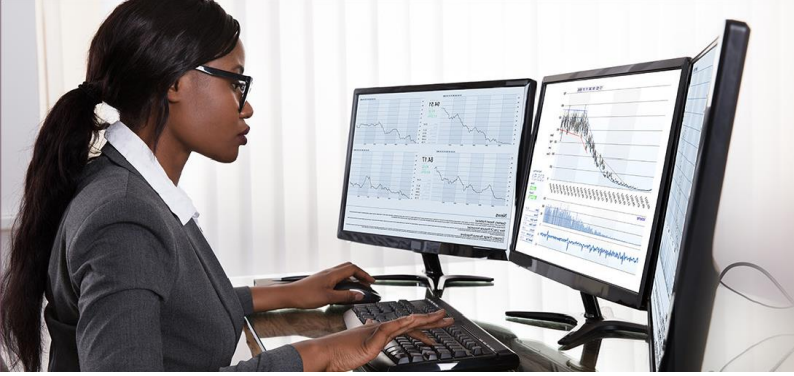


Botswana Market Watch



GMT	Country	Data event or release	Period	Market Exp	Previous
-	BW	Empty data card			
02:00	CH	Industrial Production Y/Y	Aug	4,2% A	3,8%
02:00	CH	Retail sales y/y	Aug	5,4% A	2,7%
06:00	GB	Retail sales excluding auto fuel y/y	Aug	-3,4%	-3,00%
08:00	EC	ECB's Rehn Speaks			
09:00	EZ	CPI y/y	Aug F	9,1%	8,9%
14:00	US	Michigan consumer confidence	Sep P	60	58,2
20:00	US	Net long term TIC flows	Jul		\$121,8bn

Factors Overnight	What happened?	Relevance	Importance	Analysis
UK inflation expectations	Data from the BoE published on Thursday showed that inflation expectations in the UK rose to a record high in Aug of 4.9% y/y	Such high levels of inflation expectations will prompt further hikes from the BoE	4/5 (economy, monetary policy)	Inflation expectations often respond to the experienced inflation at the time. At 4.9%, this is more than double the BoE target and will force the BoE's hand
US retail sales	Retail sales data released yesterday grew 0.3% in Aug, but July's data was revised down to reflect a contraction of 0.4%	Persistent strength in the labour market is keeping consumptive demand buoyant	3/5 (economy)	The lagged effects of the rate hikes and inflation will eventually take their toll on consumptive demand, but the data is holding up for the time being.
Chinese data	China's economic data came in better than expected this morning as factory output grew and retail sales backstopped the economy	Industrial output grew 4.2% in Aug y/y, and retail sales rose 5.4% y/y, the fastest in 6m	3/5 (economy)	Lower base factors explain some of the improved data, as was the easing of monetary policy by the PBoC to support an ailing property sector
Factors on the Radar	What happened?	Relevance	Importance	Analysis
UK mini-budget	Britain's new finance minister Kwasi Kwarteng will deliver an emergency mini-budget on the 23 rd Sep	He is expected to detail how the government will cap energy prices	5/5 (fiscal policy)	PM Truss has promised to tackle the cost-of-living crisis, but investors are unsure of exactly how this will be funded or what the longer-term impact will be
RBA	Australia's CB is closer to normalising rates, but more work is needed as Governor Lowe hints at 2.5%-3.5%	Given how inflation is unfolding, the outcome will be closer to the top end	4/5 (central banks)	At the next board meeting, the decision remains between 25bp-50bp. The reaction by other central banks suggests it will more likely be 50bp
BoJ intervention	Japanese Fin Min Suzuki again warned that the central bank would intervene in any bout of sharp JPY depreciation	JPY intervention might stall the JPY but cannot stop it indefinitely	4/5 (economy, market)	Any intervention effects will be fleeting, and experience has shown that the central bank is powerless over any prolonged period of time

Highlights news vendors

BUSINESS LIVE - [World Bank loan to help Eskom repurpose Komati](#)

FT - [The IMF must step up to help Ukraine](#)

REUTERS - [Africa CDC head: COVID still a threat given low vaccination rates](#)

SOUTH CHINA POST - [Xi article gives insight into China's direction ahead of party congress](#)

Local and regional talking points

	Corporate Foreign Exchange			
	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.291392	1.297344	1.3162782	1.391942
BWPUSD	0.07344	0.093496	0.0748553	0.079104
GBP/BWP	15.499744	15.570048	15.164413	14.671776
BWPEUR	0.079664	0.079976	0.0752595	0.078438
JPY/BWP	11.4296	11.4712	10.797675	11.223025
USDZAR	16.881312	18.300672	17.276968	17.904744
EURUSD	0.958176	1.038128	0.9806333	1.0156685
GBPUSD	1.098816	1.191112	1.1245695	1.16534275

Interbank Spot Foreign Exchange			Forward Foreign Exchange		
	Close	Change		BWPUSD	BWPZAR
BWPUSD	0.0765	0.0000	1m	-2.11575	-97.1151
BWPGBP	0.0668	0.0001	3m	-6.26925	-473.917
BWPEUR	0.0766	0.00	6m	-14.103375	-1482.898
BWPZAR	1.3455	0.0106	12m	-24.6675	-5131.87

	Close	Change
Dollar Index	109.822	0.083
EURUSD	0.9979	-0.002
GBPUSD	1.1449	-0.0014
USDJPY	143.57	0.05
USDNGN	428.11	0
USDZAR	17.5881	0.0418

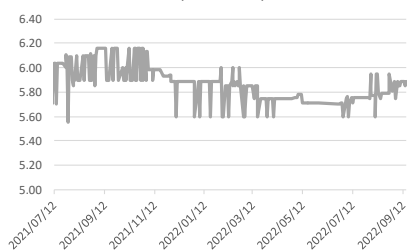
Local Fixed Income			International Fixed Income		
Yield curve	Close	Change		Close	Change
6m	4.137	0	SA 10y	10.295	-0.025
3y	4.66	-0.091	US 10y	3.459	0.047
5y	5.89	0.04	German 10y	1.741	0.043
20y	8.73	0.23	Spread SA 5y vs Bots 5y bpts		
22y	8.86	0.21		307	-1.5

Equities			Commodities		
	Close	Change		Close	Change
VIX	26.27	0.11	Gold	1663.7408	-32.0542
Dow Jones	30961.82	30.12	Brent Crude	1695.795	-3.26
FTSE	7282.07	-108.56	3m Copper	1701.554	-73.5
JSE All share	67568.26	-309.69	LME Index	1724.0702	-39.4
Bots DCIBT	7385.57	-21.93	1 carat index	1716.05	#VALUE!
Nigeria Index	49540.48	-51.67			

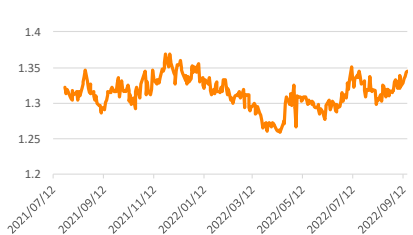
Spot BWP



BWP 5y local bond yield



BWP-ZAR



Botswana's inflation rate climbed to the highest level in 13 years in August as the price of imported goods continued to surge, fuelled by a slide in the pula. Annual headline inflation edged up to 14.6% in August from 14.3% in the previous month, suggesting that the government and central bank efforts are beginning to restrain consumer prices and may be topping out. Statistics Botswana attributed the price increase to three main subcomponents: transport, food & non-alcoholic beverages, housing, water, electricity, gas & other fuels. It is also worth mentioning that Botswana only saw the first moderation in fuel pump prices earlier this month, which was mainly influenced by fears of a possible global recession, which could weaken the global demand for oil, after a combination of four fuel price increases since December last year.

While this is positive, a more substantial drop in commodity prices will be required to keep inflation at bay and the central bank from hiking interest rates aggressively. Nonetheless, August's inflation figure remains well above the central bank's 3% to 6% target band for the sixteenth consecutive month, bolstering the case for further policy tightening by the Bank of Botswana (BoB) at the October rate decision. The BoB has raised interest rates by 151 basis points since April this year, with another 50 basis points possible at the upcoming meeting.

Financial Market Commentary

The USD-BWP extended its trend higher yesterday, climbing to a fresh record high of 13.0754 before settling at 13.055, with the latest consumer prices offering the BWP little reprieve. Further, BWP weakness will continue to keep the central bank hawks alive. Ahead of the weekend, there is no fresh USD appreciation momentum, although the USD looks poised for another leg up if there is a catalyst to drive it.

That catalyst could come in the form of volatility in financial markets, given the anticipated slowdown in earnings and the warnings issued by some companies. Undue volatility and the building vulnerability of higher beta emerging markets to the persistent tightening of DM monetary policy could still spur another rotation back towards the USD.

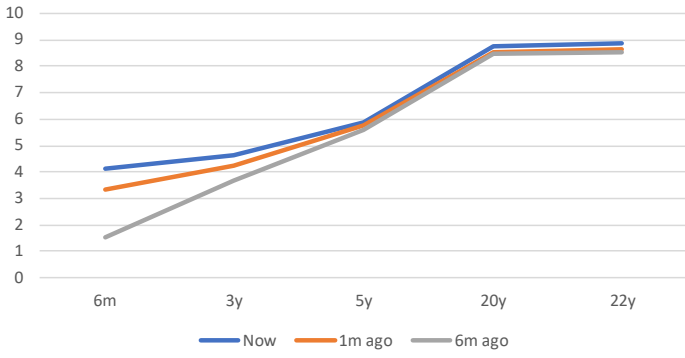
Yesterday's US retail sales still held up well, which will only encourage speculation ahead of next week's FOMC decision and statement. The market continues to believe a 75bp rate hike is on the cards, with the outside possibility that this could be increased to 100bp. So, for now, the USD remains well-supported, and vulnerable currencies find themselves on the defensive.

The core bond sell-off continued yesterday. The front-end of the US yield curve underperformed, with the 2yr Treasury yield climbing for a sixth straight session and reaching its highest level since October 2007 as investors pencilled in the likelihood of another large interest rate hike by the Federal Reserve next week. Meanwhile, the rise in the 2yr rate outpaced that of the 10yr yield, leading to a more deeply inverted Treasury curve that's seen as a worrisome sign of the outlook. The yield on the 10yr US Treasury noted rose above 3.46%, approaching the over 10yr peak of 3.5% hit in June.

On the commodity front, oil is holding steady this morning after suffering a sharp blow on Thursday amid growing slowdown angst and a buoyant USD. For context, the front month Brent contract fell by -3.46% yesterday, while WTI recorded a slightly more pronounced loss of -3.82%. Demand is being threatened by a combination of a hawkish Fed, the risk of a recession in Europe as the energy crisis intensifies and the risk that China sticks with its Zero Covid Policy.

Data out of China, the world's largest oil exporter, was mixed this morning with retail sales and industrial production data pointing to signs of a recovery in August, while property and employment data disappointed. As such, the data has failed to provide any meaningful direction to the oil markets. Against this backdrop, oil looks poised to record a third consecutive weekly loss. While oil prices remain elevated compared to pre-pandemic levels, since its peak in March this year, Brent is down almost \$50/bbl or 35%, and the risks going forward are skewed to the downside as the growth outlook deteriorates.

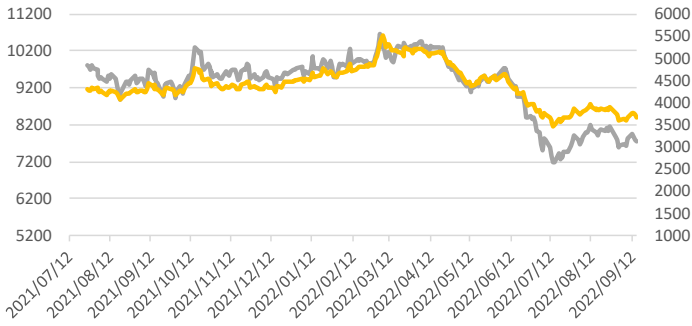
Botswana Yield Curve



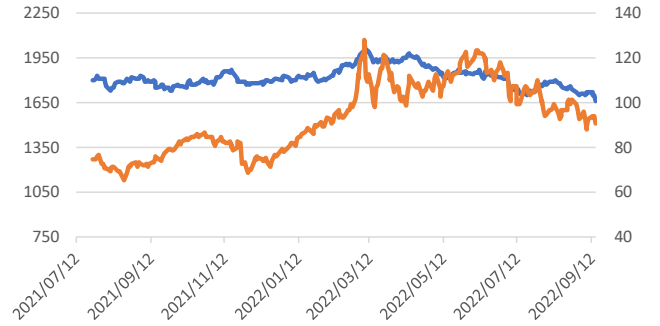
USD Index



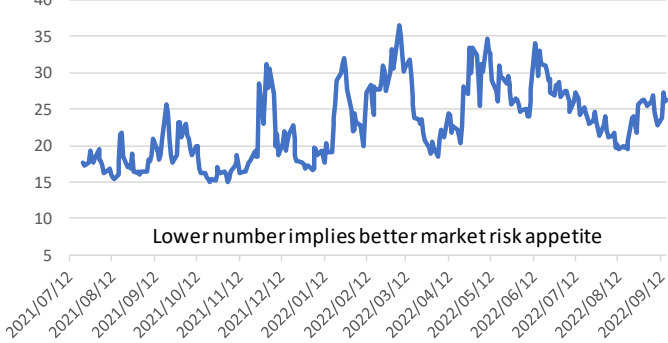
Base metals - Copper L_Hand axis LME Index R_Hand axis



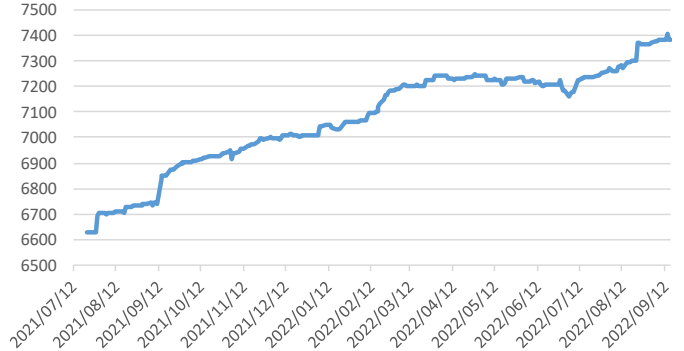
Oil R_Hand Axis - Gold L_Hand Axis



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.