

South African rand weakens after China rate cut

The South African rand slipped on Tuesday, 15 August, after China's central bank surprisingly cut key policy rates to boost a sputtering economic recovery in South Africa's biggest trading partner.



Source: Reuters.

The rand had also fallen on Monday on worries over the health of China's economy, the world's second largest. After a broad array of lackluster Chinese data on Tuesday, the People's Bank of China cut one set of key interest rates, and followed it with cuts on other rates.

"The rand has been on the backfoot... after concerns around the Chinese economy grew when the PBoC decided to unexpectedly cut interest rates," said DailyFX analyst Warren Venketas in a research note.

At 1544 GMT, it traded at 19.1325 against the US dollar, around 0.2% weaker than its previous close.

Locally, data from Statistics South Africa showed the country's official unemployment rate dropped marginally in the second quarter to 32.6%, its lowest level since the first quarter of 2021.

Analysts polled had predicted the official unemployment rate would come in at 32.9%, the same as in the first quarter.

"Although it has improved moderately from levels recorded during the (Covid-19) pandemic, it remains at an elevated level,"

said Investec analyst Lara Hodes.

Shares on the Johannesburg Stock Exchange fell, with the blue-chip Top-40 index ending over 0.8% lower. South Africa's benchmark 2030 government bond was also weaker, the yield up 2.5 basis points at 10.355%.

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