

23 February 2015

Angola

- AOA: Kwanza's ascent to 105.30 unsurprising given recent dip in the oil price

Botswana

- BWP: Cautious trading ahead of a busy international data week

CMA

- ZAR: Stronger but unlikely to get through 11.58

Ghana

- GHS: FX market impervious to BoG's positive rhetoric

Kenya

- KES: Steady inflows slow pace of shilling depreciation

Mozambique

- MZN: Liquidity imbalance to drive currency pair higher

Nigeria

- NGN: RDAS closed for business

Tanzania

- TZS: Shilling to weaken as US dollar demand outpaces supply

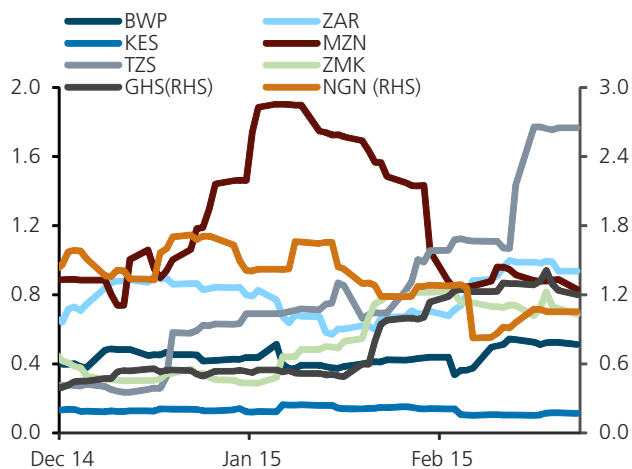
Zambia

- ZMW: Kwacha under pressure

Contents

- 2 Angola
- 2 Botswana
- 2 CMA
- 3 Ghana
- 3 Kenya
- 3 Mozambique
- 4 Nigeria
- 4 Tanzania
- 4 Zambia

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



Source: Bloomberg
Data as at February 2015

Analysts



Nema Ramkhelawan-Bhana

Africa Analyst

nema.ramkhelawan-bhana@rmb.co.za
+27 11 282-8519

Celeste Fauconnier

Africa Analyst

celeste.fauconnier@rmb.co.za
+27 11 282-1923

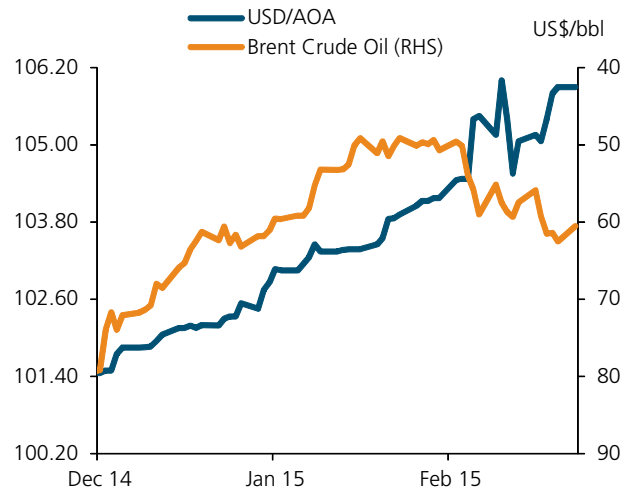


Angola

Kwanza (AOA) in brief

- The kwanza's ascent to 105.30 against the US dollar is unsurprising given the fall in the oil price to below US\$60.00/bbl. We anticipate further losses as the world grapples with changing dynamics in the oil market.

Figure 2: Reaching record lows



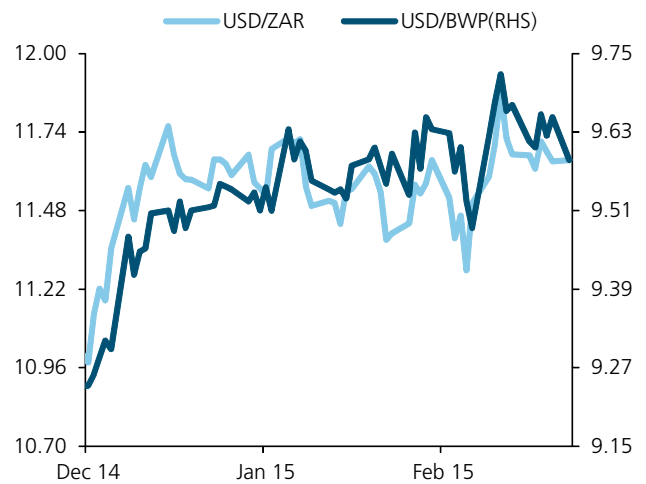
Source: Bloomberg
Data as at 23 February 2015

Botswana

Pula (BWP) in brief

- Markets went into the weekend cautiously awaiting the outcome of the EU/Greece talks. The talks ended with an agreement to grant Greece a four-month extension. This gave the euro slight reprieve. On the back of this, markets open this morning with some renewed momentum. BWP/USD is set to open around 0.1036/39.
- The pula was also caught in listless trade against the rand, around 1.2061/91. We anticipate BWP/ZAR to find further direction this week given the full international economic calendar ahead. The unit is set to open around similar levels to close.

Figure 3: Cautious movements



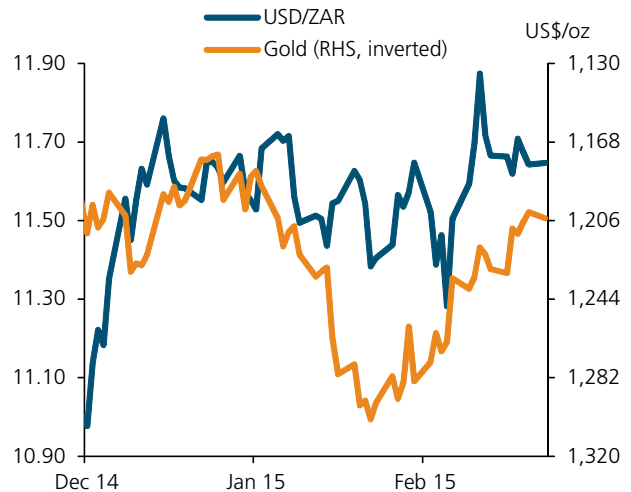
Source: Bloomberg
Data as at 23 February 2015

CMA

Rand (ZAR) in brief

- Local markets are set for a busy week given the busy onshore and offshore calendars. Locally, there is 4Q14 GDP (Tuesday), budget (Wednesday), and the usual rush of month-end data (Friday), while offshore sees Yellen's semi-annual addresses to Congress (Tuesday and Wednesday), the Greek negotiations (restarting today) and a rush of data.
- The rand should start the week positively thanks to the "deal" on Greece but we doubt USD/ZAR will be able to get through key support at 11.58. Two-way risks then emerge.

Figure 4: Positive rand on back of Greek deal



Source: Bloomberg
Data as at 23 February 2015

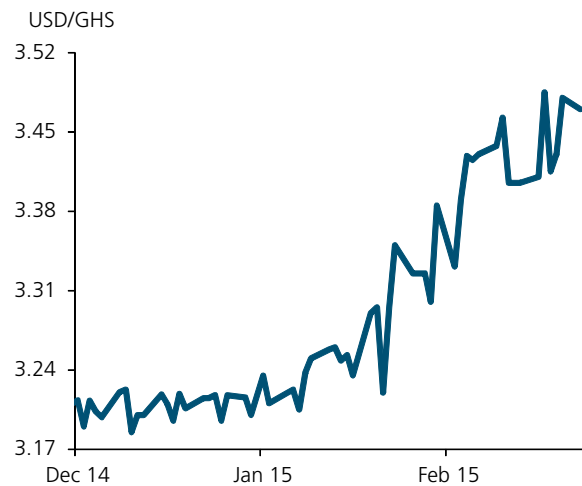


Ghana

Cedi (GHS) in brief

- The foreign exchange market was impervious to the positive rhetoric expressed by the BoG at its MPC meeting last week. The local unit maintained an upward trajectory against the US dollar, weakening to 3.46. The settlement of last Thursday's GHS630m 3-year bond auction should provide marginal support to the cedi, though momentum indicators suggest the unit could sustain a depreciatory trend, at least in the short term.

Figure 5: Dollar demand increasing



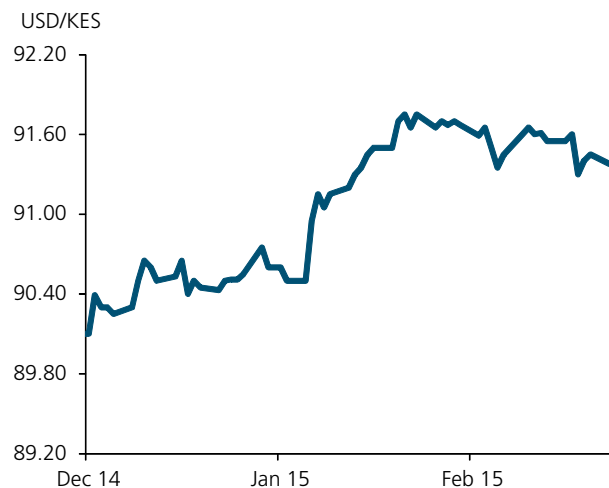
Source: Bloomberg
Data as at 23 February 2015

Kenya

Shilling (KES) in brief

- Sustained portfolio inflows paired with steady diaspora remittances have slowed the pace of shilling depreciation. The local unit is perched at USD/KES91.40 and should remain hemmed into a narrow range over the next few days. The foreign exchange market is unlikely to be moved by the MPC this week. We do not foresee any change to the Bank's current monetary policy stance at its February sitting due to the limited FX pass-through to headline inflation and muted demand-driven inflationary forces which have kept core inflation anchored below 4%.

Figure 6: Losing the gains



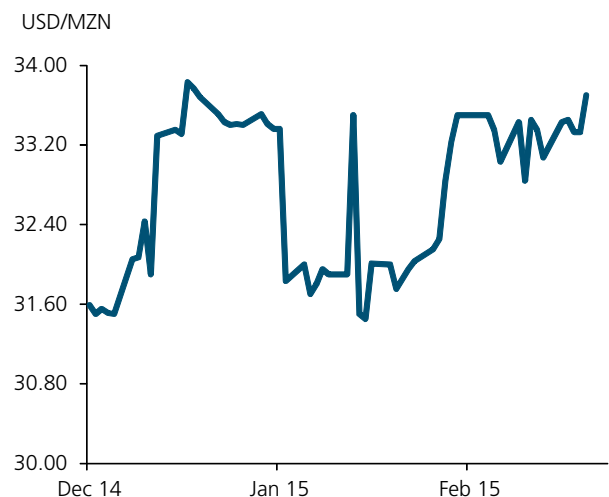
Source: Bloomberg
Data as at 23 February 2015

Mozambique

Metical (MZN) in brief

- Global markets swayed back and forth last week as the publication of the minutes from January's Fed meeting, coupled with the stand-off between Greece and the Eurozone, led to heightened volatility. The US dollar mustered gains against a broad spectrum of EM currencies as evidenced by metical weakness. The local unit touched USD/MZN34.50 in intraday trade before settling at 33.60 at the end of the week. The imbalance between local supply and demand is likely to steer the currency pair higher this week. Moves to 34.00 are probable.

Figure 7: Depreciatory pressure to continue



Source: Bloomberg
Data as at 23 February 2015

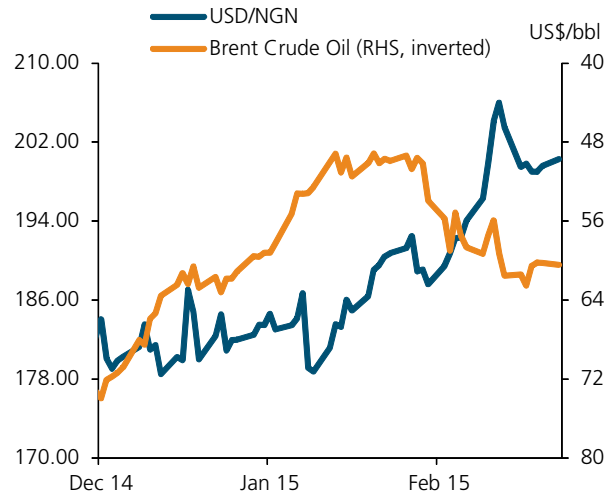


Nigeria

Naira (NGN) in brief

- In an unprecedented but necessary move last Wednesday, the Central Bank of Nigeria (CBN) pronounced the RDAS/WDAS window closed with immediate effect. All foreign exchange demand will now be routed through the interbank market, suggesting that the naira will eventually be determined by forces of supply and demand. For now, the CBN will sell US dollars to the interbank market at a set rate to ensure that liquidity is readily available to meet legitimate demand. This serves as an effective devaluation of the naira, following a period of sustained divergence between the interbank and RDAS rates.

Figure 8: Effective devaluation



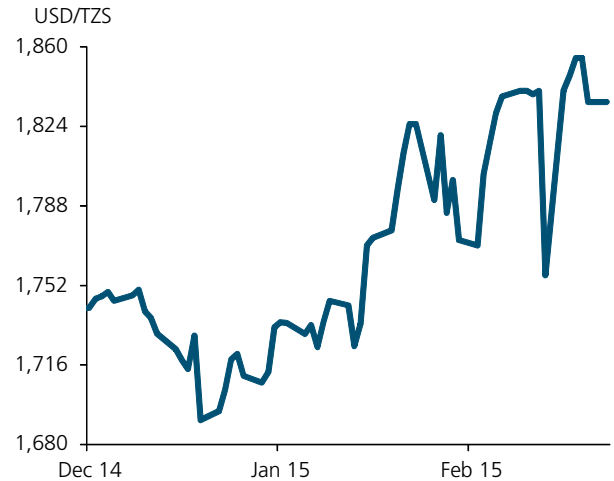
Source: Bloomberg
Data as at 23 February 2015

Tanzania

Shilling (TZS) in brief

- We anticipate a widening of the USD/TZS bid/offer spread this week as import demand outpaces the supply of US dollars. Moves to 1,860.00 cannot be ruled out in light of mounting liquidity pressures. A retracement to 1,830.00 depends on the magnitude of month-end conversions by corporates seeking out local currency to meet salary and tax obligations.

Figure 9: Demand outpacing supply of dollars



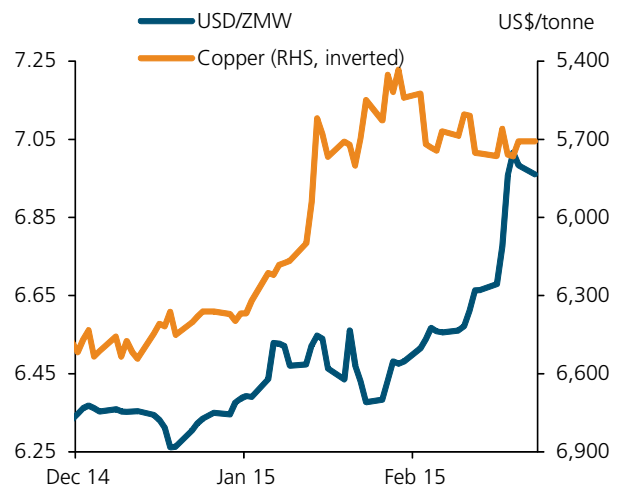
Source: Bloomberg
Data as at 23 February 2015

Zambia

Kwacha (ZMW) in brief

- As in 1Q14, the kwacha has come under intense depreciatory pressure, breaching 7.00 last week amid strained US dollar supply. An impasse between the government and mining concerns has led to a fresh game of chicken. Miners continue to withhold US dollar proceeds while the state holds back VAT refunds. Central bank injections should provide temporary respite to the local unit but sustained inflows are required for the kwacha to stage a meaningful pullback.

Figure 10: Volatility to remain elevated this week



Source: Bloomberg
Data as at 23 February 2015



Commodities prices

	Current	m/m % change	y/y % change	Implied volatility	3-month future	12-month future
Metals						
Gold US\$/oz	1 204.20	-6.9	-9.1	17.3	1 204.9	1 208.6
Copper US\$/tonne	5 707.00	2.3	-20.9	17.6	5 693.0	5 675.5
Softs						
Cattle US\$/lb	199.18	-6.8	16.7	14.8	148.5	144.1
Cocoa US\$/tonne	3 027.00	9.9	3.3	21.3	2 979.0	2 917.0
Coffee – Arabica US\$/lb	148.65	-8.5	-11.8	37.1	152.9	162.0
Coffee – Robusta US\$/tonne	-	-	-	22.2	1 974.0	2 047.0
Cotton US\$/lb	65.40	14.1	-24.9	21.0	64.7	65.0
Maize – Yellow R/tonne	2 417.00	18.6	-25.8	24.0	2 440.0	2 455.0
Maize – White R/tonne	2 691.00	33.2	-14.7	23.7	2 731.0	2 842.0
Raw Sugar US\$/lb	14.39	-5.1	-13.9	22.5	16.2	16.2
Energy						
WTI Crude US\$/bbl	50.91	11.7	-50.2	52.2	53.5	60.2

Source: Bloomberg

Interest rates

	3-m T-Bill		Policy rate
	Jan-15	Current	Current
Angola	6.44	6.48	9.00
Botswana	3.19	3.19	6.50
Ghana	25.83	25.84	21.00
Kenya	8.68	8.64	8.50
Mozambique	5.38	5.43	8.25
Namibia	5.66	6.09	6.00
Nigeria	12.30	13.08	13.00
South Africa	6.00	5.95	5.75
Tanzania	14.28	11.34	OMO ²
Zambia	13.50	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 February 2015

All rated sub-Saharan countries

	Fitch	Moody's	S&P
Angola	BB-	Ba2	B+
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.



Africa

Global Markets Africa

Ebrahim Motala
+27 11 269-9964
brahim.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

Dharmit Cumar
+258 21 355-919
dharmit.cumar@fmb.co.mz

Namibia

Michelle van Wyk
+264 61 299-2265
michellew@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

Global Markets regional offices

Cape Town

+27 21 446-9333

Durban

+27 31 580-6390

Port Elizabeth

+27 41 394-2511

India

Harihar Krishnamoorthy
+91 22 6625-8701
harihar.krishnamoorthy@firststrand.co.in

United Kingdom

Tracy Frampton
+44 20 7939-1700
tracy.frampton@rmb.co.uk

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

www.rmb.co.za/globalmarkets

Twitter: RMB_GM

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

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

Ngugi Kiuna
+27 11 282-8434
ngugi.kiuna@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 11 269-9230/9175/9648

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 & Commodity Finance:

Trade

+27 11 282-8269

Structured Trade & Commodity Finance:

Working Capital

+27 11 269-9740



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.