

# Botswana Market Watch

## 10 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>	Yesterday was a devastating day in the War where Mariupol suffered enormous destruction and fatalities, with an estimated 1,300 civilians losing their life	If anything, this has hardened the stance of the Ukrainian authorities and makes talks difficult	<b>5/5</b> (geopolitics, Economy, markets)	The attack in Mariupol on a maternity hospital housing pregnant women and children is an atrocity that only serves to harden the global stance against Russia and will hold further consequences
<b>Oil prices</b>	Oil dropped 12% in its worst day since November amid indications of progress by the US in encouraging more production from other sources	OPEC +, and other oil-producing jurisdictions will seek ways to bolster overall production	<b>5/5</b> (economy)	The ultimate goal would be to starve Russia of its oil export revenues and to wean Europe off its dependence on Russian energy supplies. It will take time, but efforts are well underway
<b>Stock markets</b>	Stock markets bounced yesterday on news that Russia and Ukraine would enter fresh talks today and that the oil price had collapsed by as much as 12%	After the recent sell-off in stocks, investors are poised to buy back in when the news improves	<b>5/5</b> (economy, markets)	Risk appetite has recovered, and risk markets, especially those that would benefit from high commodity prices and lower oil prices, stand to experience a sharp rally

Factors on the Radar	What happened?	Relevance	Importance	Analysis
<b>Ukraine - Russia</b>	All eyes will be on talks between the foreign ministers of Russia and Ukraine, which will take place in Southern Turkey today	This is the highest-ranking meeting and the first of its kind since the War began	<b>5/5</b> (geopolitics, Economy, markets)	Investors are hoping that the talks will lead to something constructive to help de-escalate the War and ease global geopolitical concerns
<b>ECB</b>	Against the backdrop of War, all eyes will be on the ECB and the stance it adopts given the twin considerations of high inflation and weak GDP growth	Investors anticipate that the ECB will delay the timing of any rate hikes and tolerate high inflation	<b>4/5</b> (economy, markets)	Given that this is the first of the major central banks to have a meeting that will respond to the War, it may well guide the response of other central banks around the world that are meeting soon
<b>Emergency EU Summit</b>	An emergency EU Summit will be held today, and investors anticipate that the commission will give the green light for another joint bond to be issued	The joint bond will fund defence and energy initiatives and indirectly help boost the economy	<b>4/5</b> (fiscal policy, economy, geopolitics)	Beyond the stimulatory effects, it is a further deterrent to Russia not to overstep into Europe and NATO territory as financial reserves are built to cope with any further Russian military action



### Highlights news vendors

**CNBC** - [Oil drops 12% for worst day since November as wild ride triggered by Russia disruption continues](#)

**ALL AFRICA** - [Nigeria Needs a New Constitution, Not Piecemeal Adjustments](#)

**FT** - [Ukraine accuses Russia of Mariupol hospital bombing 'atrocities'](#)

**SOUTH CHINA POST** - [Most on Chinese social media support Ukraine war, dissenters silenced by fear](#)

**REUTERS** - [Asian shares surge as Russia-Ukraine talks buoy sentiment](#)

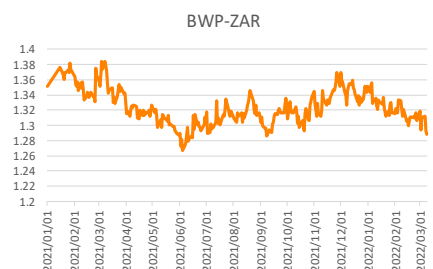
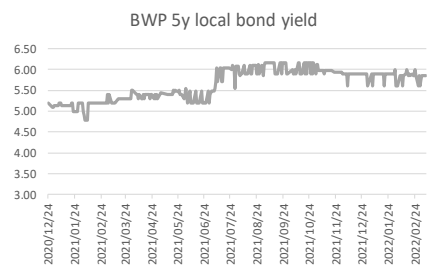
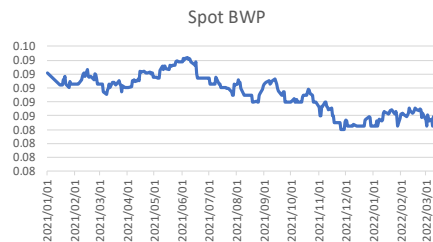
## Local and regional talking points

Corporate Foreign Exchange				
	CUSTOMER BUY		CUSTOMER SELL	
	CASH	CASH	TT	TT
BWPZAR	1.24272	1.25328	1.2666683	1.344665
BWPUSD	0.082464	0.093496	0.0840532	0.089095
GBPWP	15.828488	15.943824	15.486045	15.023988
BWPEUR	0.080808	0.081432	0.0763403	0.079866
JPYBWP	10.3688	10.452	9.795525	10.225875
USDZAR	14.4672	15.6962	14.806275	15.3566188
EURUSD	1.061088	1.149928	1.0859573	1.12504975
GBPUSD	1.26384	1.369576	1.2934613	1.33994575

Interbank Spot Foreign Exchange			Forward Foreign Exchange		
	Close	Change		BWPUSD	BWPZAR
BWPUSD	0.0859	0.0014	1m	-2.7495	-19.75831
BWPGBP	0.0652	0.0007	3m	-7.88775	-45.98533
BWPEUR	0.0775	0.00	6m	-15.3855	-91.77942
BWPZAR	1.2886	-0.0226	12m	-32.96475	-218.7977
Dollar Index	98.102	0.134			
EURUSD	1.1053	-0.0022			
GBPUSD	1.3163	-0.0016			
USDJPY	116.1	0.28			
USDNGN	415.34	0			
USDZAR	15.0757	0.0742			

Local Fixed Income			International Fixed Income		
	Close	Change		Close	Change
6m	1.549	0.001	SA 10y	9.875	-0.385
3y	4.75	0	US 10y	1.9514	0.111
5y	5.85	0	German 10y	0.191	0.084
20y	8.5	0	Spread SA 5y vs Bots 5y bpts	261.5	-34
22y	8.55	0			

Equities			Commodities		
	Close	Change		Close	Change
VIX	32.45	-2.68	Gold	1991.49	-60.92
Dow Jones	33286.25	-184.74	Brent Crude	111.14	-16.84
FTSE	7190.72	4.63	3m Copper	10001.5	-207.5
JSE All share	72684.82	-897.26	LME Index	5253.7	-164.6
Bots DCIBT	7204.33	0.3	1 carat index	invalid field(s)	#VALUE!
Nigeria Index	47287.09	-108.26			

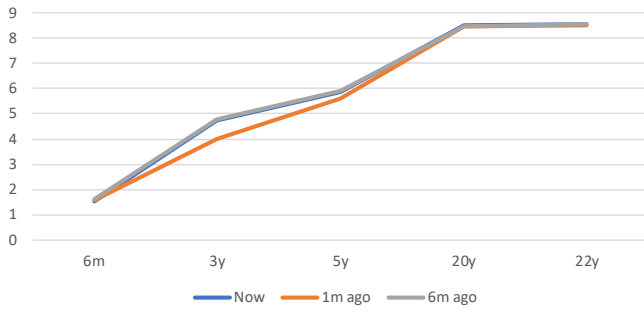


- There is nothing on the cards from a local data perspective today, the next major local release is pencilled in for Monday when we have the release of the February CPI reading. Global inflation pressures have remained entrenched in February and this print will capture the impact of the rising tensions in the Ukraine ahead of the Russian invasion which caused a spike on commodities across the board.
- Given this backdrop, we need to keep a close watch on developments in the energy markets given its overall contribution to the inflation basket. Oil markets had their largest drop since November yesterday, with Brent sliding by almost 15% on the day after the UAE called for OPEC to start pumping oil faster to help balance the market. This took Brent back below \$110 per barrel when looking at the front-month contract, although we are seeing a bit of a rebound this morning, with the benchmark contract trading around \$114 per barrel. The Middle-Eastern nation's energy minister appeared to temper the message that OPEC needs greater output just a few hours after the initial call for more crude, supporting the rebound today.

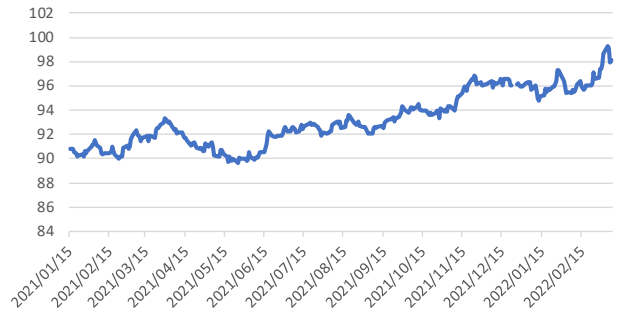
## Financial Market commentary

- Volatility remains the order of the day when looking at the precious metals complex with all PGMs ending yesterday lower and extending those losses in this morning's Asian session. The improved risk appetite in yesterday's session following news that the UAE would boost oil production and planned Russian-Ukrainian diplomatic talks took the froth of most safe havens.
- All of that said, we are far from out of the woods, the Ukraine has accused Russia of genocide following the bombing of a children's hospital and tensions are still running extremely high. As Reuters reported - *Moscow's stated objectives of crushing the Ukrainian military and ousting the pro-Western elected government of President Volodymyr Zelenskiy remained out of reach, with Zelenskiy unshaken and lethal Western military aid pouring across the Polish and Romanian borders.*
- We would thus not take the current pull back as signs of a full retrace but rather a much-needed correction. The broader trend still remains topside focused for now.
- In terms of macro events, the European Central Bank decision on rates will dominate the economic calendar. The outlook for interest rates in the Eurozone is highly fluid and depends on how devastating the conflict in Ukraine is on economic activity in the shared bloc. While inflation pressures are acute as international commodity prices surge amid supply threats related to the Russia-Ukraine crisis, policymakers have made it clear that concerns over the economic outlook are increasing in priority. Rates markets are discounting the first rate hike from the ECB in September with expectations now that we will only see the first rate hike in 2023. However, this all is dependent on how drawn-out the conflict in Ukraine is.
- Moving over to the US, it was a busy day in Congress yesterday with the US House of Representatives voting quickly to rush \$13.6bn worth of aid to Ukraine as it continues to struggle against Russia's invasion. Furthermore, it passed another \$1.5trln package to avoid a government shutdown all the way through to the end of Sep and imposed the ban on Russian oil, gas and all other energy, while it also indicated that it had made progress in securing higher oil production from other sources. The combination helped the oil price collapse 12% yesterday.
- Any reduction in risk aversion will detract from the attraction of the USD. Such was the case yesterday with the USD unwinding roughly one-third of its war-time gains in just one trading session. There is likely to be more of that if there are any further constructive developments in the talks between Ukraine and Russia although most investors are justifiably sceptical. Russia needs to show that it secured something for all the destruction to Ukraine and its economy that this war has caused, but Ukraine will see no reason to politically massage the situation to Russia's advantage, and will be unwilling to accede to any Russian demands.
- Given this backdrop we expect the local unit to be underpinned at the open with risk appetite favouring higher beta currencies and assets.

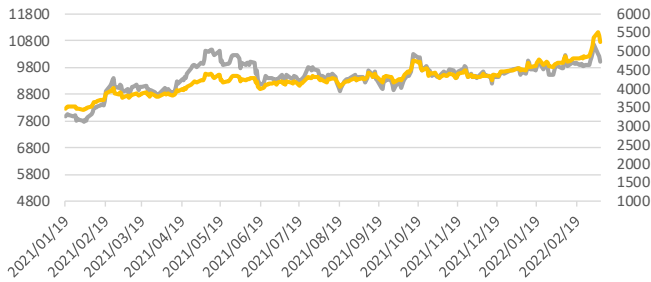
### Botswana Yield Curve



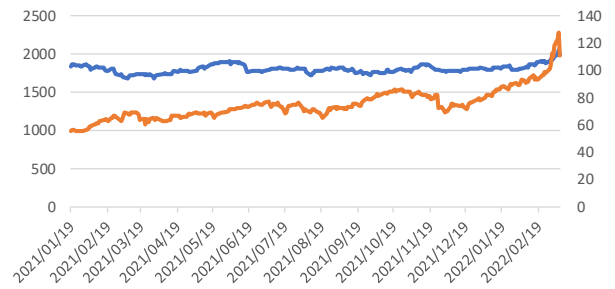
### USD Index



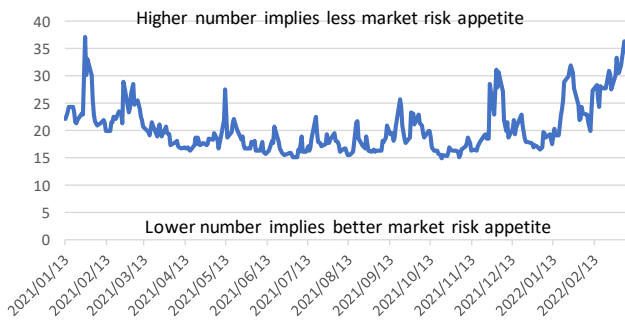
### Base metals - Copper L\_Hand axis LME Index R\_Hand axis



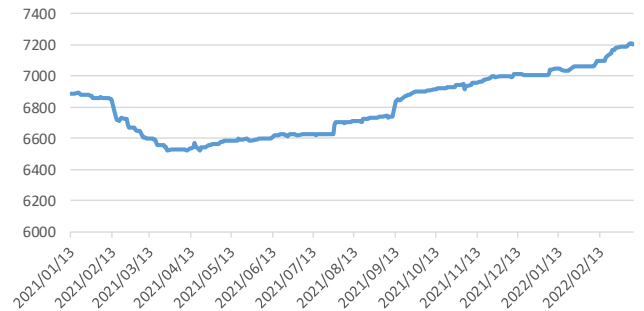
### Oil R\_Hand Axis - Gold L\_Hand Axis



### VIX Index - Risk appetite measure



### Local stockmarket performance



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