GMT		International and Local Data			
12:00	BO	BWP7.5bn 7-Day certificates on offer			
13:00	US	House price index m/m	Aug	1.50%	1.40%
13:00	US	S&P CoreLogic Case-Shiller house price composite-20 y/y	Aug	20.10%	19,95%
14:00	US	Consumer confidence	Oct	109,5	109,3
14:00	US	New home sales	Sep	758k	740k
14:00	US	Richmond Fed manufacturing index	Oct	4,00	-3,00

Factors Overnight	What happened?	Relevance	Importance	Analysis
German business morale	Ifo business climate index falls more than expected in October and for the fourth consecutive month to detract from the growth outlook in the EZ's superpower	Supply chain bottlenecks, a spike in energy prices and rising infections are all weighing	4/5 (economy)	Europe's largest economy is underperforming and will have knock-on implications for the rest of the bloc. This follows guidance from the Bundesbank that forecasts a sharp slowdown in Q4
BoE rate outlook	BoE MPC member Silvana Teneyro said she needed more time to assess how the end of the furlough scheme had impacted the labour market	While the impact is cleared up in the coming months, she would be reluctant to make a call on rates	4/5 (monetary policy)	Teneyro also believed that the current spike in energy prices would be transitory, and its effects fade quickly. i.e. monetary policy should not focus on this alone
US - Sino relations	US Treasury Secretary Yellen and China's Vice Premier Liu He spoke via a video conference call this morning to talk about the macro situation and bilateral relations	Although the talks were labelled as "frank", they were not acrimonious. Both countries committed to engaging	2/5 (geopolitics)	Although bilateral relations cannot be described as good, the tension between the two appears to have softened slightly to keep this issue on the back-burner in terms of market focus and risk assessments.

Factors on the Radar	What happened?	Relevance	Importance	Analysis
COP26	The UN has warned that the world is "way off track" in dealing with climate change and will seek a "dramatic increase" in climate commitments ahead of COP26	Under current commitments, emissions will be some 16% higher in 2030 vs 2010	4/5 (economy)	There is much reform and spending that is needed to generate the response that will tackle climate change. Original objectives were to reduce emissions by 45% by 2030
US spending plans	The Biden administration would love to have its spending programmes agreed upon before the G20 meeting this Saturday and the COP26 on Sunday	There is an infrastructure plan and a spending plan that will hold implications for taxes	3/5 (economy)	Spending and infrastructure plans will need to be funded. The $3.5 trln looks unattainable and will likely be replaced with a programme less than half that size. Tax burdens will rise to pay for it all
EU energy crisis	EU countries will be holding an emergency meeting today to decide on the best way to tackle the energy crisis and exactly what longer-term solutions can be implemented	Subsidies, tax breaks, price caps and others may help in the short term but will not fix the problem over the longer-term	3/5 (economy, market)	Offsetting energy costs through governments reducing taxes and helping through subsidies helps but impacts their fiscal positions negatively. If anything, this simply delays the ultimate objective of fiscal consolidation

Local FX Opening Rates and Comment

	CUSTOMER BUY CASH	CUSTOMER SELL CASH	CUSTOMER BUY TT	CUSTOMER SELL TT
BWPZAR	1.2545	1.3685	1.2787	1.3554
BWPUSD	0.0853	0.0931	0.0870	0.0922
GBPBWP	16.0972	14.7583	15.7490	15.0657
BWPEUR	0.0735	0.0803	0.0753	0.0787
JPYBWP			9.9527	10.3785
USDZAR	14.1112	15.2909	14.4420	14.9601
EURUSD	1.1135	1.2067	1.1396	1.1806
GBPUSD	1.3209	1.4310	1.3518	1.4001

Benchmark Yield Curve

6m	1.5740
3y	4.7550
5y	6.0850
22y	8.4550

Forward Foreign Exchange

	BWPUSD	BWPZAR
1m	-2.5643	-0.0297
3m	-7.3710	-0.0780
6m	-17.1015	-0.1561
12m	-41.0670	50.2428

Equities		Economic Indicators			
BSE Domestic Index	6928.18	GDP	36	Bank Rate	3.75
BSE Foreign Index	1548.83	CPI	8.4		

- Local news flow is on the thin side this morning and there was a dearth of data across the globe yesterday which led markets to focus on the upcoming central bank meetings this week and next. We have both the Bank of Canada and the European Central Bank meeting this week to decide their monetary policy trajectory. The ECB has often lagged the Fed when it comes to paring stimulus and this time should be no different. The US Fed meets next week and there is an expectation that they will prep the market for the start of stimulus reduction measures which should begin either in November or December.

- Up until now, the Fed has supported the market by buying $120bn worth of US Treasuries and Mortgage Backed Securities to inject dollar liquidity into the global financial system. As the dollars washed through the system, we witnessed a recovery in economic dynamism but equally a distortion in asset prices with the likes of stocks reaching lofty highs.
- The global economic recovery has been far from even though, the major reason for this has been the uneven progress on the COVID-19 vaccination programmes. As would be expected, given the slow progress on the vaccine front, the reopening of economies in Sub Saharan African is lagging other parts of the world. This has raised concerns amongst numerous forecasters, including the International Monetary Fund, that economic growth in Sub Saharan Africa will lag other parts of the world with more delays to immunisation, raising the probability that the COVID-19 outbreak will turn into an endemic problem for the region.
- In a report published at the end of last week, the IMF said that economic activity in Sub Saharan Africa is expected to expand by 3.7% in 2021 after contracting by 1.7% in 2020 when restrictions to curb the spread of COVID-19 weighed on activity and trade. Director of the IMF's Africa department Abebe Aemro Selassie, said earlier this month that Africa's rebound will be slower than advanced economies, with the divergence in growth expected to persist through 2023. The outlook reflects the difference in access to vaccines and stark differences in the availability of policy support.
- Africa is the world's least vaccinated region, with only 5.23% of its 1.2bn population fully immunised against COVID-19, according to data from the Africa Centres for Disease Control and Prevention. The IMF's baseline outlook assumes that only a handful of Sub Saharan African countries will achieve widespread vaccine availability before 2023. That said, the IMF flagged that demand for booster shots in advanced economies could compromise supply.
- The IMF added that further delays to the rollout would leave Sub Saharan Africa exposed to new, more virulent strains of the virus, raising the prospect that COVID-19 will ultimately become a permanent, endemic problem across the region, which suggests that confidence, growth, and the strength of the recovery will be jeopardised. Going forward, we expect Sub Saharan Africa's recovery to be uneven. While the slow progress on the vaccine front is expected to dampen growth prospects, we do see scope for some sharp recoveries across the region, supported in part by soaring international commodity prices and a rebound in tourism activity
- Currency markets showed mixed performances at the start of the week, with a cautious return of risk appetite ahead of a slew of global data releases and central bank meetings, and investors seeming to prefer the safety of the sidelines. The USD bounced back after Friday's loss with weakness against commodity currencies offset by gains against the euro and other haven currencies. However, risk assets were broadly on the offensive with gains on Wall Street leading global equity benchmarks.
- The local unit remains anchored below the 0.0900 handle for now. Investors are reminded that there will be a 7-Day T-bill auction today with the amount of BWP7.5bn on offer.

ZAR and Associated Comments

- Despite a stronger USD, the ZAR joined buoyant commodity currencies and a precious metal rally as it swung earlier losses to snap back with a 0.90% daily advance to close just south of the 14.7000/$-handle. Last week's loss due to a combined 3% decline over the final two trading sessions of the week saw the ZAR the third worst in the EM currency basket, with the Brazilian Real and Turkish Lira lagging further. As there weren't many quantifiable changes on policy outlooks either domestically or Stateside over the course of the last week, the ZAR may yet have some more upside in the near term should markets look to undo last week's decline and market sentiment remain supportive. However, EM currencies were far from unanimous in their performances yesterday, suggesting the market remains concerned over potential taper risks from this week's central bank meetings and next week's Fed policy update.
- Domestically, the economic backdrop has not been helped by the return of load shedding, albeit not as economically devastating as past bouts. Nevertheless, this ultimately complicates the SARB's upcoming policy decision next month and whether it will meet market-based expectations for a hike of interest rates. Yesterday, Eskom released another warning of an elevated probability of further load shedding in the short term, which was eventually announced overnight, as the ailing state utility urgently performs maintenance to improve future reliability.
- The risks of more severe bouts of load shedding will ultimately need to be evaluated by the SARB as it walks the fine line of supporting the economy while containing inflation and market volatility. Should load shedding persist and impact growth into the end of the year, this could lead the SARB to delay its rate hike cycle and opt to keep policy on the accommodative side for a little longer, likely to the detriment of the ZAR.
- As for the day ahead, this week's domestic data card kicks off with the SARB's leading indicator. For August, the indicator will have found some support from the passing of the civil unrest in July, but deteriorating global conditions could offset this. Further out, South Africa's structural constraints will gain focus, suggesting the pace of the economy's recovery will likely begin to slow. Externally, market focus will fall on a US consumer confidence print. With expectations for more persistent inflation dragging on consumer confidence in recent months, the data could weigh on the USD in the day ahead should it undershoot expectations. However, the data could go either way given high-frequency jobless claims data have pointed to a continued recovery in the labour market, suggesting consumer confidence may have been supported through October.

Contacts

Mogamisi Nkate +267 3674335 email: mnkate@bancabc.com

Phillip Masalila +267 3674621 email: pmasalila@bancabc.com
Kefentse Kebaetse +267 3674336 email: kkebaetse@bancabc.com
Maungo Sebonego +267 3674338 email: msebonego@bancabc.com

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