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Institute of International Finance and World Bank all forecast strong capital inflows into EMs this year, he adds. "While RMB's research indicates that SA has been getting less than its usual share of these inflows, the evidence suggests a rising tide will lift all boats: strong inflows into EMs mean strong inflows into SA, notwithstanding local problems."

The three main domestic factors that could rattle the rand this year, according to Keenan, are continued electricity constrains, strikes in the public sector and declining credit ratings. Cairns agrees that these and other factors are an increasing drag on the currency but though they should limit the extent of potential rand gains, in his view they are not yet a big enough drag to alter his rand outlook.

Commodity prices and trends in exports and imports will be another big driver of the rand. SA desperately needs the terms of trade boost that would come from rising commodity export volumes and prices in order to narrow its 6% current account deficit and so reduce this glaring external vulnerability. Instead the opposite is occurring. In the three years to the third quarter of 2014, SA's export prices in dollar terms dropped 20%, while SA's overall terms of trade dropped 10%.

"The recent oil price fall will have alleviated this trend, reducing import prices to compensate for declining export prices," says Cairns. "Nevertheless, the multiyear trend decline is a major negative that constrains exports and so the current account and the rand."

Revisions to the Bank's December quarterly bulletin show that SA's exports performed far worse than previously thought, growing just 1,5% by volume y/y in the first nine months of the year despite the weak rand.

"This is important because to correct the current account deficit we need imports and exports to adjust. The revised data shows it isn't reversing as fast as we thought so the albatross around the rand's neck — the current account deficit — remains unresolved," says Cairns.

The recent revisions also show the current account deficits SA is running currently are the largest on record. Previously, economists had thought that since SA had had no problem financing large deficits in the past it wouldn't battle to do so this time round. That conviction has now been shaken.

Given the many pressures on the rand, Cairns concludes that the risks to RMB's view are to the topside: it's easier to foresee a scenario playing out that results in significant rand weakness rather than significant rand strength.

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