

# South Africa's rand firms as central bank holds rates, stocks rise

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South Africa's rand firmed on Thursday after the central bank kept lending rates unchanged, but said it would not hesitate to tighten policy to contain rising prices.



South African Rand coins are seen in this illustration picture taken October 28, 2020. Reuters/Mke Hutchings/Illustration

At 1517 GMT, the rand was 0.92% firmer at 13.9625 against the dollar.

The South African Reserve Bank left its repo rate unchanged at 3.5% in a unanimous decision on Thursday, saying the current lending rate was supportive of the economic recovery.

However, it warned that upside inflation risks were beginning to emerge.

"Despite a unanimous 5-0 vote to keep the repo unchanged, the hawkish tilt – important when it becomes necessary to raise rates – should not be dismissed," said Razia Khan, chief Africa economist at Standard Chartered.

Headline consumer price inflation increased to 4.4% year-on-year in April, a touch shy of the mid-point of the bank's target range of 4.5%, and its highest level since February last year, data showed on Wednesday.

On the bourse, the benchmark all-share index closed up 0.41% at 66,124 points, while the blue-chip index of top 40 companies ended up 0.49% at 60,068 points.

Among the gainers, bourse heavyweight Naspers gained 1.94% after Tencent, which it holds a stake in, firmed after reporting a forecast-beating 65% rise in quarterly profit.

Banking shares were also firmer, up 1.1%, with FirstRand closing up 1.79%.

Bonds firmed, with the yield on the benchmark 2030 government issue down 8.5 basis points to 9.040%.

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