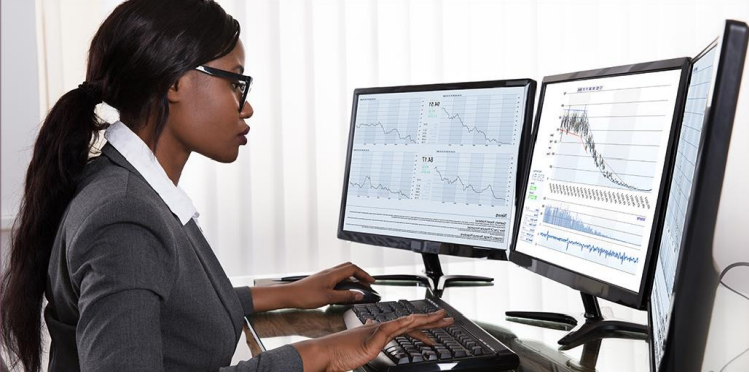


Botswana Market Watch



GMT	Country	Data event or release	Period	Market Exp	Previous
12:00	BW	7-Day Certificates on offer			
09:00	EZ	Consumer confidence	Aug F		-24,9%
11:15	EC	ECB's Vasle Speaks			
12:00	GE	CPI y/y	Aug P	7,8%	7,5%
12:00	US	Fed's Barkin Discusses Economic Outlook			
13:00	US	House price index m/m	Jun	1.00%	1,4%
13:00	US	S&P CoreLogic Case-Shiller house price composite-20 y/y	Jun	19.00%	20,5%
14:00	US	Consumer confidence	Aug	97,4	95,7

Factors Overnight	What happened?	Relevance	Importance	Analysis
Geopolitical – Mid East	Baghdad has turned into a mini-war zone with clashes between loyalists of Shi'ite cleric Moqdata al-Sadr and rival groups after he indicated he would quit politics following the lack of progress	Moqdata al-Sadr felt it necessary to quit on the failure to reform a decaying and corrupt government system	5/5 (geopolitics)	Shi'ites backed by Iran sent the capital of Iraq spiralling towards chaos as supporters of Sadr fought against a type of coup following Sadr's win in the Oct elections, where he pledged to form a mostly Iraqi government
Pakistan floods	Pakistani floods have been devastating and have killed an estimated 1,000 people in what people have blamed on climate change	Pakistan has called for international help with the damage thought to total some \$10bn	5/5 (economy, climate change)	Historic monsoon rains have been too much to cope with. They have caused flash floods which have affected some 33mn people with damage to more than 1mn homes
Ukrainian offensive	Ukrainian President Zelenskiy urged Russian troops to flee from an offensive launched in the Southern City of Kherson, adding that Ukraine was pushing back	Whether that will amount to much is unclear, but Ukraine's resistance continues to hold firm	4/5 (geopolitics)	Russia has claimed that the offensive failed miserably. Perhaps more important is the status of the nuclear plant, and on this front, the IAEA is headed to the facility to assess damage

Factors on the Radar	What happened?	Relevance	Importance	Analysis
UK services sector	Britain's services sector has reported a record increase in costs over the past three months and is consequently concerned about future prospects	The overall business optimism balance sank to its lowest level since May 2020 during the pandemic	4/5 (market)	With consumer inflation topping 10%, there is likely to be a significant slowdown in demand that will impact the prospects for the economy more broadly, including services
German support for Ukraine	Chancellor Scholz has pledged his support for Ukraine for as long as it takes and proposed expanding the EU to include Ukraine, Moldova, and Georgia	Scholz urged the EU 27 countries to "close ranks, resolve old conflicts and find new solutions"	3/5 (economy, market)	Scholz is verbalising the thinking within the EU, which forms part of "a new strategic thinking" that upholds European values and strengthens its defence of its values
UK – US on energy security	British Fin Min Zahawi is visiting NY and Washington this week to discuss economic challenges and collaboration in areas of energy security and financial services	The effort is aimed at promoting technologies aimed at easing the energy crisis	3/5 (politics, economy)	The visit will also cover other topics over and above energy security, such as support for Ukraine, the state of the global economy and future collaboration on civil nuclear technologies

Highlights news vendors

CNBC - [Fed rate hikes won't bring down inflation as long as government spending stays high, paper says](#)

BUSINESS LIVE - [Trial of Molefe and Co gathers steam](#)

FT - [IMF approves \\$1.1bn bailout package for Pakistan to help stave off default](#)

SOUTH CHINA POST - [Young and jobless in China: how Covid-19 is creating an unemployment crisis](#)

REUTERS – [Zelenskiy urges Russians to 'go home' as Ukraine presses offensive in south](#)

Local and regional talking points

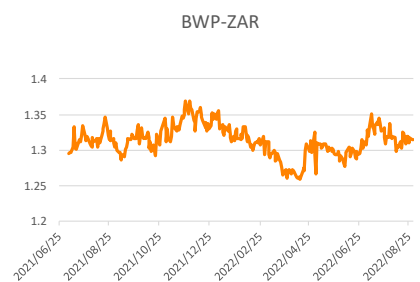
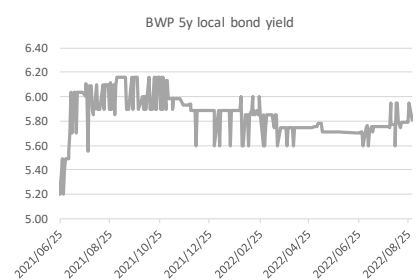
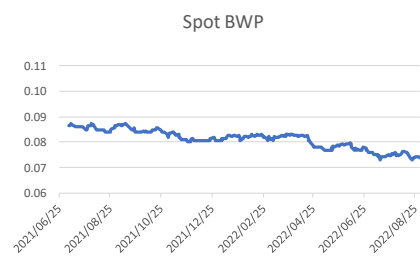
Corporate Foreign Exchange				
	CUSTOMER		CUSTOMER	
	BUY	SELL	BUY	SELL
	CASH	CASH	TT	TT
BWPZAR	1.261056	1.272096	1.2853576	1.364853
BWPUSD	0.07488	0.093496	0.076323	0.081164
GBPWP	15.484872	15.605304	15.149863	14.704998
BWPEUR	0.08112	0.081744	0.076635	0.080172
JPYBWP	11.232	11.3152	10.611	11.0704
USDZAR	16.167744	17.532736	16.546676	17.153422
EURUSD	0.959808	1.040208	0.9823035	1.0177035
GBPUSD	1.123488	1.217216	1.1498198	1.190882

Interbank Spot Foreign Exchange			Forward Foreign Exchange		
	Close	Change		BWPUSD	BWPZAR
BWPUSD	0.078	-1E-04	1m	-1.755	-54.0434
BWPGBP	0.0666	-1E-04	3m	-6.07425	-246.1572
BWPEUR	0.078	0.00	6m	-12.4215	-710.696
BWPZAR	1.314	0.0035	12m	-26.00325	-2344.662

	Close	Change
Dollar Index	108.744	-0.091
EURUSD	0.9997	0.0002
GBPUSD	1.1702	-0.0005
USDJPY	138.44	-0.25
USDNGN	421.7	0
USDZAR	16.8446	0.0079

Local Fixed Income			International Fixed Income		
Yield curve	Close	Change		Close	Change
6m	4.099	-0.001	SA 10y	10.245	0.055
3y	4.35	0.15	US 10y	3.11	0.075
5y	5.81	-0.14	German 10y	1.505	0.107
20y	8.66	0.11	Spread SA 5y vs Bots 5y bpts		
22y	8.68	0.03		298.5	19.5

Equities			Commodities		
	Close	Change		Close	Change
VIX	26.21	0.65	Gold	1736.86	-21.5774
Dow Jones	32098.99	-1008.38	Brent Crude	1758.4374	1.65
FTSE	7427.31	-52.43	3m Copper	1750.8882	31.5
JSE All share	69207.02	-167.61	LME Index	1747.6746	32.7
Bots DCIBT	7364.75	0	1 carat index	1735.705	#VALUE!
Nigeria Index	49676.75	20.28			

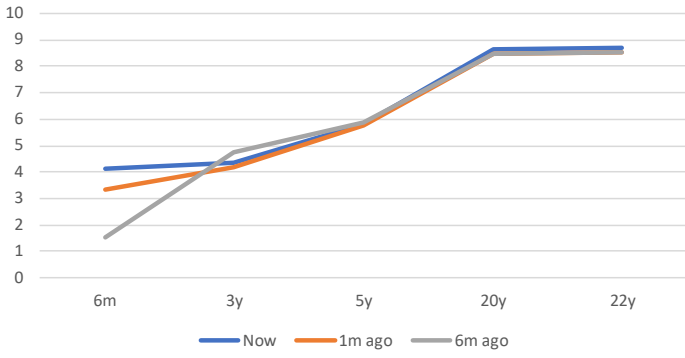


- Namibia has announced a suspension of all imports of livestock and other meat related products from Botswana after Botswana said it was investigating a suspected case of foot and mouth disease. The outbreak of the viral disease has taken place in the north eastern district of the country. "Imports of all FMD susceptible animals, their raw products and other potential infectious materials such as straw, forage, lucerne and their livestock feed from Botswana has been suspended... until further notice," Namibia's agriculture ministry said in a statement released on Monday, adding the ban became effective on Aug. 25.
- In other news, Xinhua the Chinese news agency led with the following news piece. Botswana has been a net importer of electricity over the years. However, the coal-fired power station Morupule B – built by the China National Electric Engineering Corporation (CNEEC) – is slowly but surely changing Botswana's status quo, Professor Edward Dintwe, dean of the faculty of Engineering and Technology at the University of Botswana (UB), said in an interview with Xinhua. For the past three months, both Morupule A and B power stations have been fully operational and dispatching over 800 megawatts of power per hour to the national grid, which is well above local electricity consumption, according to the Botswana Power Corporation (BPC). "Sales have been made possible by improved plant availability at the flagship 600 megawatts Morupule B plant. So the surplus electricity should be sold to neighboring countries," Lefoko Moagi, Botswana's Minister of Minerals and Energy, told Xinhua.
- Strategically the move to secure the country's electricity needs is important given the failure of South Africa's Eskom which has been a traditional supplier of electricity to the region. Self sufficiency is the ultimate goal, and there is a potential that Botswana becomes a regional exporter in due course.

Financial Market Commentary

- Moving over to international markets, US Treasury yields are backing away from their highs reached yesterday as the market continues to try and balance elevated inflation and policy tightening risk with an economic slowdown. Yesterday's price action took 2-year yields to their highest since 2007, while European bond yields also surged following some hawkish comments from a top ECB official. This morning's pullback for yields suggests that the recent sell-off has enticed some back into the market, with those returns attractive even with the volatility that we are seeing in the market currently. Nevertheless, with the current outlook for monetary policy, it is difficult to see yields retreating significantly in the near term.
- Note that yesterday was a UK bank holiday and thus there was no cash trading for gilts. Therefore, the market will be playing catch-up today and we could see a notable surge for gilt yields at the local open. JGBs, meanwhile, have remained relatively steady, with the 10yr holding below 0.2500% as the BoJ's dovish monetary policy stance keeps the bond market supported.
- In terms of global FX markets, Reports that the ECB may announce a 75bp rate hike reversed gains on the USD, which backed away from its 20yr high. The EUR has now found some stability around parity, and so long as talk of rate hikes from the ECB continues, the EUR-USD will resist the temptation to sink much lower. There is a lot priced into the USD, and the theme of widening monetary policy disparity needs to persist for it to continue surging from strength to strength. Anything that threatens that expectation will translate into a correction in the USD. That appears to be unfolding now, with the EUR-USD back at parity and the GBP-USD trading back above 1.1700. Even the JPY has managed to claw back some ground this morning, although it remains firmly on the defensive.
- Local investors will have the 7-Day auction to contend with as well as the news that meat product from Botswana have been banned by the Namibians. This is not expected to have a lasting effect on the trade account so its impact on the Pula will be negligible at best.

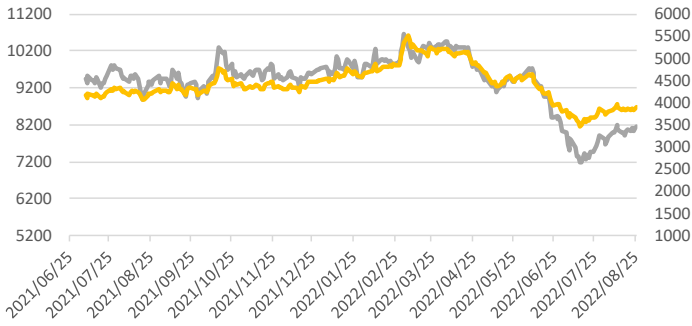
Botswana Yield Curve



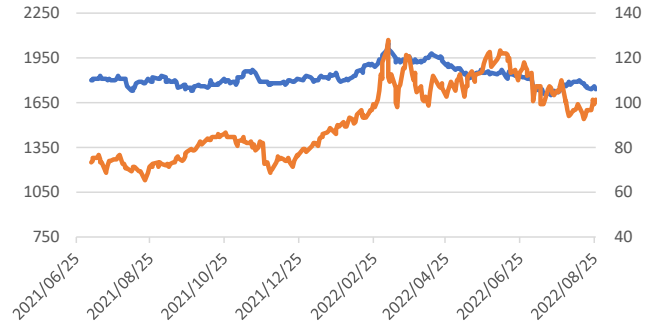
USD Index



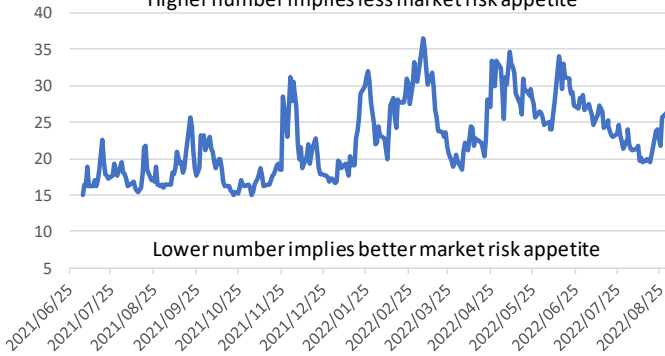
Base metals - Copper L_Hand axis LME Index R_Hand axis



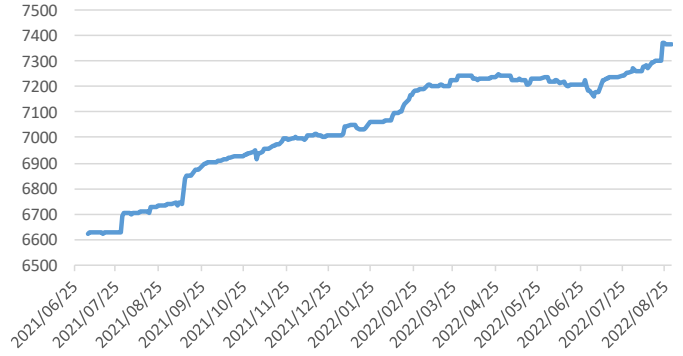
Oil R_Hand Axis - Gold L_Hand Axis



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

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