

## Rand Pares Worst Quarterly Losing Streak in 12 Years on Exports

2013-06-26 09:32:28.649 GMT

By Jaco Visser

June 26 (Bloomberg) -- The rand strengthened, paring its longest quarterly losing streak in almost 12 years, as exporters converted earnings from abroad to the local currency.

"There was some inflows from local companies translating their foreign exchange earnings," Edwin Smit, a derivatives trader at EDI (Pty) Ltd., said by phone from the capital Pretoria.

The rand gained as much as 0.8 percent to 10.0288 per dollar and was trading 0.4 percent stronger at 10.0676 as of 11:30 a.m. in Johannesburg. The currency has lost 8.3 percent over the past three months, heading for its fifth quarterly decline in the worst stretch of declines since the final three months of 2001. Yields on 10.5 percent government bonds due December 2026 fell for a second day, declining three basis points, or 0.03 percentage point, to 8.20 percent.

South Africa, the world's largest miner of platinum, used as catalytic converters in vehicles, and the fifth-largest producer of gold, relies on raw materials for more than 50 percent of its foreign exchange earnings. The continent's largest economy ships about a third of its manufactured goods to countries that share the euro.

The spot price of gold declined for a third day, slumping as much as 3.6 percent as U.S. economic data beat estimates, strengthening the case for reduced stimulus from the Federal Reserve. Durable goods orders in the world's largest economy rose more than forecast in May, while consumer confidence for June exceeded projections, data showed yesterday.

### Rate Increase

South African forward-rate agreements are pricing in a more than 80 percent probability that the nation's central bank will increase its benchmark interest rate before November, FirstRand Ltd.'s Rand Merchant Bank said in an e-mailed note to clients today. These contracts are used by investors to speculate on future rate movements.

The U.S., the world's biggest economy, probably expanded by 2.4 percent in the three months through March, unchanged from the last quarter of 2012, according to the median estimate of 82 economists surveyed by Bloomberg.

For Related News and Information:

Foreign-Exchange Information Portal: FXIP <GO>

Top South Africa: TOP ZA <GO>  
Stories on South African bonds: NI SJB <GO>  
Top Currency Stories: TOP FX <GO>  
Currency Forecasts: FXFC <GO>

--Editors: Vernon Wessels, Ash Kumar

To contact the reporter on this story:  
Jaco Visser in Johannesburg at +27-11-286-1922 or  
[avisser3@bloomberg.net](mailto:avisser3@bloomberg.net)

To contact the editor responsible for this story:  
Vernon Wessels at [+27-11-286-1937](tel:+27-11-286-1937) or  
[vwessels@bloomberg.net](mailto:vwessels@bloomberg.net)