

9 February 2015

### Angola

- AOA: Kwanza reaches record low of USD/AOA104.9

### Botswana

- BWP: Pula trading firmer

### CMA

- ZAR: Back in the range

### Ghana

- GHS: Pressures are mounting but depreciation remains moderate

### Kenya

- KES: Shilling tightly bound between 91.45 and 91.65

### Mozambique

- MZN: Metical weakness continues due to rampant import demand

### Nigeria

- NGN: Dollar demand amid thinning liquidity pushing naira higher

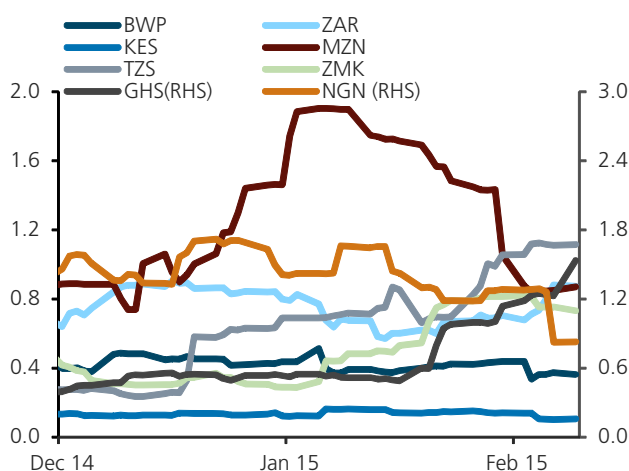
### Tanzania

- TZS: Steady trading expected this week

### Zambia

- ZMW: Kwacha retreating back to 6.560

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



Source: Bloomberg  
Data as at February 2015

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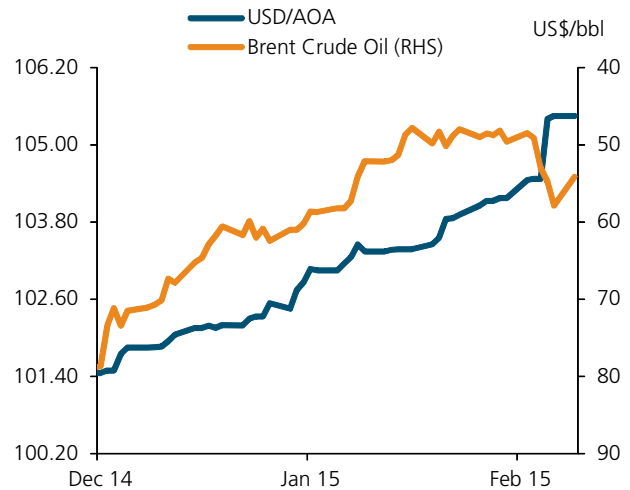


# Angola

## Kwanza (AOA) in brief

- The kwanza reached a record low of AOA104.9 against the greenback last week stemming from continued weakness in oil prices. As illustrated in the AOA graph, the currency moves in tow with the Brent crude price. Although prices are almost US\$12/bbl up from the mid-January low, the price fall had just been so far and fast that it had created market pressure. We expect further pressure on the currency this week, but the BNA has the means to intervene in the short term to ensure a steady trade. We envisage a year-end rate of USD/AOA110.00 in 2015 and 113.85 in 2016.

Figure 2: Reaching record lows



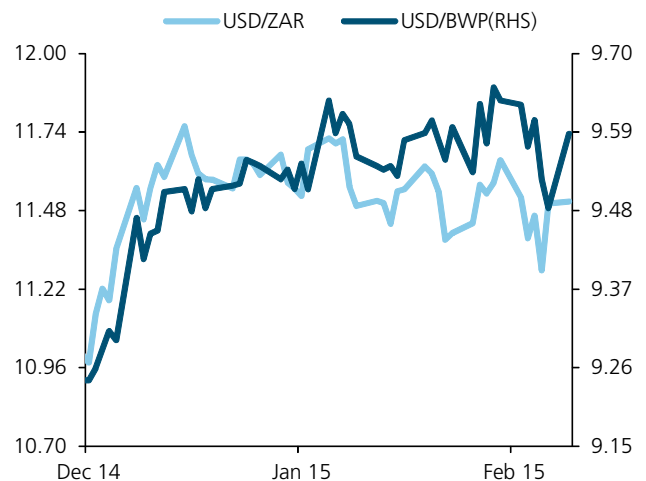
Source: Bloomberg  
Data as at 9 February 2015

# Botswana

## Pula (BWP) in brief

- Upbeat US consumer demand, wage growth and employment data continues to raise expectations of a Fed rate hike by mid-year. In view of this, BWP/USD opens lower this morning around 0.1040/43 from 0.1053/56 at the close.
- The pula traded firmer against the rand owing to broad rand weakness after the positive US jobs report. We expect this to be the theme for much of the day, seeing BWP/ZAR trade around 1.1969/00 from around 1.1917/47 at the close of the local session.

Figure 3: Pula trading firmer



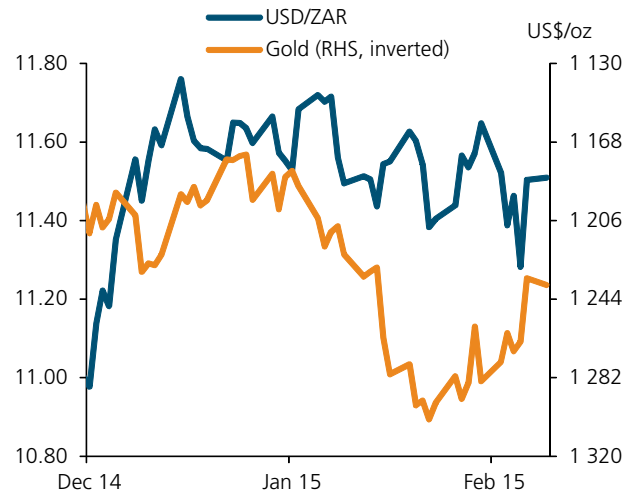
Source: Bloomberg  
Data as at 9 February 2015

# CMA

## Rand (ZAR) in brief

- Fears of early Fed hikes, after the stronger than expected non-farm payroll figures, have taken USD/ZAR back to 11.50. Last week's outperformance has been partially reversed in the move. Expect choppy two-way trade as the market looks for direction. The next few days contain a lack of data but uncertainty over Greece, oil and the Fed create enough uncertainty for volatility to remain high. USD/ZAR is now back in the range that extends from support at 11.25/26 and 11.36/38 to 11.60 and 11.68. EUR/ZAR is back at 11.05, with losses limited by the fall in EUR/USD from 1.15 to 1.13.

Figure 4: Rand outperformance partially reversed



Source: Bloomberg  
Data as at 9 February 2015

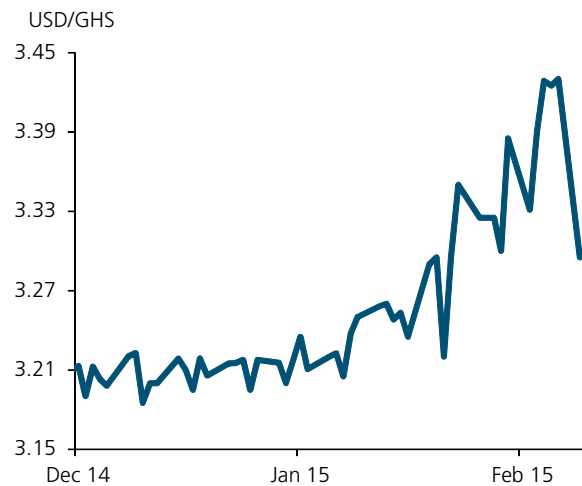


## Ghana

### Cedi (GHS) in brief

- Pressures against the cedi have mounted, reaching its highest level of USD/GHS3.40 since its period of stability which started in September 2014. Seasonal import demand and some speculative dollar buying underpinned the cedi's recent bout of weakness. The effect has been moderate as the central bank keeps a close watch to ensure currency stability, while some equity market inflows have helped last week. But illiquidity remains a significant problem and therefore policymakers have to apply prudent fiscal and monetary measures. We continue to support gradual currency depreciation this year.

Figure 5: Dollar demand increasing



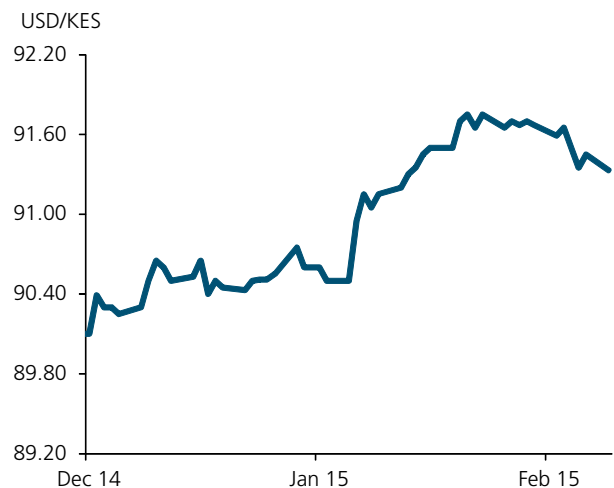
Source: Bloomberg  
Data as at 9 February 2015

## Kenya

### Shilling (KES) in brief

- The shilling felt some respite last week due to declining corporate demand and inflows from coffee and tea earnings, funds from NGOs and FDI. We expect steady trading this week, helped by tight shilling liquidity. The unit's depreciatory trend is considerably slower than similarly managed currencies, but will escalate again towards the end of the month as importers' dollar demands increase. Although we believe the resistance level is around 91.00, a move to the 92.00 level (although slowly) is a reality as the current flows dissipate and demand increases again.

Figure 6: Some respite due to higher earnings



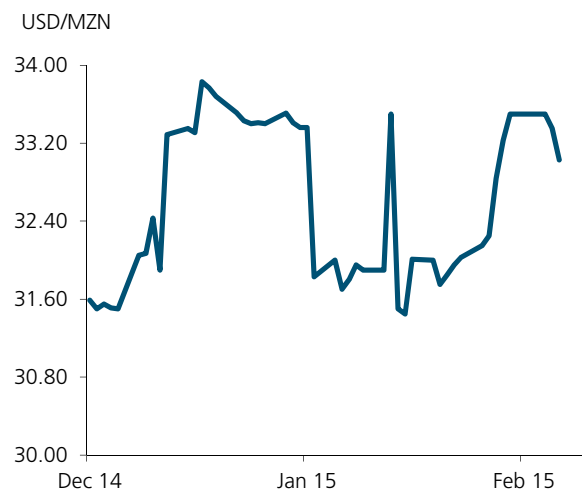
Source: Bloomberg  
Data as at 9 February 2015

## Mozambique

### Metical (MZN) in brief

- Rampant import demand and repercussions of the January floods have pushed the metical to the 34.00 level against the dollar last week. Although it traced back to 33.03 at the end of the week, we believe the depreciatory pressure is likely to be sustained over the short term.

Figure 7: Depreciatory pressure to continue



Source: Bloomberg  
Data as at 9 February 2015

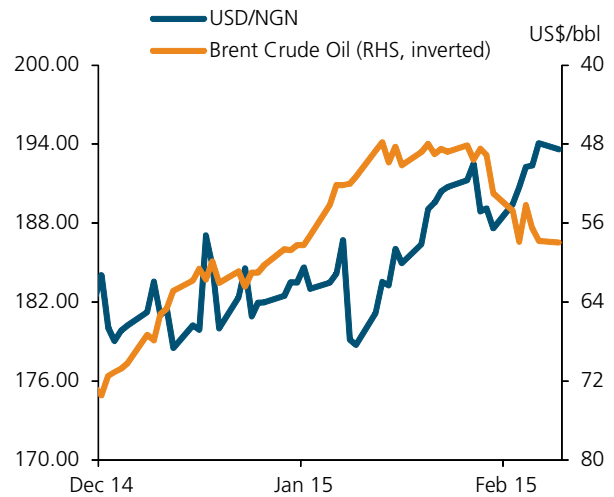


# Nigeria

## Naira (NGN) in brief

- Continued dollar demand, especially from importers, amid thinning liquidity has pushed the naira to a record close of 193.90 at the end of last week. Central bank intervention offered some intraday respite, with the unit firming to 185.80, but lost its footing once again. We expect the naira to trade between 190.10 and 192.40 this week. Intraday trading will remain choppy as the presidential elections draw near. We do not envisage a mass exodus from the domestic bond or equity markets over the next month as most investors have already trimmed their positions to guard against a fallout following the polls being held on 28 March.

Figure 8: Reaching record lows



Source: Bloomberg  
Data as at 9 February 2015

# Tanzania

## Shilling (TZS) in brief

- The shilling experienced some weakness last week as seasonal month-end effects peter out and importers increase their demand for US dollars. However, the shilling held steady on Friday, trading at the levels of 1,835/1,845 throughout the day. We believe the local unit will continue to remain stable in the next few days, with further losses only limited to 1,840/1,850.

Figure 9: Holding steady this week



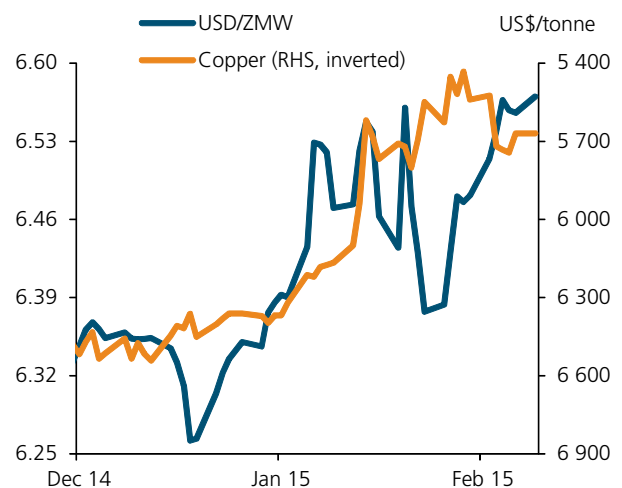
Source: Bloomberg  
Data as at 9 February 2015

# Zambia

## Kwacha (ZMW) in brief

- There seemed to be an increase in dollar flows last week, most likely by investors bidding for T-bills. However, the appreciation was short-lived as the unit took a turn and retreated back to 6.560 where the market closed. We remain bearish towards the kwacha, owing to a decrease in the supply of dollars. Trades above 6.600 are not far off. We have observed that the central bank has demonstrated that it is uncomfortable with trades above 6.600. It is likely that the BoZ will continue to intervene near that level. Resistance is therefore restricted to 6.600, with support at 6.500.

Figure 10: Volatility to remain elevated this week



Source: Bloomberg  
Data as at 9 February 2015



## Commodities prices

	Current	m/m % change	y/y % change	Implied volatility	3-month future	12-month future
<b>Metals</b>						
Gold US\$/oz	1 237.40	1.2	-2.4	18.3	1 234.6	1 237.9
Copper US\$/tonne	5 692.00	-7.5	-20.9	18.4	5 655.0	5 623.5
<b>Softs</b>						
Cattle US\$/lb	199.45	-10.3	18.9	14.8	151.0	146.2
Cocoa US\$/tonne	2 775.00	-6.5	-5.0	21.2	2 782.0	2 759.0
Coffee – Arabica US\$/lb	166.85	-7.3	23.0	42.0	169.6	177.7
Coffee – Robusta US\$/tonne	-	-	-	21.0	1 965.0	2 037.0
Cotton US\$/lb	61.65	1.5	-29.5	22.6	61.6	63.2
Maize – Yellow R/tonne	2 252.00	10.6	-24.5	24.0	2 224.0	2 266.0
Maize – White R/tonne	2 409.00	20.4	-22.4	23.7	2 387.0	2 478.0
Raw Sugar US\$/lb	14.51	-2.7	-7.8	24.4	16.1	16.1
<b>Energy</b>						
WTI Crude US\$/bbl	51.88	7.3	-48.1	59.3	54.9	61.1

Source: Bloomberg

## Interest rates

	3-m T-Bill		Policy rate
	Jan-15	Current	Current
Angola	4.88	4.88	9.00
Botswana	3.19	3.19	7.50
Ghana	25.83	28.84	21.00
Kenya	8.68	8.58	8.50
Mozambique	5.38	5.38	8.25
Namibia	5.66	5.73	5.75
Nigeria	12.30	9.64	13.00
South Africa	6.00	5.98	5.75
Tanzania	14.28	13.60	OMO <sup>2</sup>
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	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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