

16 March 2015

Angola

- AOA: Fluctuation in the oil price heightens jump risk

Botswana

- BWP: Currently it is all about the dollar

CMA

- ZAR: Risks are high on USD/ZAR

Ghana

- GHS: Demand for US dollars outweighs supply

Kenya

- KES: Steadily making its way back to 91.00

Mozambique

- MZN: Metical continues to meander in a narrow range

Nigeria

- NGN: Purely a function of central bank policy at this stage

Tanzania

- TZS: Quarter-end to provide welcome reprieve

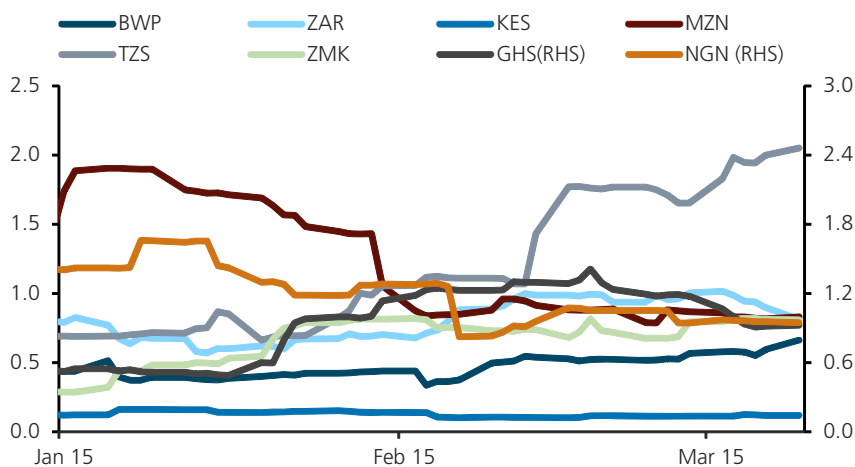
Zambia

- ZMW: Bullish US dollar sentiments put kwacha on back foot

Contents

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

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



Source: Bloomberg
Data as at March 2015

Analysts



Nema Ramkhelawan-Bhana

Africa Analyst

nema.ramkhelawan-bhana@rmb.co.za
+27 11 282-8519

Celeste Fauconnier

Africa Analyst

celeste.fauconnier@rmb.co.za
+27 11 282-1923

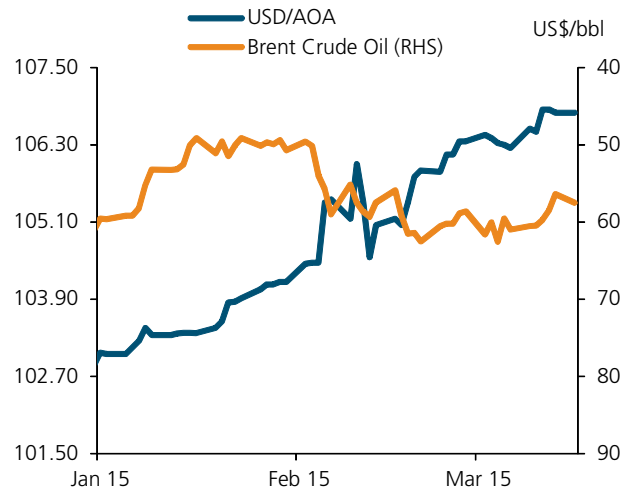


Angola

Kwanza (AOA) in brief

- Fluctuation in the oil price heightens jump risk, that is the likelihood of a large, once-off adjustment in response to an exogenous shock. We expect local market liquidity to remain constrained in the short term, resulting in further currency weakness.

Figure 2: Slight recovery in oil price



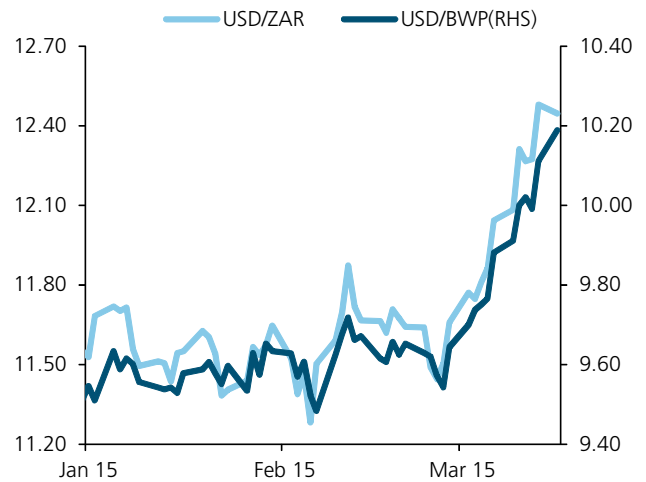
Source: Bloomberg
Data as at 16 March 2015

Botswana

Pula (BWP) in brief

- The pula weakened further against the greenback on Friday, with the dollar still being supported by increased expectations that the Fed could raise rates by the middle of this year.
- Currently it is all about the dollar while the riskier emerging market currencies have taken all the beating. The pula closed last Friday weaker at 0.0987/89 from 0.0993/96 in the morning. BWP/ZAR strengthened to close the day at 1.2298/1.2329 from 1.2224/54 in the morning.

Figure 3: Steady trading



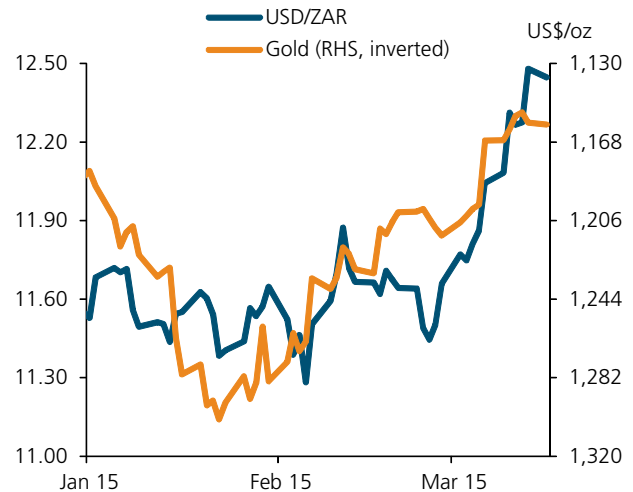
Source: Bloomberg
Data as at 16 March 2015

CMA

Rand (ZAR) in brief

- Risks are high on USD/ZAR coming into a week that contains the Fed meeting and the release of local 4Q14 current account figures. The dollar remains the primary driver of all global markets: EUR/USD dropped as far as 1.0456 in the early hours of this morning but the subsequent bounce-back to over 1.05 will relieve some global stress. The rand itself is skittish, with thin liquidity and big bid-offer spreads having run on Friday ahead of the dollar only to stabilise later. There are large moves on EUR/ZAR, with swings between 12.90 and 13.20, highlighting the rand's instability.

Figure 4: Volatility driven by US payrolls



Source: Bloomberg
Data as at 16 March 2015

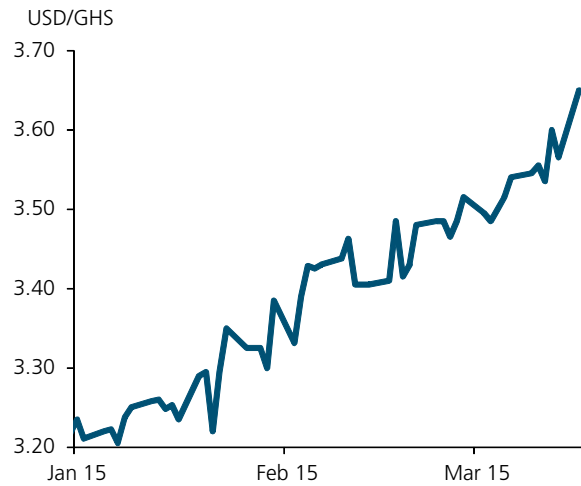


Ghana

Cedi (GHS) in brief

- The cedi continues to come under pressure as the demand for US dollars outweighs supply, entrenching a weaker trend. The prospect of a liquidity squeeze has spurred panic-buying as importers seek to mitigate the risk of a weaker currency. The central bank's attempts to quell demand have been largely unsuccessful, dampening market sentiment. The cedi's tide is likely to turn once the IMF's assistance programme comes to fruition.

Figure 5: Positive sentiment not helping



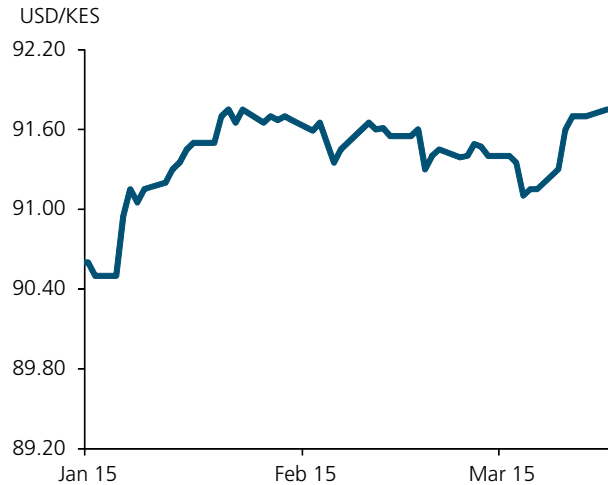
Source: Bloomberg
Data as at 16 March 2015

Kenya

Shilling (KES) in brief

- Open market operations coupled with a steady stream of investor inflows and quarter-end US dollar conversions have provided the impetus for shilling gains. The local unit is steadily making its way back to 91.00 where it is likely to trade for the remainder of the week. We anticipate a great level of interest in this week's IFB auction. The settlement of successful bids will augment the existing pool of US dollar liquidity, reinforcing the shillings short-term gains.

Figure 6: Dollar flows keeping shilling steady



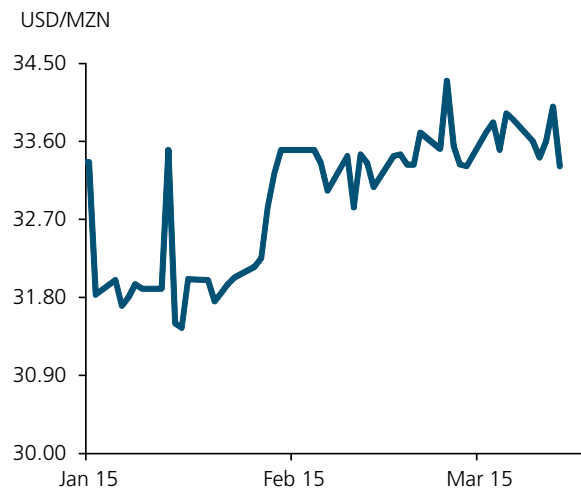
Source: Bloomberg
Data as at 16 March 2015

Mozambique

Metical (MZN) in brief

- The metical continues to meander in a narrow range but exhibits a slight downward bias as NGO inflows continue to percolate the local foreign exchange market. This should ensure that the local unit does not surrender its gains in periods of aggressive US dollar strength.

Figure 7: Depreciatory pressure to continue



Source: Bloomberg
Data as at 16 March 2015

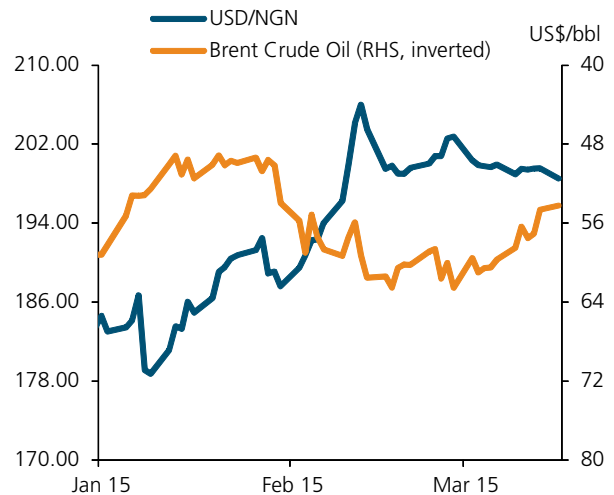


Nigeria

Naira (NGN) in brief

- The naira is purely a function of central bank policy at this stage. The CBN will impose sanctions on exporters who fail to repatriate dollar proceeds and introduce it back into the market within the required 90-day limit. After implementing trading rules where banks can purchase hard currency only if they have a prior order from a corporate customer, the central bank is now ensuring liquidity through exporters. Governor Emefiele says around US\$3 – US\$4bn of proceeds due to be repatriated are outstanding, of which 40% would come from oil firms. If not compliant, these exporters will be banned from accessing the foreign exchange market, and banks will not be allowed to loan them money.

Figure 8: Dollar sales keeps naira in tight band



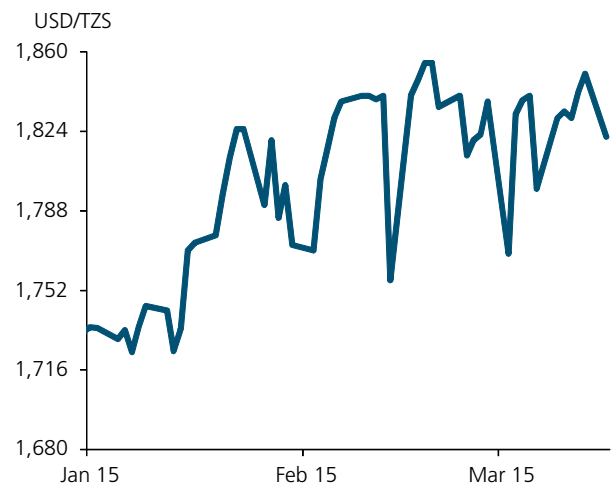
Source: Bloomberg
Data as at 16 March 2015

Tanzania

Shilling (TZS) in brief

- The end of the first quarter will provide a welcomed reprieve for the shilling as corporates ramp up their demand for local currency to meet local tax commitments. An enlarged pool of US dollars should ensure that the shilling remains hemmed between 1,835 and 1,845 over the next few days.

Figure 9: Demand outpacing supply of dollars



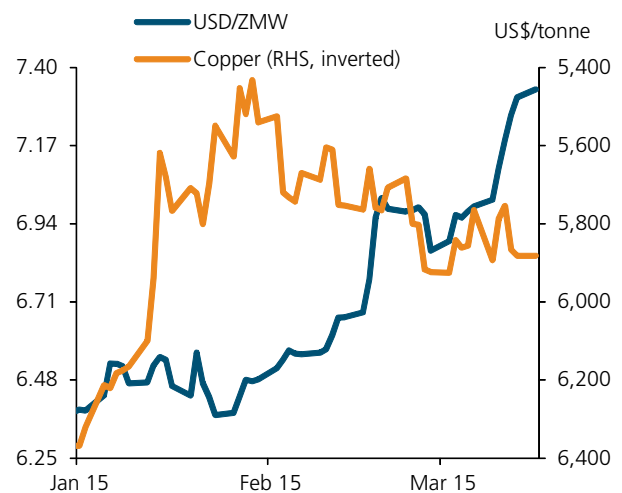
Source: Bloomberg
Data as at 16 March 2015

Zambia

Kwacha (ZMW) in brief

- The dollar has generally been bullish owing to soured global sentiments. As such, the kwacha ended last week weaker at 7.350. The unit is expected to trade on the back foot this week due to persistent US dollar demand. Yet, the unit appears oversold at current levels and could stage a light recovery should exporters return to the market.

Figure 10: Positive sentiment short-lived



Source: Bloomberg
Data as at 16 March 2015



Commodities prices

	Current	m/m % change	y/y % change	Implied volatility	3-month future	12-month future
Metals						
Gold US\$/oz	1 159.51	-5.7	-16.2	17.1	1 153.3	1 156.3
Copper US\$/tonne	5 860.00	2.3	-9.7	17.9	5 863.0	5 835.5
Softs						
Cattle US\$/lb	213.13	4.5	22.1	14.8	145.3	147.6
Cocoa US\$/tonne	2 902.00	-2.3	-3.2	16.1	2 818.0	2 763.0
Coffee – Arabica US\$/lb	126.45	-22.5	-36.1	45.6	129.8	143.9
Coffee – Robusta US\$/tonne	-	-	-	28.9	1 708.0	1 796.0
Cotton US\$/lb	60.75	-3.1	-34.1	18.9	60.5	62.9
Maize – Yellow R/tonne	2 450.00	1.7	-26.6	24.0	2 465.0	2 491.0
Maize – White R/tonne	2 601.00	-6.4	-21.7	23.7	2 625.0	2 755.0
Raw Sugar US\$/lb	12.70	-14.7	-26.4	28.5	14.5	14.5
Energy						
WTI Crude US\$/bbl	44.23	-16.2	-55.3	46.3	50.3	56.3

Source: Bloomberg

Interest rates

	3-m T-Bill		Policy rate
	Feb-15	Current	Current
Angola	6.48	6.48	9.00
Botswana	3.19	2.20	6.50
Ghana	25.84	23.99	21.00
Kenya	8.64	8.45	8.50
Mozambique	5.43	5.43	8.25
Namibia	6.09	6.07	6.25
Nigeria	13.08	14.22	13.00
South Africa	5.95	5.79	5.75
Tanzania	11.34	7.60	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 March 2015

All rated sub-Saharan countries

	Fitch	Moody's	S&P
Angola	BB-	Ba2	B+
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.



Africa

Global Markets Africa

Ebrahim Motala
+27 11 269-9964
brahim.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

Dharmit Cumar
+258 21 355-919
dharmit.cumar@fmb.co.mz

Namibia

Michelle van Wyk
+264 61 299-2265
michellew@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

Global Markets regional offices

Cape Town

+27 21 446-9333

Durban

+27 31 580-6390

Port Elizabeth

+27 41 394-2511

India

Harihar Krishnamoorthy
+91 22 6625-8701
harihar.krishnamoorthy@firststrand.co.in

United Kingdom

Tracy Frampton
+44 20 7939-1700
tracy.frampton@rmb.co.uk

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 11 269-9230/9175/9648

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 & Commodity Finance:

Trade

+27 11 282-8269

Structured Trade & Commodity Finance:

Working Capital

+27 11 269-9740

Please email us at globalmarkets@rmb.co.za for more information

www.rmb.co.za/globalmarkets

Twitter: RMB_GM

To subscribe to research, please email 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.