

# Botswana Market Watch 10 January 2022



GMT	Country	Data event or release	Period	Market Exp	Previous
-	BW	No Data			
09:30	EZ	Sentix investor confidence index	Jan		13,50
10:00	EZ	Unemployment rate	Nov		7,30%
15:00	US	Wholesale inventories m/m	Nov P		1,20%
15:00	US	Wholesale sales m/m	Nov		2,20%

Factors Overnight	What happened?	Relevance	Importance	Analysis
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<b>Ukraine talks</b>	Russia indicated on Sunday that it would not make any concessions if it happened under duress from the US	The US maintains that only de-escalation from Moscow will help	4/5 (geopolitics)	It seems that any talks that might take place this week start from hardened stances on both sides. Hopes of a breakthrough have faded significantly
<b>US labour market</b>	The payrolls data underwhelmed on the headline figure generating only 199k new jobs vs expectations of over 400k. However, unemployment dropped to 3.9% from 4.2%	A record 6.4mn jobs were created in 2021, and now the US is eyeing full employment closer to 3.5% see pre-Covid	4/5 (economy)	Although the headline figure was soft, the collection of labour data released last week points to a strong labour market recovery that has the ability to extend into the future. Pre-pandemic employment levels now look possible
<b>Oil prices</b>	Oil prices continue to recover regardless of the threat that the rapidly spreading Omicron variant is exerting on growth prospects	While Covid growth risks are important, supply disruptions have helped offset	3/5 (economy)	Prices rose some 5% last week on news that Kazakhstan and Libya experienced supply disruptions due to protests and pipeline maintenance, respectively

Factors on the Radar	What happened?	Relevance	Importance	Analysis
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<b>Fed nominations</b>	Fed Chairman Powell will make his first public appearance of the year, joined by Lael Brainard, who will also be considered for the role of Chairman and Vice	The Senate Banking Committee will likely ratify both nominations in a boost to continuity	2/5 (markets)	Alongside the choices of Chairman and Vice Chairperson, President Biden will also consider a further three candidates for key leadership roles, and diversity will be a key consideration
<b>UK expectations</b>	A survey conducted by Trade UK and PWC indicated that 73% of manufacturers were optimistic that business conditions and productivity would improve in 2022 despite Brexit	Given developments in Brexit, some manufacturers said they would reshore productive operations to mitigate Brexit	3/5 (economy)	While this may seem positive at face value, it is difficult to make a clear judgement on whether this will indeed be good news for long term prospects in the midst of a pandemic. 2022 will reveal whether optimism is well placed
<b>US inflation</b>	With the labour data out of the way and the Fed's minutes turning hawkish, the upcoming inflation data will be key to gauge the degree of price pressures	Inflation data is a key market-moving development that will impact broader market sentiment	4/5 (economy, markets)	Should Powell and Brainard retain a clear hawkish tone in their interviews before the Senate Banking Committee, and inflation remains hot, the USD will likely regain lost ground



## Highlights news vendors

CNBC - [Inflation, rising rates and the Federal Reserve could whip stocks around in the week ahead](#)

ALL AFRICA - [ECOWAS Pushes for Mali Elections In February 2022](#)

FT - [Nato stands ready for conflict in Europe, says alliance chief](#)

SOUTH CHINA POST - [Tigray rebels claim dozens have been killed in drone strike on camp for people displaced by Ethiopia war](#)

REUTERS - [Sudanese security forces fire teargas at anti-coup protesters - witnesses](#)

Corporate Foreign Exchange

	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.2788	1.2845	1.3035	1.3781
BWPUSD	0.0821	0.0935	0.0837	0.0884
GBP/BWP	16.4642	16.5232	16.1080	15.5699
BWPEUR	0.0784	0.0787	0.0741	0.0772
JPY/BWP	0.0000	0.0000	9.7268	10.1140
USDZAR	14.9575	16.2186	15.3080	15.8677
EURUSD	1.0881	1.1788	1.1136	1.1533
GBPUSD	1.3040	1.4127	1.3345	1.3822

Interbank Spot Foreign Exchange

	Close	Change
BWPUSD	0.0855	0.001
BWPGBP	0.0629	0.0005
BWPEUR	0.0752	0.0004
BWPZAR	1.3327	-0.0193
Dollar Index	95.926	0.207
EURUSD	1.1334	-0.0025
GBPUSD	1.3583	-0.0002
USDJPY	115.8	0.25
USDNGN	412.96	0
USDZAR	15.5903	0.0028

Forward Foreign Exchange

	BWPUSD	BWPZAR
1m	-2.75925	-11.34109
3m	-7.79025	-25.97694
6m	-17.09175	-55.88438
12m	-38.73675	-173.5435

Local Fixed Income

Yield curve	Close	Change
6m	1.549	-0.001
3y	4.83	0.83
5y	5.89	0.29
20y	8.46	0.06
22y	8.53	0.03

International Fixed Income

	Close	Change
SA 10y	9.405	-0.025
US 10y	1.7655	0.0374
German 10y	-0.029	0.039
Spread SA 5y vs Bots 5y bpts	199.5	-33

Equities

	Close	Change
VIX	18.76	-0.85
Dow Jones	36231.66	-170.64
FTSE	7485.28	-66.5
JSE All share	73939.71	-895.67
Bots DCIBT	7042.22	28.57
Nigeria Index	43854.42	131.19

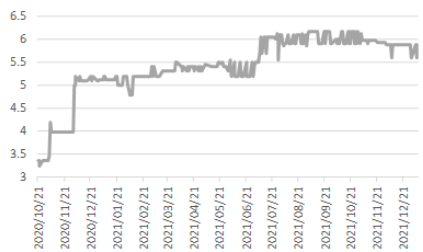
Commodities

	Close	Change
Gold	1795.6321	6.9563
Brent Crude	81.75	-0.24
3m Copper	9647	116
LME Index	4524	35.2
1 carat index	5748	-602

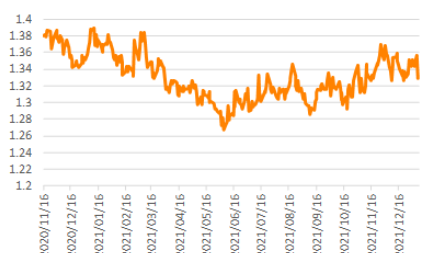
Spot BWP



BWP 5y local bond yield



BWP-ZAR



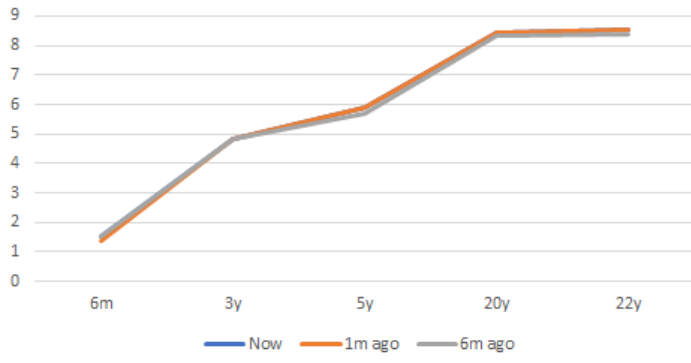
## Local and regional talking points

- Local market conditions should start to normalise from today as many will be returning to work following the holiday period. We still have a quiet week ahead in terms of data releases with the latest CPI figures now only slated for Friday. They will be of interest, however, given that the November reading came in at 8.6% with scope for it to remain as elevated for the December reading. We are, however, seeing signs that inflation pressures are peaking now, and from early 2022 onwards we could see the data start to normalise.
- Regionally, South Africa's Naamsa vehicle sales numbers for December will kick off the week's data releases today, and provide fresh insights into demand for big-ticket items in SA. Following this, manufacturing production data for November, due tomorrow, will provide a gauge of the health of SA's broader productive capacity after manufacturing PMI numbers released on Friday suggested this may be weakening at the margin. However, note that neither of these data prints are expected to be particularly market-moving, with the ZAR set to continue trading at the mercy of external developments that might affect prospective Fed policymaking and broader risk appetite.

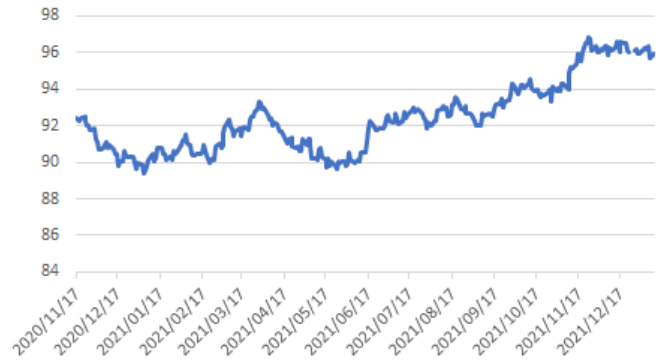
## Financial Market commentary

- The BWP-USD climbed on Friday to end the week at 0.0855, its highest since 28 December. Emerging and frontier markets generally ended the week on the front foot against the USD and the BWP was no exception. We could see these gains extended as more liquidity returns to the market from today. December's high of 0.0855 will be the level to eye for now.
- The ZAR also capitalised on a retreating USD on Friday, building on its late-week advance to ultimately end the first week of 2022 more than 2% stronger than it started. Friday's 1% appreciation took the ZAR to a two-week high of R15.5800/\$, and came on the back of a mixed December employment report out of the US. The headline nonfarm payrolls number in the report came in at only 199k, well below the 450k pencilled in as the consensus forecast on Bloomberg. However, the report showed that the US unemployment rate dropped from 4.2% to a pandemic-era low of 3.9%, which was below the Fed's long-run estimate of sustainable unemployment and consistent with its evolving view that the labour market is near, or at, maximum employment.
- Bets for a March rate hike in the Fed Funds Futures and Overnight Index Swaps markets were thus maintained, even as the USD tracked short-end UST yields lower into the weekend. The greenback's decline came as the market's somewhat stretched long position was squeezed slightly by the softer-than-expected payrolls number, but did not point to a material turnaround of its broader trend. Note that the USD index still remains within its recent range, and will likely continue to pivot around the 96.00 mark for a while longer as investors speculate on prospective Fed monetary tightening.

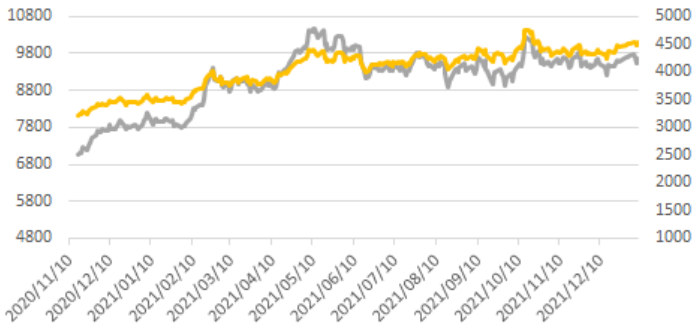
### Botswana Yield Curve



### USD Index



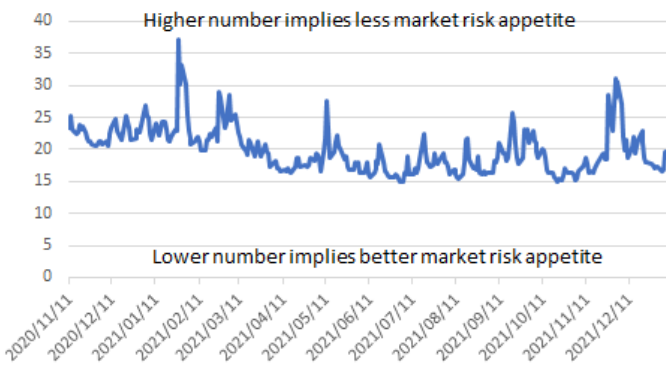
### Base metals - Copper L\_Hand axis LME Index R\_Hand axis



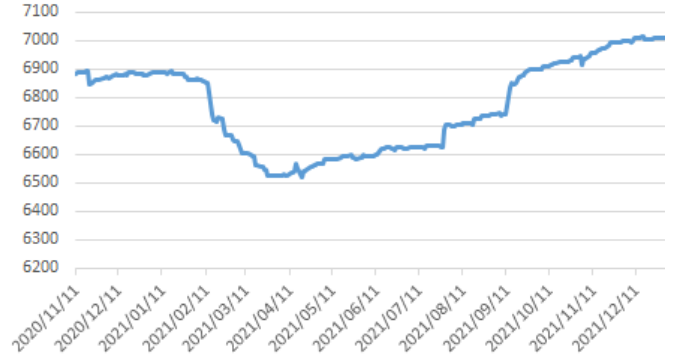
### Oil R\_Hand Axis - Gold L\_Hand Axis



### VIX Index - Risk appetite measure



### Local stockmarket performance



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