

4 August 2014

Angola

- AOA: Kwanza leaps to USD/AOA97.65

Botswana

- BWP: Pula recovers from a four-day losing streak

CMA

- ZAR: Weakening bias persists

Ghana

- GHS: Finance ministry instructed to seek IMF support

Kenya

- KES: Slight appreciation expected this week but depreciatory trend intact

Mozambique

- MZN: Metical appreciates by almost 4% over the course of July

Nigeria

- NGN: IOC month-end commitments to strengthen naira

Tanzania

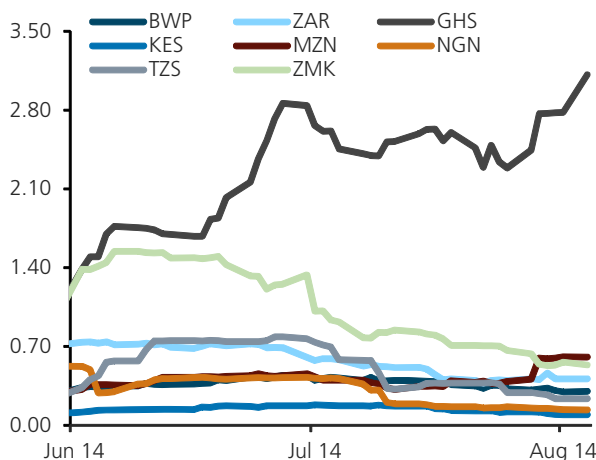
- TZS: Flat trading as dollar demand remains limited

Zambia

- ZMW: The kwacha could go below 6.100

Currency fluctuations

1-month realised volatility



Source: Bloomberg
Data as at August 2014

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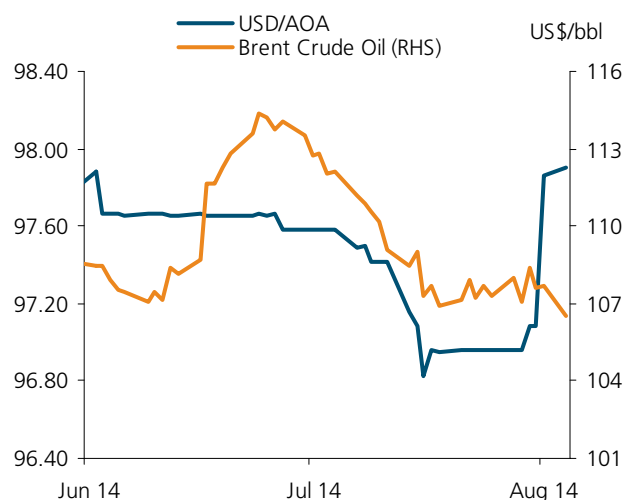


Angola

Kwanza (AOA) in brief

- The kwanza leapt to USD/AOA97.65 last week, suggesting an imbalance in liquidity conditions. The unit continues to trade in a relatively narrow range but should depreciate gradually over the next two years, implying USD/AOA99.05 in 2014 and USD/AOA100.05 in 2015.

Figure 1: Kwanza responds to improved liquidity conditions



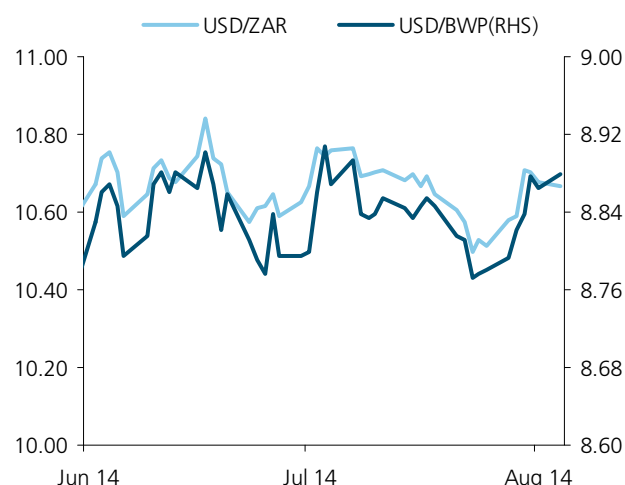
Source: Bloomberg
Data as at August 2014

Botswana

Pula (BWP) in brief

- The pula recovered from a four-day losing streak against the greenback at the end of last week mainly on the back of disappointing US jobs data. The data meant that the Fed might still have room to keep rates low for a while. As a result, the local unit closed the day firmer at 0.1126/29 from 0.1122/25 in the morning. The pula lost ground against the rand to close the day at 1.2032/62 from 1.2058/88 in the morning.

Figure 2: Pula trading firmer



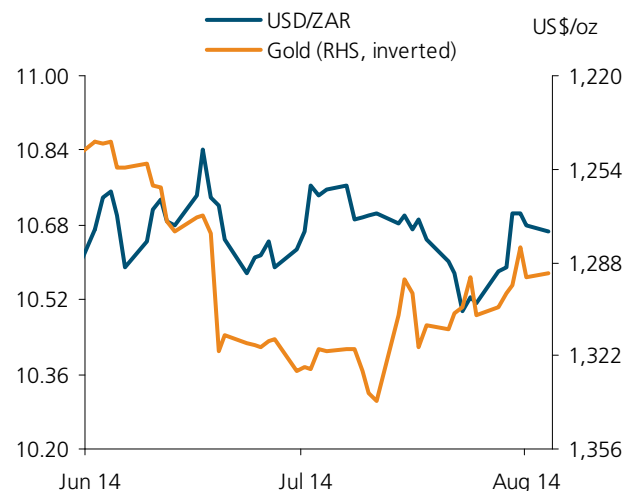
Source: Bloomberg
Data as at August 2014

CMA

Rand (ZAR) in brief

- The US dollar has had a soft start to August, albeit with varying performances against the major currencies. EUR/USD is off the year-to-date lows, trading around 1.3425. USD/ZAR jumped to over 10.75 on Friday but, thanks to the non-farm payrolls report, it has retreated to around 10.65. The rand's performance late last week was in line with its EM peers. This week is relatively light on the data front and so the focus will be on policy. The ECB is expected to stay pat despite the tick downwards in inflation in July.

Figure 3: Weakening bias persists



Source: Bloomberg
Data as at August 2014

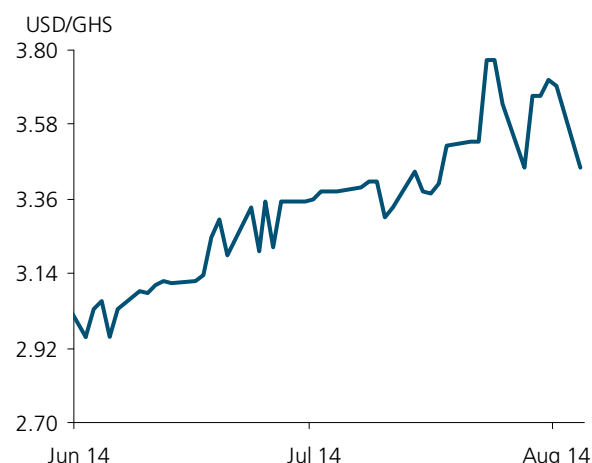


Ghana

Cedi (GHS) in brief

- It seems as though the presidency is at its wits end and will seek assistance from the IMF to help stabilise Ghana's ailing currency. The local unit has depreciated by more than 40% since the start of the year amid a weakening fiscal backdrop. The news should provide some comfort to the market and a strengthening in the cedi is expected today. Meanwhile, the withdrawal of a ban on the direct importation of foreign exchange by commercial banks could ease liquidity constraints in the interbank market but we're uncertain as to the market's reaction given that the prior removals of certain foreign exchange restrictions failed to impact local sentiment.

Figure 4: IMF assistance reports should support cedi this week



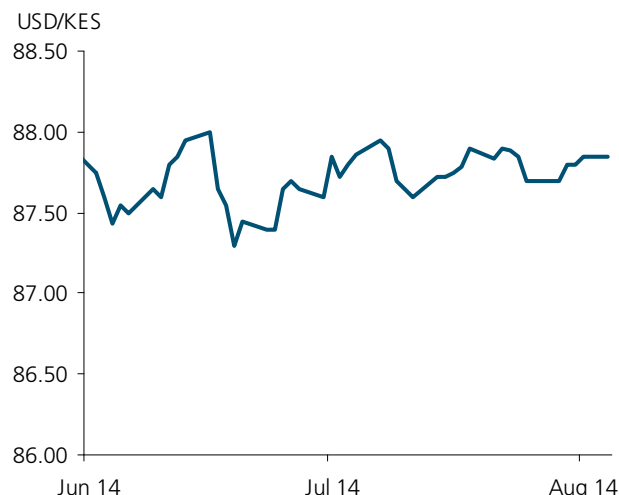
Source: Bloomberg
Data as at August 2014

Kenya

Shilling (KES) in brief

- Slight appreciation is expected this week as the month-end demand for US dollars come to an end. The shilling should trade within a USD/KES87.50 – 88.00 range.
- Our overall outlook is for trend depreciation. While the current account deficit is adequately financed, the funding is short term in nature. Moreover, lower receipts from the tourism sector will also have a negative effect. We maintain that longer-term flows are necessary to ensure the sustainability of Kenya's balance of payments given that its current account will remain pressurised owing to a mounting import bill. We maintain our year-end forecasts of USD/KES88.00 in 2014 and 90.00 in 2015.

Figure 5: Appreciation expected this week



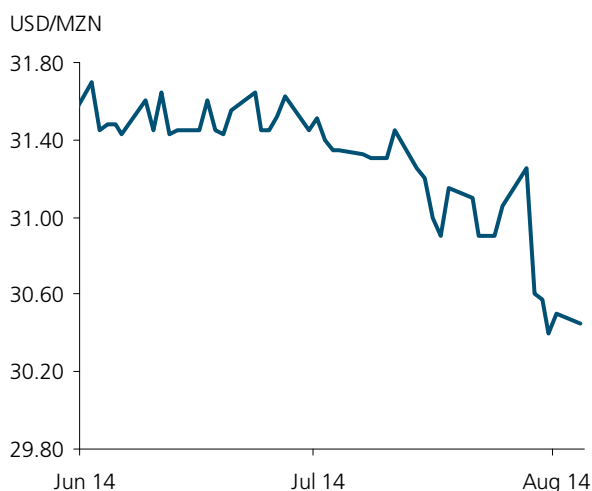
Source: Bloomberg
Data as at August 2014

Mozambique

Metical (MZN) in brief

- The metical appreciated by almost 4% against the US dollar in July and should maintain an appreciatory trend over the course of 3Q14, provided there are no liquidity constraints in the local interbank market. The metical's performance against the rand has not been as favourable, with the currency pair tracking 2.3% higher week-on-week.

Figure 6: Appreciatory trend expected to continue



Source: Bloomberg
Data as at August 2014

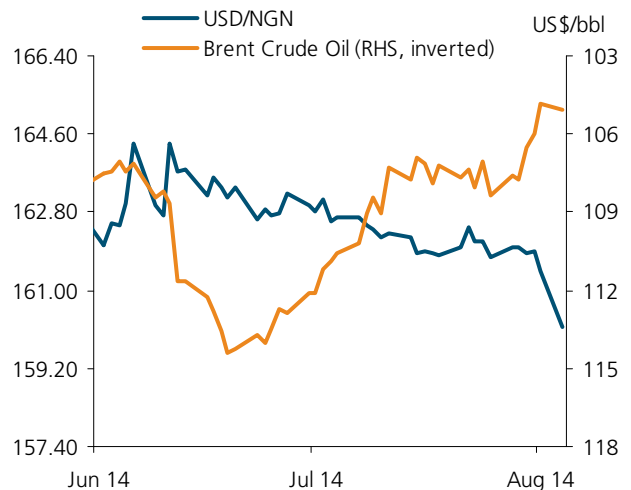


Nigeria

Naira (NGN) in brief

- The naira strengthened slightly against the greenback last week following the sale of US\$50m by an IOC. However, the move was short-lived as local demand pushed the pair higher. In general, the local unit has been steady within a 161.50 – 161.90 range over the last two weeks as energy firms make domestic month-end payments. On that note, we expect an appreciation in the naira this week as IOCs begin another round of month-end US dollar sales.

Figure 7: Unit remains steady on domestic month-end payments



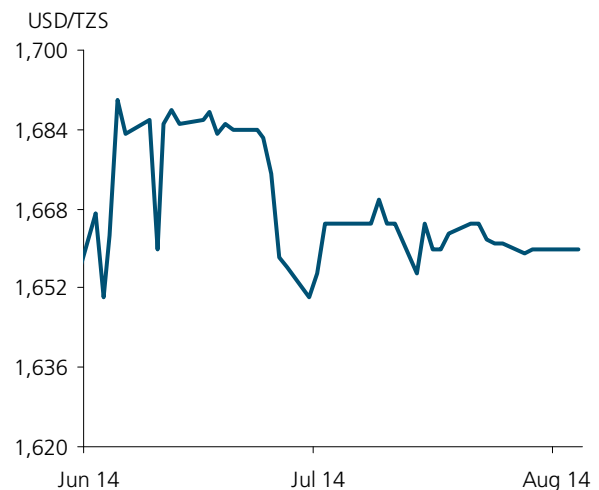
Source: Bloomberg
Data as at August 2014

Tanzania

Shilling (TZS) in brief

- Limited US dollar demand across the market saw the shilling trading relatively flat last week. After the end of holy month, we expect market activity to gather momentum and the shilling might likely be under pressure as US dollar demand increases. Our forecast for USD/TZS this week is the topside of 1,660/1,670.

Figure 8: Flat trading due to limited dollar demand



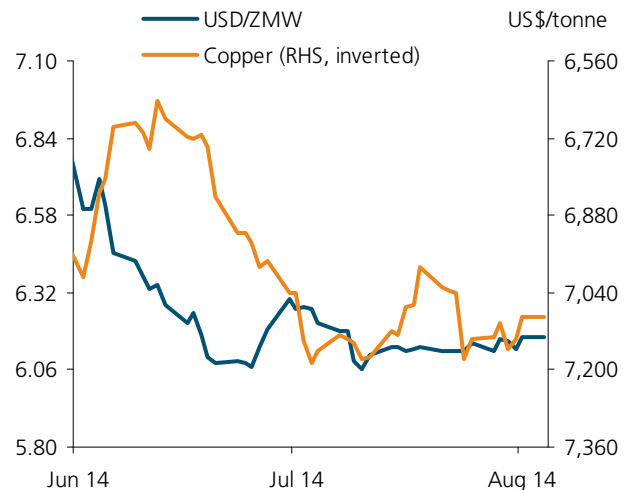
Source: Bloomberg
Data as at August 2014

Zambia

Kwacha (ZMW) in brief

- The kwacha recouped its losses at the end of last week due to an increase in dollar supply on the local market. After opening at 6.160, the unit gained and closed at 6.125. Room for further appreciation on the unit still remains, with mines paying royalties next week. That being said, moves below 6.100 are not far off.

Figure 9: The kwacha could go below 6.100



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	97.08	0.00	0.13	-0.51	-	-	-	-
EUR/AOA	129.95	0.05	-0.50	-2.73	-	-	-	-
GBP/AOA	163.92	-0.08	-0.44	-1.77	-	-	-	-
JPY/AOA	1.06	-0.09	0.88	2.06	-	-	-	-
Botswana								
USD/BWP	8.88	0.44	1.15	0.93	8.90	8.98	9.11	9.34
EUR/BWP	11.88	0.49	0.52	-1.32	11.94	12.06	12.24	12.57
GBP/BWP	14.99	0.36	0.58	-0.35	14.97	15.11	15.30	15.64
JPY/BWP	11.59	-0.53	-0.14	0.60	1.21	1.21	1.21	1.22
Ghana								
USD/GHS	3.71	1.23	-1.59	10.72	2.21	2.28	2.38	2.54
EUR/GHS	4.97	1.27	-2.21	8.25	2.97	3.06	3.19	3.41
GBP/GHS	6.26	1.14	-2.15	9.31	3.72	3.83	3.99	4.25
JPY/GHS	27.72	-1.30	2.65	-8.29	226.76	233.62	243.45	259.54
Kenya								
USD/KES	87.80	0.00	-0.06	0.23	88.21	89.05	90.30	93.47
EUR/KES	117.52	0.04	-0.69	-2.00	118.48	119.63	121.36	125.80
GBP/KES	148.25	-0.08	-0.63	-1.04	148.34	149.67	151.60	156.44
JPY/KES	1.17	-0.09	1.07	1.31	0.86	0.87	0.88	0.91
Mozambique								
USD/MZN	30.40	-0.58	-1.62	-3.34	29.71	31.03	31.80	33.22
EUR/MZN	40.69	-0.53	-2.24	-5.49	41.20	41.68	42.73	44.71
GBP/MZN	51.33	-0.66	-2.18	-4.57	51.59	52.15	53.38	55.60
JPY/MZN	3.38	0.49	2.67	5.05	3147.05	3181.65	3257.50	3395.06
Nigeria								
USD/NGN	161.90	0.03	-0.15	-0.64	159.75	159.75	159.75	159.75
EUR/NGN	216.70	0.08	-0.78	-2.86	214.57	214.61	214.70	214.99
GBP/NGN	273.37	-0.05	-0.72	-1.91	268.65	268.50	268.21	267.36
JPY/NGN	0.64	-0.12	1.17	2.20	0.64	1.55	1.56	1.56
South Africa								
USD/ZAR	10.70	-0.03	1.68	0.71	10.72	10.85	11.02	11.37
EUR/ZAR	14.33	0.01	1.04	-1.54	14.42	14.57	14.81	15.31
GBP/ZAR	18.07	-0.12	1.10	-0.57	18.05	18.23	18.50	19.04
JPY/ZAR	9.61	-0.05	-0.66	0.83	9.56	9.46	9.30	8.98
Tanzania								
USD/TZS	1,660.00	0.00	-0.06	0.61	1,678.38	1,712.63	1,740.63	1,854.63
EUR/TZS	2,221.91	0.04	-0.69	-1.64	2,254.30	2,300.80	2,339.33	2,495.91
GBP/TZS	2,802.91	-0.08	-0.63	-0.67	2,822.51	2,878.54	2,922.36	3,103.94
JPY/TZS	0.06	-0.09	1.07	0.93	16.36	16.70	16.99	18.15
Zambia								
USD/ZMW	6.13	-0.49	0.12	-2.70	5.34	5.36	5.50	5.77
EUR/ZMW	8.21	-0.44	-0.51	-4.87	7.17	7.19	7.38	7.76
GBP/ZMW	10.35	-0.57	-0.45	-3.93	8.98	9.01	9.23	9.66
JPY/ZMW	16.78	0.40	0.89	4.36	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	1,292.00	-2.2	-1.5	13.5	1,294.1	1,297.0
Copper US\$/tonne	7,078.00	-1.1	0.8	14.0	7,075.5	7,053.0
Softs						
Cattle US\$/lb	220.28	1.2	43.3	14.8	156.0	147.7
Cocoa US\$/tonne	3,207.00	2.7	40.0	18.2	3,207.0	3,130.0
Coffee – Arabica US\$/lb	192.35	13.5	62.7	57.7	192.4	200.9
Coffee – Robusta US\$/tonne	0.00	-	-	27.8	2,097.0	2,105.0
Cotton US\$/lb	62.51	-18.0	-26.7	21.9	62.5	66.2
Maize – Yellow R/tonne	1,868.00	1.5	-13.3	24.0	1,868.0	1,916.0
Maize – White R/tonne	1,799.00	2.2	-22.6	23.7	1,799.0	1,949.0
Raw Sugar US\$/lb	16.35	-8.2	-2.6	20.2	19.3	19.3
Energy						
WTI Crude US\$/bbl	97.96	-5.9	-8.4	16.9	95.8	92.6

Source: Bloomberg

Interest rates

	3-m T-Bill		Policy rate
	Jun-14	Jul-14	Current
Angola	3.91	3.91	8.75
Botswana	3.20	3.20	7.50
Ghana	23.39	25.01	19.00
Kenya	8.69	8.47	8.50
Mozambique	5.29	5.29	8.25
Namibia	5.58	5.79	5.75
Nigeria	10.66	10.63	12.00
South Africa	6.15	6.09	5.50
Tanzania	12.57	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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