

Rand Exposé – the Fundamental Truth

This is a quarterly supplement to the annual issue (latest March 2013)

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INTRODUCTION & EXPLANATORY NOTES

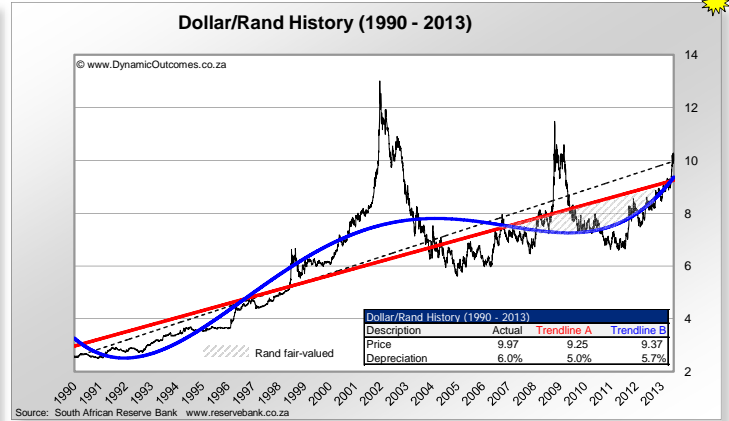
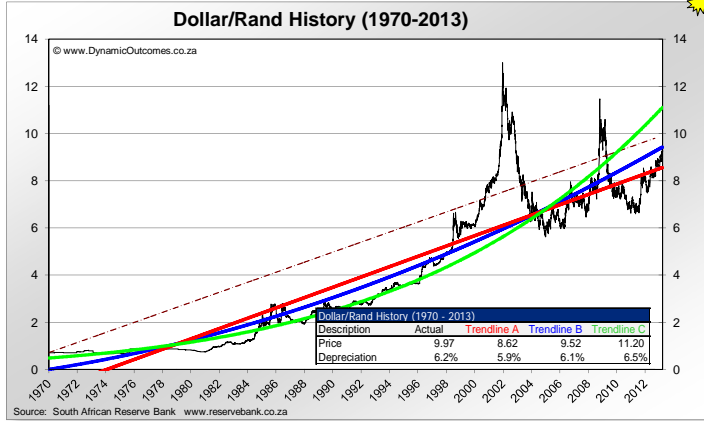
As from June 2013, the format of this report has been changed and improved. Instead of a full *Rand Exposé* being issued each Quarter (as it has been done in the past), it has been decided, in order to make assimilation of the updated data easier, to issue only one full *Rand Exposé* update annually following release of the previous year's full data by the Reserve Bank in March of each year. For each Quarter thereafter (in June, September and December), an Appendix will be issued with updated tables and charts under headings which reference the Sections in the full *Rand Exposé*. Where these have been updated since the previous issue, the charts and tables will be marked with a yellow star.

SUMMARY TRENDLINE VALUES FOR THE RAND

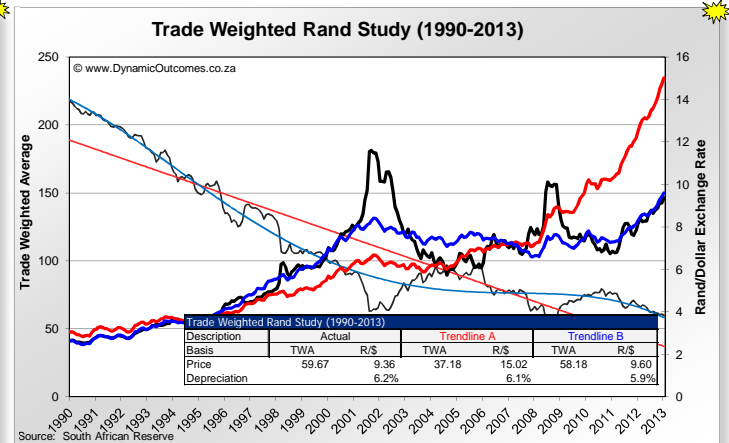
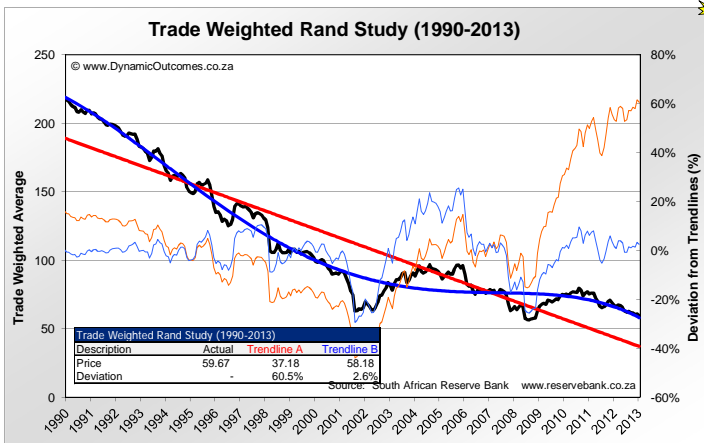
43+ Year History	Value	Depr p.a.
1970 – 2013 Actual	9.97	6.2%
1970 – 2013 Linear Trendline	9.95	5.9%
1970 – 2013 Polynomial Trendline	9.50	6.1%
1970 – 2013 Exponential Trendline	11.20	6.5%

23+ Year History	Value	Depr p.a.
Jan 1990 – Jun 2013 Actual	9.97	6.0%
Jan 1990 – Jun 2013 Linear T/L	9.25	5.0%
Jan 1990 – Jun 2013 Polynomial T/L	9.37	5.7%
Trade Weighted Linear Trendline	15.02	
Trade Weighted Polynomial T/Line	9.60	

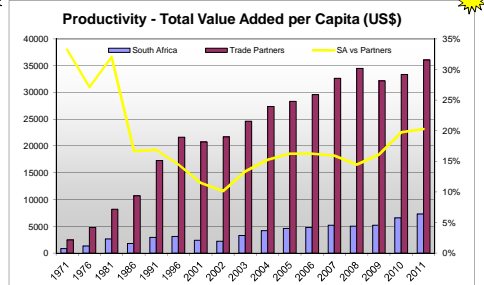
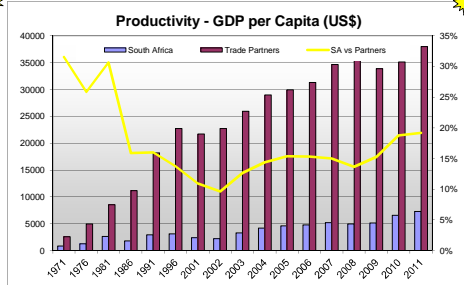
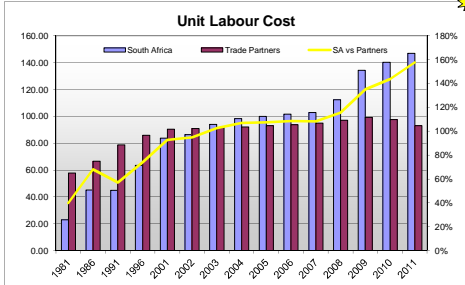
WHAT IS THE RAND'S PRESENT TRENDLINE VALUE (SECTION 4)



WHAT IS THE RAND'S PRESENT TRADE WEIGHTED TRENDLINE VALUE (SECTION 5)



INTERNATIONAL COMPETITIVENESS (SECTION 6 CONTD)



INTERNATIONAL COMPETITIVENESS (SECTION 6)

	Annual Differentials		
	1981-2011	1991-2011	Future
Primary Factors (Quantifiable Effects)	21.4%	8.4%	8.4%
Labour Cost	15.9%	10.4%	10.4%
Productivity	5.6%	-2.1%	-2.1%
Secondary Factors (Semi-definable Effects)	2.0%	2.0%	5.0%
AIDS Pandemic			↑
Black Economic Empowerment			↑
Emigration of Skilled Labour/Professionals			↑
Structural Factors (Indefinable Effects)		1.0%	4.0%
Infrastructure Inefficiencies (Transportation/Energy/Fuel)			↑
Crime and Security Factors			↑
Immigration Burden Costs			↑
Illiteracy/Education Levels			↑?
Unemployment Burden Costs			↑
Delivery Costs (remoteness from major markets)			→
Total		11.4%	17.4%

SOUTH AFRICA'S ECONOMY - A SIMPLISTIC VIEW (SECTION 7)

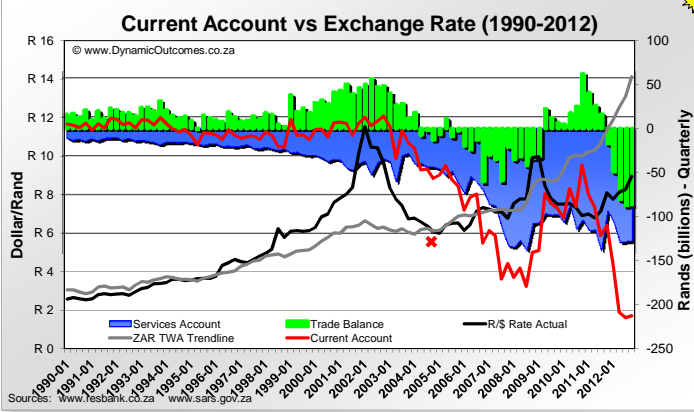
		Income Statement for RSA (Pty) Ltd										
Ordinary Description	Technical Description	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Sales	Exports	333	291	311	358	448	538	704	556	625	747	767
Cost of Sales	Imports	-283	-265	-312	-360	-477	-574	-740	-554	-598	-730	-843
Gross Profit/Loss	Trade Balance	50	27	-1	-2	-29	-36	-36	2	27	16	-76
Other Revenue	Offshore Services	57	68	69	80	93	110	123	118	119	127	146
Expenditures	Offshore Investment Interest/Dividends	20	18	18	26	37	43	42	27	26	30	40
	Foreign-sourced Services	-70	-75	-85	-104	-126	-148	-178	-166	-171	-178	-200
	Foreign Investment Interest/Dividends	-47	-51	-43	-54	-69	-109	-113	-78	-77	-94	-108
Net Other Revenue	Services Account	-41	-39	-42	-52	-65	-104	-126	-99	-102	-115	-122
Total Net Income	Current Account	10	-13	-43	-54	-94	-141	-162	-97	-75	-99	-198
	% of GDP	0.8%	-1.0%	-3.0%	-3.5%	-5.3%	-7.0%	-7.2%	-4.0%	-2.8%	-3.4%	-6.3%
Cash outflow requiring short-term funding:												
Bank Overdraft/Loans	Foreign-sourced Loans	0	-13	-43	-54	-94	-141	-162	-97	-75	-99	-198

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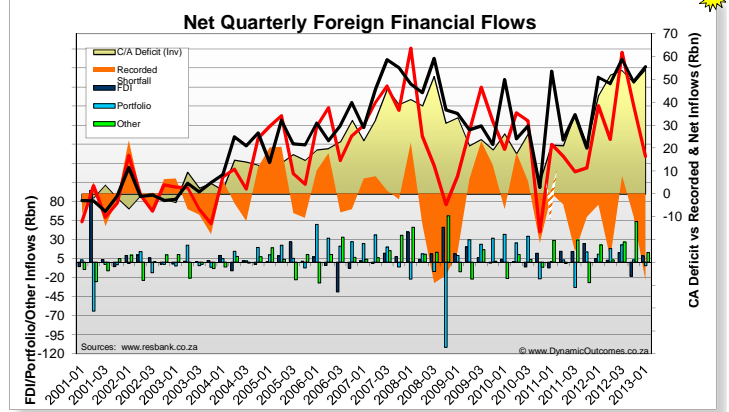
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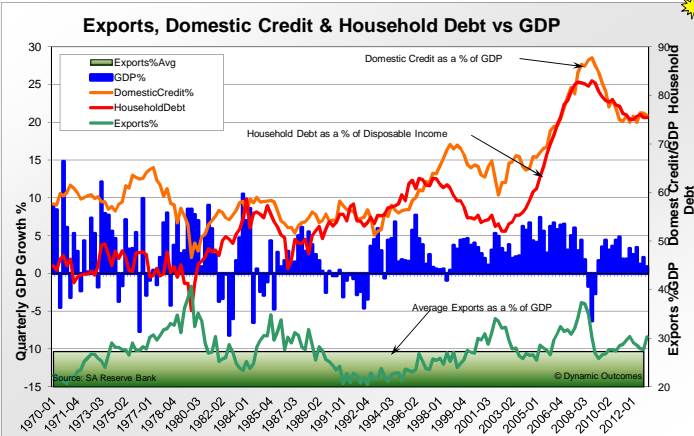
THE CURRENT ACCOUNT AND ITS COMPONENTS (SECTION 8)



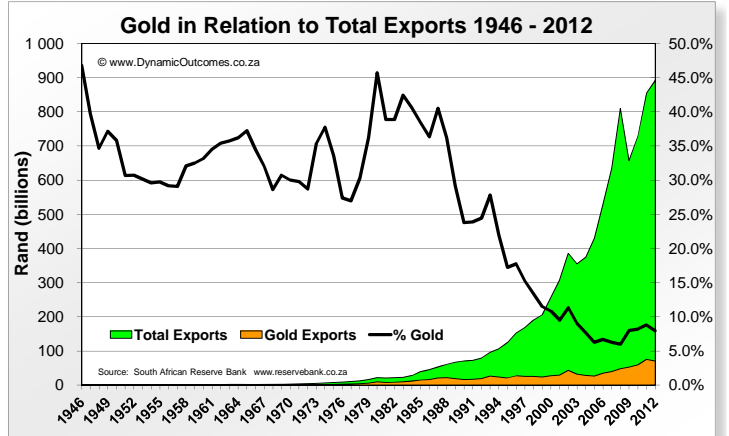
BALANCE OF PAYMENTS – THE ACHILLES HEEL (SECTION 9)



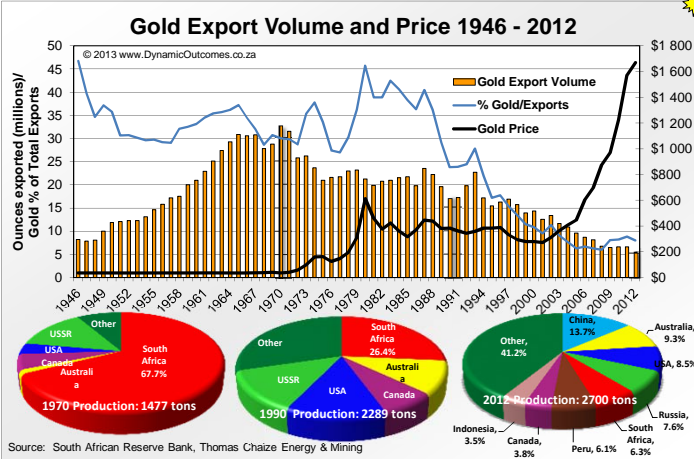
HAS RECENT GDP GROWTH BEEN HEALTHY (SECTION 10)



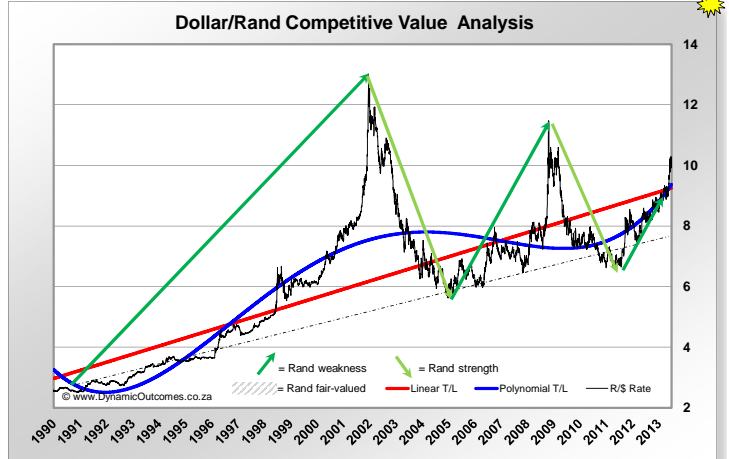
HAVE WE BENEFITTED FROM GOLD & WILL WE (SECTION 11)



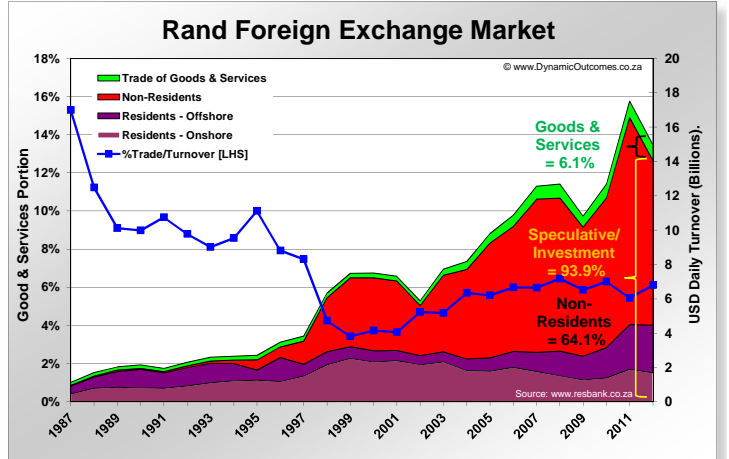
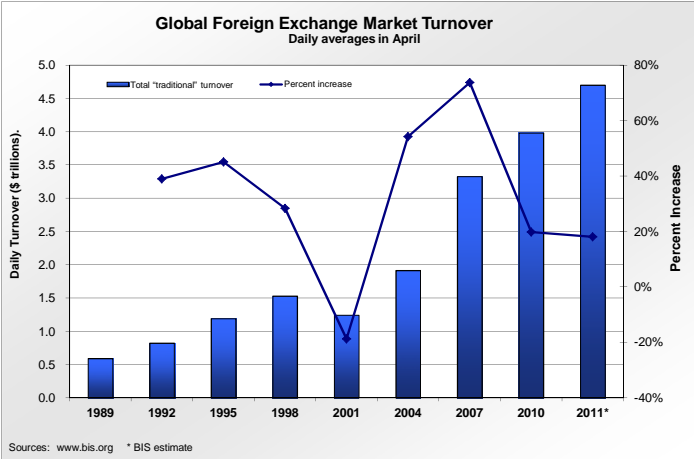
HAVE WE BENEFITTED FROM GOLD & WILL WE (SECTION 11) - CONTD



WHAT ACTUALLY MOVES EXCHANGE RATES? (SECTION 12)



THE GLOBAL & RAND FOREIGN CURRENCY (SECTION 13)



For more info on the Rand and what actually moves it, and forecasts for the future visit www.forexforecasts.co.za