

GMT	Country	Data event or release	Period	Market Exp	Previous
-	BW	CPI potentially released	May		9.6%
12:00	BW	7-Day Certificates on offer			
06:00	GE	Factory orders y/y	Apr	-4.60%	-3.10%
08:30	GB	Markit Composite PMI	May F	51.8	51.8
08:30	GB	Markit services PMI	May F	51.8	51.8
08:30	EZ	Sentix investor confidence index	Jun	-21.3	-22.6
12:30	US	Trade balance	Apr	\$-89.35bn	\$-109.8bn
19:00	US	Consumer credit	Apr	\$34bn	\$52.44bn

Factors Overnight	What happened?	Relevance	Importance	Analysis
UK politics	PM Johnson has survived a vote of no-confidence, securing 211 votes in his favour vs 148 votes against to keep him safe for the next year	The Conservative party is now deeply divided, and his tenure remains far from secure	4/5 (politics)	Johnson's administration has been scandal-ridden in the past year, and there are fears that more such behaviour will hand Labour a great opportunity to regain control
Bond markets	Bond yields in the US and the UK have launched higher as focus returns to the outlook for inflation and the job central banks will need to do to regain control	It is about a tight labour market, GDP, and inflation in the US. In the UK it is about fiscal stimulus	4/5 (economy, markets)	Whatever the reason, bond yields have launched higher and are showing that they may not be done with their re-adjustment as inflation worries persist as China lifts its Covid curbs
Aussie 50bp Rate hike	The RBA surprised investors with a 50bp hike, arguing that inflation has increased considerably and the move was warranted to return inflation to its target	Energy prices were a major culprit that will drive inflation forecasts higher than they were in May	4/5 (market)	The resilience of the Australian economy has also emboldened the RBA to take the decision, adding that the economy no longer needed extraordinary stimulus implemented during the pandemic

Factors on the Radar	What happened?	Relevance	Importance	Analysis
JPY-USD	The USD's rally against the JPY has continued and extended a twenty-year high as the BoJ gives the green light for JPY weakness	Monetary policy disparity will continue to drive the weakness in the JPY	3/5 (market)	The Japanese authorities do not mind the depreciation in the JPY so long as it takes place in a measured way that promotes Japanese exports
War in Ukraine	Fierce fighting has been reported in Sievierodonetsk which is critical in the battle for the Donbas as the war in the East escalates	Although Ukrainian troops are outnumbered, they continue to fight	5/5 (geopolitics)	The war remains far from over, and geopolitically speaking, the region under attack is also the region that influences trade between Ukraine and the world
Oil prices	The front-month Brent contract continues to trade above \$120pb as the market turns its focus to the added Chinese demand that will flow from the lifting of curbs	As China's demand recovers, so will the use of oil, and prices will therefore remain well supported	4/5 (markets)	Oil prices will likely remain well elevated if not rise further unless the world dips into a major slowdown or alternative sources of oil are found and released to the market, something looking unlikely

Highlights news vendors

CNBC - [Everything Apple just announced: New MacBook Air, MacBook Pro, M2 chip, iPhone software and more](#)

ALL AFRICA - [Govt Says Brothers Accused of State Corruption Arrested in UAE](#)

FT - [Weakened Johnson scrapes through after damaging confidence vote](#)

SOUTH CHINA POST - [China plans to use a satellite to beam solar power to Earth from space by 2028](#)

REUTERS - [Fierce street fighting in Ukraine's Sievierodonetsk, a pivotal battle for Donbas](#)

Local and regional talking points

Corporate Foreign Exchange				
	CUSTOMER BUY		CUSTOMER SELL	
	CASH	CASH	TT	TT
BWPZAR	1.239552	1.2528	1.2634392	1.34415
BWPUSD	0.080064	0.093496	0.0816069	0.086623
GBPWP	15.446808	15.6	15.112622	14.7
BWPEUR	0.08112	0.081952	0.076635	0.080376
JPYBWP	11.5024	11.6168	10.86645	11.365475
USDZAR	14.863104	16.118336	15.211458	15.769622
EURUSD	1.025472	1.111344	1.0495065	1.0873005
GBPUSD	1.200576	1.30104	1.2287145	1.2728925

Interbank Spot Foreign Exchange			Forward Foreign Exchange		
	Close	Change		BWPUSD	BWPZAR
BWPUSD	0.0834	0.0002	1m	-2.70075	-36.46089
BWPGPB	0.0665	-0.0001	3m	-8.770125	-89.25817
BWPEUR	0.078	0.000	6m	-16.2045	-149.4936
BWPZAR	1.2868	-0.0031	12m	-29.952	-288.0196

	Close	Change
Dollar Index	102.608	0.171
EURUSD	1.0682	-0.0012
GBPUSD	1.2506	-0.0024
USDJPY	132.59	0.72
USDNGN	414.62	0
USDZAR	15.483	0.0538

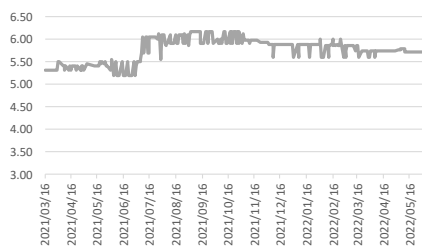
Local Fixed Income			International Fixed Income		
Yield curve	Close	Change		Close	Change
6m	1.825	0	SA 10y	9.895	0.065
3y	4.75	1.325	US 10y	3.0399	0.0994
5y	5.713	0	German 10y	1.322	0.052
20y	8.5	0.011	Spread SA 5y vs Bots 5y bpts		
22y	8.55	0.012		261.5	4.3

Equities			Commodities		
	Close	Change		Close	Change
VIX	25.07	0.28	Gold	1840.9982	-4.5518
Dow Jones	32915.78	-348.58	Brent Crude	119.51	3.22
FTSE	7608.22	0	3m Copper	9745	245.5
JSE All share	71120.09	-114.55	LME Index	4631.8	111.3
Bots DCIBT	7220.77	0	1 carat index	Invalid field(s)	#VALUE!
Nigeria Index	53086.86	68.1			

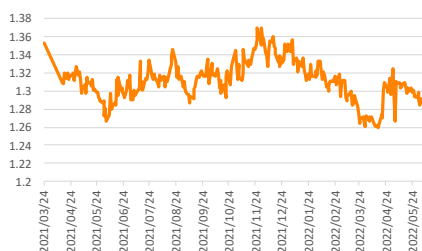
Spot BWP



BWP 5y local bond yield



BWP-ZAR

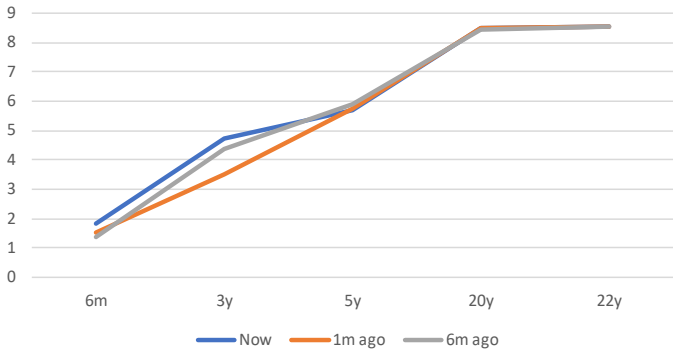


- The political backdrop is becoming increasingly tense with the current administration and the previous President Mr. Ian Khama at loggerheads over various issues. The country's prosecuting authority stated yesterday that it is considering applying for the extradition of Mr. Khama from South Africa after he failed to appear in court for a second time for his trial on firearm charges.
- Mr. Khama has been in a self-imposed exile in South Africa since November 2021 citing fears for his safety. Mr. Khama and his co-accused who include the former heads of intelligence and police services face more than 30 charges including theft and the unlawful possession of firearms.
- The ex-President has stated he would welcome the extradition request and that the state should press ahead with it.
- There is always the risk of something as sensitive from a political aspect as this turning into a media farse which would potentially undermine Botswana's image on the international stage. We expect all those involved to tread carefully in the coming weeks.

Financial Market commentary

- The gold market is caught between thoughts of significant central bank tightening to contain the inflation monster against the risk of such actions resulting in recession. The fact of the matter is that the US is already looking like it will be heading into recession and as such pricing for super aggressive monetary policy may be misguided. Given this backdrop, we remain buyers on any dips.
- In terms of the noble metals, the World Platinum Investment Council has stated platinum's surplus is "fragile" amid supply risks. "Supply is fairly constrained and you will not see supply from mines growing in the near or medium-term future," Chief Executive Officer Paul Wilson said at a precious metals conference in Singapore on Tuesday according to Bloomberg. "What we see in terms of demand growth is really quite exciting. We believe the market is at a turning point."
- Copper gained 2.55% yesterday to close just short of \$9750.00/tonne as declining inventories and the hopes of an economic revival in China post the hard lockdowns supported the metal. This morning we have the benchmark 3m LME contract exhibiting a mildly offered tone as a stronger dollar takes the shine off it as we head into the EU session.
- In other news, the lawsuits following the Nickel debacle are coming in thick and fast. Following the announcement yesterday that the LME is being sued by hedge fund Elliott Associates for \$456 million for cancelling nickel trades we have word this morning that .S.-based Jane Street Global Trading has sued the London Metal Exchange for \$15.3 million for the same reason. Nickel liquidity on the LME is a fraction of what it was as investors abandoned the exchange following the March shutting of the nickel pit for over a week.
- Moving over to the FX markets, some USD strength towards the end of yesterday's trading session and overnight put the brakes on the ZAR's appreciation, which appreciated to its best levels in almost two months. Although technically, the ZAR has dipped into near-term overbought territory, that did not stop the pair from plumbing fresh 6wk lows and showing the potential to appreciate further on any improvement in global risk appetite.
- Other than the USD's slide in the past 2-3 weeks, it is very difficult to ascribe any clear-cut reason for the ZAR's recovery other than the usual suspects of a positive trade and current account, attractive yields, positive ZAR Sentiment, and nominal undervaluation. It just goes to show just how much influence the valuation of the USD has in determining the broader direction and that it matters that the USD is at least 20% overvalued on a trade-weighted basis. Any unwinding of this valuation will make the ZAR appear stronger than it really is.
- The local FX market will continue to take its direction from international drivers. That said, the inflation reading due in the coming days will give further insight into the potential direction of monetary policy which does impact the resilience of the BWP

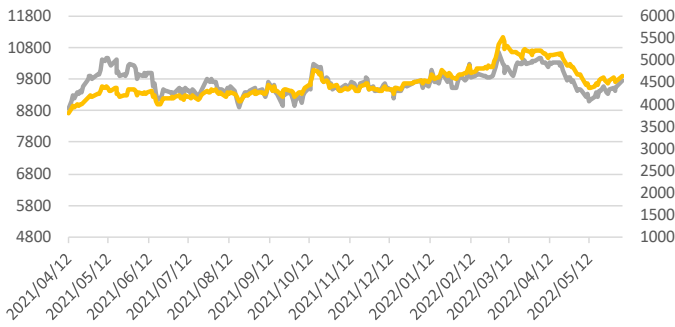
Botswana Yield Curve



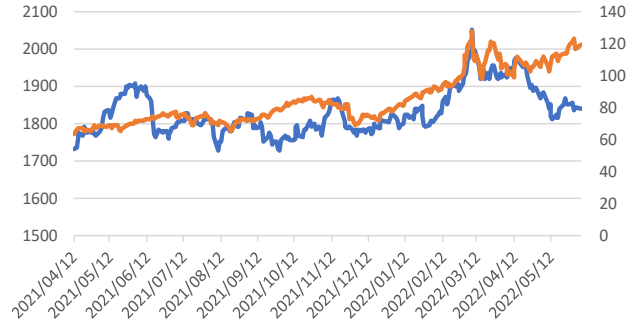
USD Index



Base metals - Copper L_Hand axis LME Index R_Hand axis

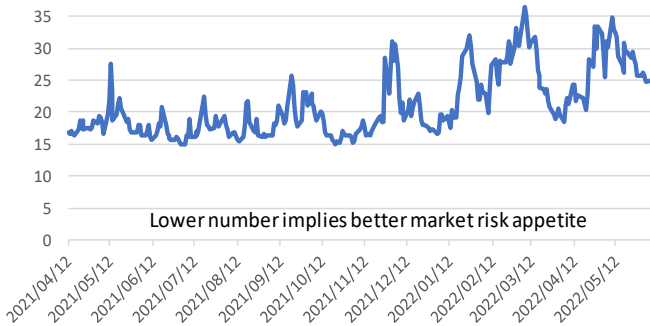


Oil R_Hand Axis - Gold L_Hand Axis



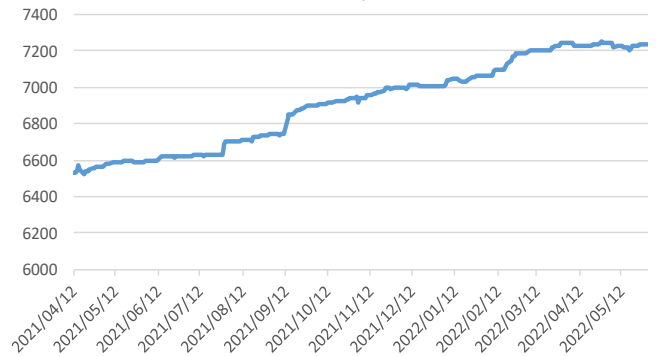
VIX Index - Risk appetite measure

Higher number implies less market risk appetite



Lower number implies better market risk appetite

Local stockmarket performance



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