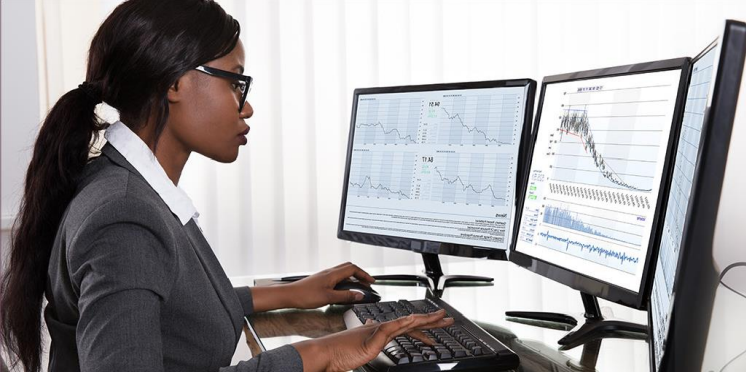


Botswana Market Watch



GMT	Country	Data event or release	Period	Market Exp	Previous
-	BW	No data			
06:00	JN	Machine tool orders y/y	Aug P		5,5%
06:00	GB	Industrial production y/y	Jul	1,8%	2,4%
06:00	GB	Manufacturing production y/y	Jul	1,6%	1,3%
06:00	GB	Total trade balance (GBP)	Jul	-11800mn	-11387mn
07:30	EC	ECB's Guindos Speaks			
12:00	EC	ECB's Schnabel Speaks			

Factors Overnight	What happened?	Relevance	Importance	Analysis
Fedspeak	Fed Governor Waller expressed his lack of clarity on whether inflation was moving meaningfully and persistently lower	Waller was the last to speak before the Fed is due to hike rates again next week	4/5 (market, monetary policy)	It appears as though the market is positioned now for another 75bp rate hike, with Waller comfortable with the Fed remaining data dependant
Oil – China demand	After bouncing higher on Friday, oil prices are again retreating this morning on news of fresh Covid curbs as the country sticks to its zero covid policy	As Covid curbs continue to bite, demand from China may shrink for the first time since 2002	4/5 (economy, market)	Demand destruction through these curbs may be a blessing in disguise for countries suffering from fuel-driven inflation, but it will come attached with less demand from China
France – Russia talks	Presidents Macron and Putin held talks on Sunday regarding the Zaporizhzhia nuclear plant on Sun, with each side blaming the other for the risk posed	The IAEA has called for a security zone to be established around the nuclear plant for safety	5/5 (geopolitics)	On Sunday, a backup power line to the plant was restored, allowing the electricity needed to cool the reactors in order to prevent a nuclear meltdown and a repeat of Chernobyl

Factors on the Radar	What happened?	Relevance	Importance	Analysis
ECB outlook	ECB Governors see a rising risk that the key interest rate will rise to 2% or higher to curb inflation. Much will depend on inflation expectations for 2025	The ECB has been slow in hiking but doing so risks volatility in the EUR and higher prices	4/5 (monetary policy)	At the very least, the ECB is talking about rate hikes in a bid to support the EUR. Doing so will help take the edge off the acute inflation pressure currently being experienced
EU – individual country debt relief	In the second half of Oct, the EC will present proposed changes to EU fiscal rules to offer countries individual debt reduction paths	The main objective is to safeguard the value of the EUR and improve sustainability	4/5 (fiscal policy)	A closer fiscal union where all countries are working towards a common goal of sustainability and coordinated goals would be preferable to current structure
US curbs on China	The Biden administration plans to impose broader curbs on US shipments to China of semiconductors for AI and Chip-making tools	This is the push towards stronger restrictions against China for national security reasons	4/5 (geopolitics)	The move will only intensify frosty relations between the two superpowers and may well be a precursor to even more restrictive actions taken against China as geopolitical tensions grow

Highlights news vendors

CNBC - [Ukraine hails snowballing offensive, blames Russia for blackouts](#)

BUSINESS LIVE - [Unblocking logistics bottlenecks vital for SA's economy](#)

FT - [European heavy industry steps up measures to deal with energy crisis](#)

SOUTH CHINA POST - [Taiwan's multinationals are expanding from Malaysia to Mexico as they tread water in mainland China](#)

Local and regional talking points

	Corporate Foreign Exchange			
	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.270368	1.289568	1.2948491	1.383599
BWPUSD	0.07344	0.093496	0.0748553	0.079928
GBP/BWP	15.571816	15.80124	15.234926	14.88963
BWPEUR	0.078832	0.079976	0.0744735	0.078438
JPY/BWP	11.3776	11.544	10.74855	11.29425
USDZAR	16.605696	18.00344	16.994892	17.6139425
EURUSD	0.96816	1.049256	0.9908513	1.02655575
GBPUSD	1.115424	1.208792	1.1415668	1.18264025

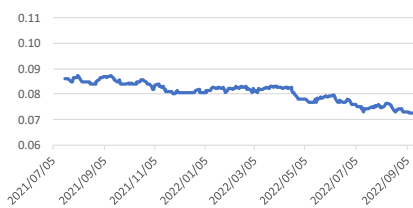
	Interbank Spot Foreign Exchange		Forward Foreign Exchange	
	Close	Change	BWP/USD	BWP/ZAR
BWP/USD	0.0765	0.0000	1m	-2.145
BWP/GBP	0.0658	-0.0002	3m	-5.95725
BWPEUR	0.0758	0.00	6m	-13.89375
BWP/ZAR	1.3233	0.0019	12m	-25.7595

	Close	Change
Dollar Index	108.743	-0.26
EURUSD	1.0085	0.0046
GBPUSD	1.1618	0.0031
USDJPY	143.06	0.54
USDNGN	426.76	0
USDZAR	17.2974	-0.0051

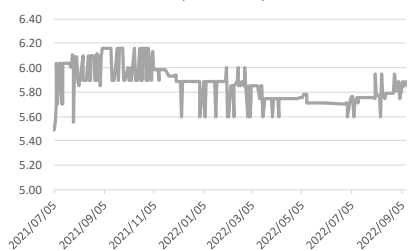
Local Fixed Income			International Fixed Income		
Yield curve	Close	Change		Close	Change
6m	4.137	0	SA 10y	10.305	-0.075
3y	4.66	-0.091	US 10y	3.321	0.029
5y	5.89	0.04	German 10y	1.7	-0.012
20y	8.73	0.23	Spread SA 5y vs Bots 5y bpts		
22y	8.86	0.21		293	-11.5

Equities			Commodities		
	Close	Change		Close	Change
VIX	22.79	-0.82	Gold	1715.08	-0.97
Dow Jones	35850.00	0	Brent Crude	1716.05	-1.34
FTSE	7351.07	24.23	3m Copper	1707.275	#VALUE!
JSE All share	68708.48	544.4	LME Index	1717.6935	#VALUE!
Bots DCIBT	7382.96	0	1 carat index	1701.1531	#VALUE!
Nigeria Index	49695.12	16.49			

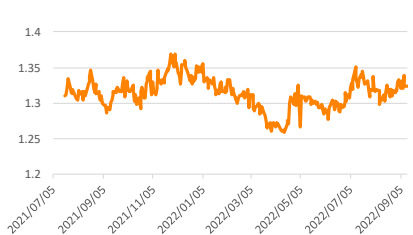
Spot BWP



BWP 5y local bond yield



BWP-ZAR

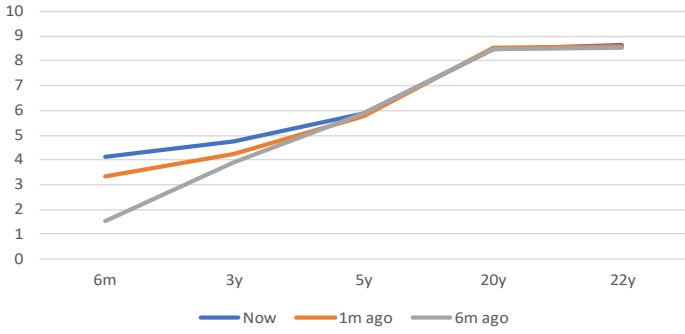


- Botswana's budget deficit is estimated to widen after the government agreed to a 1.8 billion pula (\$139 million) relief package to help households struggling with increased living costs. The deficit is forecasted to widen to 7.7 billion pula in the fiscal year through March 2023, up from a previous estimate of 7 billion pula due to an expected decline in some revenue items and higher expenditure, the Finance Ministry said at the end of last week. The ministry projects value-added tax revenues will be lower after the government last month temporarily reduced the rate from 14% to 12% and zero-rated some commodities for six months as part of "measures to alleviate the population against rising living costs," it said. Other steps included an increase in tertiary students' allowances.
- Botswana has been facing a spiralling cost-of-living crisis as energy and food prices have surged due to supply chains caused by Russia's invasion of Ukraine, extreme weather and Covid-19 lockdowns. Consumer price growth has exceeded the upper limit of the central bank's 3% to 6% target band for 15 months and quickened to 14.3% in July, the highest level since the global financial crisis. Later in the week, investors will have August's inflation figures to digest, which will largely determine the central bank's response at its next policy meeting scheduled for late October.

Financial Market Commentary

- In the week's final session, the USD-BWP retreated, closing at 19.9383 and remaining unchanged over the course of the week. This follows a pullback in the USD on Friday, with the greenback trading heavy this morning ahead of key US CPI data this week, which appears to be turning the corner in response to the sharp reduction in stimulus and the resumption of quantitative tightening. Although a 75bp rate hike is fully priced in for next week, any softer than expected inflation reading might see investors speculate on a higher probability of a 50bp hike.
- Given the aggressive tightening factored into the USD already, the asymmetrical risk is of the USD correcting lower. US CPI and retail sales will be the pick of the data this week that holds market-moving potential.
- It has been a mixed start to the week for fixed incomes markets. US Treasury futures have edged high in early Asia trading, while European bond yields are for the most part, trading lower. Monetary policy remains the key driver behind movements in core bonds following the hawkish comments from Fed speaker last week. The market focus at the start of the week will be centred on the US CPI report scheduled for release tomorrow. US short-term rates could be pressured higher if US CPI surprises and the Fed remains ultra hawkish in its communication.
- On the commodity front, oil prices have been cooling in recent sessions in response to the prospect of lower growth. WTI has notably fallen to the \$86/barrel mark, while Brent crude is trading around \$91.6/barrel. The move links to slowing growth potential and has been emerging despite talk at OPEC regarding supply restrictions. Chinese COVID-19 lockdowns seem to be raising alarm bells while high prices in and of themselves will be reducing the available income of the average household and thereby curtailing consumption to a certain degree. Baker Hughes data that were released over the weekend also suggested that market supply could run into some constraints with the total number of rigs down marginally on the week.
- Yet oil prices remain in a weakening trend. That weakness has emerged despite OPEC's promises to reduce supply is telling, with oil prices rather responding to emerging evidence of economic slowdown risk globally. This leaves the focus on key macroeconomic data this week. In the US, investors will have US CPI, real average weekly earnings, retail sales and industrial production data to digest. Chinese trade data is due on Friday and may hold some clues on market demand going forward, while this week will also feature the monthly reports of OPEC on Tuesday and the IEA on Wednesday, respectively.

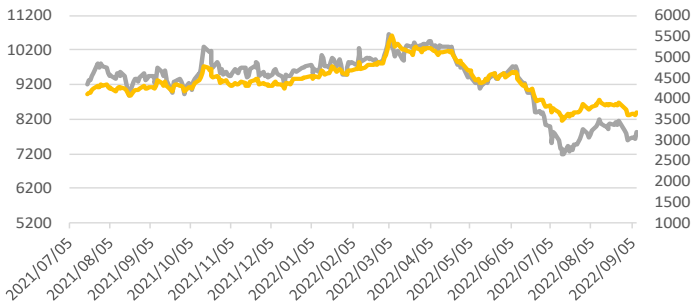
Botswana Yield Curve



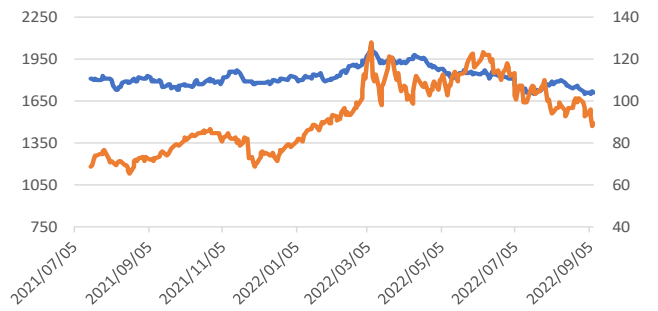
USD Index



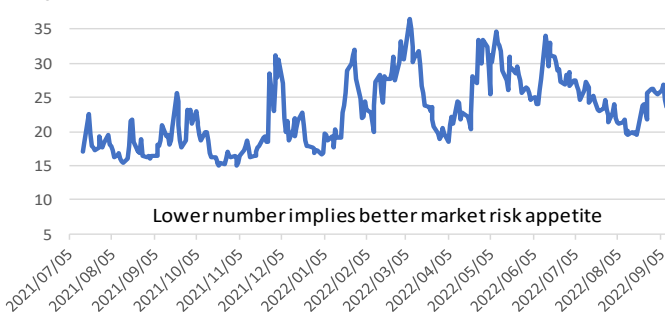
Base metals - Copper L_Hand axis LME Index R_Hand axis



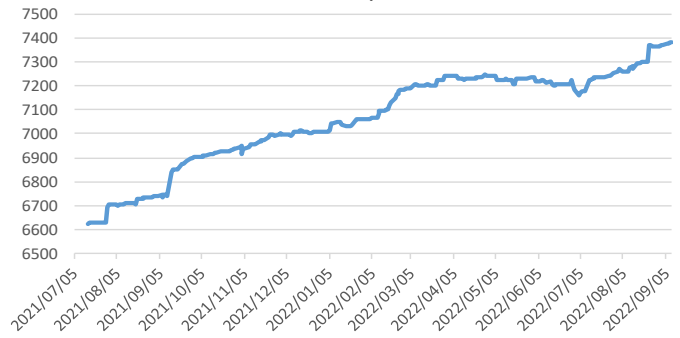
Oil R_Hand Axis - Gold L_Hand Axis



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.