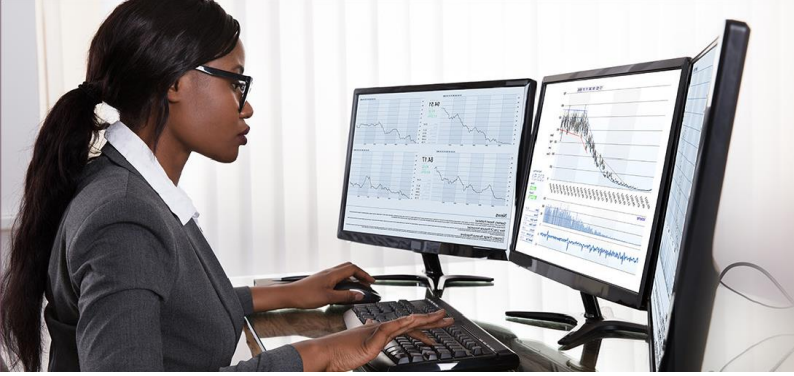


Botswana Market Watch



GMT	Country	Data event or release	Period	Market Exp	Previous
-	BW	No data			
09:00	EZ	GDP sa y/y	2Q P	4,00%	4,00%
12:30	US	Retail sales ex. auto and gas	Jul	0,3%	0,7%
14:00	US	Business inventories m/m	Jun	1,4%	1,4%
18:00	US	FOMC Meeting Minutes			

Factors Overnight	What happened?	Relevance	Importance	Analysis
Japan trade balance	Japan's trade deficit widened in July as imports surged due to global fuel inflation and a weaker JPY against a backdrop of weaker export demand	Suggests that Japan's terms of trade have deteriorated, which on top of the low rates will hurt the JPY	4/5 (economy)	Given Japan's status as a global exporter, the trade balance suggests that global demand is still weak and that further monetary tightening and inflation could lead to recessionary conditions
US housing starts	Housing starts dropped 9.6% in July to the lowest level in some 18m, while permits also fell 1.3%. Single-family starts fell 10.1%	The rise in interest rates and the hit to disposable income is hurting demand	4/5 (economy, market)	The housing market will continue to correct, and prices will eventually start to moderate as the tightened monetary policy cools an unsustainable market
UK wage settlements	In the quarter to the end of July, British employers agreed to average pay increases of 4.0%, the largest increase since 1992	At 4%, wage hikes are far behind inflation to constrain household consumption	4/5 (economy, market)	The disposable income of households remains under considerable pressure as inflation rises to levels that companies cannot or will not match

Factors on the Radar	What happened?	Relevance	Importance	Analysis
RBNZ rate hike	The RBNZ hiked rates by 50bp for the fourth consecutive meeting in an aggressive move aimed at taming inflation.	RBNZ is threatening to bring forward more rate hikes in bold guidance	4/5 (economy, monetary policy)	Core to the RBNZ is that inflation is set to peak at a higher rate than previously thought. The RBNZ has confirmed that the pace of tightening will be aggressive
Global stocks	Global stocks continue to recover at the moment in a gravity-defying surge despite the rise in interest rates and the headwinds to global growth that persist	The surge in stocks suggests the market is positioning for a less hawkish Fed, rebound	4/5 (market)	There is also still plenty of stimulus QE still in the global system that prefers to be deployed into more liquid markets than into fixed investment, where it will take years to recover the investment
Iranian nuclear deal	The EU and the US indicated on Tuesday that they were studying Iran's response to their final proposal to revive a 2015 deal	Tehran has called on the US to show some flexibility. A deal is close but yet done	4/5 (geopolitics)	This deal would ease pressures in the Middle East and would allow Iran to contribute to oil production more substantially than has been the case

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REUTERS - [NZ central bank signals aggressive tightening pace after 50-bps hike](#)

Local and regional talking points

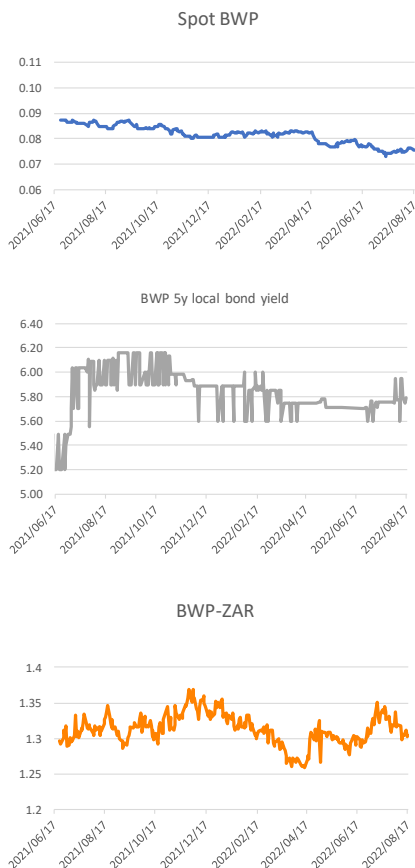
	Corporate Foreign Exchange			
	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.25088	1.257792	1.2749855	1.349506
BWPUSD	0.07632	0.093496	0.0777908	0.0824
GBP/BWP	15.764008	15.852512	15.42296	14.937944
BWPEUR	0.081224	0.08164	0.0767333	0.08007
JPY/BWP	11.0968	11.1488	10.483275	10.9076
USDZAR	15.733824	17.054024	16.102586	16.68506675
EURUSD	0.976992	1.058824	0.9998903	1.03591675
GBPUSD	1.162656	1.260272	1.1899058	1.2330065

Interbank Spot Foreign Exchange			Forward Foreign Exchange		
	Close	Change		BWPUSD	BWPZAR
BWPUSD	0.0795	-0.0001	1m	-2.067	-46.94006
BWPGBP	0.0656	-0.0002	3m	-6.46425	-183.6178
BWPEUR	0.0781	0.00	6m	-13.62075	-529.8422
BWPZAR	1.3038	1E-04	12m	-27.9435	-1606.969

	Close	Change
Dollar Index	106.429	-0.071
EURUSD	1.0175	0.0005
GBPUSD	1.211	0.0017
USDJPY	134.13	-0.08
USDNGN	418.89	0
USDZAR	16.3958	0.0242

Local Fixed Income			International Fixed Income		
Yield curve	Close	Change		Close	Change
6m	3.352	0	SA 10y	10.08	0.08
3y	3.99	0.69	US 10y	2.824	0.033
5y	5.79	0.04	German 10y	0.979	0.076
20y	8.55	0.05	Spread SA 5y vs Bots 5y bpts		
22y	8.65	0.1		288	0.5

Equities			Commodities		
	Close	Change		Close	Change
VIX	19.69	-0.26	Gold	1775.5417	-3.3683
Dow Jones	34152.01	151.39	Brent Crude	1778.91	-2.76
FTSE	7536.06	8.26	3m Copper	1801.7612	-1
JSE All share	71504.69	9.31	LME Index	1789.4504	14.6
Bots DCIBT	7295.83	26.49	1 carat index	1792.1278	#VALUE!
Nigeria Index	49709.46	-6.74			

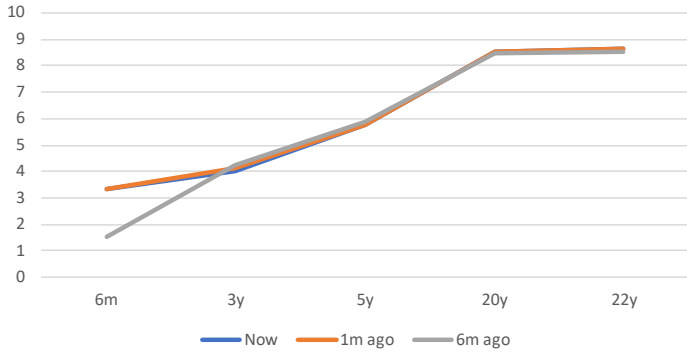


- In political developments, a bill to expand the number of Members of Parliament from 57 to 61 received unanimous support from Ntlo Ya Dikgosi members. The additional members may not be enough, though, since each Kgosi felt that their region deserved more representatives due to either the size of the territory or its population. A few House members urged Batswana to actively expand the national population. "MPs should be increased, and we should look at the area size and not just the population. An example is where I come from in Boteti, where we end up blaming MPs for not being efficient," said Kgosi Godfrey Serapo. State President Minister Kabo Morwaeng thanked Dikgosi for supporting the motion and said they would take their suggestions forward. He added that the delimitation committee would make the final decision on where the new constituencies would be. Additionally, Morwaeng assured them that they would keep consulting with them.
- In line with the hawkish shift from central banks worldwide, African central banks have turned aggressive in their fight against soaring inflation. The impact of two years of accommodative monetary policy, persistent currency weakness, ongoing supply chain disruptions and elevated commodity prices have driven consumer prices across the continent higher. In some instances, the rise in inflation has been so acute that it has resulted in a cost of living crisis. Note that many African countries are highly dependent on imports. These countries' main drivers of inflation have been food and fuel prices.
- While global inflation appears to have peaked with lower food and oil prices, the risks to the inflation outlook for Africa remain firmly to the upside. Moreover, for the most part, real interest rates in Africa are deeply negative. Therefore, we expect African central banks to continue raising their respective policy rates in the months ahead.

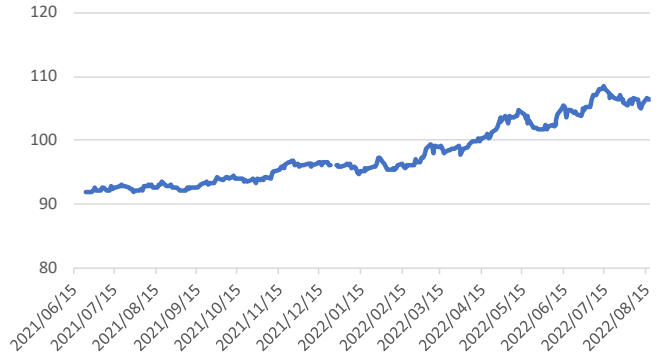
Financial Market Commentary

- The USD-BWP gapped higher at the open yesterday only to unwind these moves to settle slightly lower at 12.5455. The USD paused its advances ahead of the Fed minutes that are due to be released today. It was also important to note the weakness reflected in the latest US housing data, which may have also detracted from some of the USD's strength if it gave rise to expectations that the Fed may not need to be as aggressive in its tightening. This could see the USD-BWP oscillate around the 12.600 mark in today's session.
- US Treasury futures are steady this morning, holding yesterday's losses which saw bonds cheapen by up to 6bp across the curve. Gilts were the underperformers yesterday following some strong wage data out of the UK, with higher yields there driving up those for European bonds as well as USTs. The US session then saw some stronger-than-expected industrial sector data, which helped to keep the pressure on the bond market.
- The day ahead, meanwhile, will see focus turn to the FOMC meeting minutes. Although a lot has happened since the last meeting, the minutes will still be parsed for clues as to the Fed's outlook for inflation and the economy. Some rate hike risk has been priced out of the market in recent sessions, and there is the risk that this could be reintroduced should today's minutes still strike a hawkish tone. That would lead to a flattening of the yield curve once again, and could pressure risk assets as the odds of the US entering a recession would be bolstered.
- Oil has steadied this morning after another day of selling yesterday, which took prices to six-month lows as traders weighed slowing global economic growth and the potential for more supply. Officials from Europe and the US have both said that a new deal with Iran is looking likely within the next few days, with the Biden Administration currently reviewing Iran's response to Europe's proposal. While some are still sceptical that a deal will be reached soon, the market is pricing in a return of around 2.5mn barrels per day of Iranian crude, which could be front-loaded as Iran would have notable stockpiles of oil given the sanctions placed on it since the Trump days. Unless the deal is rejected by either side, oil prices will remain under pressure over the near term, especially as growth concerns for the likes of the US and China continue to build.

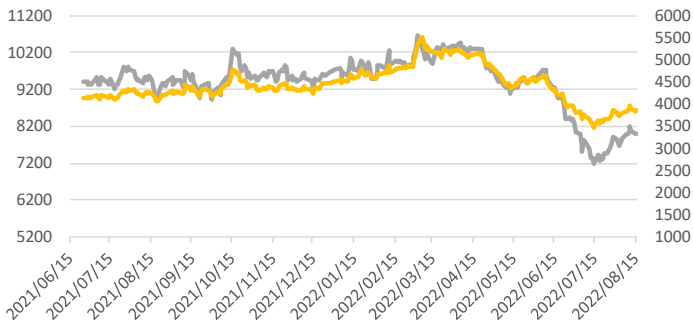
Botswana Yield Curve



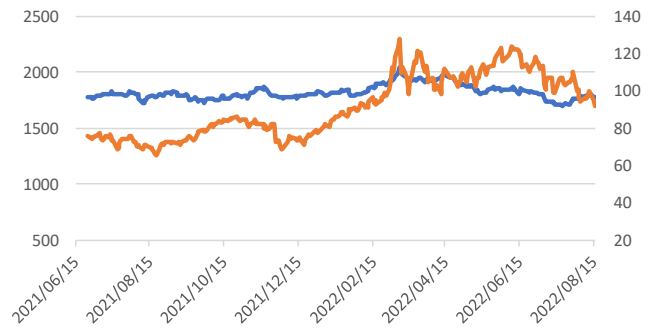
USD Index



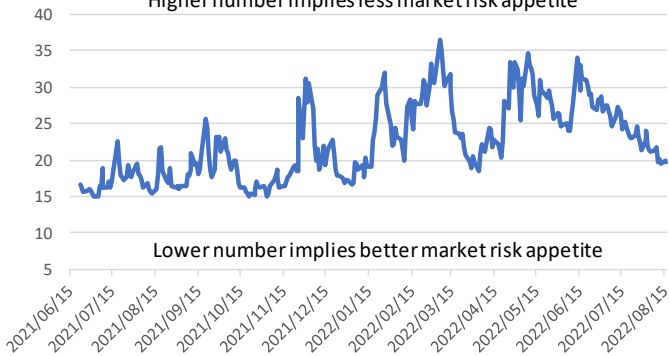
Base metals - Copper L_Hand axis LME Index R_Hand axis



Oil R_Hand Axis - Gold L_Hand Axis

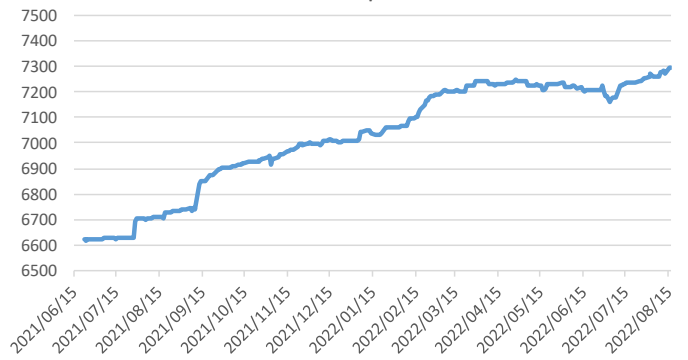


VIX Index - Risk appetite measure Higher number implies less market risk appetite



Lower number implies better market risk appetite

Local stockmarket performance



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