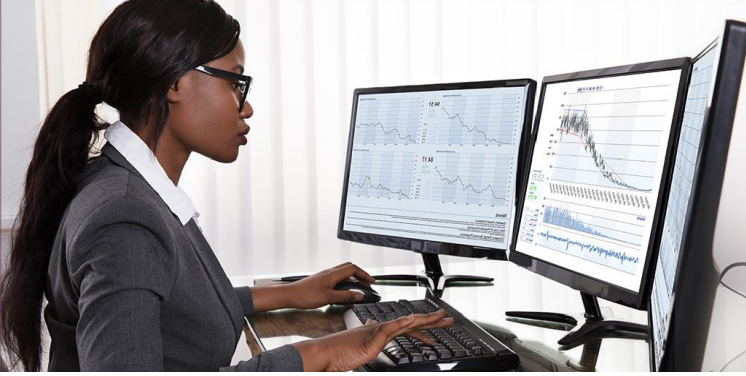


Botswana Market Watch



GMT	Country	Data event or release	Period	Market Exp	Previous
-	BW	No Data			
0/N	JN	Monetary base y/y	Feb	-1.60% (a)	-3.80%
10:00	EZ	CPI estimate y/y	Feb	8.10%	8.50%
10:00	EZ	Unemployment rate	Jan	6.60%	6.60%
12:30	EC	ECB Publishes Account of February Policy Meeting			
13:30	US	Initial jobless claims	Feb 24		192k
13:30	US	Nonfarm Productivity	4Q F	2.5%	3%
19:00	US	Fed's Waller Discusses the Economic Outlook			

Factors Overnight	What happened?	Relevance	Importance	Analysis
US manufacturing	The ISM manufacturing PMI showed that US factory output contracted for a fourth straight month in Feb, although there were signs that demand conditions were stabilising	The strong start to 2023 for the US economy continued into Feb, which will keep the Fed cautious	4/5 (economy)	US manufacturing activity continues to contract, but not at a pace that points to recession yet; continued economic resilience is putting renewed upward pressure on inflation that will keep the Fed hawkish for a while longer
UK housing market	The UK nationwide house price index recorded its largest annual decline since 2012 in Feb, reflecting rising pressure on household balance sheets	The housing sector is bearing the brunt of the BoE's rate-hike cycle, and serves as a leading indicator for the rest of the economy	4/5 (economy, monetary policy)	Higher mortgage rates and the biggest squeeze on real incomes in decades are weighing heavily on the UK housing market, with the correction expected to deepen in the coming months and begin to spill over into the rest of the economy
US Treasury yields and Fed policy outlook	The 2yr UST yield has surged above 4.90% for the first time since 2007, as US economic data continued to point to persistent inflationary pressure that may force the Fed to hike further	The rise in the 2yr yield reflects rising expectations for the Fed to hike to a higher terminal rate	5/5 (markets, monetary policy)	Economic resilience in the US and hawkish Fed speak could drive UST yields higher in the near term, but the balance of risks is increasingly to the downside given how much is already priced in at current levels

Factors on the Radar	What happened?	Relevance	Importance	Analysis
Eurozone inflation	Eurozone CPI data scheduled for release today 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	5/5 (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
US labour market	Initial jobless claims data scheduled for publication today 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	4/5 (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
US employment report	The Feb edition of the US employment report will be published next week and is expected to show a slowing rate of payrolls increases	Any labour market weakness could renew bets on a policy pivot later this year	5/5 (economy, monetary policy)	The US labour market will likely remain resilient for a while longer, with the real test for the Fed's hawkish resolve set to arrive later this year when the economy experiences a sharper downturn

Highlights news vendors

BUSINESS LIVE - [Why greylisting matters for you, your investments and the country](#)

FT - [Scandal at South Africa's Eskom: the CEO and the cyanide-laced coffee](#)

REUTERS - [Nigeria's Obi to challenge presidential election result in court](#)

SOUTH CHINA POST - [Ukraine forces may pull out of Bakhmut, Zelensky adviser says as Russians advance](#)

Local and regional talking points

Corporate Foreign Exchange

	CUSTOMER BUY		CUSTOMER SELL	
	CASH	TT	CASH	TT
BWPZAR	1.315488	1.32672	1.3408386	1.42346
BWPUSD	0.072288	0.093496	0.0736811	0.078177
GBPGBP	16.413904	16.550248	16.058796	15.595426
BWPEUR	0.073632	0.074256	0.069561	0.072828
JPYBWP	10.7016	10.7848	10.109925	10.551475
USDZAR	17.469408	18.936528	17.878847	18.5268435
EURUSD	1.020864	1.106352	1.0447905	1.0824165
GBPUSD	1.149984	1.246232	1.1769368	1.21927025

Interbank Spot Foreign Exchange

	Close	Change		BWPUSD	BWPZAR
BWPUSD	0.0753	0.0003	1m	-2.1255	-1453.793
BWPGBP	0.0628	0.0005	3m	-6.279	-2744.928
BWPEUR	0.0708	0.00	6m	-11.18325	-4787.969
BWPZAR	1.3702	-0.0102	12m	-22.23975	-9439.611

Forward Foreign Exchange

	Close	Change		BWPUSD	BWPZAR
BWPUSD	0.0753	0.0003	1m	-2.1255	-1453.793
BWPGBP	0.0628	0.0005	3m	-6.279	-2744.928
BWPEUR	0.0708	0.00	6m	-11.18325	-4787.969
BWPZAR	1.3702	-0.0102	12m	-22.23975	-9439.611

Dollar Index

	Close	Change
EURUSD	1.0635	-0.003
GBPUSD	1.1981	-0.005
USDJPY	136.65	0.49
USDNGN	459.97	0
USDZAR	18.1969	0.0823

Local Fixed income

Yield curve	Close	Change		Close	Change
6m	5.337	-0.048	SA 10y	10.09	-0.02
3y	5.15	-0.14	US 10y	3.996	0.082
5y	6.2	-0.18	German 10y	2.714	0.08
20y	8.7	-0.13	Spread SA 5y vs Bots 5y bpts		
22y	8.9	-0.09		235	16

International Fixed Income

Yield curve	Close	Change		Close	Change
6m	5.337	-0.048	SA 10y	10.09	-0.02
3y	5.15	-0.14	US 10y	3.996	0.082
5y	6.2	-0.18	German 10y	2.714	0.08
20y	8.7	-0.13	Spread SA 5y vs Bots 5y bpts		
22y	8.9	-0.09		235	16

Equities

	Close	Change		Close	Change
VIX	20.58	-0.12	Gold	1836.8051	9.6551
Dow Jones	32661.84	-232.39	Brent Crude	1827.15	0.42
FTSE	7914.93	-58.83	3m Copper	1817.31	139.5
JSE All share	78631.45	220.09	LME Index	1810.81	72.9
Bots DCIBT	7852.02	0	1 carat index	1822.64	
Nigeria Index	55508.61	477.84			

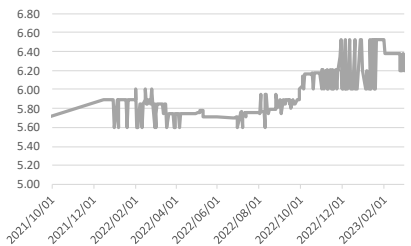
Commodities

	Close	Change		Close	Change
VIX	20.58	-0.12	Gold	1836.8051	9.6551
Dow Jones	32661.84	-232.39	Brent Crude	1827.15	0.42
FTSE	7914.93	-58.83	3m Copper	1817.31	139.5
JSE All share	78631.45	220.09	LME Index	1810.81	72.9
Bots DCIBT	7852.02	0	1 carat index	1822.64	
Nigeria Index	55508.61	477.84			

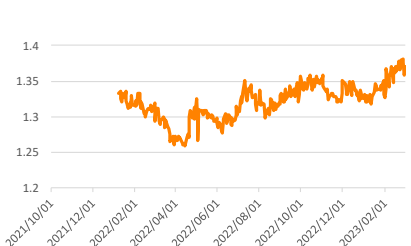
Spot BWP



BWP 5y local bond yield



BWP-ZAR



• Botswana's Debswana, the joint venture between the government and De Beer's has said that it expects to see diamond output in 2023 decline by 1% compared to last year, while trading of diamonds will slow in growth from 41% last year to 7% this year. Weaker consumer demand, particularly in the US, is expected owing to slowing global economic growth. However, the impact of this on Botswana's government revenues will be partially offset by higher expected production of copper and coal, with the Khoemacau copper mine expected to ramp up production this year to 60k t/y. As a result, the Finance Ministry expects that mineral royalties will come in at 4.5bn BWP this year, down from the 6.1bn BWP received last year. Dividends due to the state will also slide from 15bn BWP last year to an expected 11.3bn BWP for 2023.

• Yesterday, South Africa's seasonally adjusted Absa PMI retreated into contractionary territory in February at 48.8pts, from the 53.0pts recorded in January. January's outcome was worse than expected. Given the country's headwinds, the official PMI has been remarkably buoyant, sustaining largely expansionary readings (> 50) since the hard lockdown. Essentially, all PMI sub-components worsened (except for 'prices', which are being buoyed by the inflationary cycle). Most dramatic was the crash in 'expected business conditions' from 63.8pts in January to 46.8pts in February. The brutal reality of permanent load-shedding and weak domestic demand has clearly crushed some positivity around a reopening Chinese economy.

• The PMI reflects more accurately that South Africa will do well to record any economic growth in 2023. The manufacturing industry faces numerous crises, not just load-shedding but Transnet failures and rising criminality. From a broader perspective, South Africa's deindustrialisation will continue until structural reforms are undertaken. That will be part of the picture that the SARB must consider when they meet next to decide on interest rates. So far, the weaker growth and domestic demand have not been enough to offset the price of imports, including oil.

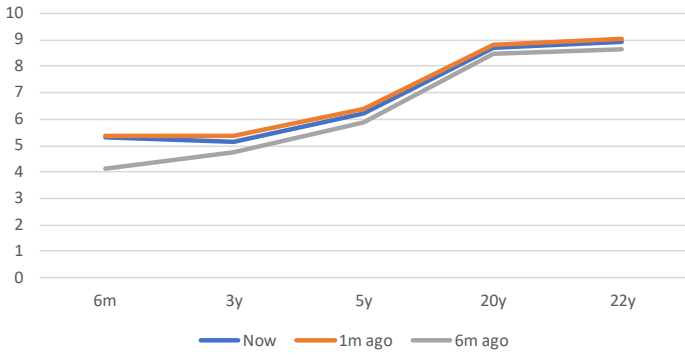
Financial Market Commentary

• Since yesterday's strong ZAR recovery, the market tides have turned, with relatively higher-Beta currencies struggling for traction against the USD this morning. Strong economic data out of the US pointed to a prolonged inflation episode that may force the Fed to hike rates to a higher terminal rate in the coming months. Accordingly, US Treasury yields have surged overnight, stealing the shine off higher-risk asset classes. Still, the USD-ZAR has declined a long way from 18.5000 recently, with the bulls likely requiring additional catalysts to garner the impetus needed for a break of that level in the coming days.

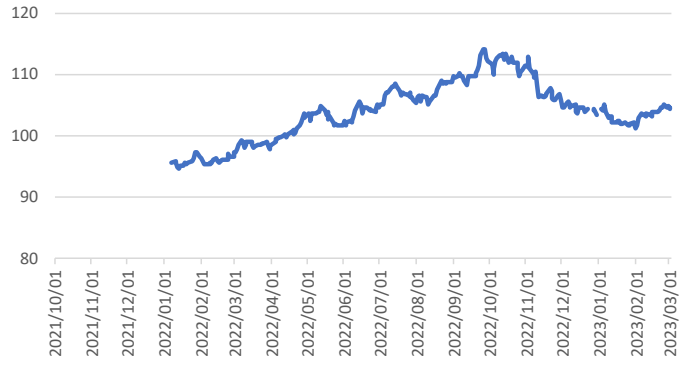
• The BWP-USD, meanwhile, is still stuck at the 0.0750 level, despite some attempts in recent sessions to break out to the topside. A slightly weaker ZAR and stronger USD this morning will keep pressure on the BWP-USD for now, but we remain of the view that the USD is due for a correction, which will benefit the ZAR as well as the local unit.

• The US is dealing with a maturing economic cycle and data that is surprising to the downside. China is enjoying improved activity due to reopening the economy and abandoning its zero-covid policy. There is a lot priced into the USD, so any data that strengthens the argument against hiking another two or three times will detract from the USD's performance. That being said, the Fed funds futures continue pointing to the prospect of the Fed lifting rates at least two more times in 25bp increments with the prospect of a third with the peak Fed funds future now back up to 5.48%. Mainly on the back of inflation indicators and prices paid components of the PMI that remains buoyant. This will offer the USD ongoing support. However, whether that support is sustained will depend on whether the US data continues to be disappointing. Today's initial jobless claims will hold some interest, as will the ISM non-manufacturing data tomorrow. On balance, the tide appears to be turning against the USD as the US economic cycle matures and the Fed softens its stance. However, investors may need to be patient for a little longer before weaker USD momentum picks up

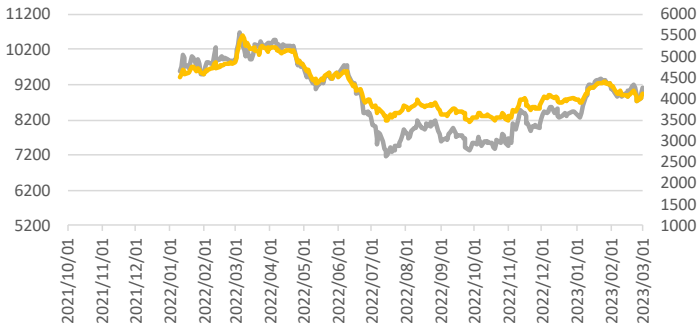
Botswana Yield Curve



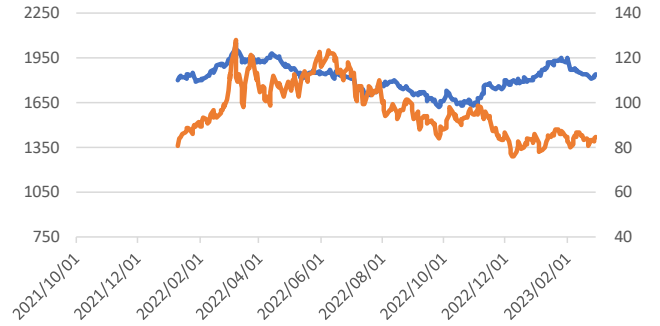
USD Index



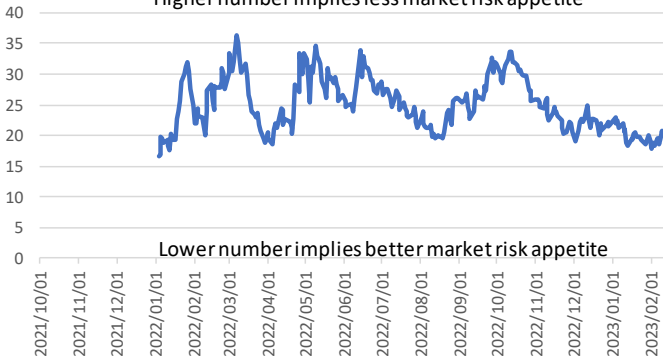
Base metals - Copper L_Hand axis LME Index R_Hand axis



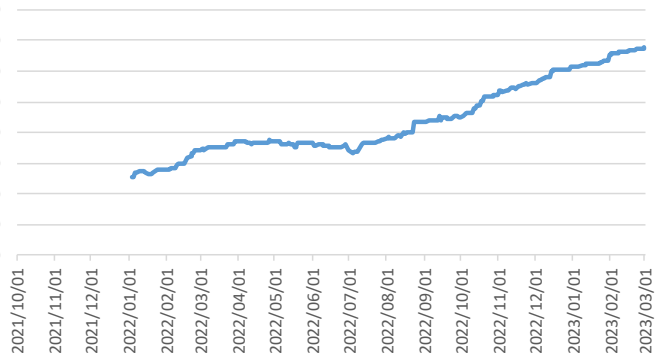
Oil R_Hand Axis - Gold L_Hand Axis



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



Local stockmarket performance



Access Bank Global Markets & Treasury Team

e-mail	First Name	Surname	Direct Line
nkatem@accessbankplc.com	Mogamisi	Nkate	2673674335
masalilap@accessbankplc.com	Phillip	Masalila	2673674621
kebaetsek@accessbankplc.com	Kefentse	Kebaetse	2673674336
thembaa@accessbankplc.com	Amogelang	Themba	2673674370
bogalet@accessbankplc.com	Tshwanelo	Bogale	2673674622
davidbat@accessbankplc.com	Batanani Pearl	David	2673644382
magashulan@accessbankplc.com	Ntebang	Magashula	2673644382
segwabek@accessbankplc.com	Keategile	Segwabe	2673644382

Disclaimer

The information provided herein has been prepared solely for informational purposes and is not an offer to buy or sell or a solicitation of an offer to buy or sell the securities or instruments mentioned or to participate in any particular trading strategy. These materials have been based upon information generally available to the public from sources believed to be reliable. No representation is given with respect to their accuracy or completeness, and they may change without notice. Access Bank on its own behalf and on behalf of its affiliates disclaims any and all liability relating to these materials, including, without limitation, any express or implied representations or warranties for statements or errors contained in, or omissions from, these materials.