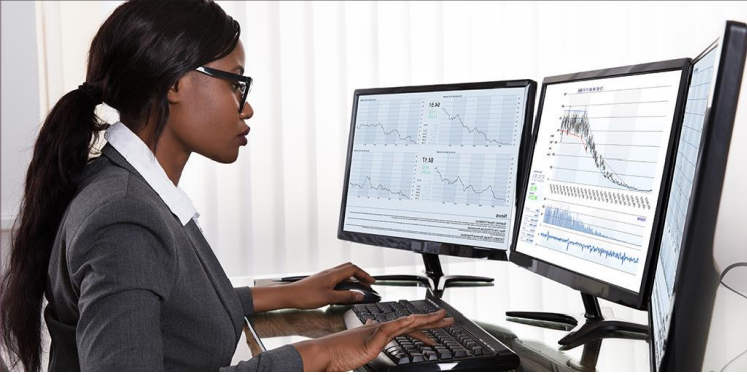


Botswana Market Watch



GMT	Country	Data event or release	Period	Market Exp	Previous
-	BW	Empty data card			
-	US	Total vehicle sales	Jul	13,5	13
0/N	JN	Monetary base y/y	Jul	2,8% A	3,9%
04:30	AU	RBA rate decision	Aug 2	1,85% A	1,35%
06:00	GB	Nationwide house prices nsa y/y	Jul	11,6%	10,7%
14:00	US	Fed's Evans Hosts Media Breakfast			
15:00	US	NY Fed Releases 2Q Household Debt and Credit Report			

Factors Overnight	What happened?	Relevance	Importance	Analysis
Ukrainian grain	For the first time since the war began on the 24 th Feb, Ukrainian corn has left the port of Odessa, in a move many hope will start to ease price pressures	This will help ease concerns of a global shortage of food. Some exports are set to resume	4/5 (economy)	The UN deal to allow for Ukrainian grain to leave has been touted a great success, while separately, Russia has signed a deal with Turkey to allow it to export grain and fertilizer
US visits Taiwan	Despite the warnings China has given, US House Speaker Pelosi has opted to visit Taiwan regardless, affirming Taiwan's status as a sovereign country	It holds the potential to further raise tensions with the US and see further risk priced into markets	4/5 (geopolitics)	The US has called China's bluff and indicated that it would not be told what to do and who to see concerning a sovereign nation with which it has had strong bilateral relations
Nuclear arms talk	US President Biden and Russian President Putin have said they are ready to pursue a new nuclear arms deal	This comes at a time when undertones of a nuclear war are intensifying	3/5 (geopolitics)	Both leaders provided statements to the UN as diplomats gathered to hold a month-long review of the treaty on of non-proliferation of nuclear weapons

Factors on the Radar	What happened?	Relevance	Importance	Analysis
US bond yields	Bond yields have slid and will continue to slide as investors respond to the weaker-than-expected data that raises the prospect of a recession	Investors are looking through the current spike in inflation and towards a more sensitive Fed	4/5 (market, economy)	The risk to this view is that inflation does not stop rising and that the Fed is forced to hike rates further than originally anticipated. The slowdown in M2 money supply suggests differently
BoE	The BoE is set to announce its decision on Thursday, and the market anticipated a 50bp hike to lift rates to 1.75% in keeping with the global trend	Inflation is at a 40yr high and demands attention from the BoE, even if at the expense of growth	5/5 (monetary policy)	The BoE is aware of the impact this will all have on the economy and employment and has warned that a contraction in economic activity could be seen later this year
Oil production	Saudi will look to push Opec+ to increase oil production at the upcoming meeting on Wed. This after Biden's trip to the Middle East last month	The White House has also indicated that it anticipates an increase in production	4/5 (market, geopolitics)	Interestingly, Opec+ also includes Russia and so presumably, it would be a call for production from all producers other than Russia to help ease prices and the pressure on economic growth

Highlights news vendors

CNBC - [Coal is making a comeback & consumption is expected to return to 2013s record levels](#)

BUSSINESS LIVE - [Eskom can ask for more funds for maintenance, Godongwana says](#)

FT - [Ukraine warns grain exports will take 'months' to reach prewar levels](#)

SOUTH CHINA POST - [Why a China slowdown is bad news for commodities and the global economy](#)

REUTERS - [U.S. considers crackdown on memory chip makers in China](#)

Local and regional talking points

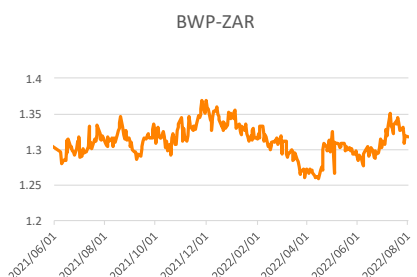
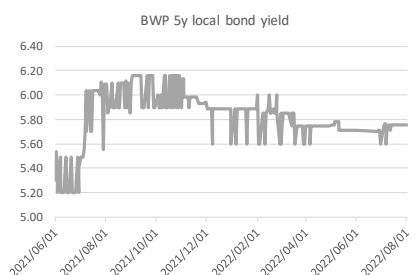
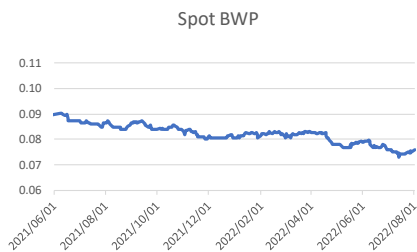
Corporate Foreign Exchange				
	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.269504	1.273632	1.2939684	1.366501
BWPUSD	0.0768	0.093496	0.07828	0.082606
GBP/BWP	15.89432	15.939352	15.550453	15.019774
BWP/EUR	0.081016	0.081224	0.0765368	0.079662
JPY/BWP	10.8784	10.9096	10.27695	10.673575
USDZAR	15.869376	17.2042	16.241315	16.83199375
EURUSD	0.986304	1.068704	1.0094205	1.045583
GBPUSD	1.176672	1.275144	1.2042503	1.24755675

Interbank Spot Foreign Exchange		Forward Foreign Exchange		
	Close	Change	BWPUSD	BWPZAR
BWPUSD	0.08	0.0007	1m	-2.21325
BWPGBP	0.0653	0.0001	3m	-6.79575
BWPEUR	0.0779	0.00	6m	-14.22525
BWPZAR	1.3178	0.0005	12m	-30.29325

	Close	Change
Dollar Index	105.221	-0.229
EURUSD	1.0272	0.0011
GBPUSD	1.2259	0.0011
USDJPY	130.76	-0.85
USDNGN	415.68	0
USDZAR	16.5311	0.0582

Local Fixed Income			International Fixed Income		
Yield curve	Close	Change		Close	Change
6m	3.349	0	SA 10y	10.48	0.12
3y	3.93	-0.21	US 10y	2.605	-0.037
5y	5.76	0	German 10y	0.761	-0.064
20y	8.53	0	Spread SA 5y vs Bots 5y bpts		
22y	8.61	-0.03		332.5	16.5

Equities			Commodities		
	Close	Change		Close	Change
VIX	22.84	1.51	Gold	1771.7292	6.5092
Dow Jones	32798.4	315.5	Brent Crude	100.03	-9.98
FTSE	7413.42	78.18	3m Copper	7819.5	-98
JSE All share	68642.59	323.26	LME Index	3808.8	-42.1
Bots DCIBT	7262.39	1.68	1 carat index	Invalid field(s)	#VALUE!
Nigeria Index	49950.32	703.11			

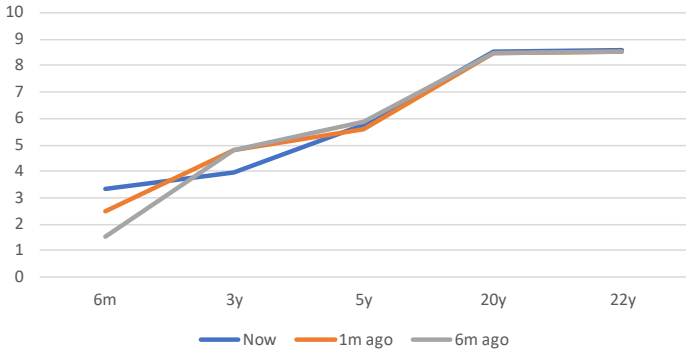


- A report published by Fitch rating agency last week highlighted that fiscal risks in Africa had risen markedly. This comes as nations worldwide stare down the barrel of a looming global recession. Fitch said that as that global growth slows in 2022-2023, higher government debt-to-GDP ratios could leave many sovereigns with less fiscal flexibility to support economic growth and vulnerable sections of the population than during other recent external shocks. Fitch forecasts that debt-to-GDP ratios will be at 2019 levels or lower in just 20 of the 119 sovereigns in its rated portfolio by the end of the year.
- The agency added that the acceleration of inflation may initially lower debt-to-GDP by boosting nominal GDP levels and lifting fiscal revenues more quickly than spending, especially for commodity exporters. That said, fiscal consolidation efforts that require increasing taxes or reducing public spending will generate social and political frictions where households and businesses face inflation-related income pressures.
- In other fiscal-related news, the Botswana Unified Revenue Services (BURS) has reportedly lost millions of pula through tax theft committed within the tax agency by one of its employees. The BURS Principal Revenue Officer, Ronald Kgano, is alleged to have stolen tax returns and has since been slapped with a suspension from duty. According to Mmegi, Kgano allegedly bypassed the tax system, colluded with people who had companies and in the process, submitted fake tax returns while stealing millions from tax coffers. The alleged fraud was uncovered by the Directorate on Corruption and Economic Crime in collaboration with the BURS and the Directorate of Public Prosecution.

Financial Market Commentary

- It was a bearish start to a cautious new month, with the USD-BWP retreating and closing at 12.5032. Once again, the bears could not sustain a break below the 38.2% Fibi retracement level at 12.5024, extending from April's lows and July's highs. A sustained move below this support level is needed for a more bearish bias to take hold. But without a catalyst, the downside may be limited by the short-term 50DMA support sitting comfortably at 12.3620.
- Investors are still making sense of the current macroeconomic backdrop following the latest global manufacturing PMI readings, which have been disappointing. As such, clear-cut direction is lacking, with nothing significantly new to trade on. Meanwhile, the DXY decreased to a 4-week low of 105.24, as the US economy unexpectedly shrank for a second quarter in Q2, stoking recession fears and building expectations that the Fed may need to slow down the pace of interest rate hikes.
- Meanwhile, global bond yields continue to plunge as economic growth concerns become heightened and risk conditions take a knock amid growing US-Sino tensions. US 10yr yields have slumped to 2.550% this morning, deepening the curve's inversion with the 2v10 spread now around -30bp. German and UK bonds also saw their yields decline yesterday, with the benchmark gilt now trading just above 1.800% after yields have dropped almost 40bp over the last month.
- The oil markets have not had a good start to August, with Brent plunging below \$100 per barrel yesterday while WTI has slumped towards \$93 per barrel. Both benchmarks lost more than 5% yesterday amid global growth concerns and an easing of the tightness within the physical market. Brent's prompt time spread has narrowed sharply and is below \$2.00 per barrel currently. While this is still very wide by historical standards, it is down from more than \$4.00 per barrel seen less than a month ago. Supply conditions within the world's major producers are improving, while the demand outlook has taken a notable hit in recent weeks as growth forecasts are downgraded, and monetary policy tightening continues to choke some of the life out of the world's economy to try to bring inflation under control.
- Focus will now turn towards OPEC+ tomorrow for their latest virtual meeting to decide on what the output policy will be for September. The cartel and its allies have already restored, in theory, all of the output that they cut during the pandemic. However, not all are managing to meet their current quotas. This suggests that there is very limited room for further production increases beyond this month, which could see oil's recent plunge bottom out.

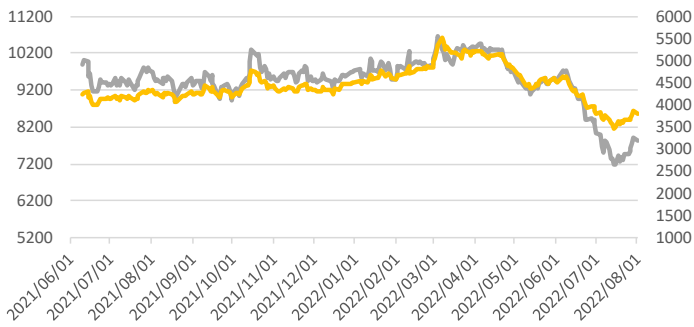
Botswana Yield Curve



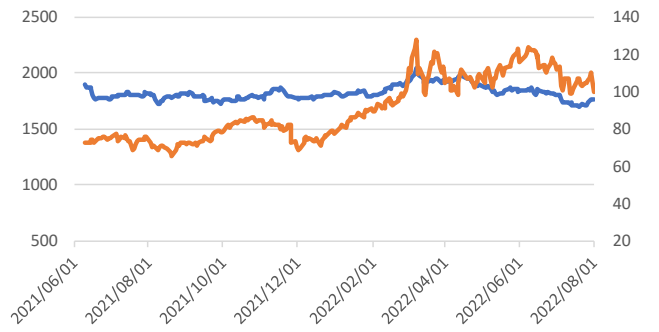
USD Index



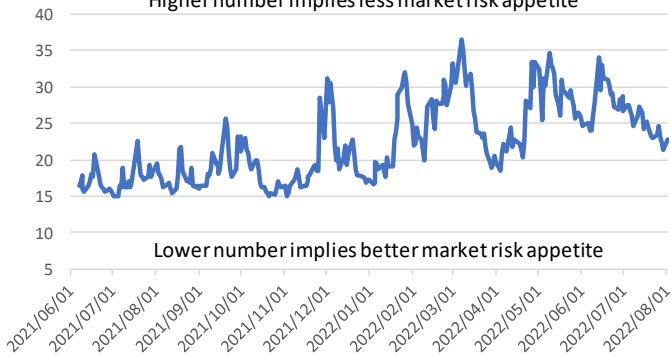
Base metals - Copper L_Hand axis LME Index R_Hand axis



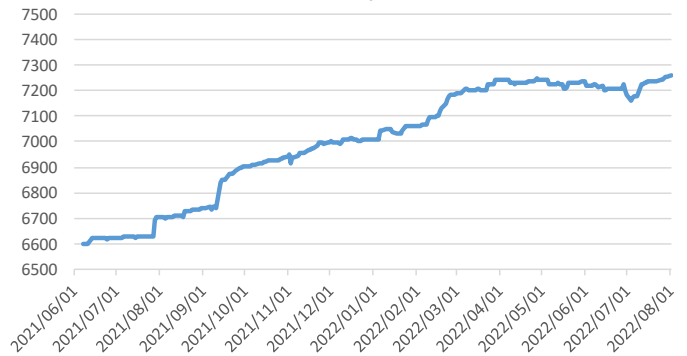
Oil R_Hand Axis - Gold L_Hand Axis



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



Local stockmarket performance



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