

South Africa's rand recovers

South Africa's rand firmed early today, recovering from last week's plunge to its lowest since October 2020.



Source: Reuters/Mike Hutchings/Illustration

This follows concerns around the discovery of a Covid-19 variant in the country.

At 0630 GMT, the Rand traded at 16.1250 against the Dollar, 1% firmer than its close on Friday, when it sank to 16.3675.

Global authorities reacted with alarm on Friday to the new variant, Omicron, which was detected in South Africa, with the EU and Britain among those tightening border controls as scientists sought to find out if the mutation was vaccine-resistant.

Omicron: little known

With little still known about the new coronavirus strain, market participants remained cautious.

"While the initial knee-jerk of the variant seems to be over, we still see some vulnerability in the EM market, with the stronger dollar posing a risk," Andre Cilliers, currency strategist at TreasuryONE, said in a note.

No new lockdown measures

"It will also be a boon to the local market as the President [Cyril Ramaphosa] did not announce any new lockdown measures in his address last night," he said.

Opting not to impose further coronavirus curbs, Ramaphosa said on Sunday that authorities were considering making Covid-19 shots compulsory for certain places and activities, as a rise in infections linked to a new variant threatened to become a fourth wave.

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