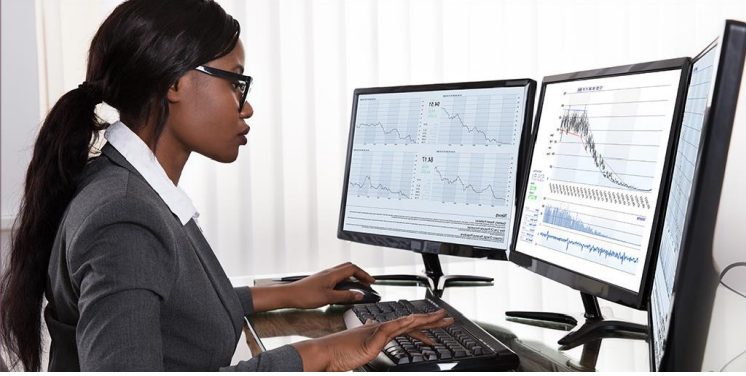


Botswana Market Watch



GMT	Country	Data event or release	Period	Market Exp	Previous
-	BW	No data			
05:00	JN	Leading index	Jun F		100,6
13:00	EC	ECB's Lane Speaks			
18:15	US	Fed's Brainard Speaks at a FedNow Workshop			

Factors Overnight	What happened?	Relevance	Importance	Analysis
Jackson Hole	US Fed Chairman Powell has warned that Americans are in for a painful period of weak economic growth and rising unemployment as the Fed seeks to tame inflation	No backing down from the Fed that made a case for more rate hikes even as the economy faces a recession	5/5 (monetary policy)	Financial markets all took a wallop on the news, and equity markets stand to lose more ground as investors reposition for central banks that will be more determined than ever to reduce inflation despite the impact on growth
China industrial profits	Profit at China's industrial firms sank in July as the effect of Covid curbs, while power shortages as a result of the recent heatwaves also impacted productivity	The dip in profitability wiped out profit gains in the previous six months highlighting China's challenges	4/5 (economy)	The economy narrowly escaped negative growth in Q2, and given how that performance was affected by weaker profitability, Q3 will have turned positive, albeit with weaker momentum
Equity markets	Following the comments made by Fed Chairman Powell on Friday, stock markets experienced an aggressive sell-off and that selling pressure may extend this week	Investors need to start positioning for a global coordinated fight against inflation that will hurt earnings	4/5 (market)	Weaker earnings will render valuations questionable, and stock markets may correct to reflect the risk of this happening. Thus far, they have not bought into the idea of a slowdown

Factors on the Radar	What happened?	Relevance	Importance	Analysis
Fiscal policy	A study presented at Jackson Hole found that central banks will struggle to tame inflation without fiscal policy playing a more prudent role	Central banks are likely to impress on governments to turn more conservative in their stance	4/5 (economy, fiscal policy)	Central banks are also concerned about the effects of increasing levels of government debt that will undermine their abilities to control monetary policy, the business cycle and inflation
German gas storage	Germany's gas storage facilities appear to be filling up quicker than anticipated, according to Economy minister Habeck giving hope that Germany may avoid shortages this winter	While Germany may be securing its gas, it is creating strains and driving up the price of natural gas for all	3/5 (economy, market)	The cost of cutting Russia out of the supply chain will create some significant scarcity concerns and keep inflationary pressures throughout Europe elevated as most countries fight to stock up sufficient stocks for winter
Ukrainian nuclear threat	Russian forces have bombed towns across the river from the Zaporizhzhia plant, raising fears of a possible nuclear disaster	The nuclear fallout from this plant threatens to be worse than Chernobyl	5/5 (geopolitics)	Any miscalculation on the part of the Russians or an accident of sorts as was nearly experienced last week could hold devastating consequences for Europe

Highlights news vendors

CNBC - [China tech giants had their worst quarterly growth on record, thanks to Beijing's zero-Covid policy](#)

BUSINESS LIVE - [Ban on cattle movement could hit red meat prices, says industry leader](#)

FT - [Investors ramp up bets against euro as energy crisis intensifies](#)

SOUTH CHINA POST - [Japan pledges US\\$30 billion for Africa as it seeks to counter China](#)

REUTERS - [Shelling near Ukraine nuclear plant fuels disaster fears; Russia pounds Donbas](#)

Local and regional talking points

Corporate Foreign Exchange				
	CUSTOMER BUY		CUSTOMER SELL	
	CASH	CASH	TT	TT
BWPZAR	1.27296	1.284	1.297491	1.377625
BWPUSD	0.074976	0.093496	0.0764209	0.080855
GBP/BWP	15.40708	15.530736	15.073754	14.634732
BWP/EUR	0.081848	0.082576	0.0773228	0.080988
JPY/BWP	11.2736	11.3672	10.6503	11.121275
USDZAR	16.29936	17.674488	16.681376	17.29210725
EURUSD	0.952128	1.031888	0.9744435	1.0095635
GBPUSD	1.119264	1.212952	1.1454968	1.18671025

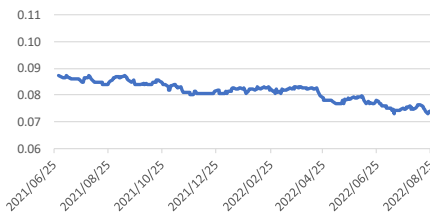
Interbank Spot Foreign Exchange			Forward Foreign Exchange		
	Close	Change		BWPUSD	BWPZ
BWPUSD	0.0781	-0.0001	1m	-1.82325	-55.072
BWPGBP	0.0665	0.0004	3m	-6.15225	-243.51
BWP/EUR	0.0784	0.00	6m	-12.66525	-696.02
BWPZAR	1.3176	-0.002	12m	-26.598	-2269.7

	Close	Change
Dollar Index	109.402	0.599
EURUSD	0.9918	-0.0043
GBPUSD	1.1658	-0.0089
USDJPY	138.87	1.35
USDNGN	421.7	0
USDZAR	16.9798	0.1094

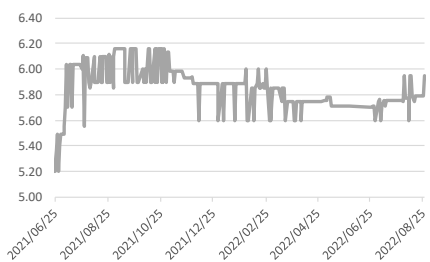
Local Fixed Income			International Fixed Income		
Yield curve	Close	Change		Close	Chang
6m	4.1	-0.001	SA 10y	10.19	-0.01
3y	4.2	-0.04	US 10y	3.035	0.011
5y	5.95	0.16	German 10y	1.398	0.065
20y	8.55	0	Spread SA 5y vs Bots 5y bpts		
22y	8.65	0.01		280	1

Equities			Commodities		
	Close	Change		Close	Chang
VIX	25.56	3.78	Gold	1723.72	-13.1
Dow Jones	35852.15	0	Brent Crude	1736.86	0.84
FTSE	7427.31	8.23	3m Copper	1758.4374	#VALU
JSE All share	70173.09	531.99	LME Index	1750.8882	#VALU
Bots DCIBT	7364.75	-7.9	1 carat index	1747.6746	#VALU
Nigeria Index	49682.15	986.54			

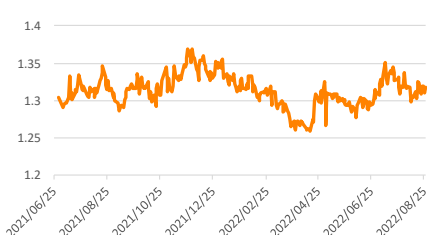
Spot BWP



BWP 5y local bond yield



BWP-ZAR



• Botswana is moving ahead with its plans to expand its export base and the Botswana Investment and Trade Centre (BITC) has been hard at work to make this a reality. The BITC has facilitated Foreign Direct Investment amounting to BWP2.37bn against a target of BWP1.3bn.

• MMEI reported *Briefing the media* recently, BITC CEO Keletsositse Olebile said their overall corporate performance was 89.7% a slight improvement from 86.6% attained last year. "Investment for Botswana is quite favourable and the private sector is taking the services sector at a fast pace. We want to boost FDI promotion into strategic sectors such as agric-business, light manufacturing, medicals, automotive components, and electronics," he said. In the reporting period, BITC assisted companies to create 5,668 jobs against a target of 2,000 jobs. The CEO said, during the 2021–2022 financial year, BITC continued to drive Botswana's economic growth through the attraction and promotion of FDI into the country. "We also continue to carry out several initiatives targeted towards expanding Botswana's export base in line with the country's desire to be an export-led economy," he said.

• Debswana has experienced better trading conditions as a result of the world shunning Russia following its invasion of Ukraine, this may however start to stall as Russian diamonds enter the market once again. Russian mining giant Alrosa has quietly re-established its export channels and the company is back to selling around \$250m worth of diamonds a month which is around \$50m below pre-war levels. The route favoured is India with that country's banks becoming more comfortable with how to process transactions in other currencies rather than the US dollar. To date there have been no indications of a breach of the sanctions or the law, however, there is still an unease in dealing with Russian produce.

Financial Market Commentary

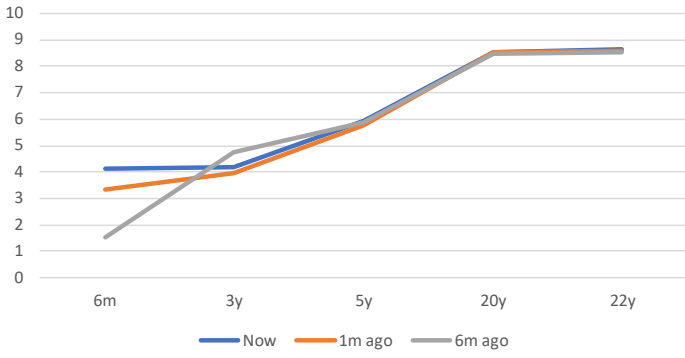
• Last week, we warned of the risk comments at Jackson Hole could have on financial markets. On Friday, Fed Chairman Powell's comments spooked the market and sent currencies against the USD into a tailspin, while equity markets came under considerable pressure. Stocks sold off aggressively and drove up overall levels of risk aversion. Some rotation back towards the safe-haven USD is now likely, and that will weigh on the BWP at the start of the week.

• Inflation remains a concern as does the trajectory of interest rates following the hike by the BoB last week. As a result, we will be keeping a close eye on developments in the energy markets which currently are a major driver of inflationary pressures.

• Oil is back on the front foot this morning with the Brent benchmark futures contract trading just below \$102 per barrel at the time of writing. Traders continue to digest last week's developments regarding possible OPEC+ supply cuts, while new disruptions in Libya suggest that oil shipments out of the African nation may be at risk once again. Iran, meanwhile, has said that the talks regarding the nuclear deal could be dragged out through next month, undercutting bets that there could have been an imminent release of crude from the nation's stockpiles.

• Moving onto the currency markets, this weekend's Jackson Hole symposium always held the potential to drive a strong market reaction, and it did not disappoint as Fed Chairman Powell came out with a strong message to investors that the Fed would not back down in its inflation fight. In warning Americans that they need to brace for a difficult economic climate, the Fed raised its commitment to continue hiking until inflation is brought back under control. It will hold significant consequences for economies worldwide and impact valuations on equity markets, as was evident on Friday. The trade-weighted USD proceeded to surge to a 20-yr high, and most currencies have come under considerable pressure. Risk appetite has fallen away, higher beta currencies may respond today with greater force, and some rotation to safety is now likely. The EUR collapsed towards the 0.9900 handle, while the GBP has pulled back to just 1.1650 at writing.

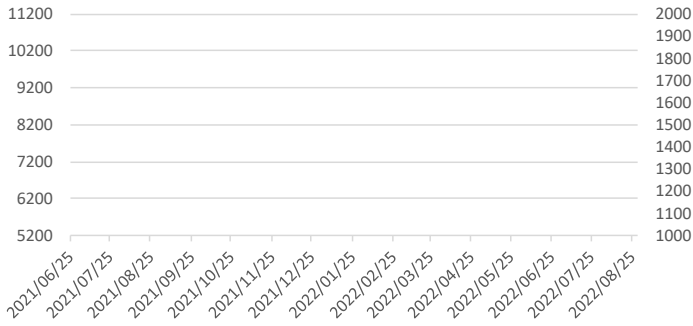
Botswana Yield Curve



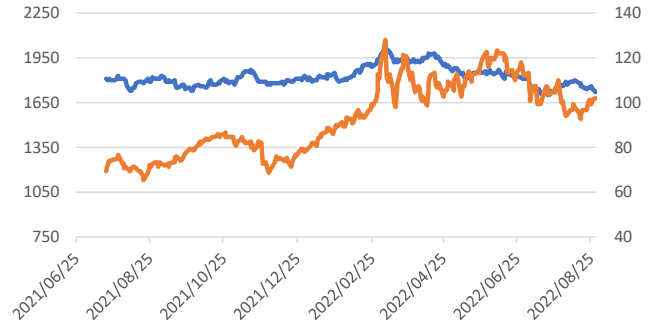
USD Index



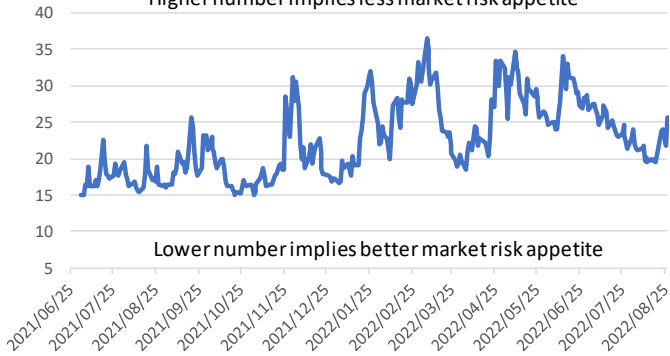
Base metals - Copper L_Hand axis LME Index R_Hand axis



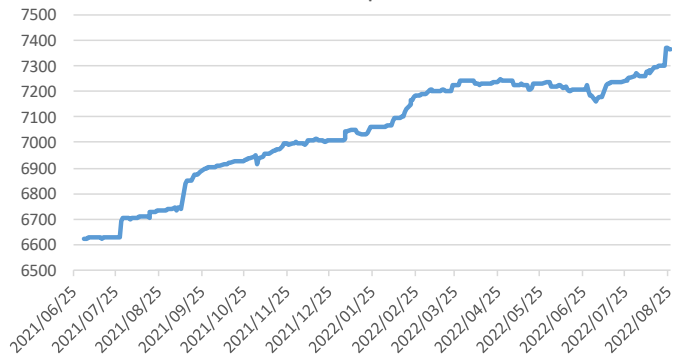
Oil R_Hand Axis - Gold L_Hand Axis



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



Local stockmarket performance



Access Bank Global Markets & Treasury Team

e-mail	First Name	Surname	Direct Line
nkatem@accessbankplc.com	Mogamisi	Nkate	2673674335
masalilap@accessbankplc.com	Phillip	Masalila	2673674621
kebaetsek@accessbankplc.com	Kefentse	Kebaetse	2673674336
thembaa@accessbankplc.com	Amogelang	Themba	2673674370
bogalet@accessbankplc.com	Tshwanelo	Bogale	2673674622
davidbat@accessbankplc.com	Batanani Pearl	David	2673644382
magashulan@accessbankplc.com	Ntebang	Magashula	2673644382
segwabek@accessbankplc.com	Keategile	Segwabe	2673644382

Disclaimer

The information provided herein has been prepared solely for informational purposes and is not an offer to buy or sell or a solicitation of an offer to buy or sell the securities or instruments mentioned or to participate in any particular trading strategy. These materials have been based upon information generally available to the public from sources believed to be reliable. No representation is given with respect to their accuracy or completeness, and they may change without notice. Access Bank on its own behalf and on behalf of its affiliates disclaims any and all liability relating to these materials, including, without limitation, any express or implied representations or warranties for statements or errors contained in, or omissions from, these materials.