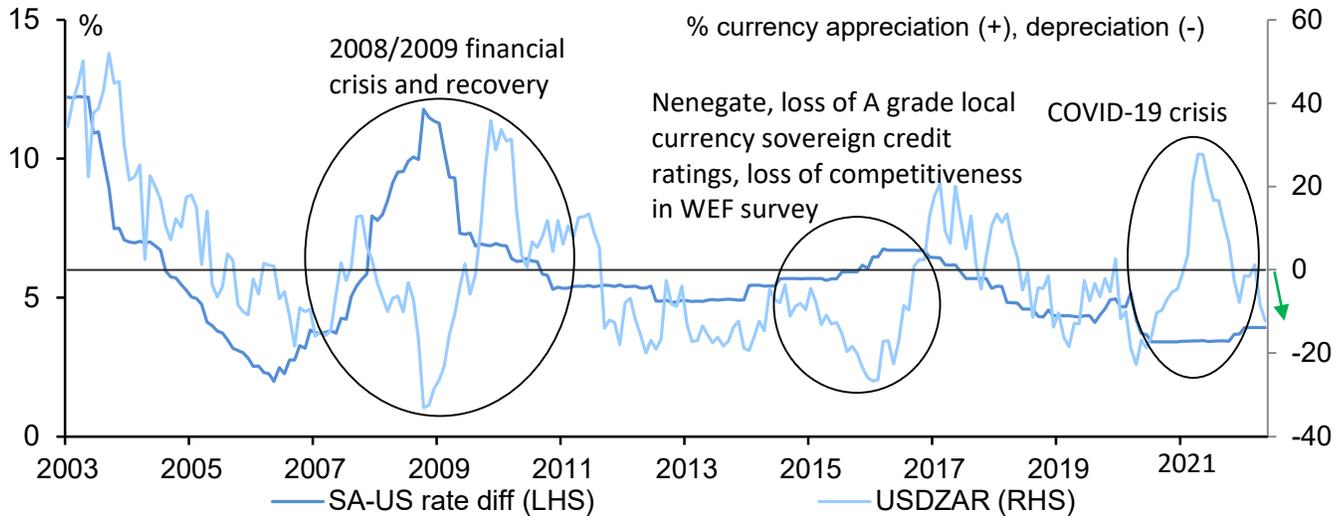




Figure 1: Nominal interest rate differential between SA & US vs USDZAR



Source: Iress, Investec

Global financial markets are in a risk-off phase on fears of a severe slowdown in world economic growth, potentially to the point of recession, causing investors to sell-off risky portfolio assets from mid-April. The rand has run weaker for over a month, when it left the R14.00/USD to R15.00/USD range in April, running closer to R16.00/USD, although benefitting recently from the S&P positive outlook for SA’s credit ratings on domestic factors, allowing the domestic currency to track back to R15.65/USD. However, globally the outlook has not improved, and the IMF warns that world’s economy faces “the biggest test since the second world war.” “The global economic outlook has darkened in the month since the IMF downgraded its 2022 growth outlook because of the war in Ukraine, China’s slowdown, and global price shocks, particularly for food”. A global recession is not seen as the central case, but the IMF added that it cannot be ruled out, which is adding to the negative sentiment. The IMF also recommends that “(t)he Fed must continue to tighten monetary policy to get control of a surging inflation rate in the U.S” and that “(i)t’s very important for the Fed to rein in inflation as soon as possible”. Increased global financial market risk aversion has been generated by expected significantly tighter financial conditions, in the face of high inflation, driving fears of weakened world growth. The IMF adds, “(i)nflation in the U.S. is broad-based.” “This is not all a supply story. There is an important demand component to it.” The US “should not take their eye off the ball.” A widening interest rate differential between SA and US interest rates would place the rand at greater risk of depreciation than has already occurred, which in turn would place pressure on SA’s inflation outcomes.

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

	2022				2023				2024			
	Q1.22	Q2.22	Q3.22	Q4.22	Q1.23	Q2.23	Q3.23	Q4.23	Q1.24	Q2.24	Q3.24	Q4.24
USD/ZAR	15.21	15.60	15.80	15.40	15.50	15.20	15.60	16.00	15.50	15.30	15.80	16.30
GBP/ZAR	20.40	20.25	20.38	20.17	22.94	20.22	21.06	21.76	21.16	21.42	22.59	23.64
EUR/ZAR	17.07	16.94	16.91	16.79	18.76	16.87	17.63	18.24	17.75	18.05	18.96	20.05
ZAR/JPY	7.65	7.93	7.94	8.05	7.74	8.03	7.72	7.50	7.74	7.71	7.28	6.75
GBP/USD	1.37	1.40	1.44	1.47	1.48	1.49	1.52	1.53	1.52	1.51	1.50	1.49
EUR/USD	1.14	1.15	1.16	1.19	1.21	1.23	1.25	1.25	1.25	1.25	1.25	1.25
USD/JPY	116	118	119	120	120	120	120	120	118	115	110	107

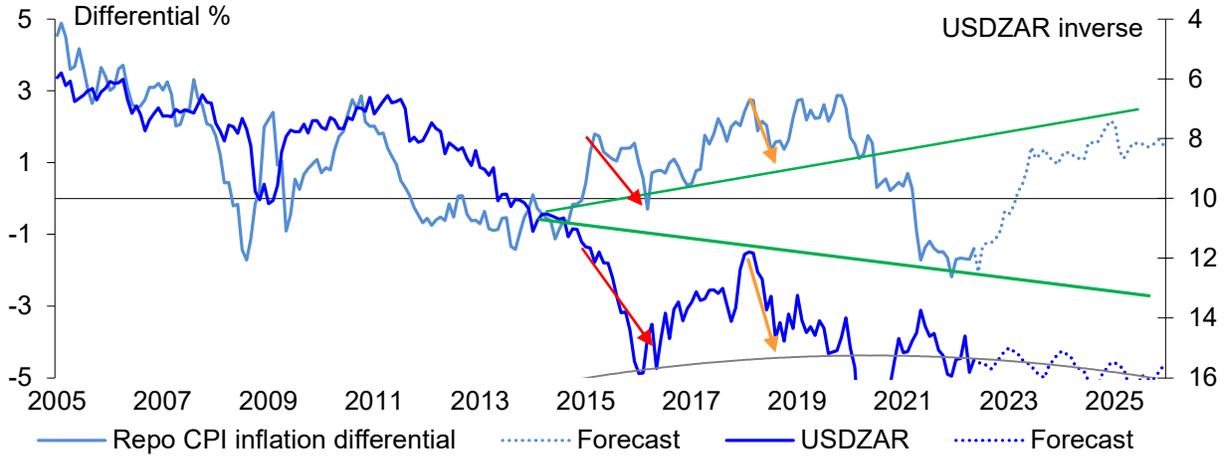
Note: averages, Source: Investec, Iress



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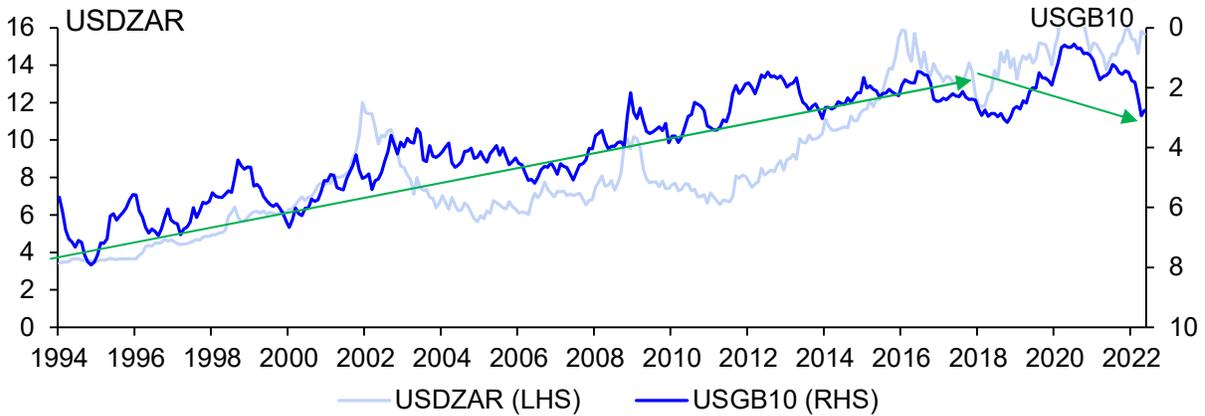
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Figure 3: USDZAR vs. interest rate and CPI inflation differential: expected case forecasts



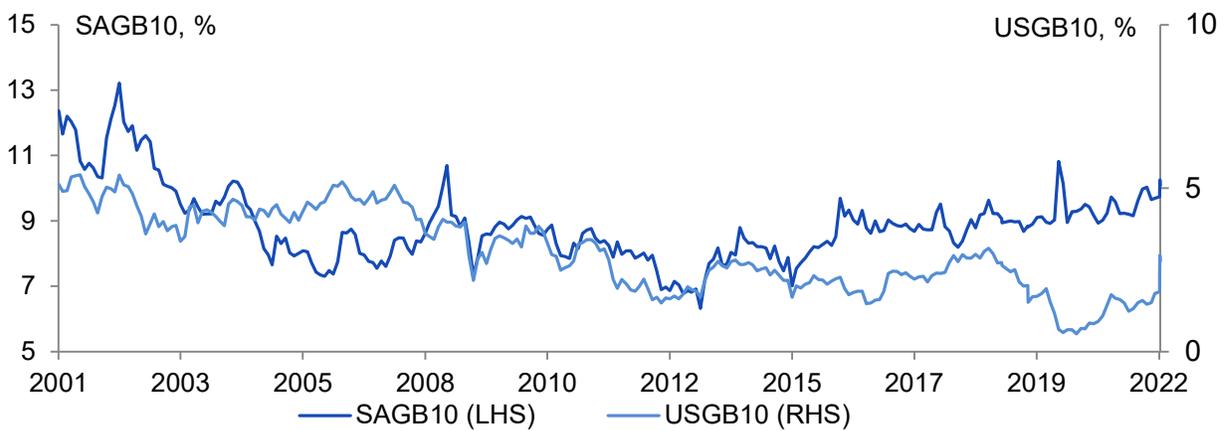
Source: Iress, Investec

Figure 4: USDZAR vs US 10 year bond (%)



Source: Iress

Figure 5: SA 10 year bond vs US 10 year bond (%)



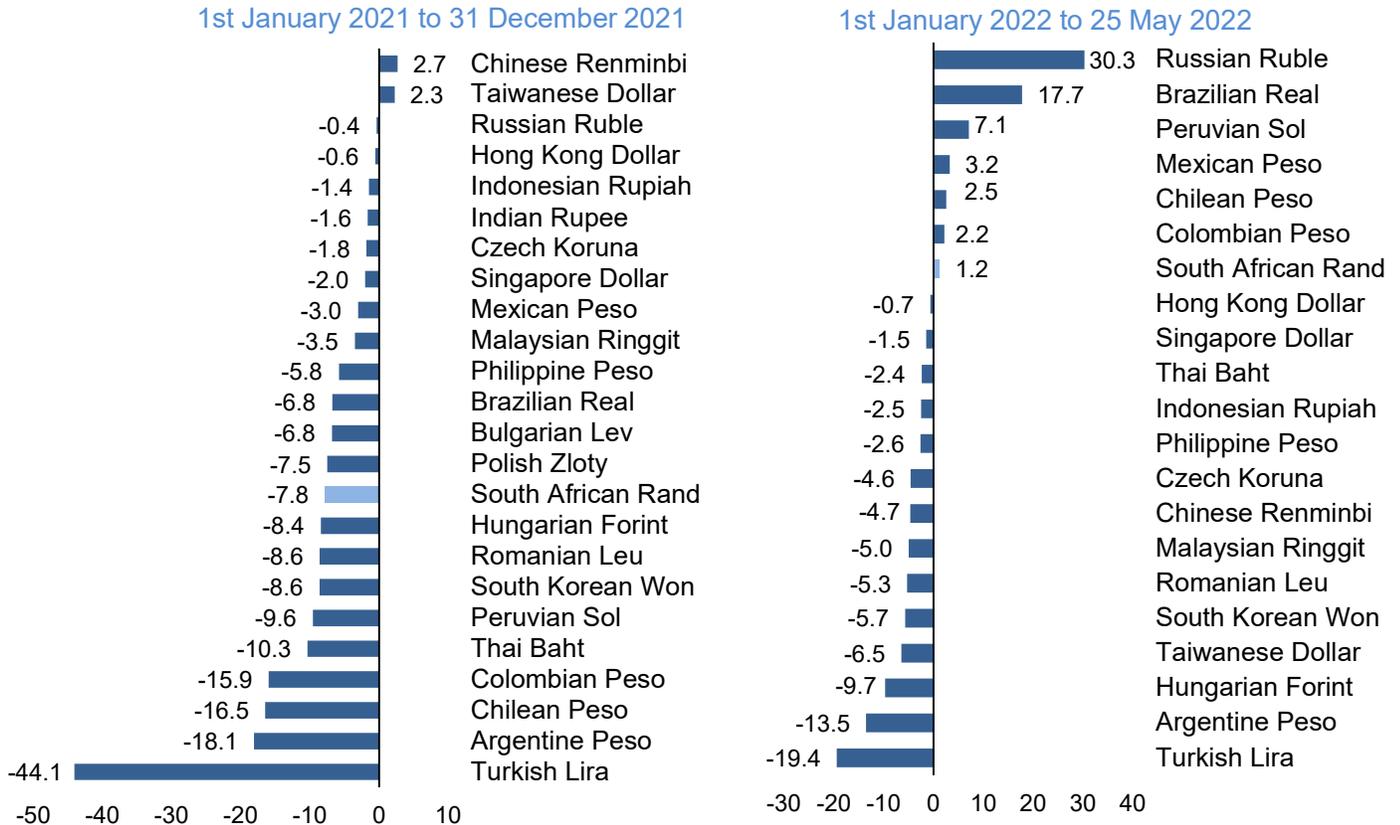
Source: Iress



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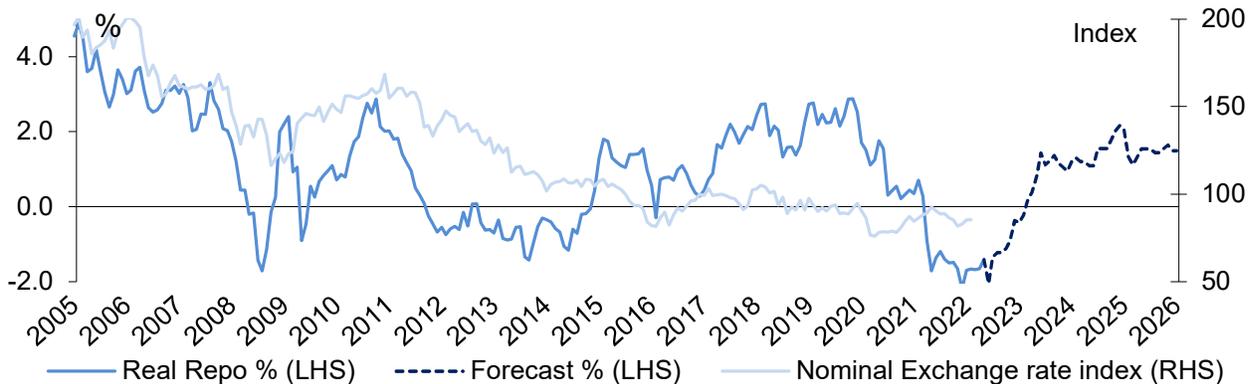
Figure 6: Commodity currency depreciation (-) %, appreciation (+) %



Source: Bloomberg

The World Economic Forum (WEF) meetings in Davos currently are focusing on the high inflationary environment and Russian/Ukraine war, along with the related energy crisis and food poverty, and the interwoven risks, which add to weakened market sentiment as they exacerbate the risk of recession.

Figure 7: SA's nominal effective exchange rate vs. interest rate and CPI inflation differential



Source: Iress, Investec, Stats SA



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Figure 8: Economic Scenarios: note up case rises

		Q1.22	Q2.22	Q3.22	Q4.22	Q1.23	Q2.23	Q3.23	Q4.23
<b>Extreme Up case 1%</b>	USD/Rand (average)	15.21	14.00	13.80	13.70	13.60	13.40	13.30	13.10
	Repo rate (end rate)	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50
	Impact of Covid-19 very rapidly resolved - economic growth of 3–5%, then 5-7% for SA. Good governance, growth-creating reforms (structural constraints overcome), strengthening of property rights - individuals obtain title deeds in EWC – no other EW or nationalisation. High business confidence and fixed investment growth, substantial FDI, strong fiscal consolidation (state debt falls back to low ratios of 2000s). Very subdued domestic inflation on extreme rand strength, rapid capacity expansion and very favourable weather conditions. <b>Strong global growth, commodity boom. Stabilisation of credit ratings, then upgrades.</b>								
<b>Up case 4%</b>	USD/Rand (average)	15.21	14.50	15.00	14.90	14.90	14.70	14.60	14.50
	Repo rate (end rate)	4.25	4.00	4.00	4.00	4.00	4.00	4.25	4.25
	Quick rebound from Covid-19 pandemic, rising confidence and investment levels - structural problems eroded. <b>No further credit rating downgrades, become positive on fiscal consolidation (debt projections fall substantially).</b> Global risk-on, global demand quickly returns to trend growth. Very limited impact of expropriation without compensation) to abandoned, labour tenants' and government land (individuals are new owners and receive title deeds) does not have a negative effect on economy - no nationalisation. Low domestic inflation on favourable weather conditions, rand strength reduction in state-controlled price inflation on increased private privatisation.								
<b>Base case 50%</b>	USD/Rand (average)	15.21	15.60	15.80	15.40	15.20	15.60	16.00	15.50
	Repo rate (end rate)	4.25	4.75	5.00	5.00	5.25	5.50	5.75	5.75
	Recovery from the sharp global economic slowdown by 2024 in real terms– <b>sufficient global and domestic monetary and other policy supports to growth and financial markets occur and risk sentiment neutral to positive.</b> Expropriation of private sector property is limited and does not have a negative impact on the economy or on market sentiment. <b>SA remains in the BB category rating bracket fiscal consolidation (debt to GDP stabilisation) occurs.</b> Civil and political unrest wanes. Inflation impacted by normal course of weather patterns via food price inflation and rand, with modest transition to renewable energy and slow move away from fossil fuel usage, measures to alleviate impact of climate change on economy are modestly implemented.								
<b>Lite (domestic) Down case 39%</b>	USD/Rand (average)	15.21	16.00	16.65	16.90	17.00	17.50	17.60	17.50
	Repo rate (end rate)	4.25	5.00	5.25	5.50	5.75	6.00	6.25	6.50
	The international environment (incl. risk sentiment) is that of the base case. <b>South Africa fails to see its debt projections stabilise and falls into single B credit ratings from all three agencies for local and foreign currency.</b> Recession occurs. Very limited expropriation of private commercial sector property without compensation, with some negative impact on the economy. Business confidence depressed, marked rand weakness and higher inflation (adverse weather), significant load shedding and weak investment growth. Substantial fiscal consolidation ultimately occurs, preventing ratings falling into the C grades.								
<b>Severe down case 6%</b>	USD/Rand (average)	15.21	16.80	17.50	18.00	18.50	18.70	19.20	19.55
	Repo rate (end rate)	4.25	5.25	5.75	6.25	6.50	7.00	7.50	7.75
	Lengthy global recession, global financial crisis – insufficient monetary and other policy supports to growth domestically and internationally. Depression in SA, severe rand weakness, very high inflation (very adverse weather). A somewhat wider level of nationalisation of private sector commercial property. <b>SA rated single B from all three key agencies, with further rating downgrades eventually into CCC grade and the risk of moving towards default.</b> Government borrows from increasingly wider sources as it sinks deeper into a debt trap), eventually include widespread civil unrest, services strike action and strike action.								

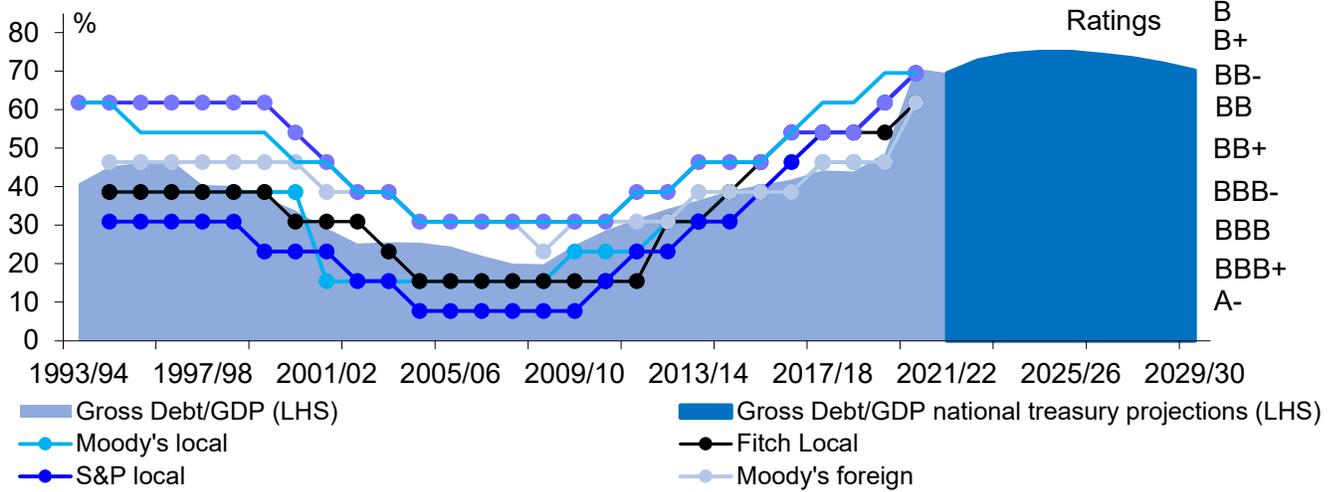
**Note:** Event risk begins Q222. Source: Investec



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**Figure 9: Local currency long-term sovereign debt credit ratings vs. government gross loan debt as % GDP**

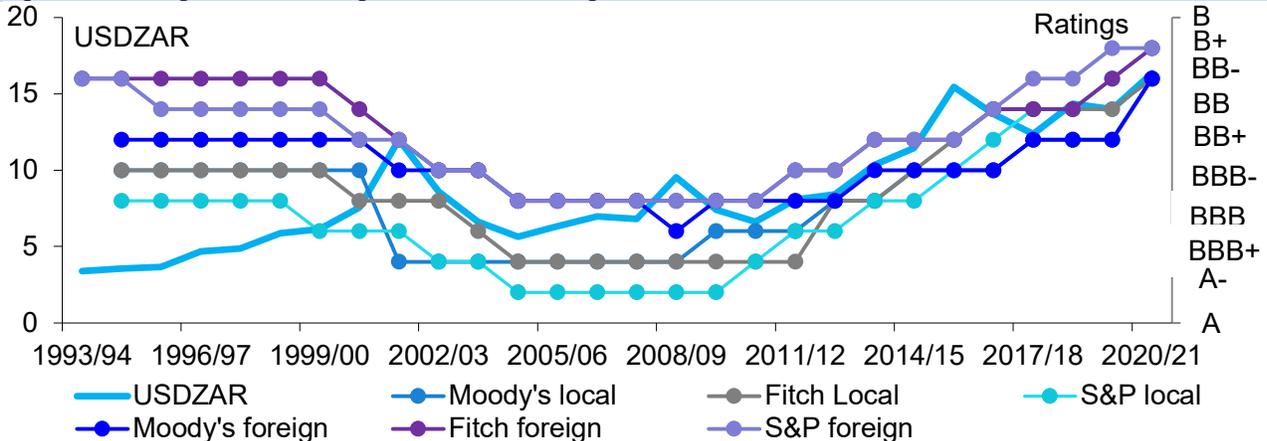


Source: Credit rating agencies, National treasury, Bloomberg

The erosion of the differential between US and SA interest rates also has a notable impact on the domestic currency, with the US hiking its Central Bank rate by 75bp in the current cycle, and SA by 125bp. While SA's interest rate hikes to date exceed those of the US, it does not have a MPC meeting in June, and the FOMC does, where another 50bp hike is widely expected, which will then see the US and SA interest rate hikes equate, increasing the risk for greater rand weakness. In July the FOMC is expected to hike by 50bp again, and unless the MPC deliver another 50bp hike in July, the rand will be at increased risk of depreciation. Even higher US interest rates are anticipated next year. SA needs to match the quantum of US interest rate hikes to avoid rand weakness, which historically has been very severe when SA has been out of line with the US rate hike tightening cycle..

The differential between South Africa's CPI inflation rate and its repo rate has dropped from 0.3% in March 2021 (when inflation was 3.2% and the repo rate 3.50%), to -1.5% by October 2021 (as inflation rose to 5.0% and the repo rate is still 3.50%), with the rand weakening to R15.25/USD from closer to R14.00/USD.

**Figure 10: Long-term sovereign debt credit ratings vs USDZAR**



Source: Credit rating agencies, National treasury, Bloomberg



**Figure 11: Rating tier definitions**

Moody's		S&P		Fitch		Equivalent to SVO Designations NAIC	Rating description	
Long-term	Short-term	Long-term	Short-term	Long-term	Short-term			
Aaa		AAA		AAA				Prime
Aa1		AA+		AA+				
Aa2		AA	A-1	AA	F1+			High grade
	P-1					1		
A1		A+		A+				
A2		A	A-1	A	F1			Upper medium grade
A3		A-		A-				Investment-grade
Baa1	P-2	BBB+	A-2	BBB+	F2			
Baa2	P-3	BBB		BBB		2		Lower medium grade
Baa3		BBB-	A-3	BBB-	F3			
Ba1		BB+		BB+				
Ba2		BB		BB		3		Non-investment grade speculative
Ba3		BB-		BB-				
B1		B+	B	B+	B			
B2		B		B		4		Highly speculative
B3		B-		B-				
Caa1	Not prime	CCC+						Substantial risks
Caa2		CCC				5		Extremely speculative
Caa3		CCC-	C	CCC	C			Non-investment grade AKA high-yield bonds AKA junk bonds
Ca		CC						Default imminent with little prospect for recover
		C						
C				DDD		6		
/		D	/	DD	/			In default
				D				

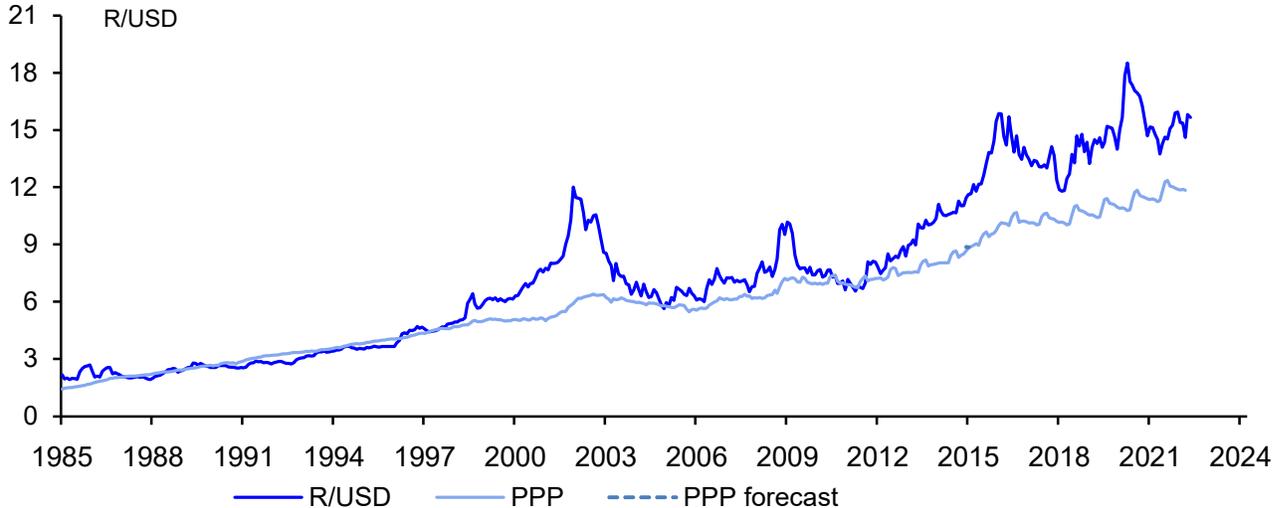
Source: Wikipedia

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Figure 12: PPP value of ZAR/USD – rand undervalued, fair value R9.50/USD



Source: Iress, Investec

Such depreciation of the rand is common when the real interest rate (differential of interest rate less CPI inflation rate here) narrows. The SARB then hiked by 25bp in November 2021, and again in January after the differential reached -2.2% on a 5.9% CPI inflation outcome and the rand reached close to R16.00/USD. The differential eased to -1.7% as CPI inflation dropped to 5.7%, while a 25bp hike in the repo rate in March 2022 kept the differential at -1.7% as inflation returned to 5.9% y/y. May's 50bp hike however eased the differential to -1.4% supporting rand strength, along with the positive outlook instituted on SA's credit rating in May, and the rand strengthened to R15.65/USD. Movements in the USD have also been instrumental in the domestic currency's trajectory however.

SA risks seeing CPI inflation breaching 6.0% by its June MPC meeting, and this will be a further pressure

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

	US Fed funds	Eurozone refi rate	Eurozone deposit rate	UK Bank rate	Australia cash rate
Current	0.25-0.50	0.00	-0.50	0.75	0.10
2022					
Q1	0.25-0.50	0.00	-0.50	0.75	0.10
Q2	1.25-1.50	0.00	-0.50	1.00	0.50
Q3	1.75-2.00	0.00	-0.25	1.25	1.00
Q4	2.25-2.50	0.25	0.00	1.25	1.25
2023					
Q1	2.50-2.75	0.50	0.25	1.50	1.50
Q2	2.50-2.75	0.75	0.50	1.50	1.50
Q3	2.50-2.75	0.75	0.50	1.50	1.50
Q4	2.50-2.75	0.75	0.50	1.75	1.50

Source: Macrobond, Investec UK



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Figure 14: Reuters November 2018 Foreign exchange rates poll: USDZAR

Release/Effective Date	31 Nov 2018	31 Jan 2019	29 Apr 2019	31 Oct 2019
Median	14.50	14.56	14.67	14.50
High	15.20	15.83	16.12	16.47
Low	13.66	12.00	11.50	11.00
No. of forecasts	29	34	35	34

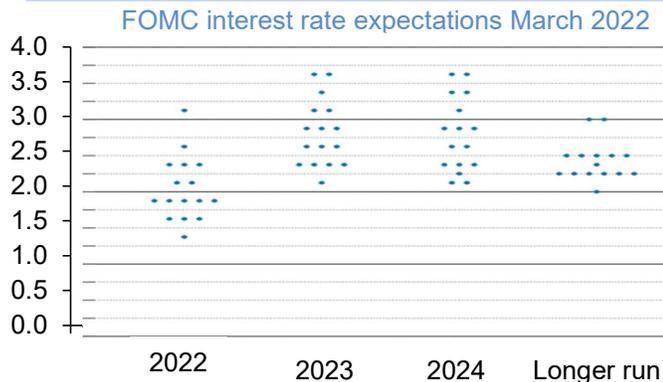
Source: Reuters

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

Midpoint of target range or target level (%)	2022	2023	2024	Longer Run
3.750				
3.625		2	2	
3.500				
3.375		1	2	
3.250				
3.125	1	2	1	
3.000				2
2.875		3	3	
2.750				
2.625	1	3	2	
2.500				5
2.375	3	4	3	1
2.250			1	6
2.125	2	1	2	
2.000				1
1.875	5			
1.750				
1.625	3			
1.500				
1.375	1			
1.250				

Source: Federal Reserve Government

Figure 16: US interest rate projection from FOMC: March 2022 and Implied Probabilities



Current Implied Probabilities

Meeting Dates	% Hike/Cut	Implied Rate
06/15/2022	+2.068%	1.351
07/27/2022	+3.974%	1.828
09/21/2022	+5.334%	2.168
11/02/2022	+6.354%	2.423
12/14/2022	+7.284%	2.655
02/01/2023	+7.792%	2.782

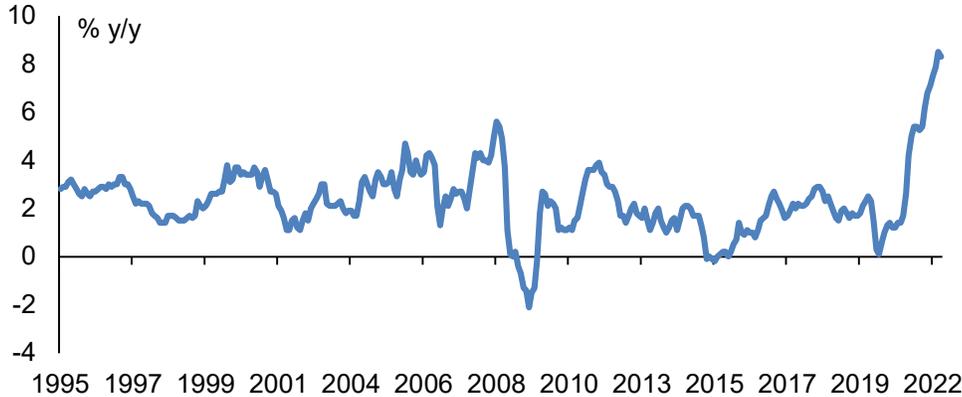
Source: Reuters and Federal Reserve Bank



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Figure 17: US CPI inflation



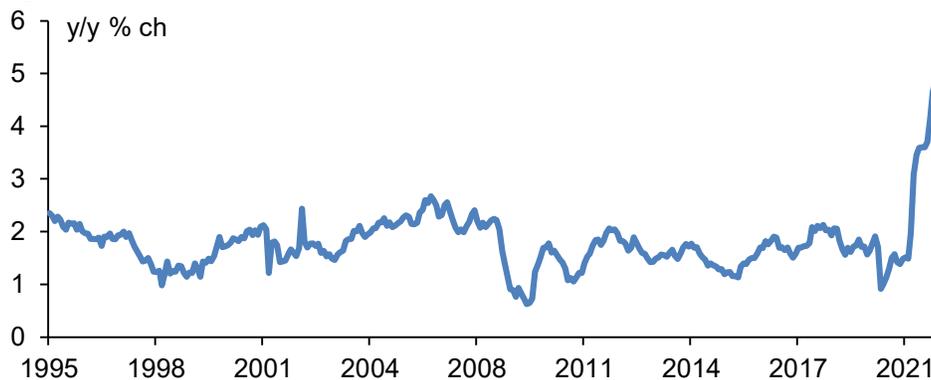
Source: Bloomberg

on the rand for it to depreciate.

FOMC members still forecast interest rate hikes in the US in 2022, 2023 and 2024 which would widen the differential between SA and US central bank rates, if SA does not hike in unison. The FOMC minutes will be key and are due for release this evening. Markets will be watching closely for any sign that the US could hike by more than the additional one percent signalled by the FOMC in its dot plot graph and in its recent communications (of two further 50bp hikes). Any indications of more than this would likely cause market risk aversion levels to elevate, placing pressure on the rand to weaken.

2023 sees expectation of a 75bp hike in total, and then for rates to remain unchanged in 2024 – as per the Fed’s dot plot chart of the FOMC members assessment of appropriate monetary policy. In the longer term, there is a slight subsidence of the fed funds rate, by about 50bp, anticipated. However, inflationary pressures have proved obdurately high, both globally and in the US (and in SA too). SA’s repo rate is currently 4.75% and the SARB expects it to reach 5.25% by year end, another 50bp lift which is below the FOMC’s 100bp move, and could see the rand very vulnerable to depreciation as the differential narrows between SA and US interest rates. The FOMC is frontloading its rate hikes in an effort to combat inflation. For all the reasons outlined above the SARB could consequently decide to hike the repo rate by 50bp

Figure 18: US PCE core deflator



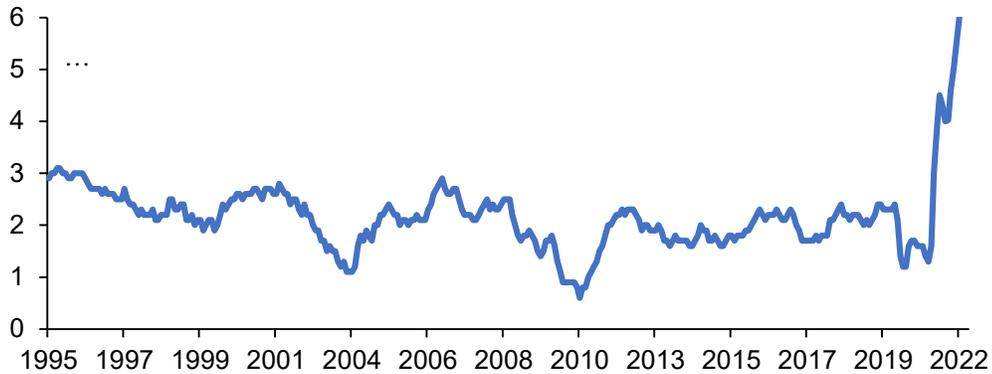
Source: Bloomberg



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Figure 19: US CPI inflation less food and energy

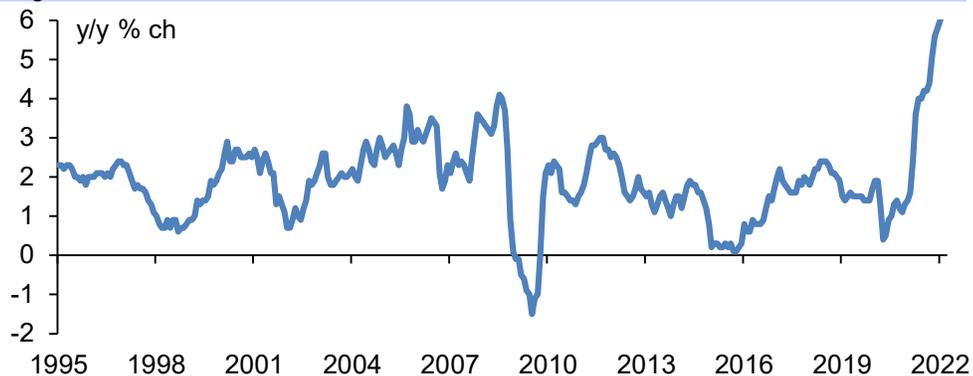


Source: Bloomberg

instead at its June MPC meeting versus a 25bp hike (and potentially another 25bp hike in either September or November). That is, South Africa is unlikely to avoid raising its interest rates this year and next, without further material rand weakness. The latest MPC communication from SA’s Reserve Bank states “(c)urrent repurchase rate levels reflect an accommodative policy stance through the forecast period, keeping financial conditions supportive of credit demand as the economy continues to recover.” This is despite a 1.25% lift in the repo rate, with SARB identifying a neutral level of the repo rate about 2.00% above CPI inflation. As such at 4.25%, well below the current 5.9% y/y inflation rate the repo rate is seen as accommodative of stimulating economic growth.

The SARB adds “(b)etter anchored expectations of future inflation could support lower interest rates, and can be realised by achieving a prudent public debt level, increasing the supply of energy, moderating administered price inflation and keeping wage growth in line with productivity gains. Such steps will enhance the effectiveness of monetary policy and its transmission to the broader economy.” The SARB’s expects the repo rate will lift by about another 1.00% in 2023 and 50bp in 2024. While this would benefit the rand from a US-SA interest rates differential point of view, and so from this source keep it from depreciating markedly, risks remain from other sources for the domestic currency, which include credit ratings still as SA has not yet achieved fiscal consolidation.

Figure 20: US PCE deflator



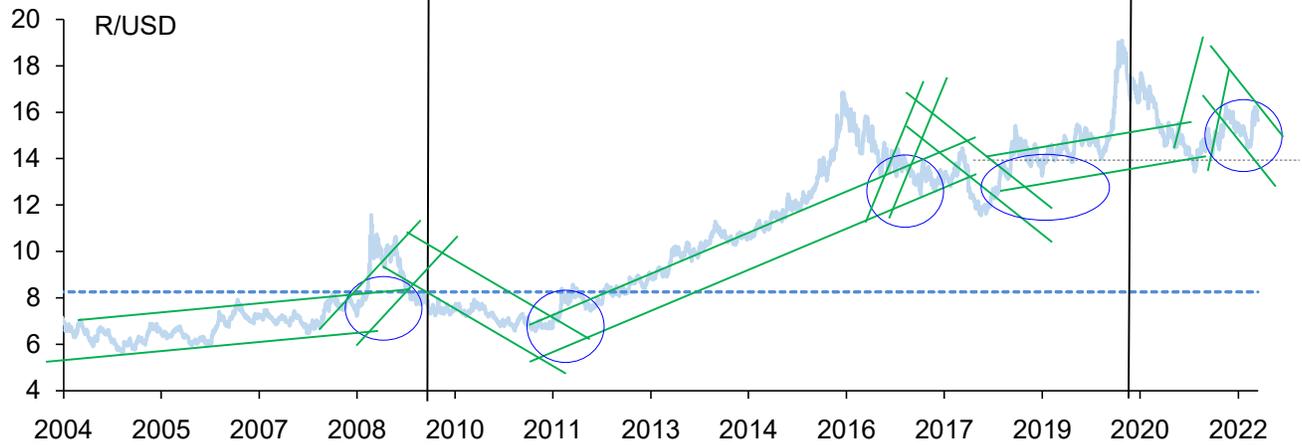
Source: Bloomberg

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Figure 21: Rand channels



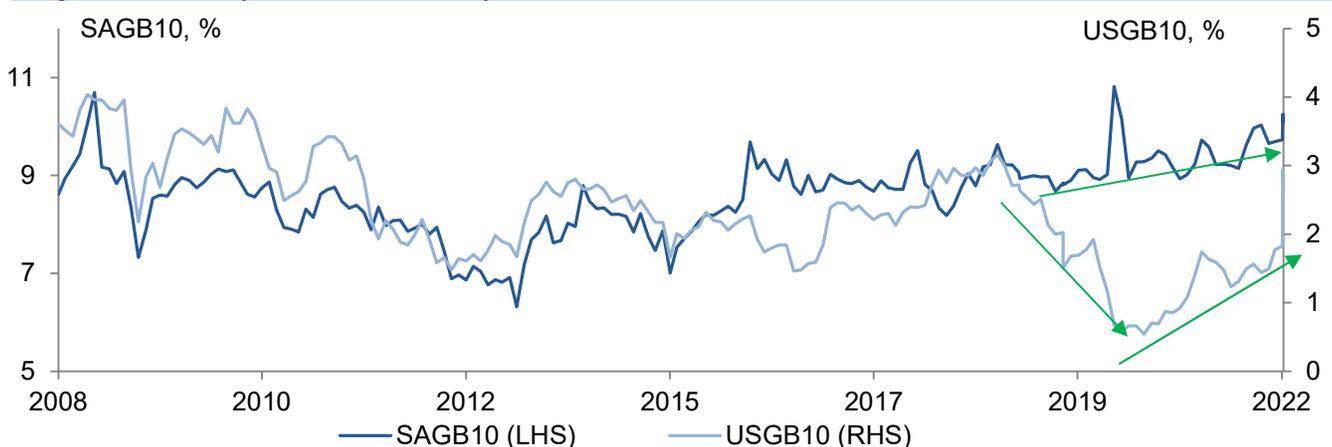
Source: Iress

Figure 22: Lite Down Case: Exchange Rate forecasts

	2022				2023				2024			
	Q1.22	Q2.22	Q3.22	Q4.22	Q1.23	Q2.23	Q3.23	Q4.23	Q1.24	Q2.24	Q3.24	Q4.24
USD/ZAR	15.25	16.00	16.65	16.90	17.00	17.50	17.60	17.50	17.20	17.00	16.80	17.00
GBP/ZAR	20.46	20.77	23.48	24.00	24.31	25.38	25.70	25.90	25.46	25.16	24.86	24.82
EUR/ZAR	17.10	17.38	19.31	19.94	20.23	21.00	21.30	21.35	21.50	21.25	21.00	21.25
ZAR/JPY	7.63	7.73	7.15	7.10	7.06	6.86	6.82	6.86	6.86	6.76	6.55	6.29
CHF/ZAR	16.51	17.07	18.10	18.57	18.48	19.02	19.13	19.02	18.90	18.68	18.46	18.68
AUD/ZAR	11.13	11.46	12.32	12.68	12.75	13.13	13.20	13.13	13.42	13.26	13.10	13.26
GBP/USD	1.34	1.39	1.41	1.42	1.43	1.45	1.46	1.48	1.48	1.48	1.48	1.46
EUR/USD	1.12	1.15	1.16	1.18	1.19	1.20	1.21	1.22	1.25	1.25	1.25	1.25
USD/JPY	116	118	119	120	120	120	120	120	118	115	110	107

Note: averages, Source: Investec, Iress

Figure 23: SA 10-year bond vs US 10-year bond:



Source: Iress

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Figure 24: Exchange rate history and forecast: annual averages

	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>EURUSD</b>	1.18	1.12	1.14	1.19	1.09	1.13	1.22	1.25	1.25
<b>EURGBP</b>	0.88	0.88	0.89	0.86	0.83	0.84	0.85	0.87	0.87
<b>GBPEUR</b>	1.13	1.14	1.13	1.16	1.20	1.19	1.18	1.15	1.14
<b>GBPUSD</b>	1.33	1.28	1.28	1.38	1.31	1.35	1.44	1.44	1.43
<b>USDJPY</b>	110	109	107	110	122	121	113	107	107
<b>EURJPY</b>	130	122	122	130	134	136	137	134	134
<b>GBPJPY</b>	147	139	137	151	160	163	161	154	153
<b>EURCHF</b>	1.16	1.11	1.07	1.09	1.04	1.09	1.11	1.14	1.14
<b>USDCHF</b>	0.98	0.99	0.94	0.92	0.95	0.96	0.92	0.91	0.91
<b>GBPCHF</b>	1.31	1.27	1.20	1.26	1.25	1.30	1.31	1.31	1.30
<b>AUDUSD</b>	0.75	0.70	0.69	0.75	0.74	0.79	0.78	0.78	0.78
<b>EURAUD</b>	1.58	1.61	1.66	1.58	1.48	1.43	1.56	1.60	1.60
<b>AUDJPY</b>	83	76	74	82	91	96	88	83	83
<b>GBPAUD</b>	1.79	1.84	1.86	1.83	1.77	1.71	1.84	1.85	1.83
<b>ZARUSD</b>	13.24	14.44	16.46	14.79	15.50	15.58	15.80	16.03	16.13
<b>ZARGBP</b>	17.64	18.44	21.10	20.34	20.30	21.05	22.68	23.12	23.06
<b>ZAREUR</b>	15.61	16.17	18.77	17.49	16.93	17.62	19.20	20.03	20.16
<b>JPYZAR</b>	8.38	7.55	6.52	7.43	7.89	7.75	7.13	6.68	6.64
<b>ZARCHF</b>	13.53	14.54	17.54	16.18	16.26	16.15	17.27	17.61	17.72
<b>ZARAUD</b>	9.88	10.04	11.35	11.11	11.47	12.35	12.32	12.50	12.58

Source: IRESS, Investec

Figure 25: USDZAR vs US 10-year bond (%)



Source: Iress

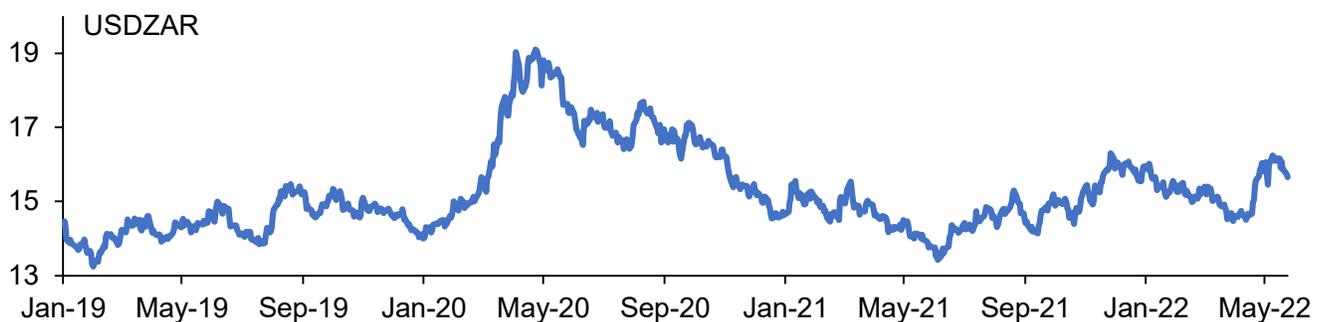


Figure 26: Exchange rate history and forecast: quarterly averages

	2021				2022				2023			
	Q1.21	Q2.21	Q3.21	Q4.21	Q1.22	Q2.22	Q3.22	Q4.22	Q1.23	Q2.23	Q3.22	Q4.23
<b>EURUSD</b>	1.21	1.21	1.18	1.14	1.14	1.15	1.16	1.19	1.21	1.23	1.25	1.25
<b>EURGBP</b>	0.88	0.86	0.86	0.85	0.83	0.82	0.81	0.81	0.82	0.83	0.82	0.82
<b>GBPEUR</b>	1.14	1.16	1.17	1.18	1.20	1.22	1.24	1.24	1.22	1.21	1.22	1.22
<b>GBPUSD</b>	1.38	1.40	1.38	1.35	1.37	1.40	1.44	1.47	1.48	1.49	1.52	1.53
<b>USDJPY</b>	106	109	110	114	116	118	119	120	120	120	120	120
<b>EURJPY</b>	128	132	130	130	132	136	138	143	145	148	150	150
<b>GBPJPY</b>	146	153	152	153	159	165	171	176	178	179	182	184
<b>EURCHF</b>	1.10	1.10	1.08	1.05	1.04	1.06	1.07	1.08	1.09	1.11	1.13	1.13
<b>USDCHF</b>	0.91	0.91	0.92	0.92	0.91	0.92	0.92	0.91	0.90	0.90	0.90	0.90
<b>GBPCHF</b>	1.26	1.28	1.27	1.24	1.25	1.29	1.32	1.34	1.33	1.34	1.37	1.38
<b>AUDUSD</b>	0.77	0.77	0.73	0.73	0.73	0.74	0.76	0.77	0.77	0.77	0.77	0.77
<b>EURAUD</b>	1.57	1.57	1.60	1.57	1.56	1.55	1.53	1.55	1.57	1.60	1.62	1.62
<b>AUDJPY</b>	82	84	81	83	85	87	90	92	92	92	92	92
<b>GBPAUD</b>	1.79	1.82	1.88	1.85	1.88	1.89	1.89	1.91	1.92	1.94	1.97	1.99
<b>ZARUSD</b>	14.13	14.64	15.44	15.21	15.60	15.80	15.40	14.13	15.50	15.90	16.30	15.80
<b>ZARGBP</b>	19.75	20.18	20.82	20.40	20.25	20.38	20.17	19.75	15.20	15.60	16.00	15.50
<b>ZAREUR</b>	17.03	17.26	17.66	17.07	16.94	16.91	16.79	17.03	20.22	21.06	21.76	21.16
<b>JPYZAR</b>	7.75	7.52	7.37	7.65	7.93	7.94	8.05	7.75	16.87	17.63	18.24	17.75
<b>ZARCHF</b>	15.51	15.95	16.75	16.47	16.46	16.26	15.84	15.51	8.03	7.72	7.50	7.74
<b>ZARAUD</b>	10.88	10.76	11.25	11.02	11.47	11.61	11.78	10.88	15.69	16.17	16.58	16.13

Source: Iress, Investec

Figure 27: USDZAR



Source: Iress

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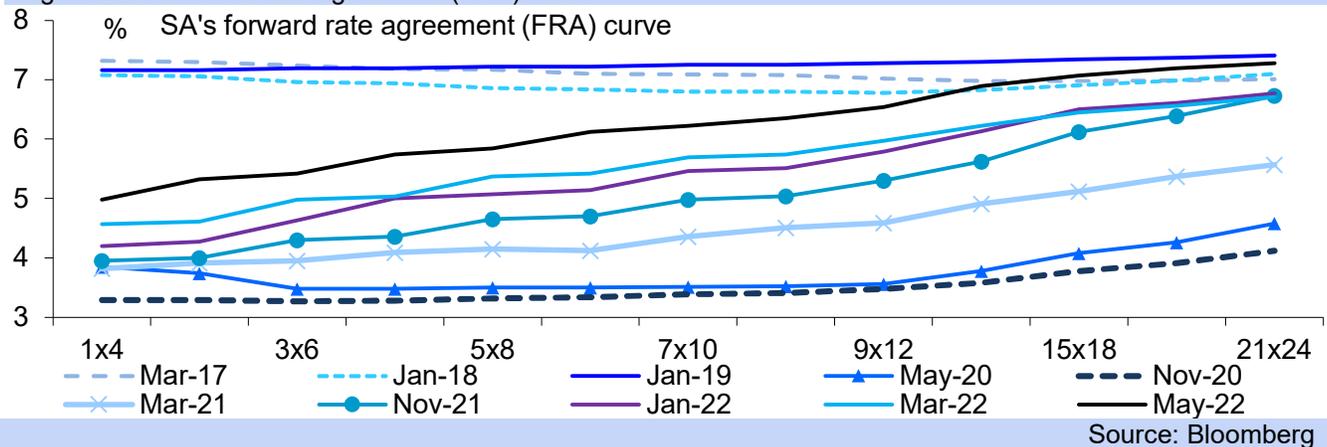


Figure 28: Exchange rate history and forecast: quarterly averages

	2024				2025				2026			
	Q1.24	Q2.24	Q3.24	Q4.24	Q1.25	Q2.25	Q3.25	Q4.25	Q1.26	Q2.26	Q3.26	Q4.26
<b>EURUSD</b>	1.18	1.20	1.23	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
<b>EURGBP</b>	0.84	0.84	0.85	0.86	0.86	0.86	0.87	0.87	0.87	0.87	0.87	0.87
<b>GBPEUR</b>	1.19	1.19	1.18	1.17	1.17	1.16	1.14	1.14	1.14	1.14	1.14	1.14
<b>GBPUSD</b>	1.40	1.43	1.45	1.46	1.46	1.45	1.43	1.43	1.43	1.43	1.43	1.43
<b>USDJPY</b>	118	115	110	107	107	107	107	107	107	107	107	107
<b>EURJPY</b>	139	138	135	134	134	134	134	134	134	134	134	134
<b>GBPJPY</b>	165	164	160	156	156	155	153	153	153	153	153	153
<b>EURCHF</b>	1.10	1.09	1.12	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14
<b>USDCHF</b>	0.93	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91
<b>GBPCHF</b>	1.30	1.30	1.32	1.33	1.33	1.32	1.30	1.30	1.30	1.30	1.30	1.30
<b>AUDUSD</b>	0.78	0.78	0.78	0.78	0.78	0.78	0.78	0.78	0.78	0.78	0.78	0.78
<b>EURAUD</b>	1.51	1.54	1.58	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60
<b>AUDJPY</b>	92	90	86	83	83	83	83	83	83	83	83	83
<b>GBPAUD</b>	1.79	1.83	1.86	1.87	1.87	1.86	1.83	1.83	1.83	1.83	1.83	1.83
<b>ZARUSD</b>	15.30	15.80	16.30	15.80	15.70	16.40	16.10	15.90	15.80	16.50	16.20	16.00
<b>ZARGBP</b>	21.42	22.59	23.64	23.07	22.92	23.78	23.02	22.74	22.59	23.60	23.17	22.88
<b>ZAREUR</b>	18.05	18.96	20.05	19.75	19.63	20.50	20.13	19.88	19.75	20.63	20.25	20.00
<b>JPYZAR</b>	7.71	7.28	6.75	6.77	6.82	6.52	6.65	6.73	6.77	6.48	6.60	6.69
<b>ZARCHF</b>	16.45	17.36	17.91	17.36	17.25	18.02	17.69	17.47	17.36	18.13	17.80	17.58
<b>ZARAUD</b>	11.93	12.32	12.71	12.32	12.25	12.79	12.56	12.40	12.32	12.87	12.64	12.48

Source: IRESS, Investec

Figure 29: Forward Rate Agreement (FRA) curve





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Figure 30: Severe Down Case: Exchange Rate forecasts

	2022				2023				2024			
	Q1.22	Q2.22	Q3.22	Q4.22	Q1.23	Q2.23	Q3.23	Q4.22	Q1.24	Q2.24	Q3.24	Q4.24
USD/ZAR	15.25	16.80	17.50	18.00	18.50	18.70	19.20	19.55	19.70	19.75	19.85	19.80
GBP/ZAR	20.46	23.35	24.68	25.56	26.46	27.12	28.03	28.93	29.16	29.23	29.38	28.91
EUR/ZAR	17.10	19.32	20.30	21.24	22.02	22.44	23.23	23.85	24.63	24.69	24.81	24.75
ZAR/JPY	7.63	7.02	6.80	6.67	6.49	6.42	6.25	6.14	5.99	5.82	5.54	5.40
CHFZAR	16.51	18.26	19.02	19.78	20.11	20.33	20.87	21.25	21.65	21.70	21.81	21.76
AUDZAR	11.13	12.26	12.95	13.50	13.88	14.03	14.40	14.66	15.37	15.41	15.48	15.44
GBP/USD	1.34	1.39	1.41	1.42	1.43	1.45	1.46	1.48	1.48	1.48	1.48	1.46
EUR/USD	1.12	1.15	1.16	1.18	1.19	1.20	1.21	1.22	1.25	1.25	1.25	1.25
USD/JPY	116	118	119	120	120	120	120	120	118	115	110	107

Note: averages, Source: Investec, Iress

Figure 31: Up Case: Exchange Rate forecasts

	2022				2023				2024			
	Q1.22	Q2.22	Q3.22	Q4.22	Q1.23	Q2.23	Q3.23	Q4.22	Q1.24	Q2.24	Q3.24	Q4.24
USD/ZAR	15.25	14.50	15.00	14.90	14.90	14.70	14.60	14.50	14.50	14.40	14.40	14.30
GBP/ZAR	20.46	20.16	21.15	21.16	21.31	21.32	21.32	21.46	21.46	21.31	21.31	20.88
EUR/ZAR	17.10	16.68	17.40	17.58	17.73	17.64	17.67	17.69	18.13	18.00	18.00	17.88
ZAR/JPY	7.63	8.14	7.93	8.05	8.05	8.16	8.22	8.28	8.14	7.99	7.64	7.48
CHFZAR	16.51	15.76	16.30	16.37	16.20	15.98	15.87	15.76	15.93	15.82	15.82	15.71
AUDZAR	11.13	10.59	11.10	11.18	11.18	11.03	10.95	10.88	11.31	11.23	11.23	11.15
GBP/USD	1.34	1.39	1.41	1.42	1.43	1.45	1.46	1.48	1.48	1.48	1.48	1.46
EUR/USD	1.12	1.15	1.16	1.18	1.19	1.20	1.21	1.22	1.25	1.25	1.25	1.25
USD/JPY	116	118	119	120	120	120	120	120	118	115	110	107

Note averages, Source: Investec, Iress

Figure 32: Extreme Up Case: Exchange Rate forecasts

	2022				2023				2024			
	Q1.22	Q2.22	Q3.22	Q4.22	Q1.23	Q2.23	Q3.23	Q4.22	Q1.24	Q2.24	Q3.24	Q4.24
USD/ZAR	15.25	14.00	13.80	13.70	13.60	13.40	13.30	13.10	12.90	12.80	12.60	12.30
GBP/ZAR	20.46	19.46	19.46	19.45	19.45	19.43	19.42	19.39	19.09	18.94	18.65	17.96
EUR/ZAR	17.10	16.10	16.01	16.17	16.18	16.08	16.09	15.98	16.13	16.00	15.75	15.38
ZAR/JPY	7.63	8.43	8.62	8.76	8.82	8.96	9.02	9.16	9.15	8.98	8.73	8.70
CHFZAR	16.51	15.22	15.00	15.05	14.78	14.57	14.46	14.24	14.18	14.07	13.85	13.52
AUDZAR	11.13	10.22	10.21	10.28	10.20	10.05	9.98	9.83	10.06	9.98	9.83	9.59
GBP/USD	1.34	1.39	1.41	1.42	1.43	1.45	1.46	1.48	1.48	1.48	1.48	1.46
EUR/USD	1.12	1.15	1.16	1.18	1.19	1.20	1.21	1.22	1.25	1.25	1.25	1.25
USD/JPY	116	118	119	120	120	120	120	120	118	115	110	107

Note: averages, Source: Investec, Iress

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