

Rand suffers Grexit sniffles

South Africa's rand traded near the previous session's three week lows yesterday, taking its cue from weak markets in major commodity importer China while investors continued to fret about the impact of Greece's financial woes.

With market focus firmly on global markets, the rand barely moved on central bank data showing South Africa's net gold and foreign exchange reserves ticked slightly higher to \$41.59 billion in June.

The rand has weakened over 7% against the dollar since the beginning of the year under selling pressure from investors anticipating higher interest rates in the United States.

More recently, investors worried about the implications of Greece's debt problems have sold riskier emerging market assets, hitting the rand particularly hard as South Africa relies heavily on portfolio flows to plug its current account deficit.

At 7:53am, the local unit traded 0.4% softer at 12.4410 to the dollar compared with Monday's close.

"The rand is languishing at weak levels and faces risks from Greece and the slide in Chinese equities," Rand Merchant Bank currency analyst John Cairns said.

Government bonds were flat ahead of a weekly debt auction, with the yield on paper maturing in 2026 unchanged at 8.275%. – Reuters

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