

South Africa's rand retreats from 16-month high against dollar

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The rand weakened in early trade on Tuesday, breaking back above 14.000 against the US dollar, in cautious trade ahead of local manufacturing data and US inflation figures.



A street money changer counts South African rands in Harare, Zimbabwe, file. Reuters/Philimon Bulawayo

At 0631 GMT, the rand traded at 14.0600 against the dollar, 0.31% weaker than its previous close.

On Monday, the rand rallied to 13.9650 - its strongest since early January 2020.

"The rand yesterday posted gains beyond the 14.00 level; however, this scenario was of limited duration, as the momentum dissipated... as various politically oriented headlines dominate and the vaccination programme remains sub-optimal," Nedbank analysts wrote in a client note.

The governing African National Congress (ANC) suspended Secretary General Ace Magashule last week in line with tougher rules for members charged with corruption and other serious crimes. Such members have been told to "step aside" or vacate their positions within 30 days or face suspension.

Magashule has called corruption charges against him flimsy and said he was being treated unfairly.

On Monday President Cyril Ramaphosa said the party will further discipline Magashule, if he does not apologise for a letter he wrote resisting his suspension.

Politics aside, investors are awaiting local manufacturing data due on Tuesday as well as U.S. consumer price figures on Wednesday to measure whether inflationary pressure was building.

Government bonds firmed in early deals, with the yield on the instrument due in 2030 slipping 5 basis points to 8.940%.

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