

27 October 2014

Angola

- AOA: A 25% drop in oil prices cause 2.2% depreciation in kwanza

Botswana

- BWP: Pula trading slightly stronger against the greenback

CMA

- ZAR: Stretched but pushing onwards

Ghana

- GHS: Cedi stability expected to continue

Kenya

- KES: Weakening due to corporates' month-end dollar obligations

Mozambique

- MZN: Resistance is evident at USD/MZN31.00

Nigeria

- NGN: Range-bound trade expected this week

Tanzania

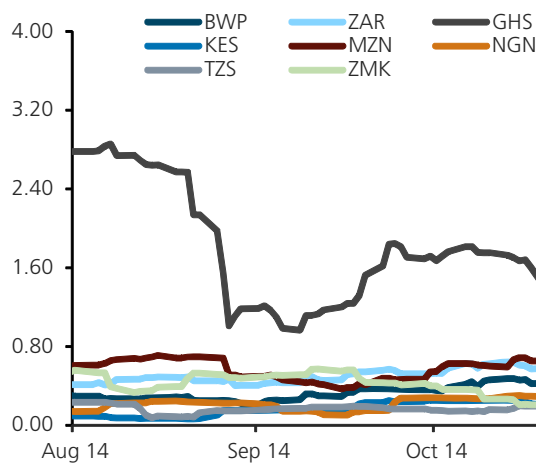
- TZS: We foresee resistance levels of 1,690/1,700 being tested very soon

Zambia

- ZMW: Technical support seen at USD/ZMW6.350

Currency fluctuations

1-month realised volatility



Source: Bloomberg
Data as at October 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

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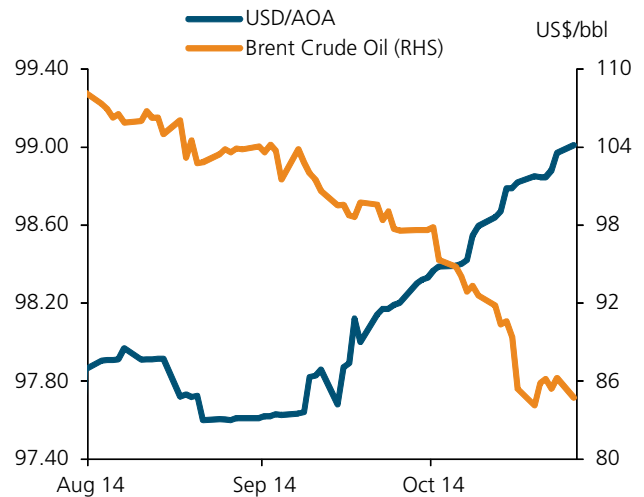


Angola

Kwanza (AOA) in brief

- Oil price weakness continues. The almost 25% drop in oil prices since June has caused the kwanza to depreciate by 2.2% over the same period. Angola remains highly exposed to an oil price shock as exports account for 95% of foreign exchange earnings. We anticipate heightened intra-day volatility. However, the BNA has the capacity to intervene should the local unit come under severe pressure in the near term. Angola's reserves fell to US\$27.03bn in August from US\$28.63bn in July, but we will see a larger drop in reserves when the latest numbers are made available.

Figure 1: Oil price pressures continue



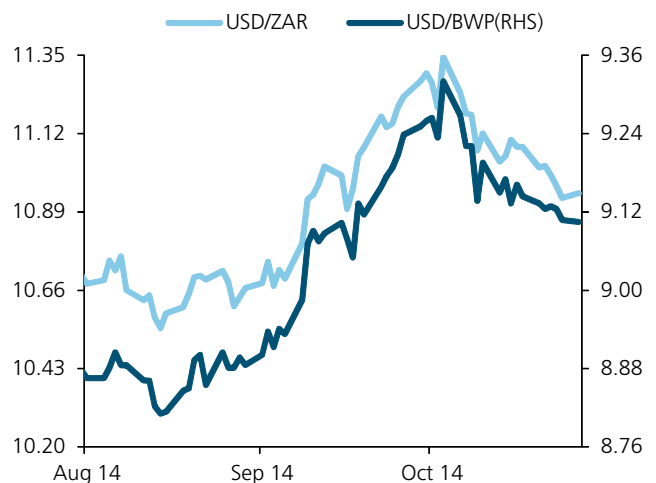
Source: Bloomberg
Data as at October 2014

Botswana

Pula (BWP) in brief

- The pula traded slightly stronger against the greenback on Thursday as the dollar was subdued ahead of jobless claims in the afternoon. The national activity index came in positive, confirming the upbeat growth in the US economy. BWP/USD closed the day at 0.1095/98. BWP/ZAT traded weaker as the rand was still boosted by the positive sentiment from the budget speech. The unit closed at 1.1995/25 and is expected to open around similar levels.
- Friday was a public holiday in Botswana.

Figure 2: Slightly stronger against the dollar



Source: Bloomberg
Data as at October 2014

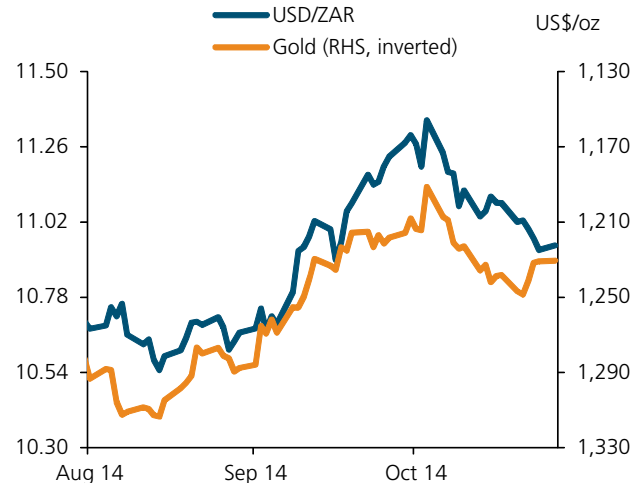
CMA

Rand (ZAR) in brief

- The rand is doing well, with both USD/ZAR and EUR/ZAR making daily and weekly closes below 11.00 and 14.00 respectively. Technicals suggest more gains; fundamentals are iffy. USD/ZAR opens at 10.95, EUR/ZAR at 13.90.

The next key level is EUR/ZAR's 2014 low of 13.77/82. USD/ZAR's 2014 low is right down at 10.27, but a break of 10.92 and then 10.88 would put the market back in the ranges that dominated before the September blow-out. The most important technical level comes in at around 10.80, representing the three-year trend line that has dominated since August 2011.

Figure 3: Rand boost from the budget



Source: Bloomberg
Data as at October 2014

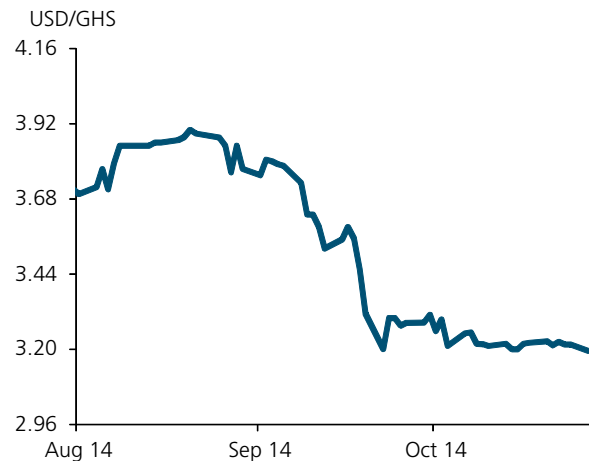


Ghana

Cedi (GHS) in brief

- Cedi stability continues. Positive investor sentiment regarding the expected IMF programme and flows from the Eurobond and Cocobod syndicated loan have kept the local unit at a very stable 3.20 against the greenback for the past month. We don't expect any sudden changes as the market awaits news on the IMF agreement before making any big moves. A quiet November is expected on the FX front.

Figure 4: Cedi to remain stable over the next month



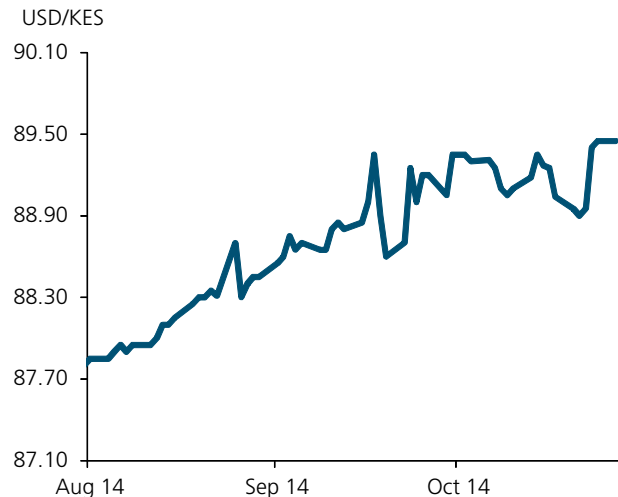
Source: Bloomberg
Data as at October 2014

Kenya

Shilling (KES) in brief

- The shilling strengthened at the beginning of last week as investors sought local currency before the auction of the infrastructure bond on 22 October. The 12-year bond was oversubscribed, with a yield of 11.263% from 12.363% a year ago. However, this was not enough to keep the shilling from weakening due to corporate demand for dollars to meet month-end obligations, and the strengthening of the dollar. The shilling is expected to trade between 89.00 and 89.40 this week, with the central bank coming in if it moves closer to 89.50.

Figure 5: Shilling under pressure from dollar demand



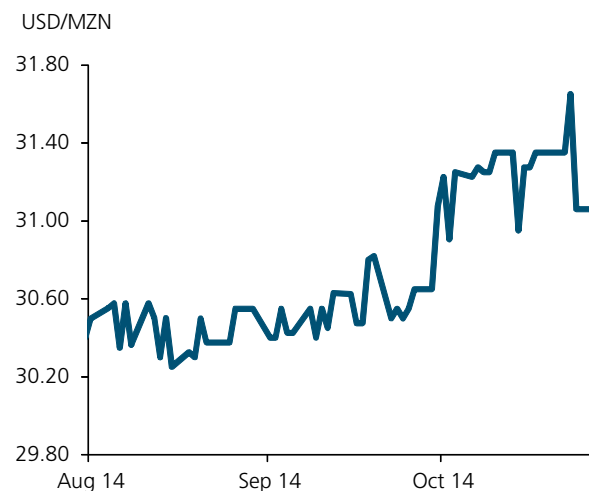
Source: Bloomberg
Data as at October 2014

Mozambique

Metical (MZN) in brief

- The metical is still trading between USD/MZN30.60 and 30.95. The 2% depreciation since August is broad-based as the unit has also weakened against the South African rand, implying a slight imbalance in local liquidity conditions. Resistance is evident at USD/MZN31.00 and ZAR/MZN2.80. Foreign reserves in September fell by US\$158.3m to US\$3.09bn — the equivalent of 4.3 months of imports of goods and services, with the exception of the country's major projects.

Figure 6: Resistance is evident at USD/MZN31.00



Source: Bloomberg
Data as at October 2014

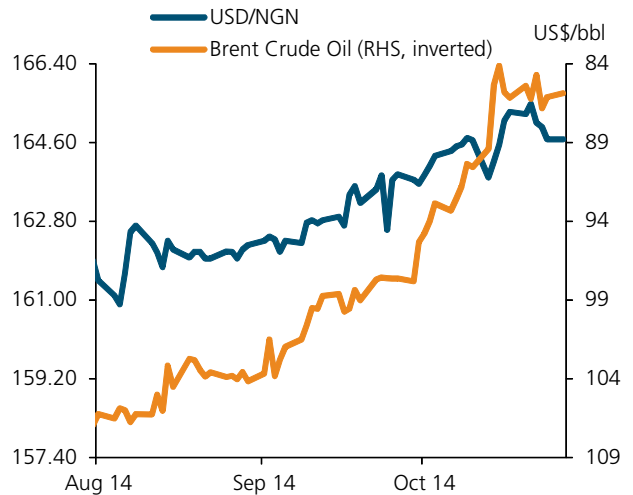


Nigeria

Naira (NGN) in brief

- The naira remains under pressure due to weak international oil prices and strong demand for US dollars. It traded at an intra-day high of 165.95 last week. However, range-bound trade can be expected this week as the central bank supports the local unit. The CBN's attempts to augment the interbank market's pool of US dollars by drawing down on its international reserve position will continue as fears of devaluation have surfaced again. But the pressure remains high as reserves have already fallen from US\$43.61bn in January to US\$39.53bn.

Figure 7: CBN supporting the local unit



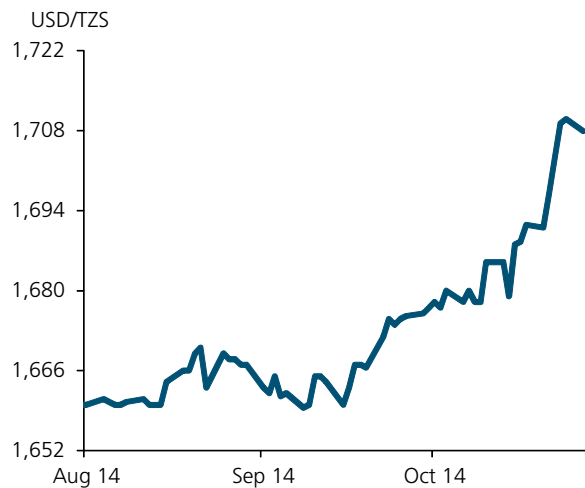
Source: Bloomberg
Data as at October 2014

Tanzania

Shilling (TZS) in brief

- The weakening trend of the shilling slowed down slightly last week but should increase again in the coming days due to an already low supply of dollars, which will be exacerbated by increased demand from importers. Market participants expect the shilling to trade in a 1,700 – 1,710 range this week, and we believe resistance of 1,720 will likely be contained for now. Towards the end of this week, month-end USD inflows may provide temporary support to the shilling.

Figure 8: Low dollar supply putting pressure on shilling



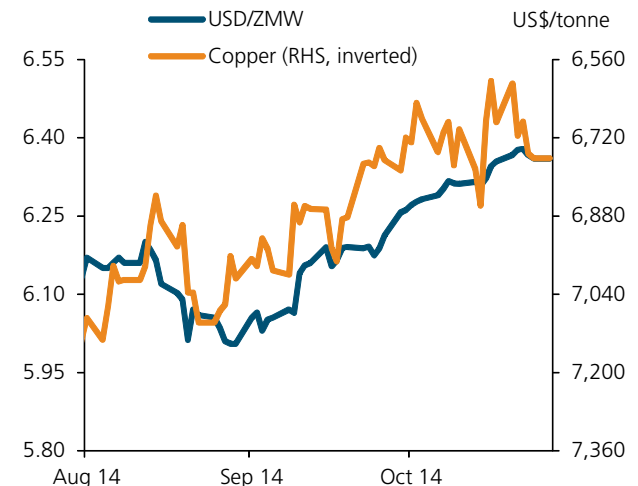
Source: Bloomberg
Data as at October 2014

Zambia

Kwacha (ZMW) in brief

- Just when we thought a break of 6.400 was imminent the Kwacha made some impressive gains on the back of good dollar supply from exporters. We may see further gains today from renewed impetus. The unit may also be encouraged by the performance of other currencies against the greenback.
- From a technical view point the levels to watch are 6.350 on the downside and 6.400. In the absence of major risk events and major shifts in the fundamentals we expect to trade the range for a significant part of the week.

Figure 9: Technical support seen at 6.350



Source: Bloomberg
Data as at October 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	98.88	0.03	0.09	0.75	-	-	-	-
EUR/AOA	125.00	-0.14	-1.34	-0.74	-	-	-	-
GBP/AOA	158.55	-0.20	-0.13	-1.17	-	-	-	-
JPY/AOA	1.09	0.85	1.92	-1.40	-	-	-	-
Botswana								
USD/BWP	9.12	-0.04	-0.41	-0.36	9.17	9.25	9.39	9.69
EUR/BWP	11.53	-0.22	-1.83	-1.84	11.65	11.76	11.94	12.35
GBP/BWP	14.63	-0.28	-0.63	-2.27	14.76	14.89	15.10	15.54
JPY/BWP	11.86	0.93	2.44	-0.29	1.20	1.20	1.20	1.20
Ghana								
USD/GHS	3.22	-0.26	-0.07	0.47	2.21	2.28	2.38	2.54
EUR/GHS	4.07	-0.43	-1.49	-1.02	2.80	2.89	3.02	3.24
GBP/GHS	5.16	-0.49	-0.28	-1.45	3.56	3.66	3.82	4.07
JPY/GHS	33.65	1.15	2.08	-1.12	238.92	245.69	256.03	272.88
Kenya								
USD/KES	89.40	0.51	0.17	0.79	90.03	91.16	93.35	97.93
EUR/KES	113.02	0.33	-1.26	-0.70	114.10	115.58	118.43	124.48
GBP/KES	143.35	0.27	-0.05	-1.13	144.82	146.57	149.96	156.97
JPY/KES	1.21	0.38	1.85	-1.43	0.83	0.84	0.87	0.91
Mozambique								
USD/MZN	31.65	0.96	1.20	3.77	29.71	31.33	31.72	32.63
EUR/MZN	40.01	0.78	-0.24	2.24	39.48	39.72	40.25	41.48
GBP/MZN	50.75	0.72	0.98	1.79	50.11	50.37	50.96	52.30
JPY/MZN	3.42	-0.07	0.81	-4.26	3367.03	3383.81	3423.16	3511.72
Nigeria								
USD/NGN	164.95	-0.06	-0.09	0.87	159.75	159.75	159.75	159.75
EUR/NGN	208.53	-0.23	-1.52	-0.63	202.46	202.54	202.66	203.07
GBP/NGN	264.50	-0.30	-0.31	-1.06	256.97	256.85	256.62	256.07
JPY/NGN	0.66	0.95	2.11	-1.51	0.68	1.48	1.48	1.49
South Africa								
USD/ZAR	10.97	-0.28	-1.04	-1.83	11.00	11.10	11.27	11.66
EUR/ZAR	13.86	-0.46	-2.45	-3.28	13.92	14.08	14.30	14.80
GBP/ZAR	17.58	-0.52	-1.25	-3.70	17.67	17.85	18.11	18.66
JPY/ZAR	9.87	1.17	3.09	1.20	9.84	9.73	9.57	9.24
Tanzania								
USD/TZS	1,709.25	0.37	1.23	2.23	1,727.93	1,763.50	1,803.75	1,910.00
EUR/TZS	2,160.83	0.19	-0.22	0.71	2,189.85	2,235.81	2,288.22	2,427.86
GBP/TZS	2,740.78	0.13	1.01	0.28	2,779.53	2,835.39	2,897.55	3,061.53
JPY/TZS	0.06	0.52	0.78	-2.82	15.99	16.33	16.72	17.75
Zambia								
USD/ZMW	6.37	-0.18	0.34	2.89	5.34	5.36	5.50	5.77
EUR/ZMW	8.05	-0.36	-1.10	1.36	6.77	6.81	6.99	7.36
GBP/ZMW	10.21	-0.42	0.12	0.92	8.59	8.62	8.84	9.26
JPY/ZMW	17.00	1.07	1.68	-3.44	0.05	0.05	0.05	0.05

Source: Bloomberg, Reuters, RMB Global Markets
Data as at October 2014



Commodities prices

	Current	m/m % change	y/y % change	Implied volatility	3-month future	12-month future
Metals						
Gold US\$/oz0	1,230.66	1.0	-8.9	14.7	1,231.8	1,235.2
Copper US\$/tonne	6,759.50	-0.2	-5.1	15.4	6,696.0	6,634.0
Softs						
Cattle US\$/lb	237.90	2.1	43.7	14.8	166.9	152.6
Cocoa US\$/tonne	3,050.00	-7.9	12.4	26.0	3,050.0	3,002.0
Coffee – Arabica US\$/lb	191.50	2.9	75.5	49.7	191.5	201.2
Coffee – Robusta US\$/tonne	0.00	-	-	25.2	2,028.0	2,070.0
Cotton US\$/lb	63.59	1.8	-19.6	20.1	63.8	65.1
Maize – Yellow R/tonne	1,958.00	6.0	-13.6	24.0	1,958.0	1,953.0
Maize – White R/tonne	1,900.00	4.3	-21.0	23.7	1,900.0	-
Raw Sugar US\$/lb	16.38	6.3	-13.9	21.7	18.2	18.2
Energy						
WTI Crude US\$/bbl	81.01	-13.4	-17.2	28.5	80.6	80.3

Source: Bloomberg

Interest rates

	3-m T-Bill		Policy rate
	Sep-14	Current	Current
Angola	3.64	3.64	8.75
Botswana	3.18	3.17	7.50
Ghana	25.40	25.75	19.00
Kenya	8.65	8.70	8.50
Mozambique	5.39	5.41	8.25
Namibia	5.79	5.76	5.75
Nigeria	10.70	10.35	12.00
South Africa	6.08	5.91	5.75
Tanzania	9.88	9.87	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 October 2014

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
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	-	B1	B+
Seychelles	B+	-	-
South Africa	BBB	Baa1	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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