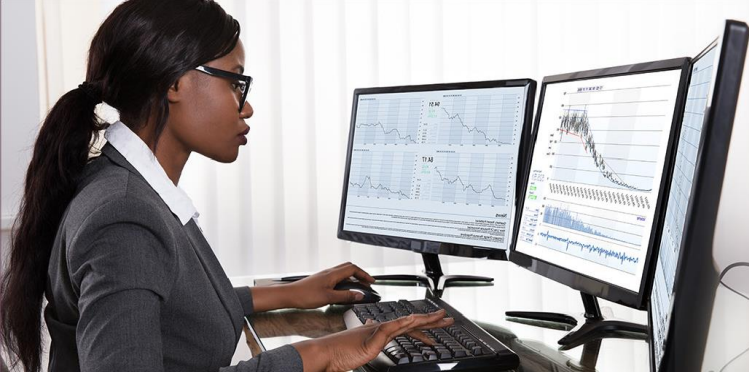


Botswana Market Watch



GMT	Country	Data event or release	Period	Market Exp	Previous
-	BW	No data			
00:30	JN	Nikkei Japan PMI Mfg	Aug P	51,0 A	52,1
00:30	JN	Nikkei PMI services	Aug P	49,2 A	50,3
07:30	GE	Markit/BME manufacturing PMI	Aug P	48,2	49,3
08:00	EZ	Markit/BME manufacturing PMI	Aug P	48,9	49,8
11:00	EC	ECB's Panetta Speaks			
13:45	US	Markit PMI manufacturing	Aug P	52	52,2
13:45	US	Markit composite PMI	Aug P		47,7
14:00	EZ	Consumer confidence	Aug P	-28%	-27%
14:00	US	New home sales	Jul	580k	590k

Factors Overnight	What happened?	Relevance	Importance	Analysis
German electricity costs	German electricity costs have now spiked to over €700 per megawatt-hour, some 14 times higher than the normal cost of electricity	Some productive processes will be rendered unfeasible at this extremely high electricity cost	5/5 (economy, market)	Germany has gone from Europe's powerhouse economy to the most vulnerable due to its exposure to Russian energy. The German economy is set for a significant recession
Japan factory activity	Japan's factory activity has slowed to a 19-month low in August as output, and new orders declines deteriorated further	That said, the index remains above 50 at 51.0 in Aug from 52.1 in July	3/5 (economy)	The Aug flash reading is the second weakest this year. However, the rate of the slide has slowed as prospects for the year ahead improved
DM bond yields	Fearing that inflation will stay higher than anticipated and that central banks will respond, US, UK and EZ yields have jumped to their highest in five weeks	The move higher, especially at the shorter end, will precipitate a reversal of the business cycle	4/5 (market)	Yield curves have already inverted or flattened considerably. The business cycle is slowing, and more aggressive hikes will only ensure that the reversal gathers momentum

Factors on the Radar	What happened?	Relevance	Importance	Analysis
Russian oil and gas supplies	The threat of disruptions to Russian gas and oil to Europe is a serious problem highlighted by CPC, which confirmed that two of the three mooring points in the Black Sea are suspended	This, on top of the Nordstream 1 maintenance repairs, risks an energy shortage of both gas and oil	4/5 (economy, market)	This could turn into a very difficult winter for Europe not only because of its inability to heat homes but also because the lack of energy will impact Europe's biggest manufacturing firms, especially in Germany
Oil prices	If the current retreat in oil prices continues, OPEC+ has indicated that it could cut production to ensure stability	This comes as a reminder that oil prices are unlikely to dip too much further	4/5 (economy, monetary policy)	With production costs rising globally, the production breakeven point of producing oil has similarly risen. Opec will want to keep prices supported
Central banks – Jackson Hole	This week, global central banks gather for the annual Jackson Hole Symposium held by the Kansas City Fed in Wyoming	Further monetary tightening will be balanced against the impact on GDP	5/5 (economy, monetary policy)	Never before have so many central banks hiked so aggressively simultaneously. Although united against inflation, they risk doing too much

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SOUTH CHINA POST - [Japan set to scrap testing requirement for travellers as it considers calling Covid endemic](#)

REUTERS – [Kenya's Odinga challenges election result 'criminality' in court](#)

Local and regional talking points

	Corporate Foreign Exchange			
	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.254912	1.276608	1.2790952	1.369694
BWPUSD	0.07392	0.093496	0.0753445	0.080649
GBP/BWP	15.633176	15.902536	15.294958	14.985082
BWPEUR	0.080496	0.081952	0.0760455	0.080376
JPY/BWP	10.9928	11.18	10.385025	10.938125
USDZAR	16.294848	17.66388	16.676759	17.28172875
EURUSD	0.954336	1.034072	0.9767033	1.01170025
GBPUSD	1.12992	1.224496	1.1564025	1.1980045

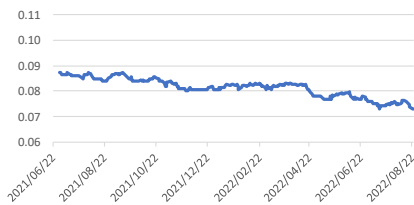
	Interbank Spot Foreign Exchange		Forward Foreign Exchange	
	Close	Change	BWPUSD	BWPZAR
BWPUSD	0.077	0	1m	-2.0475
BWPGBP	0.0654	0	3m	-6.357
BWPEUR	0.0774	0.00	6m	-13.0065
BWPZAR	1.3069	-0.0179	12m	-26.871

	Close	Change
Dollar Index	108.921	-0.125
EURUSD	0.9941	0
GBPUSD	1.177	0.0005
USDJPY	137.25	-0.22
USDNGN	420.4	0
USDZAR	16.9728	-0.0133

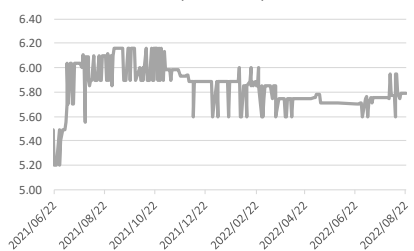
Local Fixed Income			International Fixed Income		
Yield curve	Close	Change	Close	Change	
6m	3.348	0	SA 10y	10.315	-0.01
3y	4.24	0.001	US 10y	3.035	0.046
5y	5.79	0	German 10y	1.301	0.067
20y	8.55	0	Spread SA 5y vs Bots 5y bpts		
22y	8.64	0		312	-1.5

Equities		Commodities			
	Close	Change	Close	Change	
VIX	23.8	3.2	Gold	1735.705	-12.124
Dow Jones	33063.61	-292.3	Brent Crude	1747.829	-0.24
FTSE	7533.79	8.52	3m Copper	1758.1956	-5.15
JSE All share	69195.6	-1291.95	LME Index	1761.05	-9.6
Bots DCIBT	7302.44	0	1 carat index	1775.5417	#VALUE!
Nigeria Index	49346.4	-175.76			

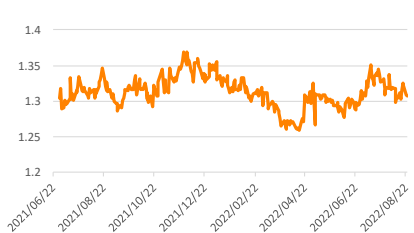
Spot BWP



BWP 5y local bond yield



BWP-ZAR

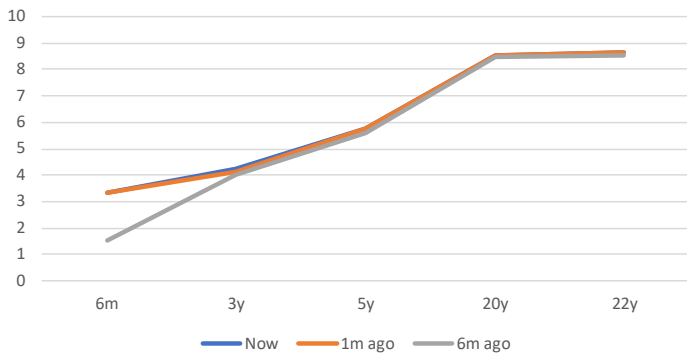


- Since Ukraine has re-entered the grain market, we have seen a correction lower in global food prices. Since the start of the month, more than 500k tons of foodstuffs, abroad 21 ships have been exported from a major port in the Black sea. However, this amount is far from the amount Ukraine exported before the war. Nevertheless, the amount of ships arriving to be loaded with grains has been increasing, which is an encouraging sign that exports are rising.
- High international food prices have been one of the main drivers of inflation and, in many countries, have resulted in a cost of living crisis. The decline in food prices will provide relief for food import-dependent countries. Many African countries have been hit hard by high grain prices. Therefore, a correction lower in global food prices will improve the lives of many people in Africa. Even though it will take a lot more than Ukraine exporting grains to resolve the current global food crisis, the increased supply will help to tame the prices and stop them from spiralling out of control.
- Over in SA, SARB's leading indicator is scheduled for release. The leading indicator continued to drop in May, with seven out of the ten components decreasing and contributing to the decline in the index. It is unlikely that we will see a recovery in June's index due to unfavourable external conditions and lingering structural challenges continuing to weigh on the South African economy. Supply chain disruptions exacerbated by the war between Russia and Ukraine, soaring inflation, major central banks raising interest rates and concerns about a global recession are headwinds that continue to cast a bleak outlook on SA's economy.

Financial Market Commentary

- The USD-BWP jolted higher on Monday, clearing the 12.800-handle to revisit a one-month high of 12.8202. The current backdrop will continue to keep the pair supported, and we could see it print new all-time highs in the coming sessions. It was another powerful day of gains for the USD that surged against the EUR and the GBP, which have cracked below prior lows seen in mid-July. The desire to rotate back towards the USD has intensified, and for now, the trend probably has further to run, especially ahead of the Jackson Hole symposium later this week. As investors price in the Fed's outlook and compare it to that of other DM central banks that are dealing with mega headwinds, it follows that the USD continues to enjoy some support.
- In the fixed income market, global bond yields continued to rise yesterday, with the benchmark 10yr UST yield breaching the 3.000% level for the first time since mid-July, while 10yr UK yields rose above 2.5000% and Bund yields rose to 1.3000%. There was no real specific trigger for the moves seen yesterday, with traders still focussing on the upcoming Jackson Hole event at the end of this week. Expectations are clearly that central banks will maintain their hawkish stances and their resolve to combat inflation even in the face of weakening economic growth.
- This morning, we are seeing USTs nurse their losses, while Australian bonds are under pressure as they catch up to yesterday's global moves. Even JGBs have been put under pressure recently, with 10yr yields there trading well above 0.2000%, which will likely spark some central bank intervention in the coming sessions. For global markets, the rise in yields will keep risk sentiment depressed and riskier assets under pressure for now.
- There was an interesting development in the oil markets yesterday, with Saudi Arabia suggesting that OPEC+ may now need to cut supply to stabilise volatility within the market and halt the slide seen in prices over the last few weeks. Oil prices were under pressure yesterday, at one point sliding more than 5% on weak economic growth concerns and a stronger USD. However, the comments from the Saudis saw this reversed, with both Brent and WTI closing flat on the session, with the former trading back above \$97 per barrel this morning after testing lows of \$92 yesterday.
- The September OPEC+ meeting has now been turned into potentially one of the most important of the year. Before, the meeting was likely going to provide nothing new as the cartel and its allies had erased their supply cuts and were likely to take on a more steady-as-she-goes approach. But with global demand expected to weaken into 2023, we could be in store for production cuts. It will be interesting to see how this is justified, given that several key members have yet to fully restore their total output and are producing well below their theoretical production limits.

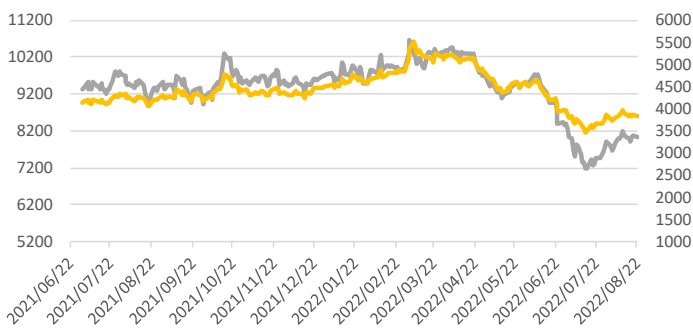
Botswana Yield Curve



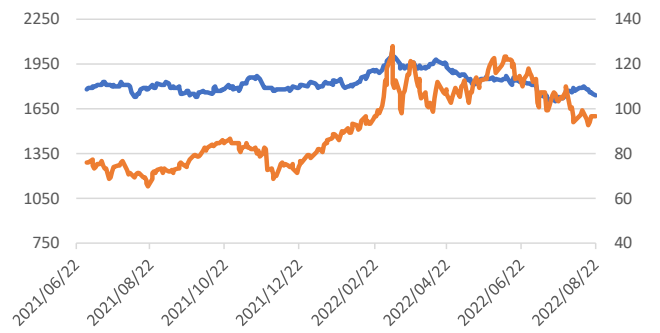
USD Index



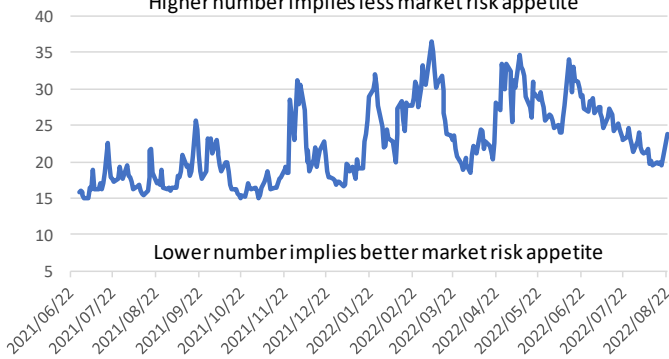
Base metals - Copper L_Hand axis LME Index R_Hand axis



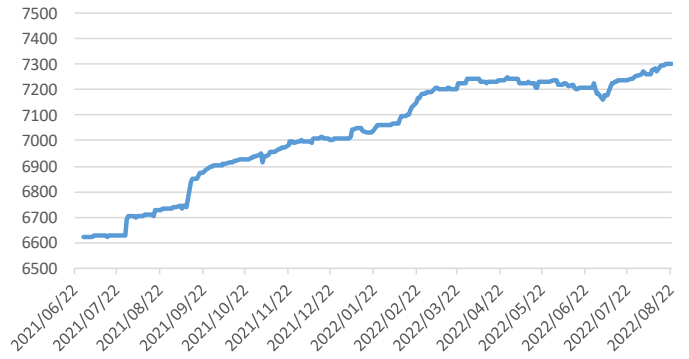
Oil R_Hand Axis - Gold L_Hand Axis



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



Local stockmarket performance



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