

FOMC minutes put the brakes on the rand

By  Andre Cilliers

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The Federal Open Market Committee (FOMC) minutes showed that the Fed remains resolute in bringing down inflation, indicating that although the pace of rate hikes will slow, rates will remain higher for longer. A strong jobs openings (Jolts) report further supported the Fed's hawkish stance.



Source: JSE

The rand, which had traded on the front foot for most of yesterday as it briefly broke below R16.80 at one point, softened to close at R16.88. The rand has slipped further this morning in line with softer EM currencies and currently sits at R16.96.

The DXY index is flat at 105.30 this morning, with the dollar flat against the euro at 1.0608 and firmer against the pound at 1.2040. Friday's US unemployment and payroll data will be closely watched, but the really important number is next week's US CPI. Asian equity markets are in the green this morning following a positive close on Wall Street last night.

Brent crude closed nearly 5.5% weaker at \$77.84 yesterday and has now lost 9.0% in three days.

Global recession fears and the spike in China's Covid cases keep the price under pressure. Brent is a touch firmer at \$78.80 this morning, while WTI is at 73.40.

Gold and Palladium made good gains yesterday, but Platinum closed slightly softer. Prices are fairly flat this morning at

\$1,852 for Gold, at \$1,075 for Platinum, and at \$1,795.

ABOUT ANDRE CILLIERS

Andre is the Currency Risk Strategist at TreasuryONE. Andre's career in treasury spans more than 30 years. He has gained his extensive currency risk experience in both the banking and corporate arena. Before joining TreasuryONE, Andre headed up the treasury department for a Tier One German international bank in South Africa.

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