. This has been borne out by the rand. USD/ZAR rose from 10.54 to 10.62 during Friday's trade but managed to decline to 10.54. While this week should deliver "good" news by way of continued policy accommodation from the major central banks, Friday's price action showed that markets are not immune to risk events. As such, the local markets and the rand will have to contend with a "benign" global backdrop (of low rates) and the domestic headwinds of slow growth and ratings risk.

Figure 3: Rand experiencing temporary weakness



Source: Bloomberg
Data as at August 2014

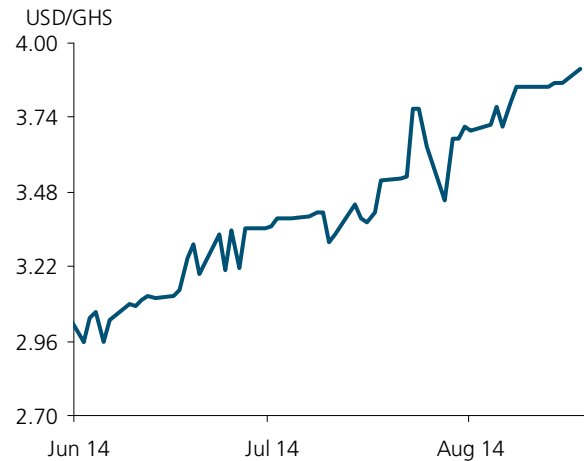


Ghana

Cedi (GHS) in brief

- According to Reuter’s indicative pricing, the cedi recouped a small percentage of losses last week after it emerged that the government would engage in talks with the IMF in September. Speculation regarding potential IMF assistance has lingered in the international market for a number of months, raising doubts as to whether it would ever come to pass. The dormancy of the local financial market over the last three months suggests offshore investors have become less forgiving of the state’s management of its dual deficits, necessitating external support before any further commitments are made. This realisation might have prompted the government to expedite the process with the IMF to provide reassurance to investors.

Figure 4: Cedi at the mercy of market sentiment



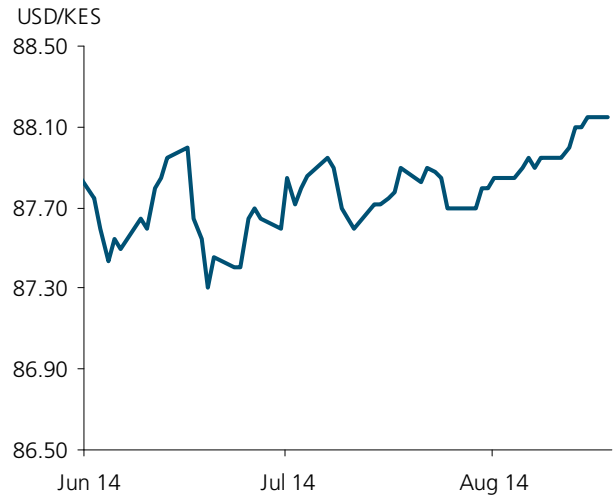
Source: Bloomberg
Data as at August 2014

Kenya

Shilling (KES) in brief

- Liquidity remains tight as higher borrowing rates curb interbank demand for US dollars, providing support to an otherwise uneventful currency market. 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



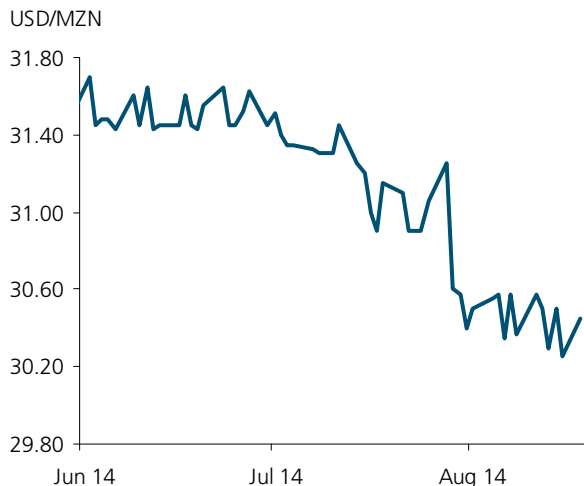
Source: Bloomberg
Data as at August 2014

Mozambique

Metical (MZN) in brief

- The metical is perched on our year-end target of USD/MZN30.00, buoyed by agricultural and NGO inflows. The unit could test 29.90 should liquidity conditions improve, though gains will be hard to come by due to persistent import demand.

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



Source: Bloomberg
Data as at August 2014

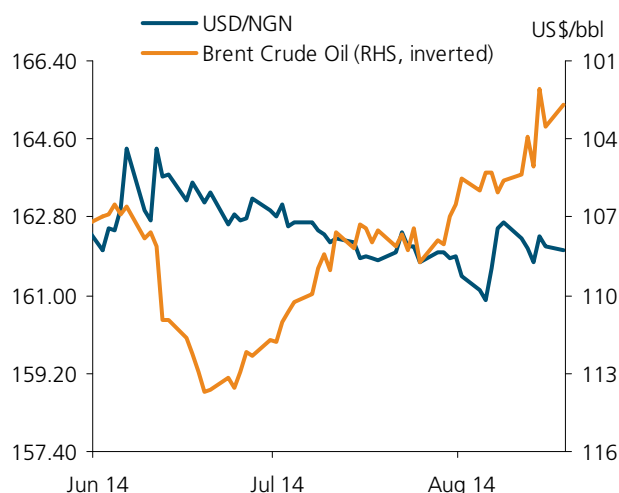


Nigeria

Naira (NGN) in brief

- Further weakness is expected this week as the naira surrendered the gains it amassed at the beginning of the month as the liquidity injected into the market by oil exporters evaporated. Moreover, some importers have taken advantage of the recent naira gains to boost their dollar stocks while commercial banks are expected to cover their oversold positions this week. The weakness is not a large concern as bond yields still appear attractive and could lend support to the currency if investors find value in the real yields.

Figure 7: More weakness expected this week



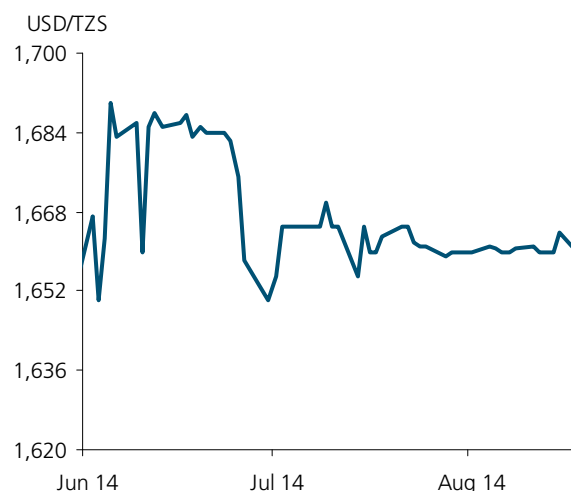
Source: Bloomberg
Data as at August 2014

Tanzania

Shilling (TZS) in brief

- The shilling continued its depreciation last week as US dollar inflows remained limited. The outlook for this week is still biased towards a slight weakening of the local unit but some respite will come from dollar inflows from cotton exports. Support of 1,662 and resistance of 1,672 will likely hold.

Figure 8: View of a weakening shilling continues to hold



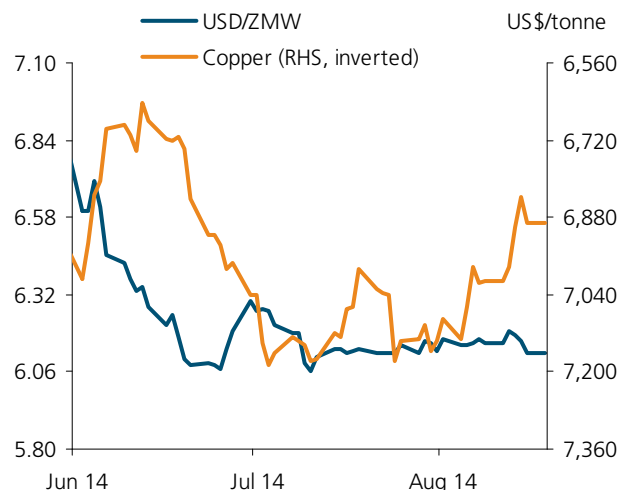
Source: Bloomberg
Data as at August 2014

Zambia

Kwacha (ZMW) in brief

- The kwacha performed fairly well last week owing to an increase in dollar supply in the local market. We could see further appreciation of the unit against the dollar as we approach the government bond tender. The somewhat attractive yields on government securities are expected to catch the attention foreign investors.

Figure 9: Kwacha slowly recouping losses seen last week



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	0.00	0.78	-	-	-	-
EUR/AOA	130.90	-0.01	0.14	-1.02	-	-	-	-
GBP/AOA	163.38	-0.06	-0.87	-1.51	-	-	-	-
JPY/AOA	1.05	0.05	0.39	0.12	-	-	-	-
Botswana								
USD/BWP	8.81	-0.13	-0.84	-0.38	8.90	8.97	9.12	9.38
EUR/BWP	11.78	-0.15	-0.70	-2.16	11.92	12.02	12.23	12.59
GBP/BWP	14.70	-0.20	-1.70	-2.65	14.92	15.03	15.28	15.66
JPY/BWP	11.63	0.18	1.24	1.28	1.20	1.21	1.21	1.21
Ghana								
USD/GHS	3.86	0.26	1.78	12.21	2.21	2.28	2.38	2.54
EUR/GHS	5.16	0.25	1.92	10.21	2.96	3.05	3.19	3.41
GBP/GHS	6.44	0.20	0.89	9.66	3.69	3.81	3.97	4.23
JPY/GHS	26.56	-0.22	-1.37	-10.08	226.20	232.82	242.62	258.68
Kenya								
USD/KES	88.10	0.00	0.23	0.43	88.53	89.41	90.69	94.13
EUR/KES	117.78	-0.01	0.36	-1.36	118.64	119.86	121.64	126.43
GBP/KES	147.00	-0.07	-0.65	-1.85	147.74	149.13	151.13	156.42
JPY/KES	1.16	0.05	0.16	0.46	0.87	0.87	0.89	0.92
Mozambique								
USD/MZN	30.50	0.67	-0.24	-2.40	29.71	30.89	31.66	33.08
EUR/MZN	40.78	0.65	-0.11	-4.14	40.93	41.41	42.46	44.43
GBP/MZN	50.90	0.60	-1.12	-4.62	50.97	51.52	52.75	54.96
JPY/MZN	3.36	-0.61	0.64	3.38	3125.49	3159.73	3235.39	3372.54
Nigeria								
USD/NGN	162.35	0.37	-0.12	0.09	159.75	159.75	159.75	159.75
EUR/NGN	217.05	0.36	0.01	-1.69	214.10	214.16	214.26	214.57
GBP/NGN	270.90	0.30	-1.00	-2.18	266.60	266.46	266.20	265.46
JPY/NGN	0.63	-0.32	0.52	0.80	0.64	1.56	1.56	1.57
South Africa								
USD/ZAR	10.55	-0.29	-1.96	-1.26	10.64	10.76	10.94	11.27
EUR/ZAR	14.10	-0.30	-1.83	-3.02	14.27	14.42	14.67	15.16
GBP/ZAR	17.60	-0.35	-2.82	-3.50	17.77	17.95	18.22	18.76
JPY/ZAR	9.72	0.34	2.40	2.18	9.61	9.51	9.35	9.03
Tanzania								
USD/TZS	1,660.00	0.00	0.00	0.30	1,678.93	1,714.39	1,758.27	1,870.51
EUR/TZS	2,219.25	-0.01	0.13	-1.49	2,250.09	2,298.29	2,358.17	2,512.36
GBP/TZS	2,769.88	-0.07	-0.87	-1.98	2,801.92	2,859.59	2,929.87	3,108.22
JPY/TZS	0.06	0.05	0.39	0.59	16.41	16.76	17.20	18.35
Zambia								
USD/ZMW	6.17	-0.32	-0.08	0.41	5.34	5.36	5.50	5.77
EUR/ZMW	8.24	-0.34	0.05	-1.39	7.16	7.18	7.37	7.75
GBP/ZMW	10.29	-0.39	-0.95	-1.87	8.91	8.96	9.18	9.61
JPY/ZMW	16.63	0.37	0.47	0.49	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	1,301.70	-0.7	-5.5	13.3	1,305.4	1,309.4
Copper US\$/tonne	6,852.50	-2.5	-6.6	13.8	6,871.5	6,863.3
Softs						
Cattle US\$/lb	217.23	2.6	40.3	14.8	147.8	147.2
Cocoa US\$/tonne	3,227.00	4.7	32.0	16.3	3,227.0	3,208.0
Coffee – Arabica US\$/lb	188.75	10.6	56.6	41.5	188.8	200.4
Coffee – Robusta US\$/tonne	0.00	-	-	26.9	1,962.0	1,994.0
Cotton US\$/lb	63.17	-8.0	-32.4	19.3	63.6	67.4
Maize – Yellow R/tonne	1,800.00	1.4	-15.5	24.0	1,800.0	1,907.0
Maize – White R/tonne	1,734.00	2.4	-24.2	23.7	1,734.0	1,890.0
Raw Sugar US\$/lb	15.92	-6.2	-6.0	17.6	19.1	19.1
Energy						
WTI Crude US\$/bbl	96.68	-6.3	-10.0	22.6	94.4	92.2

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	3.17	7.50
Ghana	25.01	24.99	19.00
Kenya	8.47	8.23	8.50
Mozambique	5.29	5.39	8.25
Namibia	5.79	5.79	5.75
Nigeria	10.63	10.82	12.00
South Africa	6.09	6.11	5.50
Tanzania	12.39	12.59	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.



Africa

Global Markets Africa

Ebrahim Motala
+27 11 269-9964

ebrahim.motala@rmb.co.za

Global Markets Africa Sales

Gordon Sikhakhane

+27 11 282-4918

gordon.sikhakhane@rmb.co.za

Global Markets Africa Trading

Roy Daniels

+27 11 282-4412

roy.daniels@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@fmbnamibia.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

Sylvester Selepe

+255 768 989-049

sylvester.selepe@rmb.co.za

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 21 446-9333

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

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+27 11 282-8286

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+27 11 269-9065

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+27 11 269-9040/9100

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+27 11 269-9130

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+27 11 269-9150/9030

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+27 11 282-1284

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+27 11 269-9260

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+27 11 282-8401

Securities Lending

+27 11 269-9719

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+27 11 269-9295

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+27 11 282-8542

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