

With a plunge of more than 9% since Easter Monday, can the rand claw its way back?

By [Andre Cilliers](#)

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Not only has the rand nosedived 9% since Easter Monday, but it yesterday reached an all-time high of trading at R16.10 against the dollar, leaving market analysts questioning how low can the rand go?



Source: [Fxabay](#)

Rand update

Nevertheless, it appears the rand has clawed back from yesterday's high after the local unit traded above the R16.10 handle at a stage. This morning we see the rand quoted back below R16.00 with a relatively quiet Asian trading session in the currency space.

This morning too, the risk-off tone improved as a positive trading session in US Futures spilled over into the Asian markets. Overnight we saw the tech-heavy Nasdaq finish over 3.0% higher while the S&P 500 closed 2.47% up. This led to positive traction in the equity space, and we currently have the Nikkei and Hang Seng both firmly up as well.

The rand has lost over 9% from Easter Monday until yesterday's close, and a close at some better levels will be welcomed.

Commodity update

A disappointing US GDP number did help the cause stabilise the fall out on precious metals seen this week. Gold is trading back above \$1,900 this morning and is currently up 0.5% for the day after trading at a 10-week low this week.

Platinum and Palladium are both also up just over 0.5% after the metal sector was hit hard earlier this week. Palladium is seen quoted at \$2,250, with Platinum at \$925. The price of copper is also stabilising above \$9,800 per ton as supply and demand concerns weigh up against each other. Oil futures are also on the rise this morning, with Brent Crude trading at

\$108.55.

International update

The mighty dollar kept on yesterday and traded at multiple-year highs against its peers as the dollar-index surged to its highest level in 20 years. We opened up this morning with the euro trading at 1.0520, the pound at 1.2510, and the yen is holding on at 130.44.

The eurozone will have its latest inflation print this morning, and an increase of 7.5% YoY is expected. A miss on this number could lead to the euro falling under further pressure and the dollar marching on even further. With the market eagerly waiting for the 4 May 2022 FOMC meeting, we could expect the dollar to remain buoyant against its peers as we head into this local long weekend.

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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