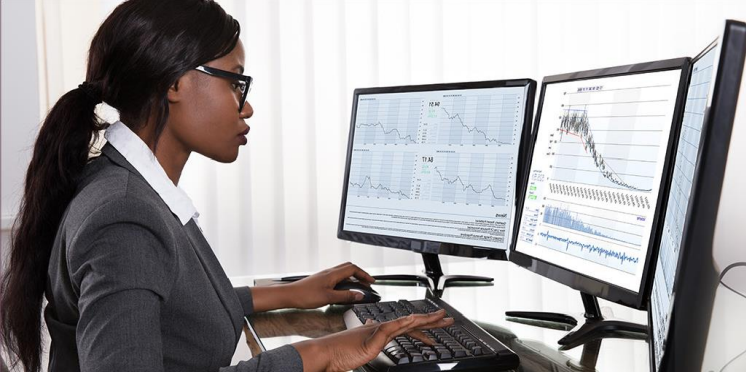


# Botswana Market Watch



GMT	Country	Data event or release	Period	Market Exp	Previous
14:00	BW	Botswana to sell 7-day certificates			
09:00	EZ	ZEW economic sentiment	Jul		-28
09:00	GE	ZEW economic sentiment	Jul	-39,3	-28

Factors Overnight	What happened?	Relevance	Importance	Analysis
<b>Fedspeak</b>	Atlanta Fed Chief Bostic believes that the US economy is strong enough to withstand higher interest rates. Kansas City Fed Chief George, however, has cautioned on hiking too fast	The Fed chorus remains very hawkish with just the odd caution regarding the potential economic damage	<b>4/5</b> (monetry policy)	George was a dissenter against the 75bp hike last time aorund so her comments are not surprising. It seems, however, that another 75bp increase is looking quite certain now for the next FOMC meeting
<b>Dollar Rally</b>	The dollar has surged further this morning despite US bond yields falling, highlighting heightened risk aversion within the markets	The stronger dollar is putting most asset classes under pressure	<b>4/5</b> (fx markets)	Although the USD is now highly overvalued, it is difficult to bet against more USD strength in the near term given prevailing market conditions
<b>UK Retailers</b>	Retailers in the UK reported another drop in sales, citing record-high inflation and falling consumer confidence levels as the main drags	Sales volumes are falling and there may be no let up as prices keep rising at a record pace	<b>3/5</b> (economy)	With the cost-of-living crisis still ongoing, retailers will continue to struggle unless they cut margins drastically. Consumption may turn out to be a drag on growth for Q3

Factors on the Radar	What happened?	Relevance	Importance	Analysis
<b>China Data</b>	China will unveil several major data releases this week including GDP, retail sales, fiscal data, and trade, all of which will give insight as to the country's policy direction	China's economy has suffered recently and the demand outlook has weakened which impacts global markets	<b>4/5</b> (fiscal policy, economy)	If the numbers come out weak, we will see increased calls for more policy support, as the government has set out relatively ambitious growth targets. More policy support will help to bolster global risk appetite
<b>BoC</b>	The BoC will be meeting tomorrow and it looks as if the bank may follow the Fed and increase the pace of its hikes to 75bp	Such a hawkish move will help the CAD outperform many of its currency peers against the USD	<b>4/5</b> (monetary policy)	Canada's economy remains strong while inflation expectations are elevated, giving the BoC room to hike 75bp and keep the rates differential with the US relatively stable
<b>Corporate Earnings</b>	Corporate earnings season kicks off this week with major banks such as JPMorgan and Citi due to report	Equities will be looking to get some support from the earnings picture	<b>5/5</b> (equities, risk sentiment)	General risk appetite may struggle if earnings figures disappoint and companies flag growing concerns on higher rates and inflation

## Highlights news vendors

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SOUTH CHINA POST - [New variants raise questions about sustainability of China's zero-Covid policy](#)

REUTERS - [Failure to implement Russian oil price cap could jack up oil prices](#)

## Local and regional talking points

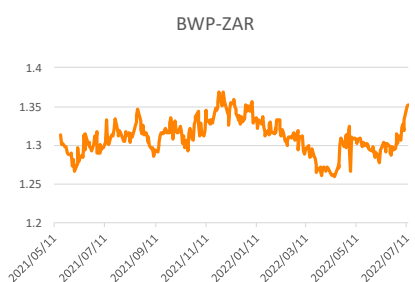
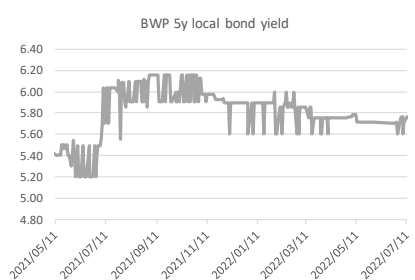
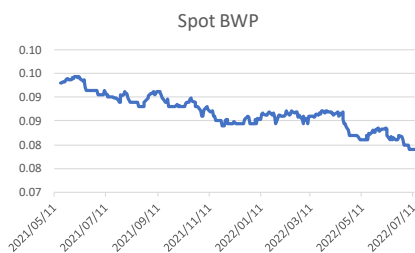
	Corporate Foreign Exchange			
	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.298688	1.301088	1.3237148	1.395959
BWPUSD	0.07584	0.093496	0.0773015	0.081473
GBP/BWP	15.614456	15.635568	15.276643	14.733516
BWPEUR	0.081952	0.082056	0.077421	0.080478
JPY/BWP	11.2736	11.2944	10.6503	11.05005
USDZAR	16.439328	17.818944	16.824625	17.433438
EURUSD	0.962208	1.042808	0.9847598	1.02024725
GBPUSD	1.140096	1.235208	1.166817	1.20848475

Interbank Spot Foreign Exchange			Forward Foreign Exchange		
	Close	Change		BWPUSD	BWPZAR
BWPUSD	0.079	0	1m	-2.418	-74.37485
BWPGBP	0.0665	0.0001	3m	-6.318	-111.7134
BWPEUR	0.0788	0.00	6m	-13.50375	-174.9844
BWPZAR	1.3526	0.0331	12m	-25.84725	-317.4192

	Close	Change
Dollar Index	108.318	0.297
EURUSD	1.0025	-0.0014
GBPUSD	1.1876	-0.0013
USDJPY	137.23	-0.19
USDNGN	414.83	0
USDZAR	17.1212	0.0149

Local Fixed Income			International Fixed Income		
Yield curve	Close	Change		Close	Change
6m	2.509	-0.001	SA 10y	10.765	0.135
3y	4.14	0.002	US 10y	2.991	-0.11
5y	5.76	0.047	German 10y	1.25	-0.096
20y	8.53	0.005	Spread SA 5y vs Bots 5y bpts		
22y	8.64	0.002		337.5	6.3

Equities			Commodities		
	Close	Change		Close	Change
VIX	26.17	1.53	Gold	1733.6726	-8.1474
Dow Jones	31173.84	-46.4	Brent Crude	107.1	0.08
FTSE	7196.59	7.16	3m Copper	7584.5	-221
JSE All share	67226.75	418.11	LME Index	3669.5	-65
Bots DCIBT	7224.05	-3.79	1 carat index	Invalid field(s)	#VALUE!
Nigeria Index	51557.41	-6.32			

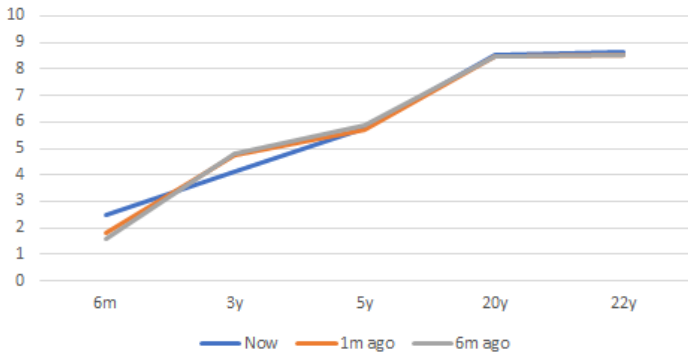


- In the absence of economic data, the focus was on political developments following the Winter Parliament opening yesterday. During the meeting it was announced that Dithapelo Keorapetse, a member of parliament (MP) from Selebi-Phikwe West, will take office as the new leader of the opposition. In addition, the Umbrella for Democratic Change (UDC) endorsed Keorapetse as the next Leader of Opposition (LOO). The action was taken shortly after the UDC National Executive Committee (NEC) suspended Dumelang Saleshando, the president of the Botswana Congress Party (BCP), for misconduct. The goal of yesterday's assembly was to remove departing LOO Saleshando from office after his suspension.
- Given yesterday's development, Opposition Whip Motsamai Motsamai said: "We are yet to consult our mother body about the decisions made by the parliamentary caucus. Again, we have decided to hold a press conference about the matter. Currently, we cannot comment on the matter before we brief the mother body."
- Following the conclusion of the UDC meeting, Saleshando kept his cards close to his chest by saying as little as possible and without revealing his future course of action: "Let's allow the process to go through Parliament, then I will comment." Rising tensions are thought to be motivating the BCP, an affiliate of the UDC, to contemplate leaving the alliance.

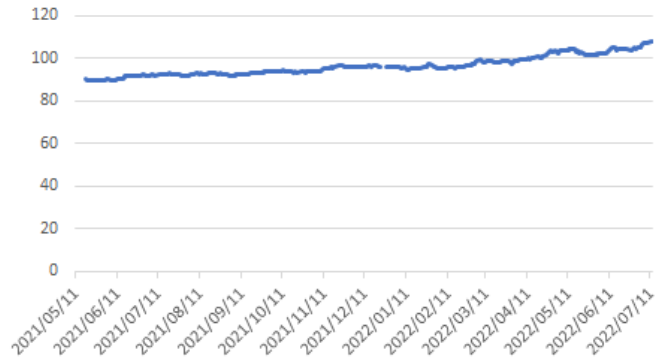
## Financial Market commentary

- The USD-BWP bulls took charge early in the week, punching through the 12.700-handle before closing at 12.7474 as it eyes the key 12.800-handle next. The bears break below the 12.400 level was short-lived due to risk-off, and a rotation towards the dollar ahead of the next round of Fed tightening. Once again, the pair remained among the top three performing African FX pairs, trailing behind the USD-SLL (1.08%) and the USD-ZAR (1.13%).
- Concerning the latter, the ZAR cleared the R17.00 to the dollar mark. Most African currencies started the week on the back foot as concerns about the global economic outlook continued to drive investors towards the safe-haven dollar, ahead of key economic data by both the US and China this week which will provide further insight into how the worlds two largest economies are holding up and the risk to growth in the second half of the year.
- As we head into the local open, we have the rand mildly weaker against the dollar, gold and platinum are trading lower, and other commodity currencies such as the Aussie dollar are finding the session taxing. For now, it seems that no one has an answer for the almighty dollar, and investors would prefer to be long dollars into the US inflation data due tomorrow
- US Treasuries are keeping their rally going this morning, with investors favouring the safety of US government bonds despite the fact that inflation remains so high and could have accelerated even further in June, according to the estimate for tomorrow's reading. The Fed seems to have done its job in convincing investors that it will hike aggressively enough to quell inflation, even if this comes at the cost of plunging the US economy into a recession.
- Equity markets are also looking very uncertain at the moment, especially ahead of earnings season, which kicks off this week. As a result, USTs are looking attractive with a yield of 3% and the added bonus of potential capital appreciation gains once we see inflation start to head lower. However, this does not mean that the volatility we have seen in rates markets is nearly over. Any topside surprise in inflation figures going forward could still lead to some notable selling pressure.
- Oil prices are under pressure again this morning from persistent economic growth concerns and a surging USD. Brent is trading near \$105.50 per barrel, while WTI has dipped to \$102.40 per barrel when looking at the front-month contracts. The market is struggling to balance growing recessionary fears with a tight market structure, which is leading to volatility and may continue to drive significant price swings over the near term. What is concerning is that the current energy crisis, which has driven inflation in major economies to multi-decadal highs, is expected to worsen, according to the IEA. Things may still need to get worse before they can get better, suggesting that elevated crude prices are here to stay at least until the final stages of this year.

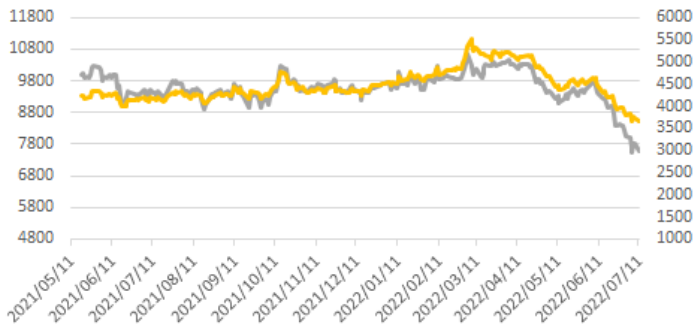
### Botswana Yield Curve



### USD Index



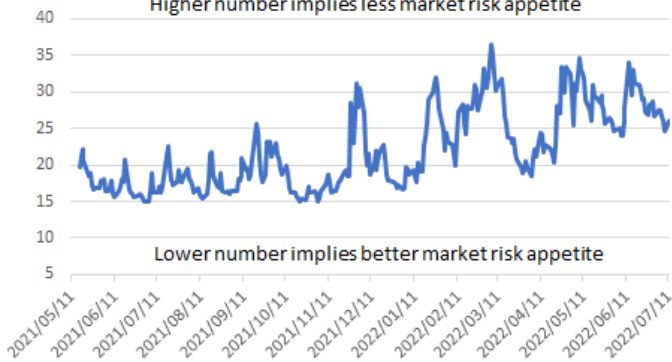
### Base metals - Copper L\_Hand axis LME Index R\_Hand axis



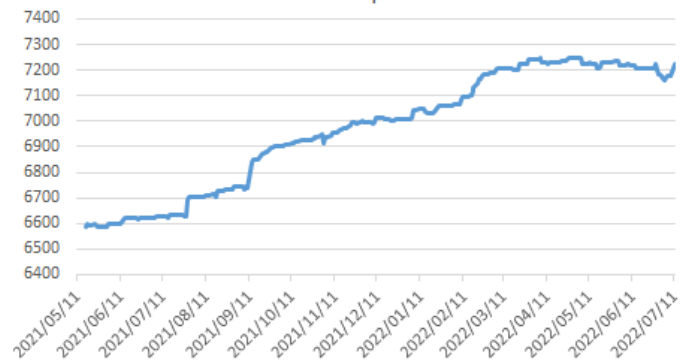
### Oil R\_Hand Axis - Gold L\_Hand Axis



### VIX Index - Risk appetite measure Higher number implies less market risk appetite



### Local stockmarket performance



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