

# Botswana Market Watch 1 April 2022



GMT	Country	Data event or release	Period	Market Exp	Previous
08:00	BW	91, 182 and 364 Day Bills on offer			
08:00	EZ	Markit/BME manufacturing PMI	Mar F	57,00	57,00
08:30	GB	Markit manufacturing PMI	Mar F	55,50	55,50
09:00	EZ	CPI estimate y/y	Mar	6.40%	5.80%
12:30	US	Change in nonfarm payrolls	Mar	450k	678k
12:30	US	Unemployment rate	Mar	3.70%	3.80%
13:45	US	Markit PMI manufacturing	Mar F		58,50
14:00	US	ISM manufacturing PMI	Mar	58,30	58,60

Factors Overnight	What happened?	Relevance	Importance	Analysis
<b>Ukraine - Russia</b>	Although fighting has calmed slightly, Ukraine is not taking anything for granted and preparing for a fresh Russian onslaught in the east	The war is far from over, and geopolitical consequences of the war have yet to fully manifest	<b>5/5</b> (geopolitics, economy, markets)	As the war rolls on into its second month, the rest of Europe is now bracing itself for possible disruptions to gas and oil supply chains that would further raise the risk of recession
<b>China lockdown</b>	Chinese stocks fell on Thu as factory and services sectors swung back into negative territory in March, contracting simultaneously for the first time since the Covid outbreak in 2020	China's economy is now set to slow quickly as the government persists with its zero-covid policy	<b>4/5</b> (economy, pandemic)	The risk is that investors have underestimated the response from Chinese officials and that the impact on the economy could be more severe than first anticipated. China is due to roll out some support measures soon
<b>Oil market</b>	The Biden administration is considering releasing up to 180mn barrels of oil into the market over several months in a bid to keep a lid on inflation	This would market the largest release of reserves in 50 years and is the 3 <sup>rd</sup> release in six months	<b>5/5</b> (economy, market)	This move has come just before OPEC is due to meet to discuss removing supply curbs. OPEC is coming under increasing pressure to do so amid rising inflationary pressures globally

Factors on the Radar	What happened?	Relevance	Importance	Analysis
<b>US labour market</b>	ADP private payrolls rose strongly, and now the focus will turn to the weekly jobless claims today and the non-farm payrolls data on Fri	As the labour market continues to tighten, inflationary pressures will be exacerbated	<b>4/5</b> (economy, markets)	This data will only strengthen the Fed's resolve to tighten monetary policy. The Fed may have slipped behind the curve and will want to contain inflation
<b>European recession</b>	Not only did Europe export a lot to Russia, but the cost of production has dealt the heavy industrial and productive sectors a tremendous blow, while inflationary pressures have impacted consumption	Across the board, there are severe headwinds to growth, and the risk to the European economy has intensified	<b>4/5</b> (economy, markets)	Further pressures on energy supply from Russia and persistently high energy prices will deal the European economy a hammer blow at a very fragile moment when it has yet to recover from the pandemic fully
<b>Russia - Ukraine war</b>	Some European countries yesterday urged consumers to use less gas as they prepare for the possibility that Russia will reduce gas supplies	Germany in particular finds itself under increasing threat of suffering a significant economic blow	<b>5/5</b> (geopolitics)	Europe will urgently focus its efforts to reduce or eliminate its dependency on Russia for its energy needs in the coming months. Too much complacency has left them vulnerable



## Highlights news vendors

**CNBC** - [Asia is seeing a wave of buybacks. Goldman and Morgan Stanley say these companies could be next](#)

**ALL AFRICA** - ["ArcelorMittal Liberia Concerned About Status of Third Amended MDA"](#)

**FT** - [Global dealmaking falls to lowest level since start of pandemic](#)

**SOUTH CHINA POST** - [Singapore PM walks fine line on China-US relations in Ukraine remarks](#)

**REUTERS** - [Ukraine negotiations to resume, Europe faces Russia gas deadline](#)

## Local and regional talking points

### Corporate Foreign Exchange

	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.220928	1.228992	1.2444563	1.318606
BWPUSD	0.08352	0.093496	0.0851295	0.090125
GBPWP	15.609464	15.700464	15.271759	14.794668
BWPEUR	0.081744	0.082264	0.0772245	0.080682
JPYWP	11.0864	11.1488	10.47345	10.9076
USDZAR	14.033376	15.21572	14.362283	14.88653375
EURUSD	1.062144	1.151072	1.087038	1.126169
GBPUSD	1.260768	1.365936	1.2903173	1.3363845

### Interbank Spot Foreign Exchange

	Close	Change		
BWPUSD	0.087	-0.0002	1m	-2.66175
BWPGBP	0.0662	-0.0002	3m	-8.33625
BWPEUR	0.0786	0.00	6m	-15.639
BWPZAR	1.271	-0.0007	12m	-32.3895

### Forward Foreign Exchange

	Close	Change
BWPUSD	-2.66175	-32.71158
BWPZAR	-15.639	-105.8542
BWPUSD	-32.3895	-235.7825

	Close	Change
Dollar Index	98.471	0.159
EURUSD	1.1064	-1E-04
GBPUSD	1.3133	0
USDJPY	122.55	0.89
USDNGN	415.25	0
USDZAR	14.6191	0.0153

### Local Fixed Income

Yield curve	Close	Change		Close	Change
6m	1.548	-11.452	SA 10y	9.6	0.035
3y	3.49	-1.34	US 10y	2.3452	-0.0127
5y	5.75	0.15	German 10y	0.547	-0.111
20y	8.49	0	Spread SA 5y vs Bots 5y bpts	239.5	-21.5
22y	8.53	0.03			

### International Fixed Income

	Close	Change
SA 10y	9.6	0.035
US 10y	2.3452	-0.0127
German 10y	0.547	-0.111
Spread SA 5y vs Bots 5y bpts	239.5	-21.5

### Equities

	Close	Change		Close	Change
VIX	20.56	1.23	Gold	1937.23	4.1706
Dow Jones	34678.35	-65.38	Brent Crude	107.91	-5.54
FTSE	7515.68	41.5	3m Copper	10375	7.5
JSE All share	75497.15	648.92	LME Index	5174.3	-24.5
Bots DCIBT	7242.61	0.3	1 carat index	Invalid field(s)	#VALUE!
Nigeria Index	46965.48	61.39			

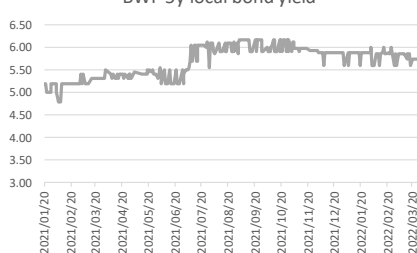
### Commodities

	Close	Change
Gold	1937.23	4.1706
Brent Crude	107.91	-5.54
3m Copper	10375	7.5
LME Index	5174.3	-24.5
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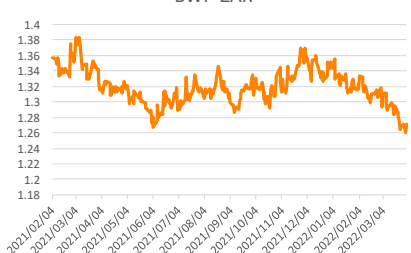
Spot BWP



BWP 5y local bond yield



BWP-ZAR

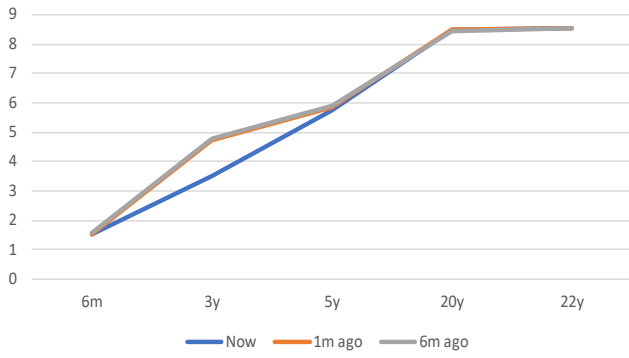


- Statistics Botswana yesterday announced that a number of data releases would not be released due to the ongoing population and housing census. These data included GDP for 4Q 2021, International Merchandise Trade Statistics January 2022, Index of the Physical Volume of Mining Production Stats Brief Q4 2021, Electricity Generation and Distribution Stats Brief Q4 2021. The expected date for release is now the end of April 2022 and updates are expected in due course.
- Regionally, South Africa's trade numbers were closely monitored yesterday. South Africa's trade surplus has risen from January's R4.07bn to a surplus of R10.6bn in Feb. Although lower than the expected 21.9bn, it still represents a healthy number. The vehicle sector was the main contributor to growth in exports from South Africa in February, increasing by R7.7bn, a 79% rise. This more than offset a decline in precious and base metals exports. However, it should be noted that it captures SA's export performance before the Russia-Ukraine war, which boosted commodity prices. Commodity prices are expected to remain elevated, which will also be a factor that should continue to support South Africa's trade account and, therefore, the rand. Meanwhile, the chance of import demand increasing is limited, given the weak state of the economy. Therefore, we could see SA's trade surplus continue to widen in the coming months to lend further resilience to the rand
- Looking at the day ahead, local investors have the T-Bill auction to contend with, while internationally there is a deluge of data in the form of global PMI releases.

## Financial Market commentary

- Gold rose yesterday following a rise in geopolitical tensions as Russia's President Vladimir Putin threatened to halt all contracts with Europe with 1/3 of its gas unless they agreed to pay for the gas in roubles. The yellow metal finished the session at \$1937.23/oz and this has been the pivot for much of today's trading session as investors assess the short-term impact of the dollar and deluge of economic data in the form of global PMI's today.
- Both platinum and palladium are up this morning after cementing a strong quarter yesterday. Palladium is building on these gains this morning holding just ahead of \$2320.00/oz, while platinum is marking time just below the \$990.00/oz mark as we head into the EU session. The noble metals will be watching developments surrounding Ukraine and Russia given the impact on supply dynamics of palladium specifically.
- Dalian iron ore is set to post its 6th weekly gain with thoughts of an economic stimulus programme out of China supporting the market. Reuters reported that the most-traded iron ore, for September delivery, on China's Dalian Commodity Exchange rose as much as 2.8% to 920 yuan (\$144.90) a tonne, the highest since Aug. 5
- China's economy is stumbling at the moment given the spike in domestic COVID-19 cases and the fallout from the war in Ukraine. The Caixin/Markit Manufacturing Purchasing Managers Index fell to 48.1 for March which is the steepest rate of contraction since February 2020. Given this backdrop the expectation by the analytical community is that Beijing will react swiftly with fiscal support via infrastructure projects and potentially tax and fee reductions.
- Beyond the geopolitical tensions in Europe, focus today will also turn to the release of the latest U.S. nonfarm payrolls data, which will offer further insight into the country's inflation dynamics. The labour market is tightening, and this comes over and above a strong PCE reading yesterday, which further underpinned expectations that the Fed would need to hike interest rates more aggressively through the months ahead. Ahead of the payrolls data, the USD regained some of its composure to help the EUR trade back down to 1.1070. Not much change to the GBP, although the JPY did depreciate to over 122/dlr.

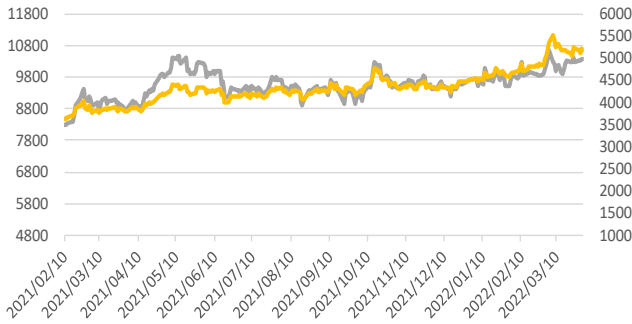
Botswana Yield Curve



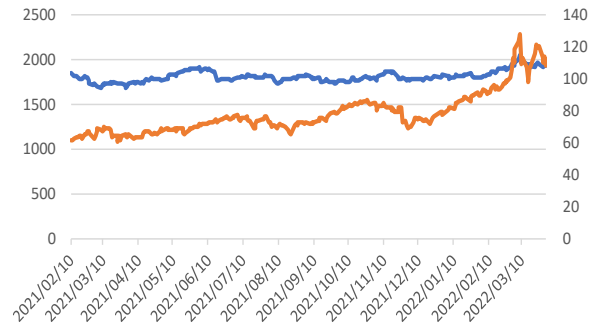
USD Index



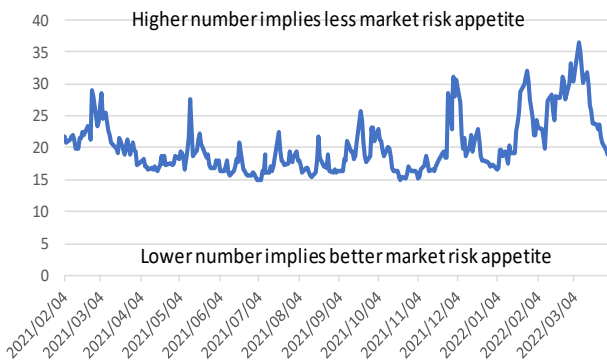
Base metals - Copper L\_Hand axis LME Index R\_Hand axis



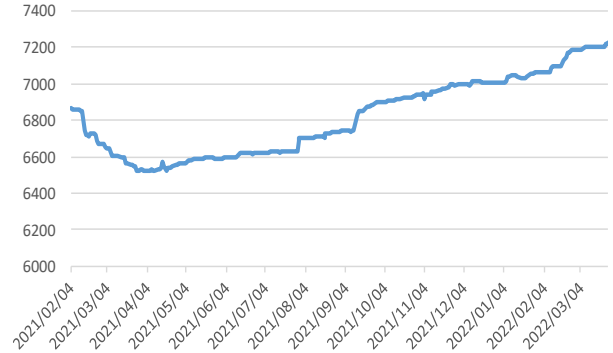
Oil R\_Hand Axis - Gold L\_Hand Axis



VIX Index - Risk appetite measure



Local stockmarket performance





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