

# Botswana Market Watch 24 January 2022



GMT	Country	Data event or release	Period	Market Exp	Previous
	<b>BW</b>	Nothing on the cards			
<b>08:30</b>	<b>GE</b>	Markit/BME manufacturing PMI	Jan P	57,20	57,40
<b>09:00</b>	<b>EZ</b>	Markit/BME manufacturing PMI	Jan P	57,80	58,00
<b>09:30</b>	<b>GB</b>	Markit manufacturing PMI	Jan P	57,60	57,90
<b>13:30</b>	<b>US</b>	Chicago Fed activity index	Dec		0,37
<b>14:45</b>	<b>US</b>	Markit PMI manufacturing	Jan P	57,00	57,70
<b>14:45</b>	<b>US</b>	Markit composite PMI	Jan P		57,00

Factors Overnight	What happened?	Relevance	Importance	Analysis
<b>Russia - Ukraine</b>	The US announced on Sunday that it was ordering US diplomats' family members to leave the Ukraine president Biden weighed up options for boosting its military presence to counter Russia	Although the core scenario is that war will be avoided, this move only serves to ramp up uncertainty levels	<b>5/5</b> (geopolitics)	Tensions will be running higher on both sides of the border, and clearly, the US is now taking the threat of a Russian troop build-up very seriously. The UK has indicated that Moscow would like to put a pro-Russian leader to head Ukraine
<b>China's Evergrande</b>	Shares in Evergrande rose more than 13% on Mon a day after the company announced it would appoint an official from the state asset manager	In a type of bailout, Evergrande's assets could be taken over by state-owned firms in a major restructure	<b>3/5</b> (economy, markets)	The company also plans to offload its offshore assets to help pay down its foreign debt, in what will come as an encouraging boost to investors looking to recoup some of their losses
<b>US leading indicator</b>	Last week Friday saw the US leading indicator data rise strongly in Dec, suggesting that the economy still had some resilience to it	The trajectory is rising, giving hope that the economy will continue to grow into the spring	<b>4/5</b> (economy, monetary policy)	It will also embolden the Fed to press ahead with its normalisation of monetary policy, including the quicker taper to end in March followed by rate hikes and a balance sheet roll-off.

Factors on the Radar	What happened?	Relevance	Importance	Analysis
<b>German GDP growth</b>	The German government will cut its economic growth forecast for this year to 3.6% from its Oct estimate to 4.1%	This is a direct result of the Omicron variant spread and the impact it exerted	<b>4/5</b> (economy)	The risk is high that the German economy to record a technical recession as it shrinks again in Q1 2022, following the contraction in Q4 2021
<b>BoE</b>	BoE policymaker Catherin Mann indicated that the central bank will push back against inflation on Friday. She expects inflation to stay stronger for longer	Investors are anticipating that the BoE will hike rates by 25bp next week to contain expectations	<b>4/5</b> (economy, monetary policy)	UK inflation rose to the highest since 1992 in Dec, and the risk is that inflation expectations remain buoyant. The BoE has shifted to a tightening bias just as other central banks have
<b>Financial markets - geopolitics</b>	Oil prices are up, share markets are down, and bonds undecided. The common theme is the geopolitical tensions in Eastern Europe and the Middle East	Stock markets are vulnerable due to their valuations, and the tensions in Ukraine will be key	<b>5/5</b> (geopolitics, markets)	The focus will turn to these developments this week as investors try to better understand the dynamics that will unfold and the pressures that may build in key risk metrics

## Highlights news vendors

**CNBC** - [Inflation surge could push the Fed into more than four rate hikes this year, Goldman Sachs says](#)

**ALL AFRICA** - [Gambia Looks to Africans to Revive Its Stricken Tourism Industry](#)

**FT** - [US orders families of embassy staff to leave Ukraine](#)

**SOUTH CHINA POST** - [Beijing sends 39 aircraft to Taiwan air zone, island scrambles jets](#)

**REUTERS** - [Asia shares brace for hawkish Fed, wary of potential Ukraine conflict](#)

Corporate Foreign Exchange

	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.258944	1.264608	1.2832049	1.356819
BWPUSD	0.083424	0.093496	0.0850317	0.089816
GBPWP	16.165344	16.222336	15.815613	15.286432
BWPEUR	0.079768	0.08008	0.0753578	0.07854
JPYWP	10.296	10.3376	9.72675	10.11395
USDZAR	14.486784	15.711488	14.826318	15.371576
EURUSD	1.087392	1.178112	1.1128778	1.152624
GBPUSD	1.301184	1.40972	1.3316805	1.37922125

Interbank Spot Foreign Exchange

	Close	Change	BWPUSD	BWPZAR
BWPUSD	0.0869	0.0002	1m	-2.808
BWPGBP	0.0641	0.0004	3m	-7.86825
BWPEUR	0.0766	0	6m	-17.09175
BWPZAR	1.3117	-0.0246	12m	-38.48325

Forward Foreign Exchange

	Close	Change	BWPUSD	BWPZAR
Dollar Index	95.721	0.079		
EURUSD	1.1326	-0.0014		
GBPUSD	1.3553	-1E-04		
USDJPY	113.93	0.25		
USDNGN	414.45	0		
USDZAR	15.0931	-0.001		

Local Fixed Income

Yield curve	Close	Change	SA 10y	US 10y	German 10y
6m	1.551	0.002	9.24	1.7705	-0.06
3y	4.83	0			-0.0406
5y	5.89	0			-0.033
20y	8.46	0			
22y	8.53	0			

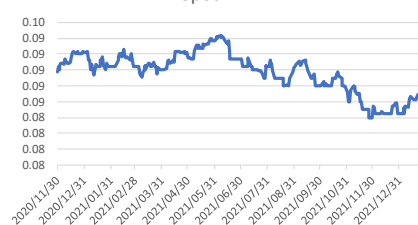
International Fixed Income

	Close	Change
Spread SA 5y vs Bots 5y bpts	173.5	-4.5

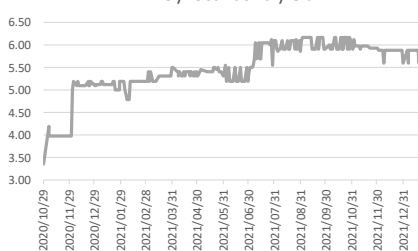
Equities

	Close	Change	Commodities	Close	Change
VIX	28.85	3.26	Gold	1833.2386	-5.1214
Dow Jones	34265.37	-313.26	Brent Crude	87.89	-0.49
FTSE	7494.13	-4.65	3m Copper	9941	-49
JSE All share	74834.52	57.11	LME Index	4741.9	-25.8
Bots DCIBT	7039.62	0	1 carat index	5969	-332
Nigeria Index	45957.35	460.38			

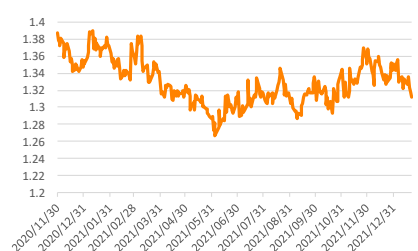
Spot BWP



BWP 5y local bond yield



BWP-ZAR



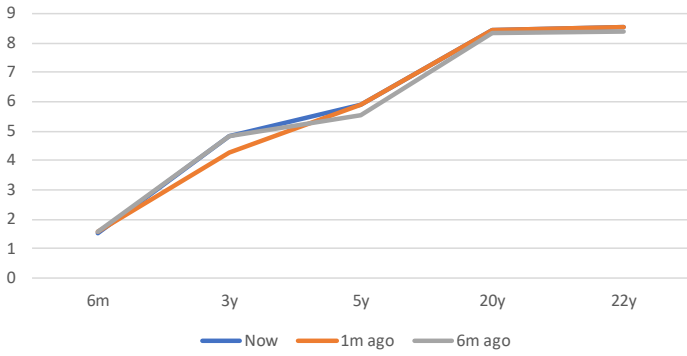
## Local and regional talking points

- It was only a matter of time before the regulators took aim at the virtual asset market which many view as having significant systemic risk to the financial market system as a whole.
- A new bill is set to come before an emergency sitting of Parliament today. The bill known as the Virtual Asset Bill will require virtual asset traders which include cryptocurrency traders to obtain a license from the Non-Bank Financial Institutions Regulatory Authority (NBFIRA) should they wish to operate in Botswana. The aim of this is to weed out the unscrupulous and avoid scams which have plagued the sector for years.
- The Bank of Botswana has previously described cryptocurrencies as “speculative assets without the backing of any underlying economic activity”.
- In other local news, MiningWeekly reported the following - Botswana-based coal miner Minergy says in a voluntary update that it has made considerable progress toward reaching nameplate capacity of 125 000 t a month at its Masama coal mine during the six months to December 31. [\(full report can be accessed here\)](#)

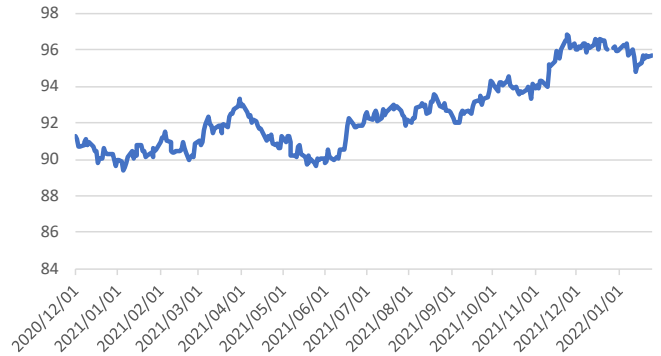
## Financial Market commentary

- Developments in the precious and base metal markets continue to set the stage for global macro backdrop and thus following the market is a valuable pursuit as the week gets underway.
- The yellow metal is consolidating at the start of the week as investors assess the impact of the rise in geopolitical tensions coupled while bracing for a hawkish Fed on Wednesday. Gold is currently changing hands just north of \$1835.00/oz this morning and the expectation is that this trading pattern is sustained into the EU open.
- The U.S State Department told diplomats’ family members to leave the Ukraine as the superpower assesses options with the increase of America’s military assets in the region certainly not off the cards to counter the increase in Russian troops. Moscow has amassed some 100 000 troops over the past couple of months on the Eastern border it shares with the Ukraine, but the Kremlin has consistently denied that it is planning to invade.
- Industrial metals shed more ground this morning as risk-off sentiment builds given the rise in geopolitical tensions. The benchmark 3m LME copper price is currently marked at just below the \$9870.00/oz mark and there is a potential that we slip further through the course of today’s trading session. Equally there is the hawkish Fed looming and investors may find the long side of the trade difficult as a tightening of monetary policy by the Fed would certainly but the brakes on economic dynamism and thus demand for copper.
- Oil markets have kicked off the new week on the front foot as the prospects for demand going forward continue to look positive. The front-month Brent contract has climbed to \$88.60 per barrel by the time of writing, recovering all of Friday’s losses and looking back on track to reach new cycle highs. The demand outlook was bolstered by comments out of the US from Dr. Fauci, who said that the Omicron wave is peaking. Furthermore, WHO officials suggested that the Omicron variant could lead to the end of the pandemic in Europe. This will continue to support demand in the physical market and keep prices supported through the coming weeks.
- Moving over to the FX markets we have seen an element of risk off creep into the market as the Asian session draws to a close. The USD Index is underpinned just above the 95.75 mark while riskier assets such as crypto currencies have taken it on the chin. The Aussie Dollar a proxy for risk trading is lower by some 0.3% as we enter the local open and the expectation is that the Pula will have a measured start to today’s session.

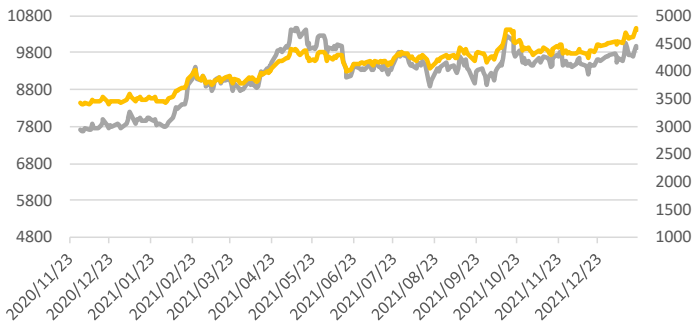
### Botswana Yield Curve



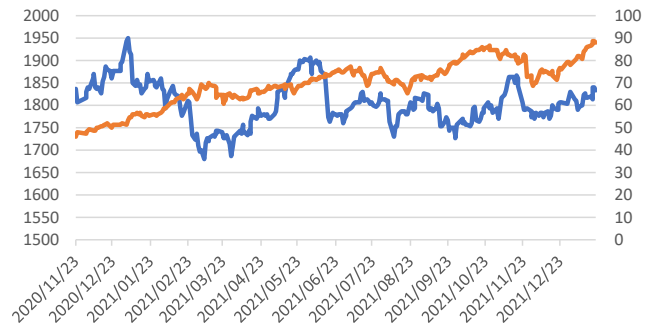
### USD Index



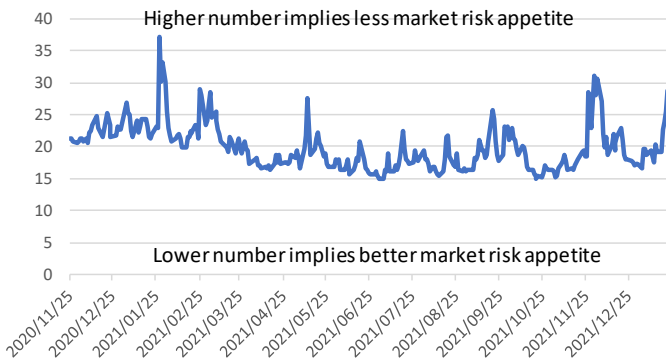
### Base metals - Copper L\_Hand axis LME Index R\_Hand axis



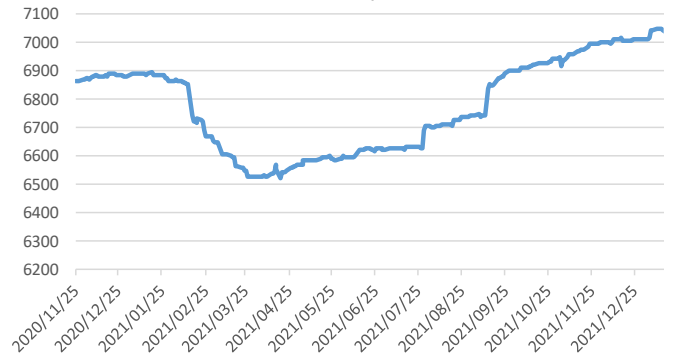
### Oil R\_Hand Axis - Gold L\_Hand Axis



### VIX Index - Risk appetite measure



### Local stockmarket performance



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