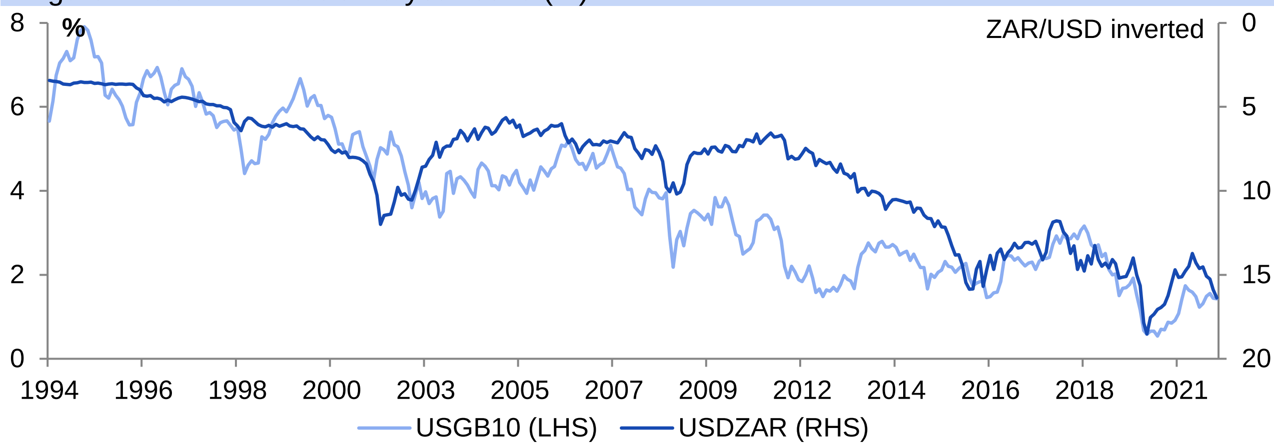
Investec

Rand Outlook: the rand is likely to run between R15.00/USD to R16/USD over 2022, but remains at risk of further weakness

Wednesday 8 December 2021

Figure 1: USDZAR vs US 10-year bond (%)



Source: Iress

After briefly reaching R13.40/USD, R16.32/EUR and R18.96/GBP this year in early June, the rand weakened to R16.37/USD, R19.02/EUR and R21.77/GBP by December, as markets factored in higher US interest rates from next year. Markets currently expect the Fed funds target rate will be hiked three times, by 25bp in each move, by early 2023. South Africa's FRA (Forward Rate Agreement) curve has elevated sharply, anticipating that the repo rate will be about 2.00% higher by then, which is likely overdone. However, interest rate expectations have been rising in SA as the SARB's tone has proved particularly hawkish over the past few months, resulting in an early 25bp hike in the repo rate in November this year, with markets anticipating another lift in Q1.22 - which will likely occur. This is despite the larger contraction in GDP in Q3.21 than the markets anticipated, with the MPC expected to discount this as a once off impact from the July riots, and not due to anything which could be counteracted by loose monetary policy. The start of the normalisation of US monetary policy with QE tapering early in November would have been a key factor in spurring SA's repo hike. US inflation is high, and markets expect a further rise on Friday in the CPI, to 6.8% y/y from October's 6.2% y/y, which would lend support to pressure in the FOMC preferred measure of Inflation, the core PCE deflator. The recent US jobs figures, while disappointing in the headline payrolls data, show on deeper analysis strengthening in some areas of the jobs market, and so lower unemployment. The Fed is likely on track for quickening the pace of QE tapering, which would provide an underpin for rand weakness into H1.22.

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

	2021				2022				2023			
	Q1.21	Q2.21	Q3.21	Q4.21	Q1.22	Q2.22	Q3.22	Q4.22	Q1.23	Q2.23	Q3.23	Q4.23
USD/ZAR	14.96	14.13	14.64	15.40	15.25	15.45	15.70	15.50	15.35	15.75	16.15	15.65
GBP/ZAR	20.63	19.75	20.18	20.85	20.89	21.47	22.37	22.71	22.72	22.84	23.09	22.38
EUR/ZAR	18.03	17.03	17.26	17.78	17.54	17.77	18.25	18.41	18.57	19.37	20.19	19.56
ZAR/JPY	7.09	7.75	7.52	7.36	7.61	7.61	7.55	7.71	7.69	7.30	6.81	6.84
GBP/USD	1.38	1.40	1.38	1.35	1.37	1.39	1.42	1.47	1.48	1.45	1.43	1.43
EUR/USD	1.21	1.21	1.18	1.15	1.15	1.15	1.16	1.19	1.21	1.23	1.25	1.25
USD/JPY	106	109	110	113	116	118	119	120	118	115	110	107

Note: averages, Source: Investec, Iress

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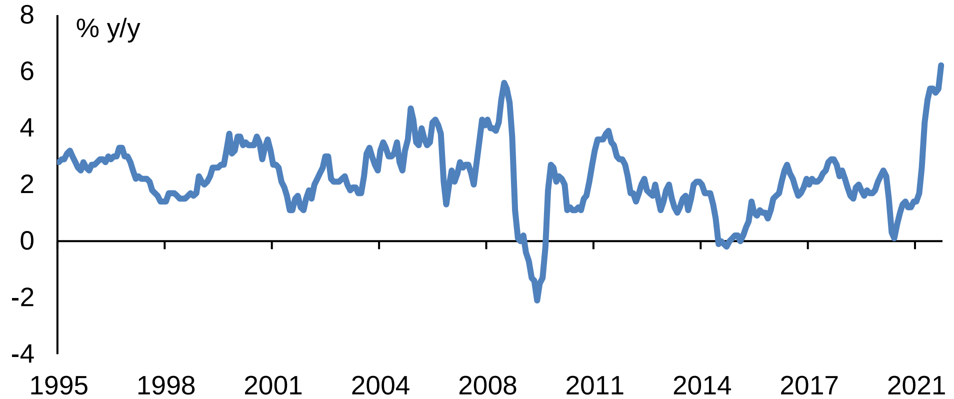
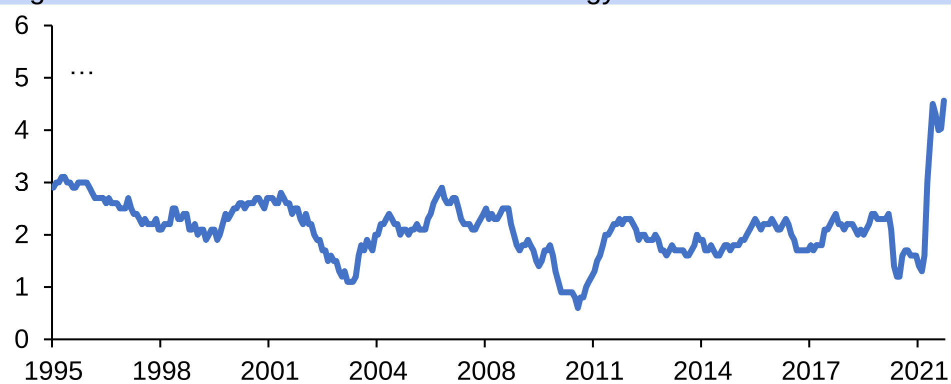
Figure 3: US CPI inflation



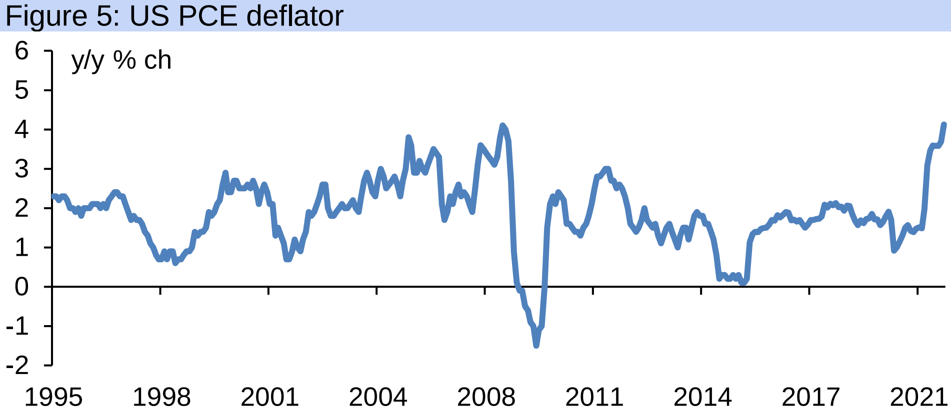
Source: Bloomberg

Figure 4: US CPI inflation less food and energy



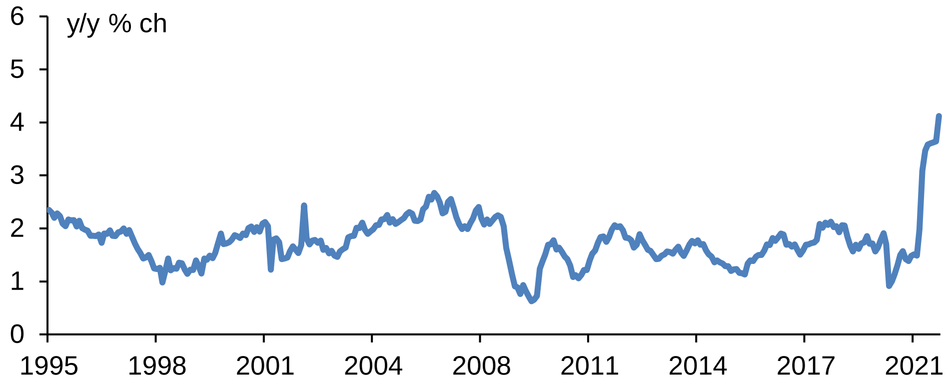
Source: Bloomberg

Figure 5: US PCE deflator



Source: Bloomberg

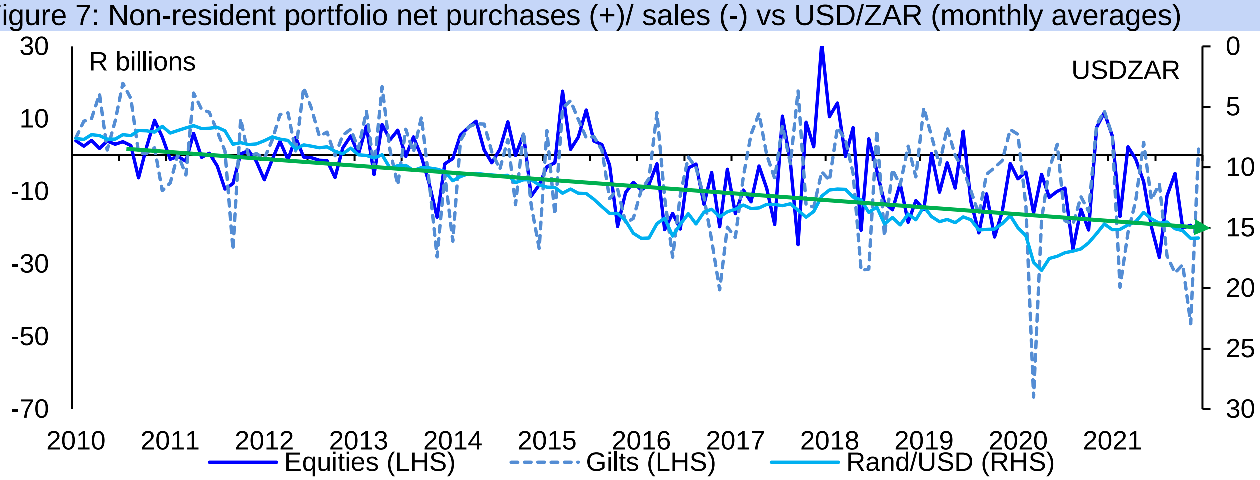
Figure 6: US PCE core deflator



Source: Bloomberg

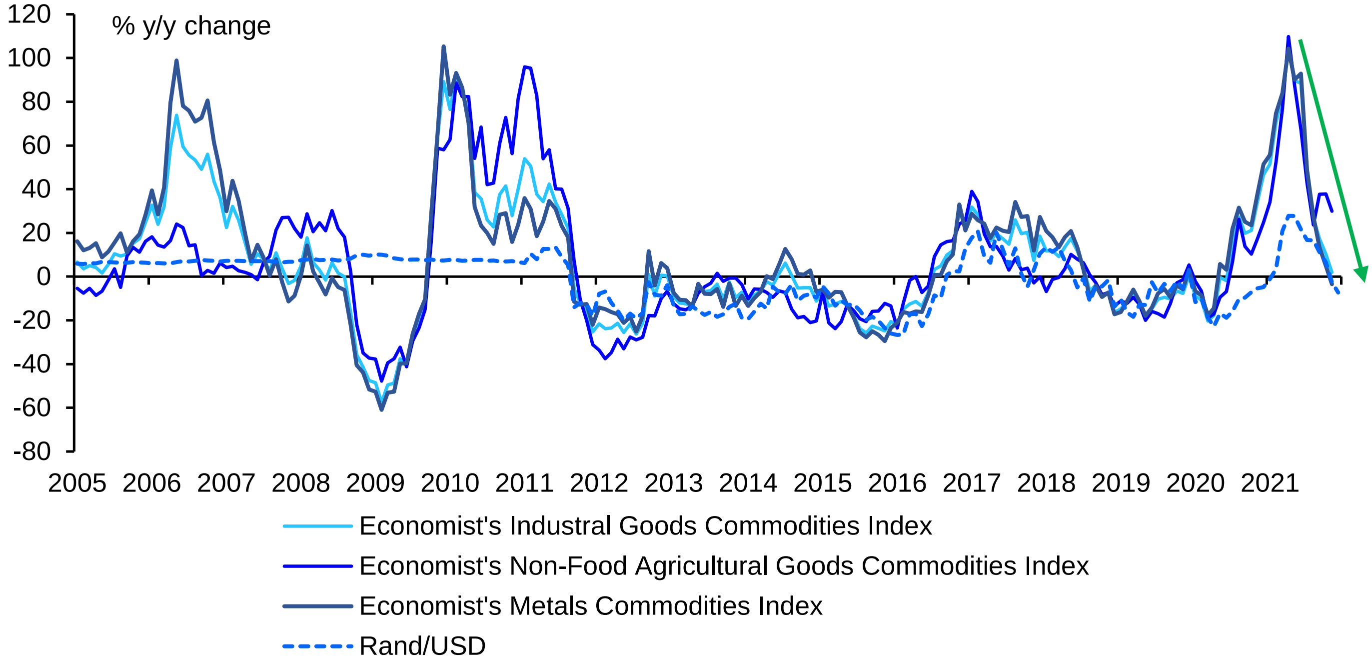
The US is unlikely to see a reduction in its pace of QE next year, despite the fourth wave of COVID-19 globally, and in the US, and indeed potential further waves of COVID-19, driven by new variants. The US is powering ahead with further fiscal stimulus as it plans to continue to normalise monetary policy over 2022, and this will put pressure on SA to hike its interest rates further as the timing for US interest rate hikes approaches. Indeed, emerging market currencies in general have seen weakness in H2.21, as markets have factored in a US interest rate hike cycle occurring quicker than previously believed. Foreign investor flows into emerging market assets have cooled, with most of the riskier jurisdictions losing out, particularly on fears of the fourth wave of COVID-19 infections, although risk sentiment has begun reversing this week as markets begin to digest the more modest impact of the Omicron variant on those infected than was feared. Omicron is seeing evidence of milder symptoms and fewer hospitalizations than the third wave, driven by the delta variant, did. In SA daily infections have so far 'peaked' at 16 366 on Saturday, then dropped reaching 6 381 on Monday, and today have moved back to 13 143, proving volatile, but still not seeing a surge in hospitalizations or severe symptoms

Figure 7: Non-resident portfolio net purchases (+)/ sales (-) vs USD/ZAR (monthly averages)



Source: Iress, Investec

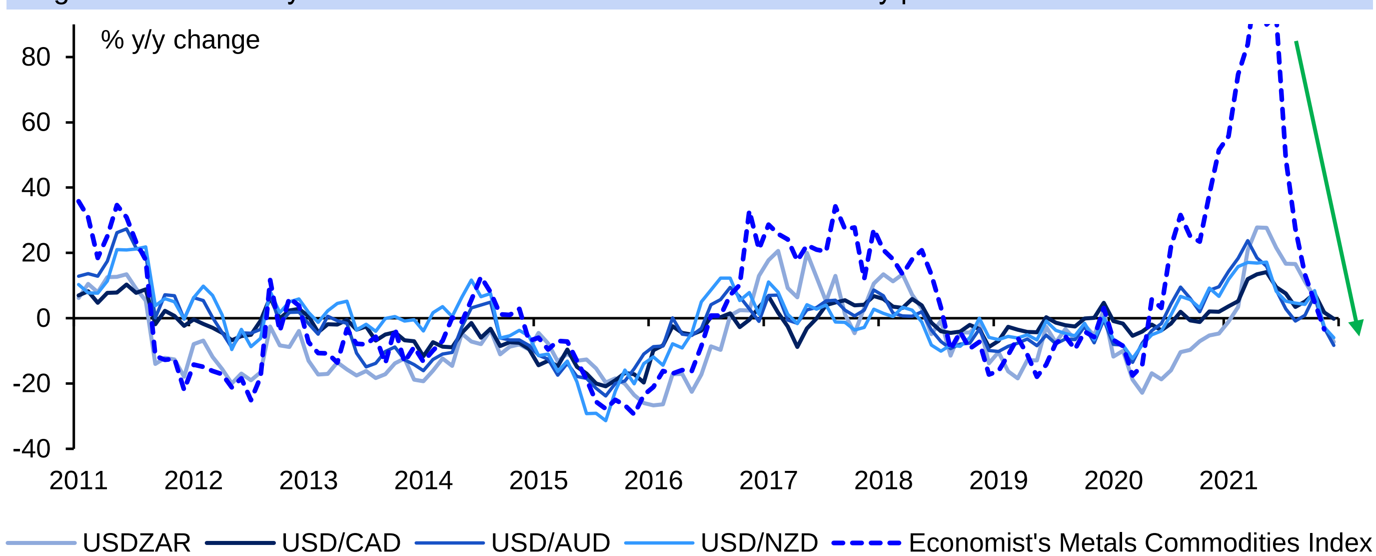
Figure 8: Rand vs Economist's commodity indices



Source: Iress, Economist

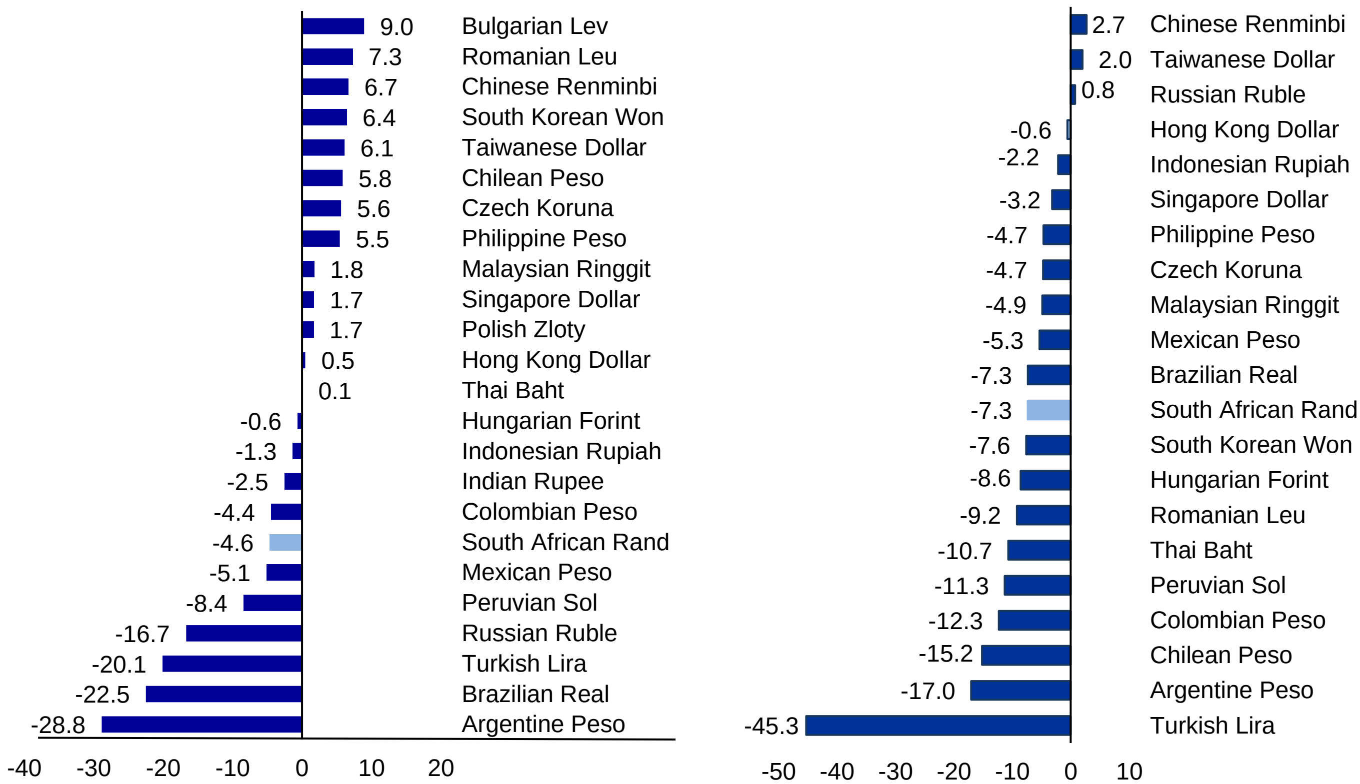
The rand has the propensity this week for further strength, reaching R15.75/USD today.

Figure 9: Commodity currencies vs Economist's metals commodity price index



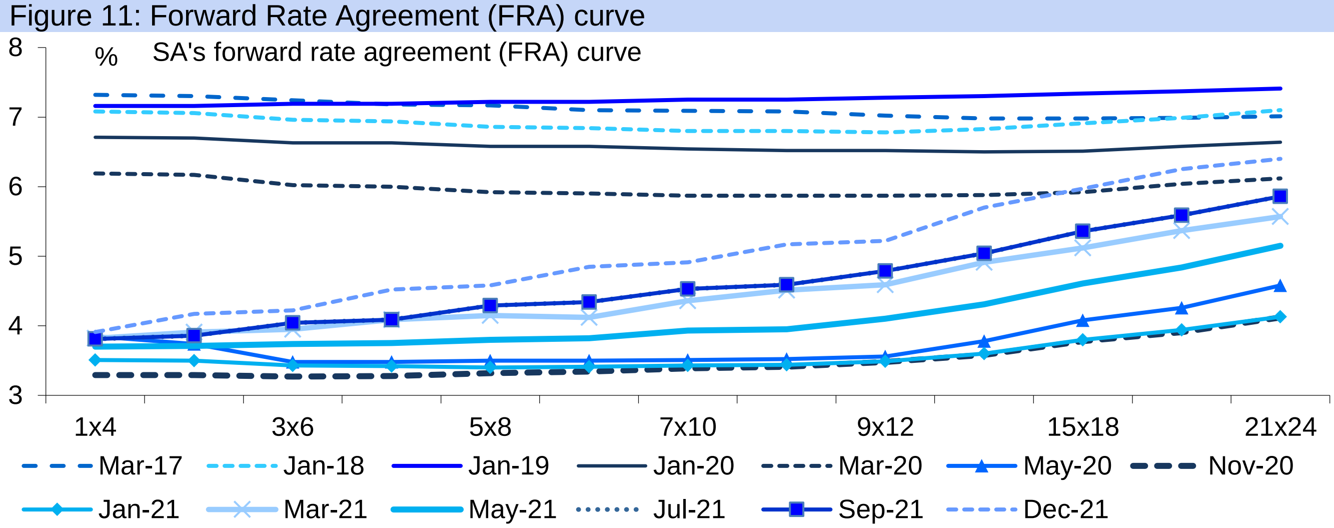
Source: Iress, Economist

Figure 10: Commodity currency depreciation (-) %, appreciation (+) %



Source: Bloomberg

Figure 11: Forward Rate Agreement (FRA) curve



Source: Bloomberg

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Figure 12: Economic Scenarios: note interest rate hikes pushed out in expected case

Scenario		Q1.21	Q2.21	Q3.21	Q4.21	Q1.22	Q2.22	Q3.22	Q4.22
Extreme Up case **1%**	USD/Rand (average)	14.96	14.13	14.64	13.80	13.30	13.00	12.90	12.80
	Repo rate (end rate)	3.50	3.50	3.50	3.25	3.25	3.25	3.25	3.25

Impact of Covid-19 pandemic very rapidly resolved - economic growth of 3–5%, then 5-7% for SA. Good governance, growth-creating reforms (structural constraints overcome), strengthening of property rights - individuals obtain title deeds in EWC – no nationalisation. High business confidence and fixed investment growth, substantial FDI inflows, strong fiscal consolidation (government debt falls back to low ratios of 2000s). Strong global growth, commodity boom. Stabilisation of credit ratings, then credit rating upgrades.

Scenario		Q1.21	Q2.21	Q3.21	Q4.21	Q1.22	Q2.22	Q3.22	Q4.22
Up case **2%**	USD/Rand (average)	14.96	14.13	14.64	14.00	13.50	13.40	13.20	13.00
	Repo rate (end rate)	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.75

Quick rebound from Covid-19 pandemic, rising confidence and investment levels - structural problems worked down. No further credit rating downgrades, rating outlooks move to stable and eventually positive, strong fiscal consolidation (government debt projections fall substantially). Global risk-on, global demand quickly returns to trend growth. Limited impact of expropriation without compensation) to abandoned, unused, labour tenants' and government land (individuals are new owners and receive title deeds) does not have a negative effect on economy - no nationalisation.

Scenario		Q1.21	Q2.21	Q3.21	Q4.21	Q1.22	Q2.22	Q3.22	Q4.22
Base case **48%**	USD/Rand (average)	14.96	14.13	14.64	15.40	15.25	15.45	15.70	15.50
	Repo rate (end rate)	3.50	3.50	3.50	3.75	4.00	4.00	4.25	4.50

Recovery from the sharp global economic slowdown by 2024 in real terms– sufficient global and domestic monetary and other policy supports to growth and financial markets occur and risk sentiment stabilises then improves. 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.

Scenario		Q1.21	Q2.21	Q3.21	Q4.21	Q1.22	Q2.22	Q3.22	Q4.22
Lite (domestic) Down case **43%**	USD/Rand (average)	14.96	14.13	14.64	15.50	16.00	16.65	16.90	17.00
	Repo rate (end rate)	3.50	3.50	3.50	3.75	4.00	4.25	4.50	4.75

The international environment (including risk sentiment) is that of the base case. South Africa fails to see its debt projections stabilise and falls into single B credit ratings from all three agencies for local and foreign currency. Recession occurs. Expropriation of some private commercial sector property without compensation, with some negative impact on the economy. Business confidence depressed, rand weakness, significant load shedding and weak investment growth. Substantial fiscal consolidation ultimately occurs, preventing ratings falling into the C grades.

Scenario		Q1.21	Q2.21	Q3.21	Q4.21	Q1.22	Q2.22	Q3.22	Q4.22
Severe down case **6%**	USD/Rand (average)	14.96	14.13	14.64	16.00	16.80	17.50	18.00	18.50
	Repo rate (end rate)	3.50	3.50	3.50	4.00	4.50	4.75	5.00	5.25

Lengthy global recession, global financial crisis – insufficient monetary and other policy supports to growth domestically and internationally. Depression in SA, unprecedented rand weakness. Nationalisation of private sector property (title deeds not transferred to individuals). 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 ever stabilise. Government borrows from increasingly wider sources as it sinks deeper into a debt trap), eventually include widespread services load shedding, strike action and civil unrest.

Note: Event risk begins Q4.21. Source: Investec

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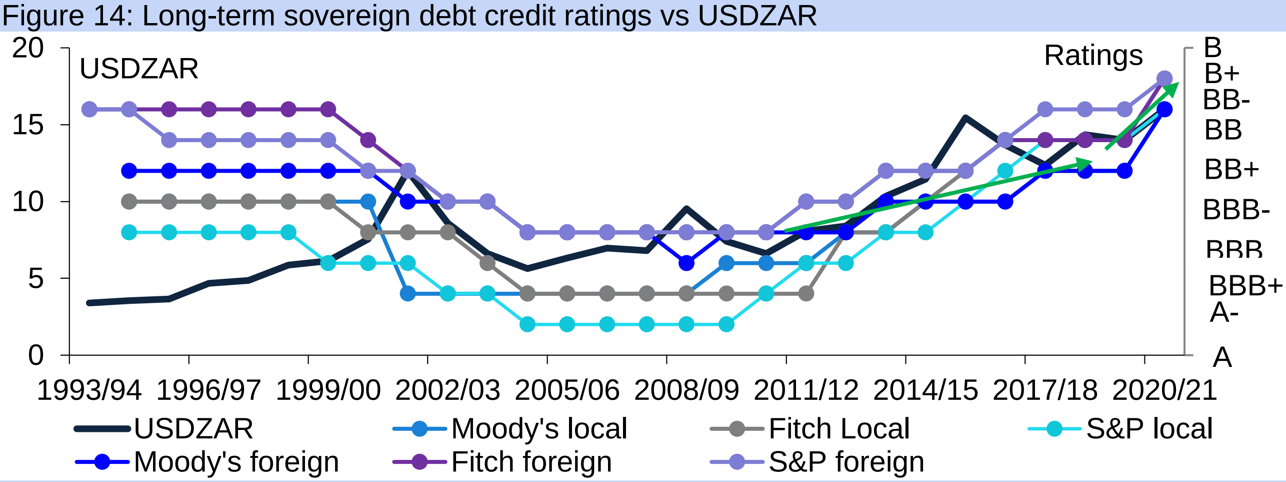
Figure 13: Lite Down Case: Exchange Rate forecasts

	2021				2022				2023			
	Q1.21	Q2.21	Q3.21	Q4.21	Q1.22	Q2.22	Q3.22	Q4.22	Q1.23	Q2.23	Q3.23	Q4.23
USD/ZAR	14.96	14.13	14.64	15.50	16.00	16.65	16.90	17.00	17.50	17.60	17.50	17.20
GBP/ZAR	20.63	19.75	20.18	20.99	21.92	23.14	24.08	24.91	25.90	25.52	25.03	24.60
EUR/ZAR	18.03	17.03	17.26	17.89	18.40	19.15	19.65	20.19	21.18	21.65	21.88	21.50
ZAR/JPY	7.09	7.75	7.52	7.31	7.25	7.06	7.01	7.03	6.74	6.53	6.29	6.22
CHFZAR	16.52	15.51	15.95	16.78	17.44	17.98	18.28	18.52	19.23	19.34	19.23	18.90
AUDZAR	11.56	10.88	10.76	11.26	11.84	12.49	12.84	13.09	13.65	13.73	13.65	13.42
GBP/USD	1.38	1.40	1.38	1.35	1.37	1.39	1.42	1.47	1.48	1.45	1.43	1.43
EUR/USD	1.21	1.21	1.18	1.15	1.15	1.15	1.16	1.19	1.21	1.23	1.25	1.25
USD/JPY	106	109	110	113	116	118	119	120	118	115	110	107

Note: averages, Source: Investec, Iress

The rand's ability to strengthen substantially further however is limited by the slow pace of the SARB's interest rate increases to date in the current cycle, compared to other EMs that started hiking much earlier this year. Markets are differentiating between EMs, with perceived less risker emerging markets, such as China, benefiting from inflows while others such as SA see clear sell-off. The International Institute of Finance (IIF) notes that "(f)or November, EM debt attracted only $6.3 bn in inflows, out of which China debt flows account for $4.2 bn. For the case of EM equities, we see inflows of $9.2 bn, with China equities accounting for $5.0 bn. Regionally, …(the) data shows gains in EM Asia (inflows of around $10.9 bn), with only marginal gains in Latam and EM Europe, whereas the Africa & Middle East region has seen outflows of $4.3 bn". The IIF's "high-frequency tracking shows flows into non-China EM grinding to a halt this quarter, with important emerging markets in a state of de facto financial autarky. Argentina, Brazil and Turkey are most adversely affected in this regard." South Africa's high borrowings and left leaning economic policies, along with its resultant slow economic growth and high

Figure 14: Long-term sovereign debt credit ratings vs USDZAR



Source: Credit rating agencies, National treasury, Bloomberg

Figure 15: Rating tier definitions

Moody's Long-term	Moody's Short-term	S&P Long-term	S&P Short-term	Fitch Long-term	Fitch Short-term	Equivalent to SVO Designations NAIC	Rating description	
Aaa		AAA		AAA			Prime	
Aa1		AA+	A-1	AA+	F1+			
Aa2		AA		AA			High grade	
	P-1					1		
A1		A+		A+				Investment-grade
A2		A	A-1	A	F1		Upper medium grade	
A3		A-		A-				
	P-2		A-2		F2			
Baa1		BBB+		BBB+				
Baa2	P-3	BBB	A-3	BBB	F3	2	Lower medium grade	
Baa3		BBB-		BBB-				
Ba1		BB+		BB+				
Ba2		BB		BB		3	Non-investment grade speculative	
Ba3		BB-		BB-				
			B		B			
B1		B+		B+				
B2		B		B		4	Highly speculative	
B3		B-		B-				
Caa1		CCC+					Substantial risks	Non-investment grade AKA high-yield bonds AKA junk bonds
Caa2	Not prime	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

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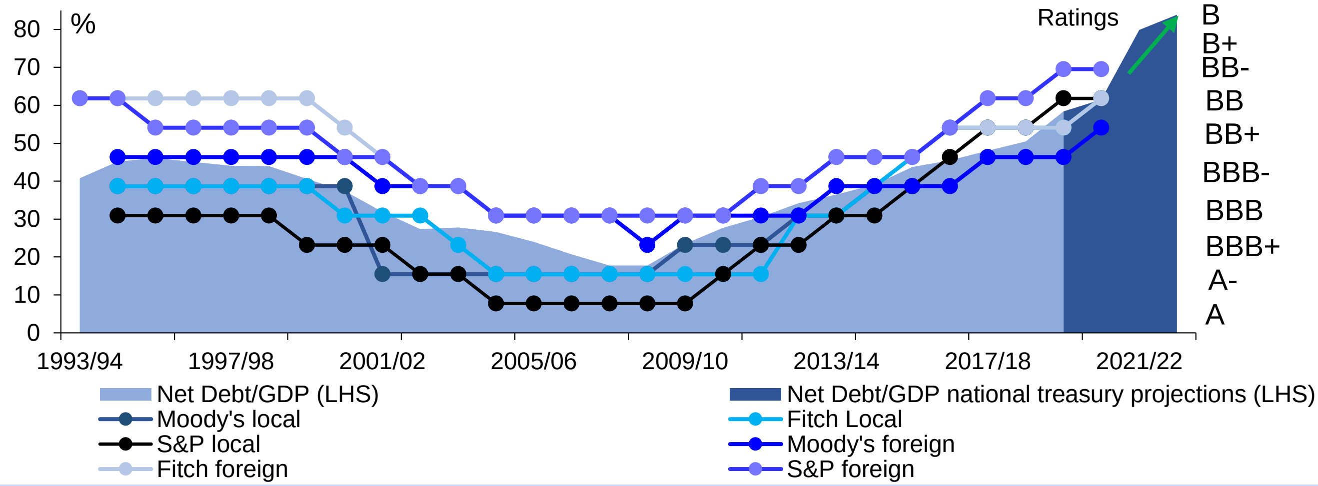
Figure 16: Local currency long-term sovereign debt credit ratings vs. government debt as % GDP

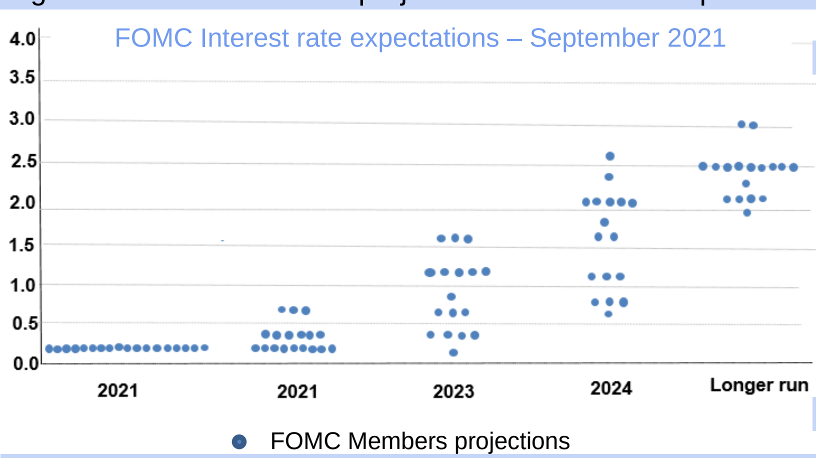


Source: Credit rating agencies, National treasury, Bloomberg

unemployment, see SA still on negative outlooks from two of the three key credit rating agencies. SA continues to increase, not decrease the regulatory burden and red tape environment, weakening the ease of doing business along with substantial loadshedding. Some gains have been made to increasingly use electronic platforms, but other areas still lag substantially such as council approvals of permits and building plans, low civil servant productivity and threats to property rights. The very destructive nature of the July unrest on the economy, infrastructure and business confidence has also negatively impacted SA's attractiveness.

The rand is likely to remain volatile, weakening over the long-term as SA's inflation rates remain well above those of its key trading partners, the EU, US, UK and China, despite short-term dislocation of this relationship in some areas, although not to the rand's benefit.

Figure 17: US interest rate projection from FOMC: September 2021 and Implied Probabilities



Current Implied Probabilities

Meeting Dates	% Hike/Cut	Implied Rate
12/15/2021	-4.2%	0.074
01/26/2022	+9.5%	0.098
03/16/2022	+33.5%	0.181
05/04/2022	+39.5%	0.280
06/15/2022	+35.4%	0.369
07/27/2022	+33.6%	0.452
09/21/2022	+46.8%	0.570
11/02/2022	+28.4%	0.641
12/14/2022	+55.8%	0.780
02/01/2023	+27.0%	0.847

Source: Reuters and Federal Reserve Bank

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Figure 18: 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	0.10	0.10
2021					
Q1	0.00-0.25	0.00	-0.50	0.10	0.10
Q2	0.00-0.25	0.00	-0.50	0.10	0.10
Q3	0.00-0.25	0.00	-0.50	0.10	0.10
Q4	0.00-0.25	0.00	-0.50	0.25	0.10
2022					
Q1	0.00-0.25	0.00	-0.50	0.50	0.10
Q2	0.00-0.25	0.00	-0.50	0.50	0.10
Q3	0.00-0.25	0.00	-0.50	0.50	0.10
Q4	0.00-0.25	0.00	-0.50	0.75	0.10

Source: Macrobond, Investec UK

Figure 19: Target federal funds rate at year-end (%)

	2021	2022	2023	2024	Longer Run
3.000					2
2.875					
2.750					
2.625				1	
2.500					9
2.375				1	1
2.250					4
2.125				6	
2.000					
1.875				1	
1.750					
1.625			3	2	
1.500					
1.375					
1.250					
1.125			6	3	
1.000					
0.875			1	3	
0.750					
0.625		3	3	1	
0.500					
0.375		6	4		
0.250					
0.125	18	9	1		

Source: Federal Reserve Government

Note: Each shaded circle indicates the value (rounded to the nearest 1/8 percentage point) of an individual participant's judgment of the midpoint of the appropriate target range for the federal funds rate or the appropriate target level for the federal funds rate at the end of the specified calendar year or over the longer run. One participant did not submit longer-run projections for the federal funds rate.

Figure 20: 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	0.85	0.87	0.87	0.87
GBPEUR	1.13	1.14	1.13	1.16	1.21	1.17	1.14	1.14	1.14
GBPUSD	1.33	1.28	1.28	1.38	1.41	1.45	1.43	1.43	1.43
USDJPY	110	109	107	110	118	113	107	107	107
EURJPY	130	122	122	130	137	139	134	134	134
GBPJPY	147	139	137	151	167	163	153	153	153
EURCHF	1.16	1.11	1.07	1.09	1.07	1.12	1.14	1.14	1.14
USDCHF	0.98	0.99	0.94	0.92	0.92	0.91	0.91	0.91	0.91
GBPCHF	1.31	1.27	1.20	1.26	1.30	1.32	1.30	1.30	1.30
AUDUSD	0.75	0.70	0.69	0.75	0.76	0.78	0.78	0.78	0.78
EURAUD	1.58	1.61	1.66	1.58	1.54	1.58	1.60	1.60	1.60
AUDJPY	83	76	74	82	89	88	83	83	83
GBPAUD	1.79	1.84	1.86	1.84	1.87	1.86	1.83	1.83	1.83
ZARUSD	13.24	14.44	16.46	14.78	15.48	15.73	15.95	16.18	16.28
ZARGBP	17.64	18.44	21.10	20.35	21.86	22.76	22.81	23.13	23.27
ZAREUR	15.61	16.17	18.77	17.52	17.99	19.42	19.94	20.22	20.34
JPYZAR	8.38	7.55	6.52	7.43	7.62	7.16	6.71	6.62	6.58
ZARCHF	13.53	14.54	17.54	16.16	16.79	17.28	17.53	17.77	17.88
ZARAUD	9.88	10.04	11.35	11.10	11.68	12.27	12.44	12.62	12.69

Source: Iress, Investec

Figure 21: Up Case: Exchange Rate forecasts

	2021				2022				2023			
	Q1.21	Q2.21	Q3.21	Q4.21	Q1.22	Q2.22	Q3.22	Q4.22	Q1.23	Q2.23	Q3.23	Q4.23
USD/ZAR	14.96	14.13	14.64	14.00	13.50	13.40	13.20	13.00	13.00	13.10	13.10	13.20
GBP/ZAR	20.63	19.75	20.18	18.96	18.49	18.63	18.81	19.05	19.24	19.00	18.73	18.88
EUR/ZAR	18.03	17.03	17.26	16.16	15.53	15.41	15.35	15.44	15.73	16.11	16.38	16.50
ZAR/JPY	7.09	7.75	7.52	8.09	8.59	8.77	8.98	9.19	9.08	8.78	8.40	8.11
CHFZAR	16.52	15.51	15.95	15.15	14.72	14.47	14.27	14.16	14.29	14.40	14.40	14.51
AUDZAR	11.56	10.88	10.76	10.17	9.99	10.05	10.03	10.01	10.14	10.22	10.22	10.30
GBP/USD	1.38	1.40	1.38	1.35	1.37	1.39	1.42	1.47	1.48	1.45	1.43	1.43
EUR/USD	1.21	1.21	1.18	1.15	1.15	1.15	1.16	1.19	1.21	1.23	1.25	1.25
USD/JPY	106	109	110	113	116	118	119	120	118	115	110	107

Note averages, Source: Investec, Iress

Rand Outlook: the rand is likely to run between R15.00/USD to R16/USD over 2022, but remains at risk of further weakness

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Figure 22: 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	1.15	1.15	1.15	1.16	1.19	1.21	1.23	1.25	1.25
EURGBP	0.88	0.86	0.86	0.85	0.84	0.83	0.82	0.81	0.82	0.85	0.87	0.87
GBPEUR	1.14	1.16	1.17	1.17	1.19	1.21	1.23	1.23	1.22	1.18	1.14	1.14
GBPUSD	1.38	1.40	1.38	1.35	1.37	1.39	1.42	1.47	1.48	1.45	1.43	1.43
USDJPY	106	109	110	113	116	118	119	120	118	115	110	107
EURJPY	128	132	130	131	133	135	138	142	143	141	138	134
GBPJPY	146	153	152	153	159	163	169	175	175	167	157	153
EURCHF	1.10	1.10	1.08	1.07	1.06	1.07	1.08	1.09	1.10	1.12	1.14	1.14
USDCHF	0.91	0.91	0.92	0.92	0.92	0.93	0.92	0.92	0.91	0.91	0.91	0.91
GBPCHF	1.26	1.28	1.27	1.25	1.26	1.29	1.32	1.34	1.35	1.32	1.30	1.30
AUDUSD	0.77	0.77	0.73	0.73	0.74	0.75	0.76	0.77	0.78	0.78	0.78	0.78
EURAUD	1.57	1.57	1.60	1.59	1.55	1.53	1.53	1.54	1.55	1.58	1.60	1.60
AUDJPY	82	84	81	82	86	88	90	92	92	90	86	83
GBPAUD	1.79	1.82	1.88	1.86	1.85	1.85	1.87	1.90	1.90	1.86	1.83	1.83
ZARUSD	14.96	14.13	14.64	15.40	15.25	15.45	15.70	15.50	15.35	15.75	16.15	15.65
ZARGBP	20.63	19.75	20.18	20.85	20.89	21.47	22.37	22.71	22.72	22.84	23.09	22.38
ZAREUR	18.03	17.03	17.26	17.78	17.54	17.77	18.25	18.41	18.57	19.37	20.19	19.56
JPYZAR	7.09	7.75	7.52	7.36	7.61	7.61	7.55	7.71	7.69	7.30	6.81	6.84
ZARCHF	16.52	15.51	15.95	16.67	16.62	16.68	16.98	16.89	16.87	17.31	17.75	17.20
ZARAUD	11.56	10.88	10.76	11.18	11.29	11.59	11.93	11.94	11.97	12.29	12.60	12.21

Source: Iress, Investec

Figure 23: Up Case: Exchange Rate forecasts

	2021				2022				2023			
	Q1.21	Q2.21	Q3.21	Q4.21	Q1.22	Q2.22	Q3.22	Q4.22	Q1.23	Q2.23	Q3.23	Q4.23
USD/ZAR	14.96	14.13	14.64	14.00	13.50	13.40	13.20	13.00	13.00	13.10	13.10	13.20
GBP/ZAR	20.63	19.75	20.18	18.96	18.49	18.63	18.81	19.05	19.24	19.00	18.73	18.88
EUR/ZAR	18.03	17.03	17.26	16.16	15.53	15.41	15.35	15.44	15.73	16.11	16.38	16.50
ZAR/JPY	7.09	7.75	7.52	8.09	8.59	8.77	8.98	9.19	9.08	8.78	8.40	8.11
CHFZAR	16.52	15.51	15.95	15.15	14.72	14.47	14.27	14.16	14.29	14.40	14.40	14.51
AUDZAR	11.56	10.88	10.76	10.17	9.99	10.05	10.03	10.01	10.14	10.22	10.22	10.30
GBP/USD	1.38	1.40	1.38	1.35	1.37	1.39	1.42	1.47	1.48	1.45	1.43	1.43
EUR/USD	1.21	1.21	1.18	1.15	1.15	1.15	1.16	1.19	1.21	1.23	1.25	1.25
USD/JPY	106	109	110	113	116	118	119	120	118	115	110	107

Note averages, Source: Investec, Iress

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Rand Outlook: the rand is likely to run between R15.00/USD to R16/USD over 2022, but remains at risk of further weakness

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Figure 24: Exchange rate history and forecast: quarterly averages

		2024				2025				
	Q1.24	**Q2.24**	**Q3.24**	**Q4.24**	**Q1.25**	**Q2.25**	**Q3.25**	**Q4.25**	**Q1.26**	**Q2.26**
EURUSD	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
EURGBP	0.87	0.87	0.87	0.87	0.87	0.87	0.87	0.87	0.87	0.87
GBPEUR	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14	1.14
GBPUSD	1.43	1.43	1.43	1.43	1.43	1.43	1.43	1.43	1.43	1.43
USDJPY	107	107	107	107	107	107	107	107	107	107
EURJPY	134	134	134	134	134	134	134	134	134	134
GBPJPY	153	153	153	153	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
USDCHF	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91
GBPCHF	1.30	1.30	1.30	1.30	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
EURAUD	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60
AUDJPY	83	83	83	83	83	83	83	83	83	83
GBPAUD	1.83	1.83	1.83	1.83	1.83	1.83	1.83	1.83	1.83	1.83
ZARUSD	15.45	15.95	16.45	15.95	15.85	16.55	16.25	16.05	15.95	16.65
ZARGBP	22.09	22.81	23.52	22.81	22.67	23.67	23.24	22.95	22.81	23.81
ZAREUR	19.31	19.94	20.56	19.94	19.81	20.69	20.31	20.06	19.94	20.81
JPYZAR	6.93	6.71	6.50	6.71	6.75	6.47	6.58	6.67	6.71	6.43
ZARCHF	16.98	17.53	18.08	17.53	17.42	18.19	17.86	17.64	17.53	18.30
ZARAUD	12.05	12.44	12.83	12.44	12.36	12.91	12.68	12.52	12.44	12.99

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Figure 25: Severe Down Case: Exchange Rate forecasts

		2021				2022				202
	Q1.21	Q2.21	Q3.21	Q4.21	Q1.22	Q2.22	Q3.22	Q4.22	Q1.23	Q2.23
USD/ZAR	14.96	14.13	14.64	16.00	16.80	17.50	18.00	18.50	18.70	19.20
GBP/ZAR	20.63	19.75	20.18	21.67	23.01	24.32	25.65	27.10	27.68	27.84
EUR/ZAR	18.03	17.03	17.26	18.47	19.32	20.13	20.93	21.97	22.63	23.62
ZAR/JPY	7.09	7.75	7.52	7.08	6.90	6.71	6.58	6.46	6.31	5.99
CHFZAR	16.52	15.51	15.95	17.32	18.31	18.90	19.47	20.15	20.55	21.10
AUDZAR	11.56	10.88	10.76	11.62	12.43	13.13	13.68	14.25	14.59	14.98
GBP/USD	1.38	1.40	1.38	1.35	1.37	1.39	1.42	1.47	1.48	1.45
EUR/USD	1.21	1.21	1.18	1.15	1.15	1.15	1.16	1.19	1.21	1.23
USD/JPY	106	109	110	113	116	118	119	120	118	115

Note: averages, Source: I

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