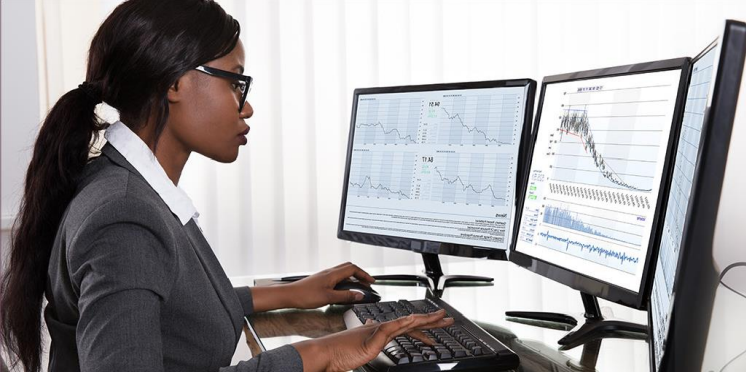


Botswana Market Watch



GMT	Country	Data event or release	Period	Market Exp	Previous
-	BW	No data			
O/N	JN	National CPI y/y	Jul	2,6% A	2,4%
06:00	GE	Producer prices y/y	Jul	31,5%	32,7%
06:00	GB	Retail sales excluding auto fuel y/y	Jul		-5,9%

Factors Overnight	What happened?	Relevance	Importance	Analysis
Japanese inflation	Japan's inflation has held up at 2.4%, above the BoJ's target for the fourth consecutive month. Excluding tax effects, it's the highest reading since 2014	Although it is above the BoJ's target, the BoJ is unlikely to do much. However, price pressures are rising	4/5 (economy)	Fuel and raw material prices are the main culprits for the move adding to the pressure on companies to respond with higher wages. Inflationary pressures are broadening a little further
US housing	Existing home sales dropped 5.9% to 4.81mn in July. This follows on from some weaker housing data earlier this week	As interest rates continue to rise, the housing market will come under pressure	5/5 (economy, market, monetary policy)	Interest rate-sensitive sectors of the US economy will feel the brunt of the shock, and the fallout will filter through to the labour market, which has held up
UK consumer sentiment	The GfK consumer sentiment index dropped to a record-low of -44 in Aug from the July reading of -41, which was the previous record low	All measures within the index fell, reflecting the cost-of-living crisis and rising interest rates	5/5 (economy)	Households are feeling exasperated with an inflation reading above 10%, driven by rising energy and food prices and a broadening in price pressures that will contribute to a recession

Factors on the Radar	What happened?	Relevance	Importance	Analysis
Chinese lending rates	China is expected to lower benchmark lending rates on Monday with a deeper cut to the mortgage reference rate aimed at helping the property sector	This follows the PBoC's decision this week to lower two key interest rates for the second time this year	4/5 (economy, market)	China is facing serious economic challenges, especially within the property industry, and the central bank will be trying to contain the fallout to the rest of the economy
Fedspeak	St Louis Fed President Bullard confirmed that the Fed would continue to hike, adding that he would prefer to see rates rise quickly to do the bulk of the tightening by year-end	It implies strong interest rate increases that will come as a shock to the economy as the Fed plays catch-up	4/5 (economy, monetary policy)	The Fed has been behind the curve and wants to ensure that inflation is stamped out. The danger for the Fed is that they do too much too quickly, and that impacts very negatively on an over-indebted broader economy
German outlook	Germany's economic outlook is looking gloomy amid staggeringly high energy inflation, supply chain disruptions, geopolitics and a global slowdown	While usually the stalwart of the EZ economy, this time, Germany is the country most at risk	5/5 (economy)	Germany's integration into the rest of the world and its dependence on Russian gas places it in an awkward position of insufficient resources and high input costs that will constrain GDP

Highlights news vendors

CNBC - [Turkey shocks markets with rate cut despite inflation near 80%](#)

BUSSINESS LIVE - [Treasury to allocate 30% more to build infrastructure, says Godongwana](#)

FT - [Germany to slash VAT on gas sales to cushion price shock](#)

SOUTH CHINA POST - [From India to Philippines, gas shortages to remain for years as rich nations stockpile LNG](#)

REUTERS - [Ghana delivers biggest rate hike ever at emergency meeting](#)

Local and regional talking points

	Corporate Foreign Exchange			
	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.27584	1.287264	1.3004265	1.381127
BWPUSD	0.075456	0.093496	0.0769101	0.08137
GBP/BWP	15.631512	15.756104	15.29333	14.847098
BWPEUR	0.08112	0.081744	0.076635	0.080172
JPY/BWP	11.1384	11.232	10.522575	10.989
USDZAR	16.232544	17.607616	16.612994	17.226682
EURUSD	0.966912	1.047904	0.989574	1.025233
GBPUSD	1.142784	1.238432	1.169568	1.211639

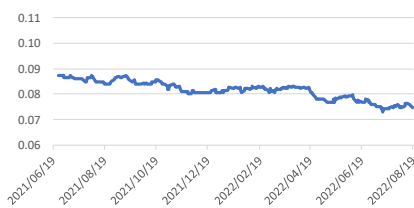
Interbank Spot Foreign Exchange			Forward Foreign Exchange		
	Close	Change		BWPUSD	BWPZAR
BWPUSD	0.0786	-0.0005	1m	-1.989	-48.64179
BWPGBP	0.0659	0.0003	3m	-6.357	-200.3147
BWPEUR	0.0779	0.00	6m	-13.2795	-569.422
BWPZAR	1.3248	0.0131	12m	-27.69975	-1788.308

	Close	Change
Dollar Index	107.653	0.169
EURUSD	1.0073	-0.0015
GBPUSD	1.191	-0.002
USDJPY	136.3	0.42
USDNGN	419.83	0
USDZAR	16.9109	0.056

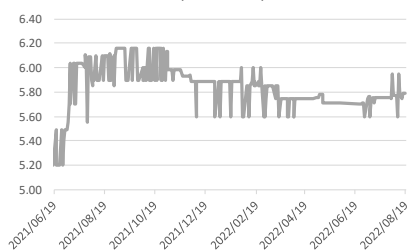
Local Fixed Income			International Fixed Income		
Yield curve	Close	Change		Close	Change
6m	3.348	0	SA 10y	10.185	0.015
3y	4.24	0	US 10y	2.88	-0.015
5y	5.79	0	German 10y	1.098	0.02
20y	8.55	0	Spread SA 5y vs Bots 5y bpts		
22y	8.64	0		300.5	2

Equities			Commodities		
	Close	Change		Close	Change
VIX	19.56	-0.34	Gold	1758.1956	-2.8544
Dow Jones	33999.04	-171.69	Brent Crude	1761.05	2.94
FTSE	7541.85	-20.31	3m Copper	1775.5417	107
JSE All share	71011.38	-537.34	LME Index	1778.91	15.5
Bots DCIBT	7300.16	1.13	1 carat index	1801.7612	#VALUE!
Nigeria Index	49546.38	-18.29			

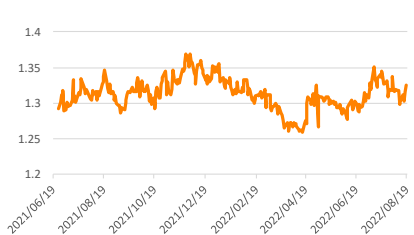
Spot BWP



BWP 5y local bond yield



BWP-ZAR



As Botswana gears up for the 2024 general elections, the Botswana Congress Party (BCP) intends to raise more than P100 million in donations from its more than 200 000 followers nationwide. The BCP President Dumelang Saleshando stated that the fundraising campaign was launched in his Maun West constituency last weekend. The ambitious objective relies on members making daily contributions of P1.00 from a date still to be set up and until the next general elections. According to reports, BCP officials think this is feasible and might even make their party a more significant challenge to the country's ruling Botswana Democratic Party (BDP). This comes as the rift between the BCP and the Umbrella for Democratic Change, with sources saying it is becoming more unlikely that the BCP will be in the coalition for the 2024 elections. BCP Saleshando and BCP Secretary General Goretsetse Kekgonengile remain suspended from the UDC.

The Southern African Development Community extended its mission in Mozambique yesterday. The mission has been helping the Mozambican government for more than a year to fight an Islamic State-linked insurgency. While the length of the extension was not revealed, it will be positive news for Mozambique and the European Union. The EU is reportedly planning a five-fold increase in financial support to the mission as a terrorist insurgency in Mozambique threatens gas projects meant to reduce the EU's dependency on Russian energy. The energy squeeze due to the Ukraine war has added impetus to Europe's scramble for gas off Mozambique's northern coast, where Western oil firms are planning to build a massive liquefied natural gas (LNG) terminal.

Financial Market Commentary

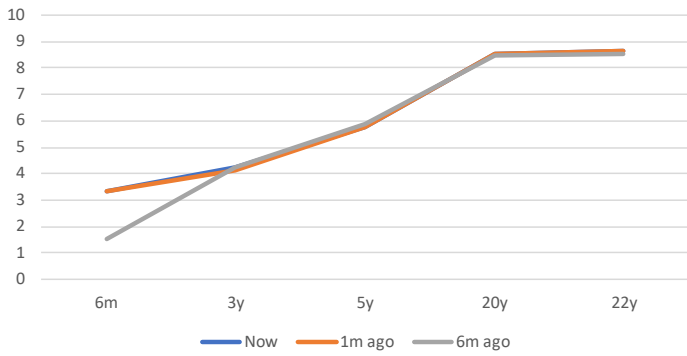
Yesterday, the USD-BWP strengthened, ending just below a two-week high of 12.6519 and taking the pair one step closer to its previous record high, which was reached in the middle of July at 12.8456. The USD has extended its rip higher into the week's final trading session. It has gained ground against most currencies, so the BWP's depreciation should not be seen in isolation. Note that the next local central bank decision is now less than a week out and will influence investors positioning and potentially covering short bets on the BWP. Meanwhile, the USD-ZAR now looks set to target levels closer to 17.00/dlr, offering exporters another golden opportunity to lock in some attractive forward rates.

US Treasury futures are heading higher this morning in early trade, with traders digesting some further hawkish Fed commentary while also positioning for next week's Jackson Hole central bank symposium. The 10yr US benchmark is back above 2.900% and is set for its third straight weekly gain. The 2yr, meanwhile, saw yields edge lower overnight despite some stronger than expected US data yesterday and the hawkish Fed talk, but yields are rising once again this morning. Investor concerns regarding inflation are still elevated, with this highlighted by yesterday's 30yr US TIPS auction, which saw strong demand and was priced much higher than expected. With these concerns and a hawkish Fed, the risk remains that yields could push higher into next week's central bank event, keeping general risk sentiment under pressure.

Oil rallied yesterday, with Brent rising over 3.00% and WTI up 2.70% on the session amid signs that US fuel demand has remained resilient. The front-month Brent contract is thus trading back above \$96 per barrel, while WTI has risen back through the \$90 per barrel mark.

Despite the gains yesterday, oil is set for another weekly loss as declines earlier in the week owing to global economic growth concerns, and the potential return of Iranian supply have more than offset the increases seen over the last two sessions. Liquidity conditions in the market are also still a factor to keep track of as they have led to increased volatility in prices over the last few months. The futures curve, meanwhile, continues to point to easing pressure within the market towards the end of the year, with the January 2023 future pricing Brent near \$90 per barrel and then dropping towards \$80 towards the middle of next year. Given expectations of more supply from Iran and weaker demand owing to recessions in many countries, we could see these futures contracts head even lower over the coming weeks.

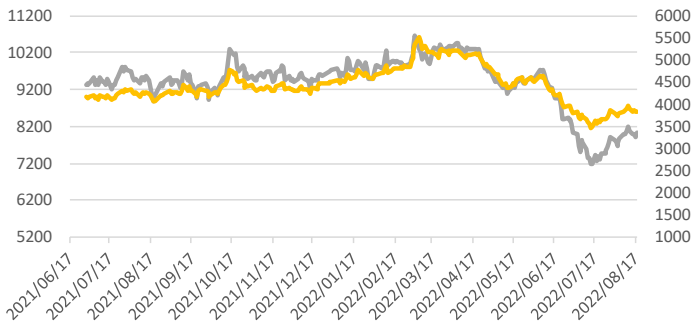
Botswana Yield Curve



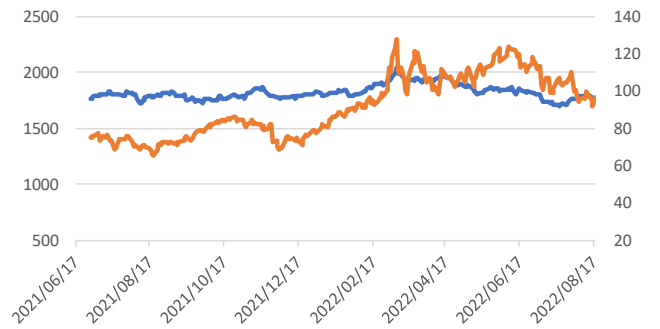
USD Index



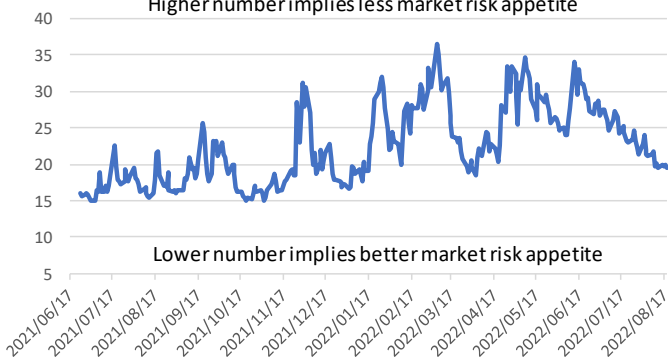
Base metals - Copper L_Hand axis LME Index R_Hand axis



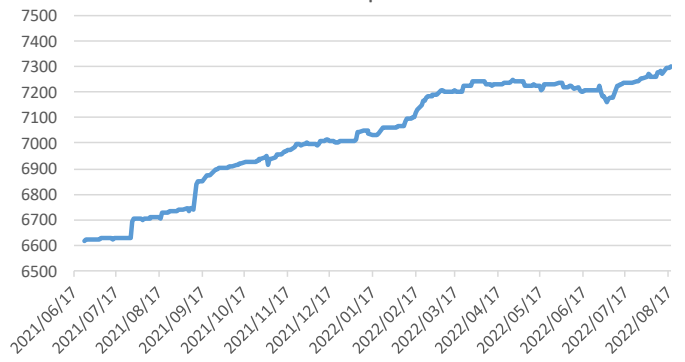
Oil R_Hand Axis - Gold L_Hand Axis



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



Local stockmarket performance



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