

# Botswana Market Watch

## 4 April 2022



GMT	Country	Data event or release	Period	Market Exp	Previous
	<b>BW</b>	Nothing on the cards			
06:00	<b>GE</b>	Trade balance	Feb		3,50bn
08:30	<b>EZ</b>	Sentix investor confidence index	Apr	-9,35	-7,00
14:00	<b>US</b>	Durable goods orders m/m	Feb F	-2.20%	-2.20%
14:00	<b>US</b>	Factory orders	Feb	-0.60%	1.40%
Factors Overnight	What happened?	Relevance	Importance	Analysis	
<b>Ukraine - Russia</b>	Ukrainian troops appear to have made back more ground and recaptured territory around Kyiv, as Russia focuses on the East and South-East of the country	The challenges of war are rapidly becoming evident and Russia is starting to pick its battles	<b>5/5</b> (geopolitics, economy, markets)	Strategically speaking, the South East and Donbas region were always more strategically important to Russia and where the bulk of the efforts will now be focused	
<b>US labour market</b>	Non-farm payrolls rose 431k in Mar, while the Fed payrolls were revised up to 750k, to help the unemployment rate drop to 3.6%	Hourly earnings picked up strongly to highlight the inflation consequences	<b>4/5</b> (economy, pandemic)	The labour market continues to tighten up and as it does raises the stakes for the Fed that will need to continue tightening to keep inflation contained	
<b>China Covid</b>	China has cracked down even harder and sent in a combination of the military and health care workers into Shanghai to carry out Covid tests on 26mn people	China tries to maintain control of the spread but it is likely to prove futile longer term	<b>4/5</b> (economy)	Even if China proved successful in containing the virus within their borders, the rest of the world is learning to live with it and slowly it is becoming endemic	
Factors on the Radar	What happened?	Relevance	Importance	Analysis	
<b>Fed Minutes</b>	With US monetary policy such a key driver of market sentiment, the upcoming FOMC minutes will be a key market event this week	Investors will gauge the commitment to a steep rate hike trajectory	<b>4/5</b> (economy, markets)	There is a lot priced in and the yield curve has inverted. Anything slightly softer than what is already priced in will see markets focus on stronger growth	
<b>Oil market</b>	The pressure on oil prices is to the downside as the US and IEA agree to release reserves, while a truce was achieved in Yemen	This will ease supply pressures in the interim as the world reconsiders supply	<b>4/5</b> (economy, markets)	Oil producers worldwide will look to take advantage of the high prices and the opportunity to take market share away from Russia with few consequences	
<b>Russia - Ukraine war</b>	Russia has responded to the EU with demands that oil be paid for in RUB. It has boosted the RUB but may induce a greater desire to seek alternative supply	The move has helped the RUB recover smartly and boosted overall liquidity in the beleaguered currency	<b>5/5</b> (geopolitics)	It is a strategically smart move by Putin, knowing full well that the EU cannot keep its production schedule without the energy imports from Russia and will generate artificial demand for RUB	

### Highlights news vendors

- CNBC - [Here are 3 hottest markets in Southeast Asia for 2022, according to Wall Street](#)
- ALL AFRICA - [Uganda Deports Rwandan Opposition Figure](#)
- FT - [EU prepares more sanctions against Russia after apparent atrocities near Kyiv](#)
- SOUTH CHINA POST - [China starts Covid-19 mass testing for 25 million Shanghai residents](#)
- REUTERS - [Sri Lankan ministers offer to resign as economic crisis escalates](#)

## Local and regional talking points

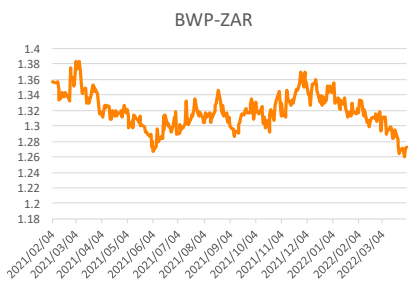
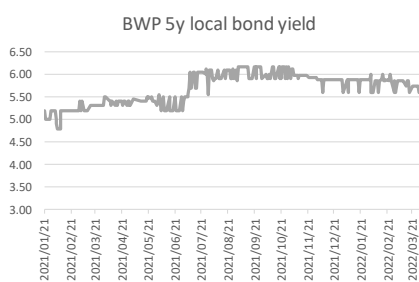
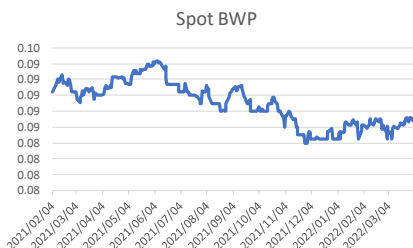
Corporate Foreign Exchange				
	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.220256	1.225632	1.2437714	1.315001
BWPUSD	0.083328	0.093496	0.0849338	0.089713
GBPGBP	15.659696	15.718664	15.320905	14.811818
BWPEUR	0.08164	0.081952	0.0771263	0.080376
JPYBWP	11.0656	11.1072	10.4538	10.8669
USDZAR	14.058048	15.244008	14.387534	14.91420975
EURUSD	1.060512	1.149304	1.0853678	1.12443925
GBPUSD	1.25904	1.364376	1.2885488	1.33485825

Interbank Spot Foreign Exchange		Forward Foreign Exchange		
	Close	Change	BWPUSD	BWPZAR
BWPUSD	0.0868	-0.0002	1m	-2.66175
BWPGBP	0.0662	0	3m	-8.25825
BWPEUR	0.0785	0.00	6m	-15.53175
BWPZAR	1.2723	0.0055	12m	-31.98975

Dollar Index	98.588	-0.044
EURUSD	1.1047	-0.0006
GBPUSD	1.3115	0.0003
USDJPY	122.62	0.13
USDNGN	415.22	0
USDZAR	14.6467	-0.0108

Local Fixed Income			International Fixed Income		
Yield curve	Close	Change	Close	Change	
6m	1.552	0.004	SA 10y	9.6	0
3y	4.83	1.34	US 10y	2.3895	0.0443
5y	5.75	0	German 10y	0.566	0.019
20y	8.49	0	Spread SA 5y vs Bots 5y bpts	241	1.5
22y	8.53	0			

Equities			Commodities		
	Close	Change	Close	Change	
VIX	19.63	-0.93	Gold	1924.3	-12.93
Dow Jones	34818.27	-550.46	Brent Crude	104.39	-3.52
FTSE	7537.9	-63.07	3m Copper	10353.5	-21.5
JSE All share	75907.9	71.84	LME Index	5209.6	35.3
Bots DCIBT	7242.61	0	1 carat index	Invalid field(s)	#VALUE!
Nigeria Index	46842.86	61			

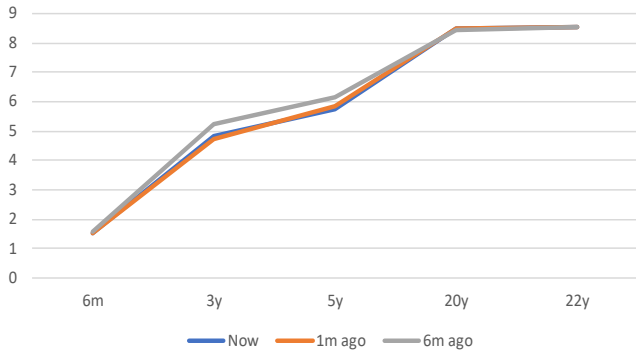


- The start of the week is quiet on the local front with no data due for release today. Given this lack of local input we would like to draw the readers attention to developments in the copper markets given the strategic significance of this sector to the government and the country as a whole.
- Exploration in the Kalahari copper belt continues with a number of investors sinking funds into the area. The prospects do look favourable and the expectation is that the mining of copper will contribute meaningfully to the fiscus in the coming decades.
- Copper has started the week on the back foot with the threat of tighter US monetary policy coupled with the threat of an economic slowdown in China driving the thought process. Currently the metal is trading around 0.8% off its opening levels at \$1064.50/tonne as the EU open beckons.
- In other news, the London Metals Exchange stated that it would not allow the placing of some copper, aluminium and lead produced in Russia in its warehouses. This comes on the back of the UK government's decision to levy an additional 35% duty on the importation of copper, aluminum and lead of Russian and Belarussian origin.

## Financial Market commentary

- Oil prices are holding steady this morning, nursing last week's losses as renewed demand concerns out of China and an upcoming release of barrels from the US strategic reserves weigh on the market. Brent is trading just above \$104 per barrel, running into support at its 50DMA at \$102.52, while WTI has dropped below the \$100 per barrel mark. The news of the SPR release from the US and a possible global coordinated effort run by the IEA has meant that focus can turn to demand-side considerations, with China's COVID policies a major factor to watch. Approximately 25mn people in Shanghai are under some form of lockdown currently, which should prove to be a significant hit to demand over the near term.
- Combined, these factors mean that the outlook for oil is less bullish, which was reflected in Friday's CFTC data release, which saw net long oil contracts cut to a 14-week low. The long-only total, meanwhile, was the lowest seen in 23 months. There are, however, still notable two-way risks facing the market, and this reduction in net long positions suggests that oil could have room to rally again if we see further disruptions to Russian supply.
- Gold slipped below the \$1920.00/oz mark on Friday driven by a stronger dollar and firming US Treasury yields which made tactical longs slightly uncomfortable. This narrative has continued this morning and we have seen the yellow metal once again pushed lower, 2yr US treasury yields have touched a three-year high of 2.4930% driven by thoughts of a Fed tightening aggressively to curtail inflation pressures as unemployment hits a two-year low in the United States.
- That said, it would be difficult to imagine a full-scale retreat currently given the geopolitical bid that gold enjoys as a result of the Russia-Ukraine conflict. Germany is pushing for a discussion on the banning of Russian gas as EU officials accuse the Russian forces of atrocities which will underpin the geopolitical bid. Strategy remains one of buying on any dips.
- Some consolidation is evident in the trade-weighted USD that has consolidated last week's gains. Not much more to say on this, other than that the consolidation is likely to extend through the next few days as investors mull the inversion of the yield curve against the backdrop of the latest Fed minutes. How committed the Fed minutes are to monetary normalisation will likely drive direction on the USD and indeed global markets. Consolidation in the USD, has led to some consolidation in both the EUR and the GBP, neither currency deviating much from Friday's range.
- In terms of the ZAR, it is currently trading flat at R14.6500 to the greenback which would suggest a tempered start to the week for the BWP. We expect the market to remain anchored above 0.060 to the dollar.

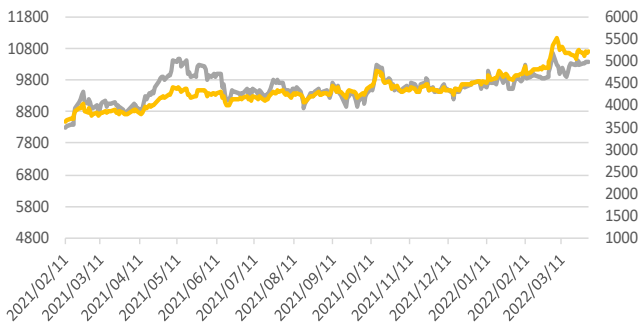
**Botswana Yield Curve**



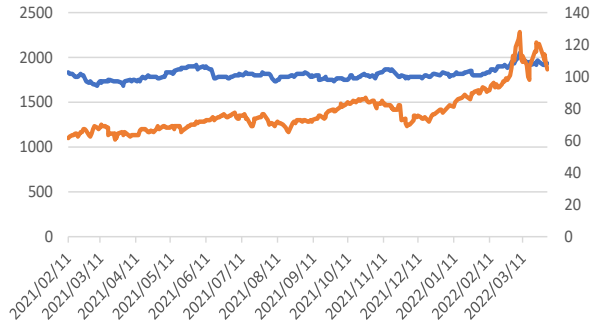
**USD Index**



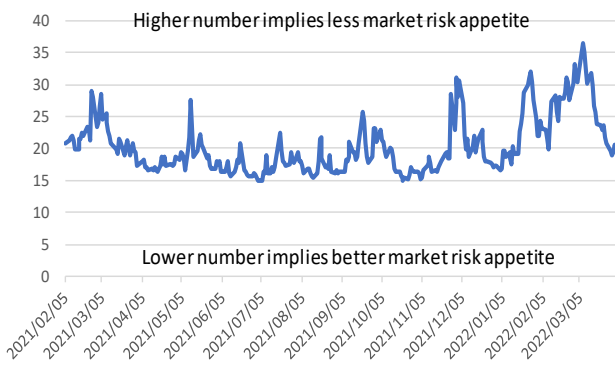
**Base metals - Copper L\_Hand axis LME Index  
R\_Hand axis**



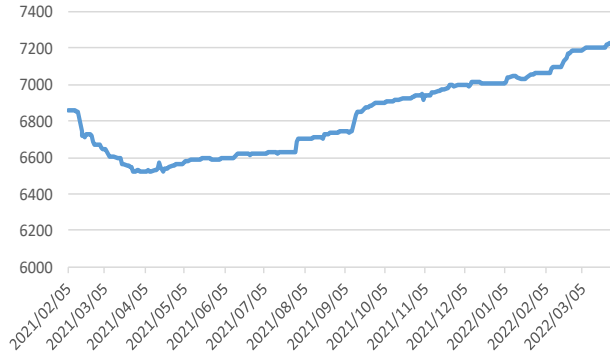
**Oil R\_Hand Axis - Gold L\_Hand Axis**



**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

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