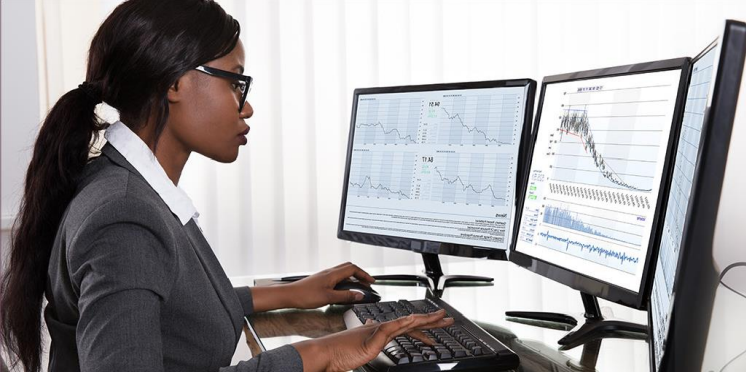


# Botswana Market Watch



GMT	Country	Data event or release	Period	Market Exp	Previous
<b>21 Apr</b>	<b>BW</b>	Botswana Sovereign Rating Review by Moody's			
<b>0/N</b>	<b>JN</b>	National CPI y/y	Mar	3.2% (a)	3.3%
<b>00:30</b>	<b>JN</b>	Nikkei Japan PMI Mfg	Apr P	49.5 (a)	49.2
<b>07:30</b>	<b>GE</b>	S&P Global/BME manufacturing PMI	Apr P	45.5	44.7
<b>07:30</b>	<b>GE</b>	S&P Global services PMI	Apr P	53.2	53.7
<b>08:00</b>	<b>EZ</b>	S&P Global/BME manufacturing PMI	Apr P	48	47.3
<b>08:00</b>	<b>EZ</b>	S&P Global services PMI	Apr P	54.5	55
<b>08:30</b>	<b>GB</b>	S&P Global manufacturing PMI	Apr P	48.5	47.9
<b>13:45</b>	<b>US</b>	S&P Global PMI manufacturing	Apr P	49.2	49.2

Factors Overnight	What happened?	Relevance	Importance	Analysis
<b>ECB minutes</b>	The minutes of the ECB's March policy meeting confirmed that the bank's rate hike cycle still has some way to go and that banking sector stress would not interrupt it	The ECB will continue hiking rates through the months ahead as it plays catch-up with the likes of the Fed and BoE	<b>5/5</b> (monetary policy)	Reference to the separation principle, which calls for monetary policy to be assessed independently from financial stability risks, suggests that the ECB will continue to hike rates while dealing with financial risks by using other liquidity instruments
<b>US jobless claims</b>	Initial jobless claims in the US remained on a steady uptrend in the week through 15 April, rising from 240k to 245k as job cuts from financial firms earlier in the year started to reflect in the data	The US labour market – a key determinant of when a Fed policy pause and pivot can take place – is loosening	<b>4/5</b> (labour market, monetary policy)	Although the US labour market remains tight, layoffs are starting to rise and will continue to in the coming months as the economy loses momentum after an aggressive rate-hike cycle
<b>Japan CPI</b>	CPI data published out of Japan reflected a slight drop in headline inflation in March, although a core gauge that excludes fresh food and energy surged to a new four-decade high	Price pressures are broadening at a time when the market is questioning the BoJ's persistently dovish resolve	<b>4/5</b> (economy, monetary policy)	Despite the high core inflation numbers, the BoJ is expected to stand pat at its meeting next week; however, the data will support bets that policy normalisation may begin later this year

Factors on the Radar	What happened?	Relevance	Importance	Analysis
<b>Banking stress</b>	Banks increased emergency borrowing from the Fed for the first time in five weeks, indicating lingering financial sector stress after a string of bank collapses last month	Banking sector strain is evident after the aggressive global rate-hike cycle in 2022	<b>4/5</b> (markets)	While banking sector turmoil has thus far been dealt with adequately, more stress is expected through the weeks ahead as banks' resilience to the aggressive rate hikes continues to be tested
<b>US-Sino tension</b>	US President Biden reportedly aims to sign an executive order in the coming weeks that will limit US investment in key part of China's economy	As China challenges the US hegemony, Washington is dialling up economic coercion	<b>3/5</b> (geopolitics)	US-Sino tensions have reached a level of intensity not seen since the Trump administration, with the risk of market volatility rising as the two superpowers spar
<b>Global PMIs</b>	PMI data scheduled for release out of the world's major economies this week will provide a fresh read on global growth momentum at the start of the second quarter	Amid warnings of a broad-based global downturn, the PMIs will provide some jurisdictional nuance	<b>4/5</b> (economy)	Survey data are reflecting deteriorating economic sentiment, which will likely continue to build in the coming months as the full extent of last year's aggressive rate-hike cycle filters through into the real economy

## Highlights news vendors

**BUSINESS LIVE** - [It's time for hard fiscal choices, says Reserve Bank governor Kganyago](#)

**FT** - [Why an EU arms deal for Ukraine has been hijacked by Brussels bickering](#)

**REUTERS** - [Sudan's RSF agrees to ceasefire for Eid, residents report gunfire](#)

**SOUTH CHINA POST** - [Why Sudan is on the brink of another civil war](#)

## Local and regional talking points

### Corporate Foreign Exchange

	CUSTOMER BUY		CUSTOMER SELL	
	CASH	TT	CASH	TT
BWPZAR	1.3176	1.328832	1.3429913	1.425726
BWPUSD	0.07296	0.093496	0.074366	0.078692
GBPGBP	16.87764	17.012216	16.512499	16.030742
BWPEUR	0.072072	0.072696	0.0680873	0.071298
JPYBWP	10.5768	10.66	9.992025	10.429375
USDZAR	17.337312	18.7928	17.743655	18.386225
EURUSD	1.052064	1.140152	1.0767218	1.11548525
GBPUSD	1.193376	1.292928	1.2213458	1.264956

### Interbank Spot Foreign Exchange

	Close	Change	BWPUSD	BWPZAR
BWPUSD	0.076	-0.0001	1m	-1.872
BWPGBP	0.0611	-1E-04	3m	-5.74275
BWPEUR	0.0693	0.00	6m	-11.12475
BWPZAR	1.3726	-0.0058	12m	-25.5645

### Forward Foreign Exchange

	Close	Change
Dollar Index	101.865	0.025
EURUSD	1.0958	-0.0009
GBPUSD	1.2429	-0.0014
USDJPY	133.82	-0.41
USDNGN	460.03	0
USDZAR	18.0624	0.0316

### Dollar Index

EURUSD	1.0958	-0.0009
GBPUSD	1.2429	-0.0014
USDJPY	133.82	-0.41
USDNGN	460.03	0
USDZAR	18.0624	0.0316

### Local Fixed income

Yield curve	Close	Change	SA 10y	US 10y	German 10y
6m	5.368	0.002	10.07	3.545	2.444
3y	5.312	0.002	10.07	-0.057	-0.06
5y	6.65	0	10.07	-0.057	-0.06
20y	8.79	0	10.07	-0.057	-0.06
22y	8.95	0	10.07	-0.057	-0.06

### International Fixed Income

	Close	Change
Spread SA 5y vs Bots 5y bpts	211.5	-5

### Equities

	Close	Change	Gold	Brent Crude	3m Copper	LME Index	1 carat index
VIX	17.17	0.71	2004.3384	1993.2642	2004.926	1994.7711	2003.04
Dow Jones	33786.62	-79.62	11.0742	-2.02	-84.5	-39	
FTSE	7902.61	-10.67					
JSE All share	78883.26	-497.9					
Bots DCIBT	7991.71	3.21					
Nigeria Index	51355.74	74.16					

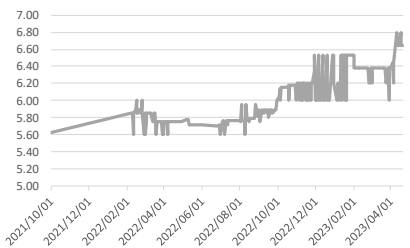
### Commodities

Gold	2004.3384	11.0742
Brent Crude	1993.2642	-2.02
3m Copper	2004.926	-84.5
LME Index	1994.7711	-39
1 carat index	2003.04	

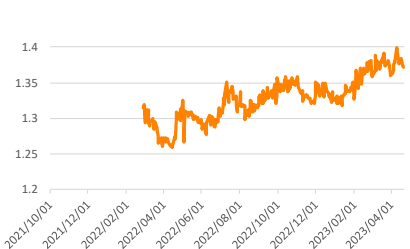
### Spot BWP



### BWP 5y local bond yield



### BWP-ZAR

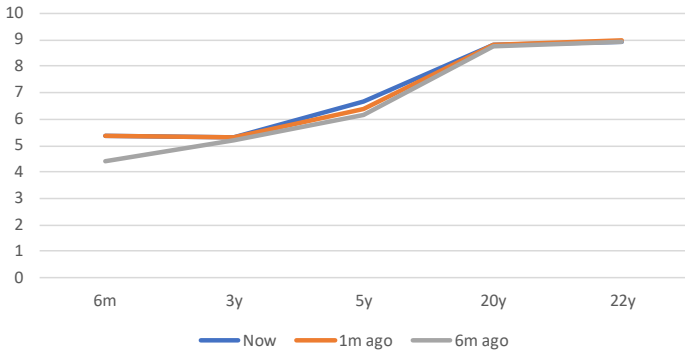


- Food price pressures have continued to be one of the main drivers of inflation in Africa. Tight global food supplies following the outbreak of the Russia-Ukraine war, as well as currency weakness in Africa, have kept food prices elevated.
- Over the last few days, there have been a number of inflation data releases in Africa that have highlighted that food prices have been driving inflation. Firstly, South Africa's annual inflation rate rose for the second consecutive month in March, prompted again by accelerating food prices. The increase in inflation was driven by higher prices for food and nonalcoholic beverages, which increased 14.0% y/y, which was the largest annual rise since March 2009. Secondly, food inflation contributed 63% y/y to Egypt's inflation in March, resulting in inflation rising to 32.7% y/y in March from 31.9% y/y in February.
- Yesterday Morocco's March inflation report was released. While headline inflation eased to 8.2% y/y in March from 10.1% y/y in February, food price inflation remained elevated, keeping inflation at one of the highest levels in a decade. Last week, the government scrapped the value-added tax on agricultural inputs to help lower prices of fresh produce and other agrifood products.
- Risks remain tilted to the upside for food inflation as Ukraine's grain production has been declining due to a combination of bad weather conditions and economic factors, which could have an impact on the global food trade. The country is one of the world's largest grain exporters, and a reduction in its output could lead to higher prices for wheat, corn and barley, affecting food security for many countries. Therefore, it is likely that food price pressures will be the main factor keeping inflation elevated in Africa in the months ahead.
- Meanwhile, Botswana's sovereign credit rating is scheduled for a review by Moody's for today. It is likely that the agency may skip the review altogether, as it often does when there are no changes or revisions to be made. If there is an announcement, we expect it to maintain Botswana's credit rating and outlook. It may cite risks from slowing external growth and from uncertainty regarding the deal between Botswana and De Beers.

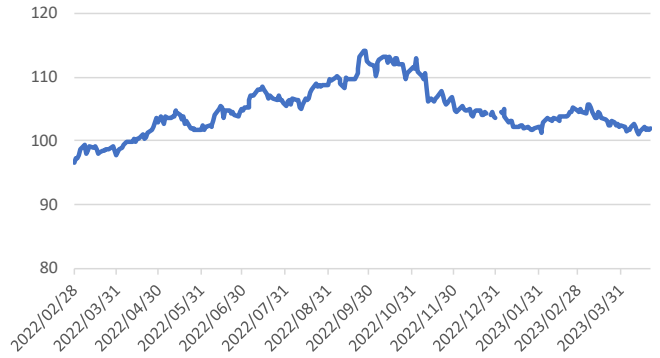
## Financial Market Commentary

- Against the backdrop of yesterday's slew of disappointing US economic data, today's PMI data will take on added significance. Any indication that the business cycle has turned and that the Fed will be more sensitive to growth will impact the USD negatively. Until now, the USD has enjoyed support due to a rise in risk aversion. However, that has since subsided, with the VIX trading close to the lowest levels in over a year. While the perception of a systemic crisis has evaporated, so the focus has turned back towards interest rate differentials and the influence that will have on currency direction. The USD came under some pressure as a result of the weaker USD but has yet to break out of a range that has held throughout the week. Should that range break to the downside, it would simply confirm the USD depreciative trend that began in early March. Today's PMI is key and may have the final say on how the USD performs in the next few trading sessions.
- The EUR-USD is primed to surge higher on any USD negative news, as is the GBP, as they trade at 1.0960 and 1.2430, respectively. The JPY has made a slight recovery to 133.80 as the US rates outlook came into question.
- The USD-ZAR tested the 18.00/dlr handle yesterday. A range of much weaker-than-expected US data raised some red flags for USD bulls, while the recent domestic inflation data gave rise to comments from SARB Governor Kganyago that he was unsure how much further rates would rise. The point was that while investors are speculating on the peak in rates in the US, they are debating how much further rates will rise in SA. The combination triggered support for the ZAR, and some USD longs were squeezed throughout yesterday's afternoon session.
- Reuters data reveals that the USD-ZAR briefly punched through the 18.00 big figure but the move was not sustained. Today, the focus will turn to the upcoming PMI data for further guidance. Should the figures again point to a global slowdown, especially in the US, the bias evident through yesterday's trading session may extend through today, ending a much better week for the ZAR. These would be the strongest ZAR levels vs the USD since the start of April and signals a solid recovery from the recent lows.
- The BWP-USD, meanwhile, remains rangebound, trading near 0.0760, according to Reuters data, keeping to within its recent range.

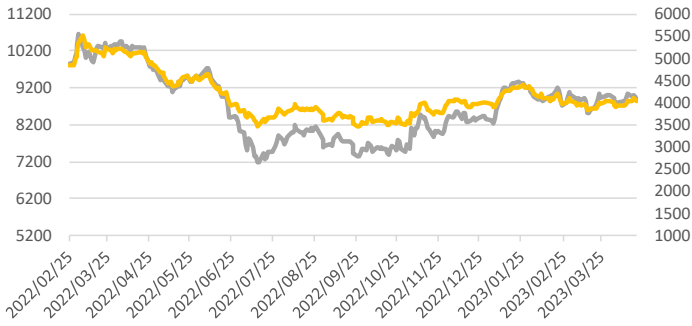
Botswana Yield Curve



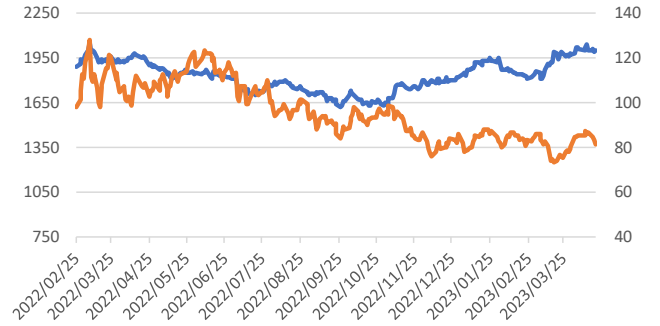
USD Index



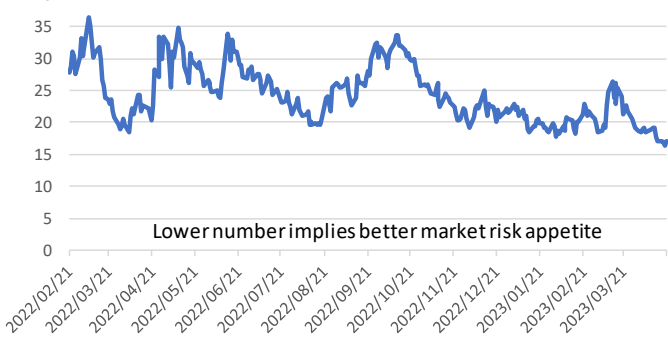
Base metals - Copper L\_Hand axis LME Index R\_Hand axis



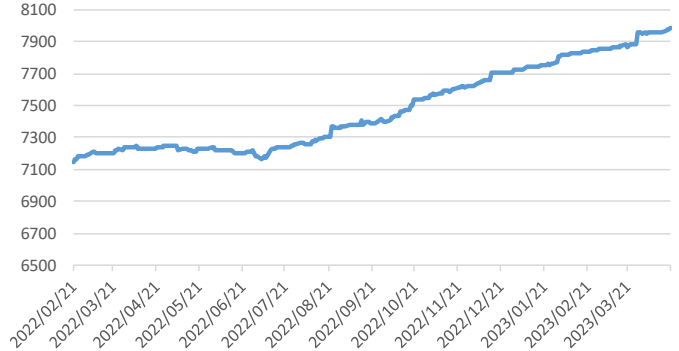
Oil R\_Hand Axis - Gold L\_Hand Axis



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



Local stockmarket performance



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