

Botswana Market Watch

11 April 2022



GMT	Country	Data event or release	Period	Market Exp	Previous
	BW	Nothing on the cards	4Q		8.4%
06:00	GB	Industrial production y/y	Feb	2,1%	2,3%
06:00	GB	Manufacturing production y/y	Feb	3,00%	3,6%
06:00	GB	Visible trade balance (GBP)	Feb	-16700mn	-26499mn
06:00	GB	Total trade balance (GBP)	Feb	-7150mn	-16159mn

Factors Overnight	What happened?	Relevance	Importance	Analysis
Russia - Ukraine war	Estimates suggest the economy in Ukraine has halved due to the war as the degree of destruction to infrastructure and households and trade is devastating	More than half of businesses have closed, ports are closed, infrastructure destroyed	5/5 (geopolitics)	Russia will also take a beating, but continues to remain productive, has all its infrastructure intact, and access to its ports. However, sanctions will result in a contraction of at least 10%
Chinese PPI	China's PPI for Mar was higher than expected as it surged 8.3% y/y vs the 7.9% consensus. CPI also rose 1.5% above expectations of 1.2%	It provided evidence of broad-based inflationary pressures that will keep central banks hawkish	4/5 (economy, monetary policy)	Equity markets in Asia are on the defensive this morning on the back of this news as they position for more restrictive monetary policy by the world's largest central banks
Oil prices	Oil markets are on the defensive, with rising concerns over China's COVID outbreak weighing on the demand outlook. Brent has dropped back down to \$100 pb	Covid restrictions in China may be bad news from a demand perspective but good news for inflation	3/5 (economy, market)	Focus also remains on the Russia-Ukraine war, which has so far led to lesser disruptions to global oil supply than initially feared. Add to that the release of reserves, and prices retreated

Factors on the Radar	What happened?	Relevance	Importance	Analysis
Russia - Ukraine war	Austrian Chancellor Karl Nehammer indicated on Twitter that he plans on meeting Putin on Monday. This after meeting with Zelenskyy on Saturday	This is the first visit by an EU leader since Russia invaded Ukraine in late February	5/5 (geopolitics)	It is unclear what will be discussed and what will come from this, but any dialogue is welcome if it helps to drive a negotiated settlement of any kind that can end the war
NATO	If Putin's efforts were aimed at keeping NATO at bay, he has failed miserably, with both Finland and Sweden now looking to join NATO as early as summer	The War in Ukraine will have raised rather than prevented the growing influence of NATO	4/5 (economy, geopolitics)	Given Russia's weakened position from the war, any retaliation for joining NATO will no longer be possible unless through nuclear means, which seems an unlikely scenario
China's Covid	China is still experiencing higher Covid infection rates but realising that Shanghai cannot remain closed and so restricted indefinitely	As they open up, infection rates will likely spike. China's reaction will be key to the economic outlook	4/5 (economy, virus)	Although infection rates rise worldwide as economies abandon restrictions, death rates have moderated significantly. Covid is gradually becoming endemic



Highlights news vendors

CNBC - [Ukraine economy seen being slashed in half; Austrian leader will meet Putin in Moscow on Monday](#)

ALL AFRICA - [How the Ugandan State Outsources the Use of Violence to Stay in Power](#)

FT - [Emmanuel Macron to face Marine Le Pen in French election run-off](#)

SOUTH CHINA POST - [Would the US really rescue Taiwan if mainland China attacked?](#)

REUTERS - [Ukraine prepares for Russian assault, calls for more support](#)

Local and regional talking points

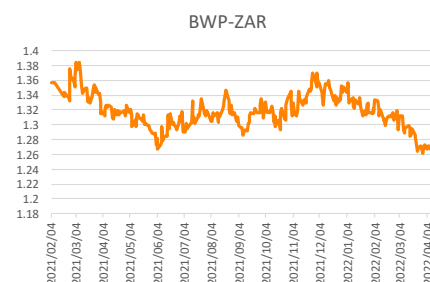
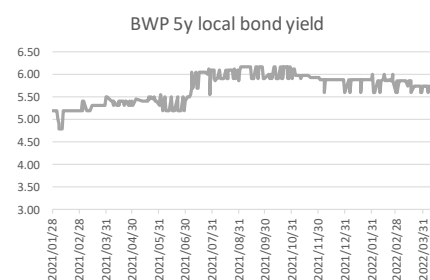
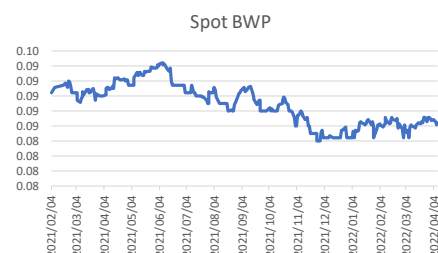
Corporate Foreign Exchange				
	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.217184	1.226592	1.2406402	1.316031
BWPUSD	0.082944	0.093496	0.0845424	0.089404
GBPWP	15.556944	15.666248	15.220376	14.762426
BWPEUR	0.082576	0.0832	0.0780105	0.0816
JPYBWP	11.2216	11.2944	10.601175	11.05005
USDZAR	14.088192	15.27344	14.418384	14.943005
EURUSD	1.044576	1.13204	1.0690583	1.10754875
GBPUSD	1.249344	1.35356	1.2786255	1.32427625

Interbank Spot Foreign Exchange			Forward Foreign Exchange		
	Close	Change		BWPUSD	BWPZAR
BWPUSD	0.0864	0.0002	1m	-2.613	-35.28466
BWPGBP	0.0663	0.0004	3m	-8.1315	-56.24717
BWPEUR	0.0794	0.00	6m	-15.12225	-111.0595
BWPZAR	1.2674	-0.0044	12m	-31.0635	-242.046

	Close	Change
Dollar Index	99.905	0.109
EURUSD	1.0881	0.0005
GBPUSD	1.3012	-0.0019
USDJPY	124.87	0.55
USDNGN	415.15	0
USDZAR	14.6752	0.0058

Local Fixed Income			International Fixed Income		
Yield curve	Close	Change		Close	Change
6m	1.549	-0.002	SA 10y	9.595	0.04
3y	3.53	-1.22	US 10y	2.7038	0.0384
5y	5.75	0	German 10y	0.71	0.03
20y	8.49	-0.01	Spread SA 5y vs Bots 5y bpts		
22y	8.53	-0.02		233.5	-4.5

Equities			Commodities		
	Close	Change		Close	Change
VIX	21.16	-0.39	Gold	1945.85	13.6759
Dow Jones	34721.12	87.06	Brent Crude	102.78	2.2
FTSE	7669.56	-35.89	3m Copper	10323.5	12
JSE All share	74776.11	-350.96	LME Index	5156	13.2
Bots DCIBT	7231.26	-2.08	1 carat index	Invalid field(s)	#VALUE!
Nigeria Index	46631.46	-222.65			



- The data card is on the thin side from a local perspective at the start of the week, however CPI is scheduled for release on the 14th April and will give further insight into the price pressures coming through the economy.

- The February reading came in at 10.6% which captured a small increase in commodity prices as the Russians invaded Ukraine, the big movements to the top side occurred in March and thus this reading will capture that and thus we expect another lofty reading for March.

- On the news front, Xinhua reported the following - *A new COVID-19 variant has been discovered in Botswana, a government official said. The new variant, which has characteristics of both the Alpha and Delta variants, has yet to be named. Four people in Botswana were found to be infected with the new variant, while 68 people in South Africa were found to be infected as well, said Thebeyame Macheke, the public health physician in the Ministry of Health and Wellness, during a COVID-19 update live on national television Thursday. He stated that they are still testing and researching the new variant, suggesting that the country should be prepared if the variant causes the fifth wave.*

Financial Market commentary

- Oil markets have kicked off the new week on the defensive, with rising concerns over China's COVID outbreak weighing on the demand outlook. The front-month Brent contract has dropped back down to \$100 per barrel as a result, with virus cases in the Asian nation continuing to rise while there has been no signal as to when the restrictions could be lifted. We have seen massive disruptions at ports and other logistical hubs once again, while oil refiners have trimmed their operating rates given the softer demand.

- Focus also remains on the Russia-Ukraine war, which has so far led to lesser disruptions to global oil supply than initially feared. This is why we have prices trading back down towards pre-invasion levels, as Russian crude continues to find its way to the market, mostly by being sold at a massive discount to Eastern nations that are finding ways to circumvent the global financial restrictions placed on Russia. With the demand outlook weakening and the supply situation not as bad as initially feared, the market has turned less bullish on oil. The prompt timespread for Brent, as a result, has narrowed sharply to around 60 cents currently, down from over \$1.50 a week ago.

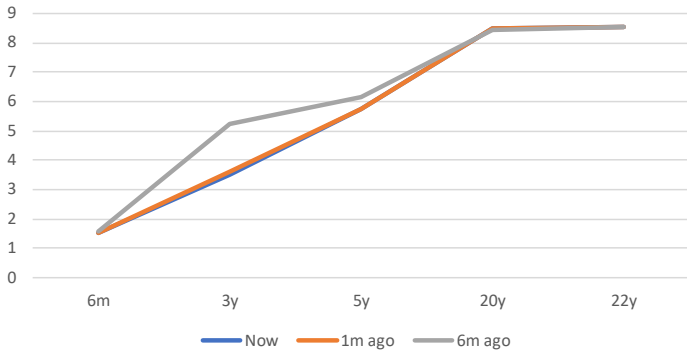
- Investors are watching palladium closely at the start of the week. Bulls are very much in the driving seat with the noble up almost 3% at the time of writing as supply concerns underpin the market. The metal rose by 8.7% on Friday following the news that the London Platinum & Palladium Market suspended Prioksky Plant and Krastsvetmet of Non-Ferrous Metals from its goods delivery and sponge accreditation lists. Following that, the CME Group suspended the two refiners until further notice. The Japanese are currently in consultation and there is a strong chance that Russia loses its good delivery status on the Osaka Exchange.

- Gold is north of the \$1940.00/oz mark as the Ukrainian tensions mount. Russian attacks in eastern Ukraine have bolstered the safe haven bid that gold enjoys, that said, a stronger dollar has kept a lid on the market for now.

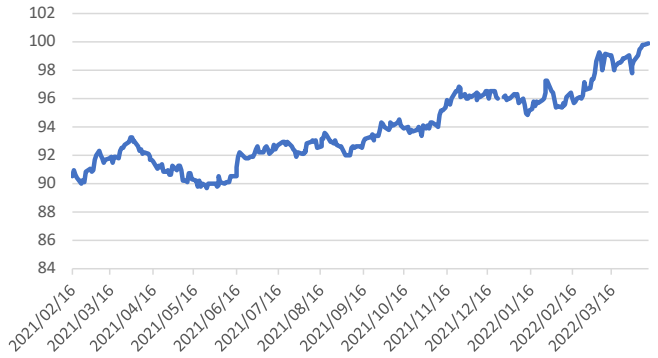
- Turning our attention to South Africa, the shortened week may well see position-taking kept to a minimum. Investors look forward to local retail sales figures and developments in the High Court, where the National Prosecuting Authority is scheduled to argue for the admission of new evidence that has come to light in the Zuma-Thales corruption trial. These developments are more likely to generate interest than they will be market-moving but will still capture headlines nonetheless.

- The ZAR is currently holding firm around the R14.6500 level which will underpin the BWP open, we expect the BWP to hold above the 0.0860 level in the interbank market as the session unfolds.

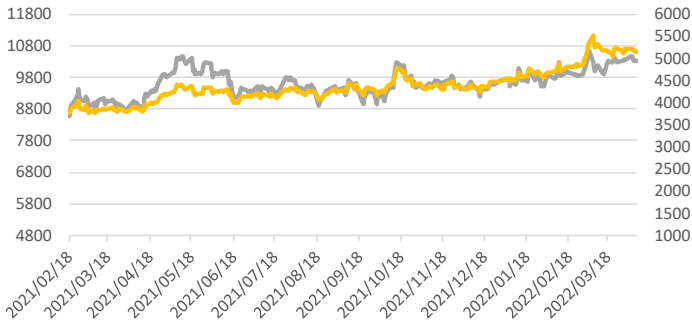
Botswana Yield Curve



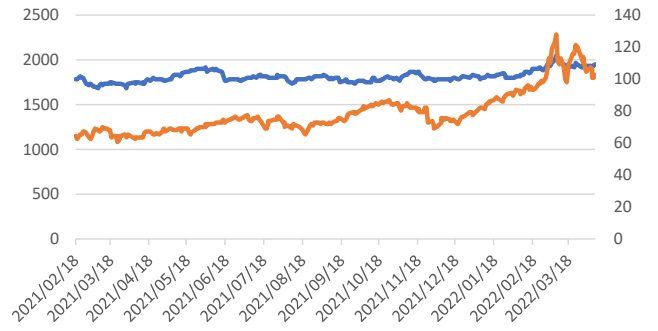
USD Index



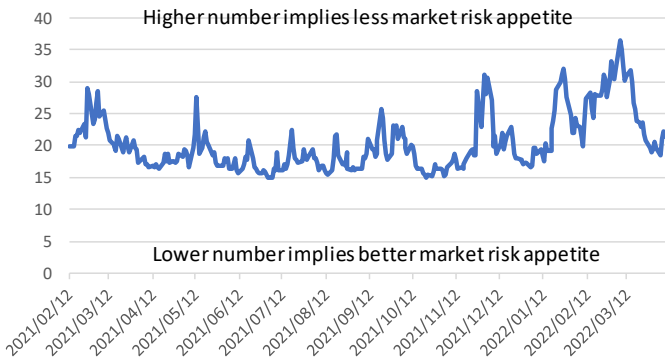
Base metals - Copper L_Hand axis LME Index R_Hand axis



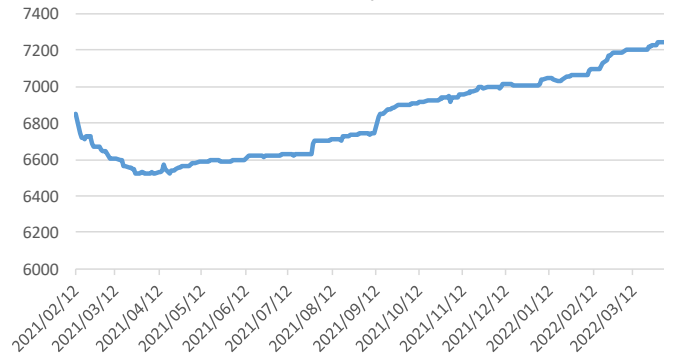
Oil R_Hand Axis - Gold L_Hand Axis



VIX Index - Risk appetite measure



Local stockmarket performance



Contacts

nkatem@accessbankplc.com
masalilap@accessbankplc.com
kebaetsek@accessbankplc.com
keseabetswem@accessbankplc.com
thembaa@accessbankplc.com
bogalet@accessbankplc.com
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.