

High-stakes week: CPI data and Sarb's interest-rate decision to spark rand volatility

By [Andre Cilliers](#)

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This week is a big week for the local economy with our CPI numbers due out as well as the Sarb's MPC interest-rate decision on Thursday, 20 July, and we could see some volatility in the rand.



Source: [Pexels](#)

Profit-taking and weak Chinese economic data pressured the rand in early trade.

China's Q2 YoY GDP was up 6.3% versus market estimates of 7.3%, while both retail sales and industrial production numbers were disappointing. Markets are now looking out for any new stimulus measures from Chinese authorities to boost the ailing economy while global growth is once again in focus.

Risk currencies soften

The dollar has opened relatively flat against the majors, with the DXY quoted just below the 100.00 level. Asian currencies, along with risk-sensitive currencies like the rand are softer this morning.

The rand is currently at R18.14 after having ended last week at R18.08. The rand firmed to below R17.90 last week on the back of the softer US inflation data which raised hopes of an end to the Fed's rate hiking cycle, but some profit-taking saw the rand soften on Friday.

Commodities retreat

Precious metal prices have softened this morning in the wake of the Chinese GDP number but gold is still managing to hold above the \$1,950 level. Platinum, palladium, and copper have also retreated from last week's stronger levels as markets await any news on new Chinese stimulus moves.

Once again global growth concerns, along with the resumption of production out of Libya have seen Brent crude slip to below the \$80.00 level.

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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