

# Botswana Market Watch



GMT	Country	Data event or release	Period	Market Exp	Previous
12:00	BW	Botswana to sell BWP4bn 7-Day Certificates			
02:00	CH	Industrial Production Y/Y	Mar	3.9% (a)	1.3%
02:00	CH	Real GDP y/y	1Q	4.5% (a)	2.9%
02:00	CH	Retail sales y/y	Mar	10.6% (a)	-1.8%
09:00	EZ	ZEW economic sentiment	Apr		10
09:00	GE	ZEW economic sentiment	Apr	15.6	13
12:30	US	Building permits	Mar	1455k	1524k
12:30	US	Housing Starts	Mar	1400k	1450k

Factors Overnight	What happened?	Relevance	Importance	Analysis
<b>China GDP</b>	China's economy grew at its fastest pace in a year in Q1, with GDP data printing above expectations at 2.2% q/q and 4.5% y/y	China's economic rebound is on track, although it has been uneven with factory output lagging consumption	<b>5/5</b> (economy)	Consumption, services, and infrastructure spending in China have perked up, but factory output has lagged in the face of weak global growth; nevertheless, the economy is on track to exceed the government's 5% growth target for the year
<b>G7 conference</b>	The G7 nations vowed to support Ukraine for as long as it takes in its fight with Russia, and also called for greater engagement with China to stabilise relations	As China and Russia challenge the US hegemony, Washington is calling on its allies for support	<b>3/5</b> (geopolitics)	The G7 predictably condemned Russia's war in Ukraine, but took on a much softer tone towards China as it aimed to project unity and caution ahead of next month's G7 leaders' summit
<b>BoJ policy guidance</b>	BoJ Governor Ueda told lawmakers that the central bank buys JGBs as part of its efforts to achieve its 2% inflation target, not to monetise debt or finance the government	As part of its yield control policy and QE, the BoJ purchases a massive amount of JGBs and other assets	<b>2/5</b> (monetary policy, fiscal policy)	Governor Ueda's comments came amid talks of a possible extension of Japan's 60-year redemption rule for government debt, which would create even more fiscal space

Factors on the Radar	What happened?	Relevance	Importance	Analysis
<b>UK CPI</b>	March CPI data scheduled for publication out of the UK this week will likely reflect high but falling inflation at the end of the first quarter	The data will be watched closely for confirmation that the unexpected rise in inflation in Feb was temporary	<b>5/5</b> (economy, monetary policy)	Easing inflationary pressure in the UK will raise questions over how much longer the BoE can continue with its hawkish resolve, although, for now, the central bank is expected to continue hiking rates through the coming months
<b>EZ CPI</b>	The final EZ CPI print for March scheduled for release this week will likely confirm moderating headline inflation, but high and sticky core inflation	The final print will offer details needed to better understand the drivers behind the latest rise in core inflation	<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>ECB minutes</b>	Market agents will have the minutes of the ECB's March 16 policy meeting to scour for fresh clues into its policy outlook this week	The account may provide insights into the prospective duration of the ECB's rate-hike cycle	<b>4/5</b> (monetary policy)	While the situation remains fluid, the ECB looks set for a prolonged rate hike cycle as it plays catch-up to the likes of the Fed and BoE, and struggles to bring core inflation down to more conscionable levels

## Highlights news vendors

**BUSINESS LIVE** - [Civil society heads to Constitutional Court over election law](#)

**FT** - [A recipe for conflict': the rival generals behind Sudan's power struggle](#)

**REUTERS** - [Sudan's RSF leader Hemedti says 'discussed pressing issues' with Blinken](#)

**SOUTH CHINA POST** - [G7 urges Sudan ceasefire, Blinken calls warring generals](#)

## Local and regional talking points

### Corporate Foreign Exchange

	CUSTOMER BUY		CUSTOMER SELL	
	CASH	TT	CASH	TT
BWPZAR	1.326624	1.337664	1.3521892	1.435202
BWPUSD	0.072576	0.093496	0.0739746	0.07828
GBPGBP	16.922568	17.062344	16.556455	16.077978
BWPEUR	0.071864	0.072488	0.0678908	0.071094
JPYBWP	10.5664	10.6496	9.9822	10.4192
USDZAR	17.547456	19.01796	17.958725	18.60651375
EURUSD	1.050144	1.138072	1.0747568	1.11345025
GBPUSD	1.190304	1.289912	1.2182018	1.26200525

### Interbank Spot Foreign Exchange

	Close	Change	Forward Foreign Exchange	
			BWPUSD	BWPZAR
BWPUSD	0.0756	0.0000	1m	-2.0085
BWPGBP	0.061	-0.0001	3m	-5.72325
BWPEUR	0.0691	0.00	6m	-11.04675
BWPZAR	1.3818	0.0037	12m	-25.428

### Dollar Index

	Close	Change
EURUSD	1.094	0.0014
GBPUSD	1.2399	0.0025
USDJPY	134.36	-0.1
USDNGN	459.92	0
USDZAR	18.2734	-0.0382

### Local Fixed income

Yield curve	Close	Change	International Fixed Income	
			Close	Change
6m	5.369	0.002	SA 10y	10.065
3y	5.311	-0.289	US 10y	3.5927
5y	6.65	-0.15	German 10y	2.481
20y	8.79	-0.01	Spread SA 5y vs Bots 5y bpts	206.5
22y	8.95	-0.05		14.5

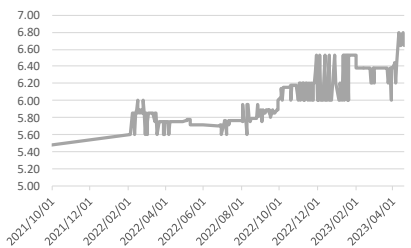
### Equities

	Close	Change	Commodities	
			Close	Change
VIX	16.95	-0.12	Gold	1994.7711
Dow Jones	33987.18	-143.22	Brent Crude	2003.04
FTSE	7879.51	28.53	3m Copper	2039.735
JSE All share	78723.7	407.59	LME Index	2014.6711
Bots DCIBT	7966.35	0.12	1 carat index	2003.1409
Nigeria Index	51120.94	-40.97		

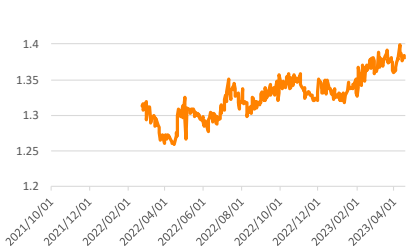
### Spot BWP



### BWP 5y local bond yield



### BWP-ZAR

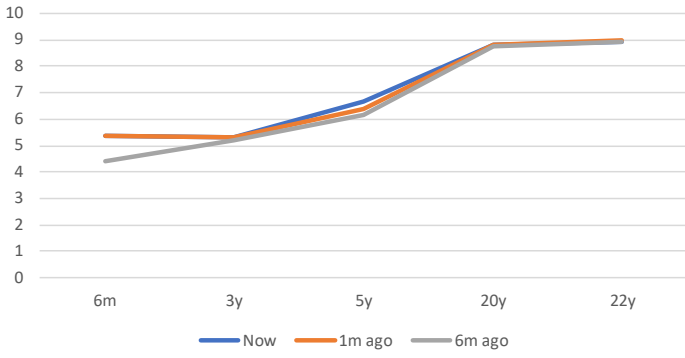


- On the global front, the Chinese economy expanded more than market expectations in the first quarter of 2023 hitting 4.5% y/y according to China's National Bureau of Statistics versus a Reuters and Bloomberg consensus forecast which had penciled in a reading of 4% y/y. The strong rebound comes as Beijing ended some of the harshest COVID-19 restrictions globally reigniting the Chinese consumer. Retail Sales released this morning were telling, the March print came in at 10.6% y/y versus Bloomberg consensus of 7.5%. Beijing remains committed to underpinning economic growth and there are discussions taking place at economists' tables across the region is how the government will drive growth to meet its 2023 target of 5%. Talk of additional stimulus programs in the second quarter is doing the rounds while banks will be encouraged to keep liquidity flowing through the economy to support infrastructure projects.
- For the rest of the week ahead, the spotlight will be on inflation dynamics, both regionally and abroad. There are CPI data scheduled for release out of South Africa, the UK, and the Eurozone tomorrow, which will provide fresh clues into prospective SARB, BoE, and ECB monetary policymaking. These prints thus all hold a fair amount of market-moving potential following the local inflation figures that were released last week that showed a surprise increase in headline CPI.

## Financial Market Commentary

- Strong NAHB data released yesterday out of the US highlighted a slight improvement in confidence for single-family homebuilders for the fourth consecutive month, giving rise to expectations that the US economy was more resilient than first thought. The data has supported a surge in the USD at the start of the week, but this morning investors have taken some profits despite the Chinese GDP data beating expectations. Yesterday's data needs to be checked against some recent labour market figures, which were less than stellar and pointed to the end of the boom cycle drawing near. The USD will also face other headwinds as more countries choose to conduct trade in currencies other than the USD, which might explain why CFTC data continues to show that speculators, as a trend, have shifted to holding net bearish positions on the USD. The VIX remains suppressed, which implies greater risk appetite and a shift back towards equity markets, which may encourage higher central bank rates, but that only confirms that the cycle will eventually turn.
- The ZAR depreciated some 1.20% against the USD on Monday, and a lesser 0.75% and 0.50% against the GBP and EUR, respectively. While bearish momentum has faded against the greenback around the R18.3000/\$ mark, it persists in the ZAR-GBP and ZAR-EUR markets. The local unit's general lack of resilience is showing, with any bullish prospects from here depending significantly on external dynamics. That is to say that the ZAR looks set to continue trading at the mercy of broader currency developments, with investor sentiment towards SA remaining extremely weak.
- The BWP-USD has dropped back down to 0.0756, trading flat in early trade this morning. Note that there will be the usual certificates auction today, with Botswana selling BWP4bn worth.
- In the precious metals market, gold prices fell to near a two-week low yesterday after data showed manufacturing activity in New York state increased for the first time in five months, and confidence among US single-family homebuilders improved for a fourth straight month in April. The data added to bets of an interest rate hike by the Fed at its May meeting. Gold is considered a hedge against inflation and economic uncertainties, but higher interest rates dim the non-yielding bullion's appeal.
- Spot gold prices rose on Tuesday after two sessions of losses as the dollar eased, while investors sought more clarity on the US Federal Reserve's monetary policy stance. There is little tier-2 economic data to guide the yellow metal this week therefore, we could see spot gold consolidate in the \$1980-\$2020/oz range.

### Botswana Yield Curve



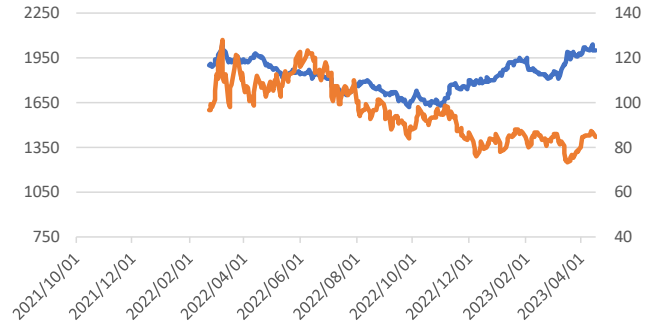
### USD Index



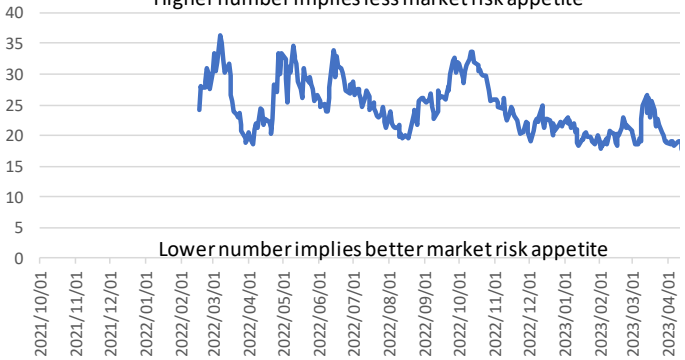
### Base metals - Copper L\_Hand axis LME Index R\_Hand axis



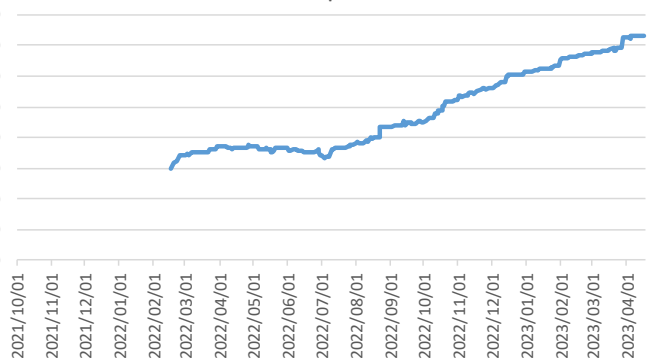
### Oil R\_Hand Axis - Gold L\_Hand Axis



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



### Local stockmarket performance



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