

2 February 2015

Angola

- AOA: Kwana steady following enactment of import restrictions and bounce in oil

Botswana

- BWP: Some weakness expected this week

CMA

- ZAR: Caught up to other risk currencies

Ghana

- GHS: BoG committed to currency stability but market confidence remains shaky

Kenya

- KES: Shilling tightly bound between 91.45 and 91.65

Mozambique

- MZN: Metical relinquishes prior week's gains

Nigeria

- NGN: Naira holding firm at 190.50

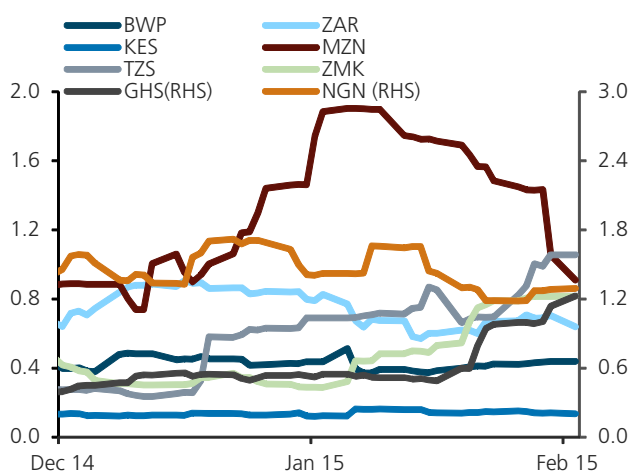
Tanzania

- TZS: Seasonal inflows generate currency gains

Zambia

- ZMW: Outcome of presidential elections creates stir in the market

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



Source: Bloomberg
Data as at February 2015

Contents

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

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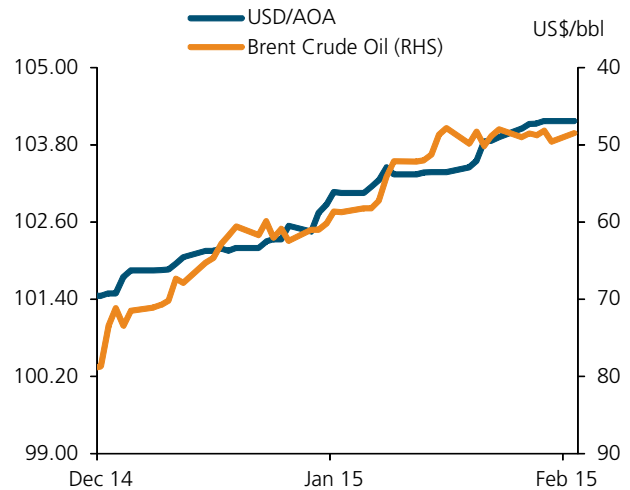


Angola

Kwanza (AOA) in brief

- One need only track the oil price to estimate kwanza movements as the currency moves in tow with the Brent crude price. The kwanza traded steadily last week, supported by a slight bounce in the oil price and local import restrictions enacted by the central government to lessen hard-currency demand. The currency should continue to trade along a plane over the next few days.

Figure 2: Trading steadily



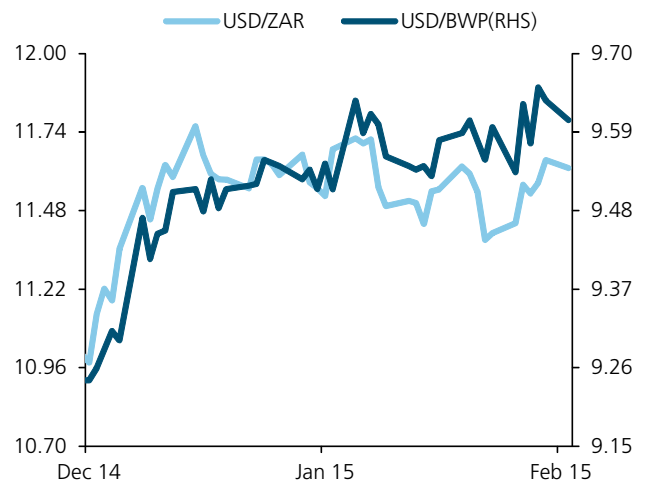
Source: Bloomberg
Data as at 2 February 2015

Botswana

Pula (BWP) in brief

- The pula lost the previous day's gains against the greenback on Friday, mainly taking cue from the rand. The rand came under pressure in line with other emerging market currencies despite the larger-than-expected South Africa trade surplus. We expect the pula to open little changed this morning around 0.1036/39 compared with the closing level at 0.1033/39. The local unit traded stronger against the rand to close the day at 1.2020/50 from 1.2010/40 in the morning.

Figure 3: Under pressure like other EMs



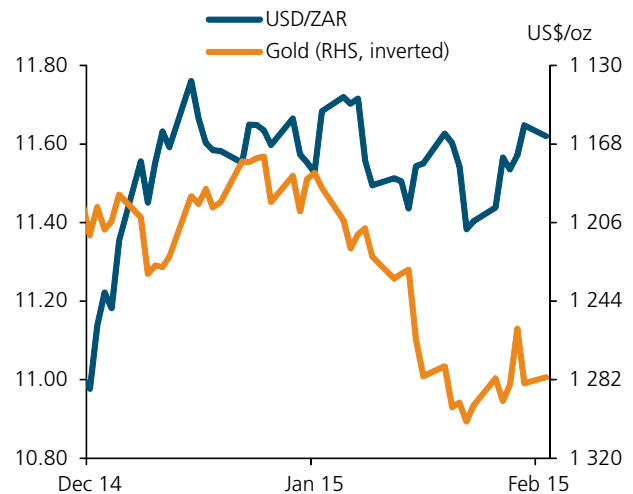
Source: Bloomberg
Data as at 2 February 2015

CMA

Rand (ZAR) in brief

- Concerns over the global economy have hit markets but have not had much impact on the rand. USD/ZAR opens at 11.63; EUR/ZAR at 13.15. Friday's weakness means the rand has now caught up with other risk currencies. Nevertheless, our bias remains for upside moves. Key USD/ZAR resistance is at 11.68. Expect volatile, choppy trade to continue, with focus on today's global PMI figures and Friday's US non-farm payrolls report.

Figure 4: Catching up with other risk currencies



Source: Bloomberg
Data as at 2 February 2015

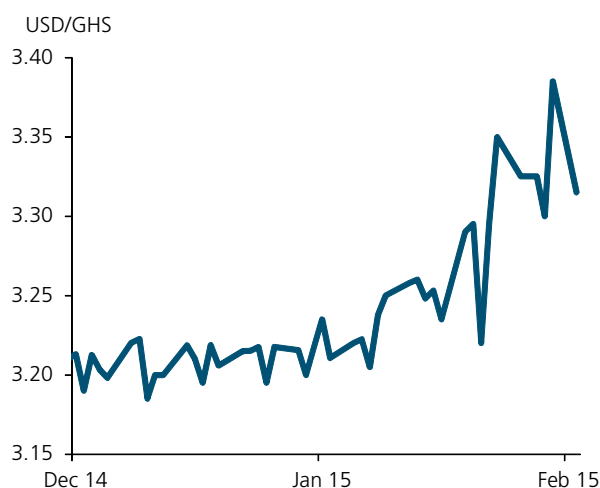


Ghana

Cedi (GHS) in brief

- Seasonal dollar demand linked to first quarter imports paired with a hint of speculative dollar buying underpinned the cedi's recent bout of weakness. The central bank has kept a close watch on proceedings to ensure that the currency is maintained in a stable band. However, despite its best intentions, the local interbank remains largely illiquid. Despite the positive implications of an IMF-led support programme, the onus will still be on policymakers to apply prudent fiscal and monetary measures. We continue to support gradual currency depreciation this year.

Figure 5: Dollar demand increasing



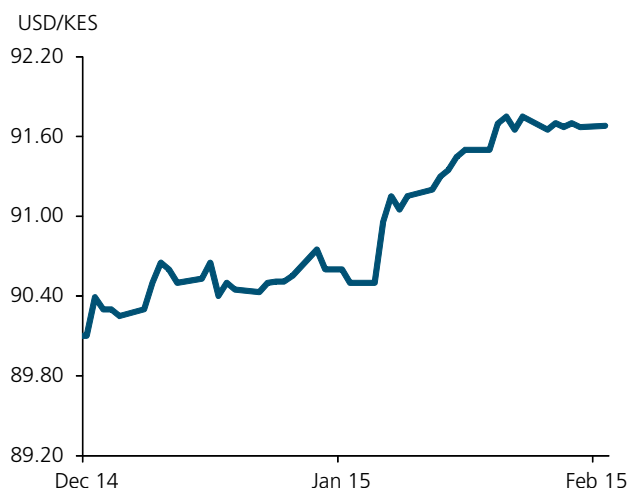
Source: Bloomberg
Data as at 2 February 2015

Kenya

Shilling (KES) in brief

- The shilling is tightly bound between 91.45 and 91.65 as the market awaits further efforts by the central bank to shore up the currency. The rate of depreciation is considerably slower than similarly managed currencies, though it is starting to unnerve market participants with regular import commitments and investors with exposure to shilling-denominated assets. The precipitous decline in the price of oil should dampen the impact of the weaker currency on domestic inflation, keeping the central bank on hold.

Figure 6: Slow rate of depreciation



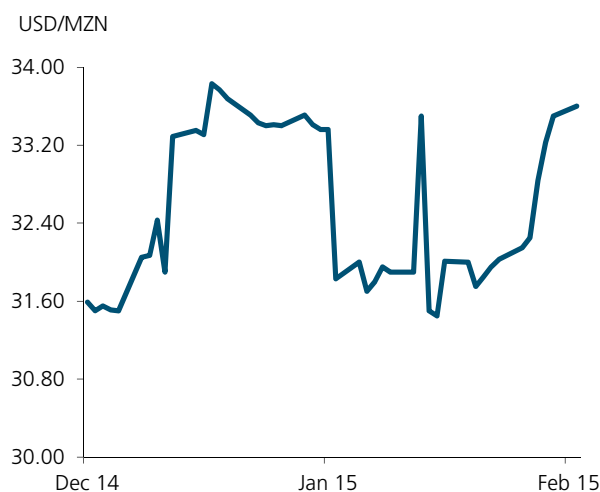
Source: Bloomberg
Data as at 2 February 2015

Mozambique

Metical (MZN) in brief

- The metical relinquished its prior week's gains as rampant import demand overwhelmed the interbank market, resulting in a sharp ascent from 32.15 to 34.00 recorded at the beginning of the week. Relief efforts will add to the growing economic costs associated with the catastrophic floods which have resulted in significant loss of life. Depreciatory pressure is likely to be sustained over the short term.

Figure 7: Depreciatory pressure to continue



Source: Bloomberg
Data as at 2 February 2015

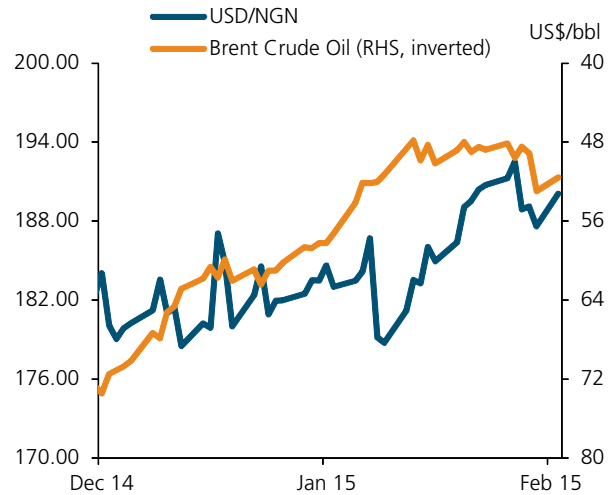


Nigeria

Naira (NGN) in brief

- The naira is holding firm at 190.50 as proceeds from oil exports augment local US dollar liquidity. Notwithstanding the momentary respite from US dollar inflows, 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 two weeks as most investors have already trimmed their positions to guard against a fallout following the polls. Resistance continues to be evident at 191.00.

Figure 8: Volatility expected as election draws near



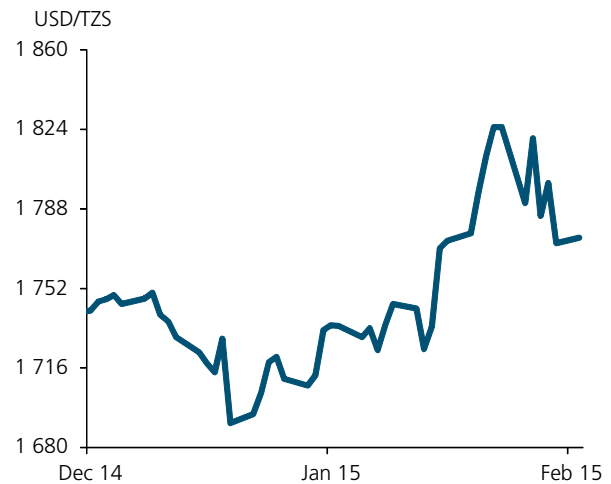
Source: Bloomberg
Data as at 2 February 2015

Tanzania

Shilling (TZS) in brief

- Hard-currency inflows paired with US dollar sales by the central bank occasioned significant currency gains, with the shilling ending the week 4.1% stronger. The seasonal month-end effect is likely to peter out as importers increase their demand for US dollars. Movements back to 1,780 cannot be ruled out.

Figure 9: Central bank dollar sales stabilising shilling



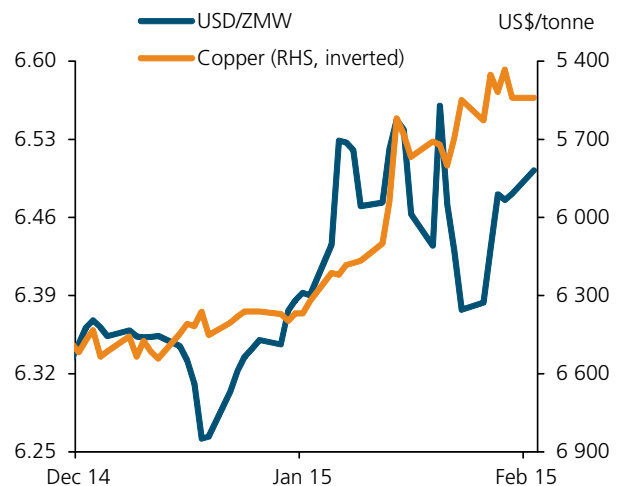
Source: Bloomberg
Data as at 2 February 2015

Zambia

Kwacha (ZMW) in brief

- The outcome of the presidential elections created quite the stir in the market last week, with the kwacha bobbing between 6.31 and 6.50. A mismatch between US dollar supply and demand exacerbated upward movements in the currency pair, with the unit teetering near 6.50 at the end of the week. Volatility is likely to remain elevated over the next few days as global factors continue to influence investor decisions. As a commodity currency, the kwacha is vulnerable to sluggish global growth, weak copper prices and changes in Fed rhetoric regarding the timing of monetary tightening. These factors are likely to impact the kwacha's direction and the extent of volatility this year.

Figure 10: Volatility to remain elevated this week



Source: Bloomberg
Data as at 2 February 2015



Commodities prices

	Current	m/m % change	y/y % change	Implied volatility	3-month future	12-month future
Metals						
Gold US\$/oz	1 280.78	7.7	2.9	17.7	1 279.2	1 282.0
Copper US\$/tonne	5 505.00	-12.7	-22.4	17.7	5 504.0	5 459.5
Softs						
Cattle US\$/lb	205.20	-8.4	21.1	14.8	152.3	148.2
Cocoa US\$/tonne	2 693.00	-8.0	-7.5	16.3	2 698.0	2 683.0
Coffee – Arabica US\$/lb	161.90	0.5	29.3	36.6	164.7	173.2
Coffee – Robusta US\$/tonne	-	-	-	21.5	1 925.0	2 025.0
Cotton US\$/lb	59.05	-0.9	-31.2	22.8	60.0	62.8
Maize – Yellow R/tonne	2 094.00	-0.8	-34.5	24.0	2 065.0	2 091.0
Maize – White R/tonne	2 123.00	1.3	-35.6	23.7	2 101.0	2 180.0
Raw Sugar US\$/lb	14.79	4.4	-4.9	22.2	16.7	16.7
Energy						
WTI Crude US\$/bbl	46.91	-11.0	-51.9	56.1	51.2	58.0

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	25.84	21.00
Kenya	8.68	8.68	8.50
Mozambique	5.38	5.38	8.25
Namibia	5.66	5.73	5.75
Nigeria	12.30	12.96	13.00
South Africa	6.00	6.00	5.75
Tanzania	14.28	13.60	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	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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