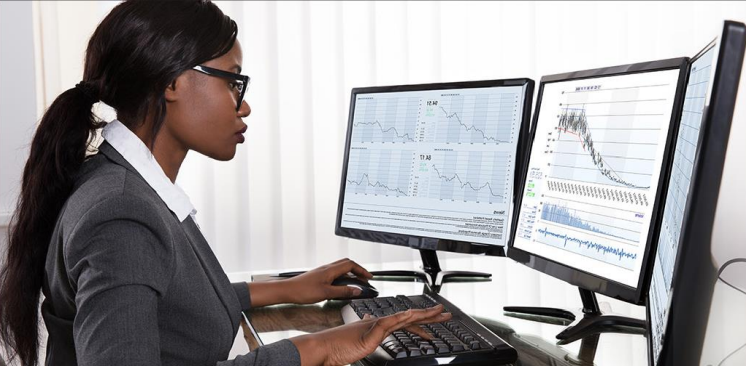


Botswana Market Watch

17 January 2022



GMT	Country	Data event or release	Period	Market Exp	Previous
-	BW	Nothing on the cards			
0/N	US	Martin Luther King, Jr. Day			
00:01	JN	Machine orders y/y	Nov	3.4A%	2.90%
02:00	GB	Rightmove house prices y/y	Jan	7.6% A	6.30%
02:00	CH	Industrial Production Y/Y	Dec	4.30A%	3.80%
02:00	CH	Real GDP y/y	4Q	4.0A%	4.90%
02:00	CH	Retail sales y/y	Dec	1.7A%	3.90%

Factors Overnight	What happened?	Relevance	Importance	Analysis
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Chinese GDP	Chinese Q4 GDP beat expectations to the upside, rising 4.0% y/y vs 3.6% expected, helping overall growth to 8.1% for the year vs 8.0% expected	Whether such growth will be sustained amid a weaker property market and Covid is debatable	3/5 (economy)	The start of 2022 will be softer courtesy of the Omicron variant and a property sector that is struggling amid sky-high levels of indebtedness and less robust demand
Japan machinery orders	Japan's machinery orders rose more than expected, with Nov's core orders rising 3.4% m/m vs a forecast of 1.4%. Core orders were up 11.6% y/y vs a forecast of 6.1% y/y.	The government has welcomed signs that the economy appears to be gathering momentum and staging a recovery	3/5 (economy)	While the data was good, companies could remain cautious as they continue to struggle with supply chain constraints, high energy costs and sky-high wholesale inflation that is crimping margins
China rate cut	China's PBoC unexpectedly cut rates on Monday for the first time since April 2020, with more possible as the economy slows	PBoC is reducing rates on CNY700bn worth of 1yr MLF loans	4/5 (economy, monetary policy)	The state of the property market is clearly troubling the authorities a lot more than they let on, and they are trying to ease some of that pressure

Factors on the Radar	What happened?	Relevance	Importance	Analysis
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UK self-isolation law	The UK is drawing up plans to scrap laws that legally bind people to self-isolate after they have caught Covid	It appears the UK is working on the premise Covid will become endemic	3/5 (economy)	This is a constructive step in that it encourages the population to live with the virus rather than try to suppress it, which has proven futile
French budget deficit	France's economy likely expanded by 6.7% in 2021, not the 6.25% expected, implying its tax revenues were probably stronger to help reduce the budget deficit towards 7.0%	Any extra revenue being generated is heading straight towards reducing the budget deficit and alleviating pressure	3/5 (economy, fiscal policy)	Rebalancing fiscal positions will likely be the major theme of 2022. Governments will need to get a grip on the need to cut expenses amid softer tax revenue generation, and that will come at a time when central banks are scaling back too
US public holiday	It will be a slow start to the week with the US enjoying a public holiday for Martin Luther King Day	Trading through the US session will likely be thinner and more volatile than usual	2/5 (economy, monetary policy)	It only means that significant position taking may need to wait until tomorrow, which will signal the start of more normalised trading conditions.



Highlights news vendors

CNBC - [China's economy grew 8.1% in 2021 compared to a year ago](#)

ALL AFRICA - [Lakes in the Democratic Republic of Congo Are Contested Spaces. Here's Why](#)

FT - [Horta-Osório resigns as Credit Suisse chair over Covid breaches](#)

SOUTH CHINA POST - ['Shocking' fall in China's national growth rate as population ageing intensifies](#)

REUTERS - [Oil extends rally on supply tightness, Brent at more than 3-year high](#)

Corporate Foreign Exchange

	CUSTOMER BUY		CUSTOMER SELL	
	CASH	TT	CASH	TT
BWPZAR	1.279104	1.284192	1.3037534	1.377831
BWPUSD	0.08304	0.093496	0.0846403	0.089507
GBPGBP	16.388424	16.446456	16.033867	15.497622
BWPEUR	0.078728	0.07904	0.0743753	0.07752
JPYBWP	10.296	10.3272	9.72675	10.103775
USDZAR	14.787168	16.028168	15.133742	15.68140475
EURUSD	1.096032	1.187784	1.1217203	1.16208675
GBPUSD	1.313088	1.422616	1.3438635	1.39183825

Interbank Spot Foreign Exchange

	Close	Change		BWPUSD	BWPZAR
BWPUSD	0.0865	-0.0001	1m	-2.79825	-12.97219
BWPGBP	0.0632	0	3m	-7.94625	-28.1166
BWPEUR	0.0758	0.0002	6m	-17.3355	-58.4373
BWPZAR	1.3308	0.0058	12m	-38.8245	-178.5993

Forward Foreign Exchange

	Close	Change
Dollar Index	95.163	-0.002
EURUSD	1.1417	0.0003
GBPUSD	1.3676	0.0003
USDJPY	114.42	0.22
USDNGN	413.79	0
USDZAR	15.4006	0.016

Local Fixed Income

Yield curve	Close	Change		Close	Change
6m	1.55	-0.001	SA 10y	9.37	-0.065
3y	4.83	0	US 10y	1.793	0.0924
5y	5.89	0	German 10y	-0.049	0.037
20y	8.46	0	Spread SA 5y vs Bots 5y bpts	187.5	-5
22y	8.53	0			

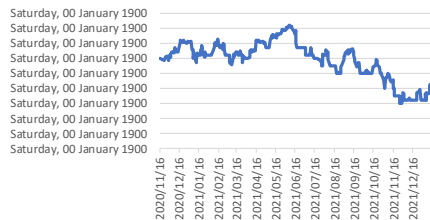
International Fixed Income

Equities	Close	Change	Commodities	Close	Change
VIX	19.19	-1.12	Gold	1817.219	-4.8686
Dow Jones	35911.81	-176.7	Brent Crude	86.06	1.59
FTSE	7542.95	12.13	3m Copper	9719.5	-239
JSE All share	75160.21	40.8	LME Index	4588.6	-54.9
Bots DCIBT	7039.88	0	1 carat index	6425	105
Nigeria Index	44454.67	-4.08			

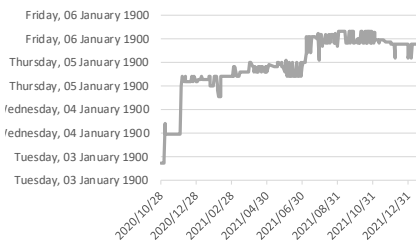
Equities

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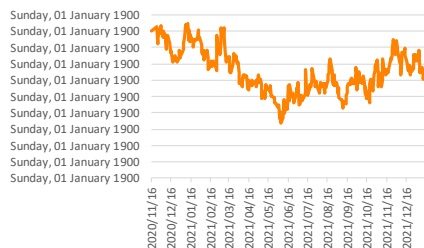
Spot BWP



BWP 5y local bond yield



BWP-ZAR



Local and regional talking points

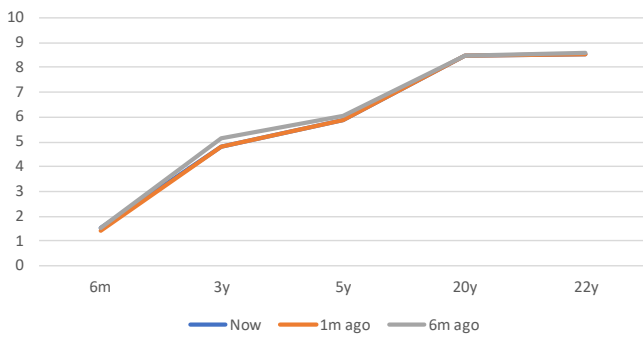
- The local highlight on Friday was undoubtedly the CPI print for December 2021. The reading recorded a slight increase over the November release coming in at 8.7% which was 0.1% higher than November. There were two categories that contributed significantly to the rise in December and these were Transport which recorded a 4.3% increase, while Housing, Water, Electricity, Gas and other fuels recorded a 1.4% increase. The print remains above the Central Bank's target band of 3-6% and there are no signs of any moderation in the coming months with energy prices remaining high. (We will unpack developments in the oil markets in the financial markets section below)
- Equally, the political landscape remains an interesting one, MMEGI online reported the following on Friday. *A major shake-up of ministries and parastatals is reportedly set for this year with some being merged and others to be split as part of President Mokgweetsi Masisi's RESET agenda aimed at the alignment of government to the transformation objective and new priorities. In efforts to roll-out the new agenda, Mmegi is informed that a special Cabinet meeting was held before the festive season to plot the changes and secure ministers' input into the plans being made. Highly authoritative sources said there would be no sacred cows in the execution of the exercise and each ministry and its mandate would be examined. The over-arching goal of the shake-up, sources said is to adopt new approaches for economic transformation, greater projects implementation and delivery as well as job creation for Batswana. Among others, the changes would involve merging and splitting the mandates of different ministries as well as parastatals.*

Financial Market commentary

- It will be an interesting week ahead that will start off on a lull as the US enjoys a public holiday for Martin Luther King Day. Nevertheless, the interest was generated upfront with the release of the latest Chinese GDP data, which showed that the economy expanded 8.1% in 2021 vs a year ago. The 4th quarter growth of 4.0% y/y was well above market expectations penciled in by analysts polled by Reuters that had anticipated growth of 3.6% y/y. The result means that for all of China's troubles through 2021, it still grew very impressively, which may offer some perspective on why commodity prices have held up as well as they have. The news should be positive for equity markets at the margin, although there has been a mixed bag across Asia this morning.
- Brent oil touched a seven-year high in early trade this morning, reaching \$86.71 per barrel before some weak macro data out of China saw prices retreat to level on the session by the time of writing. Even with the drop from its intraday highs today, oil is still up over 10% this year as demand has remained far more resilient than many expected, while supply issues have emerged in some African and Middle-Eastern producers. OPEC+ members have also struggled to reach their production targets and are likely to continue to do so, suggesting overall supply levels will struggle to match demand.
- Copper prices have recovered marginally this morning following the losses recorded on Friday. The benchmark 3m LME contract finished 2.43% down on the session to close at \$9719.50/tonne on Friday and is currently marking time just shy of \$9730.00/tonne as the EU open beckons this morning.
- Investors are keeping a close eye out on stock levels which remain one of the key supporting factors to the copper market. On-warrant LME copper inventories are at 78 375 which is some 67% lower than the August highs. Stocks in warehouses monitored by the Shanghai Futures Exchange are hovering at levels close to the 2009 lows at 30 330 tonnes according to Reuters.
- The BWP-USD consolidated into the close last week with the CPI reading not having any impact on the outlook for monetary policy and thus the influencing the currency from a carry perspective. The local unit closed at 0.0865 in the interbank

market, we expect the first line of support to come in at 0.0860 as we start the new week with additional improvements in liquidity expected. Investors are however reminded that the US is out for a public holiday today.

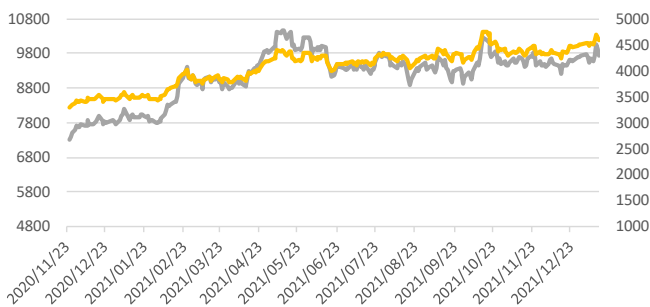
Botswana Yield Curve



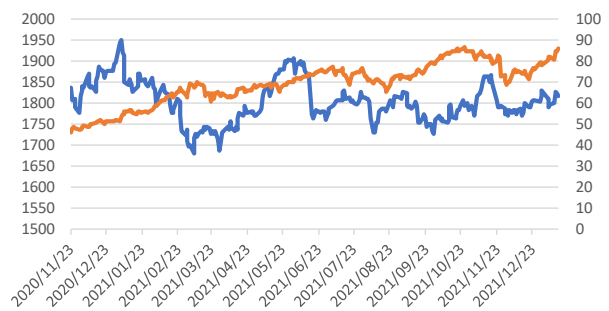
USD Index



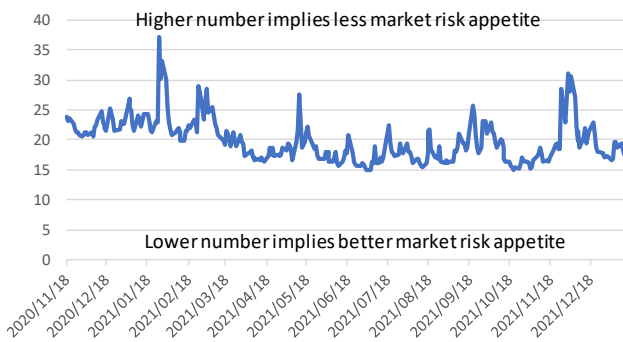
Base metals - Copper L_Hand axis LME Index R_Hand axis



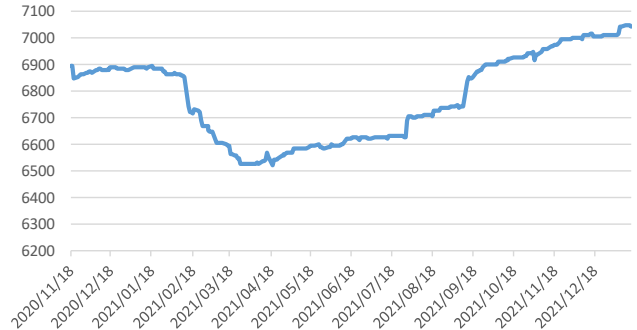
Oil R_Hand Axis - Gold L_Hand Axis



VIX Index - Risk appetite measure



Local stockmarket performance



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