

Rand volatility raises risks for South African exporters

South Africa's exporters face a double-edged reality. On one hand, agricultural shipments, tourism, and SMEs are expanding globally, signalling strong growth. On the other hand, the local currency's swings are increasingly shaping outcomes, turning opportunities into risks almost overnight.

By [James Booth](#)

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The Rand reacts sharply to global interest rates, geopolitical events, and investor sentiment, or disconnected from domestic fundamentals. For businesses trading internationally, this unpredictability can boost competitiveness one day and erode margins the next.

When a weaker Rand works in your favour

In theory, a weaker Rand should benefit South African exporters. When the currency depreciates, South African goods and services become cheaper for international buyers.

For sectors like agriculture, tourism, and manufacturing, this can create a competitive advantage. A weaker currency can make South African citrus, wine, manufactured goods or hospitality services more attractive in global markets. Yet, the reality for exporters is rarely that simple.

The real problem is unpredictability

While a weaker Rand can support exports, unpredictable currency swings create significant financial pressure for businesses.

Many export transactions are agreed weeks or months before payment is received. Agriculture shipments, for example, may be priced in dollars while the goods are still being packed, transported and shipped. During that time, exchange rates can move dramatically.

If the Rand strengthens unexpectedly, the exporter may receive fewer rands than originally expected. Margins that looked healthy when the deal was signed can quickly shrink or disappear altogether.

This is why the real challenge for exporters is not simply whether the Rand is weak or strong, but how volatile it is.

Importers face the opposite risk

Importers experience the other side of the same coin.

When the Rand weakens sharply, the cost of importing goods, equipment or services rises almost immediately. Businesses that rely on international suppliers suddenly face higher costs and squeezed margins.

Retailers, manufacturers and hospitality businesses often have limited ability to adjust prices quickly, which means currency movements can hit profitability directly.

In an environment where global uncertainty is already high, these sudden cost shifts can be difficult to manage.

Currency risk can no longer be an afterthought

For many South African businesses, foreign exchange has historically been treated as something that sits in the background of a transaction.

But as more companies expand into international markets, that mindset is starting to change.

Forward contracts, for example, allow businesses to lock in exchange rates for future transactions giving them certainty around pricing and cash flow. Multi-currency accounts and faster cross-border payment infrastructure can also help companies manage international transactions more efficiently.

However, the goal is not to try to predict exactly where the Rand will move next. Even the most experienced analysts struggle to do that consistently. The real objective is to remove uncertainty from the equation.

Managing volatility, not predicting it

Today, South Africa's exporters are well-positioned to compete globally as the demand for high quality agricultural products, tourism experiences and services continues to grow.

But in a world where currencies can move dramatically on the back of a single global headline, businesses that actively manage their currency exposure will have a clear advantage.

Increasingly, the difference between a profitable international deal and a disappointing one is not just about what you sell, it's about how you manage the currency risk that comes with selling it.

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