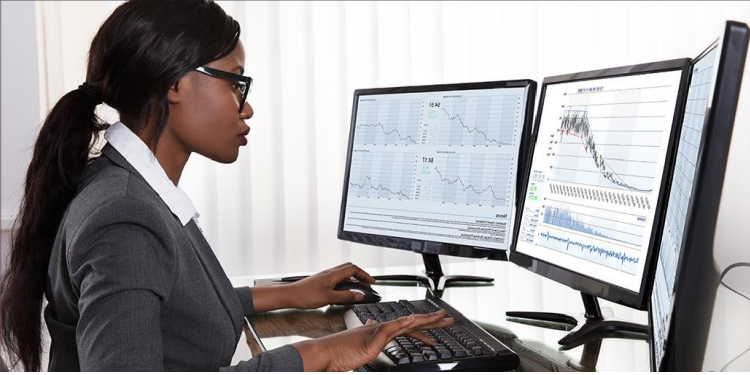


Botswana Market Watch



GMT	Country	Data event or release	Period	Market Exp	Previous
-	BW	Empty data card			
0/N	JN	M3 money stock y/y	Jul	3,00% A	3,00%
06:00	JN	Machine tool orders y/y	Jul P		17,1%
12:30	US	Nonfarm productivity	2Q P	-4,5%	-7,3%
Factors Overnight	What happened?	Relevance	Importance	Analysis	
US Housing	US Housing sentiment has sunk to the lowest level in more than a decade. Just 17% of those surveyed believed now was a good time to buy a home	As rate hikes are announced, the market will soften. 30% of the market expects prices to fall	4/5 (ECONOMY, MARKET, monetary policy)	Unfavourable mortgage rates are seen as the main driver behind the drop in confidence, and the risk is that they will rise further in the months ahead as the Fed persists with its tightening	
Food prices	According to the FAO food price index, food prices fell in July in what will be welcome news for all countries. However, there are doubts whether it is sustainable	Lower food prices will play a significant role in easing inflationary pressure for households	4/5 (economy, market)	So many risks and uncertainties persist, although it is good news that Ukraine has once again started shipping grain through its war-ravaged ports to ease some price pressures	
Ukrainian shipping	A 10 nautical mile buffer zone will protect ships exporting Ukrainian grain through the Black Sea to ease the pressure on the grain markets	The deal was agreed to by Ukraine, Russia, Turkey and the UN to give it substance and offer sustainability	5/5 (ECONOMY, MARKET)	From a food inflation perspective, this is good news indeed, although the agreement can only be described as fragile. Nonetheless, the fact that Ukraine can export should be cheered	
Factors on the Radar	What happened?	Relevance	Importance	Analysis	
Ukraine debt freeze	Ukraine's creditors will vote this week on a government proposal to defer payments for the economy for 24 months to help plug a fiscal shortfall of \$5bn	The objective is to avoid a default. So far, BlackRock and Fidelity have expressed support	4/5 (economy, market, fiscal policy)	There is a \$1.0bn repayment due on the 1 st Sep, so there is not much time to decide on a debt freeze. This will keep creditors and the credit rating agencies at bay and alleviate market pressure	
Iran nuclear deal	The EU circulated a final draft of the Iranian nuclear deal on Monday and will hand it to the US to see if it accepts	Should this deal be secured Iran may be allowed to pump more oil	5/5 (GEOPOLITICS, market)	There are significant incentives to reach some sort of compromise that will ease pressure on the oil market and allow Iran to take up some of Russia's slack	
US yield curve	Following on from the stronger than expected US payroll data on Friday and the change in rate hike expectations, the yield curve has inverted further	10yr vs 2yr spread has now sunk to -44bp, last seen in 2000 to signal real risk of recession	5/5 (ECONOMY, MONETARY POLICY)	The longer the Fed plays catch up and persists with 75bp incremental hikes into the teeth of a highly leveraged economy, the greater the chance of a sharp unravelling of the credit cycle	

Highlights news vendors

CNBC - [U.S. approves \\$1 billion in military aid to Ukraine](#)

BUSSINESS LIVE - [Europe and the power of Russian gas](#)

FT - [Norway set to curb electricity exports in blow to European energy supplies](#)

SOUTH CHINA POST - [Chinese envoy to France Lu Shaye doubles down on Taiwan 're-education' aims](#)

REUTERS - [Taiwanese foreign minister warns China preparing for invasion](#)

Local and regional talking points

Corporate Foreign Exchange				
	CUSTOMER BUY		CUSTOMER SELL	
	CASH	TT	CASH	TT
BWPZAR	1.26768	1.278048	1.2921093	1.371239
BWPUSD	0.075552	0.093496	0.077008	0.081576
GBP/BWP	15.83348	15.959424	15.490929	15.038688
BWPEUR	0.080392	0.081016	0.0759473	0.079458
JPY/BWP	11.0656	11.1488	10.4538	10.9076
USDZAR	16.105536	17.46004	16.48301	17.08229875
EURUSD	0.977472	1.059136	1.0003815	1.036222
GBPUSD	1.159008	1.256008	1.1861723	1.22883475

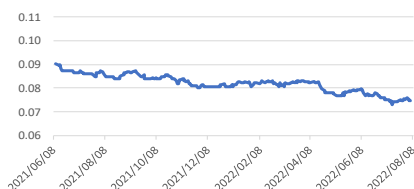
Interbank Spot Foreign Exchange			Forward Foreign Exchange		
	Close	Change	BWPUSD	BWPZAR	
BWPUSD	0.0787	-0.0005	1m	-1.989	-38.32675
BWPGBP	0.0652	1E-04	3m	-6.591	-144.5375
BWPEUR	0.0773	0.00	6m	-13.455	-406.608
BWPZAR	1.3193	-0.018	12m	-27.963	-1265.283

Dollar Index	Close	Change
EURUSD	1.0181	0
GBPUSD	1.2073	0.0002
USDJPY	135.21	0.24
USDNGN	417.07	0
USDZAR	16.7753	0.0117

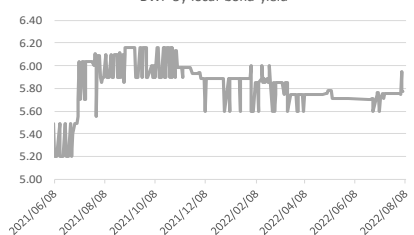
Local Fixed Income			International Fixed Income		
Yield curve	Close	Change		Close	Change
6m	3.349	0	SA 10y	10.285	0.065
3y	4.229	-0.001	US 10y	2.84	0.164
5y	5.77	0	German 10y	0.961	0.152
20y	8.54	0	Spread SA 5y vs Bots 5y bpts	313.5	9
22y	8.61	0			

Equities			Commodities		
	Close	Change		Close	Change
VIX	21.15	-0.29	Gold	1774.15	-16.9313
Dow Jones	32803.47	-85.68	Brent Crude	94.92	0.8
FTSE	7439.74	2.38	3m Copper	7870.5	143
JSE All share	69519.27	106.45	LME Index	3811.5	46.1
Bots DCIBT	7261.04	-3.72	1 carat index	Invalid field(s)	#VALUE!
Nigeria Index	50722.33	-12.67			

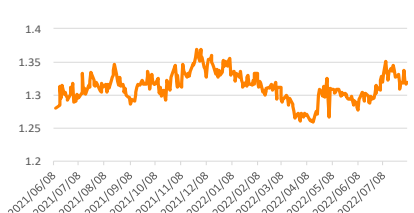
Spot BWP



BWP 5y local bond yield



BWP-ZAR



- Adding to the notion that global inflation may be peaking, data published by the United Nations on Friday showed that the FAO World Food Price Index dropped by 8.6% m/m in July, marking the fourth consecutive monthly decline. While this is encouraging from an inflation perspective, the index is 13.1% higher than year-ago levels. Although global food prices remain elevated, concerns over supplies of grains and vegetable oils are easing, suggesting that food prices could continue correct lower in the months ahead.

- Helping to ease supply concerns was reports that the first grain shipment had departed from Ukraine last week after an agreement was reached between Russia and Ukraine to ensure the safe passage of grains in the black sea. On Friday, three shipments of maize left Ukraine. The hope is that the amount exported will increase significantly in the coming months. There has also been an increase in seasonal availabilities in Argentina and Brazil, where the pace of the maize harvest has increased since last year.

- Note that the FAO Index tracks export prices for raw goods and excludes the retail mark-ups and, therefore, may not fully reflect the prices being paid by consumers. Many retailers are having to increase their prices as the costs of inputs such as transport and storage continue to rise. Retailers, therefore, have to push some of these costs onto the consumer. This is more pronounced in less wealthy countries, including many countries in Africa, resulting in them experiencing the worst food-security crisis in a decade.

Financial Market Commentary

- FX markets traded in tight ranges with a lack of any market-moving news at the start of the week as investors continued to digest Friday's jobs report and what it means for financial markets just as some optimism was returning. The report itself was strong that it strengthens the argument that the economy is not really experiencing a recession as the labour market is simply too strong. The USD may stay supported in the current environment and gain more ground. The USD has been supported by the combination of stronger economic data releases and hawkish comments from regional Fed presidents that have encouraged market participants to push back expectations for a dovish policy pivot from Fed.

- In the case of the USD-BWP, it came under pressure yesterday, closing at 12.5858. The pair suffered a loss of more than 0.6% to place as the third worst performing African pair on the session, trailing behind the likes of the Gambian Dalasi and the South African Rand. Note that the SA market will be shut for a public holiday today, so trading volumes may be thinner than usual and see the BWP take its direction from broader offshore events. Notably, moves to the downside for the USD-BWP remains limited, with the 50DMA at 12.4200 expected to act as a strong support level.

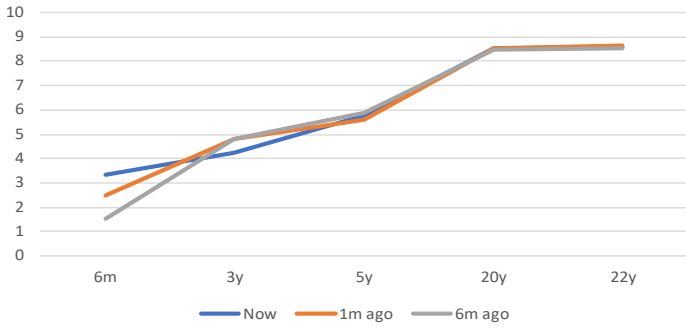
- In the fixed income market, global bond yields retreated yesterday as the market corrected following Friday's post-NFP data surge. The market continues to price in slowing economic growth as expectations remain high that the Fed and other major central banks will continue to hike rates and tighten policy in order to bring down inflation. As has been the theme in recent sessions, the UST curve continues to invert, with the 2v10 spread now at around -44bp. Gilt and bund yield curves have also been flattening out in recent sessions, with both near their flattest in months as growth concerns remain entrenched across the globe.

- This flattening bias will likely persist through the session ahead with focus on Wednesday's CPI releases out of the US and Germany. Traders will be bracing for more strong numbers given that we have had topside surprises for previous month's reports.

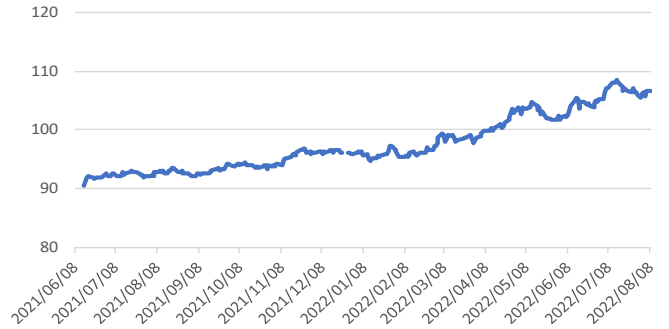
- Oil prices are holding onto their gains from yesterday, which saw Brent rise towards \$96.50 per barrel and WTI trade near \$90.50 per barrel. Bullish sentiment came amid a weaker USD and lower UST yields, with the market correcting following Friday's post-NFP data moves. Despite yesterday's gains, the outlook for oil remains relatively bearish over the near term, with the macroeconomic backdrop pointing to further weakness ahead. At the same time, the tightness of the market we have seen for 2022 so far has started to ease. Key timespreads across the futures curve continue to narrow, with Brent's prompt timespread currently around \$1.50 per barrel, down from nearly \$2 a barrel this time last week. Market liquidity also remains very low, which has contributed to the volatility we have seen for prices over recent weeks.

- On the news front, European diplomats have presented US and Iranian officials with a final draft agreement to revive the nuclear deal. Both sides now just have a few weeks to review the deal and decide on whether or not to accept it. This paves the way for a return of Iranian crude to the market, which will add further downside pressure to prices. However, the probability of the agreement being rejected by either side remains quite high.

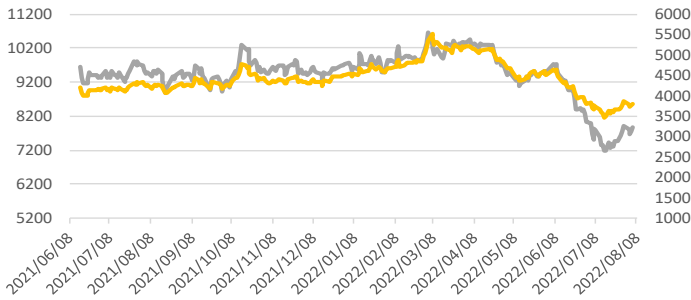
Botswana Yield Curve



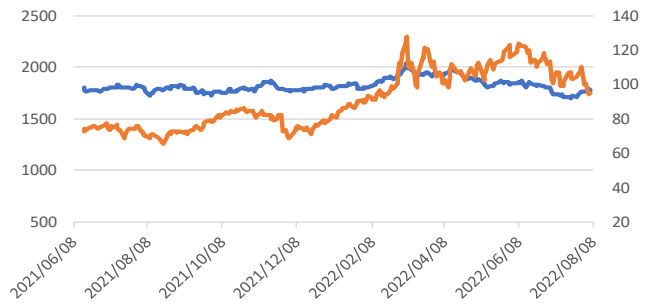
USD Index



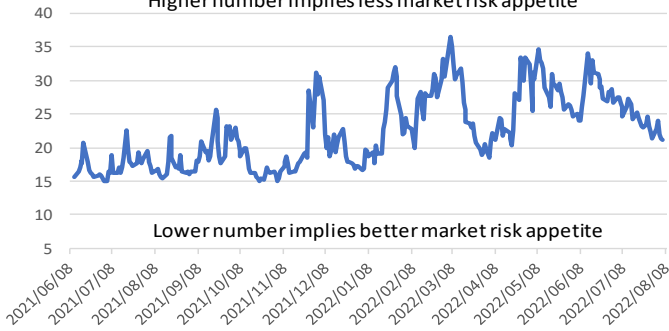
Base metals - Copper L_Hand axis LME Index R_Hand axis



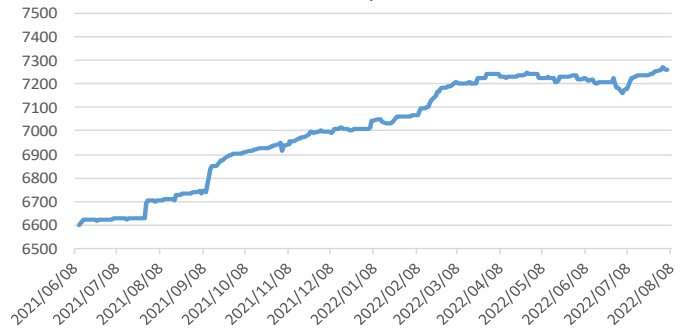
Oil R_Hand Axis - Gold L_Hand Axis



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



Local stockmarket performance



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