

1 September 2014

### Angola

- AOA: Kwanza flatlines

### Botswana

- BWP: Weakening on the back of USD/ZAR performance

### CMA

- ZAR: EUR/ZAR risks breaking to the downside

### Ghana

- GHS: Cedi trapped above 3.70

### Kenya

- KES: CBK lends a helping hand to the FX market

### Mozambique

- MZN: Metical depreciation is negligible

### Nigeria

- NGN: IOCs sell dollars while offshore investors buy local debt

### Tanzania

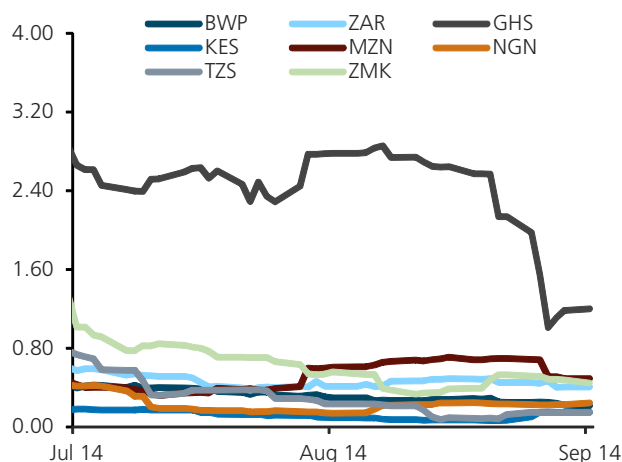
- TZS: Pressure expected this week

### Zambia

- ZMW: Slight depreciation expected this week

### Currency fluctuations

#### 1-month realised volatility



Source: Bloomberg  
Data as at September 2014

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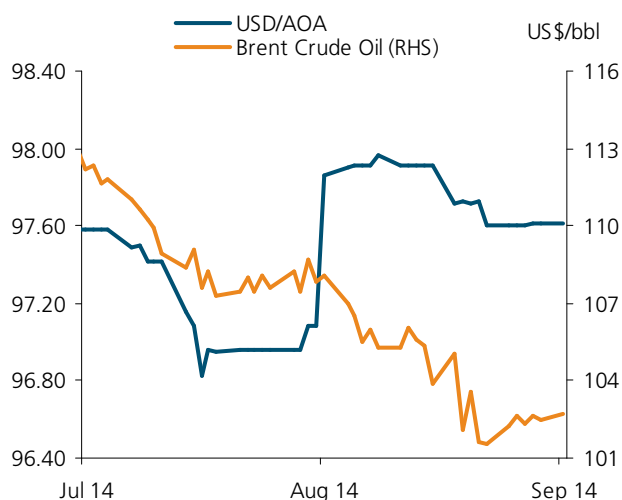


## Angola

### Kwanza (AOA) in brief

- The kwanza has flatlined once again, trading in a similar fashion as in 1Q14, reflecting stable liquidity conditions. We are mindful of the fluctuations in the oil price and its impact on export earnings but remain confident that greater export volumes should compensate for the potentially lower value.

Figure 1: Kwanza recoups losses but vulnerable to oil price volatility



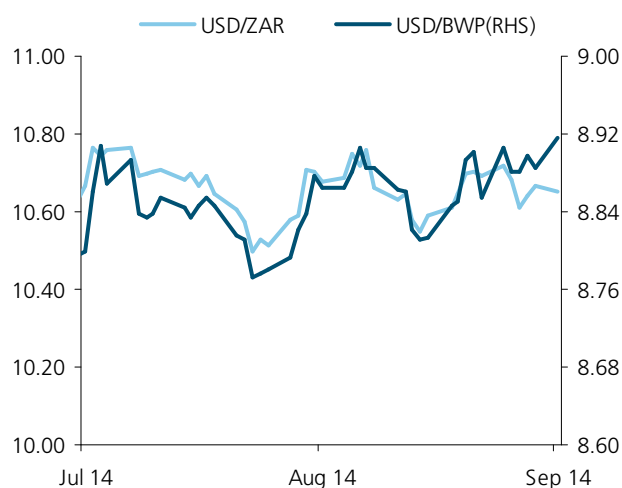
Source: Bloomberg  
Data as at September 2014

## Botswana

### Pula (BWP) in brief

- The pula weakened against the greenback on Friday in line with the USD/ZAR performance. The rand came under pressure after a larger than expected domestic trade gap while tensions in Ukraine and Russia resurfaced, causing investors to damp risky assets. The pula closed the day softer at 0.1124/27 from 0.1126/29 in the morning. The local unit was a touch stronger against the rand, closing the day at 1.1955/85 from 1.1946/76 in the morning.

Figure 2: Some weakening on the back of USD/ZAR performance



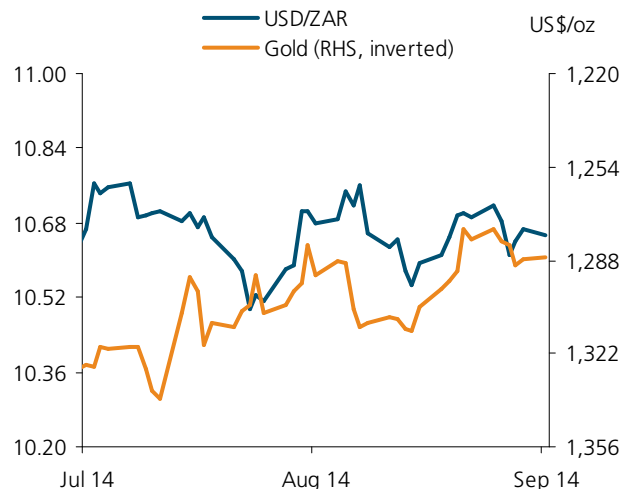
Source: Bloomberg  
Data as at September 2014

## CMA

### Rand (ZAR) in brief

- It is an important week for global markets. Not only is there the ECB meeting on Thursday and the non-farm payrolls figures on Friday, but the end of the Northern Hemisphere summer should bring back liquidity and even some volatility. EUR/ZAR is the cross most exposed to these risks and there is a good chance that we'll see a break of 13.95, the 2014 low. USD/ZAR risks are also to the downside, although only marginally, so at the moment there seems to be little threat to the 10.50 – 10.80 range. EUR/ZAR starts at 13.98 and USD/ZAR at 10.65.

Figure 3: USD/ZAR faces upside risks



Source: Bloomberg  
Data as at September 2014

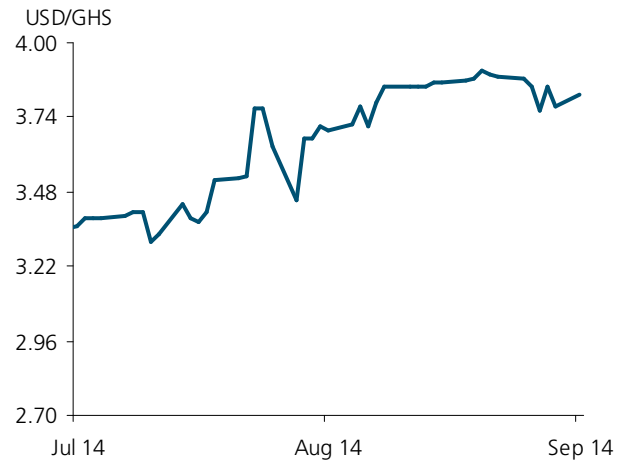


# Ghana

## Cedi (GHS) in brief

- The cedi is trapped above 3.70 and is unlikely to trend lower in the coming week despite improved USD inflows. Supply and demand are still largely unbalanced, owing to a mismatch in import payments and export receipts. Portfolio flows might provide a fillip to the unit should the Eurobond roadshow, scheduled for this week, prove successful. However, investors will need reassurance from authorities regarding the management of Ghana's thorny dual deficits.

Figure 4: Cedi movements still governed by market sentiment



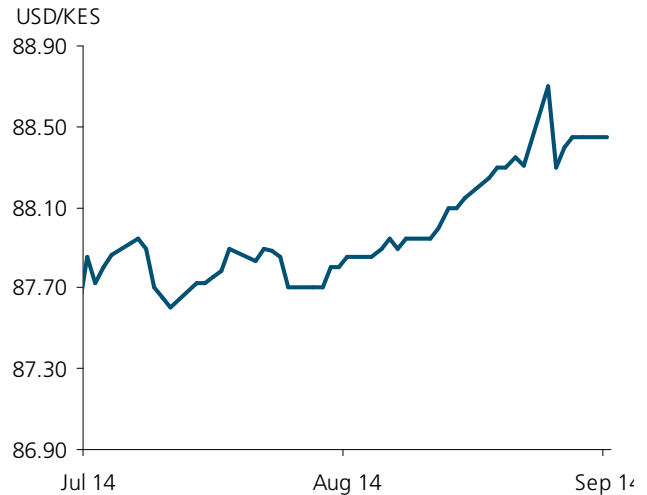
Source: Bloomberg  
Data as at September 2014

# Kenya

## Shilling (KES) in brief

- The central bank made its presence felt last week by drawing down on its international reserve position to stem shilling depreciation. The shilling has breached our year-end target of USD/KES88.00 and is at risk of pushing higher should agricultural export earnings and tourist receipts remain depressed. Month-end demand is likely to overwhelm the market, with little to offset the settlement of import orders, resulting in further shilling weakness. Though gradual, the depreciatory trend emphasises Kenya's vulnerability to a deterioration in its external accounts. Aside from its FX activities, the CBK intends to inject KES30bn into the interbank market via reverse repos to relieve funding constraints and lower overnight borrowing rates.

Figure 5: Shilling breaches year-end target of 88.00



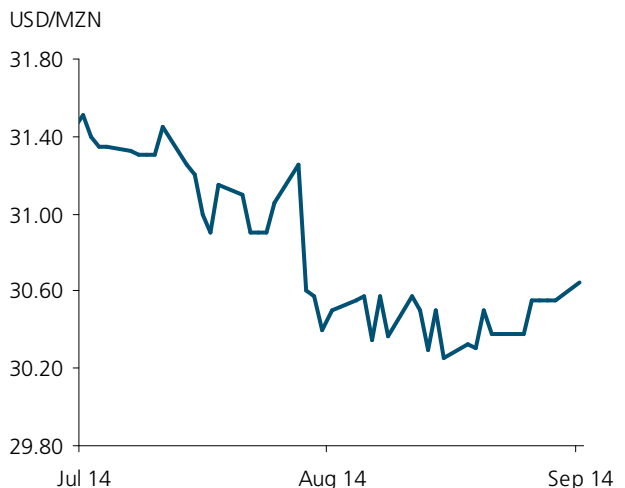
Source: Bloomberg  
Data as at September 2014

# Mozambique

## Metical (MZN) in brief

- The metical continues to peak its head above USD/MZN30.00, implying a slight mismatch in liquidity. However, the rate of depreciation is negligible. We maintain our view of 30.00 for year-end.

Figure 6: Metical spikes to 30.20



Source: Bloomberg  
Data as at September 2014

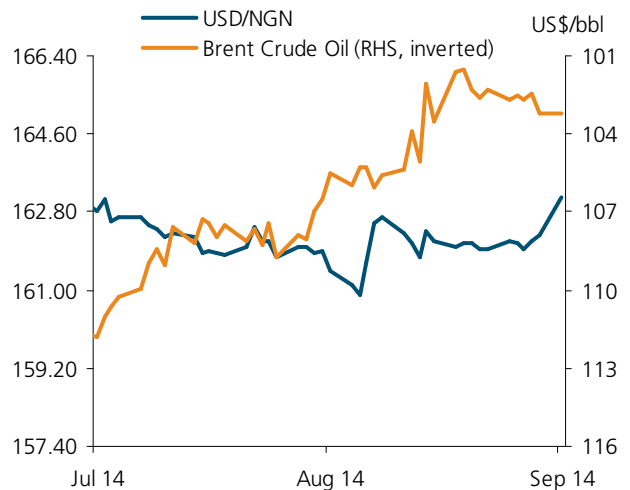


# Nigeria

## Naira (NGN) in brief

- The offshore interest for the 2024 bond, which was added to the JP Morgan GBI-EM index on Friday, generated portfolio inflows and has kept the unit firm at 162.50 against the dollar. Flows from month-end sales by major oil conglomerates have also bolstered US dollar liquidity in the interbank market. We expect much the same this week as foreign interest in local debt will continue.

Figure 7: Naira stands to benefit from a host of factors this week



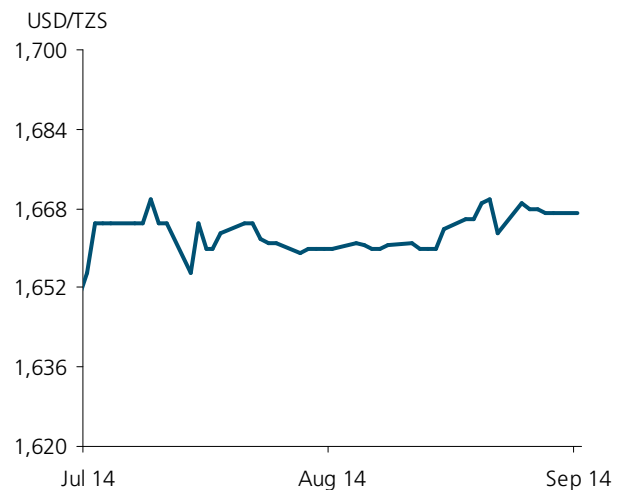
Source: Bloomberg  
Data as at September 2014

# Tanzania

## Shilling (TZS) in brief

- The shilling remained stable in Friday's session on the back of reduced interbank trading. USD/TZS traded at the levels of 1,662/1,672 throughout the day. As supply of month-end inflows start to decline, we expect the shilling to be under pressure this week. Resistance of 1,665/1,675 may likely hold.

Figure 8: Some pressure expected this week



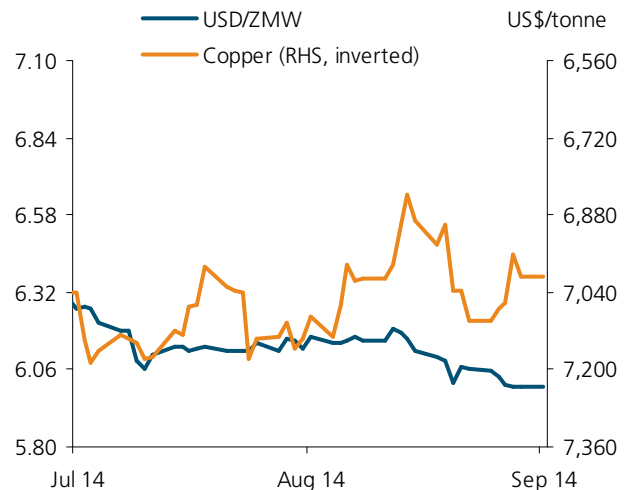
Source: Bloomberg  
Data as at September 2014

# Zambia

## Kwacha (ZMW) in brief

- The kwacha continued with its appreciating trend last week, closing at 6.010. Results from Fridays auction saw yields drop. The auction was very well bid, with oversubscription on the bench mark bonds.
- Now that the bond action has passed, we might see some gradual depreciation on the unit. Nonetheless, the depreciation will be limited as exporters come into the market. The expected trading range today is 6.010/40.

Figure 9: Appreciation continued last week



Source: Bloomberg  
Data as at September 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
<b>Angola</b>								
USD/AOA	97.61	0.01	-0.12	0.67	-	-	-	-
EUR/AOA	128.60	-0.13	-0.90	-1.33	-	-	-	-
GBP/AOA	161.75	-0.03	-0.20	-1.80	-	-	-	-
JPY/AOA	1.06	-0.18	0.07	1.21	-	-	-	-
<b>Botswana</b>								
USD/BWP	8.90	0.18	-0.04	1.19	8.89	8.97	9.12	9.33
EUR/BWP	11.72	0.04	-0.83	-0.82	11.67	11.78	11.99	12.29
GBP/BWP	14.74	0.13	-0.13	-1.30	14.76	14.88	15.12	15.42
JPY/BWP	11.66	-0.35	0.00	0.70	1.20	1.21	1.20	1.22
<b>Ghana</b>								
USD/GHS	3.85	2.26	-0.97	11.51	2.21	2.28	2.38	2.54
EUR/GHS	5.07	2.12	-1.74	9.30	2.90	2.99	3.12	3.34
GBP/GHS	6.38	2.21	-1.05	8.78	3.67	3.78	3.94	4.20
JPY/GHS	26.95	-2.38	0.93	-8.63	230.02	237.07	247.05	263.32
<b>Kenya</b>								
USD/KES	88.45	0.06	0.11	0.86	88.83	90.23	90.87	93.91
EUR/KES	116.53	-0.08	-0.67	-1.15	116.68	118.56	119.48	123.75
GBP/KES	146.57	0.01	0.03	-1.62	147.41	149.64	150.54	155.17
JPY/KES	1.17	-0.23	-0.16	1.03	0.85	0.87	0.87	0.91
<b>Mozambique</b>								
USD/MZN	30.55	0.00	0.57	-2.25	29.71	31.18	31.93	33.38
EUR/MZN	40.25	-0.14	-0.21	-4.19	40.48	40.97	41.99	43.99
GBP/MZN	50.62	-0.04	0.49	-4.64	51.15	51.71	52.91	55.16
JPY/MZN	3.40	-0.17	-0.62	4.24	3207.42	3243.08	3318.67	3459.83
<b>Nigeria</b>								
USD/NGN	162.15	0.12	0.12	0.10	159.75	159.75	159.75	159.75
EUR/NGN	213.63	-0.01	-0.66	-1.89	209.82	209.91	210.05	210.53
GBP/NGN	268.70	0.08	0.04	-2.36	265.09	264.95	264.67	263.98
JPY/NGN	0.64	-0.30	-0.17	1.79	0.65	1.54	1.54	1.55
<b>South Africa</b>								
USD/ZAR	10.64	0.25	-0.59	0.56	10.70	10.83	11.01	11.35
EUR/ZAR	14.02	0.11	-1.37	-1.44	14.08	14.23	14.47	14.98
GBP/ZAR	17.63	0.21	-0.67	-1.91	17.79	17.96	18.23	18.78
JPY/ZAR	9.75	-0.42	0.54	1.33	9.71	9.60	9.44	9.12
<b>Tanzania</b>								
USD/TZS	1,667.00	-0.06	-0.18	0.48	1,680.43	1,717.00	1,767.00	1,863.00
EUR/TZS	2,196.27	-0.20	-0.96	-1.51	2,207.11	2,256.16	2,323.38	2,455.15
GBP/TZS	2,762.39	-0.10	-0.26	-1.98	2,788.53	2,847.69	2,927.52	3,078.49
JPY/TZS	0.06	-0.11	0.13	1.41	16.15	16.51	17.00	17.97
<b>Zambia</b>								
USD/ZMW	6.01	-0.08	-1.07	-1.88	5.34	5.36	5.50	5.77
EUR/ZMW	7.91	-0.22	-1.85	-3.83	7.01	7.04	7.22	7.60
GBP/ZMW	9.95	-0.13	-1.15	-4.29	8.86	8.89	9.11	9.54
JPY/ZMW	17.28	-0.09	1.03	3.85	0.05	0.05	0.05	0.06

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	1,287.06	-0.5	-7.7	12.2	-	1,290.4
Copper US\$/tonne	6,995.00	-1.2	-1.4	13.0	6,983.5	6,972.5
<b>Softs</b>						
Cattle US\$/lb	218.65	-0.7	39.3	14.8	151.4	144.6
Cocoa US\$/tonne	3,219.00	0.4	33.4	18.6	3,229.0	3,156.0
Coffee – Arabica US\$/lb	195.75	1.8	74.6	43.1	201.2	208.1
Coffee – Robusta US\$/tonne	0.00	-	-	24.4	2,055.0	2,084.0
Cotton US\$/lb	67.60	8.2	-19.2	19.9	66.6	69.0
Maize – Yellow R/tonne	1,733.00	-7.2	-19.8	24.0	1,733.0	1,869.0
Maize – White R/tonne	1,695.00	-5.8	-26.7	23.7	1,695.0	1,855.0
Raw Sugar US\$/lb	15.49	-5.3	-5.2	18.4	19.2	19.2
<b>Energy</b>						
WTI Crude US\$/bbl	95.79	-2.1	-11.0	14.0	94.0	92.3

Source: Bloomberg

## Interest rates

	3-m T-Bill		Policy rate
	Aug-14	Aug-14	Current
Angola	3.64	3.64	8.75
Botswana	3.21	3.21	7.50
Ghana	25.52	25.06	19.00
Kenya	8.21	8.20	8.50
Mozambique	5.39	5.39	8.25
Namibia	5.55	5.70	5.75
Nigeria	10.12	10.10	12.00
South Africa	6.20	6.04	5.50
Tanzania	12.59	12.17	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.



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