



5<sup>th</sup> March 2018

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**Figure 1: SA Monetary Policy Committee (MPC) meeting dates for 2018**

Month	Date	Forecast
March 2018	26 <sup>th</sup> – 28 <sup>th</sup>	6.75
May 2018	22 <sup>nd</sup> – 24 <sup>th</sup>	6.75
July 2018	17 <sup>th</sup> – 19 <sup>th</sup>	6.75
September 2018	18 <sup>th</sup> – 20 <sup>th</sup>	6.75
November 2018	20 <sup>th</sup> – 22 <sup>nd</sup>	6.75

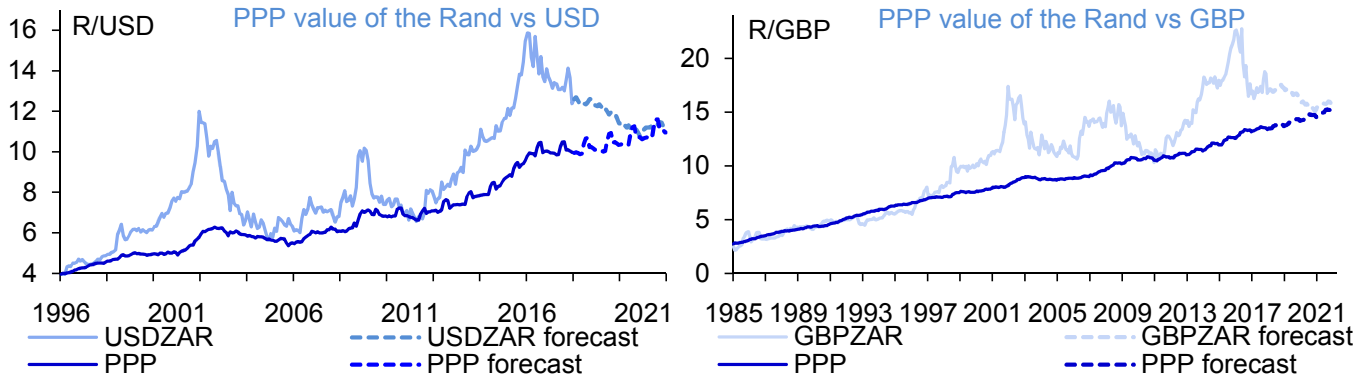
Source: SA Reserve Bank, Investec



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**Currency outlook for the week ahead and foreign portfolio flows:**

**Figure 2: Purchasing price parity value of the rand**



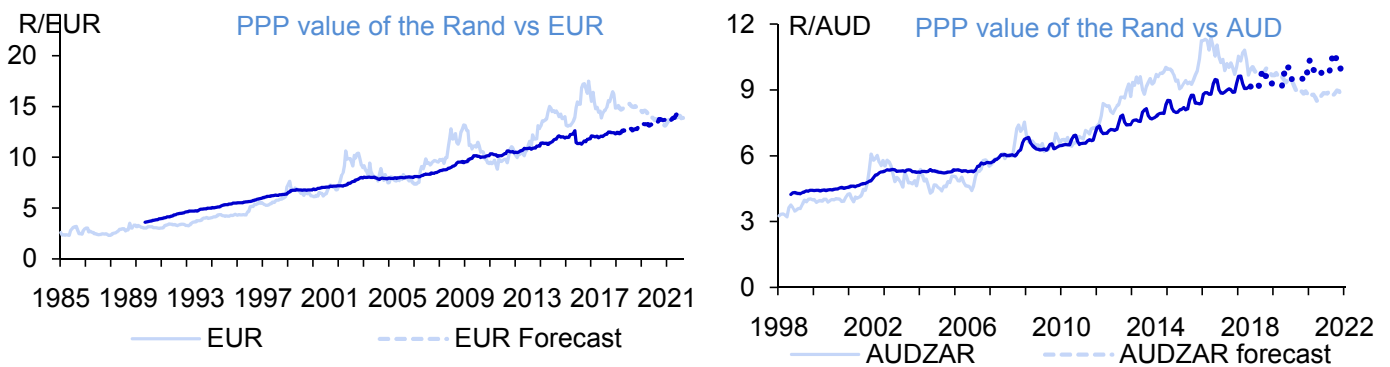
Source: Investec, IRESS

The rand lost some of its momentum last week, along with other emerging market currencies, depreciating by 3.2%, evidencing recent volatility. This transpired even though the greenback lost some ground towards the end of last week after President Donald Trump stated that the US will impose tariffs on steel and aluminium imports, sparking fears of a trade war.

When comparing the rand to a basket of emerging market currencies over a three month period however, the rand is still the best performing currency.

In the week ahead, the rand is expected to trade in a range of R11.46/USD – R12.46/USD, R14.23/EUR - R15.23/EUR and R15.98/GBP - R16.98/GBP.

**Figure 3: Purchasing price parity value of the rand**



Source: Investec, IRESS



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**Figure 4: Economic Scenarios**

		<b>Q1.18</b>	<b>Q2.18</b>	<b>Q3.18</b>	<b>Q4.18</b>	<b>Q1.19</b>	<b>Q2.19</b>	<b>Q3.19</b>	<b>Q4.19</b>
Extreme	Rand/USD (average)	11.50	10.75	10.00	9.50	9.00	8.60	7.90	7.60
	Repo rate (end rate)	6.25	6.00	5.50	5.25	5.00	5.00	5.00	4.50
Up case <b>1%</b>	Rand/USD (average)	11.70	11.15	10.70	10.50	10.50	10.30	10.25	10.20
	Repo rate (end rate)	6.50	6.25	6.00	5.50	5.50	5.25	5.25	5.25
<p><b>Fast, sustainable economic growth of 5.0-7.0% y/y plus.</b> SA sees change in political will with growth creating economic reforms in line with global norms that structurally lift private sector investor confidence and so fixed investment. <b>Global growth boom</b> (including commodities), SA export and domestic growth boom lifts employment and incomes to the degree that poverty is eliminated. Fiscal consolidation, <b>credit rating upgrades to A grade ultimately</b>, interest rate cuts.</p>									
Up case <b>12%</b>	Rand/USD (average)	11.90	11.65	11.65	11.55	11.50	11.35	11.40	11.40
	Repo rate (end rate)	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75
<p><b>Persistent economic growth of 3.0 – 5.0%</b>, with growing probability of extreme up case thereafter. <b>Better governance</b>, growth creating economic reforms in line with global norms (structural constraints are overcome) and greater socio-economic stability. This lifts business confidence and so private sector fixed investment growth rises to double digits, fixed investment inflows occur, resulting in faster GDP growth and fiscal consolidation. <b>Strong global growth</b> and commodity cycle. <b>Stabilisation of credit ratings, with ultimately credit rating upgrades.</b></p>									
Base line case <b>45%</b>	Rand/USD (average)	12.35	13.50	14.90	15.80	16.90	17.80	18.50	19.50
	Repo rate (end rate)	7.00	7.00	7.50	7.50	7.50	8.00	8.50	8.50
<p><b>Annual growth rate of 2.0% y/y reached by 2019, 3.0% y/y by 2021.</b> Higher confidence and investment levels than past decade. Rand structurally stronger on political change, quicker return to PPP (by 2020). <b>SA retains one investment grade (Moody's) rating on its local currency long-term sovereign debt this year.</b> Sedate global monetary policy normalisation – avoid severe global risk-off environment, neutral to global risk-on. <b>Modestly strengthening global demand.</b></p>									
Down case <b>27%</b>	Rand/USD (average)	12.90	15.00	17.00	19.00	21.00	22.80	24.00	25.50
	Repo rate (end rate)	7.25	8.50	10.50	14.00	16.50	18.00	21.00	21.50
<p><b>SA's foreign and local currency long-term debt sub-investment grade</b>, increased chance of further credit downgrades. Marked rand weakness, <b>confidence and investment measures depressed.</b> Government's capacity for expenditure reduced, including social welfare grants. Faster than expected global monetary policy normalisation, <b>global sharp economic slowdown</b> (commodity slump), <b>and substantial period of risk-off (SA V shaped recession).</b></p>									
Extreme down case <b>15%</b>	Rand/USD (average)	12.90	15.00	17.00	19.00	21.00	22.80	24.00	25.50
	Repo rate (end rate)	7.25	8.50	10.50	14.00	16.50	18.00	21.00	21.50
<p><b>State bankruptcy, and so the path to a failed state.</b> <b>Credit ratings drop to junk</b>, sovereign debt default, debt restructure. Lack of funds to pay public sector employees' wages and social grants, persistent government services outages, civil unrest/war. Partial loss of commercial private sector property rights under state custodianship. <b>SA economic depression, global economy falls into recession, global financial crisis.</b></p>									

**Note:** Event risk begins Q1.18 Source: Investec, IRESS



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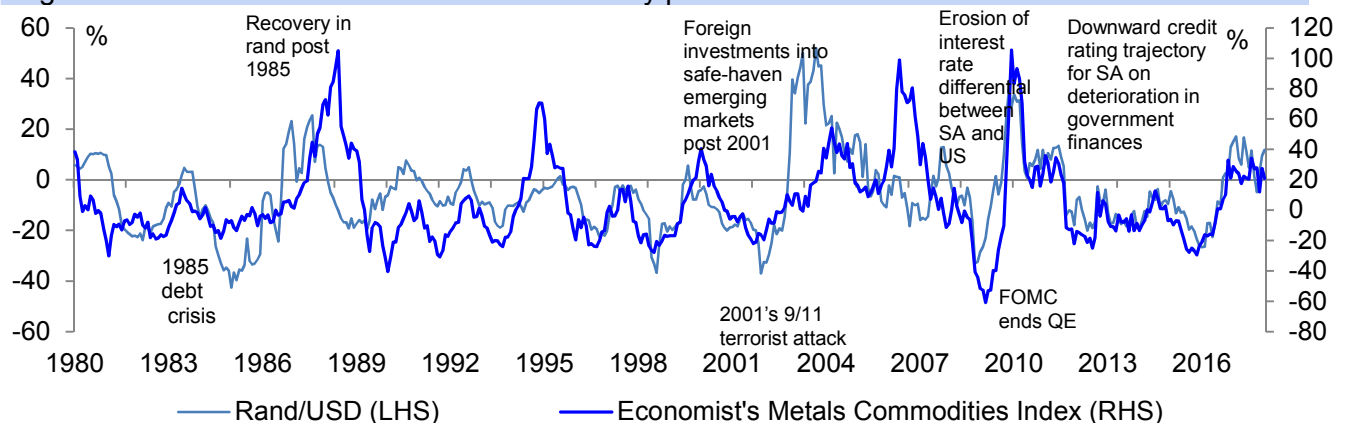
**Figure 5: Net foreign portfolio flows for SA assets**

Week	Equities (Rbn)	Bonds (Rbn)	Total (Rbn)
26 <sup>th</sup> February - 2 <sup>nd</sup> March 2018	0.4	1.5	1.9
19 <sup>th</sup> February – 23 <sup>rd</sup> February 2018	2.7	12.2	14.8
12 <sup>th</sup> February – 16 <sup>th</sup> February 2018	7.2	1.0	8.2
5 <sup>th</sup> February – 9 <sup>th</sup> February 2018	3.6	-4.7	-1.1
29 <sup>th</sup> January – 2 <sup>nd</sup> February 2018	-2.7	-2.2	-4.9
22 <sup>nd</sup> January – 26 <sup>th</sup> January 2018	9.6	-5.3	4.3
15 <sup>th</sup> January – 19 <sup>th</sup> January 2018	5.9	-0.5	5.5
8 <sup>th</sup> January – 12 <sup>th</sup> January 2018	0.7	-0.1	0.7
2 <sup>nd</sup> January – 5 <sup>th</sup> January 2018	-0.6	-1.5	-2.1
27 <sup>th</sup> December – 29 <sup>th</sup> December 2017	2.6	-1.7	0.9
Month			
February 2018	14.4	7.6	22.0
January 2018	10.6	-7.0	3.6
December 2017	31.0	-4.6	26.4
November 2017	2.4	-14.3	-12.0
October 2017	9.1	-13.7	-4.6
September 2017	-24.7	17.8	-6.8
August 2017	-1.9	-2.4	-4.3
July 2017	10.8	8.1	18.9
June 2017	-19.1	-6.4	-25.5
May 2017	-9.1	9.2	0.1
April 2017	-2.9	14.4	11.5
March 2017	-12.8	18.6	5.7
February 2017	-9.6	3.7	-5.9
January 2017	-16.1	-6.5	-22.7

Note: data subject to frequent revisions

Source: IRESS

**Figure 6: Rand vs Economist's metals commodity price index**



Source: IRESS, Investec



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**Data releases in the week ahead**

**Figure 7: Economic data releases for this week**

Date	Country	Indicator	Month	Forecast	Previous
05/02/18	SA	Standard Bank PMI	Feb		49.0
	US	ISM Non-Manufacturing Composite	Feb	58.7	59.9
	Eurozone	Final Markit Services PMI	Feb	56.7	56.7
		Final Markit Composite PMI	Feb	57.5	57.5
		Sentix Investor Confidence	Mar	31.0	31.9
		Retail Sales	Jan	0.3% m/m	-1.1% m/m
		Retail Sales	Jan	2.0% y/y	1.9% y/y
06/02/18	SA	GDP Annualised	Q4.17	1.8% q/q	2.0% q/q
		GDP	Q4.17	1.5% y/y	0.8% y/y
	US	Factory Orders	Jan	-0.5%	1.7%
		Final Durable Goods Orders	Jan		-3.7%
	Eurozone	Markit Retail PMI	Feb		50.8
07/02/18	SA	Gross Reserves	Feb		\$50.50bn
		Net Reserves	Feb		\$43.59bn
		SACCI Business Confidence	Feb		99.7
	US	MBA Mortgage Applications	Mar 2		2.7%
		ADP Employment Change	Feb	193k	234k
		Nonfarm Productivity	Q4.17	-0.1%	-0.1%
		Unit Labour Costs	Q4.17	2.1%	2.0%
		Trade Balance	Jan	-\$52.6bn	-\$53.1bn
		Consumer Credit	Jan	\$19.000bn	\$18.447bn
	Eurozone	Final GDP SA	Q4.17	0.6% q/q	0.6% q/q
Final GDP SA		Q4.17	2.7% y/y	2.7% y/y	
08/03/18	US	Challenger Job Cuts	Feb		-2.8%
		Initial Jobless Claims	Mar 3		210k
		Continuing Claims	Feb 24		1931k
	Eurozone	ECB Main Refinancing rate	Mar 8	0.000%	0.000%
		ECB Marginal Lending Facility	Mar 8	0.250%	0.250%
		ECB Deposit Facility Rate	Mar 8	-0.400%	-0.400%
09/03/18	US	Change in Non-Farm Payrolls	Feb	200k	200k
		Unemployment Rate	Feb	4.0%	4.1%
		Labour Force Participation Rate	Feb		62.7%
		Average Hourly Earnings	Feb	2.9% y/y	2.9% y/y
		Final Wholesale Trade Sales	Jan		1.2% m/m
		Final Wholesale Inventories	Jan		0.7% m/m

Note: sa – seasonally adjusted, nsa – not seasonally adjusted

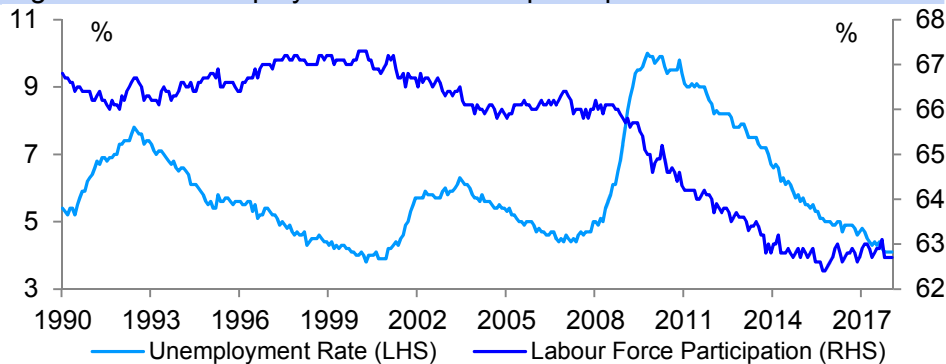
Source: Bloomberg



**International section**

written by Philip Shaw (PS)/ Victoria Clarke (VC)/ Ryan Djajasaputra (RD)/George Brown (GB).

**Figure 8: US unemployment and labour participation rates**



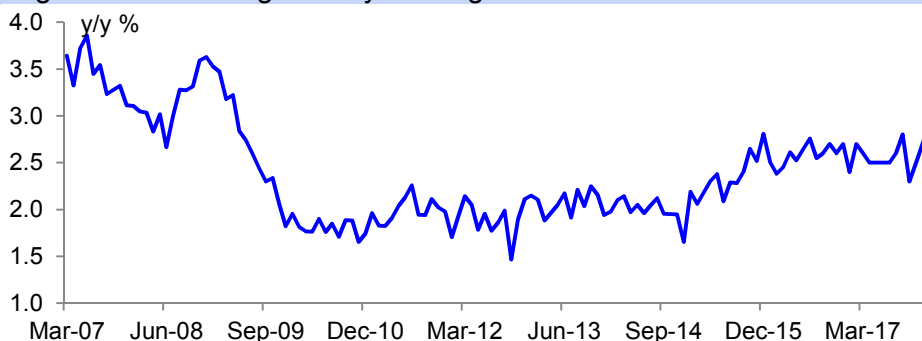
Sources: US Department of Labour

(PS) From the perspective of global markets, last week was dominated by new Fed Chair Jerome Powell's Congressional testimonies and by his relatively upbeat economic message. In turn this implies that FOMC members could be of a mind to step up the pace of tightening through 2018. It is notable though that although the S&P 500 struggled last week, Treasury yields were little changed.

In this respect, this week's star billing will be Friday's US jobs numbers for February, after January's strong earnings numbers sparked fears over accelerating pay. As usual, the employment numbers will be preceded two days earlier by the ADP private sector jobs survey. But perhaps markets should pay a little more attention to the Fed's own Beige Book (also due Wednesday) which may give some pointers on the strength or otherwise of wages.

Unsurprisingly UK news has been dominated by Brexit, not least given the European Commission's draft of the UK's EU withdrawal agreement. Chancellor Philip Hammond is scheduled to speak on a possible trade deal on services with the EU this week. A number of British economic indicators will be published as well, including the BRC Retail Sales Monitor (early Tuesday), the RICS housing survey (early Thursday) and the release of manufacturing, construction and trade (Friday).

**Figure 9: US average hourly earnings**

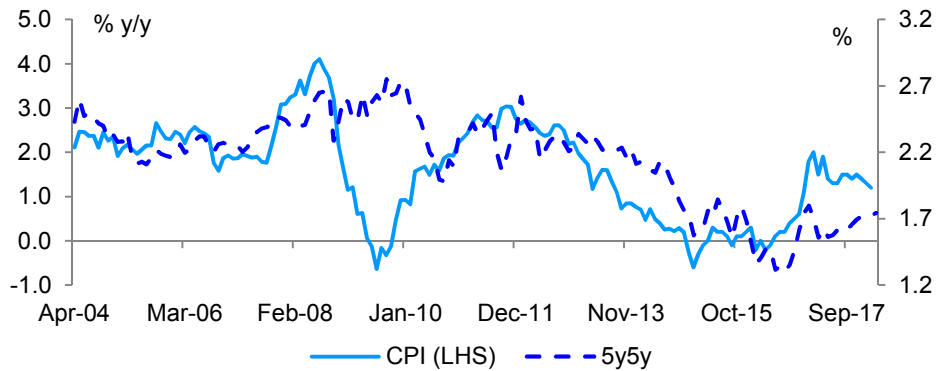


Sources: US Department of Labour



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**Figure 10: Eurozone 5y5y inflation swap forwards versus CPI inflation**



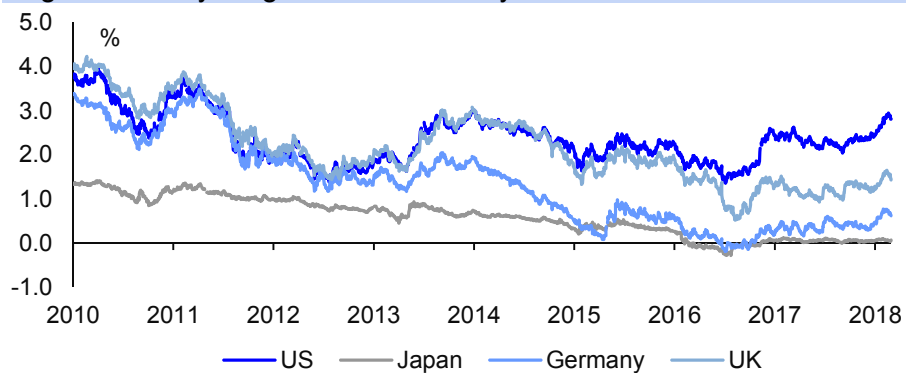
Sources: Bloomberg

Looking at eurozone fundamentals, the key event will be Thursday's ECB Governing Council (GC) meeting. No change in its stance is likely. But we suspect that a more robust economic outlook will put the GC under pressure to remove the easing bias on its QE policy i.e. no longer state that its stands ready to step up or extend the programme if necessary. We recognise that the GC wishes to tread warily, but by definition, the road towards gradual policy normalisation must involve taking steps at various stages.

From China, CPI and PPI figures are due on Friday but the annual session of the National People's Congress begins on Monday. We expect to hear discussions over stepping up the pace of economic reform.

Last, note that we get policy decisions from the Reserve Bank of Australia, Bank of Canada and Bank of Japan over the course of the week.

**Figure 11: 10 year government bond yields**



Sources: Bloomberg



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**Global forecasts**

**Figure 12: 10-year government bond yields (% , end-quarter):**

	US	Germany	UK
Current	2.71	0.66	1.46
2018			
Q2	2.60	0.75	1.50
Q4	2.75	1.00	1.75
2019			
Q2	2.75	1.00	1.75
Q4	3.00	1.25	2.00

Source: Reuters, Investec

**Figure 13: Key official interest rates (% , end quarter)**

	US Fed funds	Eurozone refi rate	Eurozone deposit rate	UK Bank rate	Australia cash rate
Current	1.25-1.50	0.00	-0.40	0.50	1.50
2018					
Q1	1.50-1.75	0.00	-0.40	0.50	1.50
Q2	1.50-1.75	0.00	-0.40	0.75	1.50
Q3	1.75-2.00	0.00	-0.40	0.75	1.75
Q4	1.75-2.00	0.00	-0.40	1.00	2.00
2019					
Q1	1.75-2.00	0.00	-0.40	1.00	2.25
Q2	2.00-2.25	0.00	-0.20	1.25	2.50
Q3	2.00-2.25	0.25	0.00	1.25	2.50
Q4	2.00-2.25	0.50	0.25	1.25	2.75
End year					
2020	2.50	1.00	0.75	1.50	3.00

Source: Reuters, Investec

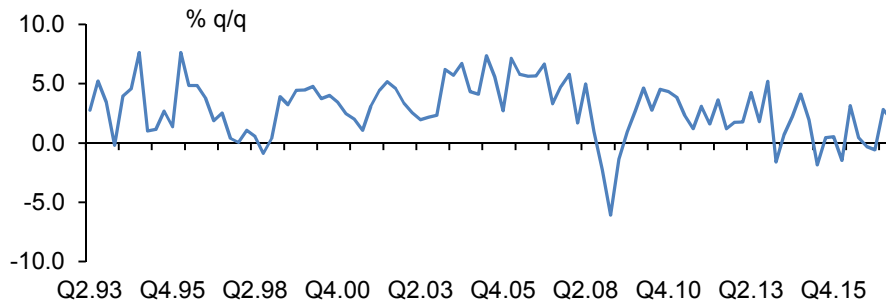




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**South Africa section**

**Figure 14: GDP Growth**



Source: Stats SA

GDP for Q4.17 is forecast to have moderated on a quarter on quarter seasonally adjusted annualised (qqsaa) basis to 1.8% compared to growth of 2.0% qqsaa in Q3.17. When reviewing the actual monthly production updates, it is likely that the mining sector contracted in Q4.17, while the manufacturing sector remained on a positive trajectory during the quarter. We are expecting continued buoyant growth from the agricultural sector and are likely to see a positive contribution from the trade, accommodation and catering category, based on positive numbers stemming from data released on the retail, wholesale and motor trade sales sectors. Lower average inflation in H2.17 will have provided some relief to household finances and likely aided the performance of the retail sector into year end. Additionally, the financial sector, with a substantial weighting of over 20% of GDP, is also likely to have made a positive contribution to GDP on the back of increased activity in financial intermediation.

For the year as a whole, GDP growth is forecast to have lifted to 0.9% y/y from 0.6% y/y in 2016. Recent political developments are expected to have boosted sentiment, leading to a notable improvement particularly in both consumer and business confidence, which will support stronger economic growth in 2018. We are expecting GDP to recover further to levels around 1.5% y/y in 2018.



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Figure 15: CPI forecast averages

Date	Index Base 2010	Annual y/y	Monthly m/m	Quarterly y/y	Calendar year y/y
Jan 2017	100.6	6.6	0.6		
Feb 2017	101.7	6.3	1.1		
Mar 2017	102.3	6.1	0.6	6.3	
Apr 2017	102.4	5.3	0.1		
May 2017	102.7	5.4	0.3		
Jun 2017	102.9	5.1	0.2	5.3	
Jul 2017	103.2	4.6	0.3		
Aug 2017	103.3	4.8	0.1		
Sep 2017	103.8	5.1	0.5	4.8	
Oct 2017	104.1	4.8	0.3		
Nov 2017	104.2	4.6	0.1		
Dec 2017	104.5	4.7	0.5	4.7	2017 5.3
Jan 2018	105.2	4.4	0.3		
Feb 2018	106.2	4.0	0.7		
Mar 2018	106.7	4.2	0.8	4.2	
Apr 2018	107.0	4.9	0.8		
May 2018	107.5	4.8	0.2		
Jun 2018	107.8	4.9	0.3	4.9	
Jul 2018	108.3	5.3	0.6		
Aug 2018	108.5	5.4	0.2		
Sep 2018	108.9	5.2	0.3	5.3	
Oct 2018	109.2	5.2	0.3		
Nov 2018	109.5	5.4	0.3		
Dec 2018	109.8	5.2	0.3	5.3	2018 4.9
Jan 2019	110.4	5.4	0.5		
Feb 2019	111.4	5.1	0.4		
Mar 2019	112.4	5.1	0.8	5.2	
Apr 2019	112.6	5.0	0.7		
May 2019	112.8	5.0	0.2		
Jun 2019	113.1	4.9	0.2	5.0	
Jul 2019	113.8	5.0	0.7		
Aug 2019	114.4	5.3	0.5		
Sep 2019	115.0	5.6	0.6	5.3	
Oct 2019	115.6	5.7	0.5		
Nov 2019	116.0	5.8	0.4		
Dec 2019	116.4	5.8	0.3	5.8	2019 5.3

Source: Stats SA, Investec



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Figure 15: CPI forecast averages

Date	Index Base 2010	Annual y/y	Monthly m/m	Quarterly y/y	Calendar year y/y
Jan 2020	117.2	5.8	0.5		
Feb 2020	118.2	6.4	0.9		
Mar 2020	118.7	6.0	0.4	6.1	
Apr 2020	119.0	5.4	0.2		
May 2020	119.4	5.6	0.4		
Jun 2020	119.8	5.7	0.3	5.6	
Jul 2020	120.6	5.7	0.7		
Aug 2020	120.9	5.4	0.2		
Sep 2020	121.4	5.3	0.4	5.5	
Oct 2020	121.6	5.0	0.2		
Nov 2020	122.1	5.0	0.4		
Dec 2020	122.4	5.0	0.3	5.0	2020 5.5
Jan 2021	123.1	5.1	0.6		
Feb 2021	124.4	5.2	1.0		
Mar 2021	124.8	5.2	0.4	5.1	
Apr 2021	125.2	5.3	0.3		
May 2021	125.7	5.3	0.4		
Jun 2021	126.0	5.2	0.2	5.2	
Jul 2021	127.0	5.3	0.8		
Aug 2021	127.7	5.7	0.6		
Sep 2021	128.3	5.7	0.4	5.6	
Oct 2021	128.6	5.8	0.3		
Nov 2021	128.9	5.6	0.2		
Dec 2021	129.3	5.6	0.3	5.7	2021 5.4

Source: Stats SA, Investec



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Figure 16: Interest rate forecast end rates

Date	Prime forecast	Prime less Inflation	Repo	Repo less Inflation
Jan 2017	10.50	3.9	7.00	0.4
Feb 2017	10.50	4.2	7.00	0.7
Mar 2017	10.50	4.4	7.00	0.9
Apr 2017	10.50	5.2	7.00	1.7
May 2017	10.50	5.1	7.00	1.6
Jun 2017	10.50	5.4	7.00	1.9
Jul 2017	10.25	5.7	6.75	2.2
Aug 2017	10.25	5.5	6.75	2.0
Sep 2017	10.25	5.2	6.75	1.7
Oct 2017	10.25	5.4	6.75	1.9
Nov 2017	10.25	5.6	6.75	2.1
Dec 2017	10.25	5.5	6.75	2.0
Jan 2018	10.25	5.9	6.75	2.4
Feb 2018	10.25	6.3	6.75	2.8
Mar 2018	10.25	6.1	6.75	2.6
Apr 2018	10.25	5.3	6.75	1.8
May 2018	10.25	5.4	6.75	1.9
Jun 2018	10.25	5.3	6.75	1.8
Jul 2018	10.25	5.0	6.75	1.5
Aug 2018	10.25	4.9	6.75	1.4
Sep 2018	10.25	5.1	6.75	1.6
Oct 2018	10.25	5.1	6.75	1.6
Nov 2018	10.25	4.8	6.75	1.3
Dec 2018	10.25	5.0	6.75	1.5
Jan 2019	10.25	4.8	6.75	1.3
Feb 2019	10.25	5.1	6.75	1.6
Mar 2019	10.25	5.1	6.75	1.6
Apr 2019	10.25	5.2	6.75	1.7
May 2019	10.25	5.2	6.75	1.7
Jun 2019	10.25	5.3	6.75	1.8
Jul 2019	10.25	5.2	6.75	1.7
Aug 2019	10.25	4.9	6.75	1.4
Sep 2019	10.25	4.7	6.75	1.2
Oct 2019	10.25	4.5	6.75	1.0
Nov 2019	10.25	4.4	6.75	0.9
Dec 2019	10.25	4.4	6.75	0.9

Source: IRESS, Investec



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Figure 17: **Exchange rate history and forecast: annual averages**

	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>EURUSD</b>	1.11	1.11	1.13	1.22	1.26	1.26	1.25	1.25	1.25
<b>EURGBP</b>									
<b>GBPEUR</b>	0.73	0.82	0.88	0.87	0.88	0.90	0.90	0.90	0.89
<b>GBPUSD</b>	1.38	1.22	1.14	1.14	1.14	1.12	1.12	1.12	1.12
	1.53	1.36	1.29	1.39	1.43	1.41	1.39	1.39	1.40
<b>USDJPY</b>									
<b>EURJPY</b>	115	114	112	108	104	105	106	107	107
<b>GBPJPY</b>	128	127	126	131	130	132	133	133	134
	176	155	145	150	149	148	148	149	150
<b>EURCHF</b>									
<b>USDCHF</b>	1.09	1.07	1.11	1.17	1.20	1.22	1.21	1.21	1.19
<b>GBPCHF</b>	0.98	0.97	0.98	0.96	0.96	0.96	0.96	0.95	0.95
	1.49	1.31	1.27	1.34	1.37	1.36	1.34	1.32	1.33
<b>AUDUSD</b>									
<b>EURAUD</b>	0.75	0.75	0.77	0.79	0.78	0.76	0.79	0.78	0.78
<b>AUDJPY</b>	1.49	1.49	1.47	1.54	1.61	1.66	1.59	1.60	1.60
<b>GBPAUD</b>	86	85	86	85	81	80	83	83	83
<b>ZARUSD</b>	12.76	14.68	13.30	11.69	11.41	11.13	10.91	11.25	11.68
<b>ZARGBP</b>	19.48	19.92	17.14	16.25	16.34	15.69	15.22	15.69	16.35
<b>ZAREUR</b>	14.15	16.26	15.01	14.20	14.36	14.06	13.64	14.06	14.59
<b>JPYZAR</b>	9.48	7.33	8.43	9.24	9.12	9.42	9.71	9.49	9.17
<b>ZARCHF</b>	13.26	14.93	13.51	12.15	11.94	11.55	11.37	11.84	12.29
<b>ZARAUD</b>	9.58	10.93	10.20	9.22	8.93	8.46	8.57	8.78	9.11

Source: IRESS, Investec



5<sup>th</sup> March 2018

Figure 17: **Exchange rate history and forecast: annual averages**

	2017				2018				2019			
	Q1.17	Q2.17	Q3.17	Q4.17	Q1.18	Q2.18	Q3.18	Q4.18	Q1.19	Q2.19	Q3.19	Q4.19
<b>EURUSD</b>	1.07	1.10	1.17	1.18	1.22	1.22	1.21	1.22	1.23	1.25	1.27	1.29
<b>EURGBP</b>												
<b>GBPEUR</b>	0.86	0.86	0.90	0.89	0.88	0.87	0.87	0.87	0.88	0.88	0.88	0.89
<b>GBPUSD</b>	1.16	1.16	1.11	1.13	1.13	1.14	1.15	1.15	1.14	1.14	1.14	1.13
	1.24	1.28	1.31	1.33	1.38	1.40	1.39	1.40	1.41	1.42	1.44	1.46
<b>USDJPY</b>	114	111	111	113	111	109	107	106	105	104	104	104
<b>EURJPY</b>	121	122	130	133	134	131	129	128	129	129	130	131
<b>GBPJPY</b>	141	142	145	150	153	152	148	147	147	148	150	152
<b>EURCHF</b>	1.07	1.08	1.13	1.16	1.17	1.16	1.17	1.18	1.19	1.20	1.21	1.21
<b>USDCHF</b>	1.00	0.98	0.96	0.99	0.96	0.95	0.97	0.97	0.97	0.96	0.95	0.94
<b>GBPCHF</b>	1.24	1.26	1.26	1.31	1.33	1.33	1.34	1.35	1.36	1.37	1.38	1.37
<b>AUDUSD</b>	0.76	0.75	0.79	0.77	0.79	0.79	0.79	0.79	0.79	0.79	0.78	0.78
<b>EURAUD</b>	1.41	1.47	1.48	1.53	1.55	1.54	1.53	1.54	1.56	1.59	1.63	1.66
<b>AUDJPY</b>	86	83	88	87	87	86	85	83	83	82	81	81
<b>GBPAUD</b>	1.64	1.70	1.66	1.73	1.76	1.77	1.75	1.77	1.78	1.81	1.85	1.88
<b>ZARUSD</b>	13.22	13.19	13.18	13.62	11.90	11.65	11.65	11.55	11.50	11.35	11.40	11.40
<b>ZARGBP</b>	16.38	16.88	17.24	18.07	16.46	16.27	16.14	16.13	16.17	16.12	16.45	16.62
<b>ZAREUR</b>	14.09	14.52	15.42	16.02	14.52	14.21	14.04	14.03	14.15	14.13	14.48	14.71
<b>JPYZAR</b>	8.59	8.42	8.42	8.29	9.31	9.31	9.18	9.13	9.09	9.16	9.12	9.12
<b>ZARCHF</b>	13.17	13.40	13.69	13.80	12.41	12.20	12.05	11.94	11.89	11.77	11.97	12.15
<b>ZARAUD</b>	10.02	9.90	10.40	10.47	9.35	9.20	9.20	9.12	9.09	8.91	8.89	8.84

Source: IRESS, Investec



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Figure 17: **Exchange rate history and forecast: annual averages**

	2020				2021				2022			
	Q1.20	Q2.20	Q3.20	Q4.20	Q1.21	Q2.21	Q3.21	Q4.21	Q1.22	Q2.22	Q3.22	Q4.22
<b>EURUSD</b>	1.28	1.26	1.26	1.26	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
<b>EURGBP</b>												
<b>GBPEUR</b>	0.89	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
<b>GBPUSD</b>	1.12	1.12	1.11	1.11	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12
	1.44	1.41	1.40	1.39	1.39	1.39	1.39	1.39	1.39	1.39	1.39	1.39
<b>USDJPY</b>	104	105	105	105	106	106	106	106	106	107	107	107
<b>EURJPY</b>	133	132	132	132	133	133	133	133	133	134	134	134
<b>GBPJPY</b>	150	148	147	146	148	148	148	148	148	149	149	149
<b>EURCHF</b>	1.21	1.22	1.22	1.23	1.22	1.20	1.20	1.20	1.21	1.21	1.21	1.21
<b>USDCHF</b>	0.95	0.96	0.97	0.98	0.96	0.96	0.96	0.96	0.95	0.95	0.95	0.95
<b>GBPCHF</b>	1.36	1.36	1.36	1.36	1.34	1.34	1.34	1.34	1.32	1.32	1.32	1.32
<b>AUDUSD</b>	0.77	0.77	0.76	0.75	0.79	0.79	0.78	0.78	0.78	0.78	0.78	0.78
<b>EURAUD</b>	1.66	1.65	1.67	1.67	1.58	1.58	1.60	1.60	1.60	1.60	1.60	1.60
<b>AUDJPY</b>	80	80	79	79	84	84	83	83	83	83	83	83
<b>GBPAUD</b>	1.87	1.84	1.85	1.86	1.77	1.77	1.79	1.79	1.79	1.79	1.79	1.79
<b>ZARUSD</b>	11.35	11.25	11.05	10.85	10.75	10.85	11.00	11.05	11.05	11.25	11.35	11.35
<b>ZARGBP</b>	16.32	15.84	15.47	15.13	14.99	15.13	15.34	15.41	15.41	15.69	15.83	15.83
<b>ZAREUR</b>	14.53	14.18	13.92	13.62	13.44	13.56	13.75	13.81	13.81	14.06	14.19	14.19
<b>JPYZAR</b>	9.16	9.33	9.50	9.68	9.86	9.77	9.64	9.59	9.59	9.51	9.43	9.43
<b>ZARCHF</b>	12.01	11.67	11.41	11.12	11.20	11.30	11.46	11.51	11.63	11.84	11.95	11.95
<b>ZARAUD</b>	8.74	8.61	8.34	8.14	8.49	8.57	8.58	8.62	8.62	8.78	8.85	8.85

Source: IRESS, Investec



5<sup>th</sup> March 2018

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