



26th January 2018

Table of contents for week ahead:

Pages

The Rand

Forex commentary	2 & 5
Purchasing Power Parity of the ZAR/USD	2
Scenarios quantitative	3
Scenarios qualitative	3
Foreign portfolio flows	4
Commodity currencies vs Economist metals' price index	5
Trading range	5

Release dates and commentary

SA MPC meetings for 2018	1
Table of international and local economic data releases	6 & 7
Commentary on international data releases	7 - 9
Commentary on South African data releases	11

Forecasts for inflation rates, interest rates and exchange rates

International interest rates	9 - 10
SA interest rate forecast	12
Exchange rates	13 - 15
SA CPI inflation	16 - 17

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

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

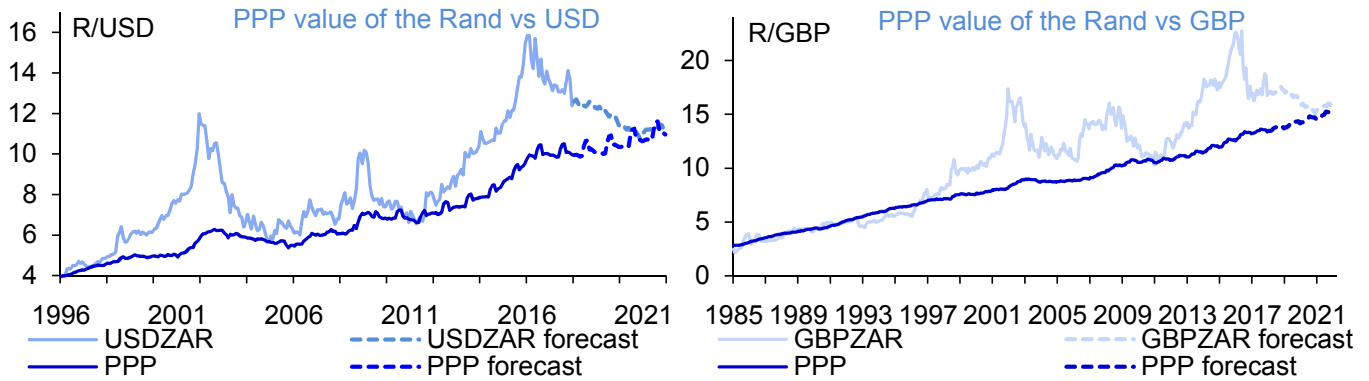
Source: SA Reserve Bank, Investec



26th January 2018

Currency outlook for the week ahead and foreign portfolio flows:

Figure 2: Purchasing price parity value of the rand



Source: Investec, IRESS

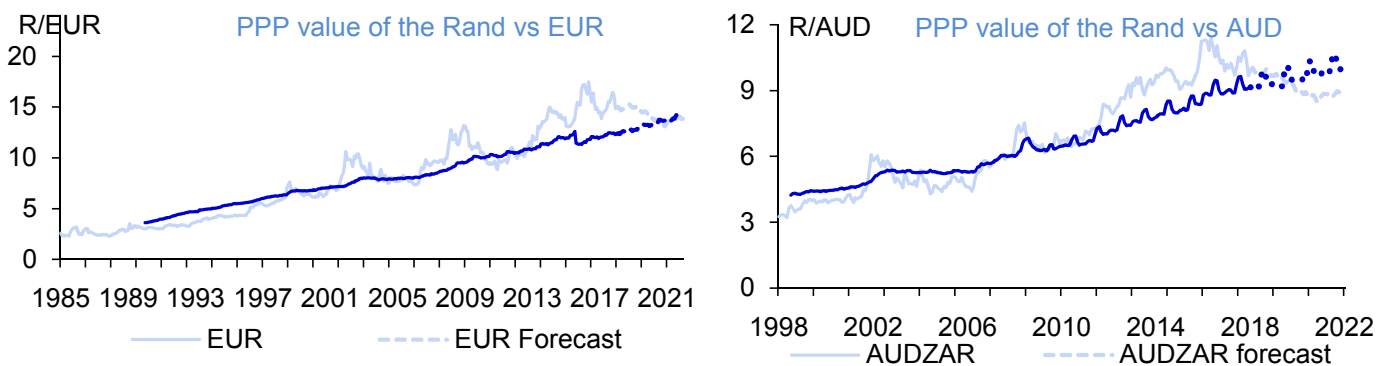
The rand advanced against the USD this week, and was the best performer amongst a basket of 24 emerging market currencies. The rand gained 2.8% and pierced the 12.00/USD key resistance level, to trade at 11.85/USD currently. This marks the strongest level since May 2015.

This week the weak US dollar environment boosted the rand, along with other emerging market currencies. The US dollar index declined below 90.00 for the first time since the end of 2014, on US trade policy concerns and US Treasury Secretary Mnuchin’s remarks favouring a weaker US dollar.

The rand also continues to be influenced by domestic developments which this week were perceived as positive and included the announcement of a new Eskom board. In addition, Finance Minister Gigaba and ANC President Ramaphosa signalled intentions at the World Economic Forum to adhere to fiscal consolidation in the 2018 Budget. These various developments are seen as contributing factors to averting a credit rating downgrade by Moody’s to non-investment grade at the end of March.

Indeed, market perception of a lower possibility of a Moody’s downgrade is reflected in the narrowing of SA’s credit default swap (CDS) spread, from close to 200bp prior to the ANC December elective conference to 144bp currently. SA’s current spread is also lower than Turkey’s (164bp). In the lead up to the elective conference, SA’s CDS spread was virtually in line with Turkey’s. Turkey and SA already hold the same foreign currency credit rating with S&P and

Figure 3: Purchasing price parity value of the rand



Source: Investec, IRESS



26th January 2018

Figure 4: Net foreign portfolio flows for SA assets

Week	Equities (Rbn)	Bonds (Rbn)	Total (Rbn)
15 th January – 19 th January 2018	5.9	-0.9	5.0
8 th January – 12 th January 2018	0.7	-0.1	0.7
2 nd January – 5 th January 2018	-0.6	-1.5	-2.1
27 th December – 29 th December 2017	2.6	-1.7	0.9
18 th December – 22 nd December 2017	16.9	9.1	26.0
11 th December – 15 th December 2017	5.2	-4.4	0.8
4 th December – 8 th December 2017	5.8	-5.8	0.1
27 th November – 1 st December 2017	-6.4	-8.8	-15.2
Month			
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

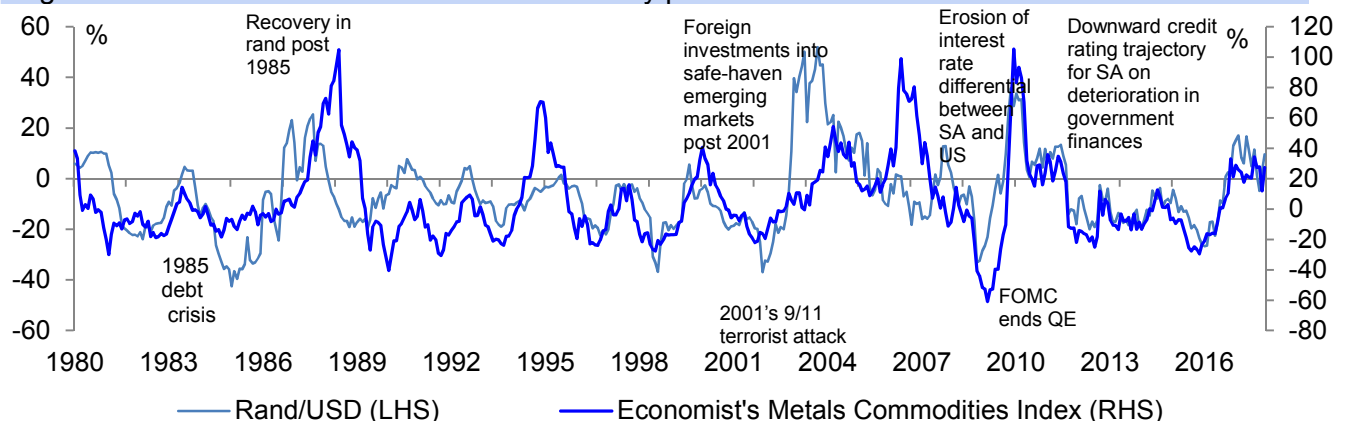
Note: data subject to frequent revisions

Source: IRESS

would have also matched on the credit rating with Moody's had SA been downgraded in November 2017. This suggested that at the time the market was pricing in a high probability of a Moody's downgrade and of the consequent exclusion from the World Government Bond Index (WGBI).

In the week ahead, the rand is expected to trade in a range of R11.35/USD – R12.35/USD, R14.25/EUR - R15.25/EUR and R16.40/GBP - R17.40/GBP.

Figure 5: Rand vs Economist's metals commodity price index



Source: IRESS, Investec



26th January 2018

Data releases in the week ahead

Figure 6: Economic data releases for next week					
Date	Country	Indicator	Month	Forecast	Previous
29/01/18	US	Personal Income	Dec	0.3%	0.3%
		Personal Spending	Dec	0.5%	0.6%
		PCE Deflator	Dec	1.7% y/y	1.8% y/y
		PCE Core	Dec	1.6% y/y	1.5% y/y
30/01/18	SA	M3 Money Supply	Dec		6.61% y/y
		Private Sector Credit	Dec	6.00% y/y	6.45% y/y
		Budget	Dec	0.6	-R15.3bn
	US	S&P CoreLogic CS US HPI NSA	Nov		6.17% y/y
		Conf. Board Consumer Confidence	Jan	123.1	122.1
	Eurozone	Economic Confidence	Jan	116.1	116.0
		Advance GDP SA	Q4.17	0.6% q/q	0.6% q/q
		Advance GDP SA	Q4.17	2.7% y/y	2.6% y/y
31/01/18	SA	Trade Balance	Dec	R12bn	R13.0bn
		BER Consumer Confidence	Q4.17		
	US	MBA Mortgage Applications	Jan 26		4.5%
		ADP Employment Change	Jan	190k	250k
		FOMC Rate Decision (Upper Bound)	Jan 31	1.50%	1.50%
	Eurozone	FOMC Rate Decision (Lower Bound)	Jan 31	1.25%	1.25%
		Unemployment Rate	Dec	8.7%	8.7%
		Advance CPI Core	Jan	1.0% y/y	0.9% y/y
		CPI Estimate	Jan	1.2% y/y	1.4% y/y
		01/02/18	SA	Manufacturing PMI	Jan
New Vehicle Sales	Jan				-2.4% y/y
Electricity Production	Dec				1.7% y/y
Electricity Consumption	Dec				0.9% y/y
US	Challenger Jobs Cuts		Jan		-3.6% y/y
	Initial Jobless Claims		Jan 27		233k
	Continuing Claims		Jan 20		1937k
	ISM Manufacturing PMI		Jan	59.0	59.7
Eurozone	Wards Total Vehicle Sales		Jan	17.30mn	17.76mn
	Final Markit Manufacturing PMI		Jan	59.6	59.6
02/01/18	US	Change in Nonfarm Payrolls	Jan	188k	148k
		Unemployment Rate	Jan	4.1%	4.1%
		Labour Force Participation Rate	Jan		62.7%
		Average Hourly Earnings	Jan	2.7% y/y	2.5% y/y
		Factory Orders	Dec	0.5%	1.3%
		Durable Goods Orders	Dec		
	Eurozone	PPI	Dec		0.6% m/m
		PPI	Dec		2.8% y/y

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

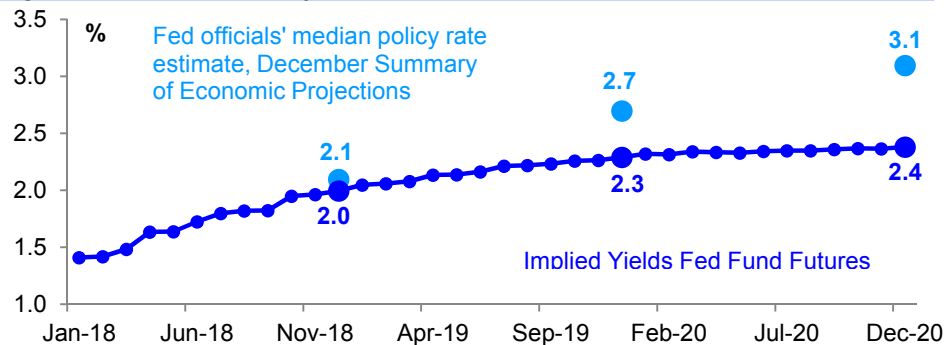
Source: Bloomberg



International section

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

Figure 7: US FOMC projections and Fed fund futures



Sources: US Fed, Bloomberg

(VC) Over the past week, the USD has fallen further out of favour having touched a new more than three-year low against the euro of \$1.2537 on 25 January. Midweek comments from US Treasury Secretary Steve Mnuchin at the World Economic Forum accelerated the dollar's decline and, for once, even ECB President Draghi was unable to stem the euro's rise with his post-ECB meeting press conference. Mr Mnuchin suggested that a weaker dollar would be good for the US economy; markets chose to focus on this, rather than his reaffirmation that 'we fundamentally believe in the strength of the dollar'. As the curtain closes on Davos 2018, one question is whether the US dollar will regain some composure next week.

One focal point for the greenback will be the mid-week Federal Open Market Committee meeting, Dr Yellen's last in charge. We do not expect any change in policy to be announced, with the Federal funds target rate in all likelihood held at 1.25%-1.50%. However it is quite possible that the policy statement serves as a reminder that the Federal Reserve is on a concerted tightening path, particularly when one considers the ramping up in QE roll-off as 2018 progresses. That might just be enough to help steady the dollar.

Another focal point for the greenback might prove to be President Trump's State of the Union address taking place at 9pm Eastern Time on Tuesday 30 January. Currency market participants should have plenty to chew over from a USD perspective, with the President expected to use the event to celebrate his tax reforms, plus gains in the US equity markets that have been witnessed in his time in office. However the speech might also

Figure 8: US dollar index

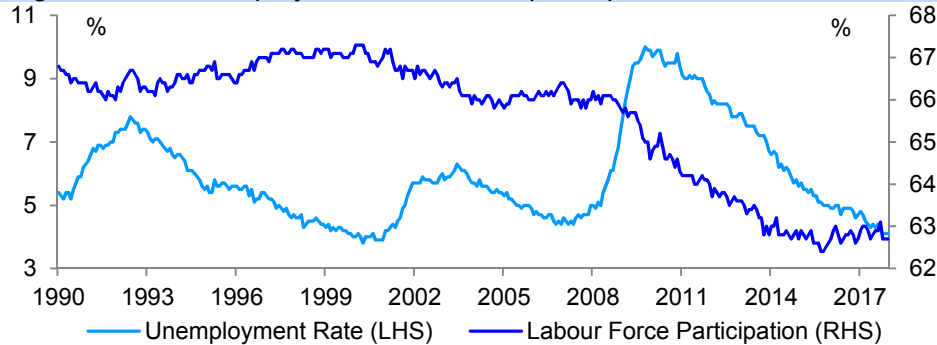


Sources: Bloomberg



26th January 2018

Figure 9: US unemployment and labour participation rates



Sources: US Department of Labour

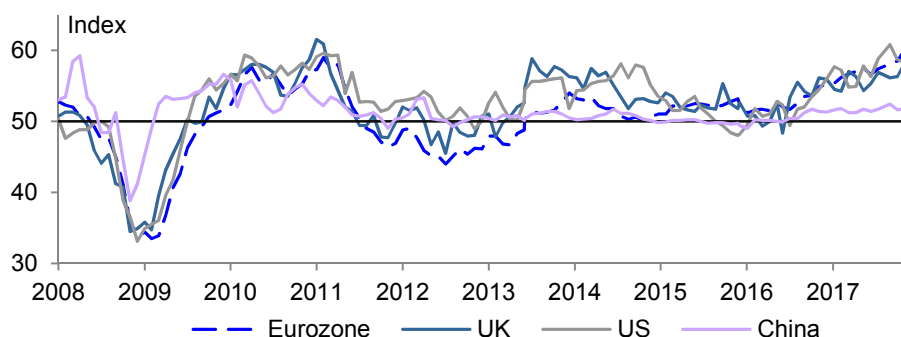
provide a pertinent reminder that the US government shutdown can have only been kicked as far as February 8th. The President is expected to discuss the thorny issue of immigration which has served as a road block to a longer term spending bill being agreed so far.

The past week has also been a notable one for the pound, which touched a post-Brexit vote high of \$1.4345 against the USD. In the upcoming week, sterling relevant Brexit news might rise up the agenda. Indeed, the week will start with the EU General Affairs Council where there will be an update on the state of play of the Brexit negotiations from Brussels' Chief Brexit negotiator Michel Barnier. That will be followed by the adoption of a new negotiating directive which will lay out the views of the EU27 on the shape of any transition period. There is also much work to be done with the EU Withdrawal Bill, with this legislation set for 2nd reading in the House of Lords next week.

As if that was not enough, there is also an action packed calendar of data releases due next week. Key highlights include:

- The US non-farm payrolls report; here we look for a jobs gain of 165k. Ahead of this the ISM index will be published.
- In the UK, the latest mortgage approvals and net mortgage lending figures are set for publication early in the week. On the survey front, we will get the January Manufacturing PMI.
- In the Euro area, the preliminary flash GDP figures for Q4.17 are due; we look for a 0.7% rise over the quarter. Flash HICP inflation figures for the Eurozone are also due.
- From China, we have the run of manufacturing and non-manufacturing PMIs out (Caixin and NBS), providing the latest steer on activity levels at the start of 2018.

Figure 10: Manufacturing PMIs



Sources: National Bureau of Statistics of China, ISM, Markit



26th January 2018

International interest rates

Figure 11: 10-year government bond yields (% , end-quarter):

	US	Germany	UK	Japan
Current	2.38	0.33	1.26	0.04
2017				
Q2	2.36	0.20	1.12	0.05
Q4	2.45	0.40	1.25	0.00
2018				
Q2	2.60	0.75	1.50	0.00
Q4	2.75	1.00	1.75	0.00

Source: Reuters, Investec

Figure 12: Key official interest rates (% , end quarter)

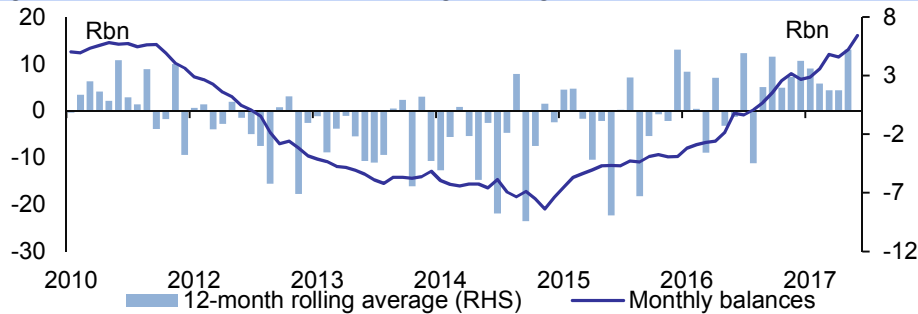
	US Fed funds	Eurozone refi rate	Eurozone deposit rate	UK Bank rate	Japan rate	Australia Cash rate
Current	1.00-1.25	0.00	-0.40	0.25	-0.10	1.50
2017						
Q1	0.75-1.00	0.00	-0.40	0.25	-0.10	1.50
Q2	1.00-1.25	0.00	-0.40	0.25	-0.10	1.50
Q3	1.00-1.25	0.00	-0.40	0.25	-0.10	1.50
Q4	1.25-1.50	0.00	-0.40	0.50	-0.10	1.50
2018						
Q1	1.25-1.50	0.00	-0.40	0.50	-0.10	1.50
Q2	1.50-1.75	0.00	-0.40	0.75	-0.10	1.75
Q3	1.50-1.75	0.00	-0.40	0.75	-0.10	2.00
Q4	1.75-2.00	0.00	-0.40	0.75	-0.10	2.25
End year						
2019	2.00-2.25	+0.50	+0.25	1.00	-0.10	3.00

Source: Reuters, Investec



South Africa section

Figure 13: Trade balance and rolling average



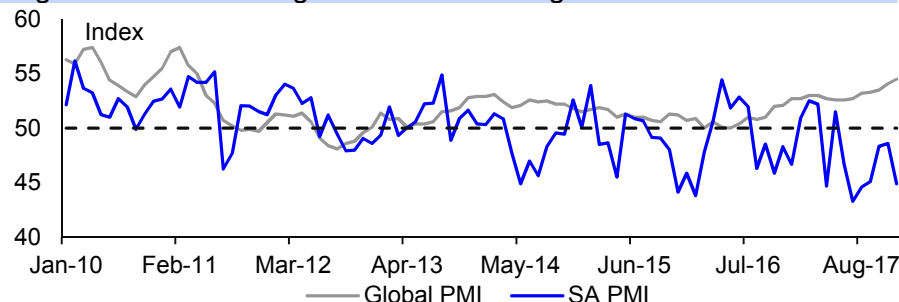
Source: SARS, Investec

Traditionally, the trade account registers a surplus in the month of December, typically on account of a steep decline in imports. We forecast a trade surplus of R12.0bn. Taking into account the December forecast, the trade surplus would total R77bn for 2017 as a whole, a substantial increase on the R1bn surplus in 2016. In 2017, export growth outpaced import growth as global growth momentum picked up and commodity prices lifted. Relatively weak rates of domestic consumption and investment contributed to import compression. The magnitude of the trade surplus could be eroded somewhat in 2018. Domestic economic activity could recover more meaningfully than currently expected, on a confidence boost following the outcome of the ANC elective conference. Strengthening confidence could translate into increased imports of consumption and investment goods. Export growth should remain supported in 2018 on favourable global growth prospects.

A pick up in domestic growth and sustained momentum in global growth would benefit the local manufacturing sector in 2018. The manufacturing PMI has averaged below the neutral 50 level, which demarcates expansion from contraction. Over the coming months, the PMI should start to signal improved manufacturing activity by moving above 50. Indeed, the last PMI survey report showed respondents being more optimistic with respect to future business conditions. Separately, the Absa/BER manufacturing Survey for Q4.17 also signalled expectations of strengthening domestic and external demand in Q1.18.

Private sector credit extension is forecast to have increased by 6.0% y/y in December compared to 6.5% y/y in November. For the year as a whole, the growth in private sector credit extension declined to an average of approximately 5.8% y/y from an average of 6.9% y/y in 2016. This will have been underpinned by a deceleration in corporate credit growth to an average of an estimated 8.6% y/y from 11.4% y/y in 2016.

Figure 14: SA versus global manufacturing PMI

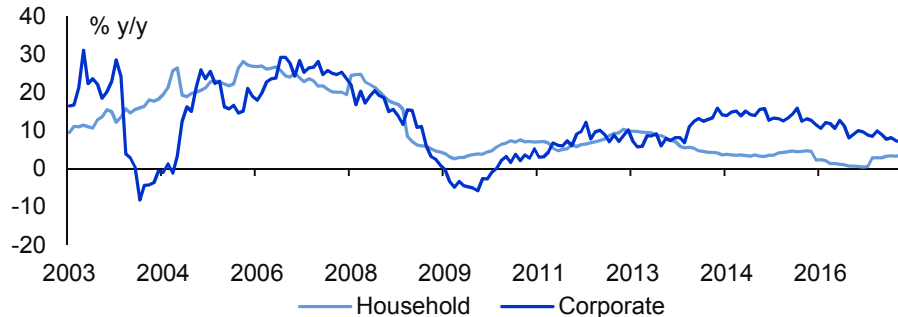


Source: Markit, BER



26th January 2018

Figure 15: Household and corporate credit growth



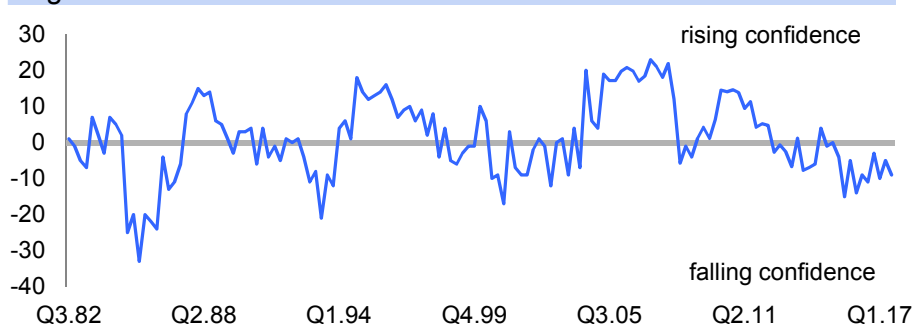
Source: SARB, Investec

This was consistent with depressed business confidence and weak rates of private fixed investment. Growth in credit extended to households is forecast to have lifted marginally to an average of 2.6% y/y in 2017 from 2.3% y/y, with low statistical base factors having a partial effect. Elevated levels of household indebtedness, higher interest rates and modest real income growth along with relatively tight credit criteria impacted household credit extension growth.

New vehicle sales for January are scheduled for release and should reflect strong month to month growth. December traditionally sees lower sales volumes as purchases are typically postponed to January so new year registrations can be obtained. For 2018 as a whole NAAMSA “anticipates further modest improvement in domestic new vehicle sales” to 2.6% y/y, from growth of 1.8% y/y in 2017. NAAMSA expects passenger vehicle sales to rise 1.9% y/y, matching 2017’s growth rate. Commercial vehicle sales growth was forecast at 3.9% y/y in 2018 versus 1.7% y/y in 2017. The expected new vehicle sales performance would be consistent with the projected lift in GDP growth this year to above 1.0% y/y on the anticipated strengthening in business and consumer confidence.

The BER is also scheduled to release the results of the consumer confidence survey for Q4.17. According to the BER, the consumer confidence index (CCI) for Q3.17 was not compiled as the provider “Nielsen cancelled all its personal interview surveys in the third quarter due to a lack of interest and Ipsos Markinor’s bi-annual survey applies to the fourth quarter.” The BER also noted that going forward it may “reduce the frequency of the CCI and household inflation expectation surveys from quarterly to bi-annual.” The last available survey for Q2.17 reflected persistently depressed sentiment and this is likely to have remained the case in Q4.17, depending on when the fieldwork for the survey was conducted. A lift in confidence is ultimately expected post the December ANC elective conference. Specifically, the CCI should show the degree of confidence concerning the economic prospects over the next 12 months and consequently the household financial position beginning to strengthen.

Figure 16: FNB/BER consumer confidence index



Sources: BER



26th January 2018

Figure 17: 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	104.7	4.7	0.5	4.7	2017 5.3
Jan 2018	105.3	4.7	0.6		
Feb 2018	106.1	4.3	0.7		
Mar 2018	106.9	4.5	0.8	4.5	
Apr 2018	107.2	4.7	0.3		
May 2018	107.3	4.5	0.1		
Jun 2018	107.7	4.6	0.3	4.6	
Jul 2018	108.3	5.0	0.6		
Aug 2018	108.5	5.1	0.2		
Sep 2018	108.9	4.9	0.3	5.0	
Oct 2018	109.2	4.9	0.3		
Nov 2018	109.5	5.1	0.3		
Dec 2018	109.8	4.9	0.3	5.0	2018 4.8
Jan 2019	110.4	4.8	0.5		
Feb 2019	111.4	5.0	0.9		
Mar 2019	112.4	5.1	0.9	5.0	
Apr 2019	112.6	5.0	0.2		
May 2019	112.8	5.1	0.2		
Jun 2019	113.1	5.0	0.2	5.0	
Jul 2019	113.8	5.1	0.7		
Aug 2019	114.4	5.4	0.5		
Sep 2019	115.0	5.7	0.6	5.4	
Oct 2019	115.6	5.8	0.5		
Nov 2019	116.0	6.0	0.4		
Dec 2019	116.4	6.0	0.3	5.9	2019 5.3

Source: Stats SA, Investec



26th January 2018

Figure 17: CPI forecast averages

Date	Index Base 2010	Annual y/y	Monthly m/m	Quarterly y/y	Calendar year y/y
Jan 2020	117.0	6.0	0.5		
Feb 2020	118.0	6.0	0.9		
Mar 2020	118.5	5.4	0.4	5.8	
Apr 2020	118.7	5.4	0.2		
May 2020	119.2	5.6	0.4		
Jun 2020	119.5	5.7	0.3	5.6	
Jul 2020	120.4	5.7	0.7		
Aug 2020	120.6	5.4	0.2		
Sep 2020	121.1	5.3	0.4	5.5	
Oct 2020	121.4	5.0	0.2		
Nov 2020	121.8	5.0	0.4		
Dec 2020	122.2	5.0	0.3	5.0	2020 5.5
Jan 2021	122.9	5.1	0.6		
Feb 2021	124.1	5.2	1.0		
Mar 2021	124.6	5.2	0.4	5.1	
Apr 2021	125.0	5.3	0.3		
May 2021	125.5	5.3	0.4		
Jun 2021	125.7	5.2	0.2	5.2	
Jul 2021	126.7	5.3	0.8		
Aug 2021	127.5	5.7	0.6		
Sep 2021	128.0	5.7	0.4	5.6	
Oct 2021	128.4	5.8	0.3		
Nov 2021	128.6	5.6	0.2		
Dec 2021	129.0	5.6	0.3	5.7	2021 5.4

Source: Stats SA, Investec



26th January 2018

Figure 18: 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	5.5	6.75	2.0
Feb 2018	10.25	6.0	6.75	2.5
Mar 2018	10.25	5.7	6.75	2.2
Apr 2018	10.25	5.5	6.75	2.0
May 2018	10.25	5.7	6.75	2.2
Jun 2018	10.25	5.6	6.75	2.1
Jul 2018	10.25	5.3	6.75	1.8
Aug 2018	10.25	5.2	6.75	1.7
Sep 2018	10.25	5.4	6.75	1.9
Oct 2018	10.25	5.4	6.75	1.9
Nov 2018	10.25	5.2	6.75	1.7
Dec 2018	10.25	5.3	6.75	1.8
Jan 2019	10.25	5.4	6.75	1.9
Feb 2019	10.25	5.2	6.75	1.7
Mar 2019	10.25	5.1	6.75	1.6
Apr 2019	10.25	5.2	6.75	1.7
May 2019	10.25	5.1	6.75	1.6
Jun 2019	10.25	5.2	6.75	1.7
Jul 2019	10.25	5.1	6.75	1.6
Aug 2019	10.25	4.8	6.75	1.3
Sep 2019	10.25	4.6	6.75	1.1
Oct 2019	10.25	4.4	6.75	0.9
Nov 2019	10.50	4.5	7.00	1.0
Dec 2019	10.50	4.5	7.00	1.0

Source: IRESS, Investec



26th January 2018

Figure 19: Exchange rate history and forecast, annual averages

	2015	2016	2017	2018	2019	2020	2021	2022	2023
EURUSD	1.11	1.11	1.13	1.20	1.22	1.22	1.23	1.24	1.24
EURGBP	0.73	0.82	0.88	0.87	0.87	0.87	0.88	0.88	0.89
GBPEUR	1.38	1.22	1.14	1.15	1.15	1.15	1.14	1.13	1.13
GBPUSD	1.53	1.36	1.29	1.37	1.40	1.40	1.40	1.40	1.40
USDJPY	115	114	112	108	108	107	107	107	107
EURJPY	128	127	126	130	131	131	131	132	133
GBPJPY	176	155	145	149	151	150	150	150	150
EURCHF	1.09	1.07	1.11	1.17	1.18	1.17	1.18	1.17	1.18
USDCHF	0.98	0.97	0.98	0.97	0.97	0.96	0.96	0.95	0.95
GBPCHF	1.49	1.31	1.27	1.34	1.36	1.34	1.34	1.33	1.33
AUDUSD	0.75	0.75	0.77	0.79	0.79	0.79	0.79	0.78	0.78
EURAUD	1.49	1.49	1.47	1.52	1.54	1.54	1.56	1.58	1.59
AUDJPY	86	85	86	85	85	85	84	83	83
GBPAUD	2.05	1.82	1.68	1.74	1.77	1.77	1.78	1.79	1.79
ZARUSD	12.76	14.68	13.30	12.49	12.03	11.14	11.26	11.73	12.33
ZARGBP	19.48	19.92	17.15	17.17	16.80	15.59	15.77	16.42	17.26
ZAREUR	14.15	16.26	15.01	14.97	14.67	13.59	13.80	14.48	15.31
JPYZAR	9.48	7.33	8.43	8.66	8.96	9.61	9.50	9.13	8.68
ZARCHF	13.26	14.93	13.51	12.85	12.40	11.60	11.73	12.34	12.97
ZARAUD	9.58	10.93	10.20	9.87	9.50	8.80	8.84	9.15	9.61

Source: IRESS, Investec



Figure 19: Exchange rate history and forecast, annual averages continued

	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
EURUSD	1.07	1.10	1.17	1.18	1.19	1.19	1.21	1.22	1.22	1.22	1.22	1.22
EURGBP	0.86	0.86	0.90	0.88	0.88	0.87	0.87	0.87	0.88	0.87	0.87	0.87
GBPEUR	1.16	1.16	1.11	1.13	1.14	1.15	1.15	1.15	1.14	1.15	1.15	1.15
GBPUSD	1.24	1.28	1.31	1.33	1.35	1.37	1.39	1.40	1.39	1.40	1.40	1.40
USDJPY	114	111	111	113	111	109	107	106	107	108	108	108
EURJPY	121	122	130	133	133	130	129	128	130	132	132	132
GBPJPY	141	142	145	150	151	149	148	147	149	151	151	151
EURCHF	1.07	1.08	1.13	1.16	1.16	1.16	1.17	1.18	1.18	1.18	1.18	1.18
USDCHF	1.00	0.98	0.96	0.99	0.98	0.97	0.97	0.97	0.97	0.97	0.97	0.97
GBPCHF	1.24	1.26	1.26	1.31	1.32	1.33	1.34	1.35	1.35	1.36	1.36	1.36
AUDUSD	0.76	0.75	0.79	0.77	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79
EURAUD	1.41	1.47	1.48	1.53	1.50	1.51	1.53	1.54	1.54	1.54	1.54	1.54
AUDJPY	86	83	88	87	88	86	85	83	85	85	85	85
GBPAUD	1.64	1.70	1.66	1.73	1.71	1.73	1.75	1.77	1.76	1.77	1.77	1.77
ZARUSD	13.22	13.19	13.18	13.62	12.65	12.40	12.40	12.50	12.30	12.10	11.90	11.80
ZARGBP	16.38	16.88	17.24	18.11	17.08	16.96	17.17	17.46	17.10	16.94	16.66	16.52
ZAREUR	14.09	14.52	15.42	16.02	14.99	14.76	14.94	15.19	15.01	14.76	14.52	14.40
JPYZAR	8.59	8.42	8.42	8.29	8.77	8.79	8.63	8.44	8.70	8.93	9.08	9.15
ZARCHF	13.17	13.40	13.69	13.80	12.92	12.72	12.83	12.93	12.68	12.47	12.27	12.16
ZARAUD	10.02	9.90	10.40	10.47	9.99	9.80	9.80	9.88	9.72	9.56	9.40	9.32

Source: IRESS, Investec



26th January 2018

Figure 19: Exchange rate history and forecast, annual averages continued

	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
EURUSD	1.22	1.22	1.22	1.22	1.22	1.22	1.23	1.23	1.23	1.23	1.24	1.24
EURGBP	0.87	0.87	0.87	0.87	0.87	0.87	0.88	0.88	0.88	0.88	0.89	0.89
GBPEUR	1.15	1.15	1.15	1.15	1.15	1.15	1.14	1.14	1.14	1.14	1.13	1.13
GBPUSD	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40
USDJPY	107	107	107	107	107	107	107	107	107	107	107	107
EURJPY	131	131	131	131	131	131	132	132	132	132	133	133
GBPJPY	150	150	150	150	150	150	150	150	150	150	150	150
EURCHF	1.17	1.17	1.17	1.17	1.17	1.17	1.18	1.18	1.17	1.17	1.18	1.18
USDCHF	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.96	0.95	0.95	0.95	0.95
GBPCHF	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.33	1.33	1.33	1.33
AUDUSD	0.79	0.79	0.79	0.79	0.79	0.79	0.78	0.78	0.78	0.78	0.78	0.78
EURAUD	1.54	1.54	1.54	1.54	1.54	1.54	1.58	1.58	1.58	1.58	1.59	1.59
AUDJPY	85	85	85	85	85	85	83	83	83	83	83	83
GBPAUD	1.77	1.77	1.77	1.77	1.77	1.77	1.79	1.79	1.79	1.79	1.79	1.79
ZARUSD	11.40	11.25	11.05	10.85	11.15	11.25	11.30	11.35	11.45	11.65	11.85	11.95
ZARGBP	15.96	15.75	15.47	15.19	15.61	15.75	15.82	15.89	16.03	16.31	16.59	16.73
ZAREUR	13.91	13.73	13.48	13.24	13.60	13.73	13.90	13.96	14.08	14.33	14.69	14.82
JPYZAR	9.39	9.51	9.68	9.86	9.60	9.51	9.47	9.43	9.34	9.18	9.03	8.95
ZARCHF	11.88	11.72	11.51	11.30	11.61	11.72	11.77	11.82	12.05	12.26	12.47	12.58
ZARAUD	9.01	8.89	8.73	8.57	8.81	8.89	8.81	8.85	8.93	9.09	9.24	9.32

Source: IRESS, Investec

Week Ahead: Trade balance expected to reflect sizeable surplus for 2017 with weak domestic demand compressing import growth

26th January 2018



Disclaimer

The information and materials presented in this report are provided to you for information purposes only and are not to be considered as an offer or solicitation of an offer to sell, buy or subscribe to any financial instruments. This report is intended for use by professional and business investors only. This report may not be reproduced in whole or in part or otherwise, without the consent of Investec.

The information and opinions expressed in this report have been compiled from sources believed to be reliable, but neither Investec, nor any of its directors, officers, or employees accepts liability for any loss arising from the use hereof or makes any representation as to its accuracy and completeness.

Investec, and any company or individual connected to it including its directors and employees may to the extent permitted by law, have a position or interest in any investment or service recommended in this report. Investec may, to the extent permitted by law, act upon or use the information or opinions presented herein, or research or analysis on which they are based before the material is published.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgement at its original date of publication by Investec and are subject to change.

Investec is not agreeing to nor required to update research commentary and data. Therefore, information may not reflect events occurring after the date of publication. The value of any securities or financial instruments mentioned in this report can fall as well as rise. Foreign currency denominated securities and financial instruments are subject to fluctuations in exchange rates that may have a positive or adverse effect on the value, price or income of such securities or financial instruments. Certain transactions, including those involving futures and options, can give rise to substantial risk and are not suitable for all investors.

Investec may have issued other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them.

This report is disseminated in South Africa by Investec Bank Limited, a firm regulated by the South African Reserve Bank.

To our readers in South Africa this does not constitute and is not intended to constitute financial product advice for the purposes of the Financial Advisory and Intermediary Services Act. This report is disseminated in Switzerland by Investec Bank (Switzerland) AG.

To our readers in Australia this does not constitute and is not intended to constitute financial product advice for the purposes of the Corporations Act.

To our readers in the United Kingdom: This report has been issued and approved by Investec Bank (UK) Limited, a firm regulated by the Financial Conduct Authority and is not for distribution in the United Kingdom to private customers as defined by the rules of the Financial Conduct Authority.

To our readers in the Republic of Ireland, this report is issued in the Republic of Ireland by Investec Bank (UK) Limited (Irish Branch), a firm regulated by the Central Bank of Ireland