

US Fed may wait till 2016

The rand traded firmer to the dollar and government bonds also rallied in early trade, mainly reflecting general greenback weakness as some investors start to push expectations for a US rate hike out to next year.

The local bourse also got off to a strong start, with the JSE Top-40 index adding 0.9% to 47 030, while the broader All-share rose 0.8% to 52 479.

By 9.25am, the rand was trading at 13.46 to the greenback, gaining 0.4% from its close in New York on Tuesday.

The main driver for the rand was the globally weaker dollar after some shaky US trade data,

20%

The percentage the rand has depreciated against the US dollar this year

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“The scope is there for further rand gains, but the going is tough,” he said.

The rand has depreciated nearly 20% against the US dollar this year, in a market that was pricing in higher US rates by year-end, but some investors now think this could be delayed to 2016.

On the bond market, the yield on the benchmark instrument due in 2026 fell as much as 10 basis points, with investor appetite still buoyant after a well subscribed weekly Treasury auction.

– Reuters