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**Figure 1: SA Monetary Policy Committee (MPC) meeting dates for 2017**

Month	Date	Forecast
September 2017	19 <sup>th</sup> – 21 <sup>st</sup>	6.50
November 2017	21 <sup>st</sup> – 23 <sup>rd</sup>	6.50

Source: SA Reserve Bank, Investec

Week ahead written in conjunction with the international economic contributions from Philip Shaw (PS), Victoria Clarke (VC) Ryan Djajasaputra (RD) and Anea Koziol (AK).

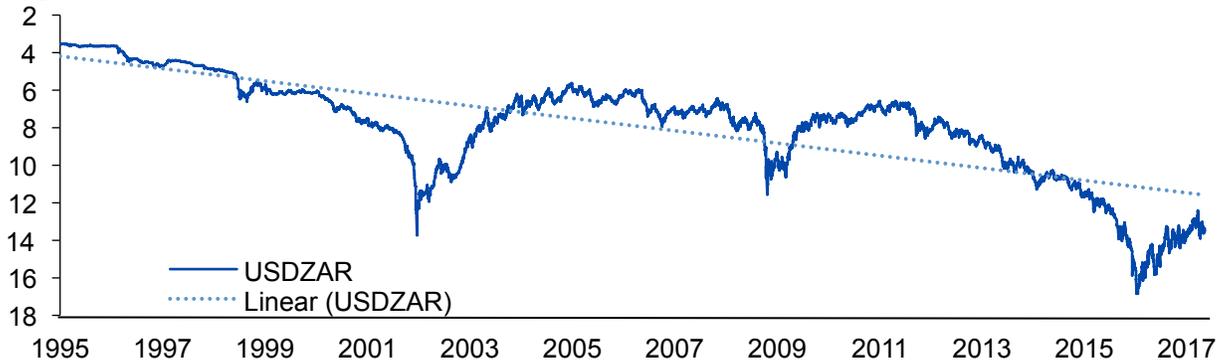


**Week Ahead: June PPI inflation update to reflect soft pipeline price pressures**

21<sup>st</sup> July 2017

**Rand, currency outlook for the week ahead and foreign flows:**

Figure 2: USDZAR



Source: Investec, IRESS

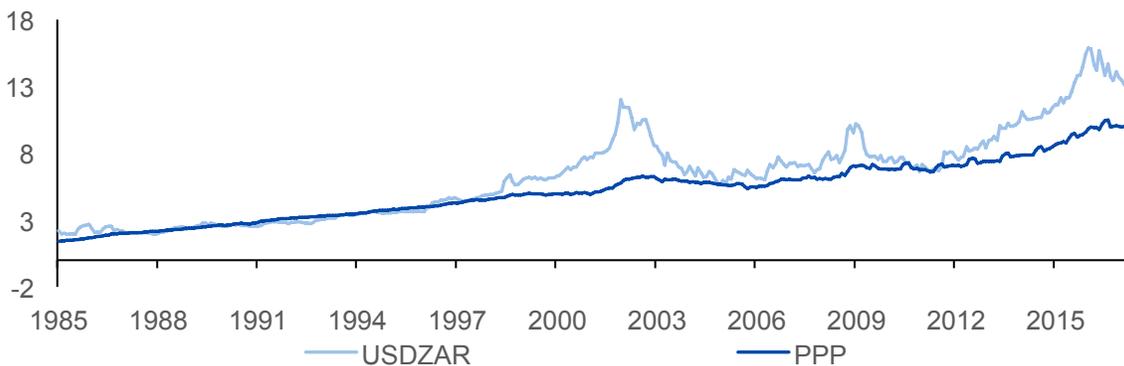
Compared to last Friday's close, the rand gained 0.5% over the past week to 12.95/USD, at the time of publication. Most emerging market currencies appreciated over the last week on a weaker USD as interest rate expectations have been pared back in response to soft US inflation data and the market's interpretation of a less hawkish Fed. Over the past week, the Brazilian real was the best performing emerging market currencies, out of a list of 24 countries, gaining 1.9% against the USD.

In view of the surprise interest rate cut by the SARB at yesterday's MPC meeting, the Bank's stated reasons as well as inflation and growth projections, we anticipate there is a real possibility of another 25bp reduction at the September MPC (see figure 16) . The interest rate cut has had a marginal impact on our currency forecasts (see figure 17).

We expect that the possibility for further interest rate cuts in 2018 will depend on the path of the currency which remains vulnerable to event risks including the sovereign credit rating reviews in November 2017, budget figures produced in October 2017 and February 2018 and outcome of ANC elective conference in December 2017.

The rand is expected to trade in a range of R13.45/USD – R12.45/USD, R15.60/EUR - R14.60/EUR and R17.40/GBP - R16.40/GBP.

Figure 3: Purchasing Power Parity value of the Rand vs USD



Source: Investec, IRESS



Figure 4: Economic Scenarios

		Q3.17	Q4.17	Q1.18	Q2.18	Q3.18	Q4.18	Q1.19	Q2.19
Extreme up case <b>1%</b>	Rand/USD (average)	13.00	11.70	10.60	9.50	8.60	7.90	7.60	7.40
	Repo rate (end rate)	6.50	6.50	6.00	5.50	5.00	5.00	5.00	4.50
	Fast, sustainable <b>economic growth of 5.0 – 7.0% y/y plus</b> . SA sees <b>change in political will</b> that structurally lifts private sector investor confidence and so fixed investment, growth creating economic reforms in line with global norms. <b>Global growth boom</b> (including commodities) and SA export boom that substantially lifts employment and incomes, eventually eliminating poverty. Fiscal consolidation, <b>credit rating upgrades with potential for A grade ultimately</b> , interest rate cuts.								
Up case <b>10%</b>	Rand/USD (average)	13.00	12.60	12.20	11.80	11.50	11.20	10.50	10.55
	Repo rate (end rate)	6.50	6.50	6.50	6.25	6.25	6.00	5.50	5.50
	<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> .								
Base line case <b>35%</b>	Rand/USD (average)	13.00	13.30	13.65	13.45	13.10	12.75	12.40	12.10
	Repo rate (end rate)	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
	<b>Trend growth rate of 2.0% y/y, reached by 2023</b> . Recent downgrades subdue confidence and so growth somewhat. Rand structurally weaker so slower return to PPP (by 2020). <b>SA retains two investment grade (IG) ratings on its local currency (LC) 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> .								
Down case <b>35%</b>	Rand/USD (average)	13.00	16.00	18.00	19.00	19.50	18.50	17.80	16.90
	Repo rate (end rate)	6.50	7.50	8.25	9.00	10.00	10.50	10.50	10.50
	<b>All three key agencies rate SA's foreign and local currency long-term debt sub-investment grade</b> , increased chance of further credit downgrades. Rand weakness (SA debt exits Citibank WGBI), <b>confidence and investment measures depressed</b> . Government's capacity for expenditure reduced, including social welfare grants. Commodity slump, <b>global sharp slowdown/recession (SA V shaped recession)</b> .								
Extreme down case <b>19%</b>	Rand/USD (average)	13.00	17.00	19.00	21.00	22.80	24.00	25.50	26.00
	Repo rate (end rate)	6.50	8.00	10.00	13.00	15.50	17.00	19.00	22.00
	State bankruptcy, and <b>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, civil unrest/war, persistent government services outages. Partial loss of commercial private sector property rights under state custodianship. <b>SA economic depression, global economy falls into recession</b> .								

**Note:** Event risk begins Q4.17



**Week Ahead: June PPI inflation update to reflect soft pipeline price pressures**

21<sup>st</sup> July 2017

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

Week	Equities (Rbn)	Debt (Rbn)	Total (Rbn)
10 <sup>th</sup> – 14 <sup>th</sup> July 2017	5.4	2.8	8.2
3 <sup>rd</sup> – 7 <sup>th</sup> July 2017	4.5	-4.8	-0.3
26 <sup>th</sup> – 30 <sup>th</sup> June 2017	2.6	-3.6	-0.9
19 <sup>th</sup> – 23 <sup>rd</sup> June 2017	0.8	-0.6	0.2
12 <sup>th</sup> – 15 <sup>th</sup> June 2017	-4.7	-4.4	-9.1
5 <sup>th</sup> – 9 <sup>th</sup> June 2017	-0.3	2.0	1.7
29 <sup>th</sup> May – 2 <sup>nd</sup> June 2017	-17.7	0.5	-17.1

Month	Equities (Rbn)	Debt (Rbn)	Total (Rbn)
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

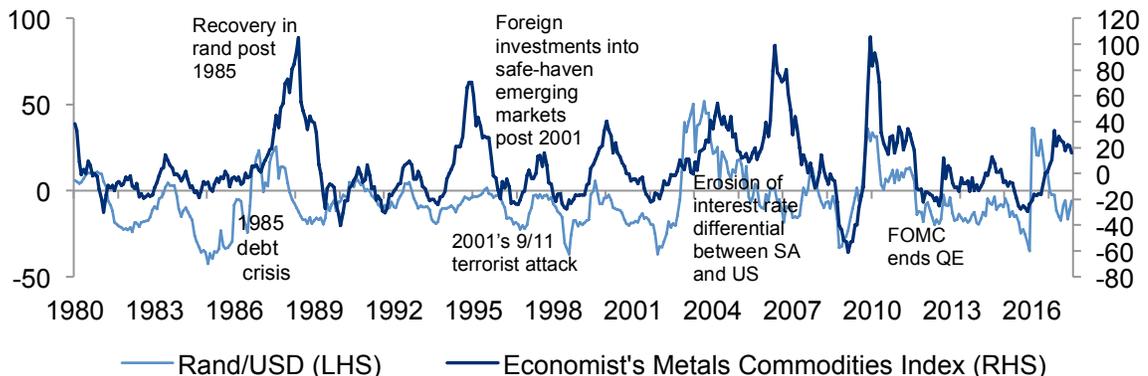
Source: IRESS. Note: data subject to frequent revisions

**Figure 6: PPP value of the Rand vs GBP**



Source: Investec, IRESS

**Figure 7: Rand vs Economist's metals commodity price index**





## Data releases in the week ahead

### Economic data releases for next week

Date	Country	Indicator	Month	Forecast	Previous
24/07/17	US	Existing Home Sales	Jun	5.56mn	5.62mn
		Existing Home Sales	Jun	-1.2% m/m	1.1% m/m
	Eurozone	Preliminary Manufacturing PMI	Jul	57.2	57.4
		Preliminary Services PMI	Jul	55.5	55.4
		Preliminary Composite PMI	Jul	56.2	56.3
25/07/17	SA	Leading Indicator	May		96.7
		Unemployment Rate	Q2.17	27.5%	27.7%
	US	S&P CoreLogic CS 20-City	Jun	5.71% y/y	5.67% y/y
		Conf. Board Consumer Confidence	Jul	116.0	118.9
26/07/17	US	MBA Mortgage Applications	Jul 21		6.3%
		New Home Sales	Jun	615k	610k
		New Home Sales	Jun	0.8% m/m	2.9% m/m
		FOMC Rate Decision (Upper Bound)	Jul 26	1.25%	1.25%
		FOMC Rate Decision (Lower Bound)	Jul 26	1.00%	1.00%
27/07/17	SA	PPI	Jun	0.3% m/m	0.5% m/m
		PPI	Jun	4.6% y/y	4.8% y/y
	US	Prelim Durable Goods Orders	Jun	3.0%	-0.8%
		Durable Goods Orders Ex Transport	Jun	0.5%	0.3%
		Capital Goods Orders Nondef Ex Air	Jun	0.4%	0.2%
		Capital Goods Ship Nondef Ex Air	Jun		0.1%
		Initial Jobless Claims	Jul 22		233k
		Continuing Claims	Jul 15		1977k
		Advance Goods Trade Balance	Jun	-\$65.0bn	-\$66.3bn
	Eurozone	Prelim Wholesale Inventories	Jun		0.4% m/m
		Prelim Retail Inventories	Jun		0.6% m/m
		M3 Money Supply	Jun	5.0% y/y	5.0% y/y
			Jun		
28/07/17	SA	Budget	Jun		-21.2bn
	US	GDP Annualised	Q2.17	2.5% q/q	1.4% q/q
		Personal Consumption	Q2.17	2.9%	1.1%
		Core PCE	Q2.17		2.0% q/q
		GDP Price Index	Q2.17	1.5%	1.9%
		University of Michigan Sentiment	Jul	93.0	93.1
	Eurozone	Economic Confidence	Jul	110.8	111.1
		Consumer Confidence	Jul		-1.7
			Jul		

Source: Bloomberg

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



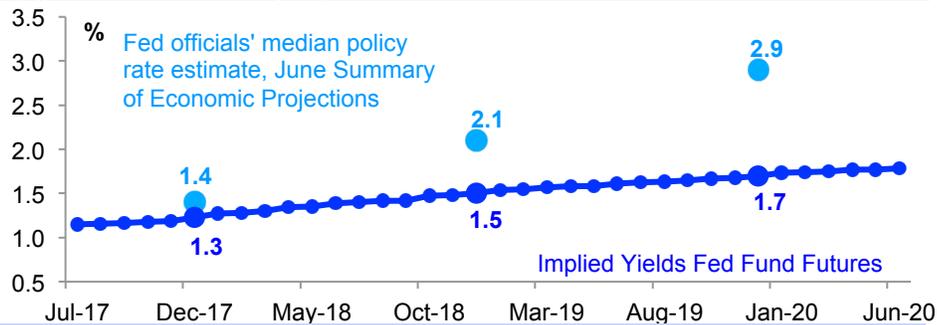
**Week Ahead: June PPI inflation update to reflect soft pipeline price pressures**

21<sup>st</sup> July 2017



**International**

**Figure 9: US FOMC projections and Fed fund futures**



Source: US Fed, Bloomberg

(VC) The Federal Open Market Committee meets again next week. This time around there will be no press conference and no update to forecasts published. We expect no change in the 1.00-1.25% Federal funds target rate range, following the hike enacted at the 14 June meeting.

The minutes to the June FOMC pointed to a Committee that appears increasingly divided over whether it is now appropriate to take a pause on rate rises, or whether to press ahead with rate normalisation over the next few meetings. With inflation having moderated over recent months we see Fed Chief Yellen as being comfortable to side with the rate doves for now and sit tight. Over the past month we have explicitly heard calls from the typically dovish Fed Governor Lael Brainard, the Dallas Fed’s Robert Kaplan and the Minneapolis Fed’s Neel Kashkari to wait (and see more evidence, on inflation particularly) before the next rate rise.

In her recent testimony to Congress, Dr Yellen said that she thought that it was premature to reach the judgment that the Fed was not on the path to 2% inflation over the next couple of years. However her subsequent comment, that this was something the Fed was ‘watching very closely’, reinforces our view that the Fed Chief will act cautiously on rates for the next few months, particularly when one considers the Fed is set to embark on the task of unwinding the \$4.2trn of QE holdings on its balance sheet. Our view is that December is the most likely timing for the next hike in the Federal funds target rate.

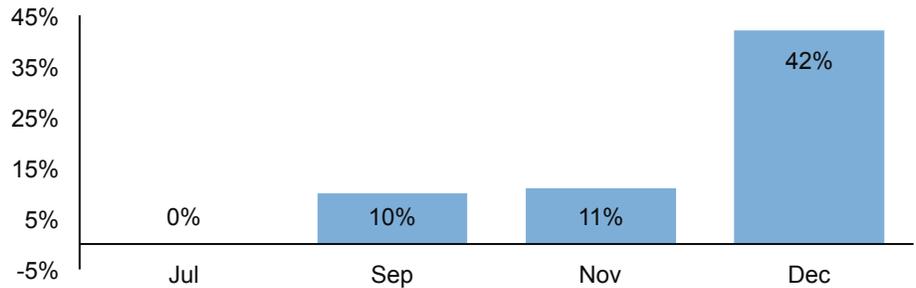
The Fed has been slowly gearing up to commence the unwinding of its QE holdings later this year amidst broad agreement amongst members of the FOMC that this is the right thing to do. Initially the unwind will be only modest;

**Figure 10: Fed fund futures – probability of a rate hike**



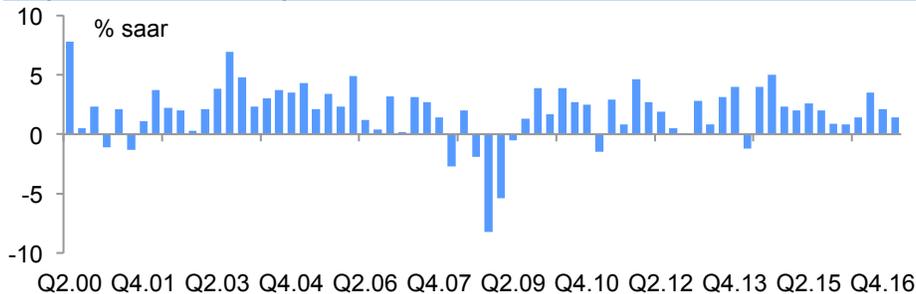
**Week Ahead: June PPI inflation update to reflect soft pipeline price pressures**

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Source: Bloomberg

Figure 11: US GDP growth



Source: Bureau of Economic Analysis

it is structured so the maximum roll-off in Treasury securities is capped at \$6bn per month, increasing in steps of \$6bn at three-month intervals until it reaches \$30bn per month. For re-payments of principal that the Fed receives from its agency debt and mortgage-backed securities holdings, the cap will be \$4bn per month initially, increasing in steps of \$4bn at the same interval, until it reaches \$20bn per month.

What we don't know yet is when this all kicks off. Our starting assumption is that the beginning of October is a reasonable point to do so, with an announcement confirming that made at the 20 September FOMC; the short turnaround from announcement to start, limits the risk of the Fed needing to make a U-turn. However it is possible this is announced as soon as next week; the plan for how the roll off will work has already been made known, so the Fed could afford to make this announcement at a meeting that does not have a press conference (i.e. July). Further, we note that the Dallas Fed's Kaplan has recently noted this could start as soon as September. Whatever happens, we see the July meeting primarily focused on furthering balance sheet roll-off preparations, with discussions on interest rate moves in the background for now.

On the data front, preliminary Q2.17 GDP figures are due for the UK and US. In the UK, we look for a modest pick-up in the pace of growth to +0.3% q/q from +0.2%, with growth likely driven by expansion in the services sector, whilst the construction and industrial sectors contract. In the US where the headline reading is the annualised growth rate, broad expectations are for a decent bounceback from Q1.17's lacklustre 1.4% (saar) rate. The annual revisions to back data will also be published.

A flurry of 'flash' PMI data for July will provide some of the earliest indications as to how a number of key economies are faring at the start of Q3.17. PMIs are due for the US, Eurozone and Japan on Monday.

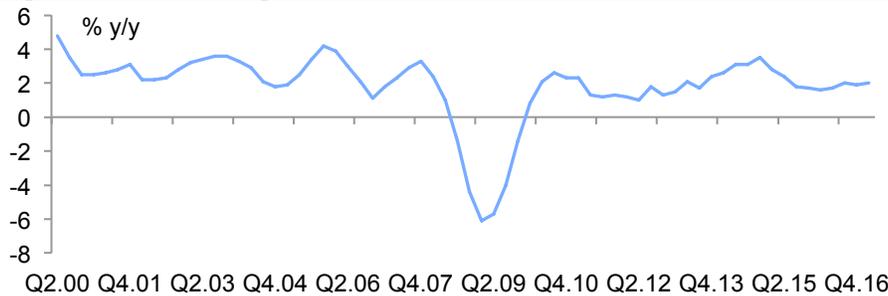
Note that the run of US corporate earnings will continue through the week and help to shape the mood of markets, which have been in risk-on mode over the past week, with new highs reached in the S&P 500 and the Nasdaq.



**Week Ahead: June PPI inflation update to reflect soft pipeline price pressures**

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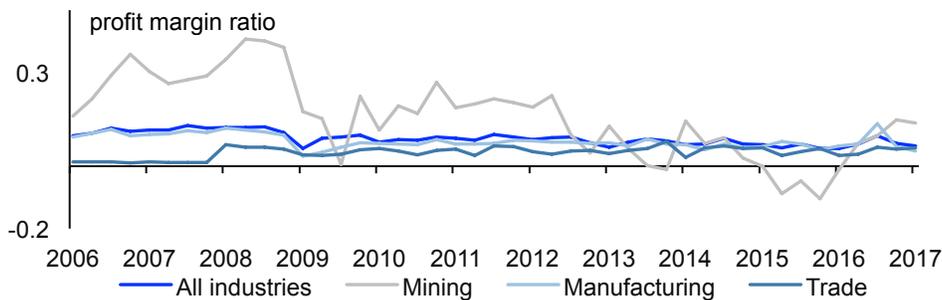
**Figure 12: UK GDP growth**



Source: Office for National Statistics

**South Africa**

**Figure 13: Profit margin ratio in the formal business sector\***



\* excludes agriculture and banking

Source: Stats SA, Investec

PPI inflation for June is forecast at 4.6% y/y compared to 4.8% y/y in May. Food and fuel price dynamics are expected to be the key influencing factors on the headline PPI outcome, with these categories holding the largest weightings in the PPI basket. Manufactured food price inflation has steadily decelerated from the recent peak of 13.4% y/y in August 2016 to 5.7% y/y in May 2017, whilst deflation at the agriculture level has been in place since the start of the year. The evolution of food prices has been heavily influenced by the decline in maize prices by 66% and 54% for white and yellow maize respectively, from record highs reached in January 2016. The contribution from the petroleum category is also expected to recede in view of the cumulative petrol and diesel price cuts of 93c/litre and 83c/litre in June and July. Presently, the Brent crude oil price is at US\$49/bbl, having fluctuated between US\$56/bbl and US\$44/bbl in H1.17. The lower oil price coupled with rand appreciation, in the order of 6% in the year to date, has translated to a lower rand-denominated oil price.

Pipeline price pressures relating to intermediate non-food manufactured goods, moderated to 3.1% y/y in May from a recent peak of 9.2% y/y in June 2016. This would suggest weaker headline PPI inflation. In addition, there is some evidence of margin squeeze, as passing on higher prices is restricted by the weak economic environment. Indeed, the Stats SA Quarterly Financial Statistics update showed that the profit margin ratio for the formal business sector softened in Q1.17 (see figure 13).

Pressure on profits diminishes the scope for the private sector to increase capacity via increased fixed investment and employment. Moreover, depressed business confidence, perceived heightened policy and political uncertainty and the recessionary economic climate suggest unemployment will remain entrenched at elevated levels. In Q1.17, the unemployment rate registered 27.7% and whilst Q2.17 could see a slight dip to

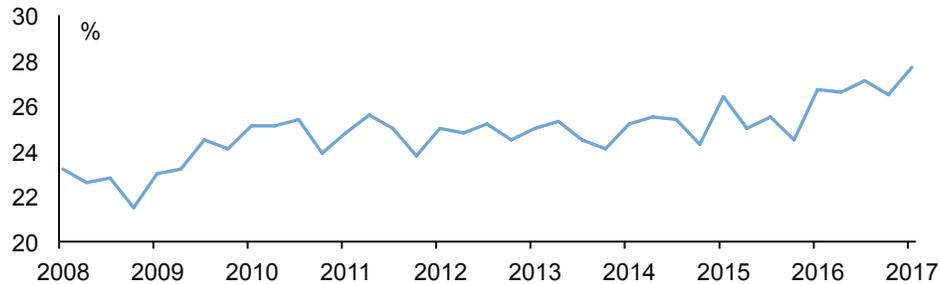


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21<sup>st</sup> July 2017

27.5%, on temporary seasonal effects, the unemployment rate is still projected to rise to 27.8% in 2017 from 27.0% in 2016.

Figure 14: Unemployment rate



Source: Stats SA

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	103.5	4.9	0.6		
Aug 2017	103.7	5.2	0.2		
Sep 2017	104.0	5.3	0.3	5.1	
Oct 2017	104.3	5.1	0.3		
Nov 2017	104.6	5.0	0.2		
Dec 2017	104.8	4.8	0.2	4.9	2017 5.4
Jan 2018	105.5	4.9	0.7		
Feb 2018	105.9	4.2	0.4		
Mar 2018	107.2	4.8	1.2	4.6	
Apr 2018	107.6	5.1	0.4		
May 2018	107.9	5.1	0.3		
Jun 2018	108.3	5.2	0.3	5.1	
Jul 2018	109.0	5.3	0.7		
Aug 2018	109.5	5.5	0.4		
Sep 2018	109.8	5.5	0.3	5.5	
Oct 2018	110.2	5.6	0.4		
Nov 2018	110.6	5.7	0.3		
Dec 2018	110.9	5.8	0.3	5.7	2018 5.2
Jan 2019	111.7	5.8	0.7		



## Week Ahead: June PPI inflation update to reflect soft pipeline price pressures

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Date	Index	Annual	Monthly	Quarterly	Calendar year
	Base 2010	y/y	m/m	y/y	y/y
Feb 2019	111.9	5.6	0.2		
Mar 2019	113.0	5.4	1.0	5.6	
Apr 2019	113.2	5.2	0.2		
May 2019	113.5	5.1	0.2		
Jun 2019	113.7	5.0	0.2	5.1	
Jul 2019	114.6	5.1	0.8		
Aug 2019	115.3	5.3	0.6		
Sep 2019	115.6	5.3	0.3	5.3	
Oct 2019	116.2	5.4	0.5		
Nov 2019	116.6	5.4	0.3		
Dec 2019	116.9	5.4	0.3	5.4	2019 5.4

Source: Stats SA, Investec

Figure 15: CPI forecast averages

Date	Index Base 2010	Annual y/y	Monthly m/m	Quarterly y/y	Calendar year y/y
Jan 2020	117.7	5.4	0.7		
Feb 2020	117.9	5.3	0.1		
Mar 2020	119.5	5.7	1.4	5.5	
Apr 2020	119.5	5.5	0.0		
May 2020	119.6	5.4	0.1		
Jun 2020	120.0	5.5	0.3	5.5	
Jul 2020	121.2	5.7	1.0		
Aug 2020	121.8	5.6	0.5		
Sep 2020	122.3	5.7	0.4	5.7	
Oct 2020	122.5	5.4	0.2		
Nov 2020	123.1	5.6	0.5		
Dec 2020	123.3	5.4	0.1	5.5	2020 5.5
Jan 2021	124.5	5.7	1.0		
Feb 2021	124.7	5.8	0.2		
Mar 2021	126.1	5.5	1.1	5.7	
Apr 2021	126.1	5.5	0.0		
May 2021	126.2	5.5	0.1		
Jun 2021	126.6	5.5	0.3	5.5	
Jul 2021	127.9	5.5	1.0		
Aug 2021	128.5	5.5	0.5		
Sep 2021	129.0	5.5	0.4	5.5	
Oct 2021	129.3	5.5	0.2		
Nov 2021	129.9	5.5	0.5		





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	5.4	6.75	1.9
Aug 2017	10.25	5.1	6.75	1.6
Sep 2017	10.00	4.7	6.50	1.2
Oct 2017	10.00	4.9	6.50	1.4
Nov 2017	10.00	5.0	6.50	1.5
Dec 2017	10.00	5.2	6.50	1.7
Jan 2018	10.00	5.1	6.50	1.6
Feb 2018	10.00	5.8	6.50	2.3
Mar 2018	10.00	5.2	6.50	1.7
Apr 2018	10.00	4.9	6.50	1.4
May 2018	10.00	4.9	6.50	1.4
Jun 2018	10.00	4.8	6.50	1.3
Jul 2018	10.00	4.7	6.50	1.2
Aug 2018	10.00	4.5	6.50	1.0
Sep 2018	10.00	4.5	6.50	1.0
Oct 2018	10.00	4.4	6.50	0.9
Nov 2018	10.00	4.3	6.50	0.8
Dec 2018	10.00	4.2	6.50	0.7
Jan 2019	10.00	4.2	6.50	0.7
Feb 2019	10.00	4.4	6.50	0.9
Mar 2019	10.00	4.6	6.50	1.1
Apr 2019	10.00	4.8	6.50	1.3
May 2019	10.00	4.9	6.50	1.4
Jun 2019	10.00	5.0	6.50	1.5
Jul 2019	10.00	4.9	6.50	1.4
Aug 2019	10.00	4.7	6.50	1.2
Sep 2019	10.00	4.7	6.50	1.2
Oct 2019	10.00	4.6	6.50	1.1
Nov 2019	10.00	4.6	6.50	1.1
Dec 2019	10.00	4.6	6.50	1.1

Source: IRESS, Investec



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	1.10	1.16	1.18	1.20	1.22	1.24	1.25
<b>EURGBP</b>	0.73	0.82	0.85	0.86	0.86	0.86	0.87	0.87	0.87
<b>GBPEUR</b>	1.38	1.22	1.18	1.17	1.17	1.17	1.15	1.15	1.14
<b>GBPUSD</b>	1.53	1.36	1.29	1.35	1.38	1.40	1.41	1.42	1.43
<b>USDJPY</b>	121	109	110	106	105	106	107	107	107
<b>EURJPY</b>	134	120	120	122	124	127	131	133	134
<b>GBPJPY</b>	185	147	141	143	145	148	151	152	153
<b>EURCHF</b>	1.07	1.09	1.10	1.13	1.14	1.16	1.17	1.16	1.15
<b>USDCHF</b>	0.96	0.98	1.00	0.98	0.96	0.97	0.96	0.94	0.92
<b>GBPCHF</b>	1.47	1.33	1.29	1.32	1.33	1.35	1.35	1.33	1.32
<b>AUDUSD</b>	0.75	0.75	0.76	0.77	0.77	0.78	0.79	0.81	0.82
<b>EURAUD</b>	1.49	1.49	1.44	1.51	1.53	1.53	1.54	1.53	1.52
<b>AUDJPY</b>	90	81	83	81	81	83	85	87	88
<b>GBPAUD</b>	2.05	1.82	1.70	1.76	1.79	1.79	1.78	1.75	1.74
<b>ZARUSD</b>	12.76	14.68	13.18	13.24	12.26	11.69	11.81	12.28	12.88
<b>ZARGBP</b>	19.48	19.92	16.76	17.28	16.83	16.30	16.66	17.43	18.41
<b>ZAREUR</b>	14.15	16.26	14.61	15.32	14.49	13.97	14.44	15.22	16.09
<b>JPYZAR</b>	9.48	7.33	8.41	8.00	8.56	9.09	9.06	8.72	8.31
<b>ZARCHF</b>	13.26	14.93	13.39	13.57	12.72	12.06	12.37	13.13	13.99
<b>ZARAUD</b>	9.58	10.93	9.98	10.18	9.44	9.12	9.36	9.94	10.56

Source: IRESS, Investec



Figure 17: 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
<b>EURUSD</b>	1.07	1.09	1.13	1.14	1.15	1.16	1.16	1.17	1.18	1.18	1.18	1.19
<b>EURGBP</b>	0.86	0.87	0.88	0.88	0.88	0.89	0.89	0.89	0.88	0.86	0.86	0.85
<b>GBPEUR</b>	1.17	1.15	1.13	1.13	1.13	1.13	1.13	1.12	1.14	1.16	1.17	1.18
<b>GBPUSD</b>	1.24	1.26	1.28	1.29	1.30	1.31	1.31	1.31	1.34	1.37	1.38	1.39
<b>USDJPY</b>	114	112	111	109	107	106	106	105	105	105	105	105
<b>EURJPY</b>	121	122	125	124	123	122	122	123	124	124	124	124
<b>GBPJPY</b>	141	141	142	141	139	138	138	138	141	144	144	145
<b>EURCHF</b>	1.07	1.08	1.10	1.12	1.13	1.13	1.13	1.13	1.13	1.14	1.14	1.14
<b>USDCHF</b>	1.00	0.99	0.97	0.98	0.98	0.98	0.97	0.97	0.97	0.96	0.97	0.97
<b>GBPCHF</b>	1.25	1.25	1.25	1.26	1.27	1.28	1.27	1.27	1.27	1.29	1.33	1.33
<b>AUDUSD</b>	0.76	0.76	0.76	0.76	0.77	0.77	0.77	0.77	0.77	0.77	0.77	0.77
<b>EURAUD</b>	1.41	1.44	1.49	1.50	1.50	1.50	1.51	1.52	1.53	1.53	1.53	1.53
<b>AUDJPY</b>	86	85	84	83	82	82	81	81	81	81	81	81
<b>GBPAUD</b>	1.64	1.66	1.69	1.70	1.70	1.69	1.70	1.70	1.70	1.75	1.78	1.79
<b>ZARUSD</b>	13.22	13.19	13.00	13.30	13.65	13.45	13.10	12.75	12.40	12.10	12.21	12.21
<b>ZARGBP</b>	16.35	16.85	16.65	17.18	17.71	17.55	17.14	16.73	16.67	16.60	16.60	16.81
<b>ZAREUR</b>	14.08	14.52	14.68	15.16	15.63	15.53	15.20	14.92	14.63	14.28	14.41	14.41
<b>JPYZAR</b>	8.54	8.39	8.53	8.20	7.84	7.88	8.05	8.24	8.47	8.68	8.61	8.61
<b>ZARCHF</b>	13.18	13.41	13.36	13.60	13.89	13.75	13.45	13.20	12.89	12.52	12.61	12.61
<b>ZARAUD</b>	10.03	9.92	9.86	10.11	10.44	10.36	10.09	9.82	9.55	9.32	9.39	9.39

Source: IRES



Figure 17: 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
<b>EURUSD</b>	1.19	1.19	1.20	1.20	1.21	1.22	1.23	1.23	1.24	1.24	1.24	1.24
<b>EURGBP</b>	0.86	0.86	0.86	0.86	0.86	0.87	0.87	0.87	0.87	0.87	0.87	0.87
<b>GBPEUR</b>	1.17	1.17	1.17	1.17	1.17	1.16	1.15	1.15	1.15	1.15	1.15	1.15
<b>GBPUSD</b>	1.39	1.39	1.40	1.40	1.41	1.41	1.41	1.41	1.42	1.42	1.42	1.42
<b>USDJPY</b>	106	106	106	106	107	107	107	107	107	107	107	107
<b>EURJPY</b>	126	126	126	127	128	129	131	132	132	133	133	133
<b>GBPJPY</b>	147	147	147	148	150	151	151	151	151	152	152	152
<b>EURCHF</b>	1.15	1.15	1.15	1.16	1.16	1.16	1.17	1.17	1.17	1.17	1.17	1.15
<b>USDCHF</b>	0.97	0.97	0.97	0.97	0.97	0.96	0.96	0.95	0.95	0.94	0.94	0.93
<b>GBPCHF</b>	1.34	1.35	1.35	1.36	1.36	1.35	1.35	1.34	1.34	1.33	1.33	1.32
<b>AUDUSD</b>	0.78	0.78	0.78	0.78	0.78	0.79	0.79	0.79	0.80	0.80	0.81	0.81
<b>EURAUD</b>	1.53	1.53	1.53	1.54	1.54	1.53	1.54	1.56	1.54	1.55	1.53	1.53
<b>AUDJPY</b>	83	83	83	83	83	85	85	85	86	86	87	87
<b>GBPAUD</b>	1.78	1.78	1.78	1.79	1.79	1.78	1.78	1.78	1.76	1.78	1.75	1.75
<b>ZARUSD</b>	11.95	11.80	11.80	11.60	11.40	11.70	11.80	11.85	11.90	12.00	12.20	12.40
<b>ZARGBP</b>	16.61	16.40	16.40	16.24	15.96	16.50	16.64	16.71	16.78	17.04	17.32	17.61
<b>ZAREUR</b>	14.22	14.04	14.04	13.92	13.68	14.16	14.40	14.58	14.64	14.88	15.13	15.38
<b>JPYZAR</b>	8.87	8.98	8.98	9.14	9.39	9.15	9.07	9.03	8.99	8.92	8.77	8.63
<b>ZARCHF</b>	12.37	12.16	12.16	11.96	11.75	12.19	12.29	12.47	12.53	12.77	12.98	13.30
<b>ZARAUD</b>	9.32	9.20	9.20	9.05	8.89	9.24	9.32	9.36	9.52	9.60	9.88	10.04

Source: IRES



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**Week Ahead: June PPI inflation update to reflect soft pipeline price pressures**

21<sup>st</sup> July 2017

