

Rand could be in for a bumpy ride in the very short term



By [Andre Cilliers](#)

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Yesterday was interesting for the rand as we saw the local unit trading in a 15-cent range in the evening session.



Source: [Fixabay](#)

Rand update

Much of the volatility had its origin in the US equity markets, as a bit of panic selling at the start of the session confirmed a "risk-off" bias to the market.

The rand slipped to R15.37, but corrected all the way back to R15.22 as markets shrugged off the initial sell-off and closed the day in the green. The rand has since moved back to the R15.30 level as we head into the interesting part of the week with the Fed tomorrow and the MPC on Thursday.

Coupled with the Central Bank meetings is the unease in the equity space and trouble in Ukraine, which indicates that the rand could be in for a bumpy ride in the very short term.

Commodity update

The volatility was not confined to the equity and commodity markets, and we saw commodity markets react in the same way that the equities did: first, a sell-off, followed by a correction, by the time markets closed in the US.

Gold is trading back above the \$1,840 mark at \$1,842, Platinum at \$1,023 and Palladium \$2,107. Brent Crude is back from the \$88 per barrel level at \$86.89 after the market got spooked by rumours that the Fed could hike interest rates quicker than expected.

International update

Looking at the markets, the feeling was that everything was trading like a rollercoaster, and everything did - except the US dollar. The greenback is still trading in a very tight range and is currently trading at 1.1313 against the euro. We expect the volatility to increase in the dollar the closer we get to Wednesday and the Fed decision.

As we said at the start, the US equity markets was a bit of a shambles last night, with the Dow and S&P 500 down by 4% at one stage only to recover and end the session in the green. However, things are not looking too rosy in the Asian space, with all the major indices down by close to 2%.

Should this continue today, we can expect another red day for risky assets like the rand.

ABOUT ANDRE CILLIERS

Andre is the Currency Risk Strategist at TreasuryONE. Andre's career in treasury spans more than 30 years. He has gained his extensive currency risk experience in both the banking and corporate arena. Before joining TreasuryONE, Andre headed up the treasury department for a Tier One German international bank in South Africa.

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