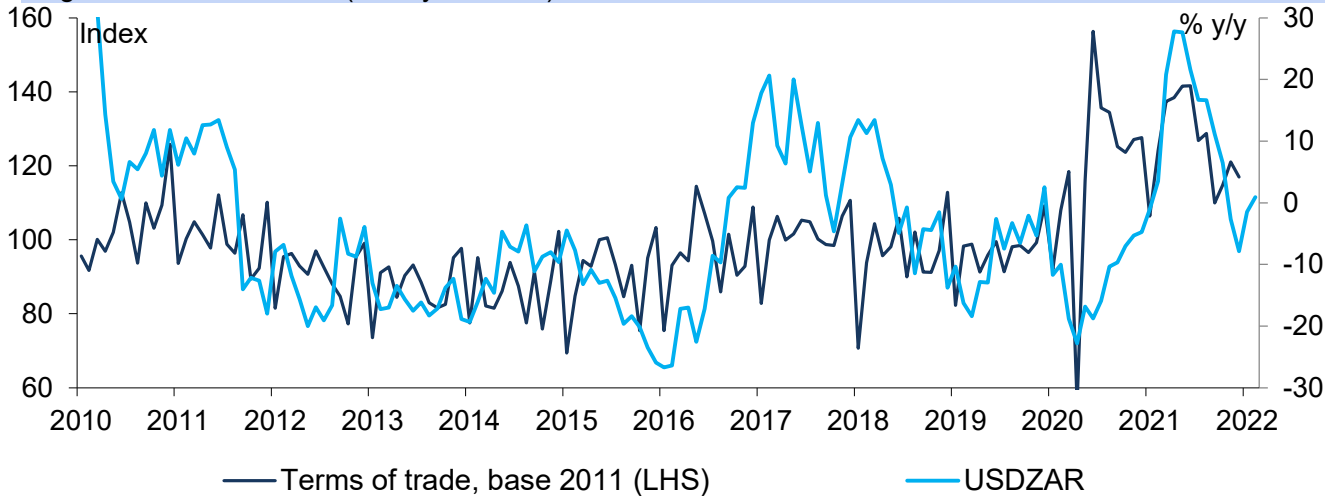




Rand Outlook: the rand continues to benefit from the resurgence in the commodities boom, strengthening through R15.00/USD today

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Figure 1: Terms of trade (base year 2011)



Source: SARB

Last year, the rand reached a strong point of R13.40/USD, R16.32/EUR and R18.96/GBP in June as the commodity cycle peaked, but weakened to R16.37/USD, R19.02/EUR and R21.77/GBP (December) as markets panicked over a likely rapid quickening in tapering and early interest rate hikes. January saw the rand run back down from above R16.00/USD, to close to R15.00/USD, and February continued to attempt to pierce this key resistance level, successfully achieving this today at R14.91/USD, on the resumption of the commodity boom, after H2.21’s slowdown in commodity prices. One of SA’s key exports, metal commodities’ prices, are tracking back towards the prices of Q2.21, and others such as agricultural food, and nonfood, commodity prices (all measured by Economist commodity indices) are at nine and ten year highs respectively. Industrial commodities’ prices are also at ten-year highs currently, as the three categories exceeded their previous high price points in the current commodity cycle. South Africa’s terms of trade are reflective of bolstered commodity prices, and so export values, with February likely to record another good trade surplus, and quite possibly a budget surplus too, repeating December and June’s twin surpluses achievement. Marked commodity price strength is occurring, despite the rapid quickening in US QE tapering and likely hike in the fed funds target rate in March, and indeed may well be aided by it, as markets see this as strong confidence from the FOMC on future US economic, and so global, growth and demand. In turn, this would provide further demand for commodities, which are already seeing severe supply shortages on demand, rapidly drive up prices, in turn a positive environment for commodity currencies and exporters.

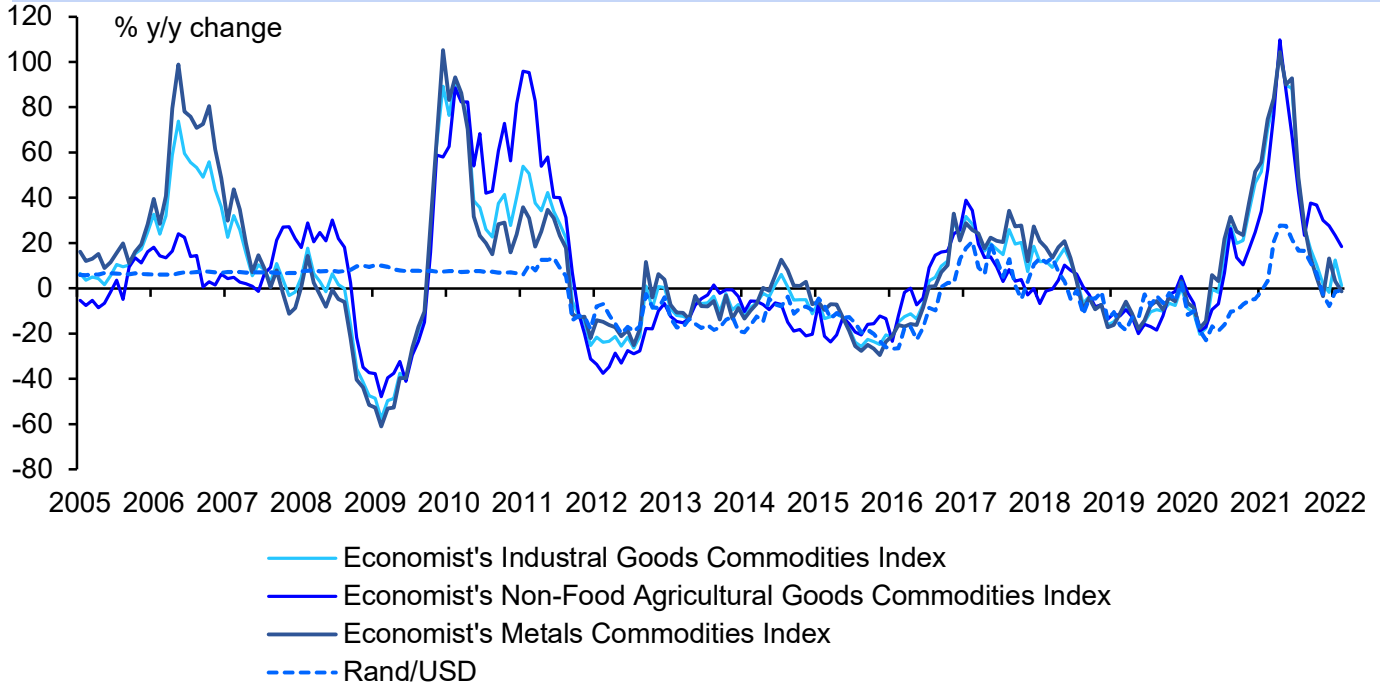
Figure 2: Exchange rate forecasts – averages for the expected case

	2022				2023				2024			
	Q1.22	Q2.22	Q3.22	Q4.22	Q1.23	Q2.23	Q3.23	Q4.23	Q1.24	Q2.24	Q3.24	Q4.24
USD/ZAR	15.50	15.60	15.85	15.65	15.50	15.90	16.30	15.80	15.60	16.10	16.60	16.10
GBP/ZAR	21.24	21.84	22.82	23.01	22.94	23.69	24.78	24.17	23.71	24.31	24.90	23.99
EUR/ZAR	17.67	17.94	18.39	18.62	18.76	19.56	20.38	19.75	19.50	20.13	20.75	20.13
ZAR/JPY	7.48	7.56	7.51	7.67	7.74	7.55	7.36	7.59	7.56	7.14	6.63	6.65
GBP/USD	1.37	1.40	1.44	1.47	1.48	1.49	1.52	1.53	1.52	1.51	1.50	1.49
EUR/USD	1.14	1.15	1.16	1.19	1.21	1.23	1.25	1.25	1.25	1.25	1.25	1.25
USD/JPY	116	118	119	120	120	120	120	120	118	115	110	107

Note: averages, Source: Investec, Iress

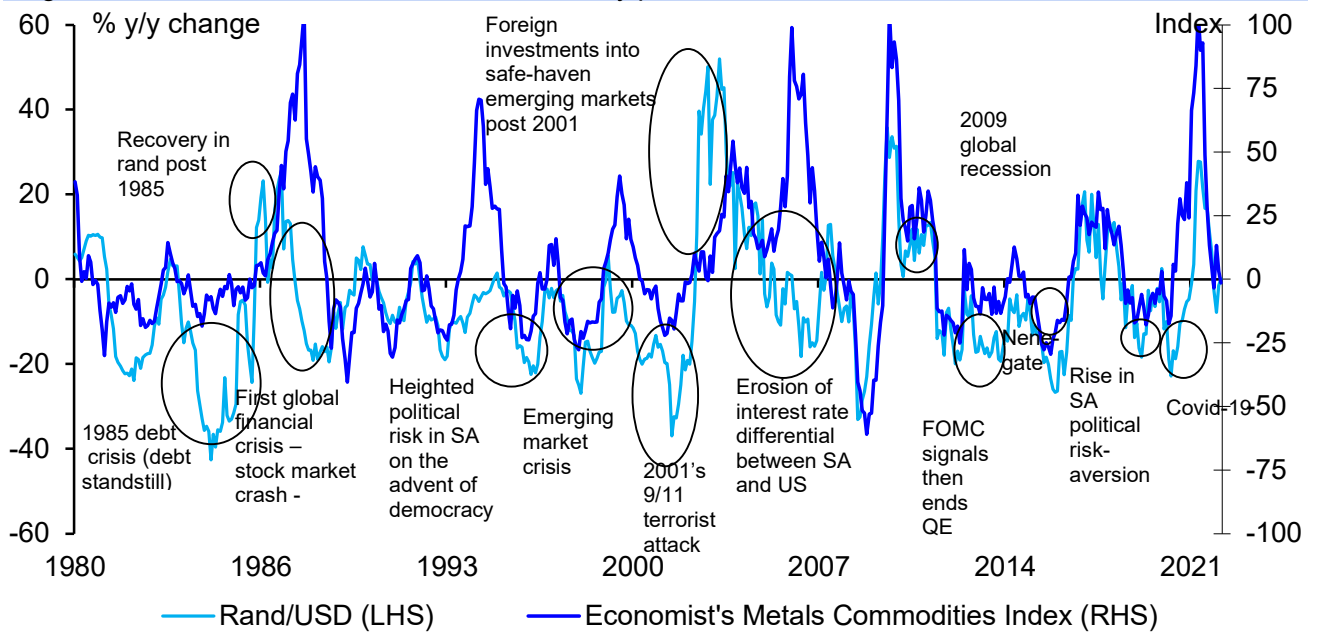


Figure 3: Rand vs Economist's commodity indices



Source: IRESS, Economist

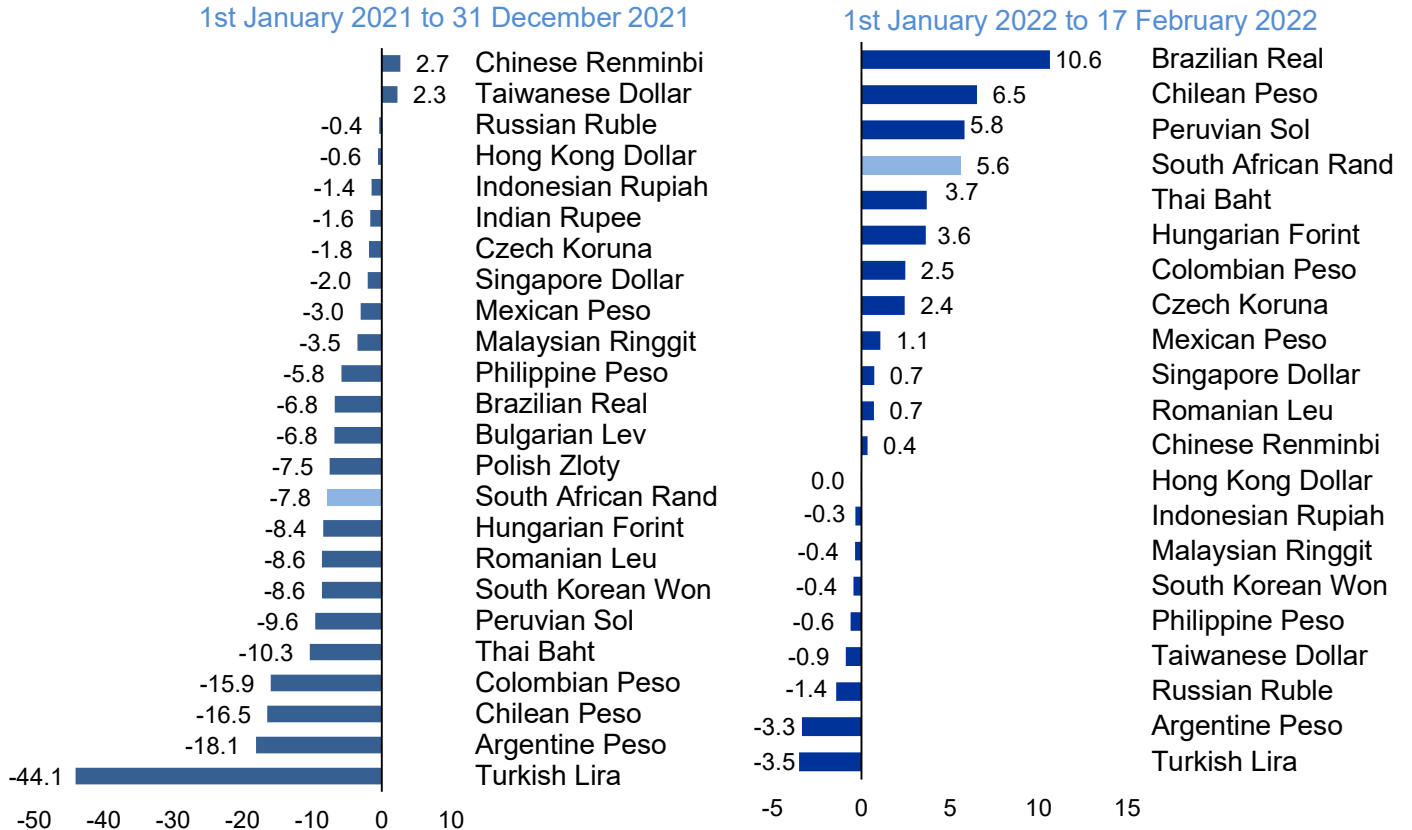
Figure 4: Rand vs Economist's metals commodity price index



Source: IRESS, Investec



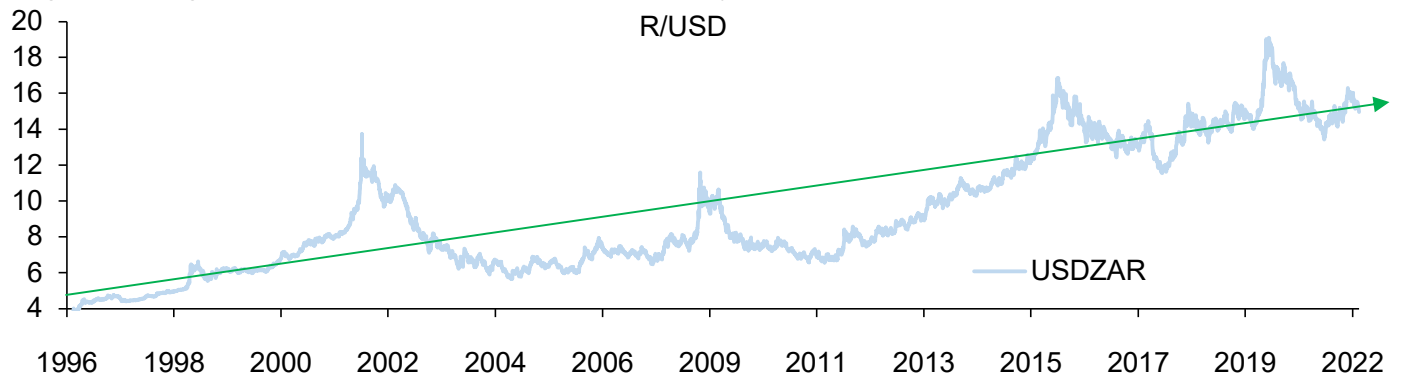
Figure 5: Commodity currency depreciation (-) %, appreciation (+) %



Source: Bloomberg

The rand currently averages R15.40/USD at just over halfway through Q1.22. In December we forecast that the rand would average R15.25/USD this quarter versus our current R15.50/USD, which may prove the case.

Figure 6: Long-term depreciation of the domestic currency



Source: Iress



Rand Outlook: the rand continues to benefit from the resurgence in the commodities boom, strengthening through R15.00/USD today

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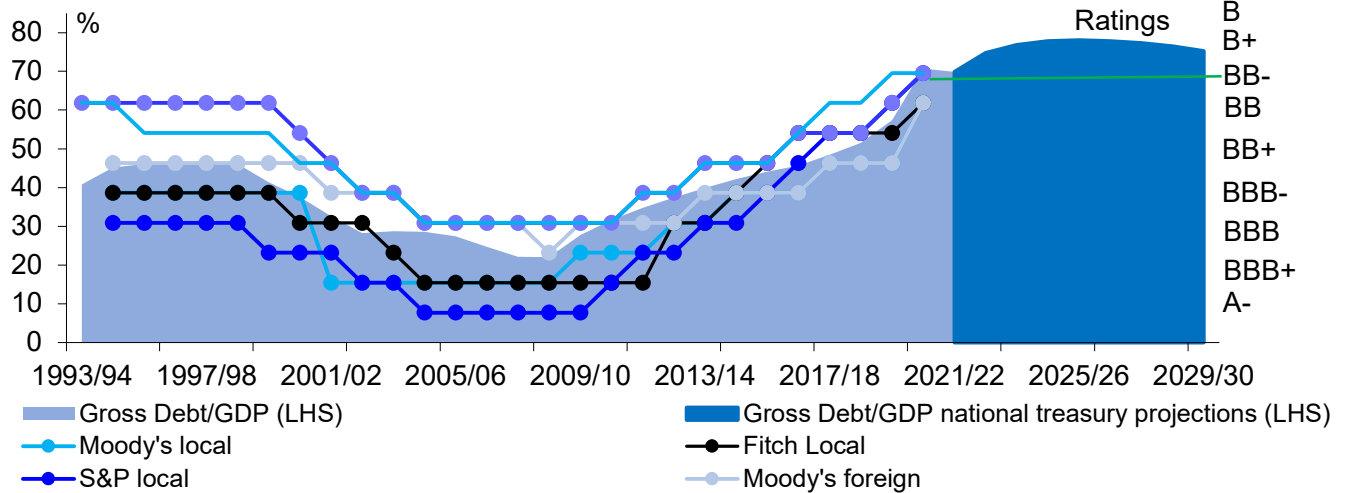
Figure 7: Economic Scenarios: note tighter rate hike cycle for SA

		Q1.22	Q2.22	Q3.22	Q4.22	Q1.23	Q2.23	Q3.23	Q4.23
Extreme	USD/Rand (average)	14.50	14.00	13.80	13.70	13.60	13.40	13.30	13.10
	Repo rate (end rate)	4.00	4.00	4.00	3.75	3.75	3.75	3.50	3.50
1%	<p>Economic growth of 3–5%, then 5–7% for SA. Good governance, growth-creating reforms (structural constraints overcome) and full measures needed to meet the impact of climate change on economy implemented, strong property rights - individuals obtain title deeds – no nationalisation. Strong global growth, commodity boom. Very subdued domestic inflation on extreme rand strength, strong transition away from oil imports and fossil fuel usage, quick transition to renewable energy and very favourable weather conditions. High business confidence and fixed investment growth, substantial FDI inflows, strong fiscal consolidation (government debt falls back to low ratios of 2000s). Stabilisation of credit ratings, then credit rating upgrades.</p>								
Up case	USD/Rand (average)	15.00	15.10	15.00	14.90	14.90	14.70	14.60	14.50
	Repo rate (end rate)	4.00	4.00	4.00	4.00	4.00	4.00	4.25	4.25
2%	<p>Rising confidence and investment levels - structural constraints eroded. Global risk-on, strong global and domestic growth. Low domestic inflation on favourable weather conditions for food price inflation and substantial rand strength, with substantial transition to renewable energy and move away from fossil fuel usage, comprehensive measures to alleviate impact of climate change on economy. Very limited impact of expropriation without compensation) to abandoned, labour tenants' and government land (individuals are new owners and receive title deeds) does not have a negative effect on economy - no nationalisation. No further credit rating downgrades, rating outlooks move to stable and eventually positive, strong fiscal consolidation (government debt projections fall substantially).</p>								
Base case	USD/Rand (average)	15.50	15.60	15.85	15.65	15.50	15.90	16.30	15.80
	Repo rate (end rate)	4.00	4.25	4.25	4.50	4.75	4.75	5.00	5.25
49%	<p>Economic growth lifts to 3% by end of the period – sufficient global and domestic monetary and other policy supports to growth and financial markets occur and risk sentiment neutral to positive. Expropriation of private sector property is limited and does not have a negative impact on the economy or on market sentiment. SA remains in the BB category rating bracket for Moody's – fiscal consolidation (debt to GDP stabilisation) occurs. Civil and political unrest wanes. Inflation impacted by normal course of weather patterns via food price inflation and extreme rand strength, with modest transition to renewable energy and slow move away from fossil fuel usage, measures to alleviate impact of climate change on economy are modestly implemented.</p>								
Lite	USD/Rand (average)	15.70	16.00	16.65	16.90	17.00	17.50	17.60	17.50
	Repo rate (end rate)	4.25	4.50	4.75	5.00	5.25	5.50	5.75	6.00
42%	<p>The international environment (including risk sentiment) is that of the base case. Expropriation of some private commercial sector property without compensation, with a negative impact on the economy. Business confidence depressed, rand weakness, significant load shedding, civil and political unrest, weak investment growth and recession. High domestic inflation on unfavorable weather conditions and severe rand weakness, little transition to renewable energy, greater pressure on government finances from disaster relief from unfavorable weather conditions driven by climate change. Debt projections initially fail to stabilise, SA falls into single B credit ratings from all three agencies for local and foreign currency, fiscal consolidation ultimately occurs, preventing ratings falling into the C grades.</p>								
Severe down case	USD/Rand (average)	16.00	16.80	17.50	18.00	18.50	18.70	19.20	19.55
	Repo rate (end rate)	4.50	4.75	5.00	5.25	5.75	6.00	6.50	7.00
6%	<p>Lengthy global recession, global financial crisis – insufficient monetary and other policy support domestically and globally. Nationalisation of private sector property. Widespread services load shedding, strike action and civil unrest. Depression in SA, unprecedented rand weakness. Government borrows from increasingly wider sources as it sinks deeper into a debt trap). SA rated single B from all three key agencies, with further rating downgrades eventually occurring into CCC grade and lower to D (default) as government finances deteriorate (debt projections elevate even further - fail to stabilise. Very high domestic inflation on severely unfavorable weather, failure to transition to renewable energy/ measures to alleviate impact of climate change on economy.</p>								

Note: Event risk begins Q1.22. Source: Investec



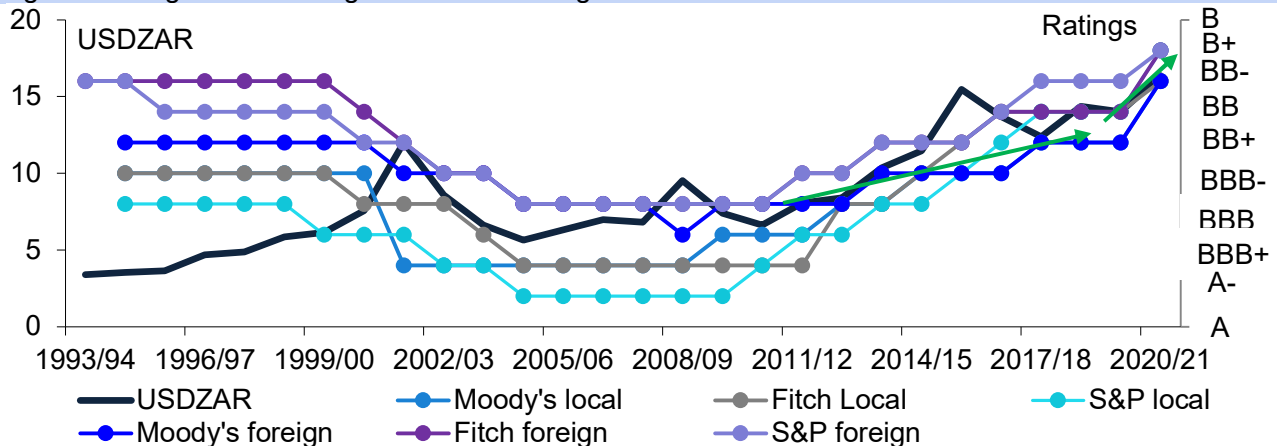
Figure 8: Local currency long-term sovereign debt credit ratings vs. government gross loan debt as % GDP



Source: Credit rating agencies, National treasury, Bloomberg

The Budget on 23rd February is not expected to show fiscal slippage, as was the hallmark of the Zuma presidency, with both Ministers Tito Mboweni and Enoch Godongwana committed to fiscal consolidation, and the vast deterioration in state borrowing that occurred under ex Finance Minister Pravin Gordhan is not expected under Ramaphosa's watch. South Africa is nevertheless on the lower cusp of the BB credit rating category, at BB- from Fitch and S&P (and the equivalent of BB from Moody's, but with a negative outlook and so the intention to drop its rating to the BB- equivalent too). SA's high, and planned, modest increase in debt also highlights this transition risk to B+ (the first rung off the single B categories – see figure 8). The descent then continues in table 10, PTO, should SA follow it, into the C grades and then shortly to D. The positive message from the SONA on repair of SA's deep structural problems and also on placing the private sector at the centre of economic growth and job creation, rings hollow when companies appointed to provide goods, services and construction and other activities to government still engage in corruption, and indeed even do not exist except for shortly before the tender goes out or is concluded. Market players are well aware of this, and financial markets consequently failed to react with excitement to the SONA and instead

Figure 9: Long-term sovereign debt credit ratings vs USDZAR



Source: Credit rating agencies, National treasury, Bloomberg



Figure 10: Rating tier definitions

Moody's		S&P		Fitch		Equivalent to SVO Designations NAIC	Rating description	
Long-term	Short-term	Long-term	Short-term	Long-term	Short-term			
Aaa		AAA		AAA				Prime
Aa1		AA+		AA+				
Aa2		AA	A-1	AA	F1+			High grade
	P-1					1		
A1		A+		A+				
A2		A	A-1	A	F1			Upper medium grade
A3		A-		A-				Investment-grade
Baa1	P-2	BBB+	A-2	BBB+	F2			
Baa2	P-3	BBB		BBB		2		Lower medium grade
Baa3		BBB-	A-3	BBB-	F3			
Ba1		BB+		BB+				
Ba2		BB		BB		3		Non-investment grade speculative
Ba3		BB-		BB-				
B1		B+	B	B+	B			
B2		B		B		4		Highly speculative
B3		B-		B-				
Caa1	Not prime	CCC+						Substantial risks
Caa2		CCC				5		Extremely speculative
Caa3		CCC-	C	CCC	C			
Ca		CC						Default imminent with little prospect for recover
		C						
C				DDD		6		
/		D	/	DD	/			In default
				D				

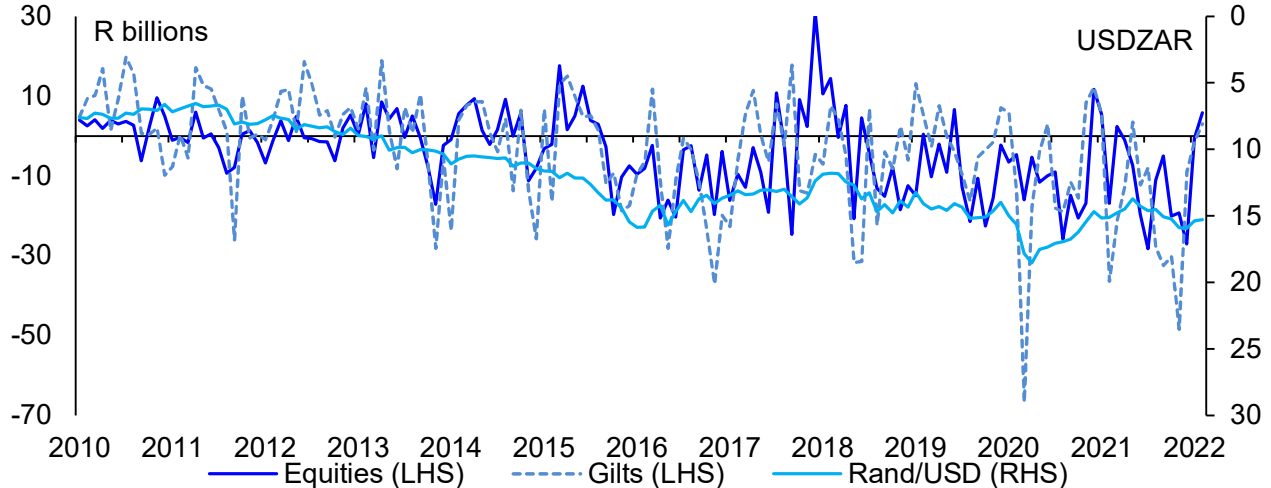
Source: Wikipedia



Rand Outlook: the rand continues to benefit from the resurgence in the commodities boom, strengthening through R15.00/USD today

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Figure 11: Non-resident portfolio net purchases (+)/ sales (-) vs USD/ZAR (monthly averages)



Source: Iress, Investec

it weakened from Thursday the 10th to Friday's 11th closes, with the PPE frauds still front of mind, while the ongoing focus on corruption reveals the huge amount of monies stolen by the politically connected or active, without the monies being returned. The very destructive nature of the July unrest on the economy, infrastructure and business confidence are also still front of mind, causing a lethargy in expectations that SA will ever successfully bring the thieves who have looted state funds both to book and recover the monies stolen. This negatively impacts SA's investment attractiveness, with by and large only lip service paid to the crimes, with the impact having caused the economy to have lost a potential trillion rand on growth under ex-President Jacob Zuma's reign when state capture flourished and corruption looted monies earmarked for infrastructure build and the poor instead. Substantial loadshedding has been one of the many deleterious results for South Africa, and is likely to continue this year, providing a risk for the rand. International factors

Figure 12: Key official interest rates (% , end quarter)

	US Fed funds	Eurozone refi rate	Eurozone deposit rate	UK Bank rate	Australia cash rate
Current	0.00-0.25	0.00	-0.50	0.25	0.10
2021					
Q1	0.25-0.50	0.00	-0.50	0.50	0.10
Q2	0.50-0.75	0.00	-0.50	0.75	0.10
Q3	0.50-0.75	0.00	-0.50	1.00	0.10
Q4	0.75-1.00	0.00	-0.50	1.00	0.25
2022					
Q1	1.00-1.25	0.00	-0.50	1.25	0.25
Q2	1.25-1.50	0.00	-0.25	1.25	0.50
Q3	1.25-1.50	0.00	-0.25	1.50	0.50
Q4	1.50-1.75	0.25	-0.00	1.50	0.75

Source: Macrobond, Investec UK

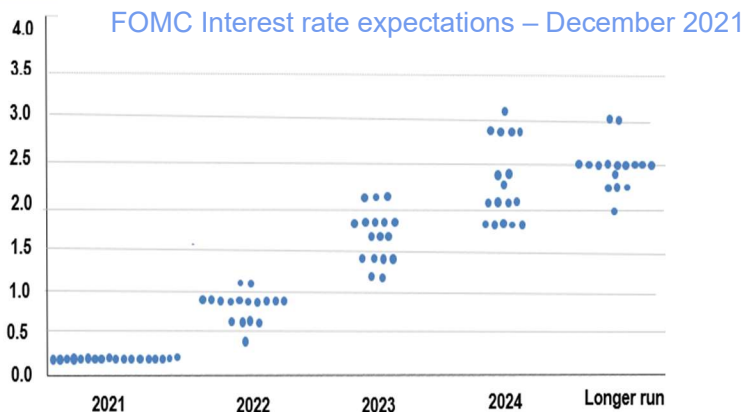


Figure 13: Target federal funds rate at year-end (%)

	2021	2022	2023	2024	Longer Run
2.250				1	4
2.125			3	5	
2.000					1
1.875			5	5	
1.750					
1.625			3		
1.500					
1.375			5		
1.250					
1.125		2	2		
1.000					
0.875		10			
0.750					
0.625		5			
0.500					
0.375		1			
0.250					
0.125	18				
0.000					

Source: Federal Reserve Government

Figure 14: US interest rate projection from FOMC: December 2021 and Implied Probabilities



Current Implied Probabilities

Meeting Dates	% Hike/Cut	Implied Rate
03/16/2022	+1.45%	0.444
05/04/2022	+2.62%	0.737
06/15/2022	+3.55%	0.970
07/27/2022	+4.28%	1.153
09/21/2022	+5.08%	1.351
11/02/2022	+5.52	1.462
12/14/2022	+6,14	1.618
02/01/2023	+6.50	1.708

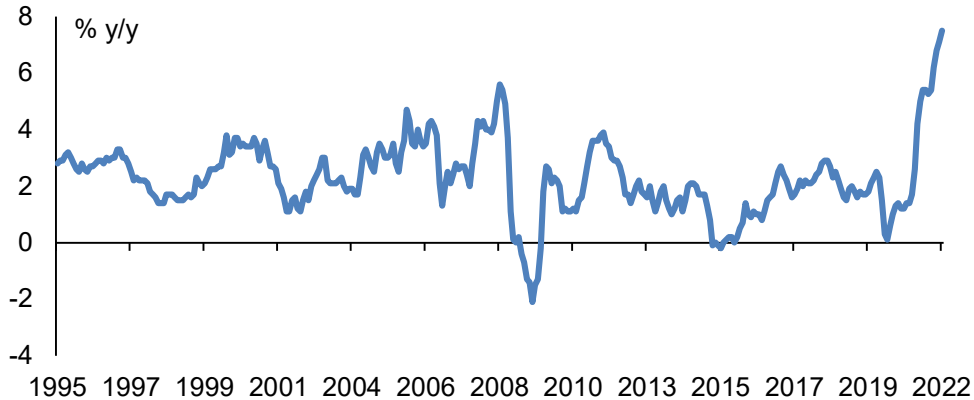
Source: Reuters and Federal Reserve Bank



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Figure 15: US CPI inflation

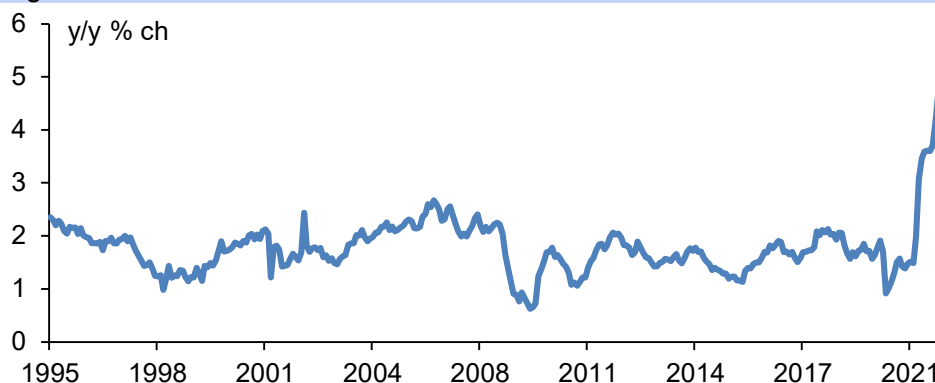


Source: Bloomberg

instead drive the rand's strength in the main. High commodity prices and supply chain constraints, along with quickening demand have translated through into high inflation, with the US reacting quicker to it from last year. The IMF said today "(h)eadline inflation has moved above central bank targets in most G-20 economies despite weaker growth momentum and remains a significant risk, but rising prices should moderate gradually in most economies this year. ... (l)inflation had continued to surprise on the upside ... (b)ut longer-term inflation expectations remained generally well-anchored in economies with strong policy frameworks, ... downside risks continued to dominate and economic indicators released after it downgraded its forecast for global growth by half a percentage point to 4.4% in January pointed to weak growth momentum". However, governments are also likely to benefit enormously from lower debt ratios on high inflation, partly inflating their way out of debt problems, with SA to benefit as well, if it does not start raising borrowing levels in a renewed bout of fiscal slippage. Fitch estimated that around 5% of the U.S debt-to-GDP ratio, and 2% globally will be eradicated in this manner, varying by region with the smallest impact being in MENA countries, and the largest in sub-Saharan Africa. Adding, "(i)t would be a stretch to claim that debt is being 'inflated away' at least at the global level, but higher inflation is definitely helping,".

The rand will remain volatile, at high risk of further substantial moves, but has a long-term trend of weakness, and financial markets do not anticipate corruption will be firmly eradicated and clean governance restored. It

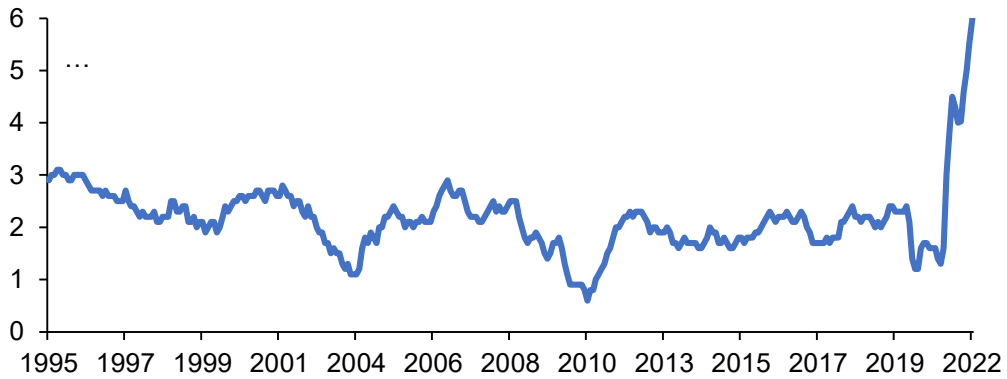
Figure 16: US PCE core deflator



Source: Bloomberg

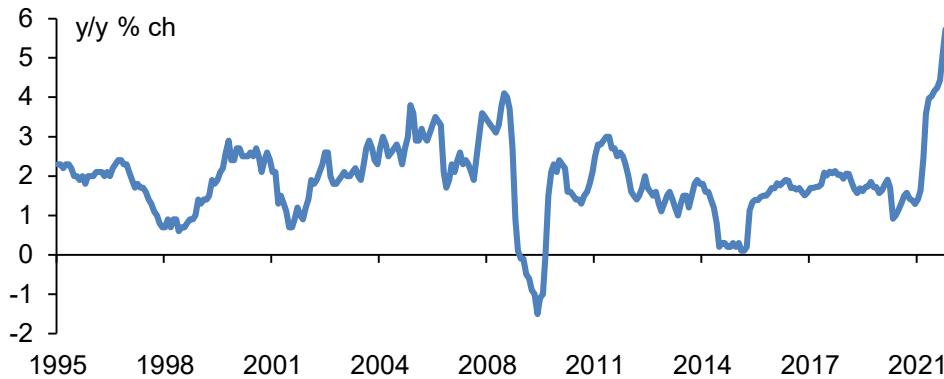


Figure 17: US CPI inflation less food and energy



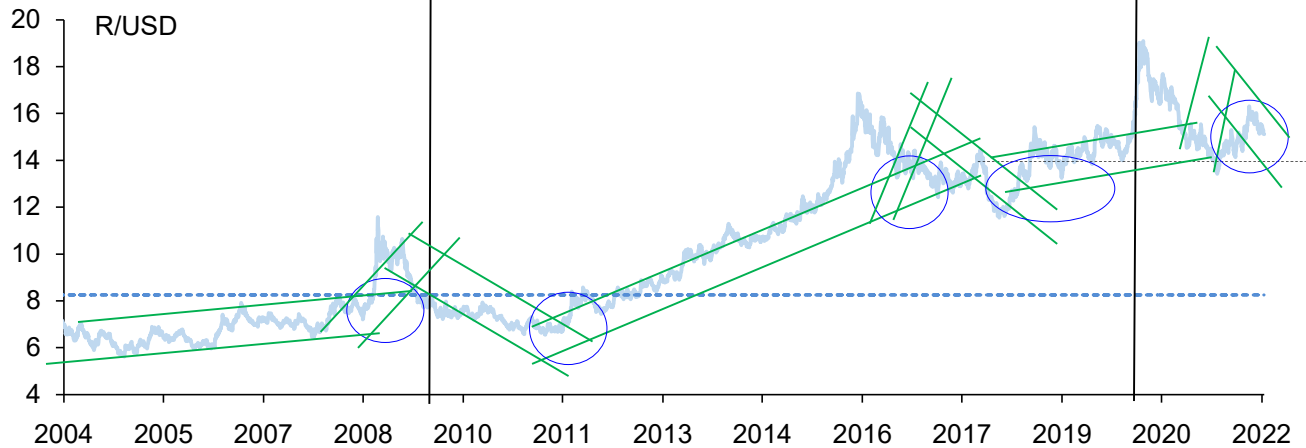
Source: Bloomberg

Figure 18: US PCE deflator



Source: Bloomberg

Figure 19: Rand channels



Source: Iress



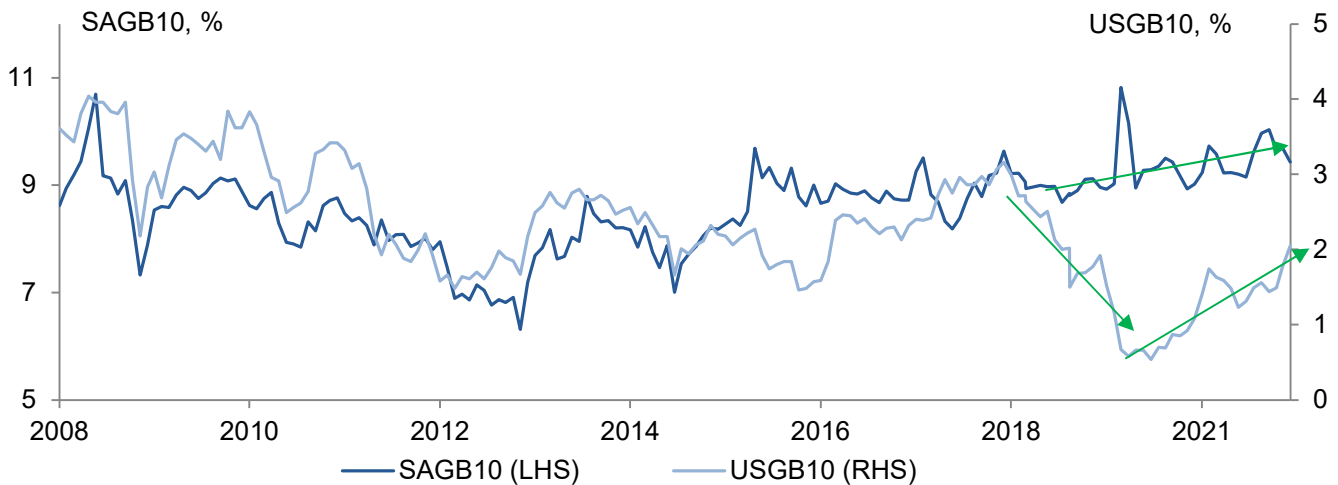
Figure 20: Lite Down Case: Exchange Rate forecasts

	2022				2023				2024			
	Q1.22	Q2.22	Q3.22	Q4.22	Q1.23	Q2.23	Q3.23	Q4.22	Q1.24	Q2.24	Q3.24	Q4.24
USD/ZAR	15.70	16.00	16.65	16.90	17.00	17.50	17.60	17.50	17.20	17.00	16.80	17.00
GBP/ZAR	21.51	22.40	23.98	24.84	25.16	26.08	26.75	26.78	26.14	25.67	25.20	25.33
EUR/ZAR	17.90	18.40	19.31	20.11	20.57	21.53	22.00	21.88	21.50	21.25	21.00	21.25
ZAR/JPY	7.39	7.38	7.15	7.10	7.06	6.86	6.82	6.86	6.86	6.76	6.55	6.29
CHF/ZAR	17.25	17.39	18.10	18.57	18.89	19.44	19.56	19.44	18.90	18.68	18.46	18.68
AUD/ZAR	11.46	11.84	12.65	13.01	13.09	13.48	13.55	13.48	13.42	13.26	13.10	13.26
GBP/USD	1.37	1.40	1.44	1.47	1.48	1.49	1.52	1.53	1.52	1.51	1.50	1.49
EUR/USD	1.14	1.15	1.16	1.19	1.21	1.23	1.25	1.25	1.25	1.25	1.25	1.25
USD/JPY	116	118	119	120	120	120	120	120	118	115	110	107

Note: averages, Source: Investec, Iress

is also weakened by SA's inflation rates remaining well above those of its key trading partners, the EU, US, UK and China on a long-term basis, despite short-term dislocation of this relationship in some areas. On the positive side, China's economy is expected to accelerate, and so reach potential economic growth this year, and its central bank Governor, Yi Gang, has said "(w)e will keep our accommodative monetary policy flexible and appropriate, and increase support for key areas and weak links in the economy". Markets currently expect the US will hike interest rates substantially this year, and communications to the contrary by Governor Powell could impact commodity price and currencies. SA has been shielded from high oil prices as a consequence of its strong exports of other commodities, but would see further rand strength if it uses its own oil instead of heavily importing it.

Figure 21: SA 10-year bond vs US 10-year bond:



Source: Iress



Rand Outlook: the rand continues to benefit from the resurgence in the commodities boom, strengthening through R15.00/USD today

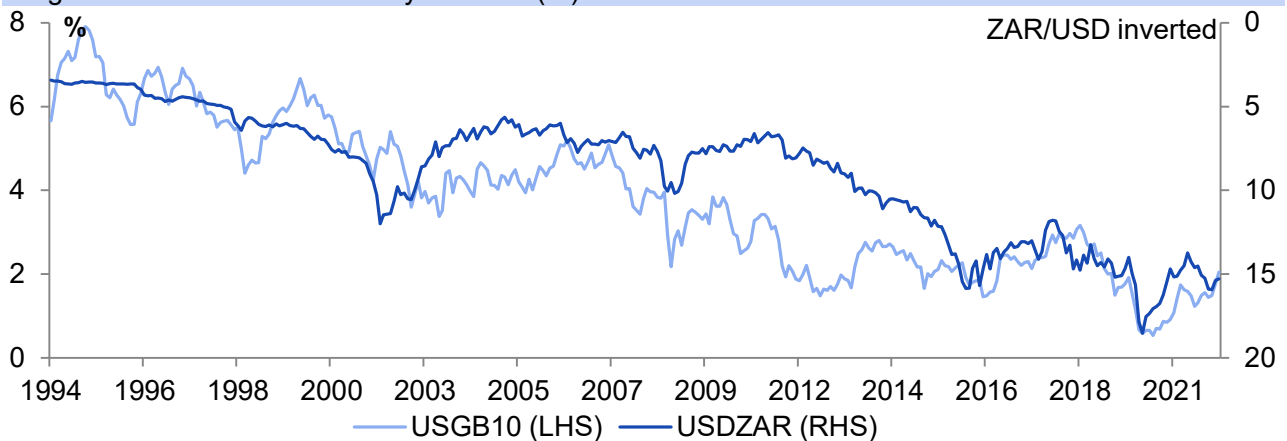
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Figure 22: Exchange rate history and forecast: annual averages

	2018	2019	2020	2021	2022	2023	2024	2025	2026
EURUSD	1.18	1.12	1.14	1.19	1.16	1.24	1.25	1.25	1.25
EURGBP	0.88	0.88	0.89	0.86	0.82	0.82	0.83	0.87	0.87
GBPEUR	1.13	1.14	1.13	1.16	1.22	1.22	1.20	1.16	1.14
GBPUSD	1.33	1.28	1.28	1.38	1.42	1.51	1.51	1.45	1.43
USDJPY	110	109	107	110	118	120	113	107	107
EURJPY	130	122	122	130	137	148	141	134	134
GBPJPY	147	139	137	151	168	181	169	155	153
EURCHF	1.16	1.11	1.07	1.09	1.06	1.11	1.14	1.14	1.14
USDCHF	0.98	0.99	0.94	0.92	0.92	0.90	0.91	0.91	0.91
GBPCHF	1.31	1.27	1.20	1.26	1.30	1.35	1.37	1.31	1.30
AUDUSD	0.75	0.70	0.69	0.75	0.75	0.77	0.78	0.78	0.78
EURAUD	1.58	1.61	1.66	1.58	1.55	1.60	1.60	1.60	1.60
AUDJPY	83	76	74	82	89	92	88	83	83
GBPAUD	1.79	1.84	1.86	1.83	1.89	1.95	1.93	1.85	1.83
ZARUSD	13.24	14.44	16.46	14.79	15.65	15.88	16.10	16.33	16.43
ZARGBP	17.64	18.44	21.10	20.34	22.23	23.90	24.23	23.59	23.49
ZAREUR	15.61	16.17	18.77	17.49	18.15	19.61	20.13	20.41	20.53
JPYZAR	8.38	7.55	6.52	7.43	7.56	7.56	6.99	6.56	6.52
ZARCHF	13.53	14.54	17.54	16.18	17.10	17.64	17.69	17.94	18.05
ZARAUD	9.88	10.04	11.35	11.11	11.74	12.22	12.56	12.73	12.81

Source: IRESS, Investec

Figure 23: USDZAR vs US 10-year bond (%)



Source: Iress

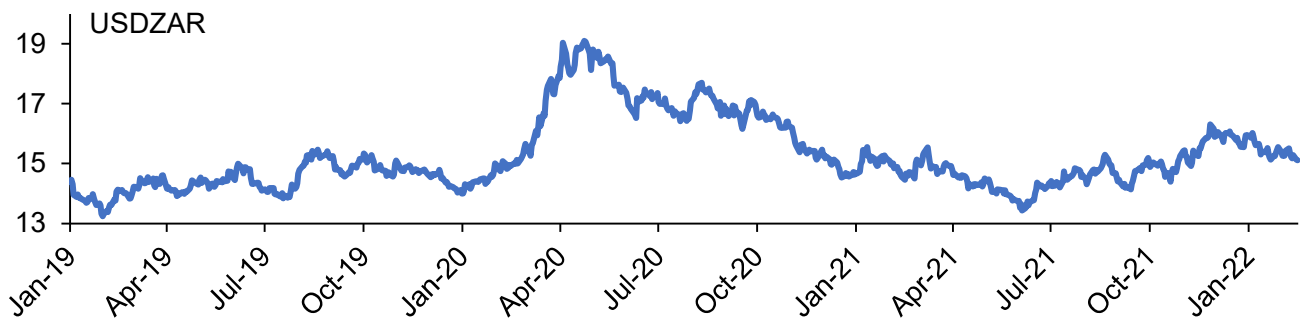
Figure 24: Exchange rate history and forecast: quarterly averages



	2021				2022				2023			
	Q1.21	Q2.21	Q3.21	Q4.21	Q1.22	Q2.22	Q3.22	Q4.22	Q1.23	Q2.23	Q3.22	Q4.23
EURUSD	1.21	1.21	1.18	1.14	1.14	1.15	1.16	1.19	1.21	1.23	1.25	1.25
EURGBP	0.88	0.86	0.86	0.85	0.83	0.82	0.81	0.81	0.82	0.83	0.82	0.82
GBPEUR	1.14	1.16	1.17	1.18	1.20	1.22	1.24	1.24	1.22	1.21	1.22	1.22
GBPUSD	1.38	1.40	1.38	1.35	1.37	1.40	1.44	1.47	1.48	1.49	1.52	1.53
USDJPY	106	109	110	114	116	118	119	120	120	120	120	120
EURJPY	128	132	130	130	132	136	138	143	145	148	150	150
GBPJPY	146	153	152	153	159	165	171	176	178	179	182	184
EURCHF	1.10	1.10	1.08	1.05	1.04	1.06	1.07	1.08	1.09	1.11	1.13	1.13
USDCHF	0.91	0.91	0.92	0.92	0.91	0.92	0.92	0.91	0.90	0.90	0.90	0.90
GBPCHF	1.26	1.28	1.27	1.24	1.25	1.29	1.32	1.34	1.33	1.34	1.37	1.38
AUDUSD	0.77	0.77	0.73	0.73	0.73	0.74	0.76	0.77	0.77	0.77	0.77	0.77
EURAUD	1.57	1.57	1.60	1.57	1.56	1.55	1.53	1.55	1.57	1.60	1.62	1.62
AUDJPY	82	84	81	83	85	87	90	92	92	92	92	92
GBPAUD	1.79	1.82	1.88	1.85	1.88	1.89	1.89	1.91	1.92	1.94	1.97	1.99
ZARUSD	14.96	14.13	14.64	15.44	15.50	15.60	15.85	15.65	15.50	15.90	16.30	15.80
ZARGBP	20.63	19.75	20.18	20.82	21.24	21.84	22.82	23.01	22.94	23.69	24.78	24.17
ZAREUR	18.03	17.03	17.26	17.66	17.67	17.94	18.39	18.62	18.76	19.56	20.38	19.75
JPYZAR	7.09	7.75	7.52	7.37	7.48	7.56	7.51	7.67	7.74	7.55	7.36	7.59
ZARCHF	16.52	15.51	15.95	16.75	17.03	16.96	17.23	17.20	17.22	17.67	18.11	17.56
ZARAUD	11.56	10.88	10.76	11.25	11.32	11.54	12.05	12.05	11.94	12.24	12.55	12.17

Source: Iress, Investec

Figure 25: USDZAR



Source: Iress

Figure 26: Exchange rate history and forecast: quarterly averages



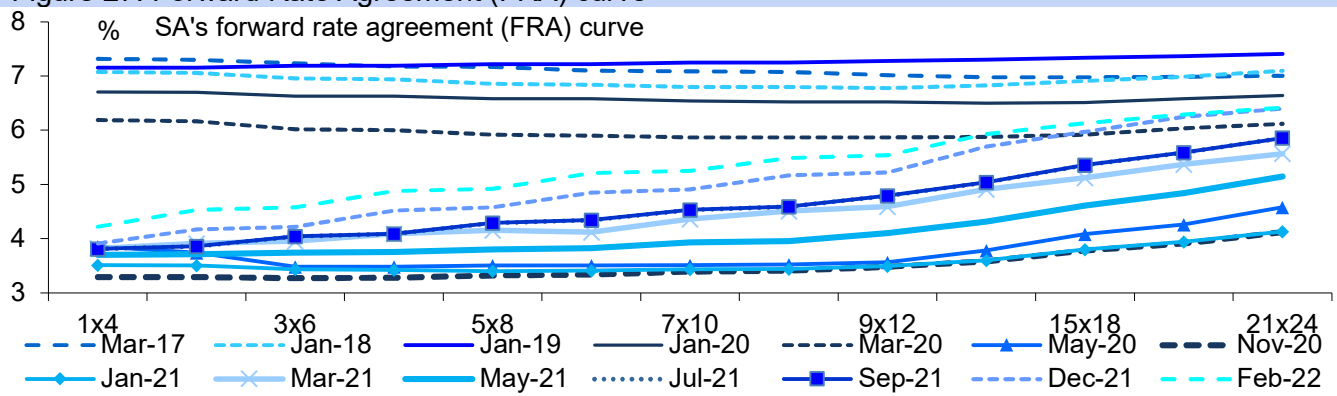
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	2024				2025				2026			
	Q1.24	Q2.24	Q3.24	Q4.24	Q1.25	Q2.25	Q3.25	Q4.25	Q1.26	Q2.26	Q3.26	Q4.26
EURUSD	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
EURGBP	0.82	0.83	0.83	0.84	0.85	0.86	0.87	0.87	0.87	0.87	0.87	0.87
GBPEUR	1.22	1.21	1.20	1.19	1.18	1.16	1.14	1.14	1.14	1.14	1.14	1.14
GBPUSD	1.52	1.51	1.50	1.49	1.47	1.45	1.43	1.43	1.43	1.43	1.43	1.43
USDJPY	118	115	110	107	107	107	107	107	107	107	107	107
EURJPY	148	144	138	134	134	134	134	134	134	134	134	134
GBPJPY	179	174	165	159	157	155	153	153	153	153	153	153
EURCHF	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14
USDCHF	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91
GBPCHF	1.38	1.37	1.37	1.36	1.34	1.32	1.30	1.30	1.30	1.30	1.30	1.30
AUDUSD	0.78	0.78	0.78	0.78	0.78	0.78	0.78	0.78	0.78	0.78	0.78	0.78
EURAUD	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60
AUDJPY	92	90	86	83	83	83	83	83	83	83	83	83
GBPAUD	1.95	1.94	1.92	1.91	1.88	1.86	1.83	1.83	1.83	1.83	1.83	1.83
ZARUSD	15.60	16.10	16.60	16.10	16.00	16.70	16.40	16.20	16.10	16.80	16.50	16.30
ZARGBP	23.71	24.31	24.90	23.99	23.52	24.22	23.45	23.17	23.02	24.02	23.60	23.31
ZAREUR	19.50	20.13	20.75	20.13	20.00	20.88	20.50	20.25	20.13	21.00	20.63	20.38
JPYZAR	7.56	7.14	6.63	6.65	6.69	6.41	6.52	6.60	6.65	6.37	6.48	6.56
ZARCHF	17.14	17.69	18.24	17.69	17.58	18.35	18.02	17.80	17.69	18.46	18.13	17.91
ZARAUD	12.17	12.56	12.95	12.56	12.48	13.03	12.79	12.64	12.56	13.10	12.87	12.71

Source: IRESS, Investec

Figure 27: Forward Rate Agreement (FRA) curve



Source: Bloomberg



Figure 28: Severe Down Case: Exchange Rate forecasts

	2022				2023				2024			
	Q1.22	Q2.22	Q3.22	Q4.22	Q1.23	Q2.23	Q3.23	Q4.22	Q1.24	Q2.24	Q3.24	Q4.24
USD/ZAR	16.00	16.80	17.50	18.00	18.50	18.70	19.20	19.55	19.70	19.75	19.85	19.80
GBP/ZAR	21.92	23.52	25.20	26.46	27.38	27.86	29.18	29.91	29.94	29.82	29.78	29.50
EUR/ZAR	18.24	19.32	20.30	21.42	22.39	23.00	24.00	24.44	24.63	24.69	24.81	24.75
ZAR/JPY	7.25	7.02	6.80	6.67	6.49	6.42	6.25	6.14	5.99	5.82	5.54	5.40
CHFZAR	17.58	18.26	19.02	19.78	20.56	20.78	21.33	21.72	21.65	21.70	21.81	21.76
AUDZAR	11.68	12.43	13.30	13.86	14.25	14.40	14.78	15.05	15.37	15.41	15.48	15.44
GBP/USD	1.37	1.40	1.44	1.47	1.48	1.49	1.52	1.53	1.52	1.51	1.50	1.49
EUR/USD	1.14	1.15	1.16	1.19	1.21	1.23	1.25	1.25	1.25	1.25	1.25	1.25
USD/JPY	116	118	119	120	120	120	120	120	118	115	110	107

Note: averages, Source: Investec, Iress

Figure 29: Up Case: Exchange Rate forecasts

	2022				2023				2024			
	Q1.22	Q2.22	Q3.22	Q4.22	Q1.23	Q2.23	Q3.23	Q4.22	Q1.24	Q2.24	Q3.24	Q4.24
USD/ZAR	15.00	15.10	15.00	14.90	14.90	14.70	14.60	14.50	14.50	14.40	14.40	14.30
GBP/ZAR	20.55	21.14	21.60	21.90	22.05	21.90	22.19	22.19	22.04	21.74	21.60	21.31
EUR/ZAR	17.25	17.37	17.40	17.73	18.03	18.08	18.25	18.13	18.13	18.00	18.00	17.88
ZAR/JPY	7.73	7.81	7.93	8.05	8.05	8.16	8.22	8.28	8.14	7.99	7.64	7.48
CHFZAR	16.35	16.41	16.30	16.37	16.56	16.33	16.22	16.11	15.93	15.82	15.82	15.71
AUDZAR	11.10	11.17	11.40	11.47	11.47	11.32	11.24	11.17	11.31	11.23	11.23	11.15
GBP/USD	1.37	1.40	1.44	1.47	1.48	1.49	1.52	1.53	1.52	1.51	1.50	1.49
EUR/USD	1.14	1.15	1.16	1.19	1.21	1.23	1.25	1.25	1.25	1.25	1.25	1.25
USD/JPY	116	118	119	120	120	120	120	120	118	115	110	107

Note averages, Source: Investec, Iress

Figure 30: Extreme Up Case: Exchange Rate forecasts

	2022				2023				2024			
	Q1.22	Q2.22	Q3.22	Q4.22	Q1.23	Q2.23	Q3.23	Q4.22	Q1.24	Q2.24	Q3.24	Q4.24
USD/ZAR	14.50	14.00	13.80	13.70	13.60	13.40	13.30	13.10	12.90	12.80	12.60	12.30
GBP/ZAR	19.87	19.60	19.87	20.14	20.13	19.97	20.22	20.04	19.61	19.33	18.90	18.33
EUR/ZAR	16.53	16.10	16.01	16.30	16.46	16.48	16.63	16.38	16.13	16.00	15.75	15.38
ZAR/JPY	8.00	8.43	8.62	8.76	8.82	8.96	9.02	9.16	9.15	8.98	8.73	8.70
CHFZAR	15.93	15.22	15.00	15.05	15.11	14.89	14.78	14.56	14.18	14.07	13.85	13.52
AUDZAR	10.59	10.36	10.49	10.55	10.47	10.32	10.24	10.09	10.06	9.98	9.83	9.59
GBP/USD	1.37	1.40	1.44	1.47	1.48	1.49	1.52	1.53	1.52	1.51	1.50	1.49
EUR/USD	1.14	1.15	1.16	1.19	1.21	1.23	1.25	1.25	1.25	1.25	1.25	1.25
USD/JPY	116	118	119	120	120	120	120	120	118	115	110	107

Note: averages, Source: Investec, Iress

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