

# Botswana Market Watch 20 April 2022



GMT	Country	Data event or release	Period	Market Exp	Previous
	<b>BW</b>	<b>Nothing on the cards</b>			
O/N	JN	Adjusted merchandise trade balance	Mar	¥-560,5bn	¥-1031,38bn
06:00	GE	Producer prices y/y	Mar	30.00%	25,9%
09:00	EZ	Industrial production (wda) y/y	Feb	1,4%	-1,3%
09:00	EZ	Trade balance nsa (EUR)	Apr		-27,2bn
11:00	US	MBA mortgage applications	Apr 15		-1,3%
14:00	US	Existing home sales	Mar	5,8mn	6,02mn

Factors Overnight	What happened?	Relevance	Importance	Analysis
<b>Russia- Ukraine war</b>	Russia has given Ukrainian fighters an ultimatum to lay down arms. The US, UK, Canada and Germany have promised more help to support the resistance	As the battle of the Donbas unfolds, the West is providing Ukraine with as much support as possible	<b>5/5</b> (economy, geopolitics)	There appears to be no backing down from the Russians that have persisted with their offensive to secure the Donbas region and solidify its Eastern footprint
<b>IMF WEO</b>	Global growth has been lowered 0.8% to 3.6% for 2022, while inflation is expected to remain higher for longer. Full energy sanctions on Russia could lower global GDP by a further 2.0%	The impact of the war in Ukraine, higher commodity prices, inflation and the resultant rate hikes have all weighed	<b>4/5</b> (economy)	It is a difficult environment made that much worse the longer the war in Ukraine drags on. Covid episodes in China do not help as supply chains remain constrained. Global growth is coming at a premium these days
<b>China monetary policy</b>	China surprised the market by keeping its benchmark lending rate unchanged on Wed. It would appear that inflation concerns have turned the PBoC cautious	Fears that a rate cut might've sparked capital outflows may have contributed to the PBoC's decision	<b>4/5</b> (economy, Monetary policy)	Although China is focused on supporting a slowing economy that has just suffered another Covid episode, it needs to be mindful of the inflation unfolding across the globe and consider that too

Factors on the Radar	What happened?	Relevance	Importance	Analysis
<b>French elections</b>	French elections are due to take place on the 24 <sup>th</sup> Apr next week, and it appears to be a close race between current President Macron and right-wing Le Pen	The fact that the elections are so close says a lot about how French policies may be too liberal	<b>4/5</b> (politics)	Although a Le Pen win is not anticipated, it would have far-reaching implications for France within the EU. While Macron is considered a Europhile, Le Pen would wish France to take back more control
<b>G20 meeting</b>	A G20 meeting of finance ministers will be held in Washington today and could attract protests given Russia's inclusion in the meeting	Strong signals will be sent to Russia, and further punitive sanctions discussed to apply pressure	<b>4/5</b> (economy, geopolitics)	Kremlin insiders are reportedly shocked at the degree of blowback to Russia's war on Ukraine and the toll that it will exert on the Russian economy for many years to come
<b>BoJ policy</b>	The BoJ indicated on Wed that it had decided to offer to buy an unlimited amount of 10yr bonds in order to defend its yield curve control policy	10yr bond yields had risen to 0.25% in early trade in response to the JPY depreciation	<b>4/5</b> (economy, monetary policy)	The BoJ can ill-afford yields rising too far and choking off growth in such a highly indebted economy. The BoJ has little choice but to try and keep a lid on bond yields

## Highlights news vendors

**CNBC** - [Ukraine pushes back on 'numerous' Russian advances in Donbas; Zelenskyy warns Mariupol situation is severe](#)

**ALL AFRICA** - [Cameroon Deploys Troops to CAR Border to Stop Rebel Abductions](#)

**FT** - [Almost 200,000 workers in Russia still on western payrolls](#)

**SOUTH CHINA POST** - [Growing isolation puts China, US 'on the brink' of a new cold war](#)

**REUTERS** - [New surrender deadline in Mariupol as West promises Ukraine more arms](#)

## Local and regional talking points

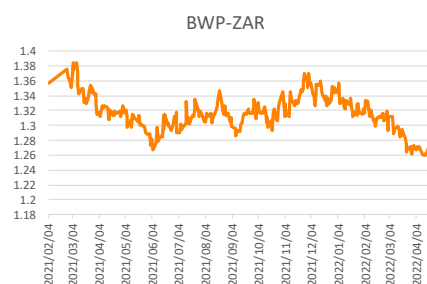
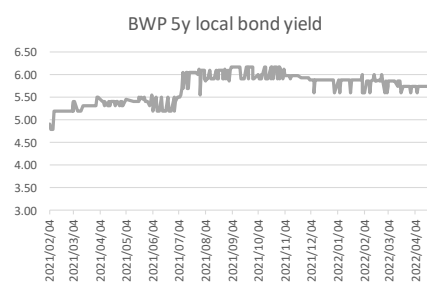
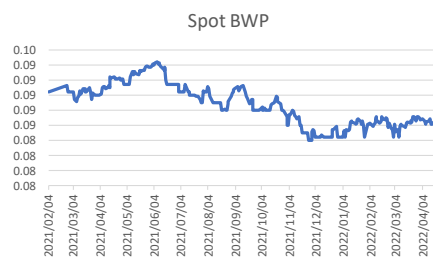
	Corporate Foreign Exchange			
	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.224096	1.233504	1.2476854	1.323447
BWPUSD	0.081888	0.093496	0.0834661	0.088271
GBPWP	15.782832	15.895048	15.441377	14.978026
BWPEUR	0.081952	0.082576	0.077421	0.080988
JPYBWP	11.4088	11.492	10.778025	11.243375
USDZAR	14.350272	15.55632	14.686607	15.219765
EURUSD	1.038528	1.125488	1.0628685	1.1011385
GBPUSD	1.251456	1.355848	1.280787	1.32651475

	Interbank Spot Foreign Exchange		Forward Foreign Exchange	
	Close	Change	BWPUSD	BWPZAR
BWPUSD	0.0853	-0.0015	1m	-2.60325
BWPGPB	0.0656	-0.0011	3m	-8.0925
BWPEUR	0.0791	0.00	6m	-14.976
BWPZAR	1.2751	0.0137	12m	-30.48825

	Close	Change
Dollar Index	100.68	-0.281
EURUSD	1.0818	0.0032
GBPUSD	1.3033	0.0037
USDJPY	128.6	-0.3
USDNGN	414	0
USDZAR	14.9473	-0.0008

Local Fixed Income			International Fixed Income		
Yield curve	Close	Change		Close	Change
6m	1.55	0.002	SA 10y	9.915	0.14
3y	3.525	-1.225	US 10y	2.94	0.1125
5y	5.75	0	German 10y	0.918	0.079
20y	8.494	-0.006	Spread SA 5y vs Bots 5y bpts		
22y	8.531	-0.019		250	10.5

Equities		Commodities			
	Close	Change	Close	Change	
VIX	21.37	-0.8	Gold	1949.84	-23.6795
Dow Jones	34911.2	-39.54	Brent Crude	107.25	-4.45
FTSE	7601.28	0	3m Copper	10304.5	-10.5
JSE All share	73830.27	0	LME Index	5138.4	#
Bots DCIBT	7230.77	0	1 carat index	Invalid field(s)	#VALUE!
Nigeria Index	47545.86	0			



- Local news flow which will impact the financial markets is on the thin side. There is a fair amount of political news flow relating to the on-going tussle between the previous president Ian Khama and the current administration. This is however hardly market moving and investors will be casting their eye wider to find tradable influences for now.

- The higher energy costs have caused policy makers across the globe to relook at how they are going to provide for their energy needs in decades to come

- It is thus not surprising to read in the LusakaTimes that *Mongu Central Member of Parliament Oliver Amutike has called for an oil exploration in Western Province following the recent discovery of oil in Namibia. Mr. Amutike said that the potential of having gas and oil deposits in the province may be possible as the two countries sit on the same belt. "Namibia just discovered oil deposits. Since Western sits on the same belt there are possibilities of having oil in the region as well", Mr. Amutike said in an interview. He told ZANIS that exploration of gas and oil would significantly reduce the cost of fuel for the country.*

- Botswana is moving ahead with its coal and sustainable energy projects which will drive the country's move towards energy self-sustainability and predictable energy supplies which will underpin the economic diversification strategy of Gaborone.

## Financial Market commentary

- Usually when reality bites, it tends to bite hard. The ZAR has been trading like a safe-haven currency in recent months. Its link to the commodity cycle was difficult to ignore, and investors traded it like a proxy for commodities. But still, it traded like a currency that belonged to a stable country with relatively few problems. SA is far from that, and many of those have been unearthed and highlighted in the past week.

- Eskom and its load-shedding have reared its ugly head again, and what started like another stage 2 inconvenience has graduated to something a little more serious as we moved to stage 4. Worse still, stage 6 has become a realistic possibility with the risk of 100 days of power cuts now deemed a scenario by Eskom. "Unplanned outages" is a phrase South Africans have become accustomed to, and this time around it has been the weather and insufficient maintenance that has been blamed. A week ago, Eskom CEO De Ruyter was briefing the nation on TV, assuring that Eskom would run its generators harder over winter to ensure that disruptions would be kept to a minimum. This week, we are left far from convinced that Eskom has control over this.

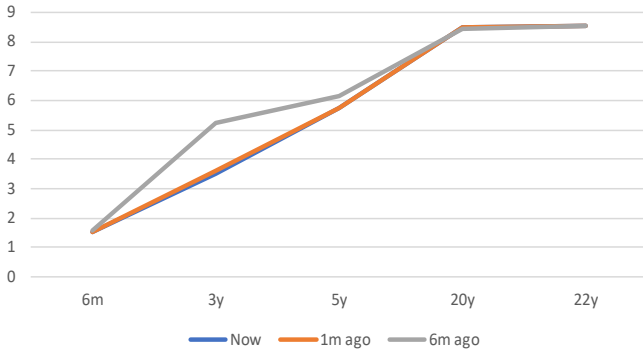
- This stage 4 load shedding comes when the country has also suffered some of the most devastating floods in its history. A state of Disaster has been announced once more, and the fiscus estimates at least R1bn will need to be spent to help rebuild lost infrastructure. Worse still, reports are now emerging that some 9,000 containers are stuck at Durban port and require processing, impacting SA's ability to trade and export.

- Finally, as if the local factors were not enough, global growth concerns have emerged, and both the World Bank and IMF revised their global growth forecasts down. Forecasts released by the IMF yesterday showed a sharp downward revision to global growth for 2022 to 3.6% from 4.4% predicted in Jan.

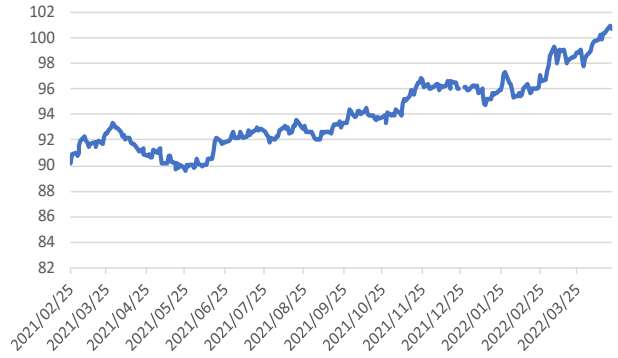
- Russia's invasion of Ukraine, the spike in commodity prices and the inflation that followed forced central banks to hike rates. Furthermore, China's Covid episode also contributed to lower growth quite significantly. If there is a risk, it is that this forecast gets revised downwards again, leaving those countries exposed to commodity prices a little more vulnerable

- The Asian FX markets have seen the dollar give up some of the gains however the USD index remains anchored around the 100.75 level which is the pivot for now. Better risk on conditions have allowed emerging markets to claw back some of their losses however the likes of the ZAR are nowhere near yesterday's opening levels. Locally the Pula is expected to have a cautious start given the movements in global FX markets.

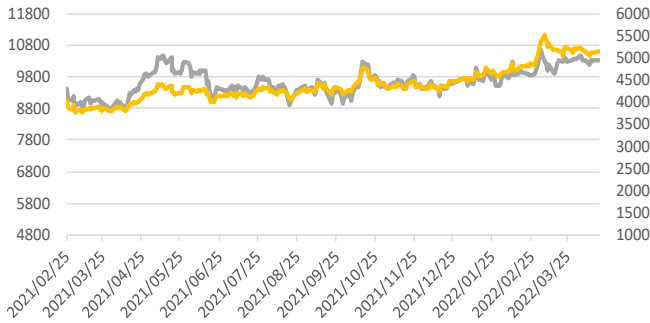
### Botswana Yield Curve



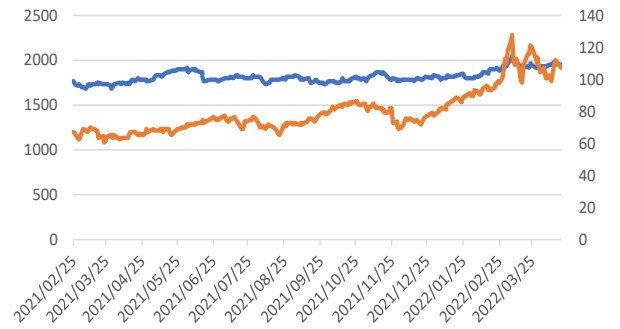
### USD Index



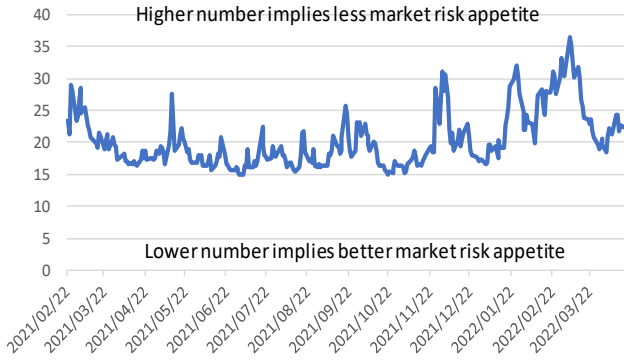
### Base metals - Copper L\_Hand axis LME Index R\_Hand axis



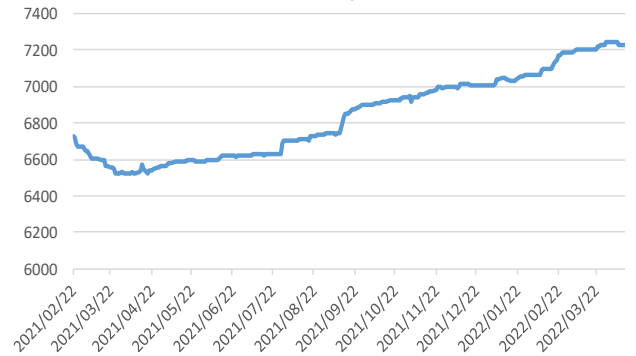
### Oil R\_Hand Axis - Gold L\_Hand Axis



### VIX Index - Risk appetite measure



### Local stockmarket performance





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