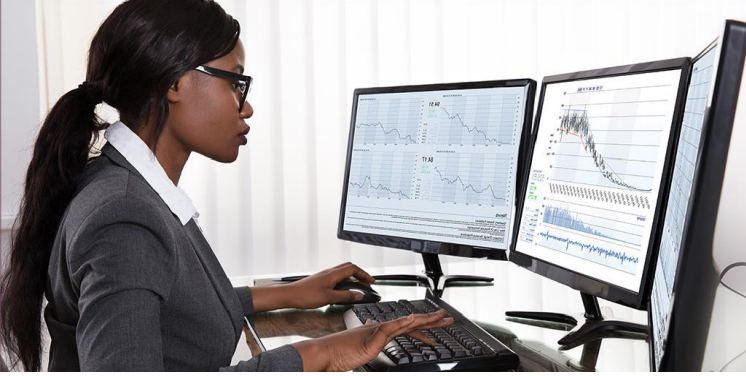


Botswana Market Watch



GMT	Country	Data event or release	Period	Market Exp	Previous
	BW	Nothing on the cards			
01:30	CH	PMI manufacturing	Aug	49,3	49
01:30	CH	Non-manufacturing PMI	Aug	52,2	53,8
05:00	JN	Consumer confidence index	Aug	29,3	30,2
07:55	GE	Unemployment rate sa	Aug	5,5%	5,4%
09:00	EZ	CPI estimate y/y	Aug	9,00%	8,9%
11:00	US	MBA mortgage applications	Aug 26		-1,2%
12:15	US	ADP employment change	Aug	319k	128k
13:45	US	Chicago PMI	Aug	52,8	52,1

Factors Overnight	What happened?	Relevance	Importance	Analysis
China PMI	The official manufacturing PMI recovered to 49.4 in Aug from 49.0 in July but remained below the breakeven 50.0 index level to signal contraction	This is the second consecutive month of contraction and highlights the intense economic headwinds	4/5 (economy)	The data confirms a loss in economic momentum. The positive effect of lifting Covid restrictions has passed quickly, and for now, the data confirms an economy struggling with soft demand
Russian gas supplies	Russia halted gas supplies via a major pipeline into Europe on Wed, with Russia again claiming it is for maintenance purposes	This only serves to heighten tensions and further squeeze gas supplies	4/5 (market, economy)	The risk to Europe is that Russia could extend the gas supply stoppage and further exacerbate the scarcity of gas and oil across the continent
US labour market	JOLTS data released on Tuesday showed that the labour market remains strong, with job openings increasing 199k to 11.23mn in July	Such buoyant data will only embolden the Fed to continue hiking rates and normalise policy	3/5 (economy)	The danger is that the labour market is a lagging indicator that only reflects the strain in an economy several months or quarters later. The impact of the rate hikes has not yet manifested fully

Factors on the Radar	What happened?	Relevance	Importance	Analysis
China Leadership Congress	The Chinese Communist Party has confirmed that it will start its five-yearly conference on the 16 th of October, with Covid, a weak economy and geopolitics, themes	Xi Jinping is expected to secure a historic third leadership term to confirm his political control	4/5 (politics, economy)	Despite all the headwinds, Xi Jinping remains a figure capable of attracting widespread support and looks set to continue with his grand vision of the "rejuvenation of the Chinese nation."
Fedspeak	NY Fed President Williams pushed back on expectations of rate cuts, saying that there was much more work needed to realign inflation and demand	Williams believes the Fed needs to hold restrictive policy for some time to reduce inflation	3/5 (economy, monetary policy)	The message was that investors should not expect a quick hike followed by an equally quick reversal. Rates may need to stay elevated to ensure that price stability is restored on a sustained basis
US Labour data	Following on from the JOLTS data on Tuesday, all eyes will turn to the private sector ADP data today, followed by jobless claims tomorrow and the payrolls on Fri	For now, the labour market continues to show resilience, but the risk of a softening is growing	4/5 (economy)	Rate hikes will eventually take their toll, first on the financial markets, then on corporate earnings, which will eventually spill over into the labour market. The labour market data is lagging

Highlights news vendors

CNBC - [Global miners are confident China's stimulus will help prop up steel and iron ore demand](#)

BUSINESS LIVE - [Ramaphosa sidesteps farmgate questions in rowdy session with MPs](#)

FT - ['King dollar' surges higher as Fed presses ahead with rate rises](#)

SOUTH CHINA POST - [Risk of a clash rises after Taiwan fires at mainland drone, analysts say](#)

REUTERS - [Mikhail Gorbachev dies aged 91](#)

Local and regional talking points

Corporate Foreign Exchange				
	CUSTOMER BUY		CUSTOMER SELL	
	CASH	CASH	TT	TT
BWPZAR	1.2648	1.275264	1.2891738	1.368252
BWPUSD	0.07488	0.093496	0.076323	0.081164
GBPGBP	15.462408	15.582632	15.127885	14.683634
BWPEUR	0.080808	0.081432	0.0763403	0.079866
JPYBWP	11.232	11.3152	10.611	11.0704
USDZAR	16.215456	17.576416	16.595506	17.196157
EURUSD	0.963744	1.044472	0.9863318	1.02187525
GBPUSD	1.121856	1.215448	1.1481495	1.18915225

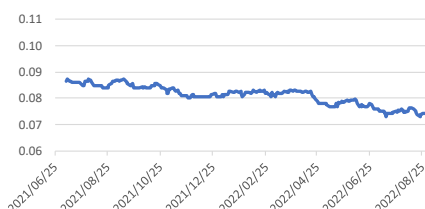
Interbank Spot Foreign Exchange			Forward Foreign Exchange		
	Close	Change		BWPUSD	BWPZA
BWPUSD	0.078	0.0003	1m	-1.90125	-62.3539
BWPGBP	0.0667	0	3m	-6.03525	-252.962
BWPEUR	0.0777	0.00	6m	-12.35325	-732.652
BWPZAR	1.3176	0	12m	-25.94475	-2423.6

	Close	Change
Dollar Index	108.553	-0.22
EURUSD	1.0041	0.0029
GBPUSD	1.1685	0.003
USDJPY	138.44	-0.35
USDNGN	422.38	0
USDZAR	16.8928	-0.0813

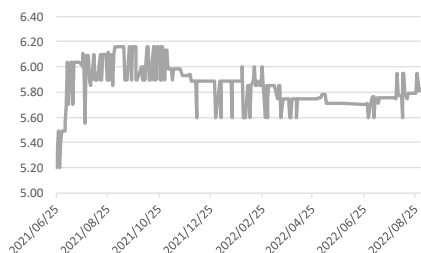
Local Fixed Income			International Fixed Income		
Yield curve	Close	Change		Close	Change
6m	4.099	0	SA 10y	10.33	0.085
3y	4.44	0.09	US 10y	3.11	0
5y	5.83	0.02	German 10y	1.51	0.005
20y	8.7	0.04	Spread SA 5y vs Bots 5y bpts		
22y	8.74	0.06		304	-1

Equities			Commodities		
	Close	Change		Close	Change
VIX	26.21	0	Gold	1723.5498	-13.310
Dow Jones	31790.87	-184.41	Brent Crude	1736.86	-1.68
FTSE	7361.63	0	3m Copper	1758.4374	-296.5
JSE All share	67900.48	-966.07	LME Index	1750.8882	-129.9
Bots DCIBT	7366.35	0	1 carat index	1747.6746	#VALUE
Nigeria Index	49642.69	-5.4			

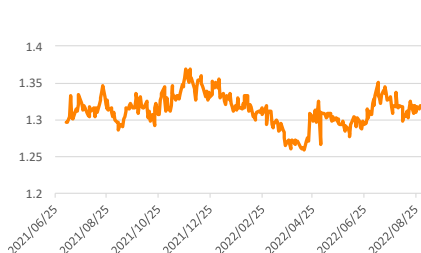
Spot BWP



BWP 5y local bond yield



BWP-ZAR



Foreign direct investment remains robust in Botswana with the mining sector receiving numerous votes of confidence from investors over the past couple of years. The latest positive news flow is that Sandfire Resources has confirmed that it will spend an additional \$71.9 million to expand production at its under construction Motheo copper mine.

The Motheo mine is the second copper mine to be set up in the Kalahari Copper Belt with numerous other prospecting and surveying companies scouting the area. *"In parallel with this development, we are also continuing a major exploration campaign both in the near-mine area as well as across our extensive landholding in the Kalahari Copper Belt aimed at defining additional ore sources that can feed into our expanded processing hub at Motheo or support the development of new production centres across the region,"* chief executive Karl Simich said [in the statement](#).

President Masisi is heading to Zimbabwe tomorrow for a two-day state visit where he will hold talks with Zimbabwean President Mnangagwa over issues of mutual interest as well as exploratory discussions of ways to further deepen the strong relations between the two nations.

Financial Market Commentary

Looking at the energy markets, Oil prices gave back all of Monday's gains and then some yesterday, with traders turning their attention to the rising possibility of a global economic slowdown as central banks remain extremely hawkish in the face of elevated inflation. The front-month Brent contract dropped from over \$105 per barrel to below \$100, with the large swing suggesting that low market liquidity remains a factor at the moment. Prices have rebounded in early trade this morning, but we are still on course for a third-straight monthly decline for crude, its longest losing streak since 2020.

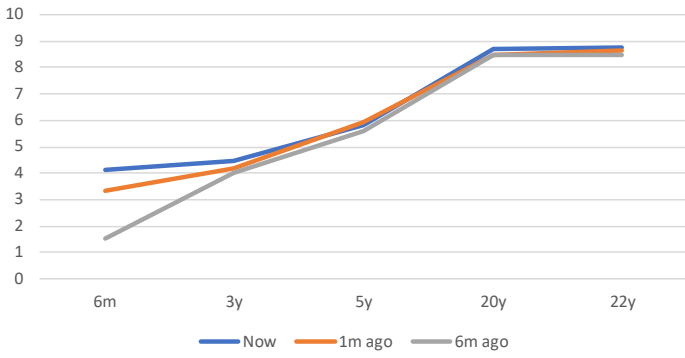
The theme of a weaker demand outlook being matched by tightening supply conditions remains the driver of the market at the moment, although there were some positive developments on the supply front yesterday. While recent unrest in Libya and Iraq has threatened output in both OPEC countries, production so far has remained unscathed.

US Treasury yields reversed an earlier decline yesterday afternoon following some strong US macro data, reinforcing the outlook that the labour market can withstand tighter monetary policy. The gains for yields were led by the front end once again, with the 2yr returning to its highs not seen since 2007. Swaps were also paid higher, with the market now pricing in more than a 70% chance that the Fed will deliver another 75bp rate hike at its next FOMC meeting. These higher yields and expectations of tighter Fed policy supported the USD once again and pressured risk markets such as equities and emerging market FX. This also sets the stage for the start of this week's key US labour data, with the ADP employment figures up today, returning after a hiatus due to a methodology change. Any strong numbers over the next few days will cement the case for another three-quarter percentage point hike.

In terms of global FX markets, Notwithstanding NY Fed President Williams' assertions that the Fed is unlikely to quickly reduce interest rates next year and that a lot more needed to be done to reduce inflation on a sustained basis, the USD struggled to sustain its recent gains. The EUR has clawed back some lost ground and, in so doing, triggered some profit taking on long USD positions. Speculation persists that the ECB will match the Fed by lifting interest rates by 75bp. It may prove a tough pill to swallow for the economy, but allowing the EUR to weaken substantially further would also prove counter-productive if it allowed inflation to remain high and become more entrenched. The devastating effects of high and rising inflation are now clearly evident and central banks are coordinating their efforts to ensure that they restore price stability. The EUR-USD is trading marginally above parity this morning, while the GBP is clawing its way back up towards the 1.1700 mark.

Looking at the performance of the local unit we have the BWP-USD quoted around the 0.0780 mark in the interbank market, 0.07700 is the first point of support when looking at the charts while 0.0785 is the first major resistance level.

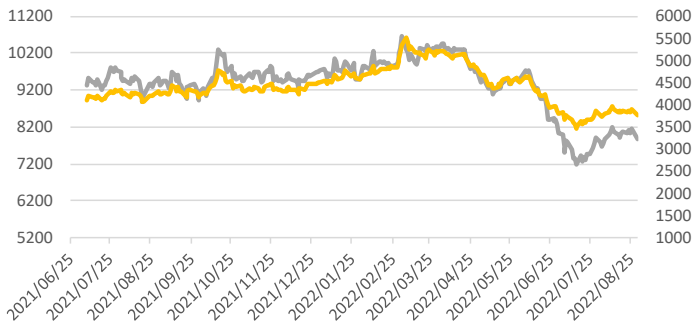
Botswana Yield Curve



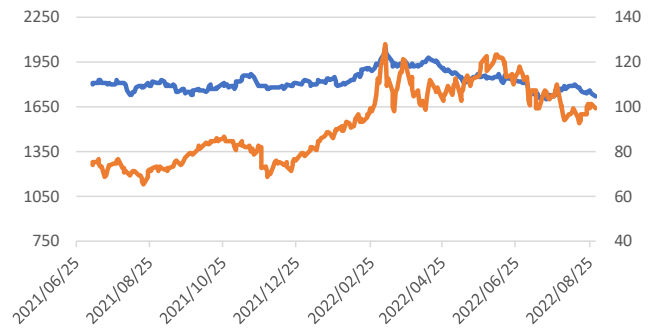
USD Index



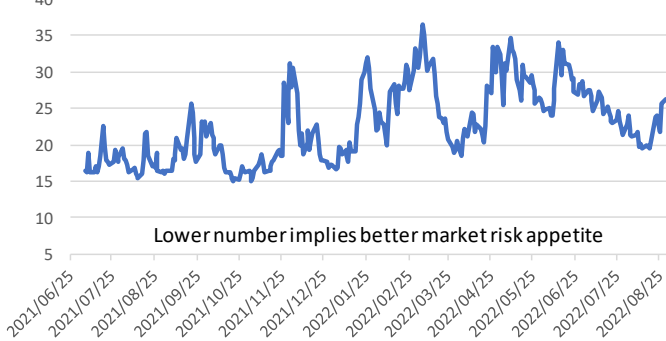
Base metals - Copper L_Hand axis LME Index R_Hand axis



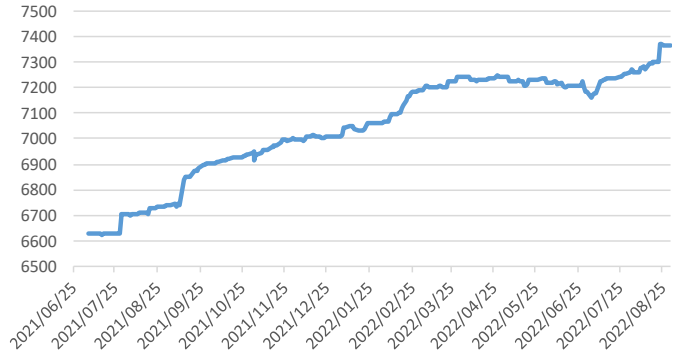
Oil R_Hand Axis - Gold L_Hand Axis



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



Local stockmarket performance



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