

26 January 2015

### Angola

- AOA: Lessening kwanza volatility as markets reacts to Saudi King's passing

### Botswana

- BWP: Pula digesting the ECB decision

### CMA

- ZAR: Expect volatility, probably some losses

### Ghana

- GHS: Cedi continues its slow ascent to 3.30

### Kenya

- KES: Local unit to meander in narrow range of 91.75 to 92.60

### Mozambique

- MZN: 14-day moving average suggests currency gains

### Nigeria

- NGN: Naira posts an all-time high of USD/NGN191.20

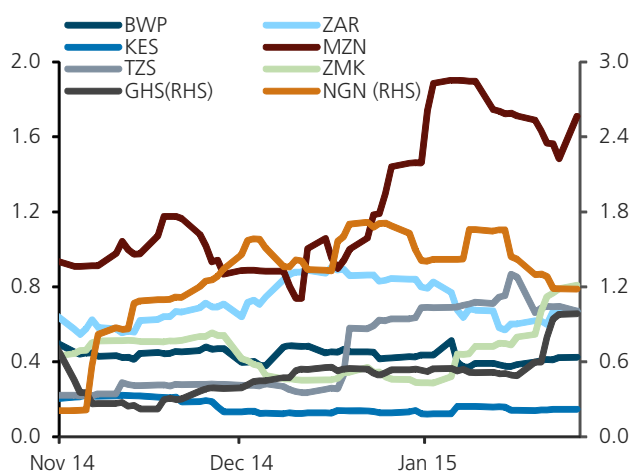
### Tanzania

- TZS: Up, up and away

### Zambia

- ZMW: Presidential elections adds air of uncertainty to foreign exchange market

Figure 1: Currency fluctuations (1-month realised volatility)



Source: Bloomberg  
Data as at January 2015

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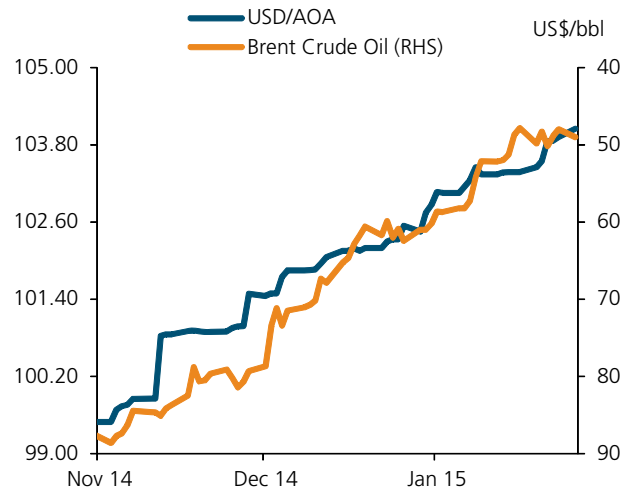


# Angola

## Kwanza (AOA) in brief

- The kwanza's movements are closely correlated to the international oil price. We have observed less volatility over the last week as the market reacts to the passing of Saudi King Abdullah, which is likely to increase uncertainty in the international market. The slight pullback in the price of crude could provide a fillip to the kwanza.

Figure 2: Weakness continues on the back of weak oil prices



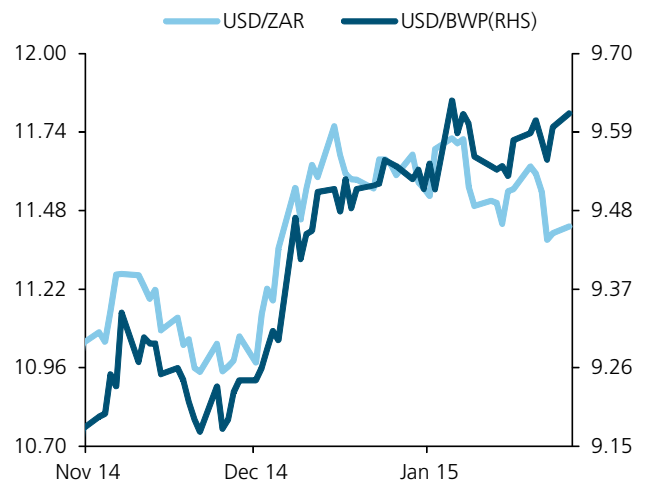
Source: Bloomberg  
Data as at 26 January 2015

# Botswana

## Pula (BWP) in brief

- The pula experienced mixed fortunes against the greenback on Friday with the markets still digesting the ECB decision from Thursday. The dollar was volatile looking for a new level to settle, while the rand was cautious before the Reserve Bank decision this week. The pula started the day stronger at 0.1046/49 but lost ground to close at 0.1040/43. Against the rand, the pula maintained a weaker tone to close the day at 1.1921/51 from 1.1938/68 in the morning.

Figure 3: Pula fortunes determined by USD and ZAR movements



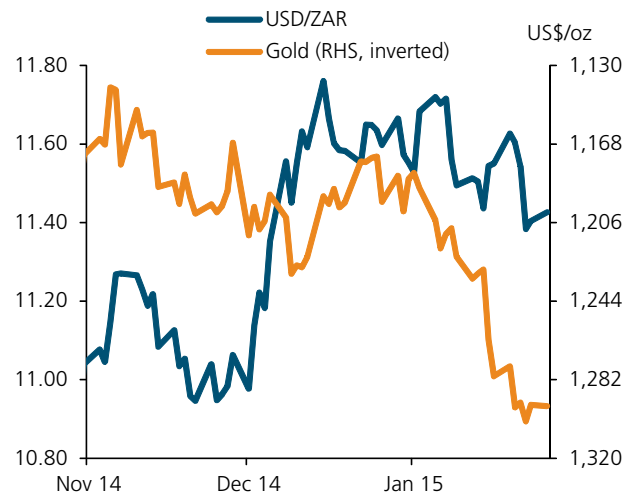
Source: Bloomberg  
Data as at 26 January 2015

# CMA

## Rand (ZAR) in brief

- Greece's election results are putting more downside pressure on EUR/ZAR but the rand is now significantly overstretched and so at risk of losses in what is likely to be a volatile week. EUR/ZAR starts at 12.75 — down two-big figures from a month ago. USD/ZAR is fairly stable at 11.40, around 25 – 30 cents lower than where the rand's compatriot currencies suggest it should be trading. While USD/ZAR traded sideways on Friday and into this morning, most other risk-currencies have continued to weaken. We remain sceptical that the rand will manage to maintain this outperformance.

Figure 4: Rand outperformance might not last



Source: Bloomberg  
Data as at 26 January 2015

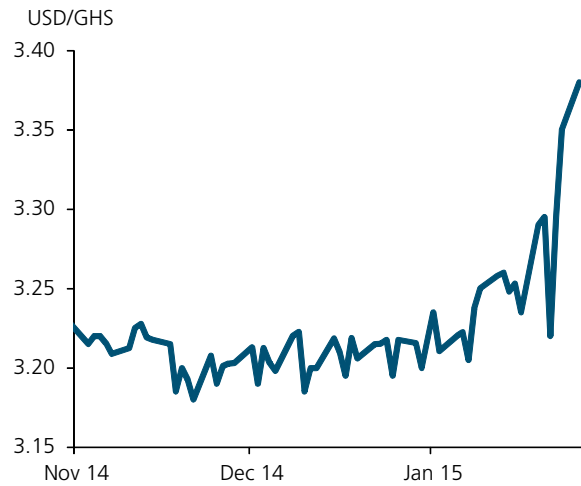


## Ghana

### Cedi (GHS) in brief

- The cedi continued its slow climb to USD/GHS3.30 last week. We anticipate a more rapid depreciation over the next few days as seasonal demand begins to put strain on domestic liquidity. A lack of consistent inflows from traditional exports means that the currency is vulnerable to persistent weakness in the first quarter of the year. A change in direction is dependent on whether the IMF extends a helping hand to the government.

Figure 5: Seasonal demand putting strain on liquidity



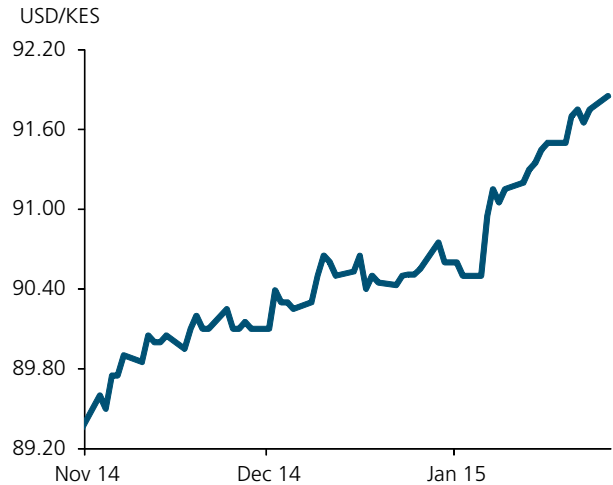
Source: Bloomberg  
Data as at 26 January 2015

## Kenya

### Shilling (KES) in brief

- Incessant importer demand for US dollars continues to underpin shilling weakness. Despite the allure of shilling-denominated government bonds, portfolio inflows remain scant, while service receipts and export earnings are muted. With little to drive the currency locally, we expect the local unit to meander in a narrow range of 91.75 to 92.60 over the next week.

Figure 6: Weakness spurred by dollar demand



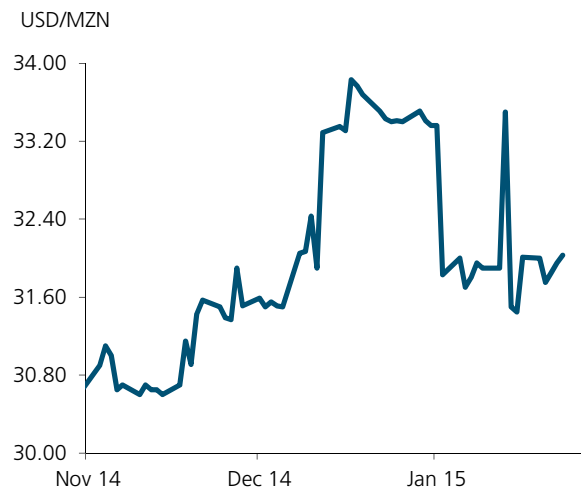
Source: Bloomberg  
Data as at 26 January 2015

## Mozambique

### Metical (MZN) in brief

- Following a steep ascent to USD/MZN33.83, the metical retreated to 31.95 last Friday, presumably as NGOs provide liquidity to the interbank market. The 14-day moving average suggests that the currency should extend its gains against the US dollar. The metical's movements against the rand are far less clear-cut as the South African unit continues to oscillate wildly in response to global happenings. Support is evident at ZAR/MZN0.3455.

Figure 7: Metical recoups losses



Source: Bloomberg  
Data as at 26 January 2015

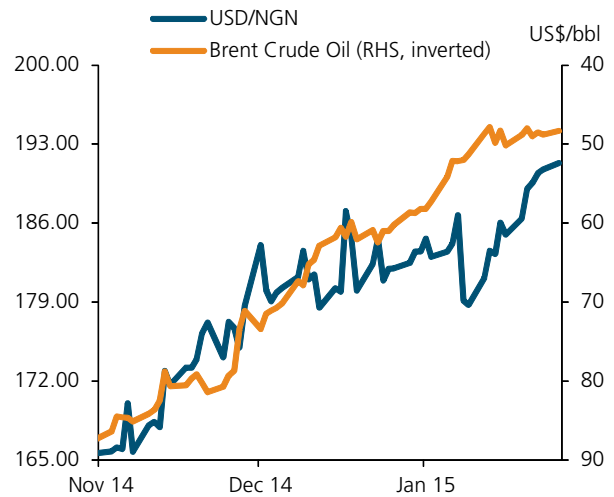


# Nigeria

## Naira (NGN) in brief

- The naira has posted an all-time high of USD/NGN191.00 despite sustained intervention by the CBN and a 0.4% increase in commercial banks' foreign currency position limits. The disconnect between the official and interbank rates suggests that another devaluation might be in the offing if the oil price remains at current levels. In truth, the CBN cannot defend the value of the naira indefinitely. That said, we believe that it might let sleeping dogs lie ahead of the presidential elections and alter its stance only at its March or May MPC sittings. Abandoning the peg would also be ill-timed due to the extent of portfolio outflows.

Figure 8: Weakness continues



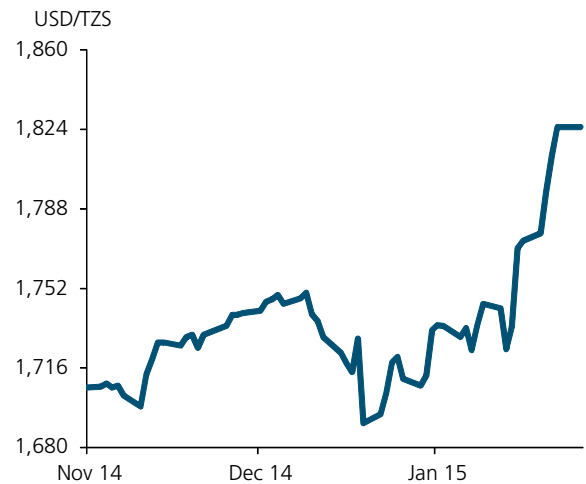
Source: Bloomberg  
Data as at 26 January 2015

# Tanzania

## Shilling (TZS) in brief

- The shilling slumped to a five-year low against the US dollar last week amid rampant import demand from the energy and manufacturing sectors. A trickle of service receipts and exports proceeds are unlikely to stem the tide resulting in a continued liquidity mismatch over the next few days. The local unit is likely to trade in a USD/TZS1,825 to 1,840 range for the remainder of the month.

Figure 9: Rampant dollar demand



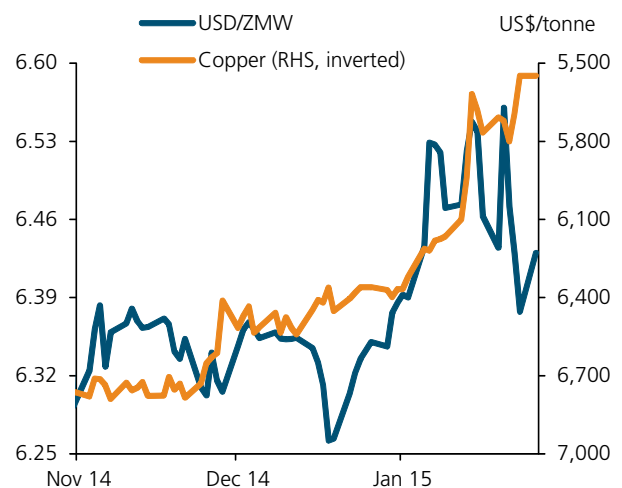
Source: Bloomberg  
Data as at 26 January 2015

# Zambia

## Kwacha (ZMW) in brief

- The Presidential elections added an air of uncertainty to the foreign exchange market last week. Participants blew hot and cold as they awaited the outcome of the polls. The extent of the volatility was reflected by the intraday spreads which ranged from 6.2850 – 6.5700 on Monday to 6.3350 – 6.3800 at the end of the week. The local unit has the potential to break 6.3000 this week should portfolio investors return market. While the precipitous fall in the copper price has had little bearing on the kwacha in recent days, it is likely to manifest in currency weakness if export revenues begin to fall.

Figure 10: Further currency weakness on the cards



Source: Bloomberg  
Data as at 26 January 2015



## Commodities prices

	Current	m/m % change	y/y % change	Implied volatility	3-month future	12-month future
<b>Metals</b>						
Gold US\$/oz0	1,291.38	8.0	1.7	18.8	1,293.6	1,296.3
Copper US\$/tonne	5,581.00	-12.3	-22.9	18.4	5,523.0	5,500.0
<b>Softs</b>						
Cattle US\$/lb	213.70	0.0	25.2	14.8	148.8	145.8
Cocoa US\$/tonne	2,755.00	-6.3	-1.3	19.3	2,756.0	2,727.0
Coffee – Arabica US\$/lb	162.45	-3.6	42.0	39.5	162.5	173.3
Coffee – Robusta US\$/tonne	-	-	-	19.6	1,931.0	2,015.0
Cotton US\$/lb	57.53	-6.7	-34.0	22.1	58.2	61.5
Maize – Yellow R/tonne	2,038.00	-6.1	-30.8	24.0	2,038.0	2,058.0
Maize – White R/tonne	2,020.00	-5.5	-34.2	23.7	2,020.0	2,122.0
Raw Sugar US\$/lb	15.17	3.2	0.4	23.7	16.9	16.9
<b>Energy</b>						
WTI Crude US\$/bbl	45.07	-17.7	-53.4	55.8	47.3	54.5

Source: Bloomberg

## Interest rates

	3-m T-Bill		Policy rate
	Dec-14	Current	Current
Angola	4.88	4.88	9.00
Botswana	3.19	3.19	7.50
Ghana	24.21	25.83	21.00
Kenya	8.61	8.68	8.50
Mozambique	5.39	5.38	8.25
Namibia	5.72	5.66	5.75
Nigeria	15.43	12.30	13.00
South Africa	5.96	6.00	5.75
Tanzania	12.76	14.28	OMO <sup>2</sup>
Zambia	13.00	13.50	12.50

1 End of month

2 Open Market Operations

Source: Bloomberg, Reuters, FNB Mozambique, FNB Zambia, FNB Tanzania,

RMB Global Markets

Data as at January 2015

## All rated sub-Saharan countries

	Fitch	Moody's	S&P
Angola	BB-	Ba2	BB-
Botswana	-	A2	A-
Burkina Faso	-	-	B
Cameroon	B	-	B
Cabo Verde	B	-	B
Congo	B+	Ba3	B+
Cote d'Ivoire	B	B1	-
DRC	-	B3	B-
Egypt	B-	Caa1	B-
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	-	-	B+
Seychelles	B	-	-
South Africa	BBB	Baa2	BBB-
Tunisia	BB-	Ba3	-
Uganda	B	B1	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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