



Table of contents for week ahead:

Pages

The Rand

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

Release dates and commentary

SA MPC meetings for 2018	1
Table of international and local economic data releases	5
Commentary on international data releases	6&7
Commentary on South African data releases	9

Forecasts for inflation rates, interest rates and exchange rates

International interest rates	8
SA interest rate forecast	12
Exchange rates	13-15
SA CPI inflation	10&11

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

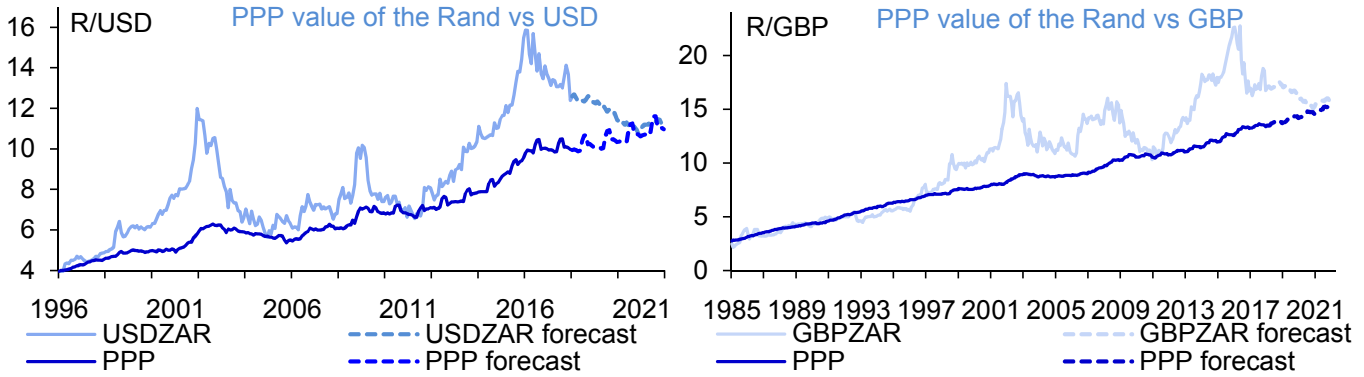
Month	Date	Forecast
May 2018	22 nd – 24 th	6.75
July 2018	17 th – 19 th	6.75
September 2018	18 th – 20 th	6.75
November 2018	20 th – 22 nd	6.75

Source: SA Reserve Bank, Investec Annabel Bishop



Currency outlook for the week ahead and foreign portfolio flows:

Figure 2: Purchasing price parity value of the rand

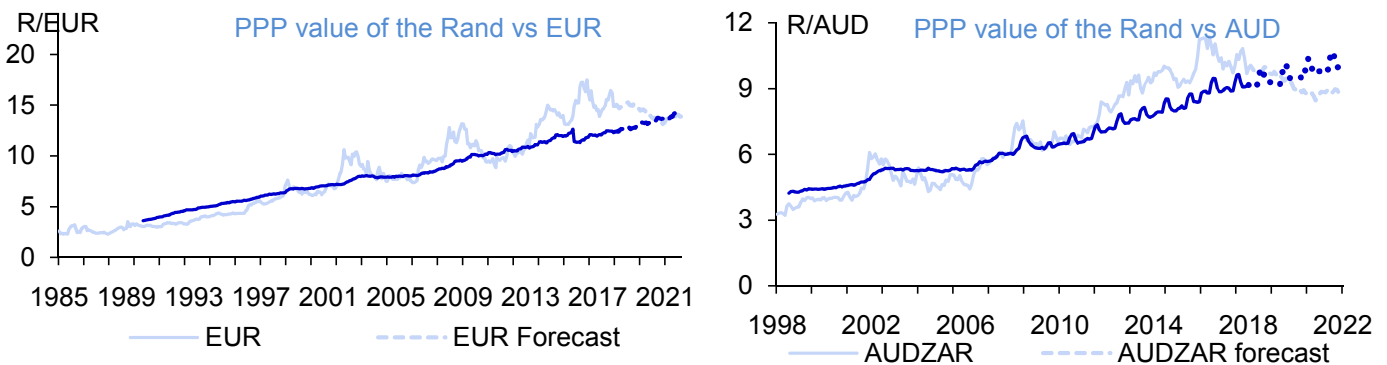


Source: IRESS, Investec Annabel Bishop

After testing the R12.70/USD resistance level and losing as much as 10.0% against the dollar since February, the rand has managed to claw back some gains this week and at the time of writing was trading at R12.28/USD. The US's decision to leave the Iran nuclear deal, sparked renewed geo-political tensions, placing emerging market currencies under pressure, on mounting concerns of an elevated oil price. However the release of lower than expected US inflation data yesterday, which reduced market fears of a rapid US interest rate hike trajectory, precipitated a sell-off of the greenback. As such the rand strengthened by around 2.0% against the dollar, its biggest one day lift since February, around the time Cyril Ramaphosa's election as president of the Republic.

In the week ahead, the rand is expected to trade in a range of R11.80/USD – R12.30/USD, R14.20/EUR - R14.70/EUR and R16.20/GBP - R16.70/GBP.

Figure 3: Purchasing price parity value of the rand



Source: IRESS, Investec Annabel Bishop



Figure 4: Economic Scenarios

		Q1.18	Q2.18	Q3.18	Q4.18	Q1.19	Q2.19	Q3.19	Q4.19
Extreme	Rand/USD (average)	11.96	10.75	10.00	9.50	9.00	8.60	7.90	7.60
Up case	Repo rate (end rate)	6.50	6.00	5.50	5.25	5.00	5.00	5.00	4.50
1%	Fast, sustainable economic growth of 5.0-7.0% y/y plus. 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. Global growth boom (including commodities), SA export and domestic growth boom lifts employment and incomes to the degree that poverty is eliminated. Fiscal consolidation, credit rating upgrades to A grade ultimately, interest rate cuts.								
Up case		Q1.18	Q2.18	Q3.18	Q4.18	Q1.19	Q2.19	Q3.19	Q4.19
14%	Rand/USD (average)	11.96	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
	Persistent economic growth of 3.0 – 5.0%, with growing probability of extreme up case thereafter. Better governance, 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. Strong global growth and commodity cycle. Stabilisation of credit ratings, with ultimately credit rating upgrades.								
Base line		Q1.18	Q2.18	Q3.18	Q4.18	Q1.19	Q2.19	Q3.19	Q4.19
case 50%	Rand/USD (average)	11.96	11.95	11.70	11.60	11.55	11.40	11.45	11.45
	Repo rate (end rate)	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
	Annual growth rate of 2.0% y/y reached by 2018, 3.5% y/y by 2024. Higher confidence and investment levels than past decade. Rand structurally stronger on political change, quicker return to PPP (by 2020). SA retains one investment grade (Moody's) rating on its local currency long-term sovereign debt this year. Sedate global monetary policy normalisation – avoid severe global risk-off environment, neutral to global risk-on. Modestly strengthening global demand.								
Down		Q1.18	Q2.18	Q3.18	Q4.18	Q1.19	Q2.19	Q3.19	Q4.19
case	Rand/USD (average)	11.96	13.50	14.90	15.80	16.90	17.00	16.50	15.50
21%	Repo rate (end rate)	6.50	7.00	7.50	8.00	8.50	8.50	8.50	8.50
	Partial loss of private sector property rights (land) under state custodianship without compensation, widescale land grabs. Confidence and investment depressed, marked rand weakness. SA sub-investment grade, increased chance of further credit downgrades. Faster than expected global monetary policy normalisation, global sharp economic slowdown (commodity slump), escalation of US-China trade war, short global financial crisis (SA V shaped recession).								
Extreme		Q1.18	Q2.18	Q3.18	Q4.18	Q1.19	Q2.19	Q3.19	Q4.19
down	Rand/USD (average)	11.96	14.50	17.00	19.00	21.00	22.80	24.00	25.50
case	Repo rate (end rate)	6.50	8.50	10.50	14.00	16.50	18.00	21.00	21.50
14%	Loss of private sector property (assets and land) rights under state custodianship without compensation. Credit ratings drop to junk, sovereign debt default (restructure), state bankruptcy - a failed state. Partial to no payment of public sector employees' wages and social grants, persistent government services outages, civil unrest/war. Global economy falls into recession, severe global trade war, severe lengthy global financial crisis, WW3, SA economic depression.								

Note: Event risk begins Q2.18. Source: IRESS, Investec Annabel Bishop



11 May 2018

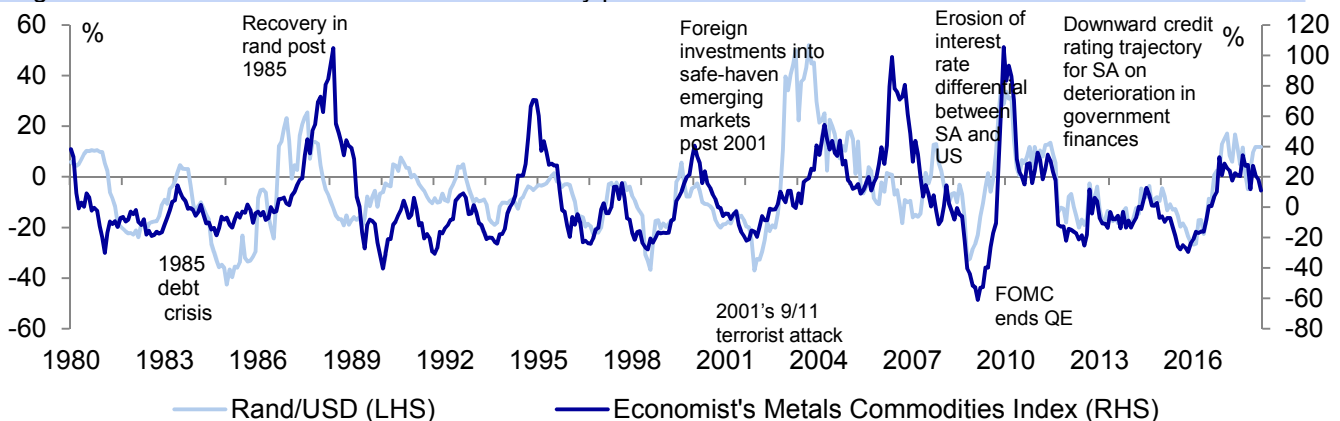
Figure 5: Net foreign portfolio flows for SA assets

Week	Equities (Rbn)	Bonds (Rbn)	Total (Rbn)
7 th May – 10 th May	-2.6	*	
30 th April – 4 th May	2.3	-1.4	1.0
23 rd April – 26 th April	0.3	-3.4	-3.1
16 th April -20 th April	-2.5	4.5	1.9
9 th April – 13 th April	5.0	-1.7	3.2
3 rd April – 6 th April	1.9	-3.3	-1.4
26 th March – 29 th March	-2.4	1.1	-1.2
19 th March – 23 rd March	6.4	2.4	8.7
12 th March – 16 th March	-8.9	3.5	-5.4
5 th March – 9 th March 2018	2.6	-0.3	2.3
Month			
April 2018	7.6	-4.7	2.9
March 2018	-0.3	4.3	3.9
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

Note: Data subject to frequent revisions Source: IRESS

*Data being queried

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



Source: IRESS, Investec



Data releases in the week ahead

Figure 7: Economic data releases for this week

Date	Country	Indicator	Month	Forecast	Previous
15/05/18	SA	Unemployment	Q1.18	26.9%	26.7%
	US	Empire Manufacturing	May	15.0%	15.8%
		Retail Sales Advance	Apr	0.4% m/m	0.6% m/m
		Business Inventories	Mar	0.2%	0.6%
		NAHB Housing Market Index	May	70	69
	Eurozone	Industrial Production SA	Mar	0.6% m/m	-0.8% m/m
		Industrial Production WDA	Mar	3.6% y/y	2.9% y/y
		Preliminary GDP	Q1.18	0.4% q/q	0.4% q/q
		Preliminary GDP	Q1.18		2.5% y/y
16/05/18	SA	Retail Sales	Mar		1.8% m/m
		Retail Sales	Mar	5.1% y/y	4.9% y/y
	US	MBA Mortgage Applications	May 11		-0.4%
		Housing Starts	Apr	1323k	1319k
		Housing Starts	Apr	0.1% m/m	1.9% m/m
		Building Permits	Apr	1355k	1379k
		Building Permits	Apr	-1.7% m/m	4.4% m/m
		Industrial Production	Apr	0.6% m/m	0.5% m/m
		Manufacturing (SIC) Production	Apr	0.8%	0.1%
		Capacity Utilisation	Apr	78.4%	78.0%
	Eurozone	CPI	Apr		1.0% m/m
		CPI	Apr		1.3% y/y
17/05/18	US	Initial Jobless Claims	May 12		211k
		Continuing Claims	May 5		1790k
		Leading Index	Apr	0.4%	0.3%
	Eurozone	EU27 Car Registrations	Apr		-5.3%
		Construction Output	Mar		-0.5% m/m
		Construction Output	Mar		0.4% y/y
18/05/18	Eurozone	ECB Current Account NSA	Mar		35.1bn
		Current Account SA	Mar		22.7bn
		Trade Balance SA	Mar		21.0bn
		Trade Balance NSA	Mar		18.9bn

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

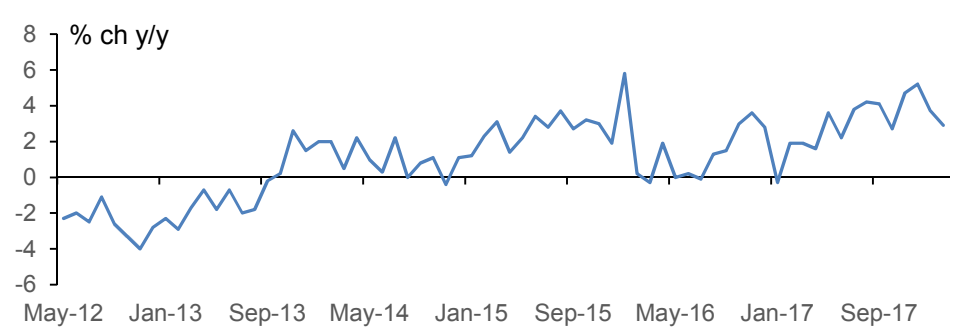
Source Bloomberg



International section

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

Figure 8: EU19 Industrial Production (excl. Construction) WDA

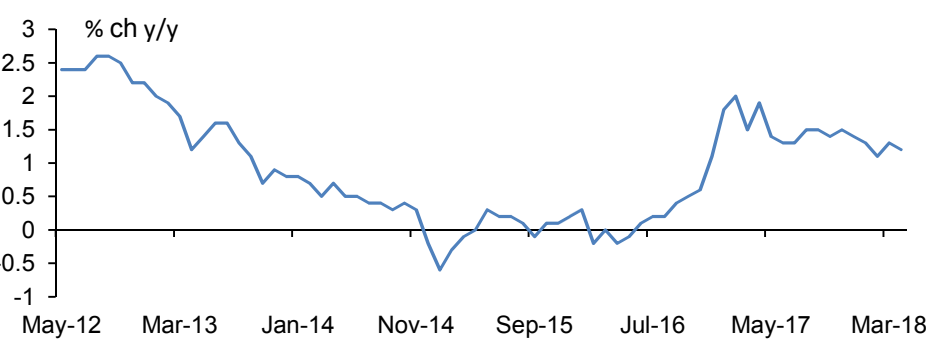


Source: Bloomberg

(PS) There are a number of material, global events which we should see unfold across the course of next week. The first concerns the nuclear deal with Iran from which the US withdrew a few days ago. It is unclear whether President Trump's actions will result in a notable increase in Middle East tensions or if perhaps somehow, Iran could be brought back to the negotiating table. The second is the state of play in the trade talks between the US and China. An inconclusive set of negotiations last week will be followed by a second round next, with Chinese negotiator Liu He heading to Washington.

Relevant economic indicators are released from various jurisdictions next week. In the Euro area 'flash' (i.e. second!) estimates of Q1.18 GDP are due on Tuesday. German figures were unavailable at 'preliminary flash' stage last month but will be published a few hours before those for the zone. Our feeling is that our +0.3% q/q forecast is consistent with the Eurozone number remaining unrevised at +0.4%. March's industrial production data for the EU19 is out at the same time as the Eurozone figures. Data from national sources have been broadly consistent with a positive dynamic in the manufacturing sector towards the end of the quarter. The following day sees final HICP (i.e. inflation) figures for April. According to flash estimates, headline inflation fell to +1.2% and the core measure (ex-food, energy, alcohol and tobacco) to +0.7%. To our minds this number will be less key than next month's figures in determining whether the timing of Easter depressed the readings, as we suspect.

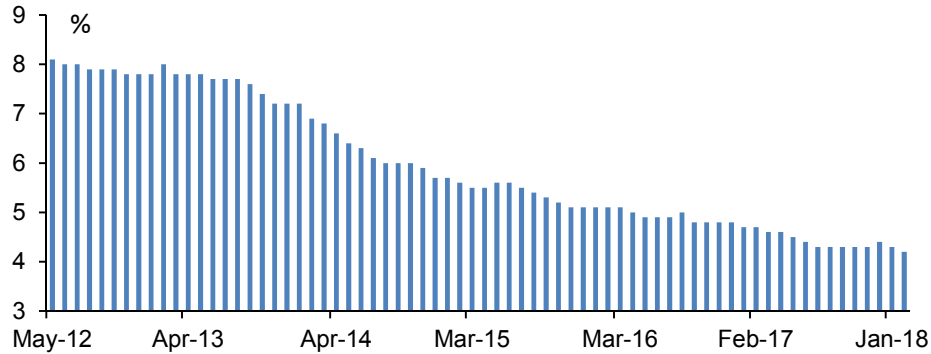
Figure 9: Eurozone inflation



Source: Bloomberg



Figure 10: UK Unemployment



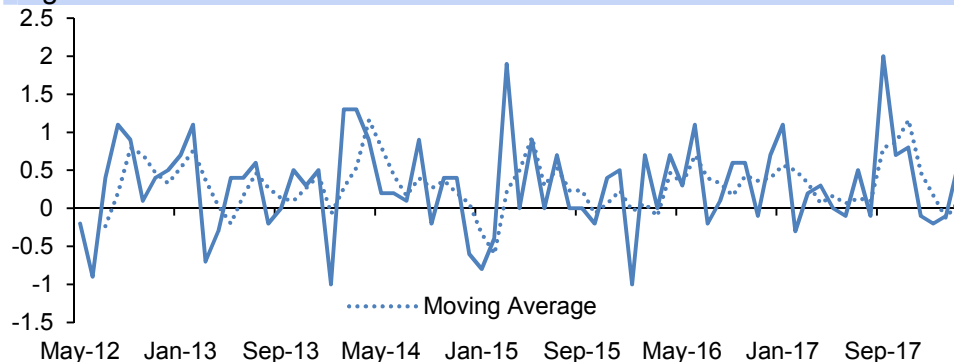
Source: UK Office for National Statistics

In Italy we should know over the weekend whether attempts by the Five Star Movement and the (Northern) League to form a government have been successful. The alternative of course is that Italy faces a 'neutral' government for a period and then fresh elections at some stage. Should the dialogue be successful, a critical ingredient is which party supplies the Prime Minister. Markets have been nervous over the prospect of Five Star leader Luigi di Maio taking office at the Palazzo Chigi, although it appears Five Star has dropped this as a key demand in the talks.

In the UK, the sole major release will be labour market data on Tuesday. Last month's report was consistent with a tightening in conditions and rising (regular) pay growth. We are forecasting the unemployment rate remaining at its 43-year low of 4.2% and although headline earnings growth is likely to slip, it is the ex-bonuses figures which the Bank of England watches more closely, and here we see a further strengthening. Indeed the outlook presented in the latest Inflation Report was very similar to that in February. The critical point is whether the relatively soft economic numbers in Q1.18 were mainly temporary, or signalling something more pernicious. While no-one can be certain, we are in the latter camp and we stand by our call that rates will rise in August.

In the US the key economic numbers should be Tuesday's retail sales and Thursday's Philadelphia Fed survey. They will be taken to be yardsticks of whether the economy is enjoying a decent degree of momentum. Also, amid some fears that Chinese credit dynamics are slowing, we have April's monthly indicators, such as industrial production, early on Tuesday morning. Japan publishes Q1.18 GDP on Wednesday. on Thursday.

Figure 11: US Retail Sales



Source: Bloomberg



Global forecasts

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

	US	Germany	UK
Current	2.85	0.52	1.44
2018			
Q2	3.00	0.75	1.75
Q4	3.25	1.00	2.00
2019			
Q2	3.25	1.25	2.25
Q4	3.25	1.50	2.25

Source: Reuters, Investec UK

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

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

End year

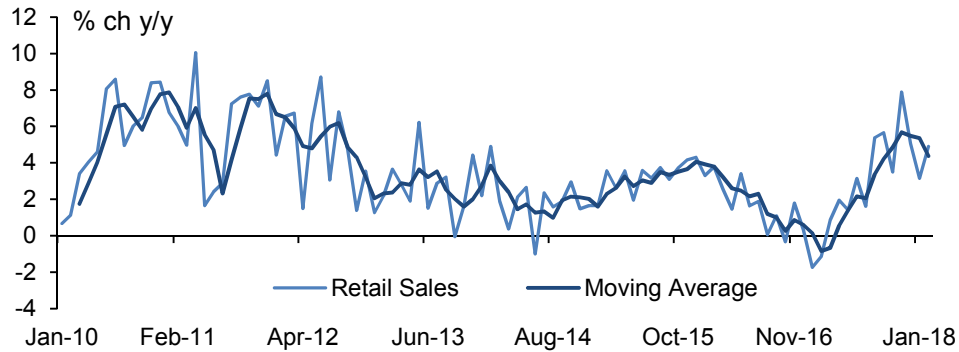
2020	2.75-3.00	1.00	0.75	1.50	2.50
------	-----------	------	------	------	------

Source: Reuters, Investec UK



South Africa section

Figure 14: Retail Sales

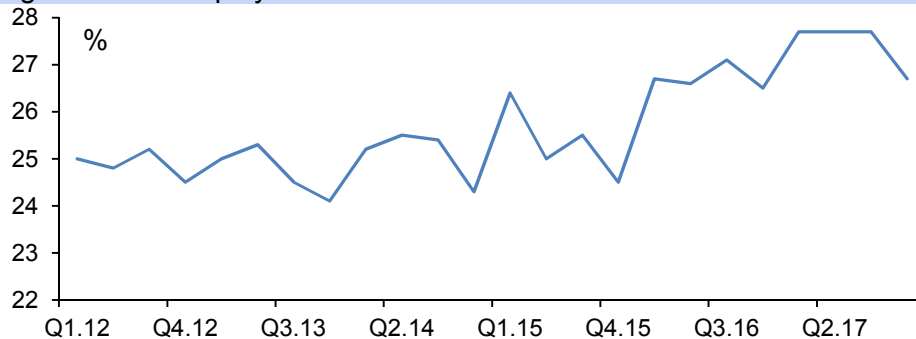


Source: Stats SA

We expect retail sales will lift by 5.1% y/y in March compared to growth of 4.9% y/y in February. Consumer activity and, by extension, growth in retail sales would have been supported by an improved inflationary environment, assisted primarily by lower food prices and fuel costs in March. The BER stated in its latest Retail Survey that Q1.18 “(s)aw some improvement across most of the sector. This is reflected in a marginal pick-up in business confidence, general business conditions and overall profit level.” Additionally enhanced sentiment, following the avoidance of a Moody’s rating downgrade, together with pre-emptive buying in advance of the vat and additional tax hikes in April, would have acted as an impetus to spend. Furthermore credit extension to households has improved, although not markedly, lending some support to consumers.

On Tuesday, the quarterly labour survey will be released, with unemployment levels in the first quarter of 2018 likely to have ticked up somewhat from the 26.7% indicated in Q4.17. Traditionally, seasonal hiring in the services sectors in the last quarter of the year results in an improvement in the number of individuals employed. However, this hiring is typically reversed in the following quarter, which could affect the numbers. We therefore expect unemployment to rise slightly to 26.9% for Q1.18. A notable uptick in investment, which would ultimately lift potential GDP growth is required to enhance employment rates. Global growth and policy and political certainty have improved following President Ramaphosa’s election as President of the republic, which could improve employment prospects going forward.

Figure 15: Unemployment trend



Source: Stats SA



Figure 16: 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	105.0	4.4	0.3			
Feb 2018	105.8	4.0	0.8			
Mar 2018	106.2	3.8	0.7	4.1		
Apr 2018	107.3	4.7	1.0			
May 2018	107.6	4.8	0.4			
Jun 2018	108.2	5.1	0.5	4.9		
Jul 2018	108.8	5.5	0.6			
Aug 2018	109.3	5.8	0.4			
Sep 2018	109.6	5.6	0.4	5.6		
Oct 2018	110.1	5.7	0.4			
Nov 2018	110.4	6.0	0.3			
Dec 2018	110.7	5.8	0.3	5.8	2018	5.1
Jan 2019	111.5	6.2	0.7			
Feb 2019	112.1	5.9	0.5			
Mar 2019	113.0	6.4	0.8	6.2		
Apr 2019	113.4	5.7	0.4			
May 2019	113.7	5.6	0.2			
Jun 2019	113.9	5.3	0.2	5.5		
Jul 2019	114.4	5.2	0.5			
Aug 2019	114.9	5.2	0.4			
Sep 2019	115.4	5.2	0.4	5.2		
Oct 2019	115.7	5.1	0.3			
Nov 2019	116.1	5.1	0.3			
Dec 2019	116.4	5.1	0.3	5.1	2019	5.5

Source: Stats SA, Investec Annabel Bishop



Figure 16: CPI forecast averages

Date	Index Base 2010	Annual y/y	Monthly m/m	Quarterly y/y	Calendar year y/y
Jan 2020	117.0	4.9	0.5		
Feb 2020	118.0	5.3	0.9		
Mar 2020	118.5	4.9	0.4	5.0	
Apr 2020	118.8	4.7	0.2		
May 2020	119.2	4.9	0.4		
Jun 2020	119.6	5.0	0.3	4.9	
Jul 2020	120.4	5.2	0.7		
Aug 2020	120.7	5.0	0.2		
Sep 2020	121.1	5.0	0.4	5.1	
Oct 2020	121.4	4.9	0.2		
Nov 2020	121.9	5.0	0.4		
Dec 2020	122.2	5.0	0.3	5.0	2020 5.0
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	125.8	5.2	0.2	5.2	
Jul 2021	126.8	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	128.7	5.6	0.2		
Dec 2021	129.1	5.6	0.3	5.7	2021 5.4

Source: Stats SA, Investec Annabel Bishop



Figure 17: 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	5.6	6.75	2.1
Jan 2018	10.25	5.9	6.75	2.4
Feb 2018	10.25	6.2	6.75	2.7
Mar 2018	10.00	6.2	6.50	2.7
Apr 2018	10.00	5.4	6.50	1.9
May 2018	10.00	5.3	6.50	1.8
Jun 2018	10.00	5.2	6.50	1.7
Jul 2018	10.00	4.9	6.50	1.4
Aug 2018	10.00	4.6	6.50	1.1
Sep 2018	10.00	4.7	6.50	1.2
Oct 2018	10.00	4.6	6.50	1.1
Nov 2018	10.00	4.4	6.50	0.9
Dec 2018	10.00	4.6	6.50	1.1
Jan 2019	10.00	4.2	6.50	0.7
Feb 2019	10.00	4.4	6.50	0.9
Mar 2019	10.00	4.0	6.50	0.5
Apr 2019	10.00	4.5	6.50	1.0
May 2019	10.00	4.6	6.50	1.1
Jun 2019	10.00	4.7	6.50	1.2
Jul 2019	10.00	4.8	6.50	1.3
Aug 2019	10.00	4.8	6.50	1.3
Sep 2019	10.00	4.8	6.50	1.3
Oct 2019	10.00	4.9	6.50	1.4
Nov 2019	10.00	4.9	6.50	1.4
Dec 2019	10.00	4.9	6.50	1.4

Source: IRESS, Investec Annabel Bishop



Figure 18: **Exchange rate history and forecast: annual averages**

	2015	2016	2017	2018	2019	2020	2021	2022	2023
EURUSD	1.11	1.11	1.13	1.22	1.26	1.26	1.25	1.25	1.25
EURGBP	0.73	0.82	0.88	0.87	0.88	0.90	0.90	0.90	0.89
GBPEUR	1.38	1.22	1.14	1.14	1.14	1.12	1.12	1.12	1.12
GBPUSD	1.53	1.36	1.29	1.39	1.43	1.41	1.39	1.39	1.40
USDJPY	115	114	112	107	104	105	106	107	107
EURJPY	128	127	127	130	131	132	133	133	134
GBPJPY	176	155	145	149	149	148	148	149	150
EURCHF	1.09	1.07	1.11	1.19	1.23	1.22	1.21	1.21	1.19
USDCHF	0.98	0.97	0.98	0.98	0.97	0.96	0.96	0.95	0.95
GBPCHF	1.49	1.31	1.27	1.37	1.39	1.36	1.34	1.32	1.33
AUDUSD	0.75	0.75	0.77	0.79	0.78	0.76	0.79	0.78	0.78
EURAUD	1.49	1.49	1.47	1.55	1.61	1.66	1.59	1.60	1.60
AUDJPY	86	85	86	84	81	80	83	83	83
GBPAUD	2.05	1.82	1.68	1.77	1.83	1.86	1.78	1.79	1.79
ZARUSD	12.76	14.68	13.30	11.80	11.46	11.18	10.96	11.30	11.73
ZARGBP	19.48	19.92	17.13	16.42	16.41	15.76	15.29	15.76	16.42
ZAREUR	14.15	16.26	15.03	14.36	14.44	14.12	13.70	14.13	14.66
JPYZAR	9.48	7.33	8.39	9.07	9.08	9.38	9.67	9.45	9.13
ZARCHF	13.26	14.93	13.51	12.03	11.76	11.60	11.42	11.89	12.34
ZARAUD	9.58	10.93	10.20	9.28	8.97	8.49	8.61	8.81	9.15

Source: IRESS, Investec Annabel Bishop



Figure 18: **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
EURUSD	1.07	1.10	1.18	1.18	1.23	1.22	1.21	1.22	1.23	1.25	1.27	1.29
EURGBP	0.86	0.86	0.90	0.89	0.88	0.87	0.87	0.87	0.88	0.88	0.88	0.89
GBPEUR	1.16	1.16	1.11	1.13	1.13	1.15	1.15	1.15	1.14	1.14	1.14	1.13
GBPUSD	1.24	1.28	1.31	1.33	1.39	1.39	1.39	1.40	1.41	1.42	1.44	1.46
USDJPY	114	111	111	113	108	107	107	106	105	104	104	104
EURJPY	121	122	131	133	133	130	129	128	129	130	132	134
GBPJPY	141	142	145	150	150	149	148	147	147	148	150	152
EURCHF	1.07	1.08	1.14	1.16	1.17	1.19	1.21	1.22	1.22	1.23	1.23	1.24
USDCHF	1.00	0.98	0.96	0.99	0.95	0.98	1.00	1.00	0.99	0.98	0.97	0.96
GBPCHF	1.24	1.26	1.26	1.31	1.32	1.36	1.39	1.40	1.39	1.39	1.40	1.40
AUDUSD	0.76	0.75	0.79	0.77	0.79	0.78	0.79	0.79	0.79	0.79	0.78	0.78
EURAUD	1.41	1.47	1.49	1.53	1.56	1.56	1.53	1.54	1.56	1.59	1.63	1.66
AUDJPY	86	83	88	87	85	83	85	83	83	82	81	81
GBPAUD	1.64	1.70	1.66	1.73	1.77	1.79	1.75	1.77	1.78	1.81	1.85	1.88
ZARUSD	13.22	13.19	13.18	13.62	11.96	11.95	11.70	11.60	11.55	11.40	11.45	11.45
ZARGBP	16.35	16.85	17.22	18.08	16.65	16.64	16.21	16.20	16.24	16.19	16.52	16.69
ZAREUR	14.08	14.52	15.49	16.05	14.70	14.53	14.10	14.09	14.21	14.25	14.54	14.77
JPYZAR	8.54	8.39	8.36	8.27	9.06	8.96	9.15	9.09	9.05	9.12	9.08	9.08
ZARCHF	13.16	13.40	13.69	13.81	12.61	12.22	11.70	11.60	11.64	11.63	11.82	11.96
ZARAUD	10.02	9.90	10.41	10.47	9.41	9.32	9.24	9.16	9.12	8.95	8.93	8.87

Source: IRESS, Investec Annabel Bishop



Figure 18: **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
EURUSD	1.28	1.26	1.26	1.26	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
EURGBP	0.89	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
GBPEUR	1.12	1.12	1.11	1.11	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12
GBPUSD	1.44	1.41	1.40	1.39	1.39	1.39	1.39	1.39	1.39	1.39	1.39	1.39
USDJPY	104	105	105	105	106	106	106	106	106	107	107	107
EURJPY	133	132	132	132	133	133	133	133	133	134	134	134
GBPJPY	150	148	147	146	148	148	148	148	148	149	149	149
EURCHF	1.23	1.22	1.22	1.23	1.22	1.20	1.20	1.20	1.21	1.21	1.21	1.21
USDCHF	0.95	0.96	0.97	0.98	0.96	0.96	0.96	0.96	0.95	0.95	0.95	0.95
GBPCHF	1.38	1.36	1.36	1.36	1.34	1.34	1.34	1.34	1.32	1.32	1.32	1.32
AUDUSD	0.77	0.77	0.76	0.75	0.79	0.79	0.78	0.78	0.78	0.78	0.78	0.78
EURAUD	1.66	1.65	1.67	1.67	1.58	1.58	1.60	1.60	1.60	1.60	1.60	1.60
AUDJPY	80	80	79	79	84	84	83	83	83	83	83	83
GBPAUD	1.87	1.84	1.85	1.86	1.77	1.77	1.79	1.79	1.79	1.79	1.79	1.79
ZARUSD	11.40	11.30	11.10	10.90	10.80	10.90	11.05	11.10	11.10	11.30	11.40	11.40
ZARGBP	16.40	15.91	15.54	15.20	15.06	15.20	15.41	15.48	15.48	15.76	15.90	15.90
ZAREUR	14.59	14.24	13.99	13.68	13.50	13.63	13.81	13.88	13.88	14.13	14.25	14.25
JPYZAR	9.12	9.29	9.46	9.63	9.81	9.72	9.59	9.55	9.55	9.47	9.39	9.39
ZARCHF	12.06	11.72	11.46	11.17	11.25	11.35	11.51	11.56	11.68	11.89	12.00	12.00
ZARAUD	8.78	8.64	8.38	8.18	8.53	8.61	8.62	8.66	8.66	8.81	8.89	8.89

Source: IRESS, Investec Annabel Bishop

Week Ahead: We expect retail sales will lift by 5.1% y/y in March, on the back of increased sentiment and pre-emptive buying ahead of tax lifts in April

11 May 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