

15 September 2014

Angola

- AOA: Greater intraday volatility anticipated as oil dips below US\$100/bbl

Botswana

- BWP: BWP/USD to remain slightly subdued

CMA

- ZAR: Rand under pressure and set for volatility

Ghana

- GHS: Cedi benefits from speculation regarding IMF talks

Kenya

- KES: Shilling at risk of breaching 89.00

Mozambique

- MZN: Steady as she goes

Nigeria

- NGN: Naira loses appreciatory momentum as NNPC sale disappoints

Tanzania

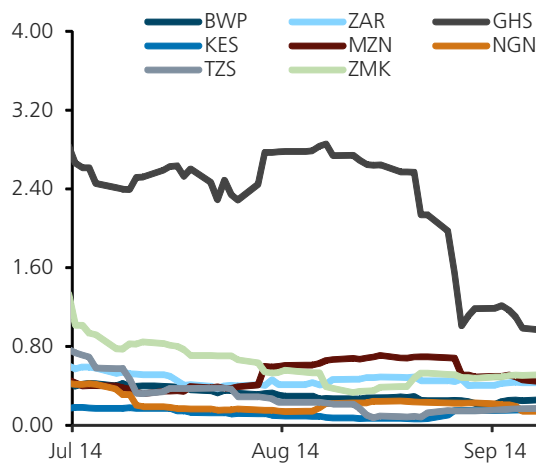
- TZS: Shilling range-bound

Zambia

- ZMW: Kwacha does not escape unscathed from US dollar surge

Currency fluctuations

1-month realised volatility



Source: Bloomberg
Data as at September 2014

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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

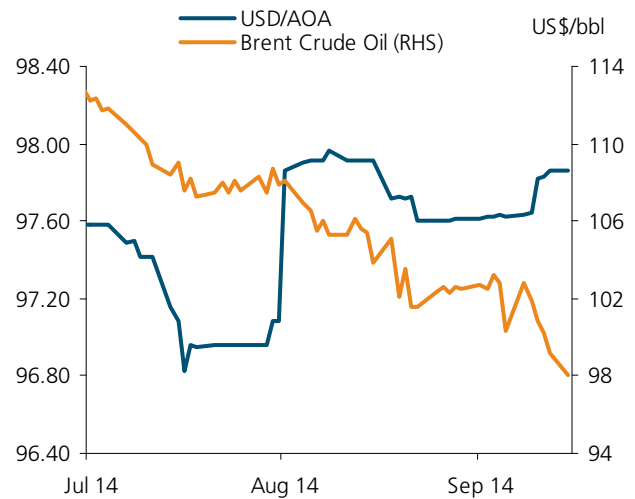


Angola

Kwanza (AOA) in brief

- We anticipate greater intraday volatility for as long as the international oil price is suspended below US\$100/bbl as it lessens the value of Angola's primary export. The BNA's reserve position should allow it to smooth adverse fluctuations, but it could be left stranded in the event of a slump in the oil price.

Figure 1: Kwanza at risk of oil price shock



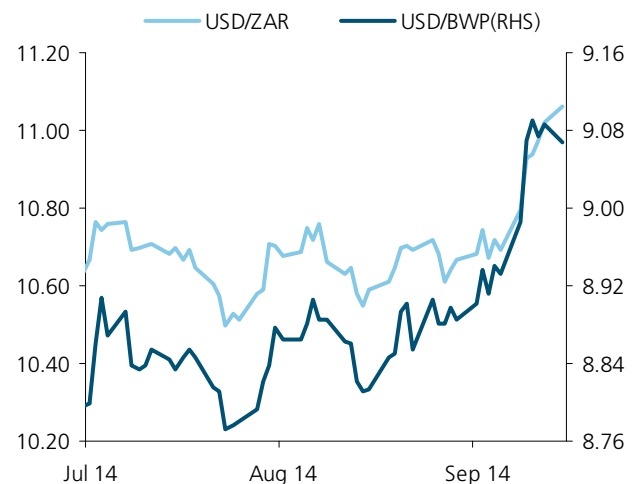
Source: Bloomberg
Data as at September 2014

Botswana

Pula (BWP) in brief

- The pula traded weaker against the dollar on Friday along with most EM currencies that took a significant knock throughout much of the week. With the US continuing to churn out positive economic data in recent months, markets will be looking towards any hawkish sentiment by the Fed at this week's FOMC meeting. We therefore expect BWP/USD to remain slightly subdued ahead of the meeting and open this morning slightly weaker around 0.1096/99 from 0.1099/03 at close. The unit maintained its gains against the rand after last week's string of South African data that failed to encourage the rand. BWP/ZAR closed at 1.2064/94 and is expected to open around 1.2086/17 this morning.

Figure 2: BWP/USD to remain slightly subdued



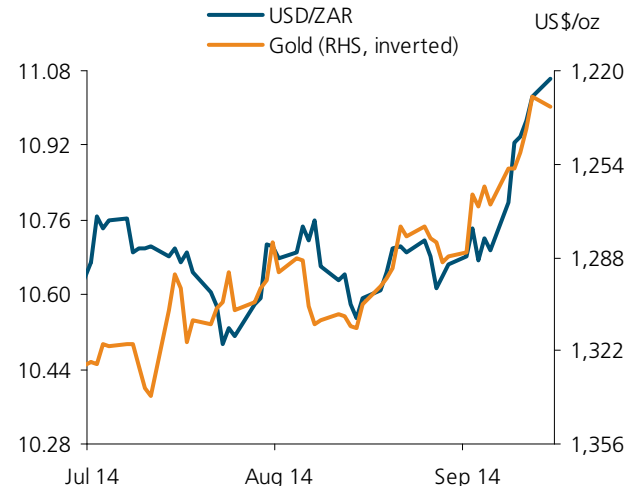
Source: Bloomberg
Data as at September 2014

CMA

Rand (ZAR) in brief

- The rand starts what is going to be a very volatile week under pressure. USD/ZAR is at 11.05 and EUR/ZAR at 14.32. Immediate pressure comes from this morning's week Chinese industrial production data, although this is really just a sideshow in front of the event risks of Wednesday and Thursday. EUR/USD, for now, remains a constraint on any major moves in the rand: its stability over the past few sessions has limited global FX volatility.

Figure 3: Volatile week ahead



Source: Bloomberg
Data as at September 2014

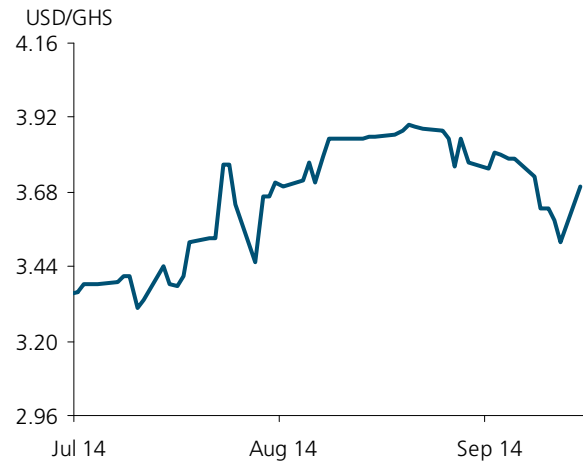


Ghana

Cedi (GHS) in brief

- The cedi has benefited from continued speculation regarding Ghana's discussions with the IMF and the issuance of a third sovereign bond. The government floated a US\$1bn amortising bond at a yield of 8.125% last week in what can only be described as a coup for the government in light of its macroeconomic troubles. Ultimately, a turnaround in Ghana's fortunes will be premised on whether the government can take the necessary fiscal pain upfront and enact the strict policies to sustain the economy in the long run.

Figure 4: Cedi recoups losses as Ghana seeks IMF support



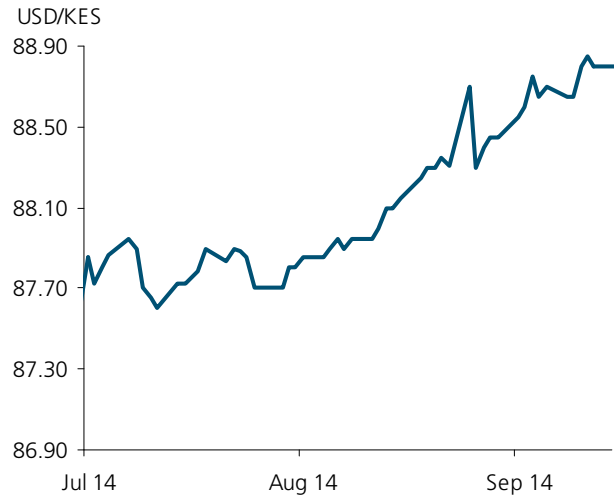
Source: Bloomberg
Data as at September 2014

Kenya

Shilling (KES) in brief

- The shilling is fast approaching the USD/KES89.00 level. The currency pair could drift higher in the absence of tangible export flows or services receipts as importers sustain high levels of US dollar demand. The central bank will be hard-pressed to intervene by restricting the exchange rate pass-through to inflation but is limited in its method of intervention. The selling down of international reserves would be its first point of call but this is not sustainable in the long run.

Figure 5: Shilling fast approaching USD/KES89.00



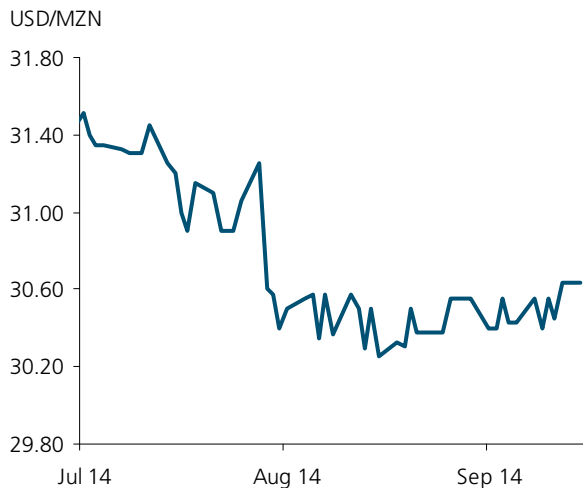
Source: Bloomberg
Data as at September 2014

Mozambique

Metical (MZN) in brief

- The metical is poised at 30.25, deviating marginally from our year-end target of 30.00 as we approach 4Q14. Momentum remains flat, implying sideways trade over the next few days.

Figure 6: Metical expected to trade sideways



Source: Bloomberg
Data as at September 2014

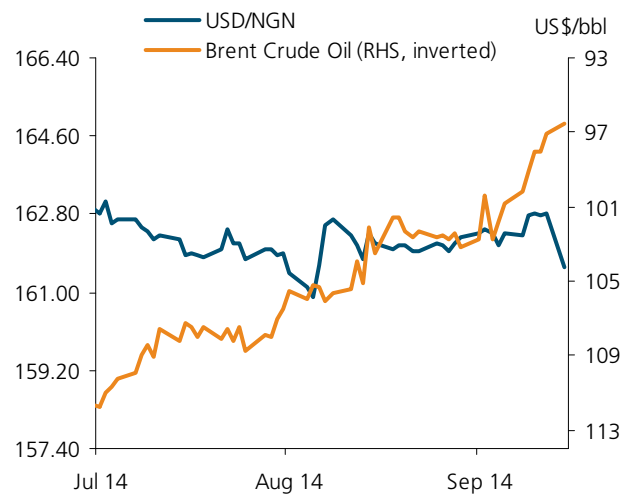


Nigeria

Naira (NGN) in brief

- The local currency closed flat on Friday. Last Wednesday's intra-day spike of 163.32 was short-lived following the NNPC's disappointing US dollar sale which left the interbank market wanting of liquidity. In the absence of any significant inflow, the pair is expected to continuously break the 163.00 mark in the coming days.

Figure 7: Naira vulnerable to weakness amid greater import demand



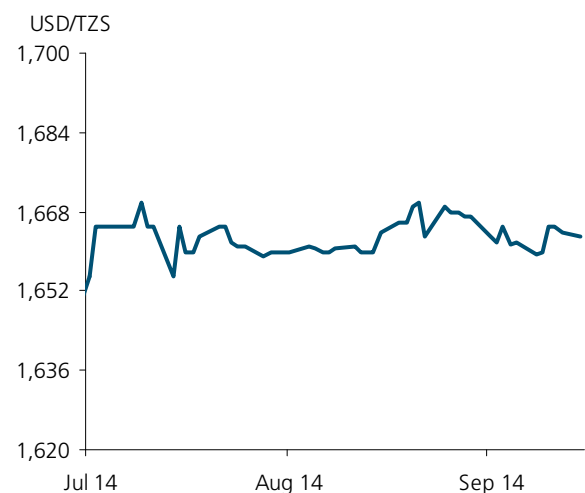
Source: Bloomberg
Data as at September 2014

Tanzania

Shilling (TZS) in brief

- The shilling is trapped in a narrow range despite lesser corporate foreign currency demand, owing to a shortage of US dollars on account of smaller export proceeds from cash crops. The shilling is likely to remain range-bound this week, ebbing and flowing between USD/TZS1,660 and 1,670.

Figure 8: Shilling trapped in narrow range



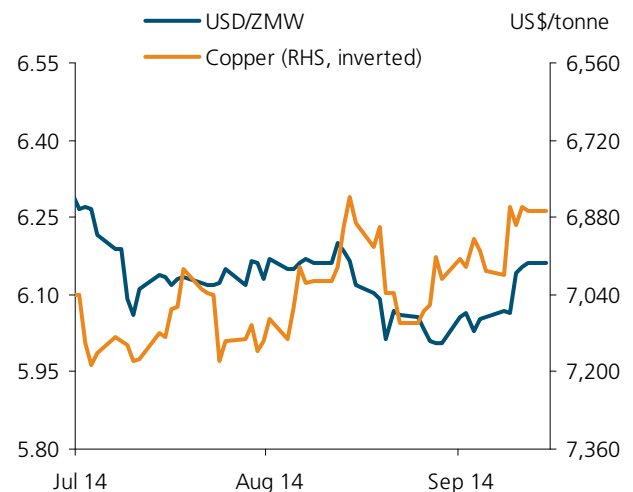
Source: Bloomberg
Data as at September 2014

Zambia

Kwacha (ZMW) in brief

- The kwacha did not escape unscathed last week, weakening in tow with other commodity currencies as the US dollar continued to benefit from strong US data. Short-term momentum has turned, suggesting slight kwacha weakness over the next few days. However, the rate of depreciation is likely to be measured as corporates convert US dollars to meet local tax commitments. Unlike the rand, which is highly correlated to global happenings, the kwacha should begin to trend lower as onshore liquidity begins to normalise. Support is still evident at USD/ZMW6.05.

Figure 9: Kwacha weaker in response to US dollar rally



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
Angola								
USD/AOA	97.83	0.01	0.20	-0.08				
EUR/AOA	126.58	0.29	0.15	-3.42				
GBP/AOA	158.77	0.34	-0.55	-3.38				
JPY/AOA	1.09	0.10	1.30	4.71				
Botswana								
USD/BWP	9.07	-0.18	1.50	2.40	9.15	9.23	9.35	9.61
EUR/BWP	11.74	0.10	1.44	-1.02	11.86	11.97	12.14	12.51
GBP/BWP	14.73	0.15	0.74	-0.97	14.86	14.97	15.17	15.54
JPY/BWP	11.78	0.29	0.01	2.17	1.21	1.22	1.22	1.23
Ghana								
USD/GHS	3.59	-1.09	-5.27	-6.75	2.21	2.28	2.38	2.54
EUR/GHS	4.65	-0.80	-5.32	-9.86	2.87	2.95	3.08	3.30
GBP/GHS	5.83	-0.76	-5.98	-9.82	3.59	3.69	3.85	4.10
JPY/GHS	29.77	1.21	7.16	12.19	237.22	244.16	254.36	270.98
Kenya								
USD/KES	88.85	0.06	0.23	1.02	89.10	90.00	91.24	94.12
EUR/KES	114.96	0.34	0.17	-2.35	115.53	116.75	118.46	122.56
GBP/KES	144.20	0.39	-0.52	-2.31	144.90	146.29	148.16	152.49
JPY/KES	1.20	0.06	1.28	3.56	0.83	0.84	0.85	0.88
Mozambique								
USD/MZN	30.45	-0.33	0.08	-0.41	29.71	31.15	31.91	33.34
EUR/MZN	39.40	-0.04	0.03	-3.74	39.94	40.42	41.43	43.41
GBP/MZN	49.42	0.01	-0.67	-3.69	50.09	50.64	51.81	54.01
JPY/MZN	3.51	0.44	1.43	5.05	3305.60	3342.02	3418.60	3560.51
Nigeria								
USD/NGN	162.75	-0.04	0.40	0.28	159.75	159.75	159.75	159.75
EUR/NGN	210.58	0.24	0.35	-3.07	207.13	207.24	207.41	208.02
GBP/NGN	264.14	0.29	-0.35	-3.03	259.80	259.67	259.41	258.83
JPY/NGN	0.66	0.16	1.10	4.33	0.67	1.49	1.49	1.50
South Africa								
USD/ZAR	10.97	0.30	2.36	3.22	11.12	11.19	11.37	11.81
EUR/ZAR	14.20	0.58	2.31	-0.22	14.36	14.52	14.76	15.31
GBP/ZAR	17.81	0.63	1.60	-0.18	18.01	18.19	18.47	19.05
JPY/ZAR	9.74	-0.18	-0.83	1.35	9.69	9.59	9.42	9.08
Tanzania								
USD/TZS	1,665.00	0.00	0.21	0.24	1,678.88	1,707.00	1,756.50	1,842.00
EUR/TZS	2,154.34	0.29	0.16	-3.11	2,176.82	2,214.43	2,280.55	2,398.61
GBP/TZS	2,702.30	0.33	-0.54	-3.06	2,730.35	2,774.64	2,852.32	2,984.41
JPY/TZS	0.06	0.11	1.30	4.37	15.64	15.91	16.39	17.25
Zambia								
USD/ZMW	6.16	0.24	1.72	-0.08	5.34	5.36	5.50	5.77
EUR/ZMW	7.96	0.53	1.66	-3.42	6.92	6.95	7.13	7.51
GBP/ZMW	9.99	0.57	0.96	-3.37	8.68	8.69	8.91	9.33
JPY/ZMW	17.37	-0.13	-0.20	4.70	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
Metals						
Gold US\$/oz0	1,233.36	-5.5	-7.0	14.7	1,231.5	1,234.8
Copper US\$/tonne	6,856.00	0.1	-2.5	14.7	6,844.5	6,811.8
Softs						
Cattle US\$/lb	229.48	5.6	45.9	14.8	159.3	147.8
Cocoa US\$/tonne	3,074.00	-4.7	19.3	19.4	3,053.0	3,023.0
Coffee – Arabica US\$/lb	179.65	-4.8	55.5	39.4	184.6	193.3
Coffee – Robusta US\$/tonne	0.00	-	-	22.3	1,997.0	2,036.0
Cotton US\$/lb	70.86	11.4	-16.8	20.9	68.0	68.2
Maize – Yellow R/tonne	1,748.00	-2.9	-17.8	24.0	1,813.0	1,866.0
Maize – White R/tonne	1,716.00	-1.0	-26.2	23.7	1,763.0	1,861.0
Raw Sugar US\$/lb	13.78	-13.4	-19.4	31.3	18.5	18.5
Energy						
WTI Crude US\$/bbl	91.15	-6.4	-15.8	18.3	90.5	89.7

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	3.22	7.50
Ghana	25.52	25.42	19.00
Kenya	8.21	8.22	8.50
Mozambique	5.39	5.39	8.25
Namibia	5.55	5.71	5.75
Nigeria	10.12	10.33	12.00
South Africa	6.20	6.01	5.50
Tanzania	12.59	11.83	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 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

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+27 11 282-8286

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+27 11 269-9065

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+27 11 269-9719

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+27 11 269-9295

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+27 11 282-8542

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