

Rand rallied strongly after the release of the inflation data

By [Andre Cilliers](#)

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There was a pause in the rise in US Treasuries yesterday, and we saw the Dollar close softer against its major peers as well as a spike in commodity prices.



Source: [Fxabay](#)

Rand update

On the local front yesterday, CPI for December rose 5.9% YoY, stoking bets that the South African Reserve Bank (SARB) will raise interest rates at next week's Monetary Policy Committee (MPC) meeting. November's retail sales data was up 3.3%, well above market estimates.

The Rand rallied strongly after the release of the inflation data, closing 1.2% stronger at R15.33, but was also helped by a weaker dollar. The rest of the emerging market currencies also traded firmer. This morning we have the Rand quoted at R15.30, still the best performing EM currency by some distance in 2022. The 100-day moving average on the daily graph is at R15.28, and a sustained break of this level could see further Rand strength.

Commodity update

Nickel prices are still very elevated, as the supply constraints drive the price. Inventories for Nickel are currently at a two-year low, and the spot price is trading at a premium over the 3M forward London Metal Exchange (LME) contract. There was a sharp rally in metal prices with Gold closing 1.5% stronger at \$1,840, Platinum was 4.3% up at \$1,022, and Palladium up 5.3% at \$2,002. Copper also gained on the day, closing 1.0% up at \$9,861. This morning we have Gold and Platinum trading unchanged while Palladium is a touch softer at \$1,998. Oil is holding at seven-year highs, with Brent sitting at \$88.32 and WTI at \$87.09.

International update

The DXY index retreated yesterday as US Treasury yields narrowed slightly and the Dollar lost some ground. The DXY is currently at 95.53, with the Dollar trading at 1.1355 against the Euro and at 1.3628 against the Pound. Wall Street closed weaker yesterday despite the lower bond yields. The S&P ended 0.97% weaker, the Nasdaq was 1.15% down, and the Dow lost 0.96%; however, US futures have opened around 0.5% higher this morning. Asian stocks are all in the green

today after the People's Bank of China (PBOC) cut both the one-year loan prime rate and the five-year rate.

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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