

Rand oscillating in morning trades

By Fifi Peters

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The rand oscillated between the R9.9629/\$ and R10.0341 to the dollar on Friday (2 August) with liquidity shoring up ahead of the US payrolls figure.



The dollar continued to gain ground against most emerging market currencies as recent US data releases served as sufficient confirmation that the US economy was gaining enough strength to warrant increased demand for the greenback.

"Over the last few sessions, the US economy has shown more progress and there has been a neutralisation of emerging market risk," Nedbank head of spot forex trading William Van Rijn said.

In late morning trade the rand was bid at R10.0213 against the dollar after closing at R9.9655 on Thursday (1 August). The local currency was bid at R13.2429 to the euro from its previous close of R13.1726 and was at R15.1809 against sterling from R15.0634 at its previous close. The euro was bid at US\$1.3216 from US\$1.3213 at Thursday's close.

RMB wrote in a morning bulletin that for the rand and SA, the key question remained whether the flood of inflows into emerging markets would continue now that the US was recovering and the US Federal Reserve would begin tapering its quantitative easing programme.

"Views on this are generally quite negative yet, after the initial outflows seen when tapering was first suggested, inflows into SA over the past few weeks have been volatile," the bank said.

"The consensus expectation is for 185,000 jobs to have been created in the month, but after the string in positive figures in the past two days, traders have probably priced even more," RMB said.