

Daily Market Update



A daily publication of Treasury Unit of Access Bank Botswana.

Financial Markets

Not much to report back on this morning other than the modest rebound in the USD that helped push most currencies onto the back foot. It appears to be a hangover from last week's higher producer and consumer prices and speculation that the Fed will remain conservative for longer with US monetary policy. For the ZAR, it remains a passenger along for the ride, with the USD dominating direction. Investors are not interested in adopting any clear direction ahead of the budget scheduled for Wed.

In the global bond markets, US Treasury futures are holding their decline from last week, with cash trading closed yesterday for President's Day in the US. The closure of the world's most-traded bond market meant that trading in others was fairly light, with Bunds and Gilts all seeing moves of less than 1bp on the session. Both these curves bull steepened marginally as traders increased their bets of policy easing once again, albeit by a small amount. For the day ahead, this tight trading may continue as the global data card is fairly light, with the most prominent release being the US leading indicators for January. While the data is important and shows the underlying strain the US economy is beginning to experience, the figures typically aren't market-moving.

Note that the usual Tuesday auction takes place locally today. Botswana will be offering up BWP13bn in 7-day certificates.

Corporate Foreign Exchange

	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
	BWPZAR	1.32432	1.336608	1.34984075
BWPUSD	0.069792	0.093496	0.07113695	0.075293
GBPGBP	17.850248	18.004688	17.46406475	16.965956
BWPEUR	0.0702	0.070824	0.06631875	0.069462
JPYBWP	11.3672	11.4608	10.738725	11.21285
USDZAR	18.216096	19.753968	18.64303575	19.3265985
EURUSD	1.033632	1.119976	1.05785775	1.09574575
GBPUSD	1.207968	1.308736	1.23627975	1.280422

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Forward Foreign Exchange

	BWPUSD
1m	-1.716
3m	-5.17725
6m	-8.51175
12m	-8.92125

Local Fixed income

Yield curve	Close	Change
6m	4.251	0.001
3y	5.64	-0.36
20y	8.47	0.02

International Fixed Income

	Close	Change
SA 10y	10.095	0.05
US 10y	4.295	0.055
German 10y	2.4	0.048
SA vs Bots 20y spread	394.5	0



DOMESTIC AND REGIONAL NEWS

Lucara and HB Antwerp resume ties

Lucara Diamond has revived a gem sales agreement with polishing and trading company HB Antwerp five months after severing ties with the Belgian company. Recall that in September 2023, Lucara terminated its relationship with HB Antwerp due to what it said was a material breach of financial commitments. The resumption of the agreement will see Lucara supply the Belgian firm with rough diamonds of 10.8 carats and above for ten years from last December. The mining company said the purchase price for rough stones in its revised deal would be based on mutual agreement of the estimated value of polished diamonds, with a further payment based on actual achieved polished sales. Lucara Chief Executive William Lamb noted that partnership reflects a commitment to ensuring stability and sustainability in their operations.

GLOBAL NEWS

China cuts key rate to support ailing property sector

China's central bank has cut the country's benchmark five-year loan prime rate for the first time since June in an effort to boost the sluggish property market. The one-year loan prime rate remains unchanged at 3.45%, but the five-year rate, which affects most mortgages, was reduced by 25 basis points to 3.95%. This cut was larger than expected and signals a positive move to lower funding costs for homebuyers. Analysts view it as a sign of the government's efforts to support market participants and ensure the health of banks. The loan prime rates are determined monthly based on submissions from commercial lenders to the People's Bank of China.

Sources: ETM Analytics, Access Bank Treasury Team, Bloomberg, Reuters

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Chart Pack

