Local Markets:

- Intraday the ZAR strengthened to test 14.12 over night before making a retracement this morning to test 14.18.

- As we head into the weekend, it has been a generally good week for the ZAR that made back much of the ground lost last week. In trying to retrofit reasons for the latest ZAR move, some have attributed it to the breaking news out of the UK regarding Brexit. The timing of May's announcement and the ZAR's appreciation do coincide, but it is not clear that this is the reason.

- The EUR certainly appears to have responded strongly to the news and has made back a lot of ground vs the GBP, but it was interesting to note the relatively muted response of the USD vs the GBP to the announcement. Had the Brexit news been the main catalyst, we would have noted more robust appreciation by many other currencies including the USD.

- To add to that the improvement in SA's terms of trade on account of the oil price collapsing against a backdrop of tighter monetary conditions which are generally more supportive of the ZAR and one has a cocktail of influencing factors that will assist the ZAR regain its footing.

- In between now and the next few months where the ZAR appreciation is expected to unfold, the environment has turned into one where any bit of good news related to SA will more often than not generate a positive response from the ZAR. Emerging market risk factors have for the time being shifted to the side lines following the reset that took place in recent months and SA's underlying fundamentals are more likely to reassert themselves.

- Looking at the day ahead, equity markets are rallying to offer some boost to risk appetite and emerging market sentiment has improved. It promises to be a good end to the trading week for the ZAR and selling USD upticks may well be the preferred strategy of choice today.

- Technically, USD-ZAR support below 14.1000 looks fairly strong, especially with the SARB's MPC looming next week, but such levels still stand a good chance of being tested.

- Range for the day: 14.05/3500
USDZAR

- Intraday techs show that the ZAR has strengthened testing as low as 14.12 currently we are at 14.18.
- The next upside level is 14.24. A break above this level could signal a move toward 14.31.
- The level on the downside is 14.14. A break below this level could signal a move toward 14.08.

EURZAR

- Intraday techs show that the ZAR has strengthened testing as low as 16.06 currently we are at 16.08.
- Importers Look to buy from 15.50– 16.00. Exporters sell upticks toward 16.25.
- The next upside level 16.15. A break above this level could signal a move to 16.20.
- The level on the downside is 16.03, A break below this level could signal a move toward 15.90.

GBPZAR

- Intraday techs show that the ZAR has strengthened testing as low as 18.04 currently we are at 18.16.
- Importers Look to buy from 18.00 – 18.10. Exporters sell upticks toward 18.25.
- The next upside level is 18.20. A break above this level could signal a move 18.43.
- The level on the downside is 18.00. A break below this level could signal a move toward 17.93