

22 September 2014

### Angola

- AOA: Kwanza peaks at 97.50

### Botswana

- BWP: Dollar rally weakening the pula

### CMA

- ZAR: Looking to establish an 11.00 – 11.11 range

### Ghana

- GHS: Cedi strengthens against expectation

### Kenya

- KES: Shilling flirts with 90.00

### Mozambique

- MZN: Metical rallies against the rand

### Nigeria

- NGN: Naira at risk of further weakness

### Tanzania

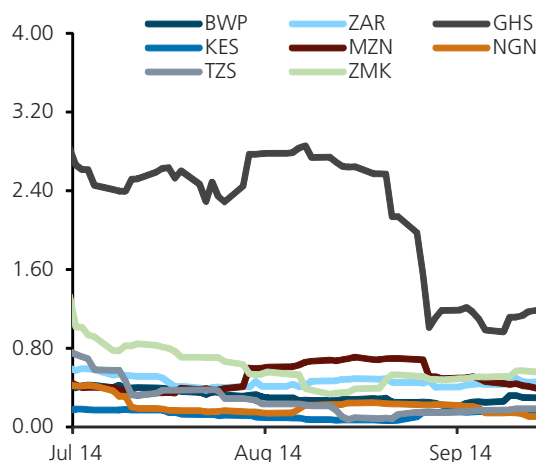
- TZS: Shilling to remain suspended below USD/TZS1,670

### Zambia

- ZMW: Kwacha trades in narrowest of ranges against the US dollar

### Currency fluctuations

#### 1-month realised volatility



Source: Bloomberg  
Data as at September 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

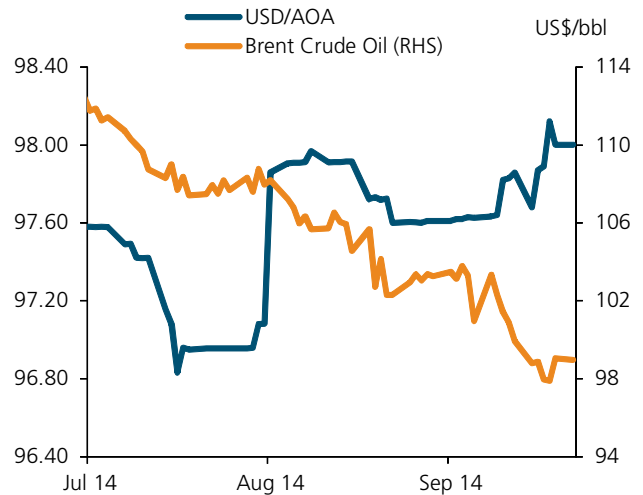


# Angola

## Kwanza (AOA) in brief

- The kwanza peaked at 97.50 last week indicative of the weakening oil price which is likely to reduce the BNA's ability to smooth currency fluctuations. We keep to our year-end forecast of 99.05.

Figure 1: Kwanza weakens on the back of lower oil price



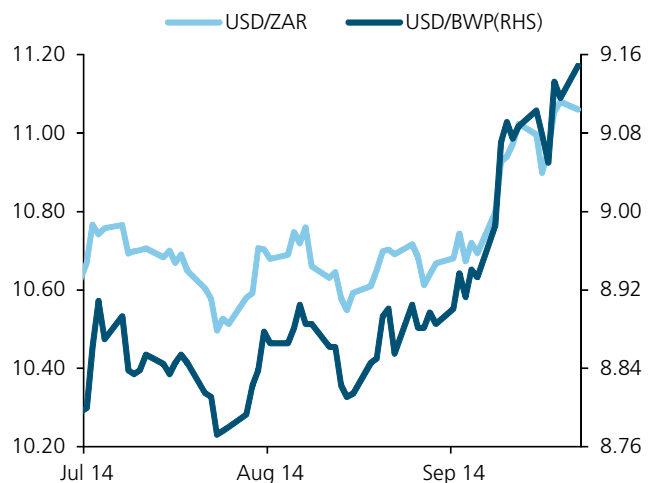
Source: Bloomberg  
Data as at September 2014

# Botswana

## Pula (BWP) in brief

- The pula was weaker against the greenback last week on the back of dollar rallies after the Fed's hawkish comments. The local unit followed USD/ZAR that traded above the 11.02 resistance level, placing the pula under increased pressure. BWP/ZAR made significant gains as the SARB left rates unchanged and the rand took a further knock upon announcement of the end of the governor's term in November.

Figure 2: Dollar rally weakening the pula



Source: Bloomberg  
Data as at September 2014

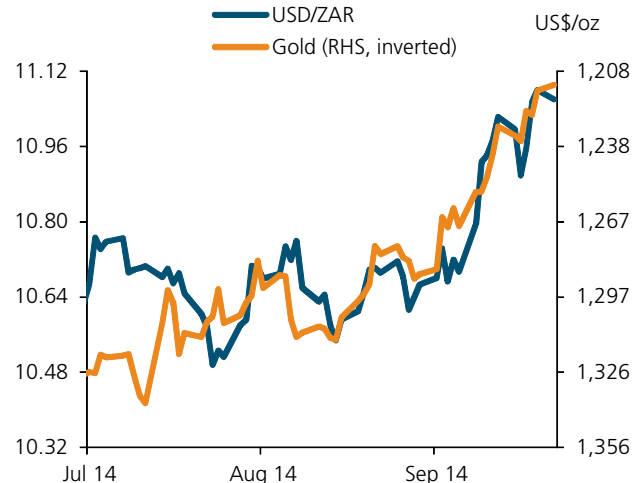
# CMA

## Rand (ZAR) in brief

- A quiet week leaves USD/ZAR to try and entrench an 11.00 – 11.11 range. Risks come mainly from EUR/USD and Eurozone data and remain biased to the upside given the dollar's multi-week rally.

USD/ZAR failed at 11.11 on both Thursday and Friday, creating a firm resistance level even though the uncertainty that was creating the volatility has dropped away. The fuss over Governor Marcus' departure has shifted into speculation over who will take her place and the market seems happy that it is likely to be Mminele or Kganyago. The fear of faster than expected Fed hikes has dissipated: the 10-year Treasury got to 2.65% last week but has since backed off almost 10bp.

Figure 3: Quiet week ahead



Source: Bloomberg  
Data as at September 2014

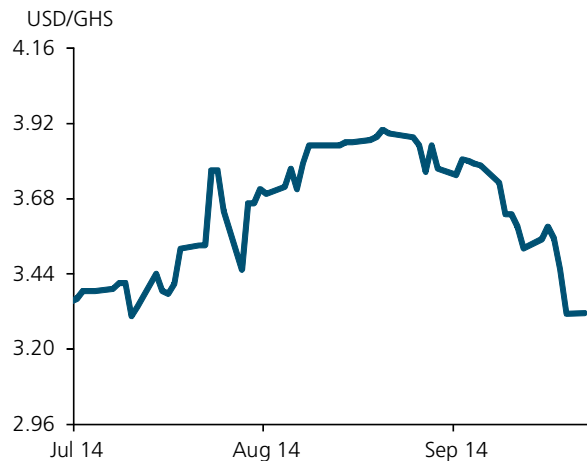


# Ghana

## Cedi (GHS) in brief

- The cedi continues to defy our expectation of sustained weakness, amassing gains following the successful issuance of a third Eurobond. Despite the commencement of talks with the IMF, we are loath to adjusting our forecasts until we have clarity regarding the type of assistance being sought by Ghana and the conditionality proposed by the IMF.

Figure 4: Cedi bucks the trend



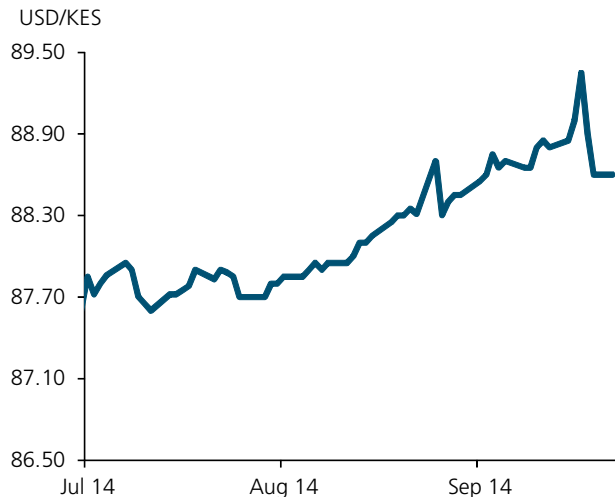
Source: Bloomberg  
Data as at September 2014

# Kenya

## Shilling (KES) in brief

- The CBK is grappling with unbridled shilling losses. The bank sold an undisclosed amount of US dollars to the interbank market last week after the unit flirted with USD/KES90.00 in an attempt to quell widespread US dollar demand. Its recent injection is perhaps the only source of liquidity, given the erratic nature of agricultural inflows. We have long-held that the shilling would adjust to Kenya's current account imbalance through measured depreciation. The CBK is reluctant to let the market alone for fear of a reprisal of the 2011 currency crisis.

Figure 5: Shilling fast approaching USD/KES90.00



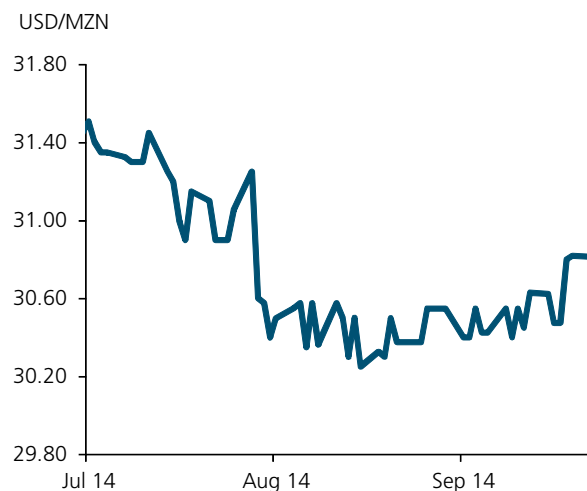
Source: Bloomberg  
Data as at September 2014

# Mozambique

## Metical (MZN) in brief

- The metical is relatively range-bound against the US dollar but might exhibit slight weakness ahead of the presidential and parliamentary elections next month. The local unit continues to make great strides against the ailing rand, dampening the pass-through to inflation.

Figure 6: Metical expected to trade sideways



Source: Bloomberg  
Data as at September 2014

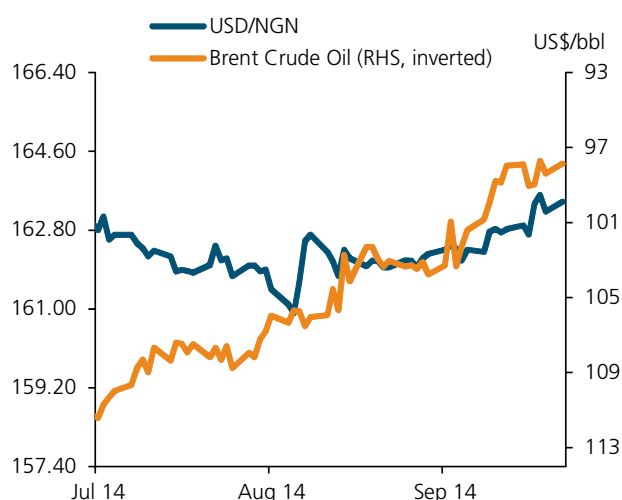


## Nigeria

### Naira (NGN) in brief

- The naira registered an intraday high of 164.35 last week—its highest level since the start of June — as US dollar demand remains rampant. Thinner supply points to further losses over the next few days as export earnings shrink on account of the weaker international oil price. Portfolio inflows have also receded as offshore investors rationalise their local debt holdings. The CBN might be called to action if liquidity conditions remain imbalanced.

Figure 7: Naira vulnerable to weakness amid greater import demand



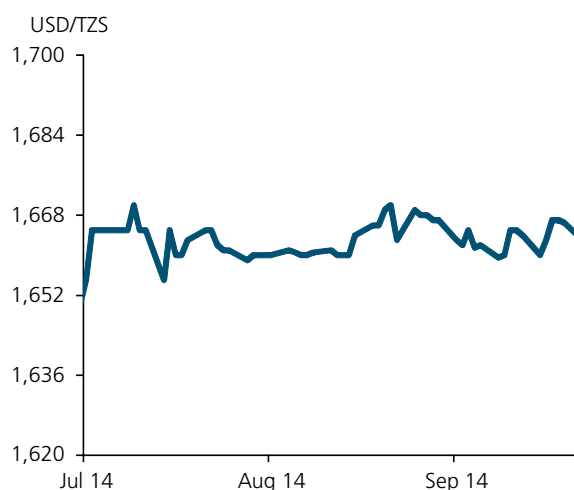
Source: Bloomberg  
Data as at September 2014

## Tanzania

### Shilling (TZS) in brief

- Central bank intervention coupled with quarterly tax payments should ensure that the shilling remains suspended below USD/TZS1,670 this week. A steady stream of inflows since mid-July has slowed the rate of currency depreciation. However, export earnings and service receipts are beginning to wane, implying renewed weakness in 4Q14.

Figure 8: Shilling to remain suspended below 1,670



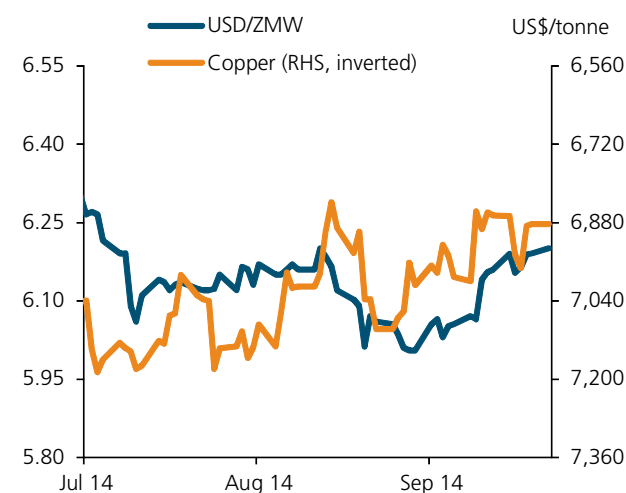
Source: Bloomberg  
Data as at September 2014

## Zambia

### Kwacha (ZMW) in brief

- The kwacha traded in the narrowest of ranges last week, shuffling between USD/ZMW6.16 and 6.29. Short-term momentum is bias toward slight weakness, though the conversion of US dollars by corporates to meet month-end obligations, should cap the extent of losses. Given the US dollar's relative strength against a broad spectrum of currencies, the kwacha is unlikely to register meaningful gains over the next few days.

Figure 9: Kwacha range-bound



Source: Bloomberg  
Data as at September 2014



## Spot and implied forward exchange rates

	Currency rates				Implied forwards			
	Last	% change			Maturity			
		1-day	1-week	1-month	1-m	3-m	6-m	12-m
<b>Angola</b>								
USD/AOA	98.12	0.23	0.30	0.41				
EUR/AOA	126.80	0.02	0.17	-2.89				
GBP/AOA	160.76	0.66	1.25	-1.68				
JPY/AOA	1.11	0.77	1.36	5.53				
<b>Botswana</b>								
USD/BWP	9.13	0.91	0.64	3.24	9.22	9.30	9.44	9.75
EUR/BWP	11.80	0.70	0.51	-0.15	11.86	11.97	12.16	12.59
GBP/BWP	14.96	1.34	1.59	1.09	15.07	15.20	15.41	15.86
JPY/BWP	11.90	0.09	1.02	2.63	1.20	1.21	1.21	1.21
<b>Ghana</b>								
USD/GHS	3.46	-2.75	-3.77	-10.67	2.21	2.28	2.38	2.54
EUR/GHS	4.46	-2.96	-3.89	-13.61	2.84	2.93	3.06	3.28
GBP/GHS	5.66	-2.34	-2.86	-12.53	3.60	3.72	3.88	4.13
JPY/GHS	31.45	3.86	5.65	18.61	240.90	247.45	257.75	274.55
<b>Kenya</b>								
USD/KES	88.90	-0.50	0.06	0.74	88.98	89.89	91.25	94.77
EUR/KES	114.89	-0.72	-0.07	-2.57	114.18	115.40	117.24	122.10
GBP/KES	145.65	-0.08	1.01	-1.36	144.91	146.31	148.36	153.65
JPY/KES	1.22	1.52	1.61	5.18	0.82	0.83	0.84	0.87
<b>Mozambique</b>								
USD/MZN	30.80	1.07	1.15	1.56	29.71	31.35	32.11	33.55
EUR/MZN	39.80	0.85	1.02	-1.77	39.77	40.24	41.25	43.23
GBP/MZN	50.46	1.49	2.11	-0.55	50.47	51.02	52.20	54.40
JPY/MZN	3.53	-0.06	0.51	4.33	3377.85	3415.20	3492.90	3637.97
<b>Nigeria</b>								
USD/NGN	163.60	0.12	0.52	1.01	159.75	159.75	159.75	159.75
EUR/NGN	211.42	-0.09	0.40	-2.31	204.99	205.08	205.24	205.82
GBP/NGN	268.04	0.55	1.48	-1.09	260.15	260.01	259.71	259.01
JPY/NGN	0.66	0.88	1.14	4.90	0.68	1.47	1.47	1.48
<b>South Africa</b>								
USD/ZAR	11.05	0.90	0.74	4.18	11.12	11.25	11.43	11.79
EUR/ZAR	14.28	0.68	0.61	0.76	14.29	14.44	14.69	15.22
GBP/ZAR	18.11	1.32	1.69	2.02	18.14	18.31	18.59	19.15
JPY/ZAR	9.83	0.11	0.92	1.70	9.79	9.68	9.51	9.18
<b>Tanzania</b>								
USD/TZS	1,667.00	0.00	0.12	0.06	1,681.43	1,718.00	1,768.00	1,864.00
EUR/TZS	2,154.26	-0.22	0.00	-3.23	2,157.55	2,205.47	2,271.42	2,401.56
GBP/TZS	2,731.21	0.42	1.07	-2.02	2,738.18	2,796.18	2,874.32	3,022.20
JPY/TZS	0.07	1.00	1.54	5.89	15.43	15.77	16.25	17.19
<b>Zambia</b>								
USD/ZMW	6.19	0.38	0.54	1.41	5.34	5.36	5.50	5.77
EUR/ZMW	8.00	0.16	0.42	-1.92	6.85	6.89	7.08	7.46
GBP/ZMW	10.14	0.80	1.50	-0.70	8.70	8.75	8.97	9.40
JPY/ZMW	17.56	0.62	1.12	4.48	0.05	0.05	0.05	0.05

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



## Commodities prices

	Current	m/m % change	y/y % change	Implied volatility	3-month future	12-month future
<b>Metals</b>						
Gold US\$/oz0	1,213.29	-5.2	-8.5	14.1	1,216.6	1,219.8
Copper US\$/tonne	6,868.50	-3.1	-5.8	14.4	6,839.3	6,808.3
<b>Softs</b>						
Cattle US\$/lb	230.60	6.7	46.8	14.8	158.7	149.0
Cocoa US\$/tonne	3,259.00	2.0	25.0	20.5	3,259.0	3,165.0
Coffee – Arabica US\$/lb	178.00	-2.0	55.3	37.1	178.0	186.9
Coffee – Robusta US\$/tonne	0.00	-	-	21.7	1,940.0	1,992.0
Cotton US\$/lb	65.99	-2.2	-20.8	20.0	64.4	65.7
Maize – Yellow R/tonne	1,771.00	-1.4	-17.4	24.0	1,820.0	1,868.0
Maize – White R/tonne	1,750.00	0.8	-24.2	23.7	1,779.0	1,880.0
Raw Sugar US\$/lb	13.50	-13.7	-21.4	19.7	17.8	17.8
<b>Energy</b>						
WTI Crude US\$/bbl	92.07	-1.7	-12.0	16.7	90.9	89.8

Source: Bloomberg

## Interest rates

	3-m T-Bill		Policy rate
	Aug-14	Sep-14	Current
Angola	3.64	3.64	8.75
Botswana	3.21	3.18	7.50
Ghana	25.52	25.40	19.00
Kenya	8.21	8.63	8.50
Mozambique	5.39	5.39	8.25
Namibia	5.55	5.79	5.75
Nigeria	10.12	10.61	12.00
South Africa	6.20	6.08	5.75
Tanzania	12.59	11.83	OMO <sup>2</sup>
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 September 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
Cabo Verde	B+	-	B+
Egypt	B	Caa1	CCC+
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+	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

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

Jeronimo de Faria-Lopes  
+258 21 356-921  
jeronimo.defarialopes@fmb.co.mz

### Namibia

Michelle van Wyk  
+264 61 299-2265  
michellevw@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

## India

Harihar Krishnamoorthy: Head: Global Markets  
India

+91 22 6625-8701  
harihar.krishnamoorthy@firstrand.co.in

## Global Markets regional offices

### Cape Town

+27 21 446-9333

### 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

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

### 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](mailto:globalmarkets@rmb.co.za) for more information

[www.rmb.co.za/globalmarkets](http://www.rmb.co.za/globalmarkets)

To subscribe to research, please email [research@rmb.co.za](mailto: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.