

# Botswana Market Watch

## 9 March 2022



GMT	Country	Data event or release	Period	Market Exp	Previous
	<b>BW</b>	Nothing on the cards			
12:45	<b>EZ</b>	ECB deposit facility rate	Mar 10	-0.50%	-0.50%
12:45	<b>EZ</b>	ECB rate announcement	Mar 10	0.00%	0.00%
13:30	<b>US</b>	CPI y/y	Feb	7.90%	7.50%
13:30	<b>US</b>	Initial jobless claims	Mar 5		215k
13:30	<b>US</b>	Real ave weekly earnings y/y	Feb		-3.10%
19:00	<b>US</b>	Monthly budget statement	Feb		\$118,70bn

Factors Overnight	What happened?	Relevance	Importance	Analysis
<b>Ukraine - Russia</b>	The US and the UK have banned all oil imports from Russia in a move that is more symbolic than it is substantive	The decision has boosted oil prices back above the \$130pb mark	<b>5/5</b> (geopolitics, Economy, markets)	While countries like the US and the UK partake in virtue signalling, many other countries more exposed to oil imports may suffer larger consequences
<b>Russian sanctions</b>	More companies such as McDonald's, Starbucks, Coke, and Pepsi have all halted sales in Russia indefinitely. Other companies urged to follow suit	The Russian economy will likely suffer through a double-digit contraction through 2022	<b>5/5</b> (economy)	It is unimaginable that such dramatic cuts in production and economic activity will exert on the Russian economy. The degree of unemployment and strife will spike
<b>Russia credit rating and default</b>	Some reports that Russia has already defaulted, but yesterday, Fitch downgraded Russia's sovereign rating by 6 notches further into junk territory to "C" from "B" as default is imminent	Sanctions and isolation has been so severe that there are no scenarios where Russia does not default	<b>5/5</b> (economy, markets)	It is only a matter of time before Russia is in default as it struggles to access USD funding to repay creditors. EU Banks and financial institutions are preparing for mass write-downs which will heavily impact their performance

Factors on the Radar	What happened?	Relevance	Importance	Analysis
<b>Ukraine - Russia</b>	Russia has promised "silence" for Ukrainians wanting to flee their cities as it calls for a new cease-fire. It is unclear whether the new corridors will channel through Russia and/or Belarus	There are serious doubts over whether the corridors will be safe and will hold such that people can exit in safety	<b>5/5</b> (geopolitics, Economy, markets)	This has become a massive humanitarian crisis that the rest of Europe will be forced to cope with. Although it could prove temporary if the war ends soon, there are no signs that this is on the cards for now
<b>Global energy crisis</b>	The irony of the current energy crisis is that it catalyzes the industry's demise as it investment and research into alternative sources of energy accelerates, although not in the s-term	Households will change behaviour to mitigate the costs of travel and soaring prices, which will impact demand	<b>3/5</b> (economy, markets)	Sadly, this will unfold in the years ahead and will not come soon enough to alleviate the impact of high energy costs. However, crises often form the perfect platform to catapult agents for change and this time will be no different
<b>Central Bank outlook</b>	Following on from the Fed that labelled the Ukrainian war a game-changer, the RBA highlighted the inflation shock that it would deliver	RBA felt it too soon to judge the full extent of the inflation spike and opted to remain patient on policy	<b>4/5</b> (monetary policy, economy)	Central banks are faced with a tough choice of whether to focus on a supply-side shock driving inflation or the negative growth effect the higher prices will exert on the global economy

### Highlights news vendors

**CNBC** - [China watches warily as Ukraine makes U.S., EU and Japan strengthen their alliance](#)

**ALL AFRICA** - [Examining Africa's Policy Towards the United States in the Biden Era](#)

**FT** - [US and UK ban Russian oil and gas imports in drive to punish Putin](#)

**SOUTH CHINA POST** - [Ukraine crisis won't stop China becoming top economy by 2030: Beijing adviser](#)

**REUTERS** - [Russia promises 'silence' for Ukrainians to flee battered cities](#)

Corporate Foreign Exchange

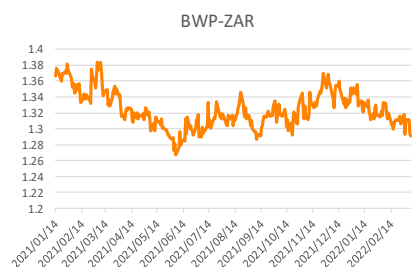
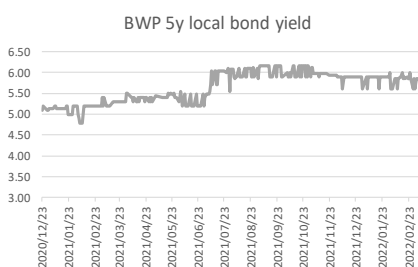
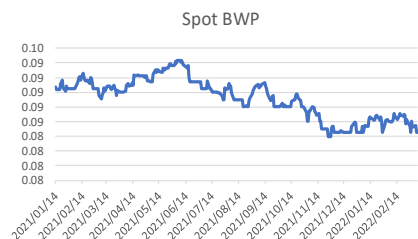
	CUSTOMER BUY		CUSTOMER SELL	
	CASH	CASH	TT	TT
BWPZAR	1.23888	1.25904	1.2627543	1.350845
BWPUSD	0.08112	0.093496	0.0826833	0.088374
GBPWP	15.889744	16.139032	15.545976	15.207934
BWPEUR	0.0806	0.081848	0.0761438	0.080274
JPYWP	10.1816	10.3376	9.618675	10.11395
USDZAR	14.661408	15.897544	15.005035	15.5536068
EURUSD	1.04688	1.134536	1.0714163	1.10999075
GBPUSD	1.258464	1.363752	1.2879593	1.33424775

Interbank Spot Foreign Exchange			Forward Foreign Exchange		
	Close	Change		BWPUSD	BWPZAR
BWPUSD	0.0845	0	1m	-2.81775	-19.95872
BWPGBP	0.0644	-0.0001	3m	-7.79025	-44.95439
BWPEUR	0.0775	0.00	6m	-15.45375	-91.77942
BWPZAR	1.2905	-0.0207	12m	-32.8965	-216.5089

	Close	Change
Dollar Index	99.079	0.017
EURUSD	1.0906	0.0007
GBPUSD	1.3108	0.0005
USDJPY	115.85	0.19
USDNGN	415.34	0
USDZAR	15.2719	-0.0282

Local Fixed Income			International Fixed Income		
Yield curve	Close	Change		Close	Change
6m	1.548	-0.003	SA 10y	10.26	0.265
3y	4.75	0	US 10y	1.8404	0.0636
5y	5.85	0	German 10y	0.107	0.12
20y	8.5	0	Spread SA 5y vs Bots 5y bpts	295.5	23
22y	8.55	0			

Equities			Commodities		
	Close	Change		Close	Change
VIX	35.13	-1.32	Gold	2052.41	54.3
Dow Jones	32632.64	-797.42	Brent Crude	127.98	4.77
FTSE	6964.11	-27.66	3m Copper	10209	-72.5
JSE All share	72398.62	-1438.49	LME Index	5418.3	-87.4
Bots DCIBT	7207.09	18.21	1 carat index	invalid field(s)	#VALUE!
Nigeria Index	47154.35	-6			



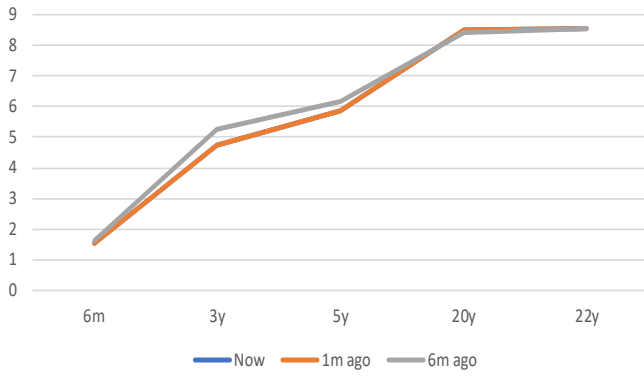
## Local and regional talking points

- There is good news on the tourism front. Xinhua has reported - A Botswanan eco-tourism company has announced plans to reopen the Vumbura Plains campsite in the world-renowned Okavango Delta in April as the tourism industry rebounds due to impressive Covid-19 vaccination roll-out and lifting of travel restrictions.
- According to Wilderness Safaris Botswana, the eco-tourism company, the refurbished Vumbura Plains' fresh new look and feel celebrate its sense of place within the local culture and Okavango Delta, which is one of Africa's last great natural sanctuaries where vast concentrations of wildlife roam.
- It would seem that COVID-19 is starting to feature in the rear view mirror for many companies and individuals alike. There is talk that many restrictions will fall by the wayside in the coming months including the wearing of masks etc. From a travel perspective we still expect some red tape, but this should equally moderate in the coming months unless we see another deadly strain of COVID-19 emerge.

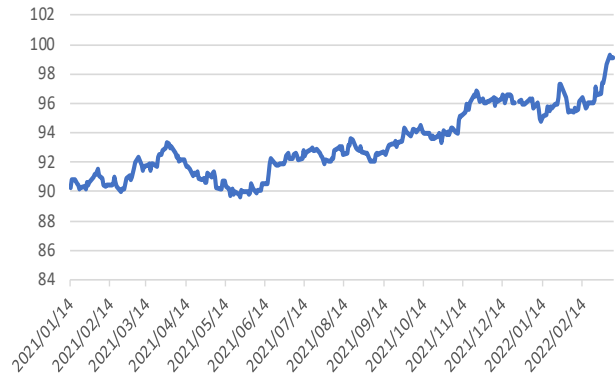
## Financial Market commentary

- As politicians engage in virtue signalling, the financial market response holds real consequences that ordinary households will have to live with. The US yesterday decided to ban the importation of Russian oil, and US President Biden was sure to leverage off that as much as possible. However, the decision affects just 3% of US crude oil imports and just 1% of crude oil processed by oil refineries. The UK has done the same thing, but again, affecting just 3% of their oil imports. Neither one was a difficult decision to make, and the ultimate impact on Russia is minimal.
- Scroll across to Europe, and the picture is very different. They may try to wean themselves off Russian energy, but at best, they will be able to reduce their purchases by somewhere between a half and two-thirds by the end of the year, and that assumes a concerted effort to do so. In the interim, oil prices drift back above \$130pb and will hold severe consequences for many households looking to work from home once again, but for different reasons.
- Taking a look at the metals markets it has been a wild few days to say the least.
- Gold is currently marked just ahead of the \$2055.00/oz mark as we head into the start of the EU session. Yesterday's high of \$2069.00/oz was a whisker off the all-time highs seen in August 2020 where the yellow metal touched \$2072.00/oz, and this is the target for the bulls which if broken will certainly open new territory for gold, some market analysts have revised forecasts strongly to the upside saying that a protracted Ukrainian conflict could see bullion rise to \$2500.00/oz with ease.
- Both platinum and palladium are strongly bid this morning. Palladium is currently marked at \$3246.00/oz at the time of writing, this is off the all-time high of \$3440.76 seen on Monday however we believe that there will be a test of this level in the coming days if not today.
- The London Metal Exchange was forced to halt trading in the nickel pit and cancel the days trades following a massive price spike which caused the metal to double to over \$100000/tonne. The surge was blamed on short covering by one of the world's top producers of the metal..
- Reuters reported - *China's Tsingshan Holding Group, one of the world's top nickel and stainless steel producers, had been building a short position in nickel since last year, betting prices would fall, three sources familiar with the matter said. Prices rocketed as Tsingshan bought large amounts of nickel to reduce those short bets and its exposure to costly margin calls, they said.*
- After a solid bull run, the USD appears to be taking a breather. A record trade deficit would've been a wake-up call, but there is also likely to be some repositioning ahead of the ECB decision and statement tomorrow, although for the most part, investors are anticipating that the central bank will prioritise growth and default to delaying rate hikes. Nonetheless, the USD may be in for a period of profit taking, after a phase of risk-induced appreciation.

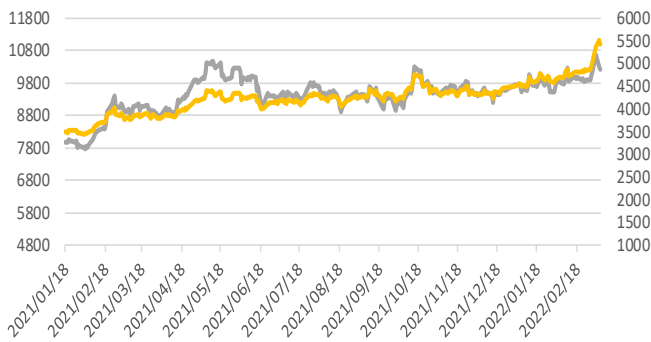
### Botswana Yield Curve



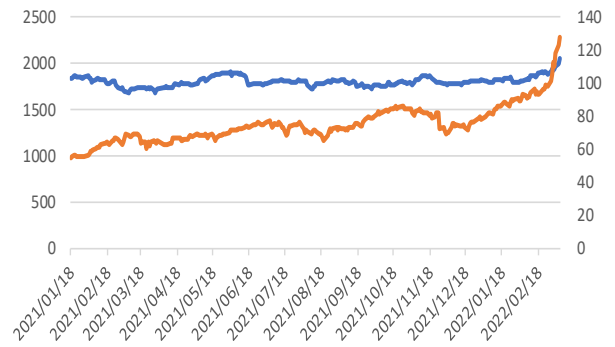
### USD Index



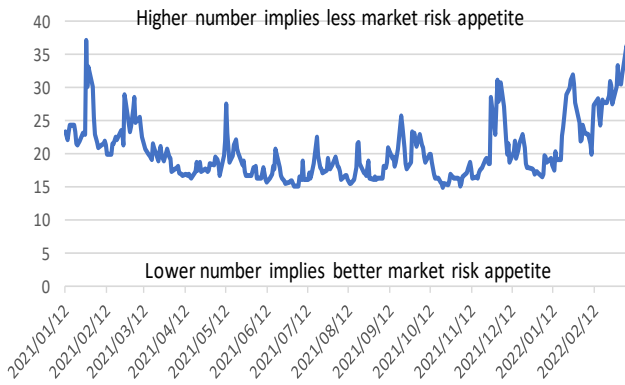
### Base metals - Copper L\_Hand axis LME Index R\_Hand axis



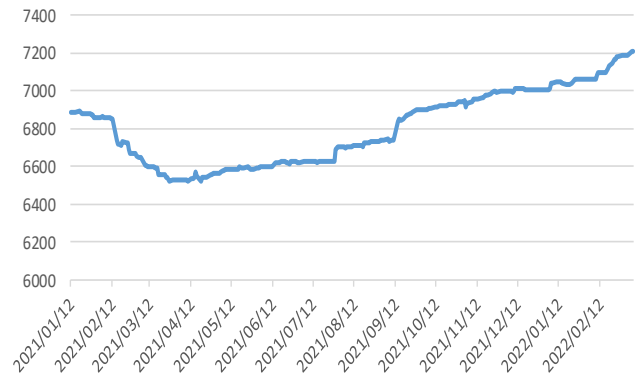
### Oil R\_Hand Axis - Gold L\_Hand Axis



### VIX Index - Risk appetite measure



### Local stockmarket performance



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