

Daily Market Update



A daily publication of Treasury Unit of Access Bank Botswana.

Financial Markets

The dollar has been capped by upbeat sentiment in Asia this morning. Lower US Treasury Yields as a result of soft PMI readings overnight have taken the wind out of the dollar's sails in the short term. The euro performed well after the promising PMI readings and extended into the New York session leaving the single currency just below the key resistance level of EUR/USD1.0700 into the close. This level was breached this morning as the longs took control again with the next major level noted at EUR/USD1.0729 as the target. Huw Pill, the Chief Economist of the Bank of England, has maintained a cautious stance on the prospect of a rate cut, indicating that while time has brought it closer, significant developments have yet to materialise. This message coupled with a softer dollar more broadly supported sterling yesterday and moved the currency away from its year-to-date lows.

Intra-day technical analysis suggests that the momentum has changed and that the bias now favours a weaker USD-ZAR. Whether the pair is able to break back below the 19.0000 handle may depend in part on whether US durable goods data also reflects a slowdown in US activity. It remains too soon to call for a downturn in the US, with the Senate passing another massive spending bill of \$95bn yesterday. Between excess savings that continue being depleted and the government's dissaving, the US economy still enjoys strong support and patience is needed.

The USD-BWP upward sloping channel remains intact for now but momentum to the topside has stalled due to the dollar pulling back. All eyes remain on the key US data due for release later this week.

Corporate Foreign Exchange

	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.315872	1.32192	1.34122995	1.41831
BWPUSD	0.068928	0.093496	0.0702563	0.074263
GBPGBP	17.962672	18.047952	17.5740565	17.006724
BWPEUR	0.06968	0.070096	0.0658275	0.068748
JPYBWP	11.5648	11.6168	10.9254	11.365475
USDZAR	18.32688	19.862336	18.75641625	19.432622
EURUSD	1.02768	1.113736	1.05176625	1.08964075
GBPUSD	1.195488	1.29584	1.22350725	1.267805

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Forward Foreign Exchange

	BWPUSD	BWPZAR
1m	-0.94575	-153.626319
3m	-2.83725	-1002.59097
6m	-5.928	-3241.29139
12m	-8.84325	-8192.00619

Local Fixed income

Yield curve	Close	Change
6m	3.119	-0.003
3y	5.53	0.00
20y	8.25	-0.02

International Fixed Income

	Close	Change
SA 10y	10.695	-0.06
US 10y	4.598	-0.025
German 10y	2.506	0.015
SA vs Bots 20y spread	467	-4



DOMESTIC AND REGIONAL NEWS

Power Metal Resources reports successful drilling

Power Metal Resources has reported successful drilling results at its Molopo Farms Complex nickel and platinum project in Botswana. The latest drill hole, DDH1-14C, intersected the target geophysical superconductor, which is interpreted to be a sulphide mineralized carbonaceous mudstone unit. This superconductor was found between 760.5-813m downhole depth and from 828.4m-832.6m, with the potential to extend further. Samples from these intervals will undergo laboratory testing for multielement and Platinum Group Elements (PGE) assays.

The company aims to establish a significant nickel and platinum group element discovery in southwestern Botswana. Power Metal's CEO, Sean Wade, expressed satisfaction with achieving the objective of intersecting the targeted conductor in Target Area 1-14, which had been of interest due to previous geophysical surveys indicating its presence.

Anglo American may face renewed legal challenges regarding lead pollution in Zambia, as litigants from Kabwe have been granted the right to appeal a prior judgment that favored the conglomerate. The high court in Johannesburg permitted the appeal against Anglo American, allowing the litigants represented by Leigh Day and Mbuyisa Moleele, UK and South Africa-based law firms respectively, to contest the dismissal of their earlier application regarding lead pollution from the town. The case, dating back five years, involves a class action lawsuit announced on August 23, 2019, against Anglo American South Africa on behalf of claimants in Kabwe, a town in central Zambia.

GLOBAL NEWS

LME moves against traders exploiting rules

The London Metal Exchange (LME) is taking steps to prevent traders from exploiting rule changes related to Russian aluminium amidst new sanctions. Following bans by the US and Britain on new Russian metal production, the LME has prohibited Russian aluminium, copper, and nickel produced after April 13. For metal produced before this date, the LME distinguishes between Type 1 and Type 2 Russian warrants, which previously allowed for profitable "rent deals" involving metal stored in LME-approved warehouses. The LME's new measures aim to prevent such deals and ensure fairness, reduce administrative burdens, and maintain market integrity in compliance with UK sanctions.

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

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Chart Pack

