

# Daily Market Update



A daily publication of Treasury Unit of Access Bank Botswana.

## Financial Markets

The euro dipped below the EUR/USD1.0700 mark yesterday but the upward sloping channel remains intact for now with the single currency hugging the EUR/USD1.0700 big figure. The depreciation of the yen is attributed to the Bank of Japan's longstanding monetary policy, which has kept interest rates at zero percent since 1999. This policy has led to a significant decline in the trade-weighted yen, from 130.96 to a record low of 54.97 in February of this year. Interestingly, while the yen's recent decline against the dollar has drawn attention, it remains relatively strong compared to historical levels. For instance, in 1970, the yen was almost USD/JPY360, and following the Plaza Accord in 1985, the yen plummeted from USD/JPY262 to USD/JPY79.70 within a decade

The ZAR came under pressure on Wednesday against a slightly firmer USD, again testing the 19.2000/\$ (USD-ZAR) resistance level. The ZAR's vulnerability was likely due to falling prices of Platinum Group Metals (PGMs), which are weighing on South Africa's terms of trade and will weaken the country's trade balance, if sustained. Platinum and palladium wiped out all of their early-month gains this past week, all but ending hopes of a broader rally that would support the ZAR into the upcoming elections.. As things stand, the ZAR bulls are still viewing levels closer to 19.3000/\$ as good entry points at the moment, with the market struggling to sustain breaks above 19.2000/\$.

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 today and tomorrow.

### Corporate Foreign Exchange

	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.3104	1.333632	1.3356525	1.430876
BWPUSD	0.06816	0.093496	0.0694735	0.074366
GBPGBP	17.946448	18.25564	17.5581835	17.20243
BWPEUR	0.068952	0.0702	0.06513975	0.06885
JPYBWP	11.4816	11.6688	10.8468	11.41635
USDZAR	18.456	20.01012	18.8885625	19.57720875
EURUSD	1.027488	1.113528	1.05156975	1.08943725
GBPUSD	1.196064	1.296152	1.22409675	1.26811025

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### Forward Foreign Exchange

	BWPUSD	BWPZAR
1m	-0.94575	-153.626319
3m	-2.83725	-1026.883
6m	-5.981625	-3320.16845
12m	-8.965125	-8304.36918

### Local Fixed income

Yield curve	Close	Change
6m	3.116	-0.003
3y	5.53	0.00
20y	8.25	0

### International Fixed Income

	Close	Change
SA 10y	10.775	0.08
US 10y	4.654	0.056
German 10y	2.586	0.08
SA vs Bots 20y spread	469	2



## DOMESTIC AND REGIONAL NEWS

### UK approaches Botswana to take migrants from the UK

Botswana's foreign minister, Lemogang Kwappe, revealed in an interview with a South African TV channel that the British government had approached Botswana about accepting migrants deported from the UK. The timing of this approach was not specified. This news follows earlier reports in the British press suggesting that the UK government intended to implement a program similar to its controversial Rwanda initiative in several countries, including Botswana, Armenia, Ivory Coast, and Costa Rica.

During the interview with Newzroom Afrika, Kwappe confirmed that Botswana had declined the request. He clarified that the contact was made by Britain's foreign secretary and minister for Africa through diplomatic channels. Kwappe reinforced that Botswana's decision was influenced by its own immigration challenges. He stated, "The British government does not want these people in their country so they want to ferry them to a faraway country... To receive unwanted immigrants from another country while we're dealing with our own problems in the region would be unfair to Botswana."

OPEC Secretary General Haitham Al Ghais said in a pre-recorded message at the international energy conference in Namibia that the Organisation of the Petroleum Exporting Countries (OPEC+) is excited about the potential of the Namibian OPEC partnership and stands ready to offer support at this critical juncture. The statement comes after sources told Reuters earlier this month that the initial focus for OPEC+ (the wider grouping that includes Russia) would be to see Namibia join its Charter of Cooperation, a group that engages in longer-term dialogue about energy markets and does not decide on output policy

## GLOBAL NEWS

### All eyes on US GDP later today

The advanced Q1 GDP figure is up for consideration today and will provide insight into the performance of the US economy. Although GDP growth slowed to 3.4% during the final three months of 2023, the US economy is showing resilience despite the high interest rates and elevated inflation. However, economists surveyed by Bloomberg expect the economy to have slowed further to 2.3%, which will be slightly higher than the 2.1% realised during the corresponding period in 2023. The US economy continues to be supported by a resilient labour market, leaving workers feeling confident to keep up their shopping habits and residential investment amid pent-up demand for housing and a dip in mortgage rates. Looking ahead, a broader slowdown is in store as the lagged effects of the US Fed's tight monetary policy will have a greater impact.

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

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## Chart Pack

