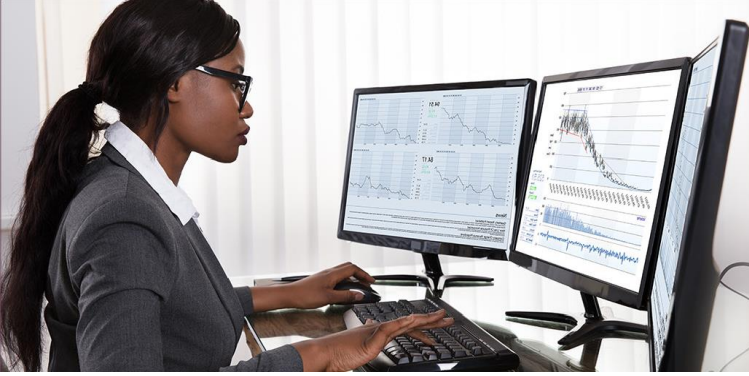


# Botswana Market Watch



GMT	Country	Data event or release	Period	Market Exp	Previous
-	<b>BW</b>	No Data			
<b>01:30</b>	<b>CH</b>	PMI manufacturing	Feb	52.6 (a)	50.1
<b>01:45</b>	<b>CH</b>	Caixin manufacturing PMI	Feb	51.6 (a)	49.2
<b>08:55</b>	<b>GE</b>	S&P Global/BME manufacturing PMI	Feb F	46.5	46.5
<b>09:00</b>	<b>EZ</b>	S&P Global/BME manufacturing PMI	Feb F	48.5	48.5
<b>13:00</b>	<b>GE</b>	CPI y/y	Feb P	8.60%	8.70%
<b>14:45</b>	<b>US</b>	S&P Global PMI manufacturing	Feb F	47.8	47.8
<b>15:00</b>	<b>US</b>	ISM manufacturing PMI	Feb	47.8	47.4

Factors Overnight	What happened?	Relevance	Importance	Analysis
<b>US consumer confidence</b>	Conf. Board consumer confidence stats published yesterday reflected an unexpected deterioration in household sentiment in February, driven entirely by expectations for a weaker economy in the future	While the US economic outlook remains uncertain, data suggest that current economic conditions remain strong	<b>4/5</b> (economy)	While the extraordinary tightness of the US labour market continues to support household sentiment, diminishing savings, a growing reliance on credit, and a rise in credit delinquency rates spell trouble on the horizon, as reflected in weaker household expectations
<b>Russia-Ukraine war</b>	The intensity of fighting is increasing as Russian forces continue to attack the Ukrainian city of Bakhmut in their quest for a breakthrough in the year-long war	The risk of a further escalation of the war remains prevalent, with the loss of life, infrastructure, and economic potential all at stake	<b>3/5</b> (war, geopolitics)	The Russian offensive is expected to pick up in the coming weeks, which could lead to an escalation of the war should Ukraine's Western allies opt to get more involved
<b>China PMI data</b>	In the latest signs of a strong economic rebound, China's manufacturing PMI rose to an April 2012 high of 52.6 in Feb, while the non-manufacturing PMI climbed to 56.3	An economic rebound in China will support the global growth outlook and have a significant impact on commodity demand	<b>4/5</b> (economy)	High PMI prints out of China left little doubt that the economy is staging a strong, broad-based rebound after Covid restrictions were abandoned at the end of last year

Factors on the Radar	What happened?	Relevance	Importance	Analysis
<b>Eurozone inflation</b>	Eurozone CPI data scheduled for release this week will likely reflect moderating headline inflation in Feb, but core inflation may remain high and sticky	Disinflation in Europe points to the eventual end of the ECB's rate-hike cycle, although persistent upside risks will keep the central bank cautious	<b>5/5</b> (economy, monetary policy)	Disinflation is starting to take hold in Europe as energy price pressures ease, but sticky core inflation speaks to the pass-through of higher input costs and wage growth that will keep the ECB hawkish for a while longer
<b>US labour market</b>	Initial jobless claims data scheduled for publication on Thursday are expected to show a seventh straight print of below 200k in the week through 24 Feb	The US labour market is a key determinant of when a Fed policy pause and pivot can take place	<b>4/5</b> (labour market, inflation, monetary policy)	The US labour market remains tight, but layoffs should rise in the coming months as the economy loses momentum after an aggressive rate-hike cycle and a period of very high inflation
<b>US budget proposal</b>	President Biden said he would announce higher taxes in his March 9 budget proposal, particularly for the relatively wealthy, as he looks to shore up the country's fiscus	While the US's past fiscal profligacy was supported by the USD's reserve currency status, fundamentals may eventually re-establish themselves	<b>4/5</b> (fiscal policy)	Biden, under pressure from Republicans threatening not to raise the US debt limit unless he agrees to spending cuts, has vowed to cut the US deficit by \$2trn over a decade in the upcoming budget

## Highlights news vendors

**BUSINESS LIVE** - [Eskom fraud: exorbitant prices paid at Tutuka power plant](#)

**FT** - [Bola Tinubu wins tightest Nigerian presidential election in decades](#)

**REUTERS** - [S.Africa's Harmony Gold half-year profit up 18%](#)

**SOUTH CHINA POST** - [Nigeria's Bola Tinubu wins presidency in disputed election](#)

## Local and regional talking points

### Corporate Foreign Exchange

	CUSTOMER BUY		CUSTOMER SELL	
	CASH	CASH	TT	TT
BWPZAR	1.31856	1.33008	1.3439698	1.427065
BWPUSD	0.072096	0.093496	0.0734854	0.077971
GBP/BWP	16.550664	16.688464	16.192597	15.725668
BWPEUR	0.073632	0.074256	0.069561	0.072828
JPY/BWP	10.6496	10.7328	10.0608	10.5006
USDZAR	17.554752	19.03616	17.966192	18.62432
EURUSD	1.017408	1.102608	1.0412535	1.0787535
GBPUSD	1.156512	1.253304	1.1836178	1.22618925

### Interbank Spot Foreign Exchange

	Close	Change		BWPUSD	BWPZAR
BWPUSD	0.0751	0.0001	1m	-2.1255	-1396.26
BWPGBP	0.0623	-1E-04	3m	-6.40575	-2723.586
BWPEUR	0.0708	0.00	6m	-11.33925	-4765.257
BWPZAR	1.3735	-0.0061	12m	-22.4445	-9387.197

### Forward Foreign Exchange

	Close	Change		BWPUSD	BWPZAR
BWPUSD	0.0751	0.0001	1m	-2.1255	-1396.26
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### Dollar Index

Dollar Index	104.832	-0.037
EURUSD	1.0596	0.002
GBPUSD	1.2048	0.0028
USDJPY	136.34	0.14
USDNGN	459.97	0
USDZAR	18.2877	-0.061

### Local Fixed income

Yield curve	Close	Change		Close	Change
6m	5.385	0.001	SA 10y	10.11	0.045
3y	5.29	-0.05	US 10y	3.914	-0.008
5y	6.38	0.18	German 10y	2.634	0.047
20y	8.83	0.03	Spread SA 5y vs Bots 5y bpts		
22y	8.99	0.09		219	-19

### International Fixed Income

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### Equities

	Close	Change		Close	Change
VIX	20.7	-0.25	Gold	1827.15	9.84
Dow Jones	32656.7	72.17	Brent Crude	1817.31	1.44
FTSE	7876.28	56.45	3m Copper	1810.81	159
JSE All share	77733.87	576.01	LME Index	1822.64	27.6
Bots DCIBT	7847.21	4.79	1 carat index	1825.04	
Nigeria Index	55806.26	379.21			

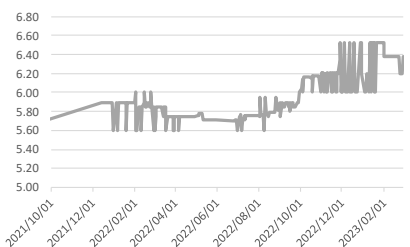
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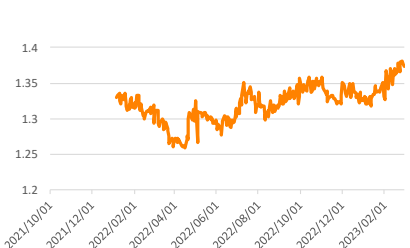
### Spot BWP



### BWP 5y local bond yield



### BWP-ZAR



- In regional data, South Africa's trade balance moved deeper into negative territory in January, recording a deficit of -R23.1bn from a trade surplus of R5n in December. This is the largest trade deficit since April 2020. The preliminary trade balance deficit excluding Botswana, Eswatini, Lesotho, and Namibia for January 2023 was R30.26bn. This was a result of exports of R126.81bn and imports of R157.07bn.

- The cumulative twelve-month trade balance, however, remains in surplus. On a m/m basis, exports decreased by R23.48bn from R162.83bn to R139.36bn (-14.4%) between December 2022 and January 2023, and imports increased by R4.56bn from R157.85bn to R162.41bn (2.9%) over the same period.

- The deficit in SA's trade balance is primarily a result of increased imports. Oil imports have been a major contributor to the rise in import costs, given the price of oil and diesel demand to prevent load-shedding and the loss of domestic refining capacity. With oil prices likely to remain elevated, imports will remain elevated through the months ahead. Furthermore, exports are being hampered by a combination of intense load shedding and Transnet's underperformance, which have constrained the country's ability to ship goods and process them for export.

## Financial Market Commentary

- After three unsuccessful attempts at the 18.5000 mark, the USD-ZAR is trading lower and currently testing 18.3000. The market may still have another go at 18.5000 in the coming days, but its topside impetus is fading with every unsuccessful attempt. Further consolidation with a slight downside tilt is thus looking increasingly likely, with the risk to this near-term outlook being new market shocks abroad or an increase in the intensity of load-shedding in SA. Heading into today's session, however, the ZAR is finding support in stronger-than-expected economic data out of China, which pointed to stronger import demand for SA's commodities through the months ahead as the Asian giant recovers.

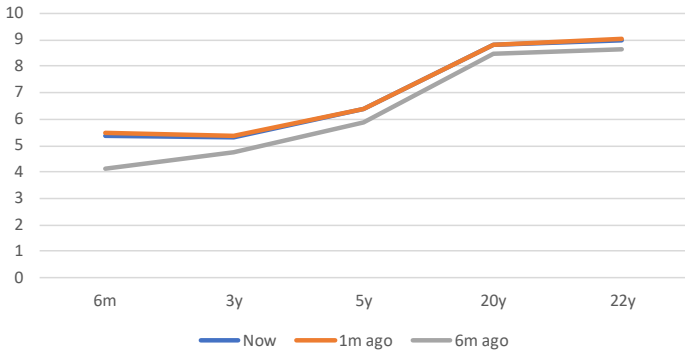
- The BWP-USD, meanwhile, ended February at 0.0750, registering a loss of just more than 3.50% on the month as the dollar strengthened. The breakdown of the BWP's performance against other currencies according to the BoB is that the BWP depreciated by 1.9% against the SDR, but appreciated by 2.2% against the ZAR. The near-term outlook suggests that these losses may be sustained over the coming weeks. However, the longer-term outlook for the USD remains fairly bearish given all that is currently priced in. This suggests that the BWP-USD may be set for a rebound over the medium-term.

- As the new month kicks off, it is worth taking stock of the performance of hard currency and local currency African bonds so far this year. Taking direction from the broad-based sell-off in African FX against the USD and growing bets that the Fed could raise interest rates beyond its March and May meetings, African local currency bonds have come under considerable selling pressure so far this year. African Eurobonds meanwhile have been far more resilient in the first two months of the year.

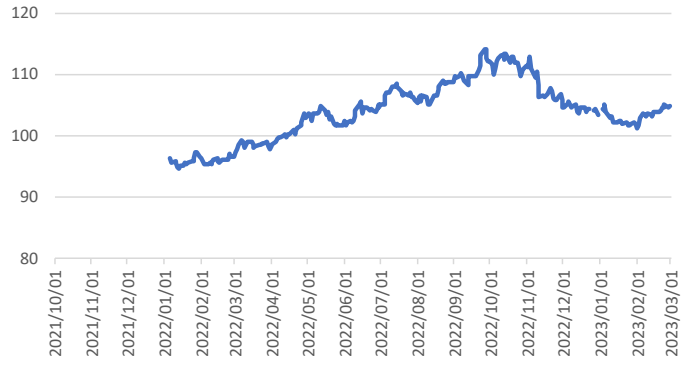
- For context, S&P Global's Local Currency Bond Index has fallen by more than 9% since the start of the year as appetite for local currency African debt waned following the resurgence in the USD, which has compounded pressure on regional FX. Despite all the headwinds facing global bond markets at the moment, S&P Global's Africa Hard Currency Bond Index is up more than 1% this year. This is partly a function of investors taking advantage of the high yields on offer without having to take on any currency risk.

- The resilience of African Eurobonds this year is a clear sign that investors still have an appetite to have exposure to African sovereign debt. However, it is clear that investors are wary of taking on exposure to local currency assets, as reflected by the underperformance of local currency African bonds this year. Given the recent rally in the USD and expectations for the global pivot to be pushed out further, we expect the outperformance of African Eurobonds relative to their local currency counterparts to persist in the near term.

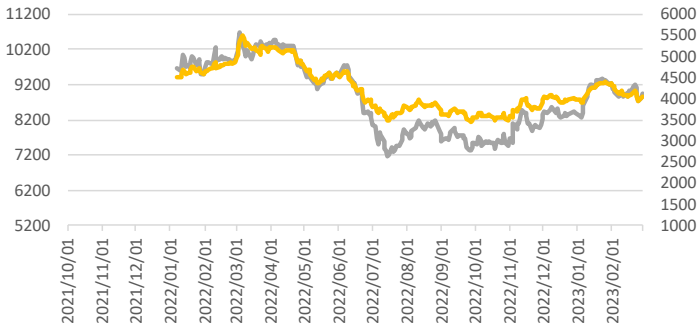
### Botswana Yield Curve



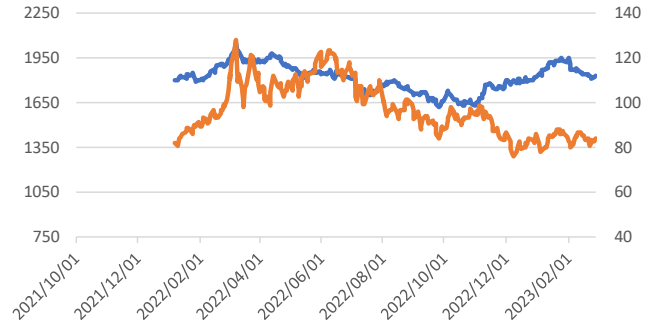
### USD Index



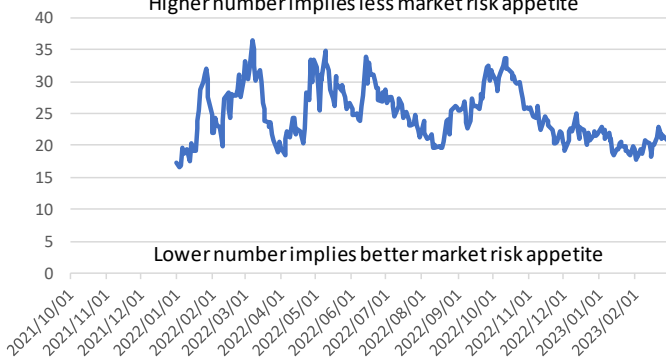
### Base metals - Copper L\_Hand axis LME Index R\_Hand axis



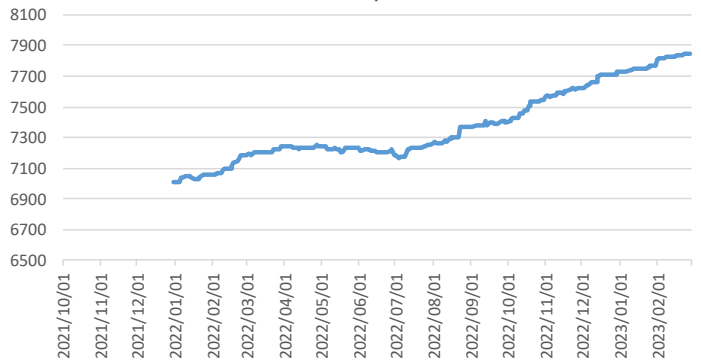
### Oil R\_Hand Axis - Gold L\_Hand Axis



### VIX Index - Risk appetite measure Higher number implies less market risk appetite



### Local stockmarket performance



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