

13 May 2013

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### The week in focus

#### Botswana

- BoB expects sluggish economic growth over next two years
- BWP: Pula stuck in a tight range against the rand

#### CMA

- Namibia: Reuters poll shows 4.4% growth in 2013
- ZAR: Rand to trade flat as dollar stabilises

#### Ghana

- The central bank announced its intention to approve FirstRand's bid for Ghana's Merchant Bank soon
- GHS: BoG intervenes to quell rate of depreciation

#### Kenya

- The central bank cuts benchmark lending rate by 100bp to 8.5%
- KES: Support stemming from fresh interest in local stocks

#### Mozambique

- BDM retains benchmark rate at 9.5%
- MZN: Improvement in local liquidity conditions support metical gains

#### Nigeria

- CBN releases economic report for 1Q13
- NGN: We anticipate a thinning of local liquidity

#### Tanzania

- Headline inflation slows to 9.4% y/y in April
- TZS: USD/TZS likely to resume an upward trend

#### Zambia

- Reuters poll shows 7.2% growth in 2013
- ZMW: Kwacha sways to the beat of local liquidity

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## Botswana

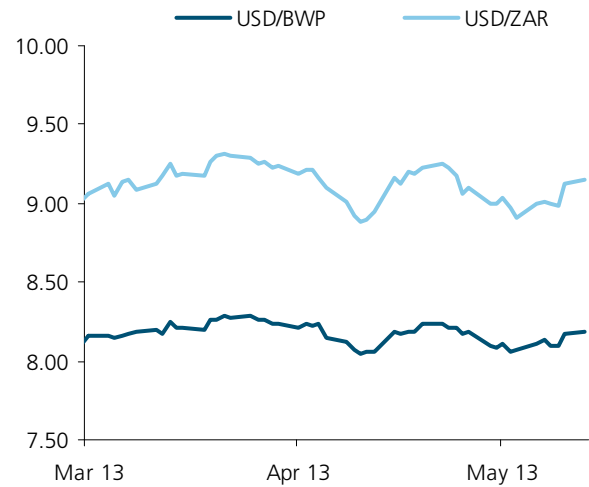
### News flash

- The central bank expects economic growth to remain sluggish over the next two years, anticipating similar rates of expansion to 2012. The BoB governor cited challenges within the mining sector as a primary deterrent to growth. In contrast, we expect accelerated growth in 2013 given that the non-mining economy, notably construction and the tertiary sector, is expected to remain very strong.

### Pula (BWP) in brief

- The pula traded strongly on Friday against the greenback to close at the week's highest level. It was mainly taking cue from the strong US dollar performance against the rand. It closed at 0.1223/26 after opening at 0.1227/30. The pula was stuck in a tight range against the rand and closed slightly stronger than the previous day at 1.1098/1.1125 from 1.1089/1.1115 in the morning.

Figure 1: Trading in a narrow range



Source: Bloomberg  
Data as at May 2013

## CMA

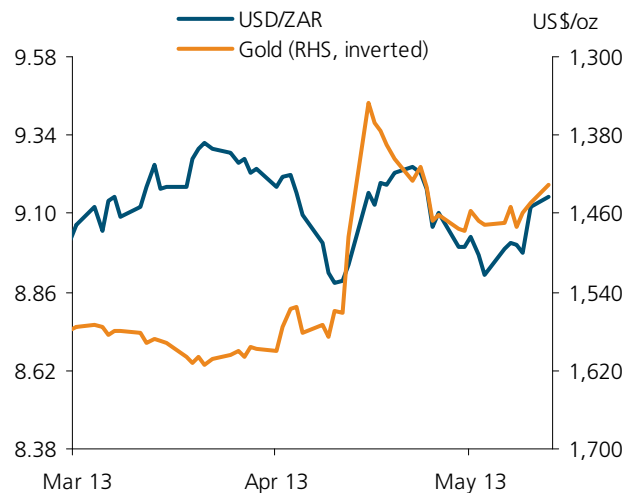
### News flash

- In the latest Reuters poll, Namibia's economy is expected to grow by 4.4% in 2013 and by 4.7% in 2014, driven mainly by the mining sector. The ground-breaking ceremony for the Husab uranium project has taken place which will positively impact growth from 2015 onwards. The biggest risk for this year and 2014 comes from prevalent drought and its duration.

### Rand (ZAR) in brief

- The rand is still edgy but should be able to stabilise after Friday's sharp losses. Look for USD/ZAR to settle in a 9.10 – 18 range today. Risks for the week remain large, with the international data calendar very busy while local issues are likely to remain rand negative. USD/ZAR's upside adjustment on Friday was mostly a dollar move but the pressure has eased coming into this week. After breaking 100, USD/JPY has stabilised at slightly under 102. More importantly from a rand perspective, EUR/USD is range-bound between 1.2950 and 1.3000. Risk appetite is mostly neutral. US equities ended up again on Friday to complete a very strong week but look set to fall marginally today. Global risk assets have responded by trading water.

Figure 2: Still edgy but expected to stabilise



Source: Bloomberg  
Data as at May 2013



## Ghana

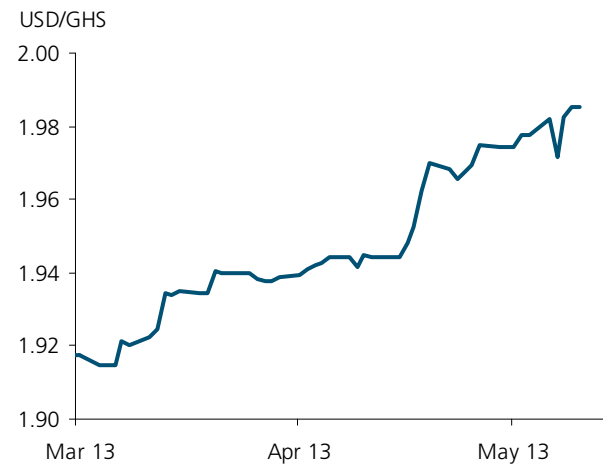
### News flash

- The central bank announced its intention to approve FirstRand's bid for Ghana's Merchant Bank soon. When completed, it should place the bank among the country's five largest in terms of assets, according to the central bank.

### Cedi (GHS) in brief

- A quickening in the rate of cedi depreciation has prompted the Bank of Ghana to intervene in the interbank market. Though the central bank has not disclosed the exact methods it will use to augment US dollar liquidity, it has alluded to the adoption of stringent measures, such as restrictions on foreign exchange transactions, to offset currency weakness. However, the bank has been quoted as saying that recent volatility is largely driven by the seasonal repatriation of dividends by multinational corporations. The BoG will probably only implement strict reforms should it perceive speculative activity as a threat to currency stability.

Figure 3: BoG ramps up efforts to quell cedi weakness



Source: Bloomberg  
Data as at May 2013

## Kenya

### News flash

- The central bank lowered its benchmark lending rate by 100bp yesterday to 8.5%. Although we expected a 50bp cut, the extent of the move did not come as a surprise. Following a period of rapid disinflation, headline CPI appears to have bottomed, rising steadily over the last three months mainly due to seasonal increases in the price of food and fuel. But despite the possible re-emergence of cost push pressures, favourable weather conditions, non-inflationary credit growth and a stable shilling has dampened the effect of rising commodities prices to ensure that inflation remains within the government's medium-term target of 5%.

### Shilling (KES) in brief

- Fresh interest in local stocks and bonds should provide further support to the shilling this week. Various listed entities are expected to announce first quarter results this month, which should arouse investor interest, thereby accelerating portfolio inflows.

Figure 4: Shilling settles in a comfortable trading range



Source: Bloomberg  
Data as at May 2013



## Mozambique

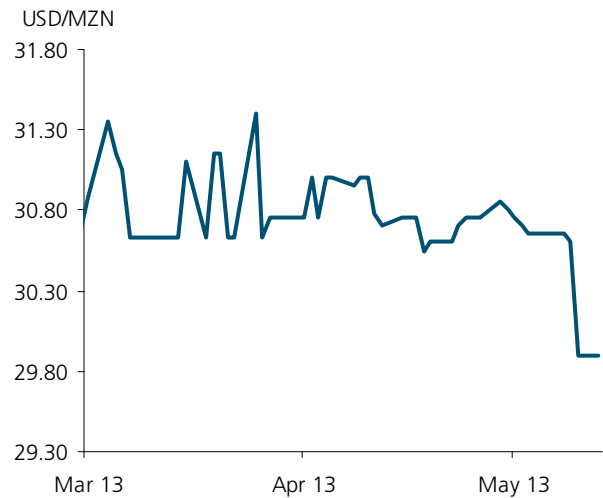
### News flash

- The Banco de Moçambique retained its benchmark policy rate at 9.5% on Friday, maintaining a prudent policy stance to help contend with the impact of external shocks on the domestic economy. Government concerns about weak global growth and its effects on the local market are balanced by low base effects in inflation and the recent floods, leading us to believe the MPC will keep rates unchanged at 9.5% for the foreseeable future. We believe these factors have caused a change in the direction of policy rates — inflationary pressures resulting from the disruption of important transport routes have brought the interest rate cutting cycle to a halt.

### Metical (MZN) in brief

- Though slight, the rate of appreciation since the end of April suggests an improvement in local demand and supply conditions which should allow the metical to trade comfortably below USD/MZN30.00 over the next week.

Figure 5: Considerable Improvement in US dollar liquidity spurs metical gains



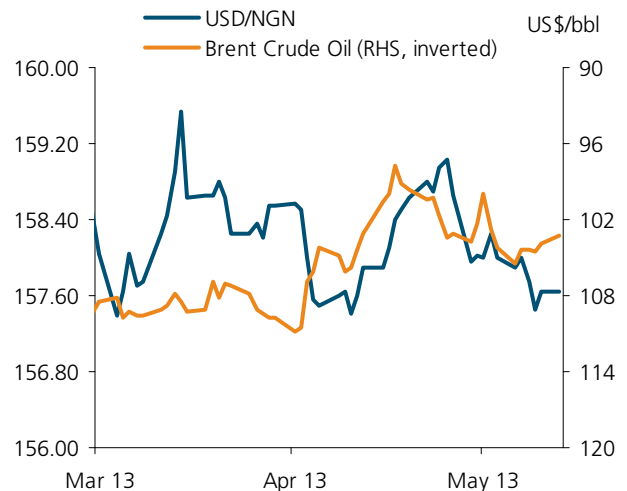
Source: Bloomberg  
Data as at May 2013

## Nigeria

### News flash

- 1Q13 growth is forecast to have increased by 6.6% y/y, marginally lower than 4Q12 due to a moderation in the contribution of the non-oil sector to GDP. Though softer than anticipated, the rate of growth is still in line with our annual average forecast of 7% for 2013.
- The Maritime Association and Safety Agency has lifted its restriction on Nigeria Liquefied Natural Gas Limited (NLNG), after officials from both parties agreed to pursue further dialogue to resolve an on-going fee dispute.
- The government has ramped up its efforts to fund power and gas reforms by appointing book-runners to manage a US\$1bn Eurobond issuance planned for 3Q13.

Figure 6: Naira set to weaken as IOCs scale back US dollar sales



Source: Bloomberg  
Data as at May 2013

### Naira (NGN) in brief

- We anticipate a thinning of local liquidity this week as international oil firms lessen their sales of US dollars, resulting in marginal naira weakness. The local unit should bounce between USD/NGN157.00 and 158.00 over the next few days.



## Tanzania

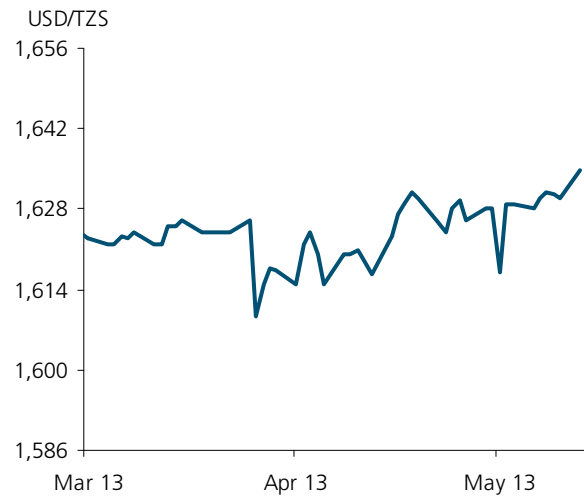
### News flash

- Annual headline CPI sustained a measured disinflationary trend in April, printing at 9.4% — a tad higher than our expectation of 9.3%. Goods inflation fell in year-on-year terms, with the food and non-alcoholic beverage component recording the largest decline. Core inflation bucked the trend, rising 0.6% m/m on account of higher transportation costs, specifically relating to port fees which were hiked between 19% and 40% last month. Transport holds the second largest weighting in the consumer basket of 9.5%. Inflation is likely to fall at a slower pace in May due to variability in domestic food and fuel prices.

### Shilling (TZS) in brief

- USD/TZS is likely to resume an upward trend this week on the back of strong corporate demand for US dollars. We anticipate movements between USD/TZS 1,630 and 1,640 over the next few days.

Figure 7: USD/TZS likely to resume an upward trend



Source: Bloomberg  
Data as at May 2013

## Zambia

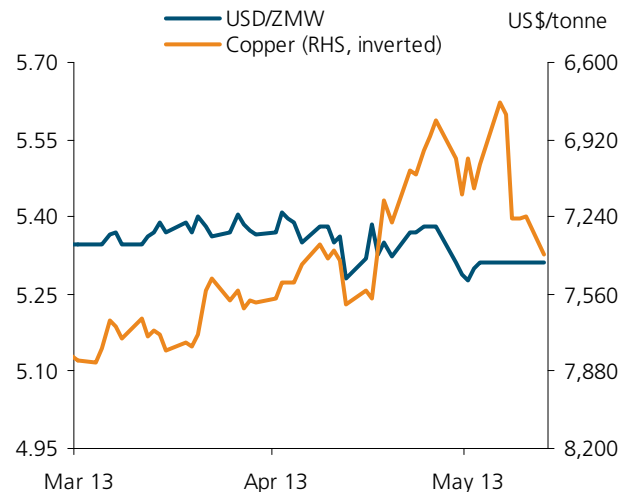
### News flash

- In the latest Reuters poll, Zambia's economy is expected to grow by 7.2% in 2013, mainly due to an increase in copper production.

### Kwacha (ZMW) in brief

- The dollar rose sharply following a surprise drop in jobless claims last Thursday, exerting upward pressure on USD/ZMW. Liquidity conditions in the local market appear squeezed, which should push the kwacha's perceived resistance level to 5.340 with a strong bias towards further weakness

Figure 8: Kwacha adjusts to domestic liquidity conditions



Source: Bloomberg  
Data as at May 2013



## Spot and implied forward exchange rates

	Currency rates				Outright forwards			
	Last	% change			Maturity			
		1-day	1-week	1-month	1-m	3-m	6-m	12-m
<b>Botswana</b>								
USD/BWP	8.10	0.00	0.45	-0.24	8.30	8.39	8.53	8.76
EUR/BWP	10.62	-0.45	0.77	0.55	10.78	10.90	11.08	11.40
GBP/BWP	12.56	-0.37	0.27	1.33	12.75	12.88	13.08	13.43
BWP/JPY	12.26	0.48	0.90	0.78	1.10	1.10	1.10	1.09
<b>Ghana</b>								
USD/GHS	1.98	0.56	0.41	1.95	2.01	2.07	2.16	2.30
EUR/GHS	2.60	0.11	0.73	2.76	2.61	2.68	2.80	2.99
GBP/GHS	3.07	0.18	0.23	3.56	3.09	3.17	3.31	3.53
GHS/JPY	50.11	-0.08	0.94	-1.39	204.26	210.51	219.63	233.76
<b>Kenya</b>								
USD/KES	83.65	-0.18	-0.12	-0.98	84.32	85.48	87.38	91.51
EUR/KES	109.68	-0.63	0.20	-0.20	109.54	111.09	113.63	119.19
GBP/KES	129.67	-0.55	-0.29	0.58	129.49	131.22	134.08	140.34
KES/JPY	1.19	0.66	1.47	1.53	0.83	0.84	0.86	0.90
<b>Mozambique</b>								
USD/MZN	30.60	-0.16	-0.32	-1.12	30.60	-0.16	-0.32	-1.12
EUR/MZN	40.13	-0.61	0.00	-0.34	40.13	-0.61	0.00	-0.34
GBP/MZN	47.44	-0.53	-0.49	0.44	47.44	-0.53	-0.49	0.44
MZN/JPY	3.25	0.64	1.67	1.68	3.25	0.64	1.67	1.68
<b>Nigeria</b>								
USD/NGN	157.45	-0.19	-0.51	-0.10	157.65	157.65	157.65	157.65
EUR/NGN	206.45	-0.64	-0.19	0.70	204.81	204.88	205.01	205.33
GBP/NGN	244.08	-0.56	-0.68	1.48	242.10	242.01	241.90	241.76
NGN/JPY	0.63	0.67	1.86	0.63	0.64	1.57	1.57	1.57
<b>South Africa</b>								
USD/ZAR	8.98	-0.26	0.04	-0.33	9.19	9.23	9.34	9.59
EUR/ZAR	11.77	-0.71	0.36	0.46	11.89	11.99	12.14	12.44
GBP/ZAR	13.92	-0.63	-0.13	1.24	14.06	14.17	14.33	14.65
ZAR/JPY	11.06	0.74	1.31	0.87	11.10	11.01	10.87	10.61
<b>Tanzania</b>								
USD/TZS	1,630.50	-0.03	0.09	0.65	1,645.50	1,676.50	1,719.00	1,804.00
EUR/TZS	2,137.91	-0.48	0.41	1.45	2,137.71	2,178.78	2,235.39	2,349.58
GBP/TZS	2,527.60	-0.40	-0.08	2.24	2,526.95	2,573.64	2,637.69	2,766.42
TZS/ZAR	0.06	0.51	1.25	-0.11	16.20	16.51	16.94	17.81
<b>Zambia</b>								
USD/ZMW	5.31	0.00	0.19	-1.30	5.34	5.36	5.50	5.77
EUR/ZMW	6.96	-0.45	0.51	-0.52	6.94	6.95	7.14	7.51
GBP/ZMW	8.23	-0.37	0.01	0.26	8.20	8.22	8.43	8.84
ZMW/JPY	18.71	0.48	1.16	1.86	0.05	0.05	0.05	0.06

Source: Bloomberg, Reuters, RMB Global Markets  
All data as at May 2013



## Commodities prices

	Current	m/m % change	y/y % change	Implied volatility	3-month future	12-month future
<b>Metals</b>						
Gold US\$/oz	1431.00	-3.5	-9.4	19.5	1437.9	1442.3
Copper US\$/tonne	7390.50	-1.6	-8.5	18.3	7372.0	7421.0
<b>Softs</b>						
Cattle US\$/lb	135.38	-1.8	-9.6	16.7	120.8	128.0
Cocoa US\$/tonne	2298.00	1.6	-3.1	22.8	2300.0	2330.0
Coffee — Arabica US\$/lb	143.80	6.3	-18.5	26.2	144.5	154.4
Coffee — Robusta US\$/tonne	0.00	-	-	19.1	2031.0	2084.0
Cotton US\$/lb	86.50	1.1	9.5	22.7	86.5	85.6
Maize — Yellow R/tonne	2137.00	-1.4	9.5	25.2	2127.0	2203.0
Maize — White R/tonne	2120.00	-2.9	4.7	23.2	2142.0	2249.0
Raw Sugar US\$/lb	17.43	-3.3	-13.8	19.3	19.3	19.3
<b>Energy</b>						
WTI Crude US\$/bbl	95.19	4.3	-1.0	19.3	96.0	92.5

## Interest rates

	3-m T-Bill		Policy rate
	Apr-13 <sup>1</sup>	Current	Current
Botswana	5.36	4.82	9.00
Ghana	22.96	22.97	15.00
Kenya	10.20	10.20	9.50
Mozambique	2.71	2.98	9.50
Namibia	5.15	5.15	5.50
Nigeria	10.35	10.30	12.00
South Africa	5.16	5.04	5.00
Tanzania	11.80	12.00	OMO <sup>2</sup>
Zambia	5.50	5.99	9.25

<sup>1</sup> End of month

<sup>2</sup> Open Market Operations

Source: Bloomberg, Reuters, RMB Global Markets  
All data as at May 2013

## All rated sub-Saharan countries

	Fitch	Moody's	S&P
Angola	BB- (P)	Ba3 (P)	BB-
Benin	B	–	B
Botswana	–	A2	A-
Burkina Faso	–	–	B
Cameroon	B	–	B
Cape Verde	B+	–	B+
Gabon	BB-	–	BB-
Ghana	B+ (N)	B1	B
Kenya	B+	B1	B+
Lesotho	BB- (N)	–	–
Mauritius	–	Baa1	–
Mozambique	B (P)	–	B+
Namibia	BBB-	Baa3	–
Nigeria	BB-	Ba3	BB-
Rwanda	B	–	B (P)
Senegal	–	B1	B+ (N)
Seychelles	B	–	–
South Africa	BBB	Baa1	BBB (N)
Uganda	B	–	B+
Zambia	B+ (N)	B1	B+

P = Positive outlook N = Negative outlook SD = Selective Default  
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 bank and national statistical websites.



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