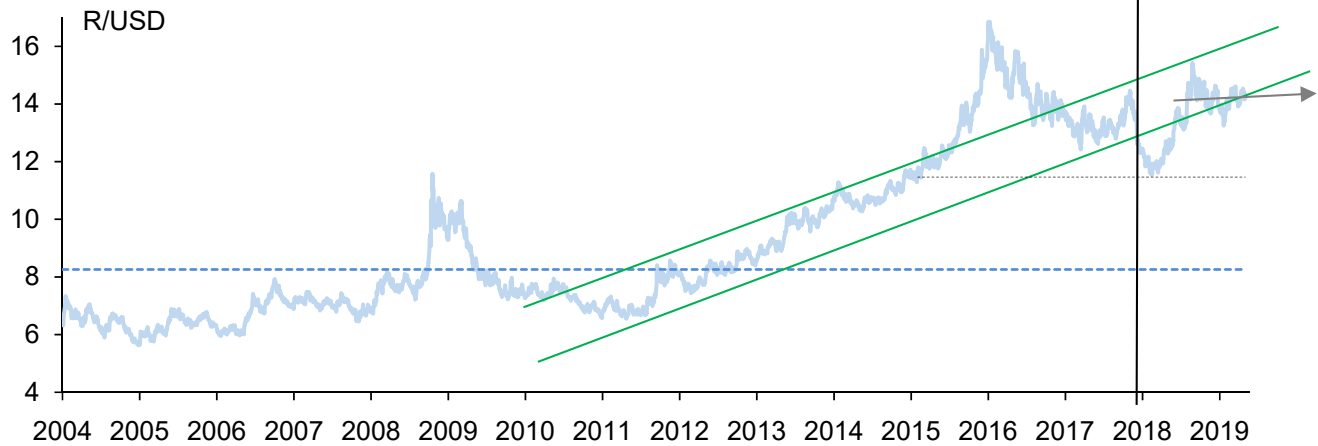




Figure 1: Rand escaping the depreciation channel established during the Zuma Presidency



Source: Iress

SA's May 2019 election outcome has provided material support for the rand, at a time when other emerging market currencies faltered, as the risk of trade tensions between the US and China developing into a trade war rose on the back of tariff, and retaliatory tariff, increases. In SA rising support for the ANC, which is increasingly expected as a political party to follow a more market friendly approach to the management of the economy, is also seen to have reduced the likelihood of further marked deterioration of government finances compared to the previous regime of the Zuma Presidency. This, in turn, is expected to provide some stabilisation in the perceived creditworthiness of SA government debt, and as such, reduce the likelihood of the extreme down case, which is one of partial debt default. A proven track record of better management of state resources (i.e. a move away from corruption, wastage and inefficiencies in government expenditure), would underpin further rand strength, allowing the currency an increased chance of approaching its PPP (purchasing power parity or effective) valuation. While Ramaphoria was short lived in round one, and markets are more wary this time, South Africa's severe structural problems likely prevent another bout of rand Ramaphoria, at least until some of the structural weaknesses of the economy have been resolved. Turning to monetary policy, South Africa's MPC is likely to keep the repo rate unchanged

Figure 2: Exchange rate forecasts – averages for the expected case

Forecasts:	Q1.19	Q2.19	Q3.19	Q4.19	Q1.20	Q2.20	Q3.20	Q4.20
USD/ZAR (Av)	14.01	14.03	14.30	13.90	13.40	13.70	13.90	13.30
GBP/ZAR (Av)	18.25	18.36	18.79	18.65	18.37	18.91	19.35	18.72
EUR/ZAR (Av)	15.92	15.81	16.16	15.85	15.62	16.17	16.55	16.10
ZAR/JPY (Av)	7.86	7.86	7.62	7.77	7.98	7.74	7.59	7.86
GBP/USD (Av)	1.30	1.31	1.31	1.34	1.37	1.38	1.39	1.41
EUR/USD (Av)	1.14	1.13	1.13	1.14	1.17	1.18	1.19	1.21
USD/JPY (Av)	110	110	109	108	107	106	106	105

Source: Investec



Figure 3: shorter history of the rand

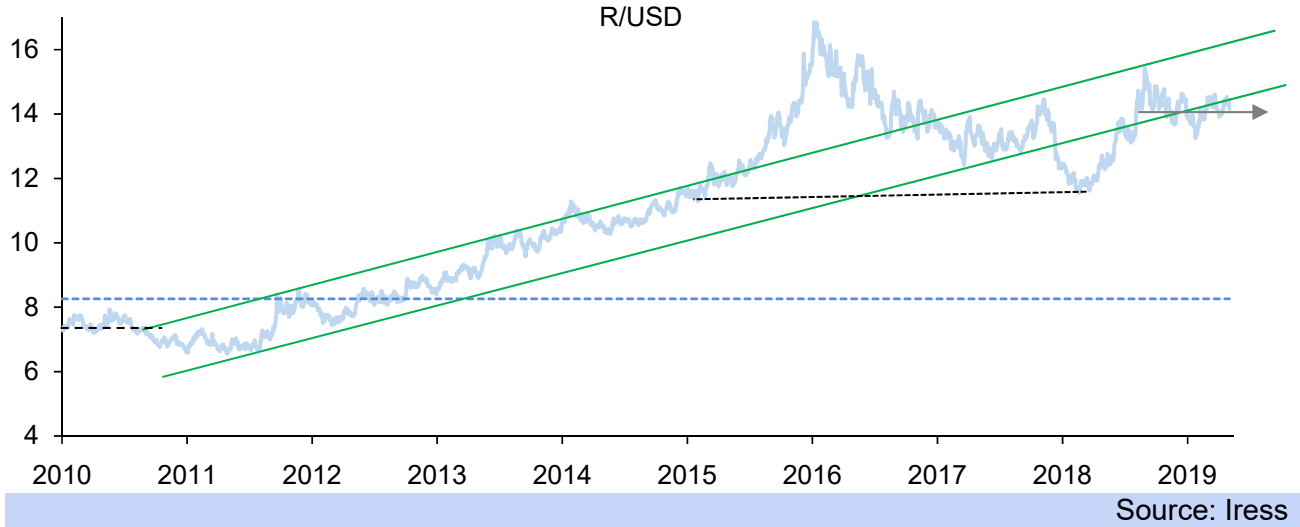


Figure 4: Volatility of the domestic currency

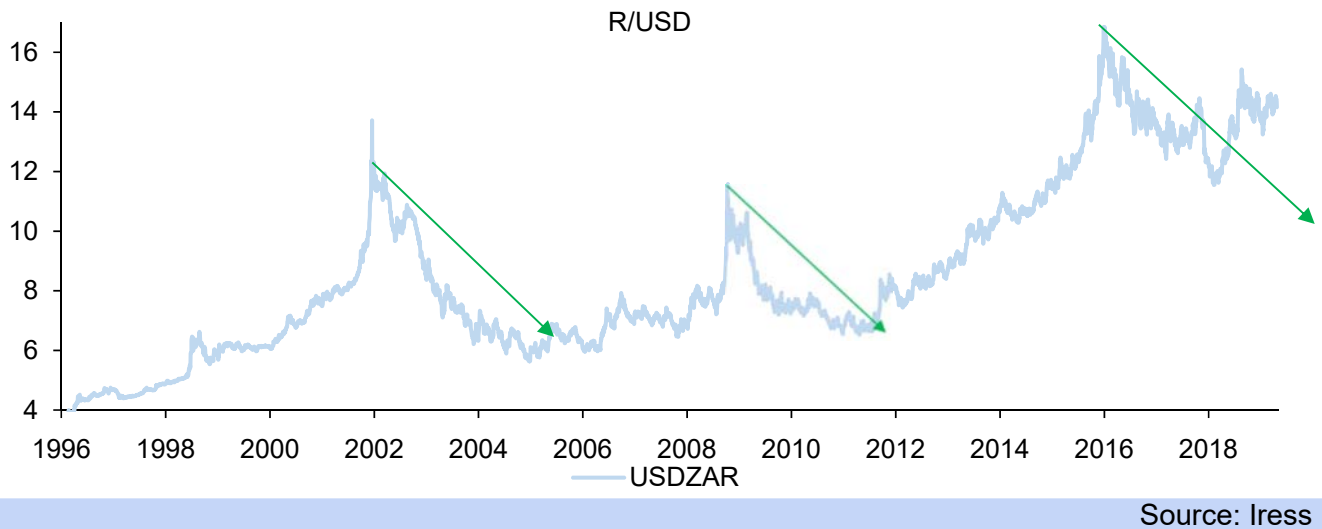


Figure 5: Reuters April 2019 Foreign exchange rates poll: USDZAR

Release/Effective Date	30 Apr 2019	28 Jun 2019	30 Sep 2019	31 Mar 2020
Median	14.3100	14.2250	14.3000	14.3250
High	14.8000	15.0000	15.1000	15.5000
Low	13.1500	13.0000	13.0000	12.6250
No. of forecasts	32	36	36	36

Source: Reuters



Rand Outlook, MPC Preview: likelihood of extreme down case falls post-election in South Africa, repo rate likely to remain flat next week

17th May 2019

Figure 6: **NEW SCENARIOS**: the traditional down case has been split into a domestic event driven only down case, and a down case of both international and domestic events

		Q1.19	Q2.19	Q3.19	Q4.19	Q1.20	Q2.20	Q3.20	Q4.20
Domestic (lite)	Rand/USD (average)	14.01	15.50	17.50	17.75	16.90	16.00	15.50	15.25
Down case	Repo rate (end rate)	6.75	7.00	7.75	7.75	7.50	7.50	7.50	7.50

25%
25%+10% =35%

Partial expropriation of (certain groups') private commercial sector property (including productive land) without compensation. Business confidence remains depressed, marked rand weakness, significant load shedding and weak investment growth. SA sub-investment grade Moody's rating in 2019, but substantial repair avoids further marked downgrades. SA experiences a mild, credit rating downgrade related, recession. However, modestly strengthening global demand and elevated commodity prices help lessen the longer-term impact of domestic disturbances. Sedate global monetary policy normalisation occurs – a severe global risk-off environment is avoided, with neutral to global risk-on.

		Q1.19	Q2.19	Q3.19	Q4.19	Q1.20	Q2.20	Q3.20	Q4.20
International & (worse) domestic	Rand/USD (average)	14.01	16.00	18.00	18.50	19.60	18.00	17.50	17.25
Down case	Repo rate (end rate)	7.00	7.25	8.00	8.50	8.50	8.50	8.50	9.00

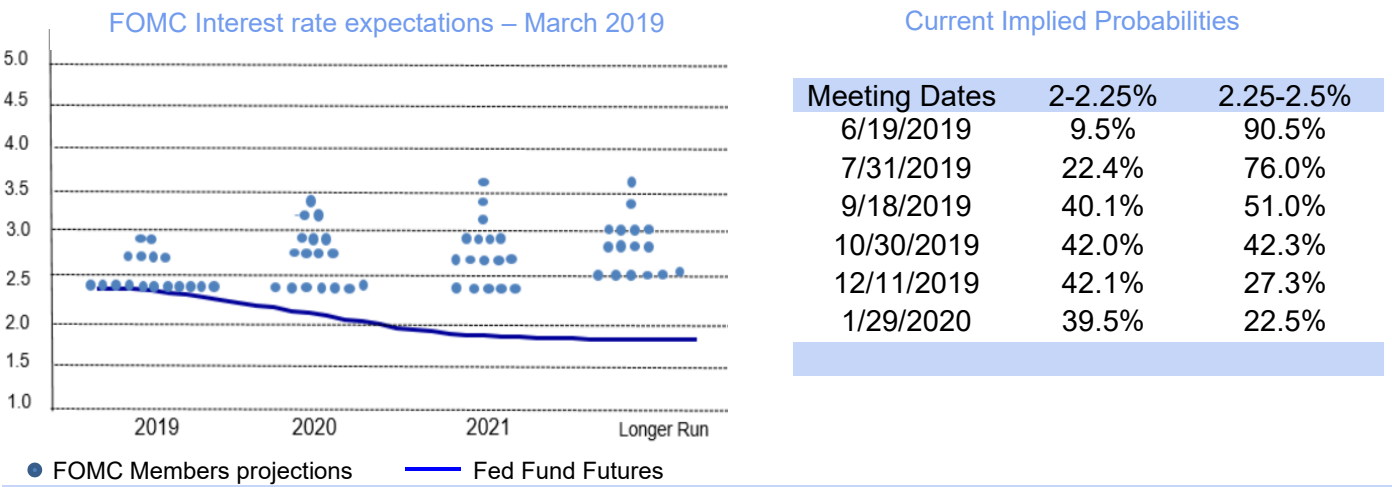
10%

Expropriation of private commercial sector property (full or partial, and including productive land) without compensation, plus wide scale land grabs, title deeds not transferred to individuals - nationalisation. Confidence and investment depressed, marked rand weakness, significant strike action and widespread electricity (water and other services) load shedding. SA sub-investment grade, increased chance of further credit downgrades. Faster than expected global (US) monetary policy normalisation, general market risk-off, global sharp economic slowdown (commodity slump), marked escalation of US-China trade war, short global financial crisis (SA V shaped recession). Material risk of further credit rating downgrades to junk.

Note: Event risk begins Q2.19, but is mainly felt from Q3.19. Source: Investec

at its meeting next week, with the neutral tone in US monetary policy indicative of stable US interest

Figure 7: US interest rate projection from FOMC: March 2019 and Implied Probabilities



Source: Reuters and Federal Reserve Bank

Rand Outlook, MPC Preview: likelihood of extreme down case falls post-election in South Africa, repo rate likely to remain flat next week

17th May 2019



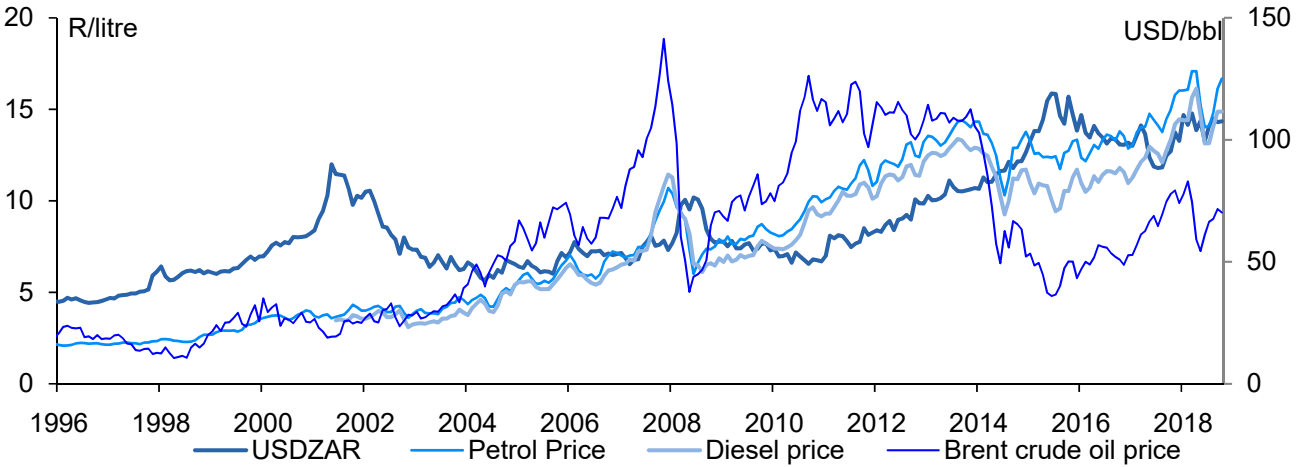
Figure 8: Economic Scenarios: (note change in assigned probabilities)

		Q1.19	Q2.19	Q3.19	Q4.19	Q1.20	Q2.20	Q3.20	Q4.20
Extreme Up case 1%	Rand/USD (average)	14.00	11.00	10.30	9.50	8.60	7.90	7.60	7.40
	Repo rate (end rate)	6.75	6.25	6.25	6.00	6.00	5.50	5.50	5.50
<p>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), Trump protectionism removed, SA export and domestic growth boom lifts employment and incomes to the degree that poverty is eliminated. Property rights strengthened, individuals obtain title deeds in EWC without disruption to economy. Fiscal consolidation, credit rating upgrades to A grade.</p>									
Up case 10%	Rand/USD (average)	14.00	13.00	10.90	10.40	10.00	9.95	9.90	9.70
	Repo rate (end rate)	6.75	6.50	6.50	6.50	6.50	6.25	6.25	6.25
<p>Persistent growth of 3.0 – 5.0%, higher probability of extreme up case. Better governance, growth creating reforms in line with global norms (structural constraints are overcome) and greater socio-economic stability, some strengthening in property rights, individuals obtain title deeds in EWC without disruption to economy. High business confidence and fixed investment growth, substantial FDI inflows, fiscal consolidation. Strong global growth and commodity cycle, 'trade war' subsides. Stabilisation of credit ratings, with ultimately credit rating upgrades.</p>									
Base case 45%	Rand/USD (average)	14.00	14.03	14.30	13.90	13.40	13.70	13.90	13.30
	Repo rate (end rate)	6.75	6.75	6.75	6.75	6.75	7.00	7.00	7.00
<p>Annual growth rate of 2.0% y/y reached by 2020, 3.0% y/y by 2024. Higher confidence and investment levels than past decade, limited impact of EWC/expropriation without compensation (to abandoned and unused land of government and agricultural sector – individuals are new owners and receive title deeds). Rand structurally stronger nears PPP by 2021. SA retains one investment grade (Moody's) rating on its local currency long-term sovereign debt in 2019. Sedate global monetary policy normalisation – avoid severe global risk-off environment, neutral to global risk-on. Modestly strengthening global demand.</p>									
Down case 35%	Rand/USD (average)	14.00	15.00	17.00	18.50	19.50	18.00	17.50	17.50
	Repo rate (end rate)	6.75	7.50	8.00	8.50	8.50	8.50	8.50	9.00
<p>Partial expropriation of (certain groups') private commercial sector property (including productive land) without compensation, plus wide scale land grabs, title deeds not transferred to individuals under semi-nationalisation. Confidence and investment depressed, marked rand weakness, significant strike action and widespread load shedding. SA sub-investment grade (loses Moody's rating), increased chance of further credit downgrades. Faster than expected global (US) monetary policy normalisation, general market risk-off, global sharp economic slowdown (commodity slump), marked escalation of US-China trade war, short global financial crisis (SA V shaped recession).</p>									
Extreme down case 9%	Rand/USD (average)	14.00	16.50	19.00	22.00	24.00	25.50	26.00	25.50
	Repo rate (end rate)	6.75	10.00	14.00	16.50	18.00	21.00	21.50	22.00
<p>Wide scale expropriation of private sector property (assets and land) rights without compensation with state as custodian - nationalisation. Credit ratings junk & eventual sovereign debt default on state bankruptcy/failed state. Partial to no payment of public sector employees' wages and social grants, persistent government services outages and rolling mass strike action, civil unrest/war. Global economy falls into recession, severe global trade war, severe lengthy global financial crisis, SA economic depression.</p>									

Note: Event risk begins Q2.19. Source: Investec



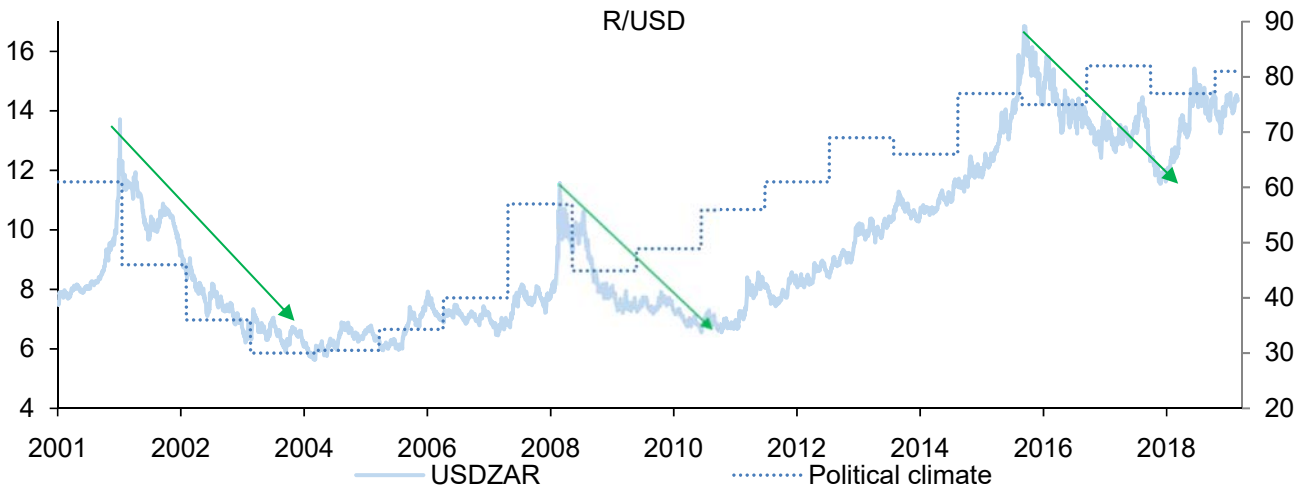
Figure 9: Rand versus petrol and diesel prices – rand weakness pushes up fuel costs



Source: Iress

rates for the majority of this year, and so likely for SA as well, as globally monetary policy has generally seen a switch from hawkish to neutral, if not dovish, tones, which has seen some alleviation of tight monetary conditions. With South Africa’s CPI inflation rate likely to rise back to 5.5% y/y next year, the SARB is not expected to cut its interest rates this year. Higher fuel prices have seen CPI inflation rise this year already from 4.0% y/y in January to 4.5% y/y in March. With a petrol price hike in April, of R1.31/litre, after March’s 74c/litre rise, another petrol price hike, of 54c/litre occurred in May. This will add around 0.5% to CPI inflation in April and another 0.2% to CPI inflation in May, lifting SA’s headline inflation rate towards, if not above, 5.0% y/y. Rand weakness adds to higher

Figure 10: Politics and the rand



Source: Iress, BER

Rand Outlook, MPC Preview: likelihood of extreme down case falls post-election in South Africa, repo rate likely to remain flat next week

17th May 2019



Figure 11: US interest rate projections from FOMC (dots) versus market (line):

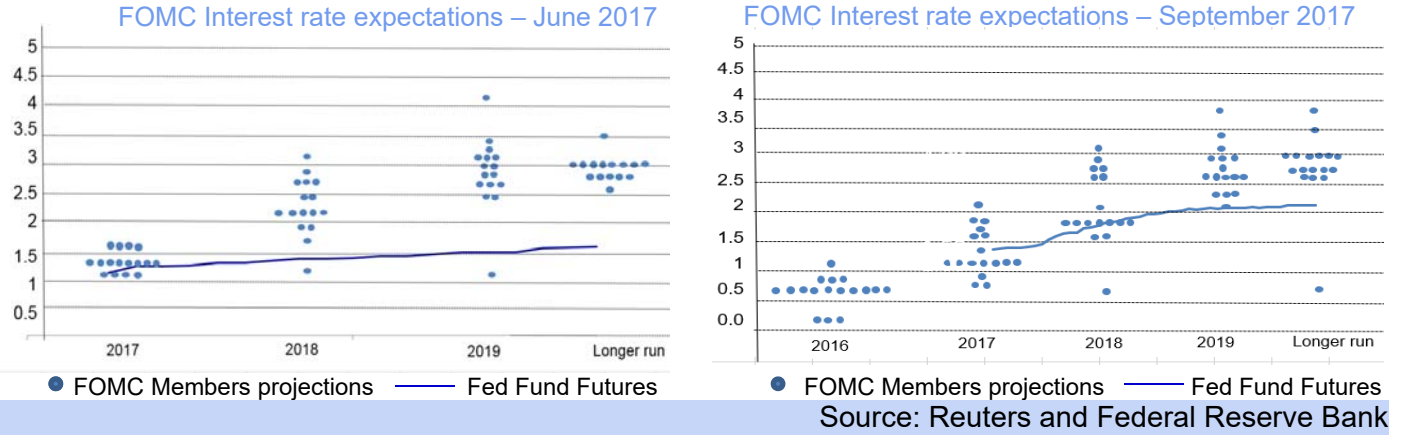


Figure 12: US interest rate projections from FOMC (dots) versus market (line):

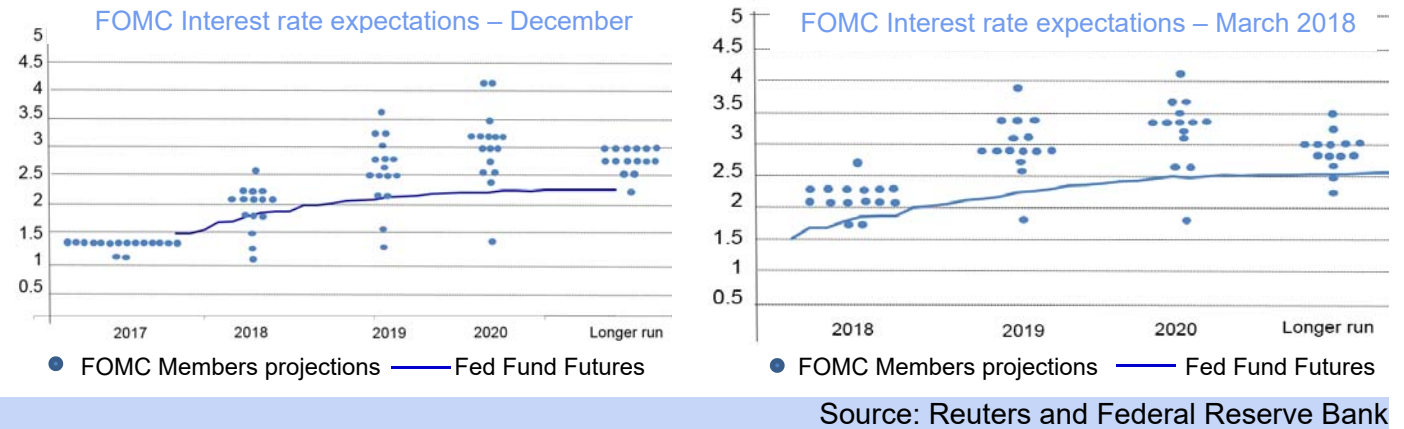


Figure 13: US interest rate projections from FOMC (dots) versus market (line):

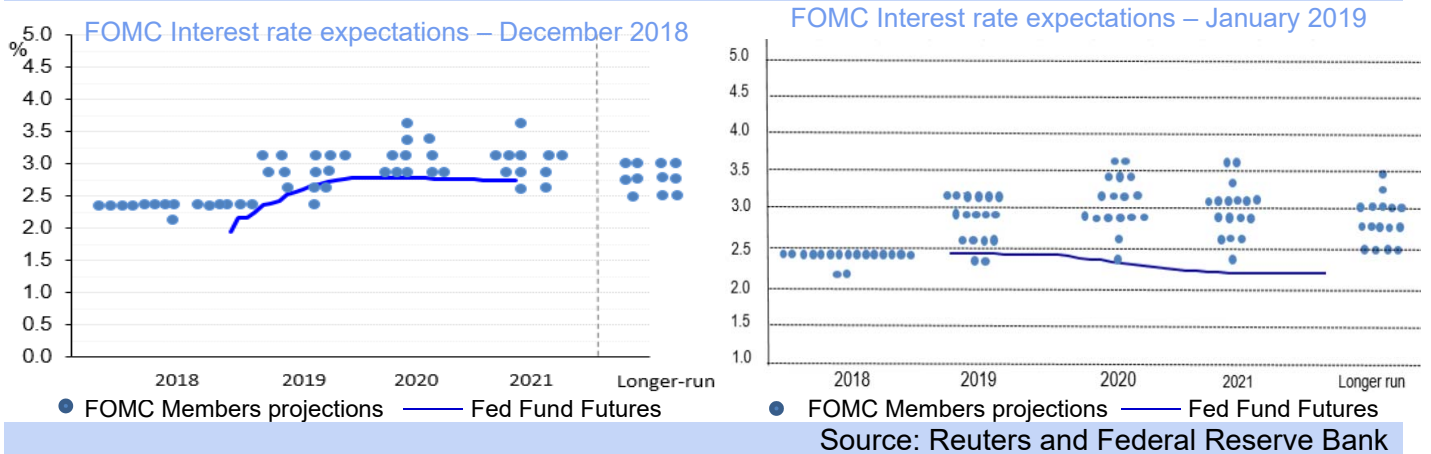




Figure 14: Key official interest rates (% , end quarter)

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

Source: Macrobond, Investec UK

fuel prices as well as rising international oil prices, and the domestic currency has not gained as

Figure 15: Target federal funds rate at year-end (%)

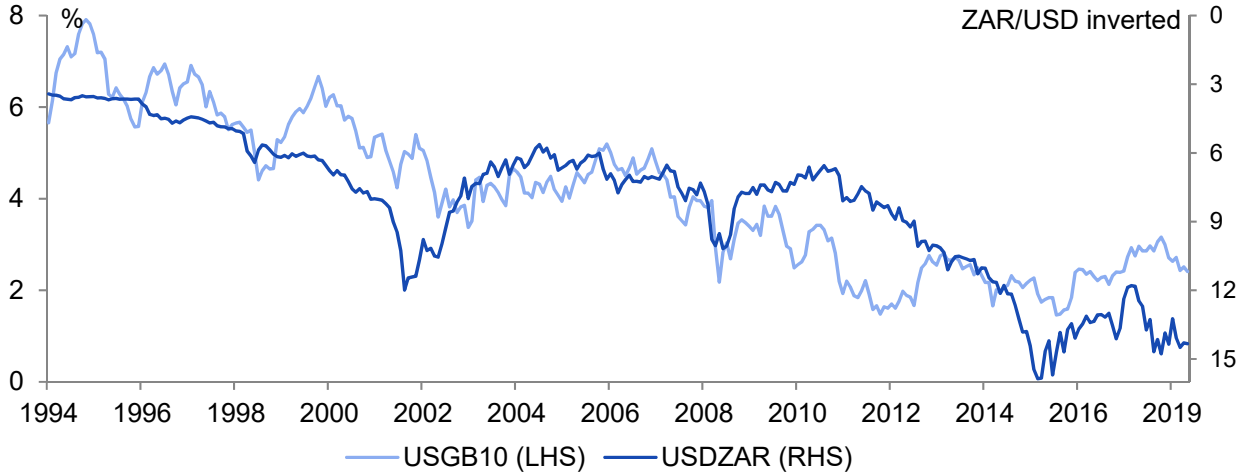
	2019	2020	2021	Longer-run
3.750				
3.625			1	
3.500				1
3.375		1	1	
3.250				1
3.125		2	1	
3.000				4
2.875	2	3	4	
2.750				4
2.625	4	4	5	
2.500				6
2.375	11	7	5	
2.250				

Source: FOMC

Note: Indicates the value (rounded to the nearest 1/8 percentage point) of an individual participant's judgment of the midpoint of the appropriate target range for the federal funds rate or the appropriate target level for the federal funds rate at the end of the specified calendar year or over the longer run. One participant did not submit longer-run projections for the federal funds rate.



Figure 16: USDZAR vs US 10 year bond (%)

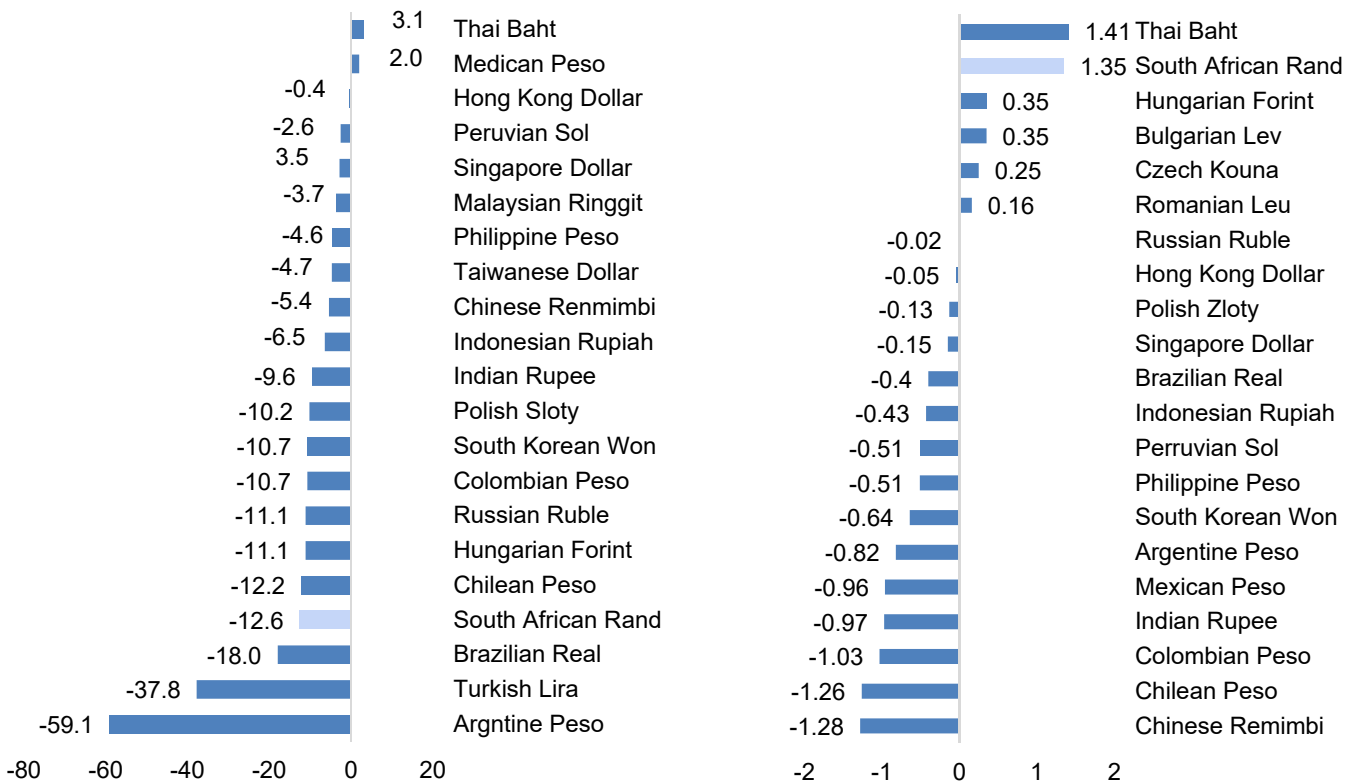


Source: Iress

Figure 17: EM currency depreciation (-) %, appreciation (+) %

Start 2018 to 15th May 2019

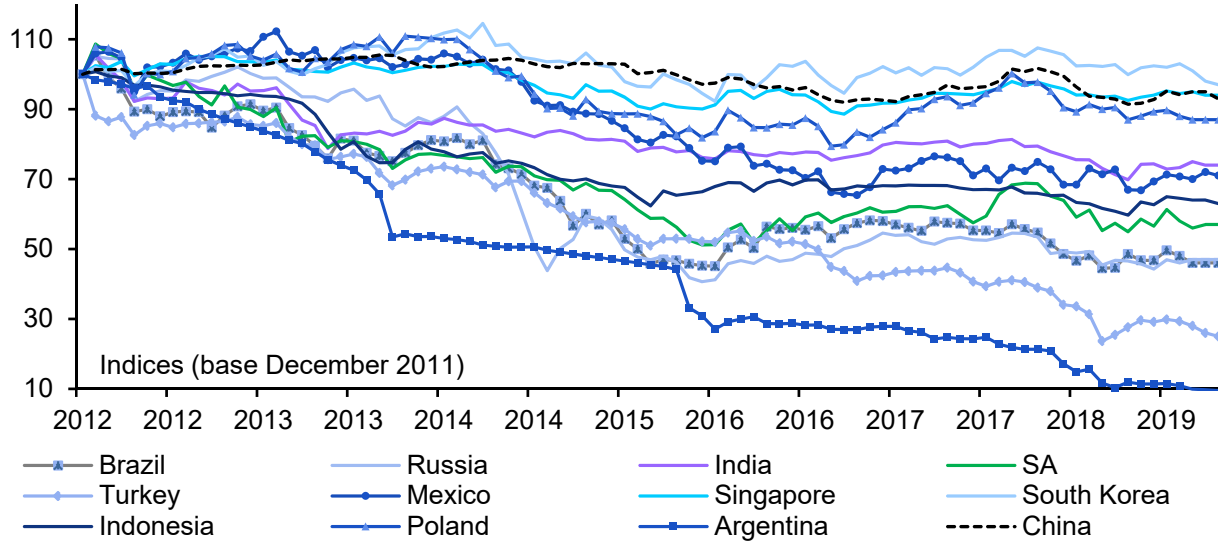
Start 2017 to end December 2017



Source: Bloomberg



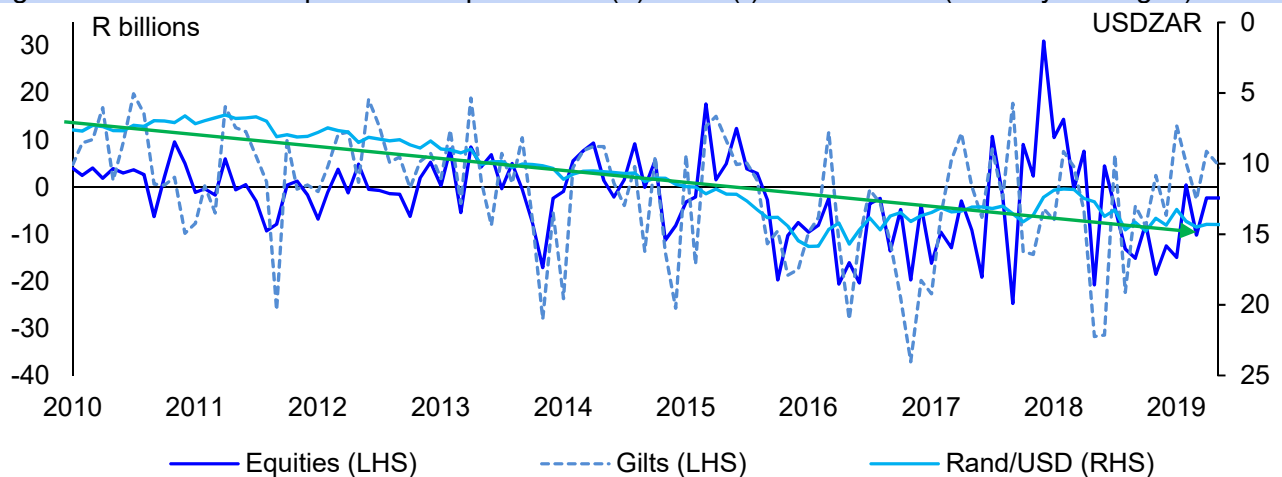
Figure 18: Volatility index for selected emerging market currencies



Sources: Iress, Investec

much as it likely could have this year on the moderation in the outlook of US interest rates, due to the rise in uncertainty ahead of SA elections. Fuel prices are evidencing less upward price pressure in April and May, than occurred in March, and absent substantial rand weakness, fuel prices could begin to stabilise. OPEC (the Organization of the Petroleum Exporting Countries) has agreed to increase production from June, after cutting oil in the first half of 2019, sending the Brent crude oil price above US\$70/bbl, from closer to US\$50/bbl at the end of last year. However, in April already some members were increasing production, offsetting cuts from others. Also key to SA's CPI is

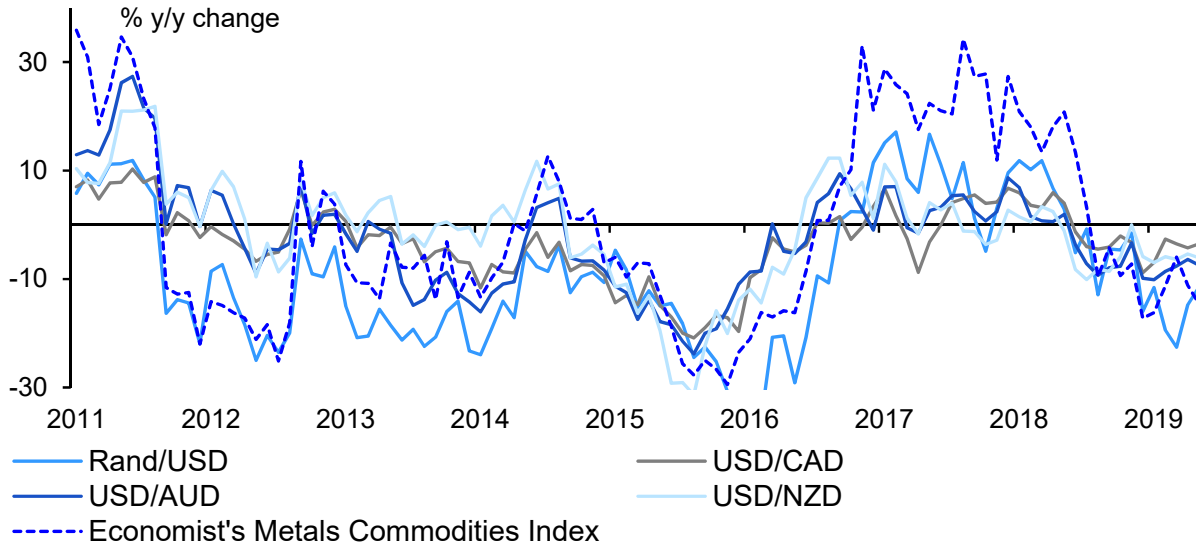
Figure 19: Non-resident portfolio net purchases (+)/ sales(-) vs USD/ZAR (monthly averages)



Source: Iress, Investec

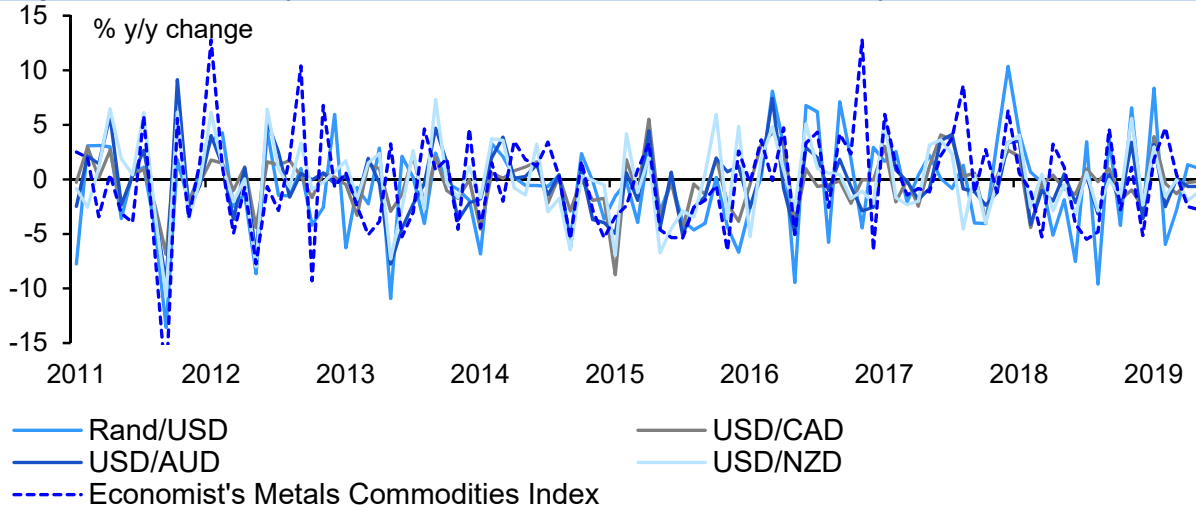


Figure 20: Commodity currencies vs Economist's metals commodity price index



Source: Iress

Figure 21: Commodity currencies vs Economist's metals commodity price index



Source: Iress

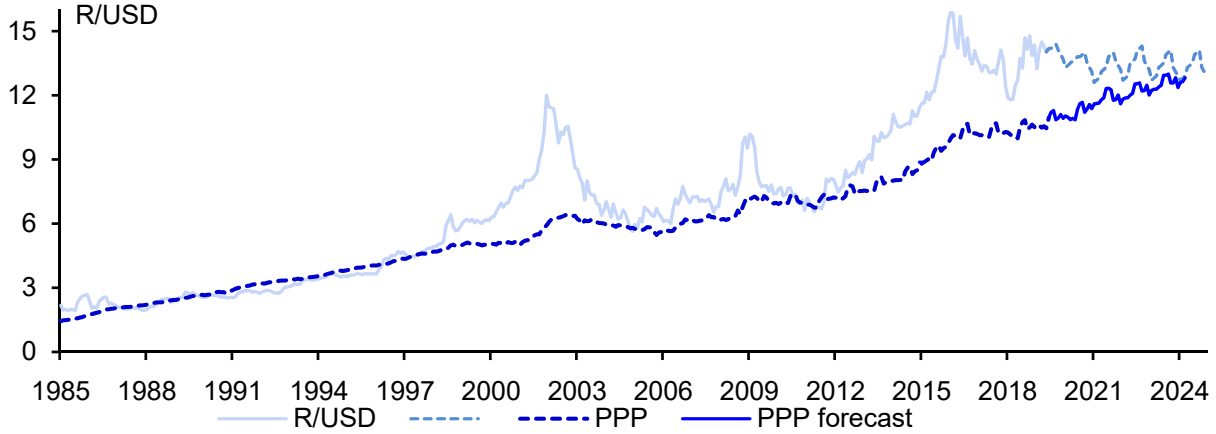
Figure 22: Forecasts

Period end rate %	Q1.19	Q2.19	Q3.19	Q4.19	Q1.20	Q2.20	Q3.20	Q4.20
Repo Rate	6.75	6.75	6.75	6.75	6.75	7.00	7.00	7.00
Prime Overdraft Rate	10.25	10.25	10.25	10.25	10.25	10.50	10.50	10.50

Source: Iress, Investec



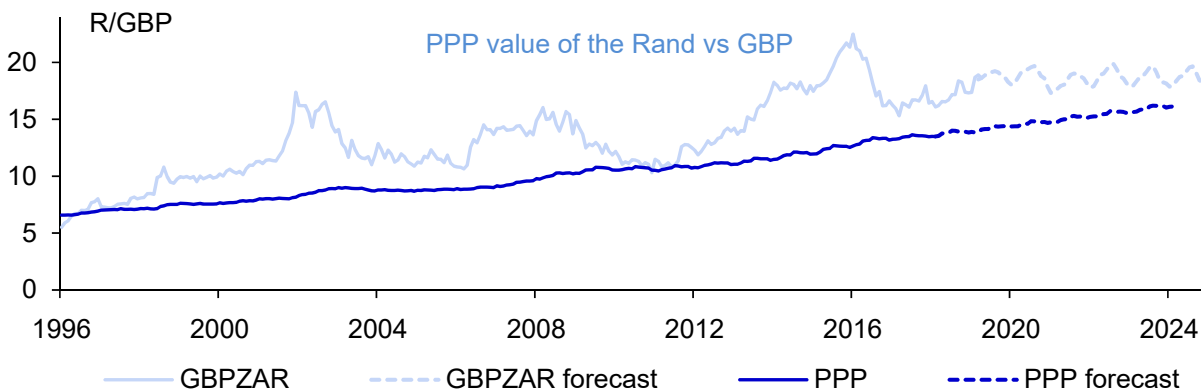
Figure 23: PPP value of ZAR/USD – rand undervalued, fair value R11.50/USD



Source: Iress, Investec

food price inflation, the most heavily weighted item in the CPI basket. So far this year Agbiz estimates “the country’s 2018/19 wheat imports at 1.4 million tonnes, down by 36% from the previous year due to an improvement in local production.” Additionally, “the typical rice and wheat suppliers to South Africa are amongst the countries that are expected to have a good harvest in 2019/20 production season, which further reinforces the view that Southern Africa could benefit from improvement in global supplies.” “We expect South Africa to remain a net exporter of maize in the 2019/20 marketing year, although the volume will most likely be 51% lower than the previous year, at 1.0 million tonnes.” While these do not necessarily herald higher pressures on CPI inflation, the start of next year will see a severe base effect, which will likely add to upwards pressure on CPI inflation on an annual basis. Substantial (double digit) electricity tariff increases from municipalities come into effect mid-year, which will also contribute to upwards price pressure on CPI inflation.

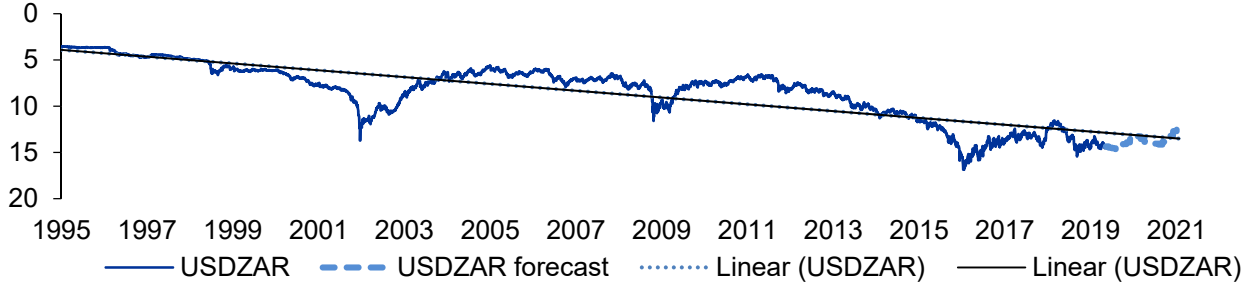
Figure 24: Purchasing price parity value of the rand



Source: Investec, Iress

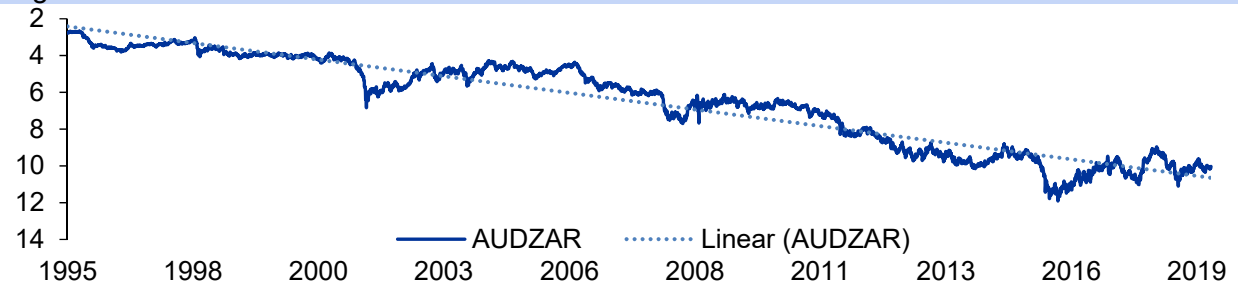


Figure 25: USDZAR



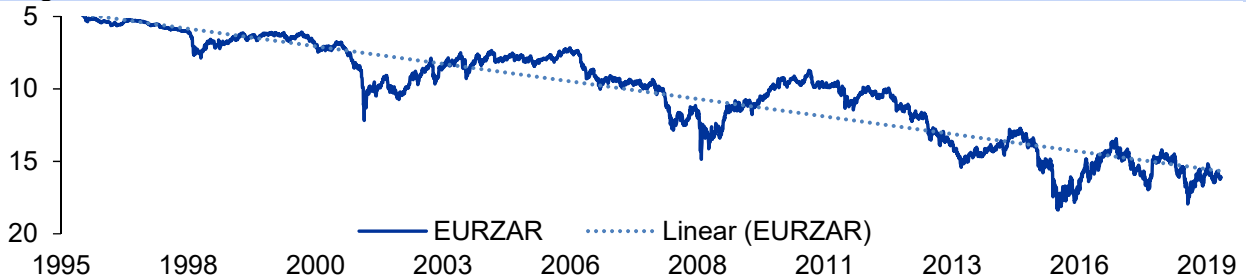
Source: Investec, Iress

Figure 26: AUDZAR



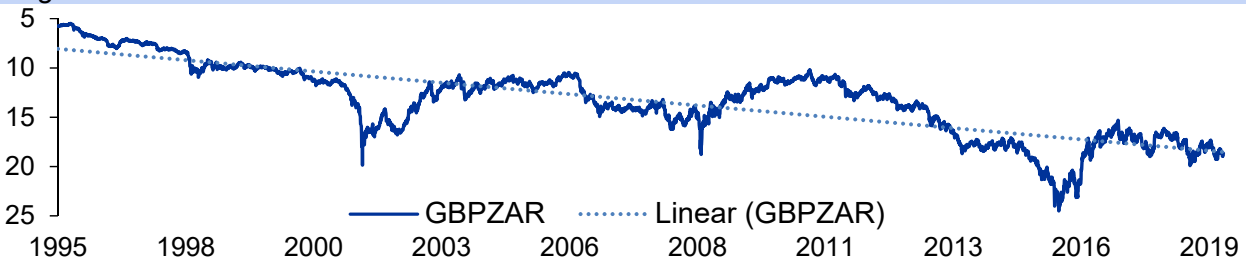
Source: Investec, Iress

Figure 27: EURZAR



Source: Investec, Iress

Figure 28: GBPZAR



Source: Investec, Iress



Rand Outlook, MPC Preview: likelihood of extreme down case falls post-election in South Africa, repo rate likely to remain flat next week

17th May 2019

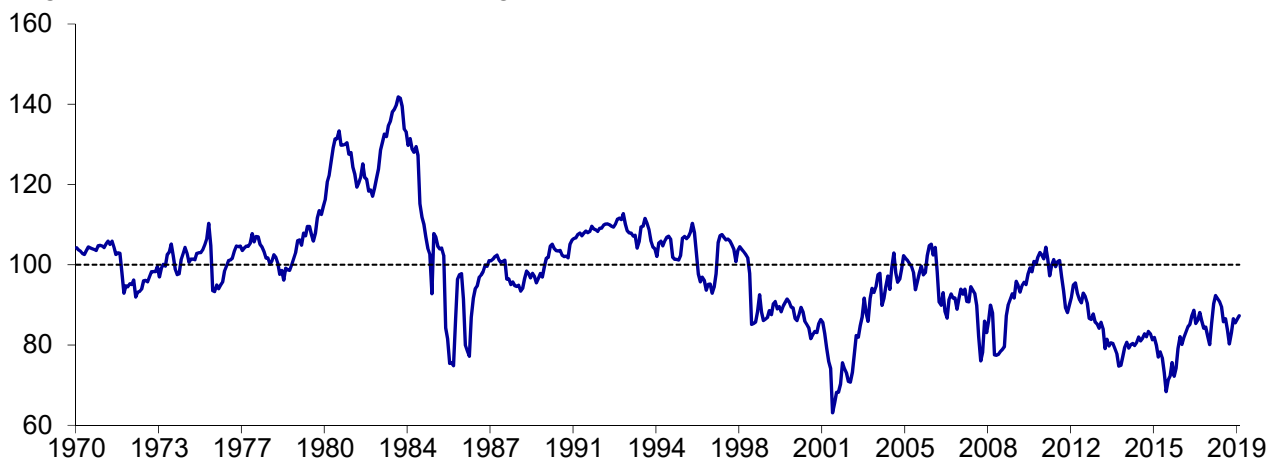
Figure 29: Exchange Rates:	2018	2019	2020	2021	2022	2023	2024	2025
USD/ZAR	13.24	14.06	13.58	13.30	13.50	13.3	13.55	13.88
GBP/ZAR	17.64	18.51	18.84	18.57	18.83	18.6	18.97	19.43
EUR/ZAR	15.61	15.93	16.11	16.57	16.88	16.6	16.94	17.35
ZAR/JPY	8.38	7.78	7.79	7.98	7.92	8.04	7.91	7.72
GBP/USD	1.33	1.32	1.39	1.40	1.39	1.40	1.40	1.40
EUR/USD	1.18	1.13	1.19	1.25	1.25	1.25	1.25	1.25
USD/JPY	110	109	106	106	107	107	107	107

Source: Investec

The small relief rally in the rand post elections (see “Rand note: rand strength on SA Elections, despite increased US-Sino trade tensions, reflects market optimism that Ramaphosa will make some headway on growth boosting reforms, cleaner government; although some concerns still linger”, 13th May 2019, website address below), would likely have been greater were it not tempered by an escalation in US China trade tensions at the time. The rand will likely remain beholden to the volatility caused by global trade tensions this year.

The rand typically sees material risk from the second quarter of each year, with the advent of the sell-in-May-and-go-away season for emerging market portfolio assets. With the bulk of the global markets’ wealth held in the Northern hemisphere, markets tend to become risk averse during the Northern Hemisphere’s summer vacation period, with investors switching to perceived less risky investments (typically selling EM portfolio assets), and often returning to ‘higher yielding/high risk’ markets in September/October. Last year, South Africa saw a net outflow of –R166.3bn of foreign sales net of purchases of SA bonds and equities, from May to end 2018. This year is still not expected to see as marked a sell-off period, but so far this month foreigners were net sellers of SA government bonds to the value of R5.3bn, with –R2.8bn worth of SA government debt sold net of

Figure 30: SA’s real effective exchange rate



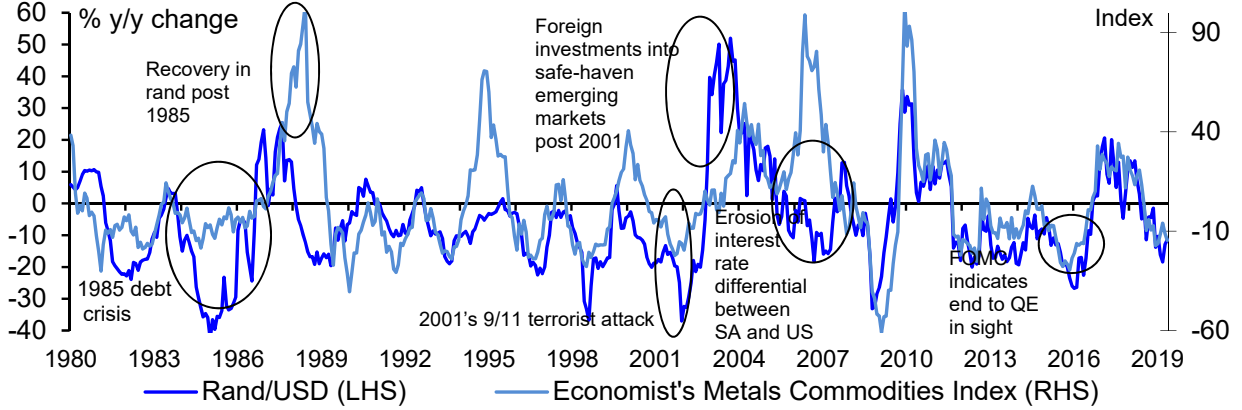
Source: SARB



Rand Outlook, MPC Preview: likelihood of extreme down case falls post-election in South Africa, repo rate likely to remain flat next week

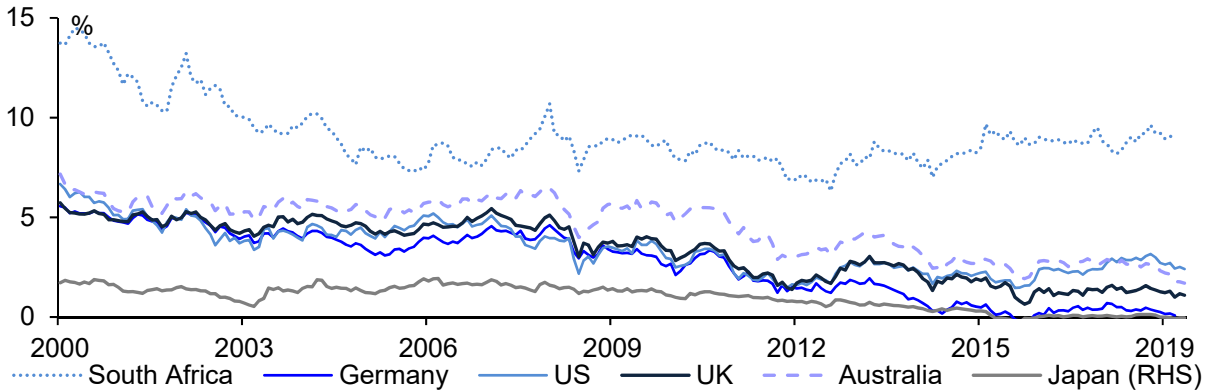
17th May 2019

Figure 31: Rand vs Economist's metals commodity price index



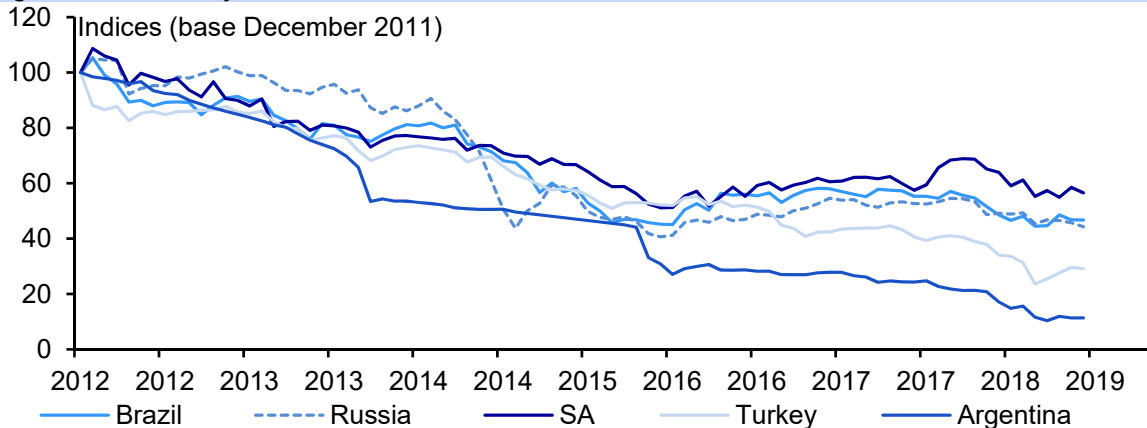
Source: Iress

Figure 32: Sovereign risk spreads



Source: Iress

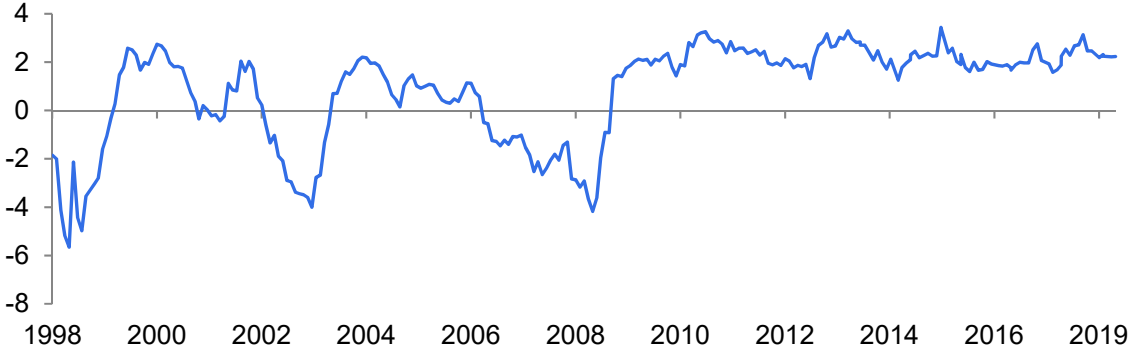
Figure 33: Volatility index



Sources: Iress, Investec



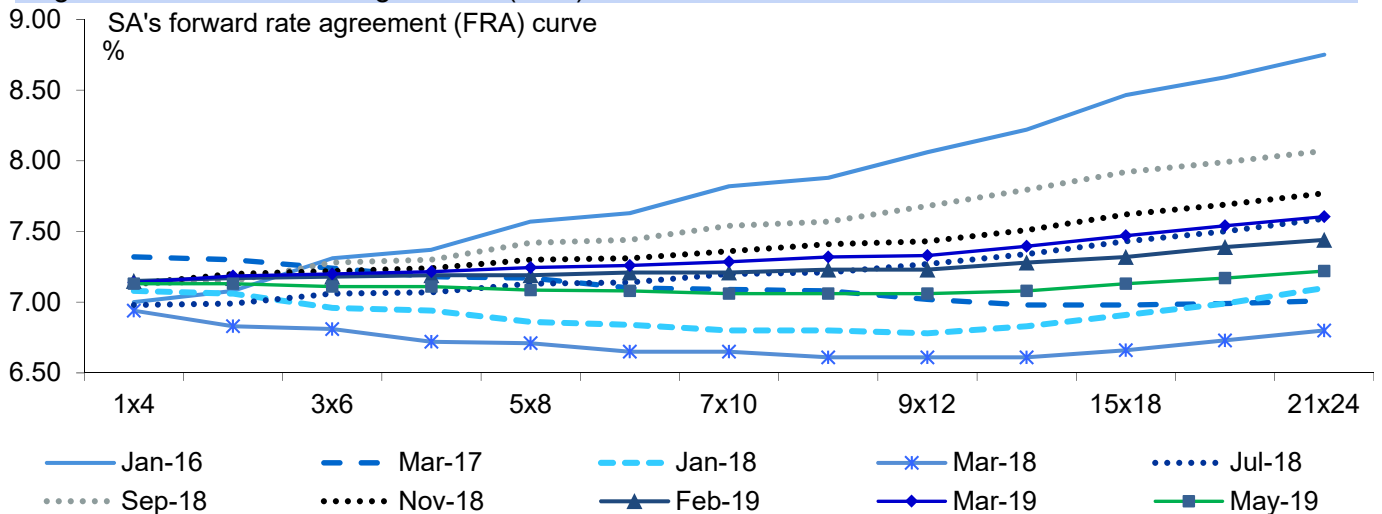
Figure 34: Differential between SA10 year government bond and the repo rate



Source: Iress

purchases before the election. From an equity perspective, foreigners sold -R2.0bn net of purchases prior to the election, and have bought R0.3bn since the election on a very modest rise in sentiment. Global markets have come under the influence of worsening US Sino trade tensions, raising concerns of weaker global economic growth, and suppressing rand strength post-election as risk-aversion rises. While US Sino trade tensions have likely added to the neutral tone of the FOMC this year, the US is not expected to escalate trade tensions to the extent of an outright trade war. Our traditional down case encapsulates a severe escalation in global trade tension and substantial slowdown in global growth, with the risk of a financial crisis as financial markets crash, and emerging markets assets sell-off substantially as risk aversion elevates in this scenario (see figure 8, and severe down case in figure 6). With US 2019 municipal elections upcoming in November, ahead of the 2020 Presidential elections in the US, trade tension could persist as the Trump administration seeks to gain leverage politically. However, with equities markets and economic performance

Figure 35: Forward Rate Agreement (FRA) curve



Source: Bloomberg



Figure 36: Reuters May 2019 Econometer poll: Repo rate end period %

Forecast period	Q2.19	Q3.19	Q4.19	Q1.20	Q2.20	Q3.20	Q4.20	2020	2021
Median	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	7.00
Highest forecast	7.00	7.25	7.00	7.25	7.25	7.00	7.00	7.00	7.25
Lowest forecast	6.75	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.25
No. of forecasts	25	25	24	22	20	17	17	17	13

Source: Reuters

Figure 37: Reuters May 2019 Econometer poll: SARB CPI, unadjusted % ch y/y, average for period

Forecast period	Q2.19	Q3.19	Q4.19	Q1.20	Q2.20	Q3.20	Q4.20	2019	2020	2021
Median	4.6	4.8	4.8	5.6	5.2	5	5	4.7	5.2	5
Highest forecast	4.9	5.3	5.6	6.1	5.8	5.7	5.4	5.3	5.6	5.5
Lowest forecast	3.8	3.5	4	4	3.8	4.1	4	3.7	4.1	3.9
No. of forecasts	16	16	16	16	16	15	15	26	26	16

Source: Econometer

Figure 38: Inflation forecasts

	2018	2019	2020	2021	2022	2023	2024
Consumer Inflation (Av: %)	4.7	4.9	5.6	5.5	5.8	5.5	5.3
(year-end: %)	4.5	5.5	5.4	5.6	5.7	5.3	5.1
Producer Inflation (Av: %)	5.5	5.3	5.9	5.6	5.6	5.3	5.2
(year-end: %)	5.2	5.5	5.6	5.2	5.2	5.2	5.2
Salary & wage increases (%)	5.0	6.4	7.7	7.4	7.4	7.1	7.2

Source: Investec, SARB, Statistics SA

Figure 39: Nominal trade-weighted rand



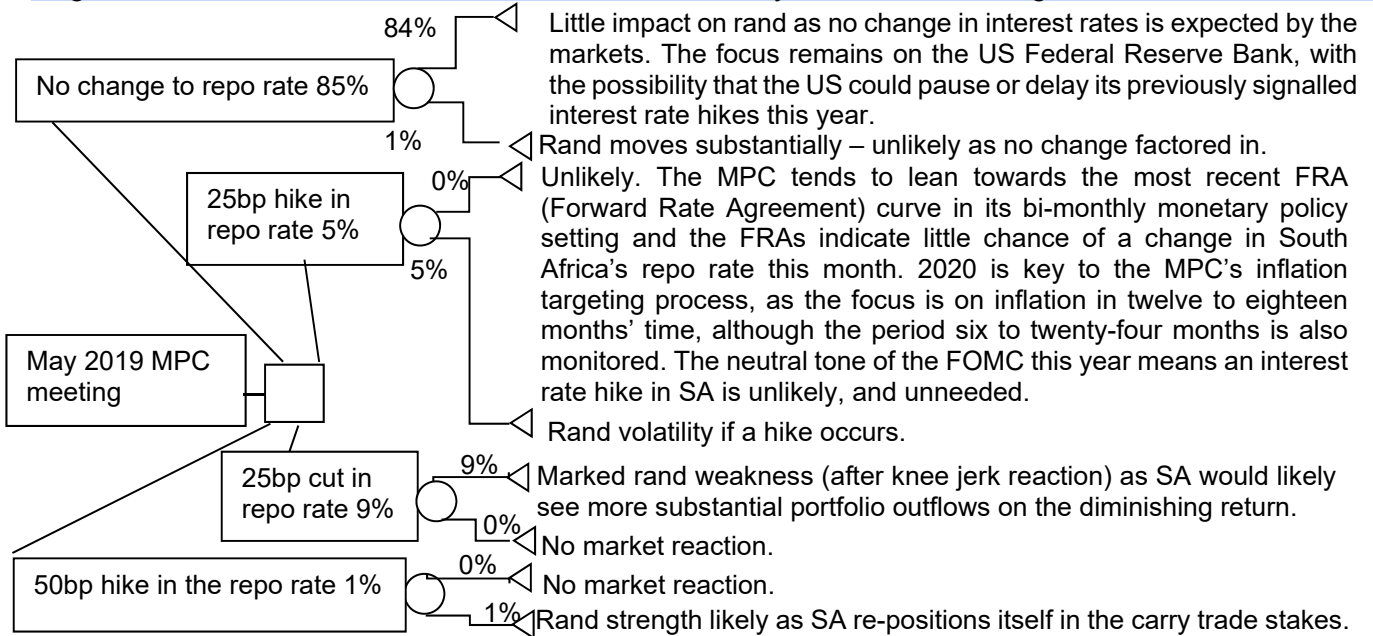
Source: Iress



Rand Outlook, MPC Preview: likelihood of extreme down case falls post-election in South Africa, repo rate likely to remain flat next week

17th May 2019

Figure 40: Decision tree for South Africa's 21st – 23rd May 2019 MPC meeting

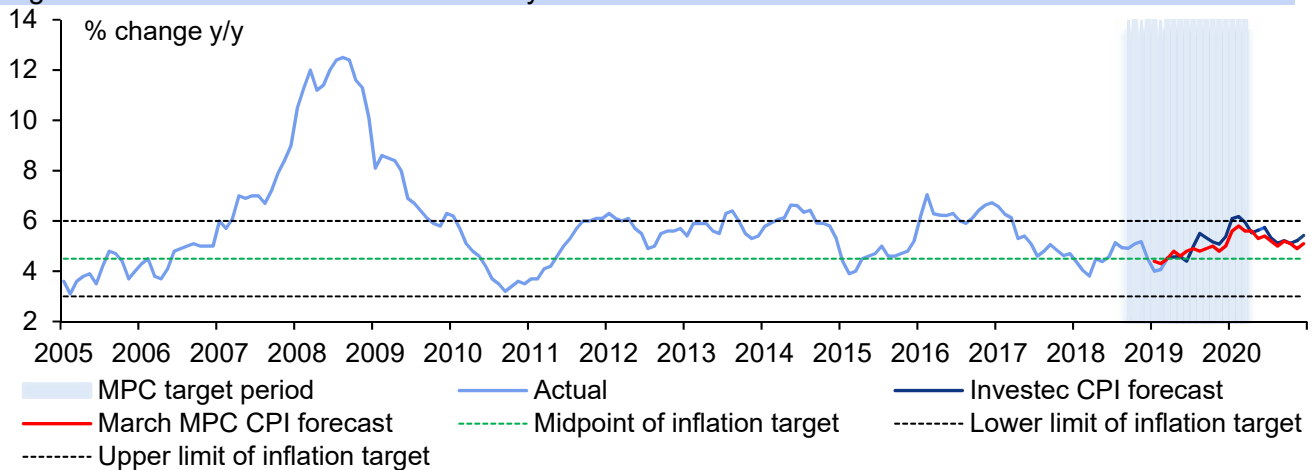


Key: squares are decision nodes, circles chance nodes and triangles end nodes. Source: Investec

coming under pressure, partly on the back of tariff rhetoric and escalation in 2018, the Trump pursuit of protectionism may prove to misfire at the polls.

We have added two new scenarios (see figure 6), to reflect the differentiation between SA receiving a Moody's credit rating downgrade in a predominantly risk-off environment in global markets, and

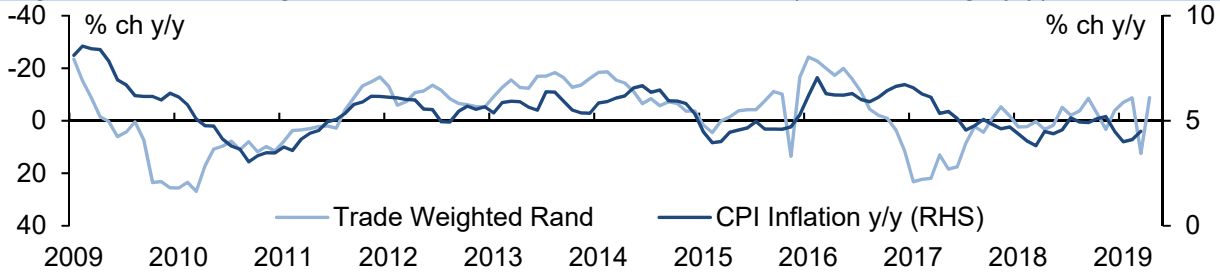
Figure 41: SA Consumer Inflation: history and forecasts



Source: Stats SA, SARB, Investec



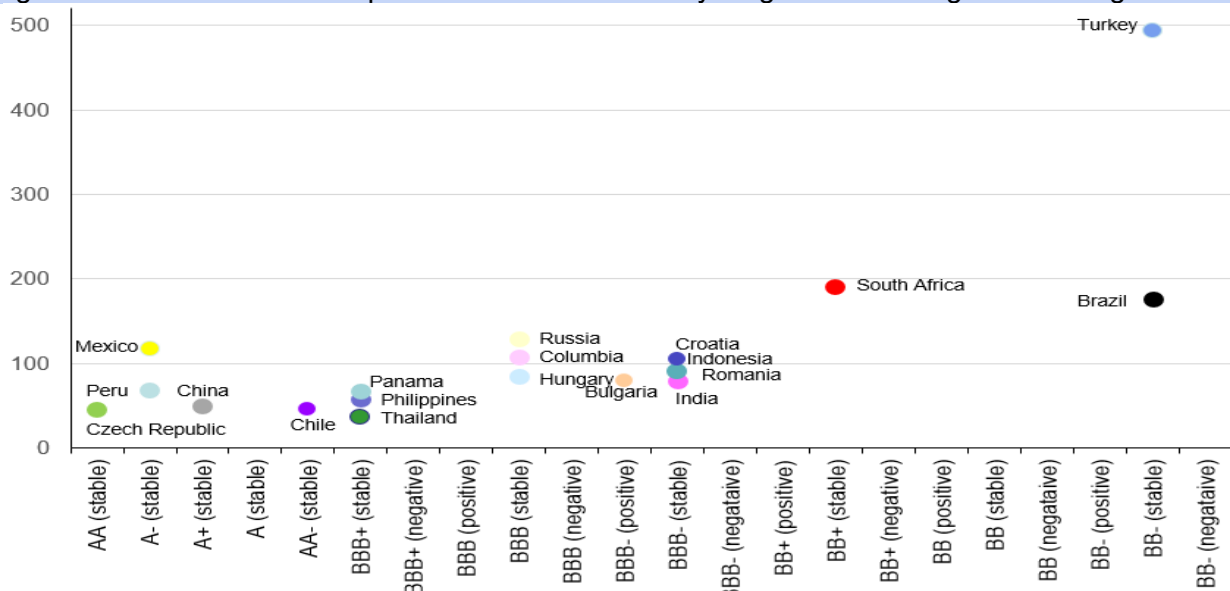
Figure 42: Trade weighted rand movements vs CPI inflation (both % change y/y)



Source: Stats SA, Iress

where expropriation without compensation (EWC) has a material negative impact on the economy (an international and domestic (severe) down case), versus SA losing its Moody's credit rating in an environment where market sentiment globally remains predominantly neutral to some risk-on, and EWC does not have a negative impact on the economy (a domestic only (lite) down case). With the probability of the extreme down case (see figure 8) already diminishing on the Ramaphosa Presidency and elections, splitting the down case into two components becomes more relevant. Moody's has already provided a warning, post the 2019 election, of a downgrade should SA not materially quicken its economic growth, halt and reverse the rise in its sovereign debt, and improve tax revenues while subduing expenditure somewhat (see "Credit Ratings: Post-election Moody's warns of a credit rating downgrade if SA's structural weaknesses are not resolved", 16th May 2019).

Figure 43: Credit Default Swaps and S&P local currency long-term sovereign debt ratings



Source: Bloomberg



Figure 44: Exchange rate history and forecast: annual averages

	2017	2018	2019	2020	2021	2022	2023	2024	2025
EURUSD	1.13	1.18	1.13	1.19	1.25	1.25	1.25	1.25	1.25
EURGBP	0.88	0.88	0.86	0.86	0.89	0.90	0.89	0.89	0.89
GBPEUR	1.14	1.13	1.16	1.17	1.12	1.12	1.12	1.12	1.12
GBPUSD	1.29	1.33	1.32	1.39	1.40	1.39	1.40	1.40	1.40
USDJPY	112	110	109	106	106	107	107	107	107
EURJPY	127	130	124	125	132	133	134	134	134
GBPJPY	145	147	144	147	148	149	150	150	150
EURCHF	1.11	1.16	1.14	1.19	1.20	1.21	1.19	1.19	1.19
USDCHF	0.98	0.98	1.01	1.00	0.96	0.95	0.95	0.95	0.95
GBPCHF	1.27	1.31	1.33	1.37	1.34	1.32	1.33	1.33	1.33
AUDUSD	0.77	0.75	0.70	0.73	0.78	0.78	0.78	0.78	0.78
EURAUD	1.47	1.58	1.61	1.62	1.60	1.60	1.60	1.60	1.60
AUDJPY	86	83	77	77	83	83	83	83	83
GBPAUD	1.68	1.79	1.87	1.90	1.79	1.79	1.79	1.79	1.79
ZARUSD	13.30	13.24	14.06	13.58	13.30	13.50	13.33	13.55	13.88
ZARGBP	17.13	17.64	18.51	18.84	18.57	18.83	18.66	18.97	19.43
ZAREUR	15.03	15.61	15.93	16.11	16.57	16.88	16.66	16.94	17.35
JPYZAR	8.39	8.38	7.78	7.79	7.98	7.92	8.04	7.91	7.72
ZARCHF	13.51	13.53	13.94	13.59	13.82	14.21	14.03	14.27	14.61
ZARAUD	10.20	9.88	9.91	9.93	10.38	10.53	10.40	10.57	10.83

Source: Iress, Investec



Figure 44: Exchange rate history and forecast: quarterly 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	1.19	1.16	1.14	1.14	1.13	1.13	1.14
EURGBP	0.86	0.86	0.90	0.88	0.88	0.88	0.89	0.89	0.87	0.86	0.86	0.85
GBPEUR	1.16	1.16	1.11	1.13	1.13	1.14	1.12	1.13	1.15	1.16	1.16	1.18
GBPUSD	1.24	1.28	1.31	1.33	1.39	1.36	1.30	1.29	1.30	1.31	1.31	1.34
USDJPY	114	111	111	113	108	109	111	113	110	110	109	108
EURJPY	121	122	131	133	133	130	130	129	125	124	123	123
GBPJPY	141	142	145	150	151	148	145	145	143	144	143	145
EURCHF	1.07	1.08	1.14	1.16	1.17	1.17	1.14	1.14	1.13	1.13	1.15	1.16
USDCHF	1.00	0.98	0.96	0.99	0.95	0.99	0.98	1.00	1.00	1.01	1.02	1.01
GBPCHF	1.24	1.26	1.26	1.31	1.32	1.34	1.28	1.28	1.30	1.32	1.34	1.36
AUDUSD	0.76	0.75	0.79	0.77	0.79	0.76	0.73	0.72	0.71	0.71	0.70	0.70
EURAUD	1.41	1.47	1.49	1.53	1.56	1.57	1.59	1.59	1.59	1.59	1.63	1.63
AUDJPY	86	83	88	87	85	83	82	81	78	78	76	76
GBPAUD	1.64	1.70	1.66	1.73	1.77	1.80	1.78	1.79	1.83	1.84	1.89	1.92
ZARUSD	13.22	13.19	13.18	13.62	11.96	12.65	14.06	14.30	14.01	14.03	14.30	13.90
ZARGBP	16.35	16.85	17.22	18.08	16.65	17.19	18.33	18.40	18.25	18.36	18.79	18.65
ZAREUR	14.08	14.52	15.49	16.05	14.70	15.07	16.36	16.32	15.92	15.81	16.16	15.85
JPYZAR	8.54	8.39	8.36	8.27	9.06	8.64	7.95	7.89	7.86	7.86	7.62	7.77
ZARCHF	13.16	13.40	13.69	13.81	12.61	12.84	14.30	14.37	14.06	13.94	14.05	13.72
ZARAUD	10.02	9.90	10.41	10.47	9.41	9.57	10.28	10.25	9.98	9.97	9.94	9.73

Source: Iress, Investec



Figure 44: Exchange rate history and forecast: quarterly 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	1.17	1.18	1.19	1.21	1.23	1.25	1.25	1.25	1.25	1.25	1.25	1.25
EURGBP	0.85	0.86	0.86	0.86	0.88	0.90	0.90	0.90	0.90	0.90	0.90	0.90
GBPEUR	1.18	1.17	1.17	1.16	1.14	1.12	1.12	1.12	1.12	1.12	1.12	1.12
GBPUSD	1.37	1.38	1.39	1.41	1.40	1.39	1.39	1.39	1.39	1.39	1.39	1.39
USDJPY	107	106	106	105	106	106	106	106	106	107	107	107
EURJPY	125	125	126	126	130	133	133	133	133	134	134	134
GBPJPY	147	146	147	147	148	148	148	148	148	149	149	149
EURCHF	1.17	1.18	1.19	1.20	1.19	1.20	1.20	1.20	1.21	1.21	1.21	1.21
USDCHF	1.00	1.00	1.00	0.99	0.97	0.96	0.96	0.96	0.95	0.95	0.95	0.95
GBPCHF	1.36	1.35	1.39	1.40	1.36	1.34	1.34	1.34	1.32	1.32	1.32	1.32
AUDUSD	0.73	0.73	0.73	0.74	0.77	0.79	0.78	0.78	0.78	0.78	0.78	0.78
EURAUD	1.6	1.6	1.6	1.6	1.6	1.58	1.60	1.60	1.60	1.60	1.60	1.60
AUDJPY	78	77	77	77	82	84	83	83	83	83	83	83
GBPAUD	1.89	1.89	1.91	1.90	1.82	1.77	1.79	1.79	1.79	1.79	1.79	1.79
ZARUSD	13.40	13.70	13.90	13.30	12.70	13.20	13.90	13.40	12.80	13.60	14.20	13.40
ZARGBP	18.37	18.91	19.35	18.72	17.78	18.41	19.39	18.69	17.85	18.97	19.81	18.69
ZAREUR	15.62	16.17	16.55	16.10	15.63	16.50	17.38	16.75	16.00	17.00	17.75	16.75
JPYZAR	7.98	7.74	7.59	7.86	8.34	8.03	7.62	7.91	8.28	7.87	7.53	7.98
ZARCHF	13.35	13.70	13.90	13.41	13.10	13.75	14.48	13.96	13.48	14.32	14.95	14.11
ZARAUD	9.72	10.00	10.15	9.84	9.78	10.43	10.84	10.45	9.99	10.61	11.08	10.45

Source: Iress, Investec

Rand Outlook, MPC Preview: likelihood of extreme down case falls post-election in South Africa, repo rate likely to remain flat next week

17th May 2019



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