

3 March 2014

Angola

- AOA: Technical indicators suggest the kwanza is set to trade sideways

Botswana

- BWP: The pula trades in a tight range

CMA

- ZAR: Payroll and ECB risk

Ghana

- GHS: De-dollarisation of the economy is yet to translate into cedi gains

Kenya

- KES: Shilling volatility remains muted compared to West African currencies

Mozambique

- MZN: The metical has gapped higher, surging to USD/MZN32.25

Nigeria

- NGN: CBN runs down reserves at rapid pace to support the naira

Tanzania

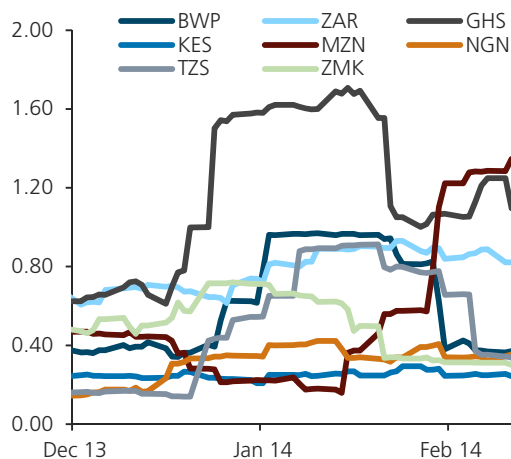
- TZS: The shilling experiences mild losses

Zambia

- ZMW: Kwacha bears seem to outnumber the bulls

Currency fluctuations

1-month realised volatility



Source: Bloomberg
Data as at March 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

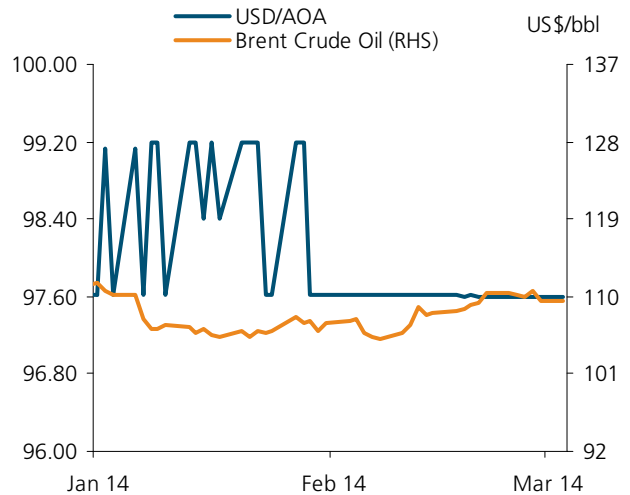


Angola

Kwanza (AOA) in brief

- Technical indicators suggest the kwanza is set to trade sideways in the near term. Indicative pricing shows little to no intraday volatility, with an average daily closing price of USD/AOA97.37 over the last month.

Figure 1: Kwanza trading steadily



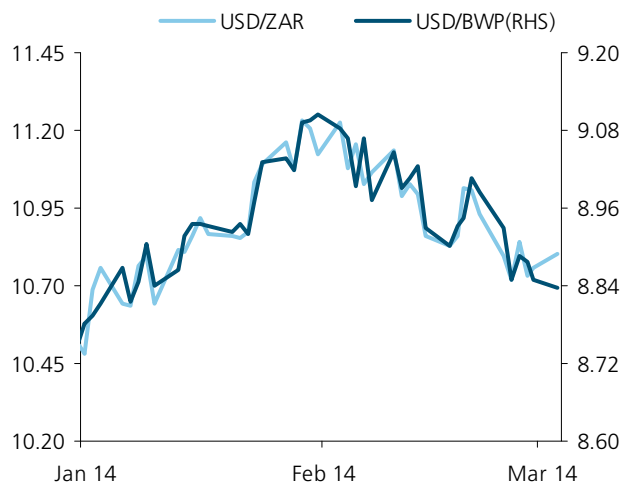
Source: Bloomberg
Data as at March 2014

Botswana

Pula (BWP) in brief

- The pula traded in a tight range against the greenback on Friday mainly influenced by USD/ZAR's performance. The rand's rally was halted by the wider than expected trade deficit data for January, which took USD/ZAR above 10.7500 to the dollar from the day's high of 10.7000. We expect the pula to open weaker against the dollar this morning around 0.1125/28 compared with the closing level at 0.1131/33. BWP/ZAR should open stronger around 1.2147/1.2177 compared with 1.2112/1.2142 at close.

Figure 2: Pula opens the week slightly weaker against the US dollar



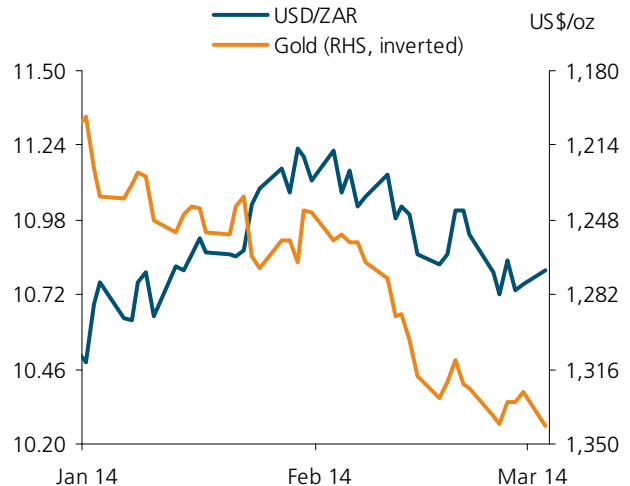
Source: Bloomberg
Data as at March 2014

CMA

Rand (ZAR) in brief

- The rand continued its gains last week, with USD/ZAR breaking 10.70 on Friday and dipping to 10.67. However, events around the Ukraine have resulted in an increase in global risk aversion over the weekend and the rand starts the week back in the high 10.70s.
- The market also faces heightened data risks towards the end of this week. The ECB will announce its monetary policy decision on Thursday. After the higher than expected February inflation read of 0.8% on Friday, the chance of a rate cut has decreased. Nevertheless, risks remain — even if there isn't a change in policy. Expect volatility in EUR/USD after Draghi speaks.

Figure 3: Rand gains but risk aversion increases this week



Source: Bloomberg
Data as at March 2014

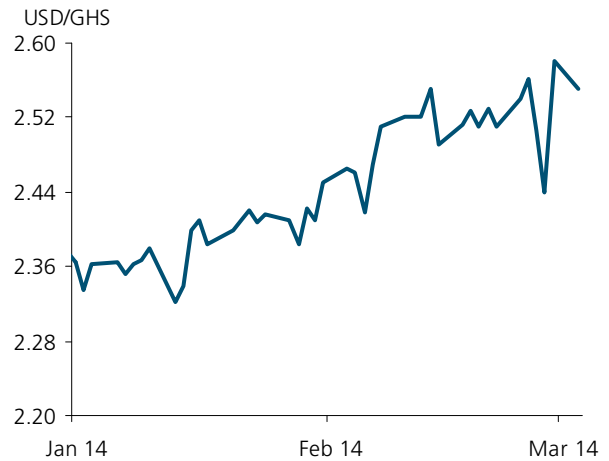


Ghana

Cedi (GHS) in brief

- The de-dollarisation of the economy is yet to translate into cedi gains. Having already surrendered 8% to the US dollar this year, the cedi is fast approaching USD/GHS2.60 amid a dearth of inflows. The BoG's attempt to slow the pace of depreciation through direct selling has proved unsuccessful — it needs to be augmented by fiscal reforms to shore up confidence and renew interests in cedi-denominated assets.

Figure 4: Fast approaching the 2.60 level



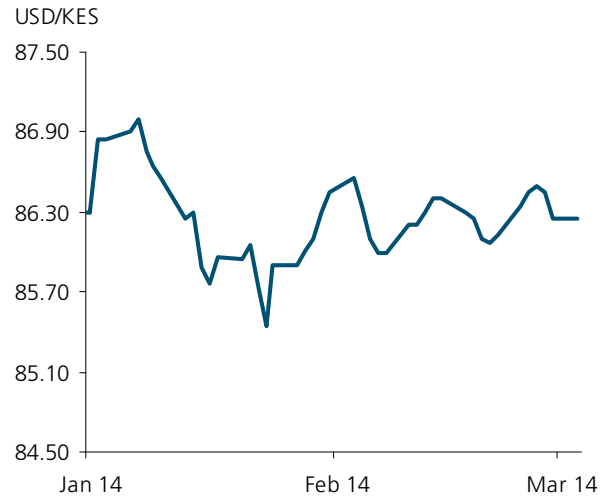
Source: Bloomberg
Data as at March 2014

Kenya

Shilling (KES) in brief

- After two weeks of ebbs and flows, USD/KES has settled at 86.20 and could nudge slightly lower if import demand recedes. Shilling volatility remains muted, compared to West African currencies, as Kenya's financial markets are relatively buffered from speculative outflows. Foreigners own a small proportion of outstanding government bonds and though interest in the equities market is quite substantial, blue-chip stocks continue to be well supported.

Figure 5: Settling in at 86.20 while volatility remains low



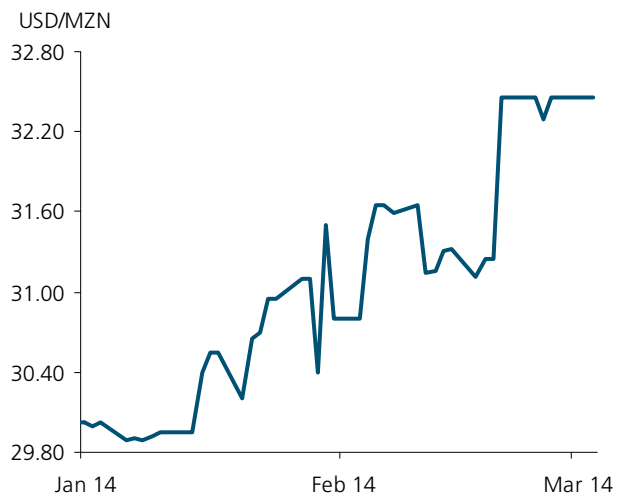
Source: Bloomberg
Data as at March 2014

Mozambique

Metical (MZN) in brief

- The metical has gapped higher, surging to USD/MZN32.25, due to large import orders in February as well as seasonal demand for FX to accommodate other imports. Uncertainty is brewing over the disbursement of aid funds to the government this year. The speculation from donors and the IMF over the process by which the EMATUM bond was issued last year raised concern. The metical is likely to remain above USD/MZN30.00 in the short term until the worries subside.

Figure 6: Large import orders pushing metical above USD/MZN32.00



Source: Bloomberg
Data as at March 2014

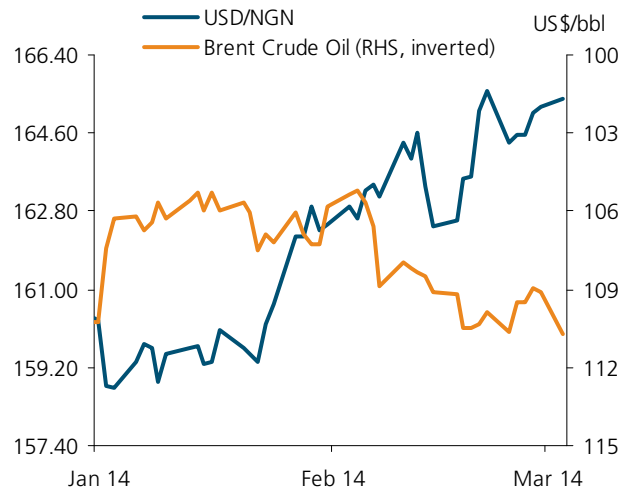


Nigeria

Naira (NGN) in brief

- The swiftness of the CBN's reserve depletion is evident in the 13% decline in its international position over a period of one year. Reserves were recorded at US\$40.7bn at the start of last week, following a series of interventions by the Central Bank to help stabilise the naira. Its efforts are proving ineffective as the local unit continues to flirt with USD/NGN166. Despite assurances by government authorities, the market is still shaken by last week's events. There is also an element of opportunistic buying as importers take advantage of the divergence between the official and interbank rate. It is difficult to call a direction on the naira at the moment as the market continues to digest the news of Governor Sanusi's suspension.

Figure 7: Naira remains under severe pressure



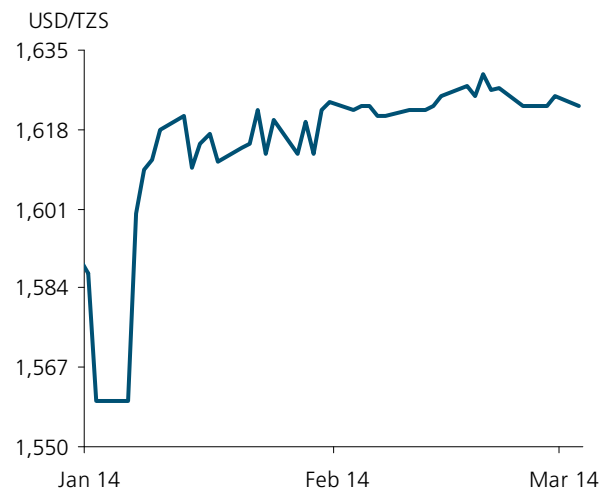
Source: Bloomberg
Data as at March 2014

Tanzania

Shilling (TZS) in brief

- The shilling has experienced mild losses over the last two weeks amid thin US dollar inflows, which is characteristic of the first three months of the calendar year. The situation requires the BoT to intervene regularly to avoid a liquidity shortage. The shilling should continue to trade in a narrow range of USD/TZS1,620 – 1,630 over the next few days.

Figure 8: Narrow trading range continues



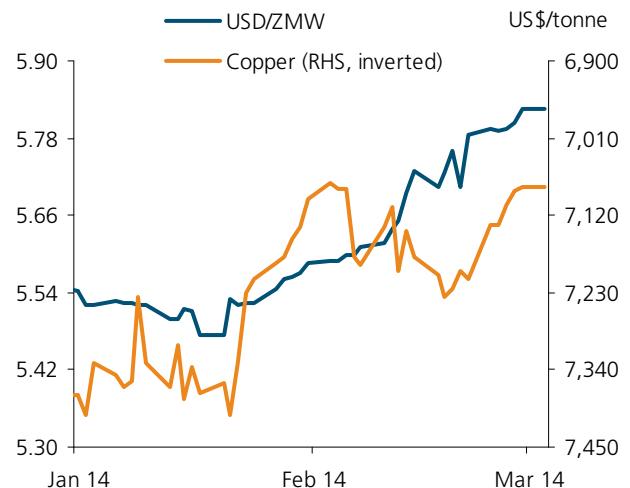
Source: Bloomberg
Data as at March 2014

Zambia

Kwacha (ZMW) in brief

- Kwacha bears seem to outnumber the bulls. A resumption of flows into the market together with intermittent support by the central bank should help ease depreciatory pressure, though resistance is still evident at USD/ZMW5.90. The BoZ's upward revision to the statutory reserve requirement for commercial banks from 8% to 14%, effective on 10 March, should reduce the demand for US dollars though its impact on the currency is likely to be marginal. Substantial inflows, be they portfolio or direct in nature, are required to support a meaningful reversal in the kwacha's trend.

Figure 9: More inflows needed to reverse depreciation



Source: Bloomberg
Data as at March 2014



Spot and implied forward exchange rates

	Currency rates				Implied forwards			
		% change			Maturity			
	Last	1-day	1-week	1-month	1-m	3-m	6-m	12-m
Angola								
USD/AOA	97.60	0.00	0.00	-1.59				
EUR/AOA	133.83	0.29	0.08	-1.35				
GBP/AOA	162.83	0.28	0.18	-1.00				
JPY/AOA	1.05	-0.46	-0.27	1.34				
Botswana								
USD/BWP	8.88	-0.09	-1.42	-1.78	8.91	9.00	9.16	9.38
EUR/BWP	12.17	0.20	-1.34	-1.53	12.28	12.40	12.62	12.93
GBP/BWP	14.81	0.19	-1.24	-1.18	14.92	15.05	15.31	15.65
JPY/BWP	11.50	-0.37	1.16	1.53	1.22	1.22	1.22	1.23
Ghana								
USD/GHS	2.44	-2.64	-3.56	1.23	2.21	2.28	2.38	2.54
EUR/GHS	3.35	-2.36	-3.48	1.48	3.05	3.14	3.27	3.50
GBP/GHS	4.07	-2.37	-3.38	1.84	3.70	3.81	3.97	4.24
JPY/GHS	41.84	2.24	3.40	-1.48	225.00	230.78	240.58	256.67
Kenya								
USD/KES	86.45	-0.06	0.44	0.64	87.08	88.03	89.40	92.75
EUR/KES	118.54	0.23	0.52	0.89	120.18	121.50	123.40	128.07
GBP/KES	144.22	0.22	0.63	1.25	145.76	147.28	149.47	154.78
JPY/KES	1.18	-0.40	-0.71	-0.91	0.86	0.87	0.88	0.91
Mozambique								
USD/MZN	32.45	0.00	0.00	4.34	29.71	32.77	33.34	34.37
EUR/MZN	44.50	0.29	0.08	4.60	44.93	45.23	46.02	47.45
GBP/MZN	54.14	0.28	0.19	4.97	54.49	54.83	55.74	57.35
JPY/MZN	3.15	-0.46	-0.27	-4.42	3313.89	3334.91	3390.93	3489.12
Nigeria								
USD/NGN	165.05	0.30	-0.03	1.76	159.75	159.75	159.75	159.75
EUR/NGN	226.32	0.60	0.05	2.01	220.48	220.49	220.50	220.58
GBP/NGN	275.35	0.58	0.16	2.37	267.41	267.29	267.09	266.59
JPY/NGN	0.62	-0.76	-0.24	-2.00	0.64	1.57	1.57	1.57
South Africa								
USD/ZAR	10.73	-1.00	-2.53	-3.84	10.85	10.91	11.09	11.54
EUR/ZAR	14.72	-0.71	-2.45	-3.60	14.91	15.06	15.31	15.87
GBP/ZAR	17.90	-0.73	-2.35	-3.26	18.09	18.26	18.55	19.18
JPY/ZAR	9.51	0.55	2.32	3.71	9.42	9.32	9.17	8.83
Tanzania								
USD/TZS	1,623.00	0.00	-0.22	0.62	1,636.66	1,664.17	1,719.70	1,786.90
EUR/TZS	2,225.46	0.29	-0.14	0.87	2,258.88	2,296.89	2,373.67	2,467.31
GBP/TZS	2,707.65	0.28	-0.03	1.23	2,739.63	2,784.42	2,875.22	2,981.88
JPY/TZS	0.06	-0.46	-0.06	-0.89	16.08	16.35	16.91	17.60
Zambia								
USD/ZMW	5.81	0.17	1.75	4.69	5.34	5.36	5.50	5.77
EUR/ZMW	7.96	0.47	1.83	4.95	7.37	7.38	7.57	7.96
GBP/ZMW	9.68	0.45	1.94	5.32	8.94	8.96	9.19	9.63
JPY/ZMW	17.59	-0.63	-1.99	-4.74	0.05	0.05	0.05	0.06

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



Commodities prices

	Current	m/m % change	y/y % change	Implied volatility	3-month future	12-month future
Metals						
Gold US\$/oz0	1,341.56	7.8	-14.9	14.6	-	1,323.9
Copper US\$/tonne	7,097.50	0.1	-6.9	15.4	7,017.0	6,972.5
Softs						
Cattle US\$/lb	171.70	1.3	21.3	14.8	145.0	137.8
Cocoa US\$/tonne	2,935.00	0.8	41.0	25.0	2,957.0	2,950.0
Coffee – Arabica US\$/lb	179.80	43.6	25.8	54.6	180.3	186.0
Coffee – Robusta US\$/tonne	-	-	-	34.5	2,043.0	2,000.0
Cotton US\$/lb	86.59	0.9	3.5	21.5	87.1	78.3
Maize – Yellow R/tonne	3,012.00	-5.7	38.9	24.0	2,307.0	2,210.0
Maize – White R/tonne	3,052.00	-7.4	39.2	23.7	2,361.0	2,182.0
Raw Sugar US\$/lb	16.47	5.9	-8.0	30.4	18.2	18.2
Energy						
WTI Crude US\$/bbl	103.80	6.5	14.5	17.3	100.0	92.3

Source: Bloomberg

Interest rates

	3-m T-Bill		Policy rate
	Jan - 14 ¹	Current	Current
Angola	3.69	3.64	9.25
Botswana	3.47	3.30	7.50
Ghana	18.51	20.16	18.00
Kenya	9.17	9.11	8.50
Mozambique	5.24	5.21	8.25
Namibia	5.19	5.19	5.50
Nigeria	11.23	13.26	12.00
South Africa	5.11	5.84	5.50
Tanzania	13.74	13.26	OMO ²
Zambia	7.99	7.99	10.25

¹ End of month

² Open Market Operations

Source: Bloomberg, Reuters, FNB Mozambique, RMB Namibia, RMB Global Markets
All data as at March 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
Cape Verde	B+	-	B+
Egypt	B	Caa1	CCC+
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.



Africa

Global Markets Africa

Ebrahim Motala
+27 11 269-9964
ebrahim.motala@rmb.co.za

Global Markets Africa Sales

Sylvester Selepe
+27 11 282-1148
sylvester.selepe@rmb.co.za

Global Markets Africa Trading

Roy Daniels
+27 11 282 4412
roy.daniels@rmb.co.za

Africa Structuring

Raveen Ramlakan
+27 11 269-9150
raveen.ramlakan@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@fnbnamibia.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

Keith Blakeway
+255 768 989-049
kblakeway@fmb.co.tz

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 21 658-9333

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

Equity Sales and Research

+27 11 282-8286

Fixed Income Derivatives Trading

+27 11 269-9065

Fixed Income Prime Broking

+27 11 282-1941

Fixed Income Sales

+27 11 269-9040/9100

+27 21 658-9375

Fixed Income Trading

+27 11 269-9040

Foreign Exchange Forwards

+27 11 269-9130

Foreign Exchange Options Trading

+27 11 269-9150

Funding

+27 11 269-9075

Global Markets Fund Solutions

+27 11 269 9520

Futures Clearing

+27 11 282 8375

Global Markets Structuring

+27 11 269 9150/9030

Inflation

+27 11 269-9300

Money Market Trading

+27 11 269-9075

Nostro Services

+27 11 282-1284

Reporting Solutions

+27 11 282-1941/4472

RMB Morgan Stanley Trading

+27 11 269-9260

RMB Stockbroking Operations

+27 11 282-8401

Securities Lending

+27 11 269-9719

Structured Credit Trading

+27 11 269-9295

Structured Trade and Commodity Finance

+27 11 282-8542

Please email us at globalmarkets@rmb.co.za for more information

www.rmb.co.za/globalmarkets

To subscribe to research, please email research@rmb.co.za



This research has been written by the Global Markets research team at FirstRand Bank Limited (“the Bank”) (acting through its Rand Merchant Bank Division). Whilst all care has been taken by the Bank in the preparation of the opinions and forecasts and provision of the information contained in this report, the Bank does not make any representations or give any warranties as to their correctness, accuracy or completeness, nor does the Bank assume liability for any losses arising from errors or omissions in the opinions, forecasts or information irrespective of whether there has been any negligence by the Bank, its affiliates or any officers or employees of the Bank, and whether such losses be direct or consequential. Nothing contained in this document is to be construed as guidance, a proposal or a recommendation or advice to enter into, or to refrain from entering into any transaction, or an offer to buy or sell any financial instrument.

This research contains information which is confidential and may be subject to legal privilege. Irrespective of whether you are the intended recipient or not, you may not copy, distribute, publish, rely on or otherwise use anything contained herein without our prior written consent.

Some of our communications may contain confidential information which could be a criminal offence for you to disclose or use without authority. If you have received this communication in error, please notify us at the address below and destroy the communication immediately.

This communication is not intended nor should it be taken to create any legal relations or contractual relationships.

FirstRand Bank Limited is listed on the JSE and Namibian Stock Exchange and is an Authorised Financial Service Provider under South African law. FirstRand Bank Limited is authorised and regulated by the South African Reserve Bank. In the UK, FirstRand Bank Limited is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of FirstRand Bank Limited regulation by the Prudential Regulation Authority are available from us on request.

Ratings disclaimer

Ratings are not a recommendation or suggestion, directly or indirectly, to any person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security.

The ratings agencies (Fitch, Moody’s and S&P) are not your advisor, nor are they providing any person any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Ratings may be raised, lowered, placed on Rating Watch or withdrawn at any time for any reason in the sole discretion of the agencies. The assignment of a rating by the agencies does not constitute consent by the ratings agencies to the use of its name as an expert in connection with any registration statement or other filings under US, UK or any other relevant securities laws.