

# Botswana Market Watch

## 29 March 2022



GMT	Country	Data event or release	Period	Market Exp	Previous
09:00	BW	GDP	4Q 2021		8.4%
08:30	BW	Botswana to sell BWP5.7bn 7-Day Certificates			
08:30	GB	Net consumer credit	Feb	0,90bn	0,60bn
08:30	GB	M4 money supply y/y	Feb		5.70%
13:00	US	House price index m/m	Jan	1.30%	1.20%
13:00	US	S&P CoreLogic Case-Shiller house price composite-20 y/y	Jan	18.70%	18.56%
14:00	US	Consumer confidence	Mar	107,80	110,50

Factors Overnight	What happened?	Relevance	Importance	Analysis
<b>Ukraine - Russia</b>	Russia's efforts have turned to the separatist areas where it knows it has greater support, both within the region and from within Russia	Russia will look to cement its control over the separatist regions and the Donbas	<b>5/5</b> (geopolitics, economy, markets)	Having gained control over that region, Russia will want to annex them and join Crimea to hold a stronger foothold strategically. Mariupol, however, remains out of Russian control for now
<b>US budget</b>	President Biden submitted a \$5.79trln budget plan to Congress that calls for record military spending in peacetime and more aid for Ukraine	The main feature that will capture headlines will be the taxing of the billionaires and larger corporates	<b>4/5</b> (economy, fiscal policy)	Biden will unwind much of what Trump implemented with his tax breaks and will adopt a more socialist approach to budget-making along with the more typical Democrat budgeting process
<b>EY Brexit tracker</b>	EY conduct a Brexit tracker and have found that more than 7,000 finance jobs have left the UK for the EU. This figure is well below initial estimates	More job migrations could follow, but the impact thus far appears to have been more contained	<b>2/5</b> (economy)	As a percentage of the 1mn people estimated to work in finance in Britain, this is a relatively small amount and will not feature prominently as a driver of economic activity

Factors on the Radar	What happened?	Relevance	Importance	Analysis
<b>US yield curve</b>	The 10yr vs 2yr spread is narrowing considerably, and the curve could invert through the course of the week ahead	Expectations are that the Fed's aggressive tightening will reverse the business cycle	<b>4/5</b> (economy, markets)	While some might argue about whether the curve inversion means the same when coming out of a pandemic, history tells us to be wary of curve inversion
<b>S&amp;P on Russia</b>	S&P Global has cut its 2022 GDP forecast for Russia by more than 11% and anticipates the economy will contract by approximately 8.5%. Risks are to the downside	Russia will take a huge beating and will affect trade linkages with the rest of the EU and surrounds	<b>4/5</b> (economy, geopolitics)	Russia's economy is substantial, and the impact will not be contained only within Russia's borders. Strong trade linkages with the EU means those countries exposed will also take a beating
<b>Russia - Ukraine war</b>	Ukraine and Russia will resume peace talks in Turkey today. Ukraine will not cede any territory and will not accept any Russian-backed referendum in Eastern Ukraine	The issue of territorial integrity will make negotiations difficult and a solution nearly impossible to achieve if inflexible	<b>5/5</b> (geopolitics)	An agreement of a referendum of any sort would be an acknowledgement by Ukraine of how fractured the country is and will be used by Russia as justification for why the war was necessary

### Highlights news vendors

**CNBC** - [The bond market is flashing a warning sign a recession may be coming. Here's why](#)

**ALL AFRICA** - [Vaccine Nationalism Generates Inequality and Instability, Says Report](#)

**FT** - [US warns wealthy Russians against shifting assets to evade sanctions](#)

**SOUTH CHINA POST** - [Post Covid syndrome affects millions. There's little known about its cause](#)

**REUTERS** - [Air raid sirens wail as Ukraine hopes for ceasefire from peace talks](#)

Corporate Foreign Exchange

	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.219872	1.22448	1.24338	1.313765
BWPUSD	0.083136	0.093496	0.0847381	0.089507
GBP/BWP	15.6754	15.734472	15.336269	14.826714
BWPEUR	0.081952	0.082264	0.077421	0.080682
JPY/BWP	11.1072	11.1488	10.4931	10.9076
USDZAR	14.086176	15.265432	14.416321	14.93517025
EURUSD	1.055136	1.14348	1.0798658	1.11874125
GBPUSD	1.257408	1.362608	1.2868785	1.3331285

Interbank Spot Foreign Exchange

	Close	Change
BWPUSD	0.0866	-0.0006
BWPGBP	0.0662	1E-04
BWPEUR	0.0789	0.00
BWPZAR	1.2717	-0.003
Dollar Index	99.004	-0.087
EURUSD	1.0991	0.0013
GBPUSD	1.3098	0.0014
USDJPY	123.32	-0.59
USDNGN	415.23	0
USDZAR	14.6708	-0.059

Forward Foreign Exchange

	BWPUSD	BWPZAR
1m	-2.64225	-31.12414
3m	-8.2095	-51.93581
6m	-15.37575	-102.6245
12m	-31.746	-231.8914

Local Fixed income

Yield curve	Close	Change
6m	1.55	0.002
3y	3.6	-1.23
5y	5.75	0
20y	8.48	0
22y	8.53	0

International Fixed Income

	Close	Change
SA 10y	9.655	-0.035
US 10y	2.4659	-0.022
German 10y	0.582	0.012
Spread SA 5y vs Bots 5y bpts	266.5	-4

Equities

	Close	Change
VIX	19.63	-1.18
Dow Jones	34955.89	153.3
FTSE	7473.14	15.97
JSE All share	74194.35	-25.27
Bots DCIBT	7224.02	2.66
Nigeria Index	46898.23	2.61

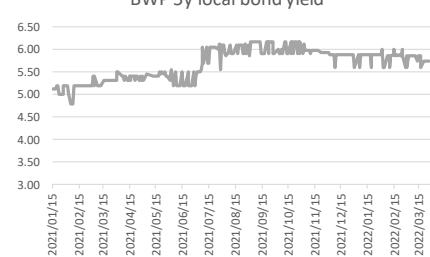
Commodities

	Close	Change
Gold	1923.2025	-34.1975
Brent Crude	112.48	-8.17
3m Copper	10341	74
LME Index	5196	-16.6
1 carat index	Invalid field(s)	#VALUE!

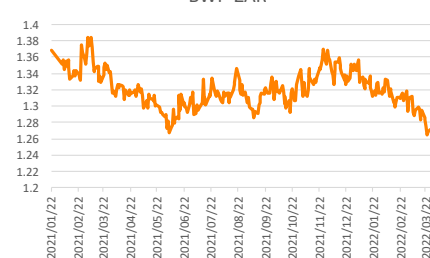
Spot BWP



BWP 5y local bond yield



BWP-ZAR



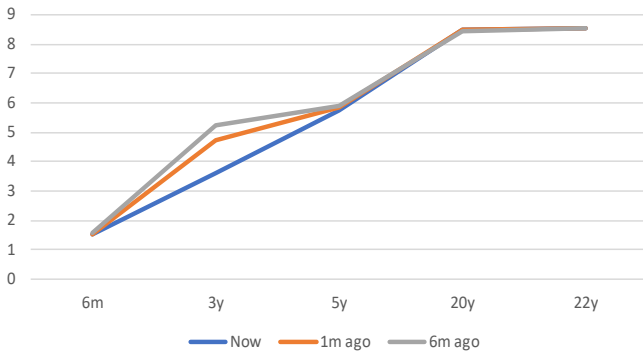
## Local and regional talking points

- The release of the Q4 2021 GDP will take place today according to the Bloomberg calendar. There has been commentary on the release both on Friday and yesterday so please refer to both notes for insight on today's anticipated outcome.
- Politically tensions between the former president and the current head of the country remain frosty at best. The former president Ian Khama has been living in neighbouring South Africa since November stating that he fears for his life, he is currently at the centre of a campaign to unseat the current President Mokgweetsi Masisi in the 2024 general elections. **AfricaReport** quoted Khama as saying the following - "Their popularity has sunk to the bottom," he says of the governing Botswana Democratic Party in a Zoom interview from an undisclosed location in Johannesburg. "Anyone will tell you this, including members of the ruling party. They know the situation but also fear for themselves if they're speaking out," he says, repeating claims – rejected by the high court – that Masisi won the 2019 election by rigging.

## Financial Market commentary

- Still, the USD struggles with clear direction, and it has spilt over into the ZAR and by extension the BWP. The USD backed away from its intra-day highs and helped the ZAR recover from its lows. With so much data scheduled this week both locally and abroad, there is bound to be some caution and apprehension amongst local investors. It is also quite telling that the USD is struggling to gain more ground when it remains the standout hawkish developed market central bank in the world at the moment. The BoJ is stimulating, while the ECB will not budge on normalising while there is a war that holds economic consequences for the bloc. The BoE is turning a little more sensitive to growth, and the BoC and RBA are biding their time while telling the world they will act tough if needed. And yet the USD still struggles to gain more ground.
- Some would argue that a lot has been priced in, which would be true. But equally important is the inflation differential that confirms that ultra-loose monetary policy undermined the USD and that the USD's inability to gain ground despite risk aversion is justified. Rate hikes in the US are happening for a reason. The US is running record high twin deficits, and the countervailing market response would be a rise in rates. The faster that rates rise, the quicker the correction, and so while at face value, this creates a positive carry for the USD, the flattening of the US yield curve, which might soon invert, tells a different story.
- So, the USD is struggling with traction, but some negative attention will fall SA's way today through the release of the latest non-farm payrolls data that will show that SA's narrow definition of unemployment rose above 35%. This is a desperate situation, and it is telling that SA's very strong terms of trade have done so little to boost formal employment. The unemployment rate will drop as the year unfolds, and SA eventually opens up fully in a boost to tourism and other sectors, but there has been much damage done. The only silver lining to this cloud is that it has kept consumption restricted and has assisted the trade account to remain in surplus through weaker demand for imports.
- A strong trade account remains a feature of the SA economy, and investors will receive an update on this later this week. For now, some directionless consolidation is on the cards. The main drivers will be a combination of data and geopolitical events unfolding abroad. Financial markets are now settling down, and as peace talks unfold, the markets will steadily move to price in some resolution to the conflict and readjust to a new reality. For the USD-ZAR, that implies a 14.55/8000 range looks realistic while for the pula we expect the 0.0860 level to hold against the greenback in the interbank market.

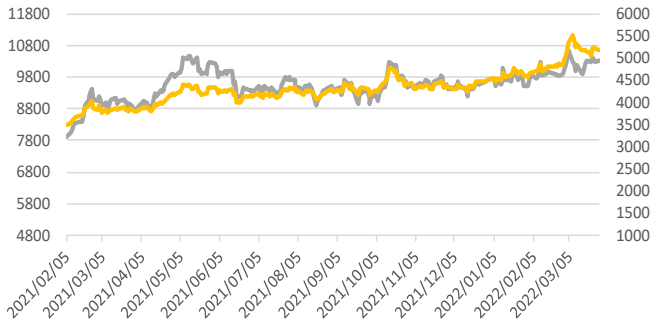
Botswana Yield Curve



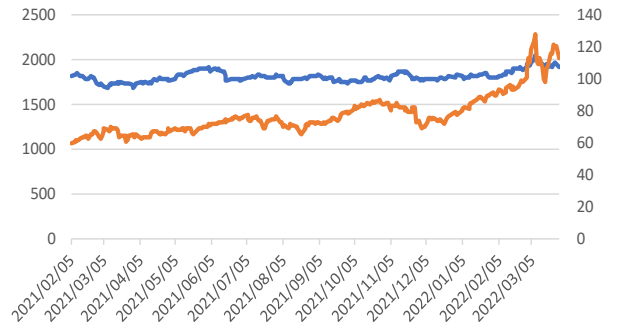
USD Index



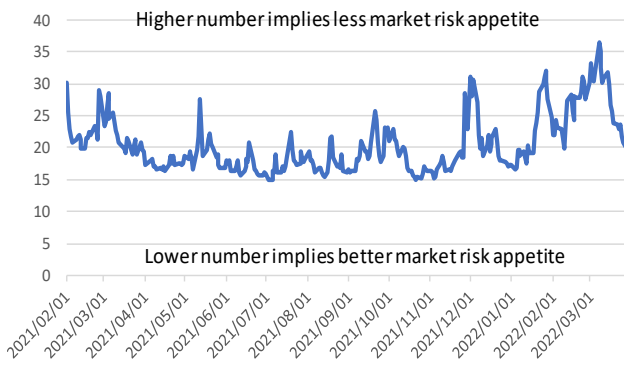
Base metals - Copper L\_Hand axis LME Index R\_Hand axis



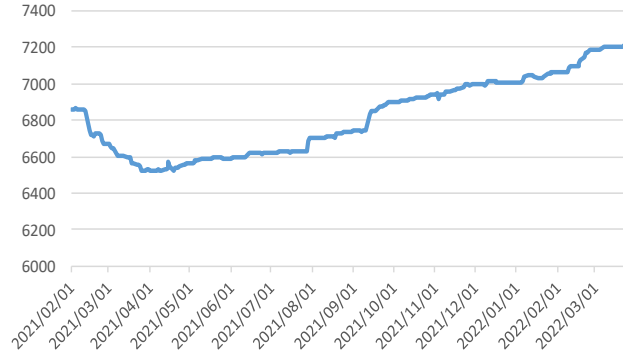
Oil R\_Hand Axis - Gold L\_Hand Axis



VIX Index - Risk appetite measure



Local stockmarket performance





## Contacts

[nkatem@accessbankplc.com](mailto:nkatem@accessbankplc.com)  
[masalilap@accessbankplc.com](mailto:masalilap@accessbankplc.com)  
[kebaetsek@accessbankplc.com](mailto:kebaetsek@accessbankplc.com)  
[keseabetswem@accessbankplc.com](mailto:keseabetswem@accessbankplc.com)  
[thembaa@accessbankplc.com](mailto:thembaa@accessbankplc.com)  
[bogalet@accessbankplc.com](mailto:bogalet@accessbankplc.com)  
[davidp@accessbankplc.com](mailto:davidp@accessbankplc.com)

Mogamisi Nkate  
Phillip Masalila  
Kefentse Kebaetse  
Mompoloki Keseabetswe  
Amogelang Themba  
Tshwanelo Bogale  
Pearl David

## Disclaimer

The information provided herein has been prepared solely for informational purposes and is not an offer to buy or sell or a solicitation of an offer to buy or sell the securities or instruments mentioned or to participate in any particular trading strategy. These materials have been based upon information generally available to the public from sources believed to be reliable. No representation is given with respect to their accuracy or completeness, and they may change without notice. Access Bank on its own behalf and on behalf of its affiliates disclaims any and all liability relating to these materials, including, without limitation, any express or implied representations or warranties for statements or errors contained in, or omissions from, these materials.