

The state of the rand



By [Andre Cilliers](#)

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The big news out of President Cyril Ramaphosa's State of the Nation (Sona) address last night was the declaration of a National State of Disaster on electricity with immediate effect, and the announcement of a minister of electricity.



Source: Reuters. President Cyril Ramaphosa delivering his Sona address in parliament.

In general, analysts appear to be skeptical of the government's plans, with concerns once again being raised about corruption and the cost, with government debt already at uncomfortable levels.

The rand is slightly weaker at R17,80 this morning, having closed at R17,75 last night. The rand's current weakness has more to do with the firmer dollar and softer EM markets than as a result of Sona for now.

The dollar remains on the front foot after a jump in US bond yields overnight. The yield curve inversion between the two-year and 10-year yields is now at its widest since the 1980s. The two-year yield is currently at 4.50%, while the 10-year yield is at 3.67%.

The dollar is trading firmer against the euro and pound at 1.0725 and 1.2100, respectively. The higher yields and recession concerns are weighing on risk sentiment and the equity markets.

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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