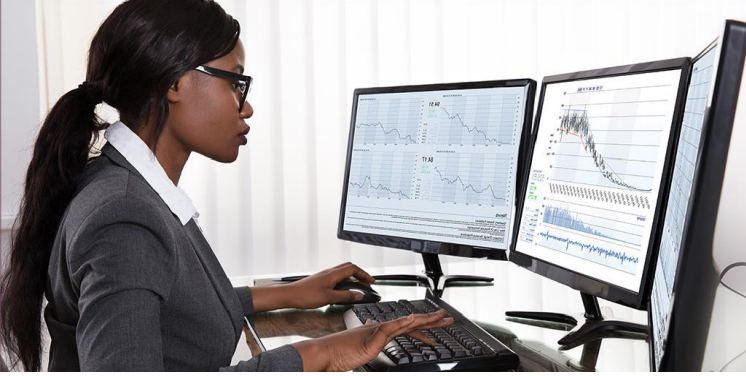


Botswana Market Watch



GMT	Country	Data event or release	Period	Market Exp	Previous
-	BW	Empty data card			
08:00	EZ	Markit composite PMI	Jul P	50,9	52
08:00	EZ	Markit/BME manufacturing PMI	Jul P	51	52,1
08:00	EZ	Markit services PMI	Jul P	52	53
08:00	EC	ECB Survey of Professional Forecasters			
08:30	GB	Markit manufacturing PMI	Jul P	52	52,8
08:30	GB	Markit services PMI	Jul P	53,5	54,3
13:45	US	Markit PMI manufacturing	Jul P	51	52,7
13:45	US	Markit composite PMI	Jul P		52,3
13:45	US	Markit services PMI	Jul P	52	52,7

Factors Overnight	What happened?	Relevance	Importance	Analysis
ECB	The ECB hiked rates by 50bp yesterday and announced its new anti-fragmentation tool to try and prevent a disorderly surge in bond yields despite further incoming rate hikes	While the hike was larger than some were expecting, it has not provided much support to the EUR given Italy's crisis	5/5 (monetary policy)	The new anti-crisis measure is aimed at being a backstop for more vulnerable countries such as Italy, but the lack of detail revealed has investors questioning its ability to contain the market in a crisis
Italian Politics	Italia PM Draghi has officially resigned and the country will now be forced to hold an early election, with a date of 25 September set for now	Italian and Eurozone markets are now set for some volatility given the uncertain path ahead	4/5 (politics, fixed income)	Italy's debt markets will be under pressure as lawmakers will now struggle to agree on much-needed reforms, while also promising more spending as campaigning begins
US Equities	Social media stocks are under pressure after poor earnings from social media platform Snap, which could see a weaker end to the week for global equities	Earnings have been mixed and not alleviated the volatility within the markets	4/5 (equities)	Despite some pressure in extended traded for social media stocks, equities have still had their best three-day run seen since late-May ahead of more earnings calls next week

Factors on the Radar	What happened?	Relevance	Importance	Analysis
China Lockdowns	A snap lockdown in a resort town in China signals that the authorities are still willing to implement harsh restrictions whenever they see fit	China's insistence of harsh lockdowns will keep the economic outlook under pressure	4/5 (economy)	Slowing growth in China will remain a concern for the global economy, and with no signals of more policy support coming, the country's economic crisis could deepen
FOMC	The Fed's July FOMC meeting will take place next week and will follow the larger-than-expected rate hikes from the likes of the BoC and ECB	Fed tightening is set to continue at a robust pace, keeping market volatility levels high	4/5 (monetary policy)	Although officials have spoken against a 100bp rate hike, there is the risk that the Fed will remain extremely hawkish and signal that aggressive tightening will continue
PMI Day	PMI figures will be released for most major economies today, providing some insight into how the economies are dealing with tightening monetary conditions	Declines in the PMIs could exacerbate ongoing concerns over the pace of the economic recovery	4/5 (economic growth)	Expectations are that we will see a further pullback from the lofty figures seen earlier this year, although most economies are still on track to continue to expand

Highlights news vendors

CNBC - [ADB slashes China's growth forecast on concerns over strict Covid lockdowns](#)

BUSSINESS LIVE - [Banks expected to deliver solid earnings, but longer-term outlook is murky](#)

FT - [EU solidarity frays as nations question plan to slash gas use](#)

SOUTH CHINA POST - [Will South Korea's Indo-Pacific strategy 'imitate' US to counter China's regional influence?](#)

REUTERS - [Global slowdown fears darken prospects for Asian factories](#)

Local and regional talking points

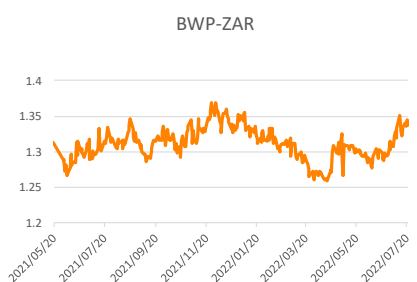
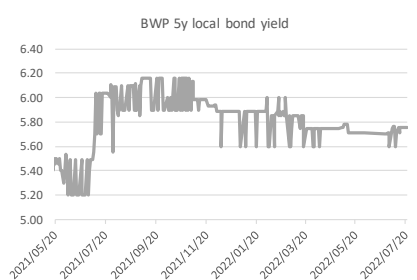
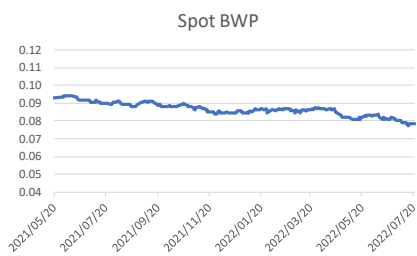
	Corporate Foreign Exchange			
	CUSTOMER BUY		CUSTOMER SELL	
	CASH	CASH	TT	TT
BWPZAR	1.280448	1.292544	1.3051233	1.386792
BWPUSD	0.075264	0.093496	0.0767144	0.081164
GBP/BWP	15.751424	15.873312	15.410648	14.957544
BWP/EUR	0.079976	0.0806	0.0755543	0.07905
JPY/BWP	11.2216	11.3048	10.601175	11.060225
USDZAR	16.332	17.724616	16.714781	17.34115075
EURUSD	0.978336	1.06028	1.0012658	1.03734125
GBPUSD	1.14864	1.244464	1.1755613	1.2175405

	Interbank Spot Foreign Exchange		Forward Foreign Exchange	
	Close	Change	BWPUSD	BWPZAR
BWPUSD	0.0784	0	1m	-2.0865
BWPGBP	0.0654	-0.0001	3m	-5.58675
BWPEUR	0.0766	0.00	6m	-12.35325
BWPZAR	1.3376	-0.0024	12m	-24.91125

	Close	Change
Dollar Index	106.919	0.009
EURUSD	1.019	-0.0038
GBPUSD	1.1961	-0.0032
USDJPY	137.62	0.25
USDNGN	414.9	0
USDZAR	17.0361	-0.0255

Local Fixed Income			International Fixed Income		
Yield curve	Close	Change		Close	Change
6m	3.35	0	SA 10y	10.75	-0.2
3y	4.83	0.69	US 10y	2.908	-0.128
5y	5.76	0	German 10y	1.22	-0.04
20y	8.53	0	Spread SA 5y vs Bots 5y bpts		
22y	8.64	0		354.5	-9.5

Equities			Commodities		
	Close	Change		Close	Change
VIX	23.11	-0.77	Gold	1718.4924	22.0594
Dow Jones	32036.9	47.79	Brent Crude	103.86	-3.06
FTSE	7270.51	-31.97	3m Copper	7322	-56
JSE All share	67907.24	-132.58	LME Index	3597.4	-20.9
Bots DCIBT	7234.74	0	1 carat index	Invalid field(s)	#VALUE!
Nigeria Index	52122	-122.36			

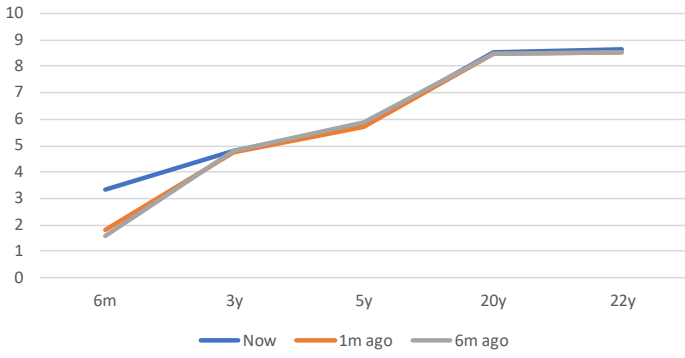


- According to a government source, Botswana's aviation sector is gradually returning to its pre-covid-19 levels. The Civil Aviation Authority of Botswana's communications manager, Modipe Nkwe, stated that the recovery is steadier than expected due to the easing of travel restrictions. Moreover, the Botswana Hospitality and Tourism Association's work in establishing direct flights from Europe into the country is proving beneficial. For context, Statistics Botswana recently released data showing that more people are flying again, with 209,574 passengers flying in the first half of 2022 compared to 313,321 passengers throughout 2021. The tourism industry plays a vital role in the nation's economy, contributing more than 10% of GDP, according to the Bank of Botswana based on pre-covid data in 2019.
- The South African Reserve Bank (SARB) hiked by 75 bps at the MPC meeting yesterday in a show of commitment to bringing inflation and inflation expectations under control. The market was anticipating a hike of 50 bps, but 75 bps had always been the risk. The 75bp rate hike and more aggressive tightening outlook will go a long way in signalling the SARB's steadfast commitment to bringing inflation down, economic growth risks notwithstanding. The SARB noted that it would recalibrate policy based on incoming data as needed through the months ahead, but for now, there are few signs of inflationary pressures moderating anytime soon.

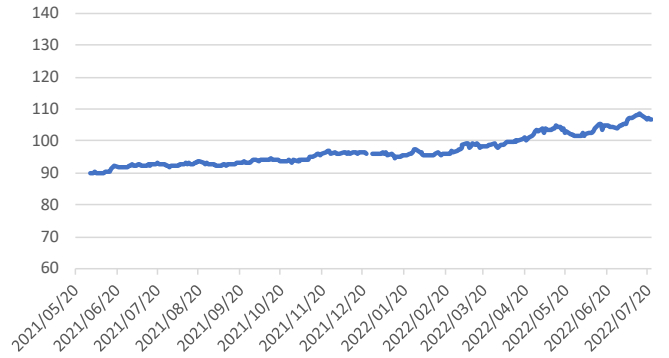
Financial Market commentary

- Yesterday was another bearish day for the Botswana pula. The local currency closed with a marginal loss at 12.7308/USD. While the pula has shed more than 2% against the USD this month, the local currency has been on an uptrend against the South African currency so far this month, gaining nearly 3%. The BWP-ZAR cross is mainly trading sideways in a range between the 200DMA support at 1.3191 and the upper band of 1.3600. Looking at the rand, R17.00 seems to be the floor as we head into the weekend. The currency attempted a break of this level yesterday following the SARB announcement, but it was not to be. All eyes are on the next round of global purchasing managers' data.
- Volatility in the FX market remains elevated as investors continue to digest the ECB's outsized 50bps rate hike. While the DXY gapped lower at the open, the greenback has reversed its earlier losses to trade relatively flat ahead of the European open.
- In the fixed income market, US Treasuries have rebounded this morning, taking yields back below 3.00% for the benchmark 10yr. Some initial weakness yesterday following the ECB announcements has now been reversed following some weaker than expected data out of the US yesterday, and declining equity markets after some weaker earnings reports overnight. The weaker than expected data and the fact that the Fed is still likely to hike rates aggressively next week suggests that the UST curve will continue to invert over the coming sessions. Bonds in Australia are also rallying as a result, with it set to be likely risk-off session to end the week today.
- Oil is rebounding this morning after yesterday's losses, with some supply disruptions in Northern America helping the market bounce off yesterday's lows. Operating rates at the Keystone Pipeline have been reduced by more than 15% amid a technical glitch and no restoration times have yet been given. The jump in prices, as a result of this disruption, shows how sensitive the market remains to any news regarding supply disruptions. The physical market also remains extremely tight, with prompt timespreads remaining very wide in backwardation for both Brent and WTI. Therefore, even with more supply coming online from the likes of Libya, we don't see much room for a sustained plunge in prices in the near term.
- Meanwhile, Saudi Arabia and Russia reportedly discussed continued cooperation between them within the OPEC+ group. This comes after Saudi Arabia has been pressured to cut ties with Russia owing to the war in Ukraine. It suggests that the two will continue to work together even when the current OPEC+ framework of output cuts comes to an end. Therefore, we may not get any form of major supply increase from Saudi or any other OPEC+ member later this year, with the possibility that a new framework could be agreed on in the next month or two.

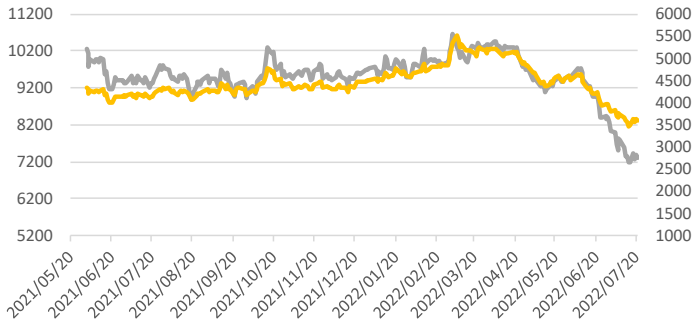
Botswana Yield Curve



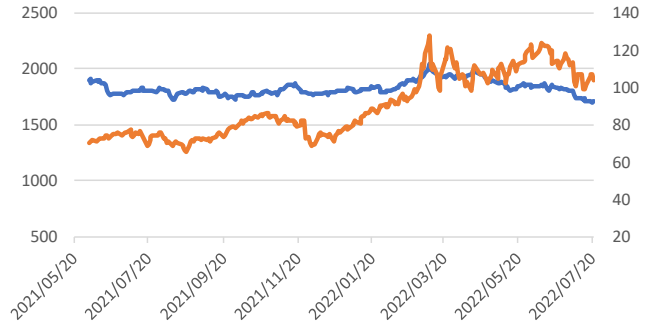
USD Index



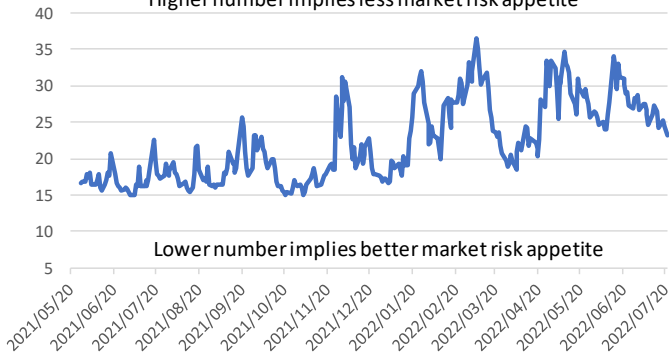
Base metals - Copper L_Hand axis LME Index R_Hand axis



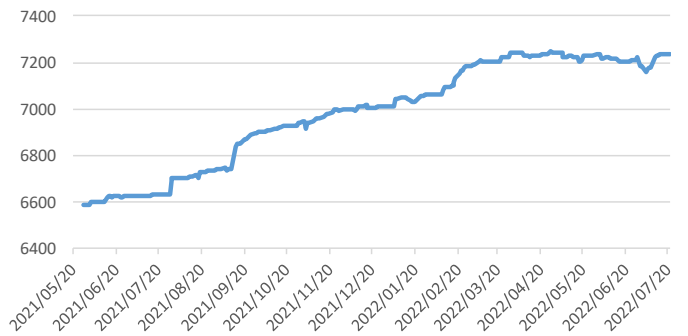
Oil R_Hand Axis - Gold L_Hand Axis



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



Local stockmarket performance



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Amogelang Themba
Tshwanelo Bogale
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