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### Analysts

Celeste Fauconnier

Africa Analyst

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



Nema Ramkhelawan-Bhana

Africa Analyst

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



### The week in focus

#### Botswana

- There were no significant news events or data releases last week
- BWP: Pula takes its cue from the rand

#### CMA

- Namibia: There were no significant news events or data releases last week
- ZAR: High-yielding commodity currencies under pressure

#### Ghana

- There were no significant news events or data releases last week
- GHS: Idling at USD/GHS2.00, but an upward breach is imminent

#### Kenya

- The CBK anticipates an increase in the pace of private sector credit growth
- KES: Shilling weakens as investors take profit on the NSE

#### Mozambique

- Headline CPI inches higher in May, printing at 4.90% y/y
- MZN: Sustained downward bias

#### Nigeria

- Ten independent gas-fired power plants to be privatised by 2014
- NGN: Teetering at USD/NGN158.70

#### Tanzania

- Pace of disinflation quickened in May
- TZS: Weakness underpinned by rampant corporate demand

#### Zambia

- Konkola Copper Mines stops job cuts
- ZMW: At the mercy of global risk sentiment

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## Botswana

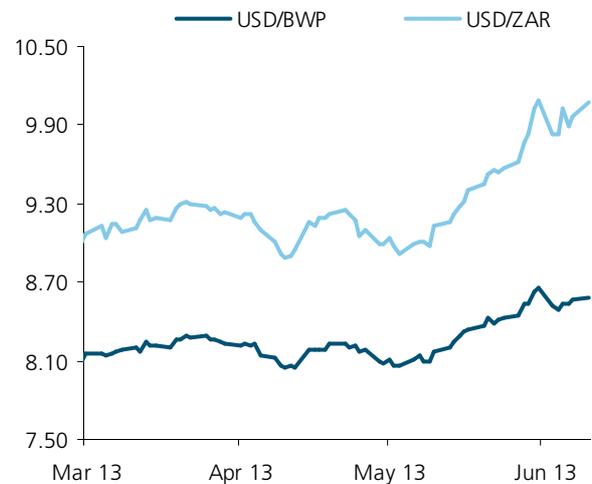
### News flash

- There were no significant news events or data releases last week.

### Pula (BWP) in brief

- The pula strengthened against the greenback towards the end of last week, taking its cue from the rand. The South African unit recouped earlier losses after the South African Reserve Bank governor's comments that there was little scope to cut interest rates. The pula closed at 0.1161 after opening slightly stronger at 0.1167 on Friday.

Figure 1: Pula follows in the rand's footsteps



Source: Bloomberg  
Data as at June 2013

## CMA

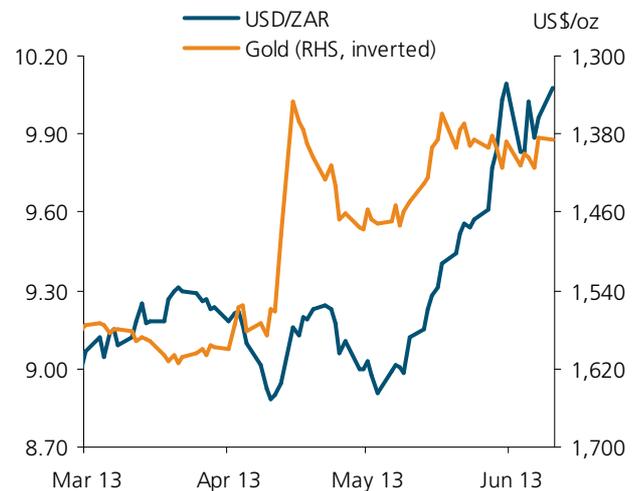
### News flash

- There were no significant news events or data releases last week.

### Rand (ZAR) in brief

- USD/ZAR looks set to open higher between 10.05 and 10.10 but it is uncertain if there is enough impetus to get the upside trend going again. Friday's non-farm payroll figures had a little bit for everyone — the 175,000 jobs created were better than expected but were offset by a surprise tick up in the unemployment rate to 7.6%. While the US data has been too strong for comfort, Chinese figures have been too weak. Data released over the weekend showed that both imports and exports slowed significantly in May and while retail sales, investment and industrial production have held up, it seems pretty clear that Chinese growth has slowed this quarter. The net result of the US and Chinese data has been to put the high-yielding commodity currencies under pressure.

Figure 2: High-yielding commodity currencies under pressure



Source: Bloomberg  
Data as at June 2013



## Ghana

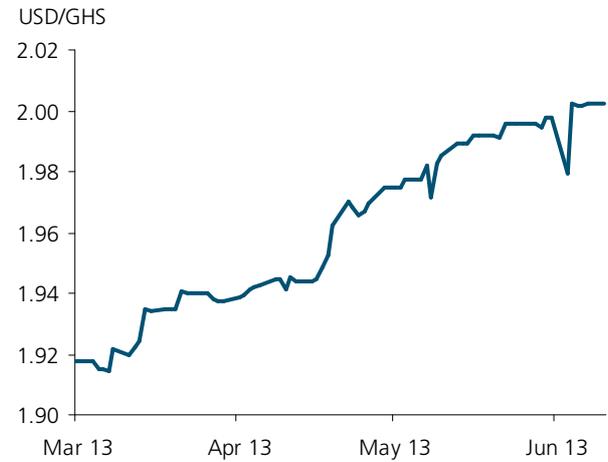
### News flash

- There were no significant news events or data releases last week.

### Cedi (GHS) in brief

- The cedi is idling at USD/GHS2.0, but a meaningful upward breach is imminent as US dollar liquidity remains thin. Despite a trickle of inflows from mines, depreciatory pressure continues to build due to persistent corporate demand. The BoG has hinted at open market intervention but contends that the current US dollar shortage is partly due to the repatriation of funds by multinationals.

Figure 3: Cedi idles at USD/GHS but could gap higher



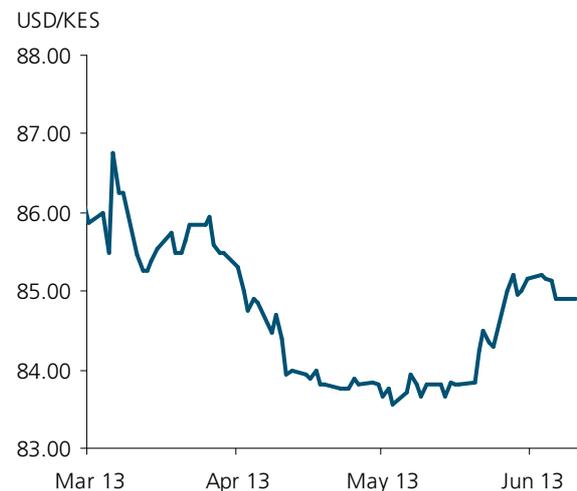
Source: Bloomberg  
Data as at June 2013

## Kenya

### News flash

- The CBK anticipates an increase in the pace of private sector credit growth, which supports our view that the policy rate should remain unchanged at 8.5% for the remainder of the year. We believe that May's rate adjustment is the last in the current rate cutting cycle. This is largely premised on a sustained upward trend in inflation as favourable base effects begin to wash out and a recovery in domestic demand on the back of lower commercial lending rates.
- Mombasa port traffic is expected to grow in 2013, especially after the peaceful elections. There was a slowdown in port activity during the election period, which led to a 7.5% fall in 1Q13. A Mombasa port official expects it to recover and expand by 6%.

Figure 4: USD/KES trends higher



Source: Bloomberg  
Data as at June 2013

### Shilling (KES) in brief

- The conversion of equity market gains resulted in further shilling weakness last week as offshore investors repatriated profits. We anticipate further depreciation this week on the back of heightened importer demand.



## Mozambique

### News flash

- The 19 donors and funding agencies that provide direct support to the Mozambican budget, known as the Programme Aid Partners (PAPs), have pledged US\$580m in aid for 2014. US\$310m is for direct budget support, while the remaining US\$270m is intended to finance sector programmes.
- Headline CPI continued to inch higher in May, printing at 4.90% y/y compared to 4.79% in April. With the recent depreciation of the rand in neighbouring South Africa, together with commodity prices falling across the board, we expect Mozambique's import bill to be less pressurised and should keep inflation around 5% in June. This remains well within the government's target of 7% for 2013.

### Metical (MZN) in brief

- The metical has sustained a downward bias indicating a normalisation in domestic liquidity conditions. The 30-day simple moving average suggests a continued downward trend.

Figure 5: Metical sustains an appreciatory bias



Source: Bloomberg  
Data as at June 2013

## Nigeria

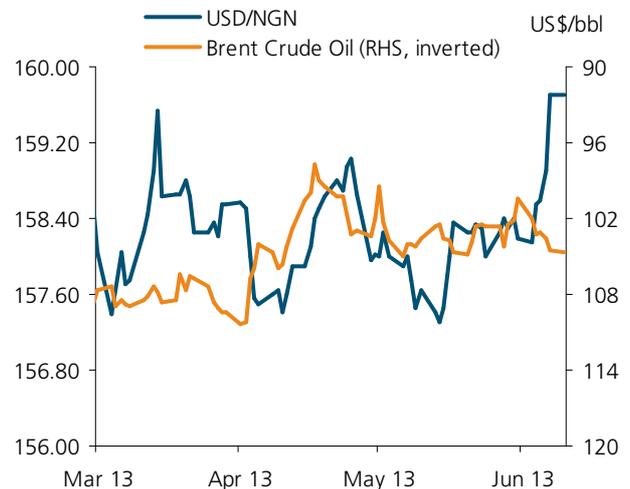
### News flash

- Ten independent gas-fired power plants built by the Niger Delta Power Holding Company will be privatised in accordance with the National Integrated Power Project (NIPP), introduced in 2004. The plants are anticipated to generate 5,000MW of power collectively, doubling Nigeria's current capacity but still well short of the levels required to support sustainable economic growth.
- The value of total outstanding debt is expected to rise by roughly 18% over the next 18 months. This estimate has been put forward by the Debt Management Office, which recently published a three-year management strategy to address the government's disproportionate reliance on the domestic bond market, which has resulted in a high rate of domestic debt accumulation and rising debt service costs.

### Naira (NGN) in brief

- The naira is teetering at USD/NGN158.70 as demand for US dollars continues to outweigh supply on the interbank market. The CBN's biweekly offerings have failed to accommodate demand resulting in a spillover into the interbank market. A delay in the sale of US dollars by IOCs has exerted further upward pressure on the currency pair.

Figure 6: Naira teetering at USD/NGN158.70



Source: Bloomberg  
Data as at June 2013



## Tanzania

### News flash

- JP Morgan has assimilated Tanzania's 7-year international bond into its well-regarded EMBI Global index. The bond has been assigned a weighting of 0.11% in the index. Though marginal, it could translate into healthy inflows for Tanzania should investors seek diversification from more readily traded African Eurobonds.
- The pace of disinflation quickened in May as headline CPI fell to 8.3% y/y from 9.4% in April mainly due to a reduction in the prices of food and fuel. Four of the six components comprising goods inflation registered year-on-year declines of between 0.2% and 2.2%. The acceleration in services inflation was attributed to higher transport costs, driving core inflation sharply higher. Its effect on the headline figure, however, was diluted by a sharp drop in the food and non-alcoholic beverage grouping.

Figure 7: Rampant corporate demand spurs shilling weakness



Source: Bloomberg  
Data as at June 2013

### Shilling (TZS) in brief

- Rampant corporate demand has underpinned recent shilling weakness. However, the pace of depreciation has slowed indicating a definite resistance at USD/TZS1,640. Variations in market liquidity should continue to determine directionality.

## Zambia

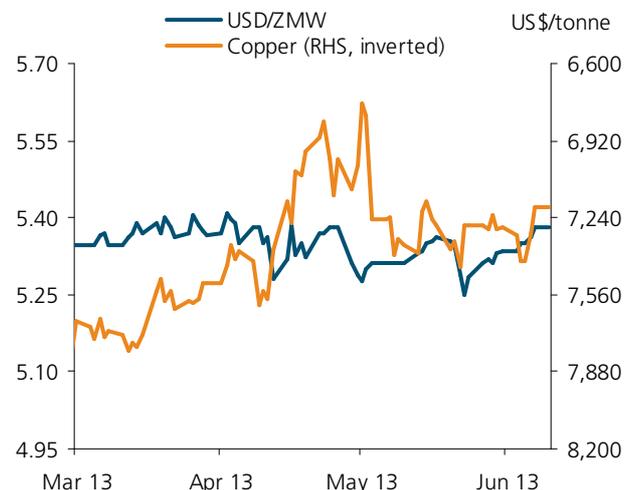
### News flash

- Konkola Copper Mines has decided to stop its planned 2,000 job cuts after talks with the government and unions. The firm said "significant progress has been made in identifying measures that will mitigate the company's financial and business challenges."

### Kwacha (ZMW) in brief

- Risky assets benefitted from the sharp drop in the US dollar index last week with the kwacha clawing back some of the losses it suffered in earlier days. Having leapt to 5.370/90 on Thursday, the local unit pulled back to 5.355/75 where it appears to have settled. As a floating exchange rate, the kwacha is a high-beta play on the global economy, implying wild swings in times of uncertainty. Global financial markets are in a precarious position as the Fed contemplates a reduction in quantitative easing. This should result in bouts of risk aversion, which is likely to keep the kwacha above 5.3 in the short-term.

Figure 8: Kwacha claws back losses



Source: Bloomberg  
Data as at June 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	8.54	0.12	-0.98	5.29	8.65	8.74	8.86	9.08
EUR/BWP	11.32	1.36	0.57	6.70	11.42	11.53	11.70	12.01
GBP/BWP	13.34	1.55	1.71	5.82	13.43	13.56	13.74	14.07
BWP/JPY	11.32	-2.55	-3.28	-7.60	1.17	1.17	1.17	1.17
<b>Ghana</b>								
USD/GHS	2.00	0.00	0.20	1.20	2.03	2.10	2.18	2.29
EUR/GHS	2.65	1.24	1.77	2.57	2.68	2.77	2.88	2.99
GBP/GHS	3.13	1.42	2.92	1.72	3.16	3.25	3.38	3.48
GHS/JPY	48.28	-2.43	-4.42	-3.87	198.02	205.83	214.26	229.58
<b>Kenya</b>								
USD/KES	84.90	-0.27	-0.12	1.42	85.03	85.85	87.10	90.52
EUR/KES	112.50	0.96	1.45	2.79	112.41	113.54	115.25	119.94
GBP/KES	132.61	1.15	2.60	1.94	132.26	133.48	135.36	140.58
KES/JPY	1.14	-2.17	-4.12	-4.08	0.87	0.88	0.89	0.93
<b>Mozambique</b>								
USD/MZN	29.80	0.00	0.00	-2.77	29.80	0.00	0.00	-2.77
EUR/MZN	39.49	1.24	1.57	-1.46	39.49	1.24	1.57	-1.46
GBP/MZN	46.55	1.42	2.72	-2.28	46.55	1.42	2.72	-2.28
MZN/JPY	3.24	-2.43	-4.23	0.06	3.24	-2.43	-4.23	0.06
<b>Nigeria</b>								
USD/NGN	158.90	0.19	0.32	0.63	159.75	159.75	159.75	159.75
EUR/NGN	210.56	1.43	1.89	1.99	211.21	211.28	211.39	211.67
GBP/NGN	248.19	1.61	3.04	1.14	248.49	248.39	248.28	248.09
NGN/JPY	0.61	-2.62	-4.53	-3.33	0.61	1.64	1.64	1.64
<b>South Africa</b>								
USD/ZAR	9.89	-1.40	-1.43	9.95	10.12	10.10	10.24	10.64
EUR/ZAR	13.10	-0.18	0.12	11.43	13.23	13.36	13.54	13.95
GBP/ZAR	15.44	0.01	1.25	10.50	15.57	15.71	15.91	16.35
ZAR/JPY	9.77	-1.05	-2.85	-11.52	9.75	9.65	9.52	9.24
<b>Tanzania</b>								
USD/TZS	1,637.00	0.00	0.31	0.55	1,648.30	1,673.30	1,720.80	1,793.30
EUR/TZS	2,169.19	1.24	1.88	1.91	2,179.23	2,213.06	2,277.09	2,376.12
GBP/TZS	2,556.83	1.42	3.03	1.06	2,563.91	2,601.80	2,674.39	2,784.95
TZS/ZAR	0.06	-2.43	-4.52	-3.25	16.90	17.16	17.66	18.45
<b>Zambia</b>								
USD/ZMW	5.36	0.19	0.56	0.94	5.34	5.36	5.50	5.77
EUR/ZMW	7.10	1.43	2.14	2.30	7.06	7.07	7.26	7.63
GBP/ZMW	8.37	1.61	3.29	1.45	8.31	8.31	8.52	8.94
ZMW/JPY	18.03	-2.62	-4.77	-3.63	0.05	0.05	0.06	0.06

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



## Commodities prices

	Current	m/m % change	y/y % change	Implied volatility	3-month future	12-month future
<b>Metals</b>						
Gold US\$/oz	1,386.10	-4.3	-13.0	19.0	1,383.0	1,387.8
Copper US\$/tonne	7,282.00	-1.5	0.4	18.7	7,224.3	7,292.8
<b>Softs</b>						
Cattle US\$/lb	143.63	6.1	-9.9	16.7	119.2	128.0
Cocoa US\$/tonne	2,364.00	2.9	7.5	38.2	2,368.0	2,377.0
Coffee — Arabica US\$/lb	126.95	-11.7	-18.4	22.9	129.0	138.0
Coffee — Robusta US\$/tonne	0.00	-	-	18.0	1,848.0	1,924.0
Cotton US\$/lb	84.75	-2.0	16.3	23.5	84.9	85.7
Maize — Yellow R/tonne	2,284.00	6.9	13.9	25.2	2,321.0	2,354.0
Maize — White R/tonne	2,308.00	8.9	14.0	23.2	2,348.0	2,174.0
Raw Sugar US\$/lb	16.43	-5.7	-17.8	15.7	18.1	18.1
<b>Energy</b>						
WTI Crude US\$/bbl	96.12	0.1	14.3	19.3	96.1	92.2

## Interest rates

	3-m T-Bill		Policy rate
	May-13 <sup>1</sup>	Current	Current
Botswana	4.20	4.82	9.00
Ghana	23.02	24.28	16.00
Kenya	9.50	6.72	8.50
Mozambique	3.21	3.95	9.50
Namibia	5.15	5.15	5.50
Nigeria	11.99	12.60	12.00
South Africa	5.11	4.88	5.00
Tanzania	11.90	11.91	OMO <sup>2</sup>
Zambia	6.50	6.50	9.50

1 End of month

2 Open Market Operations

Source: Bloomberg, Reuters, RMB Global Markets  
All data as at June 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.



## Africa

### Global Markets Africa

Ebrahim Motala  
+27 11 269-9964  
ebrahim.motala@rmb.co.za

### Global Markets Africa Sales

Sylvester Selepe  
+27 11 282-1148  
sylvester.selepe@rmb.co.za

### Global Markets Africa Trading

Roy Daniels  
+27 11 282 4412  
roy.daniels@rmb.co.za

### Africa Structuring

Raveen Ramlakan  
+27 11 269-9150  
raveen.ramlakan@rmb.co.za

### Botswana

Phila Nhlekisana  
+267 364-2830  
pnhlekisana@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  
michellew@fnbnamibia.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

Keith Blakeway  
+255 768 989-049  
kblakeway@fmb.co.tz

### Zambia

Llewellyn Foxcroft  
+260 (211) 366-800  
lfoxcroft@fmbzambia.co.zm

### India

Harihar Krishnamoorthy: Head: Global Markets  
India  
+91 22 6625-8701  
harihar.krishnamoorthy@firststrand.co.in

## Global Markets regional offices

### Cape Town

+27 21 658-9333

### 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

Minos Gerakaris  
+27 11 282-8269  
minos.gerakaris@rmb.co.za

### Structured Trade and Commodity Finance

Gregory Havermahl  
+27 11 282-4847  
gregory.havermahl@rmb.co.za

### Investment Banking Business Development: Africa

Ayodele Olajiga  
+27 11 282-4619/+ 234 808 300 2890  
ayodele.olajiga@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

### 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

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+27 11 269-9040

### Foreign Exchange Forwards

+27 11 269-9130

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+27 11 269-9150

### Funding

+27 11 269-9075

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+27 11 269 9520

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+27 11 269 9150/9030

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+27 11 269-9075

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+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 and Commodity Finance

+27 11 282-8542

Please email us at [globalmarkets@rmb.co.za](mailto:globalmarkets@rmb.co.za) for more information

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