

Rand slips as euro softens

The rand slipped in early trade on Thursday (18 July) after the euro softened and dealers say they expect a quiet day until the Monetary Policy Committee (MPC) statement shortly after 3pm.

By [Helmo Preuss](#) 18 Jul 2013



"We are a touch weaker due to the softer euro, but still well with recent ranges. The main focus will be on the tone of the MPC statement as nobody is expecting a change in the repo rate," a local foreign exchange trader said.

In morning trade the rand was bid at R9.8398 to the dollar from Wednesday's close of R9.8116.

The local currency was bid at R12.8831 to the euro from its previous close of R12.8675 and was at R14.9224 against sterling from R14.9176 at its previous close.

The euro was bid at \$1.3096 from \$1.3115 at Wednesday's close.

Absa Capital said in its morning report that the rand strengthened on Wednesday (17 July) prior to US Federal Reserve chairman Ben Bernanke's address, which could have been a function of a short squeeze for rand bears.

"Many rand bears, such as ourselves, have been expecting the rand to start weakening again this week due to lingering domestic labour tensions, further hawkish remarks from Bernanke or a dovish MPC statement on the face of a mounting inflationary backdrop.

"Although there have been some more labour tensions this week, the rand has not reacted, while Bernanke's address to Congress was actually rather dovish, which implied there was no urgent need to curtail the Fed's quantitative easing methods," the bank said.

Source: BD Live via I-Net Bridge