

Rand softer on weaker euro

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The rand was softer in early trade on Friday (13 September) as it followed the euro weaker against the dollar.



The rand usually tracks the euro as the eurozone is SA's largest trading partner.

"We are going to see more and more range-bound trading the closer we get to next week's US Federal Reserve meeting, but for now we are just following the euro weaker against the dollar," a local trader said.

The rand was bid at R9.9711 to the dollar compared with Thursday's close of R9.493 and Wednesday's close of R9.8675. On 28 August it touched its worst level since December 2008 at R10.5084.

Against the euro, the rand was bid at R13.2323 from its previous close of R13.2379 and a worst level of R14.0609 on August 28.

The rand was at R15.7300 against sterling from R15.7299 at its previous close.

The euro was bid at US\$1.3271 compared with US\$1.3296 at Thursday's close and US\$1.3307 at Wednesday's close.

"Yesterday's stronger than expected US labour data reignited Fed tapering fears and in turn brought about broad-based US dollar strength," Absa Research said in its morning report on Friday (13 September).

"The firmer US dollar environment, together with intensifying domestic labour tensions (with some strikes turning violent), ensured that rand bulls ran out of steam, with the local unit heading back up to the psychological R10 per dollar handle.

"We believe that the local unit will become increasingly vulnerable ahead of next Wednesday's (US Fed) meeting," the bank said.