

Botswana Market Watch



GMT	Country	Data event or release	Period	Market Exp	Previous
	BW	Nothing on the cards			
06:00	GE	Retail sales y/y	Jul	-6,5%	-9,8%
07:55	GE	Markit/BME manufacturing PMI	Aug F	49,8	49,8
08:00	EZ	Markit/BME manufacturing PMI	Aug F	49,7	49,7
08:30	GB	Markit manufacturing PMI	Aug F	46	46
09:00	EZ	Unemployment rate	Jul	6,6%	6,6%
12:30	US	Initial jobless claims	Aug 27	250k	243k
12:30	US	Nonfarm productivity	2Q F	-4,5%	-4,6%
13:45	US	Markit PMI manufacturing	Aug F	51,3	51,3
14:00	US	ISM manufacturing PMI	Aug	52	52,8

Factors Overnight	What happened?	Relevance	Importance	Analysis
US Labour data	While the JOLTS data may have been positive and upbeat, the latest ADP data wasn't, as private sector payrolls grew only 132k	The weaker demand for labour was also accompanied by wages up 7.6%	4/5 (economy)	Higher wage settlements will accompany weaker demand for labour and in time, retrenchments to weaken the market. It will happen with a lag
Aussie house prices	Australian house prices suffered their biggest drop in 40 years in Aug as higher rates and the cost-of-living crisis bite	House prices have been far too high for too long and need to realign	4/5 (economy)	This is a necessary adjustment to allow for broader participation in the housing market and to realign demand for housing with the real economy
UK inflation expectations	British household expectations for average inflation over the next 5-10 years have risen to a record high of 4.8%, more than double the central bank's target	Inflation expectations respond to the prevailing inflation rate, which has topped 10% recently	5/5 (economy, monetary policy)	This will only embolden the BoE to do more, and the cost of doing so will be a recession in the UK economy as the monetary cycle is tightened and inflation squeezed out of the system

Factors on the Radar	What happened?	Relevance	Importance	Analysis
China Covid restrictions	China has widened Covid restrictions in Shenzhen as cases continue to rise. Schools are postponing their opening, large venues are closed, and restaurants restricted	China persists with its zero Covid policy, and the continued enforcement of these restrictions will detract from growth	4/5 (economy)	China's zero-Covid policy has left the authorities in a quandary. The population only has vaccines as protection, which appears to be sub-par. There is no broad-based natural immunity, so restrictions will continue
Stocks and bonds	There are very few places to hide as an investor at the moment other than low-yielding money markets that offer large negative real yields as both stock markets and bonds come under pressure	Both stocks and bonds are realigning themselves with the reality of much higher interest rates in the foreseeable future	4/5 (market)	Central banks worldwide are acting aggressively and coordinated to tighten monetary policy and put the brakes on any further inflationary spike. The effects will be a global slowdown that is now gathering momentum
US Labour data	Following on from the JOLTS data on Tuesday and ADP data yesterday, jobless claims today will be followed by the non-farm payrolls on Fri	For now, the labour market continues to show resilience but is showing signs of slowing/softening	5/5 (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 - [Nvidia tumbles after U.S. government restricts chip sales to China](#)

BUSINESS LIVE - [More freedom for small business when Patel eases anti-collusion rules](#)

FT - [Tencent turns from buyer to seller in investment pivot](#)

SOUTH CHINA POST - [Tencent turns from buyer to seller in investment pivot](#)

REUTERS - [China may have committed crimes against humanity in Xinjiang, says U.N.](#)

Local and regional talking points

- News flow out of Botswana remains positive with investment opportunities in all sectors being grabbed by both local and international investors.
- Following on from comments earlier this week about the country creating self-sustainability in the energy sector we have news of further investment in the sector.
- Reuters reported the following - *State-owned Botswana Power Corporation (BPC) has awarded Norwegian company Scatec ASA SCATC.OL a contract to build a 50 megawatt (MW) solar plant, the companies announced on Wednesday. This is BPC's first utility-scale renewable energy project as Botswana looks to boost power supplies and increase clean energy shares. Under the terms of a Power Purchase Agreement signed on Wednesday, Scatec will finance, build, own and operate the solar plant and recoup its investment by selling electricity to BPC over 25 years. "The plant is our first and largest utility-scale grid connected solar PV plant and we expect the project to be operational by June 2024," BPC CEO David Kgoboko said, adding that procurement of another large-scale solar plant was underway. The plant will be located near the mining town of Selebi-Phikwe, 400km east of capital Gaborone.*
- All of that said, coal is likely to remain the energy source of choice given its proven reserves of over 212bn tonnes of coal.

Corporate Foreign Exchange				
	CUSTOMER BUY		CUSTOMER SELL	
	CASH	CASH	TT	TT
BWPZAR	1.269504	1.28832	1.2939684	1.38226
BWPUSD	0.07392	0.093496	0.0753445	0.080443
GBP/BWP	15.417584	15.643264	15.084031	14.740768
BWPEUR	0.079976	0.08112	0.0755543	0.07956
JPY/BWP	11.1592	11.3256	10.542225	11.080575
USDZAR	16.487328	17.87084	16.87375	17.48421125
EURUSD	0.961152	1.04156	0.983679	1.01902625
GBPUSD	1.111488	1.204528	1.1375385	1.1784685

Interbank Spot Foreign Exchange			Forward Foreign Exchange		
	Close	Change		BWPUSD	BWPZAR
BWPUSD	0.077	0	1m	-1.78425	-61.38723
BWPGBP	0.0665	0.0003	3m	-5.9865	-260.1137
BWPEUR	0.0769	0.00	6m	-12.2265	-755.7893
BWPZAR	1.3224	0.0075	12m	-25.662	-2543.823

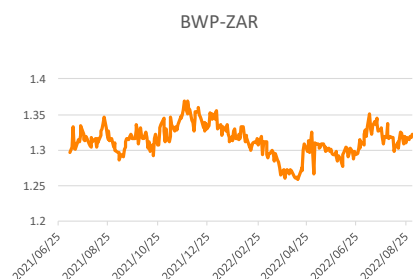
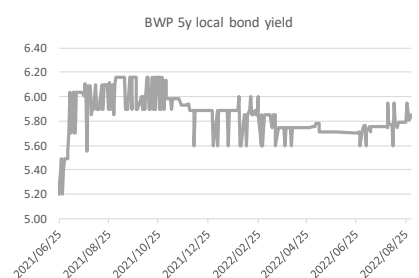
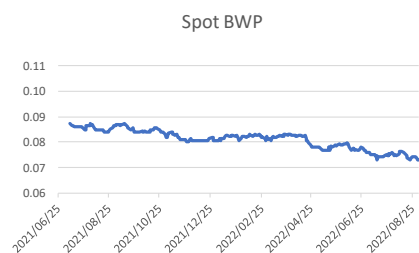
Dollar Index		
	Close	Change
EURUSD	1.0011	-0.0046
GBPUSD	1.1577	-0.0045
USDJPY	139.39	0.43
USDNGN	421.38	0
USDZAR	17.1744	0.0675

Local Fixed Income			International Fixed Income		
Yield curve	Close	Change		Close	Change
6m	4.101	0.002	SA 10y	10.44	0.11
3y	4.75	0.31	US 10y	3.132	0.022
5y	5.85	0.02	German 10y	1.536	0.026
20y	8.5	-0.2	Spread SA 5y vs Bots 5y bpts		
22y	8.65	-0.09		312.5	7.5

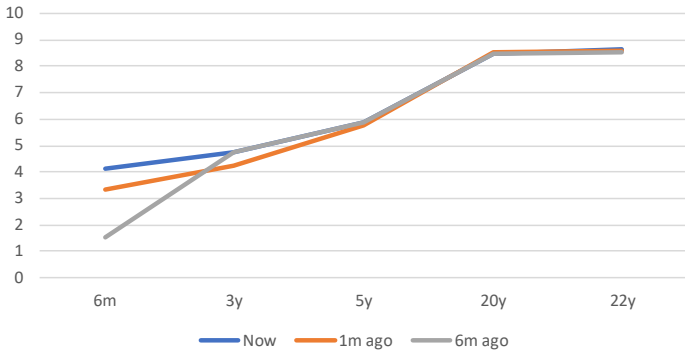
Financial Market Commentary

- The financial markets will have a deluge of data to get through on the international front. The start of the month PMI flood is upon us with most countries reporting their manufacturing numbers. Given the number of countries reporting we will focus on the US ISM Data for the reader this morning.
- Manufacturing production in the US continues to slow as more factories dial back production in the face of shrinking orders and rising costs. Notably, demand for new orders has fallen for two consecutive months. With this theme expected to persist in August, concerns over the economy's growth outlook are becoming more pronounced. In general, manufacturers are facing a demanding business environment of higher interest rates, weaker demand and ongoing supply shortages. As a result, the US sector is forecasted to slip to 52.1 in August, its fourth consecutive drop, although just holding above contractionary territory. But, it may not be long before it does.
- Moving over to the global financial markets, core bond markets remained under pressure yesterday, with UST, gilt, and bund yields all rising during the session. In the US, 2yr Treasury yields reached 3.5% for the first time since 2007, although it has dipped marginally from that level in early trade today. The hawkish message sent by the Fed at Jackson Hole last week, coupled with some Fed speak this week that has pushed against market expectations for rate cuts next year, have driven the surge in yields. Furthermore, inflation in the Eurozone surged to a new record high for August, piling pressure on global bonds. A Bloomberg gauge of global government bonds has, therefore, come increasingly closer to falling into a bear market, dropping just shy of 20% since its peak in 2021.
- Casting an eye towards the FX markets, The USD looks primed to make another move higher and appreciate, but it will wait for the release of the latest non-farm payroll data tomorrow. The labour data released through the week thus far has been a mixed bag. While the JOLTS data reflected a high degree of resilience, yesterday's ADP data didn't. Today's weekly jobless claims and tomorrow's payrolls will be the final arbiters on whether the U.S. economy can withstand the current tightening and cost-of-living crisis or not. Early indications are that the U.S. economy is about to decelerate significantly, which will change the rate outlook. However, until it does, the USD still seems to be enjoying a phase of support. That being said, the EUR-USD is trading marginally above parity this morning, although the GBP has slid to 1.1576 as the U.K. economy slows. Looking at the performance of the local unit, not much has changed, we have the BWP-USD quoted around the 0.0770 mark in the interbank market which is the first major support level. Direction to be taken from the dollar.

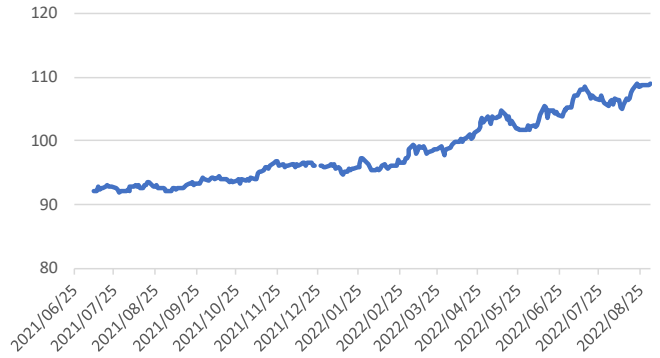
Equities			Commodities		
	Close	Change		Close	Change
VIX	25.87	-0.34	Gold	1710.705	-12.8448
Dow Jones	31510.43	-308.12	Brent Crude	1723.5498	-2.82
FTSE	7284.15	-65.68	3m Copper	1736.86	-62.5
JSE All share	67257.14	-1306.54	LME Index	1758.4374	-34.5
Bots DCIBT	7367.49	1.6	1 carat index	1750.8882	#VALUE!
Nigeria Index	49836.51	-34.06			



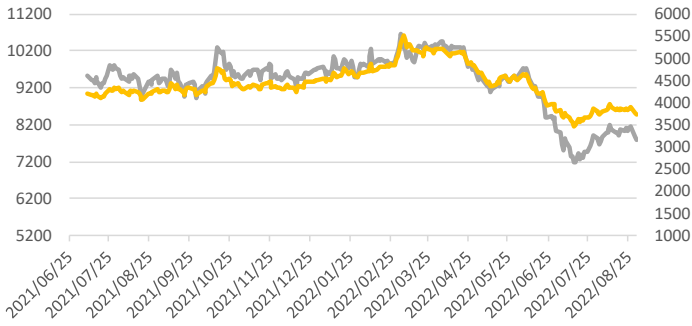
Botswana Yield Curve



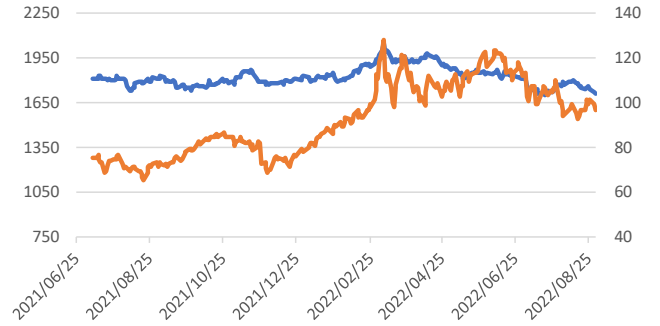
USD Index



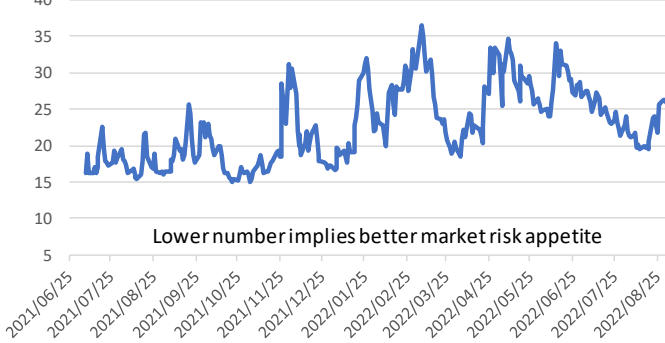
Base metals - Copper L_Hand axis LME Index R_Hand axis



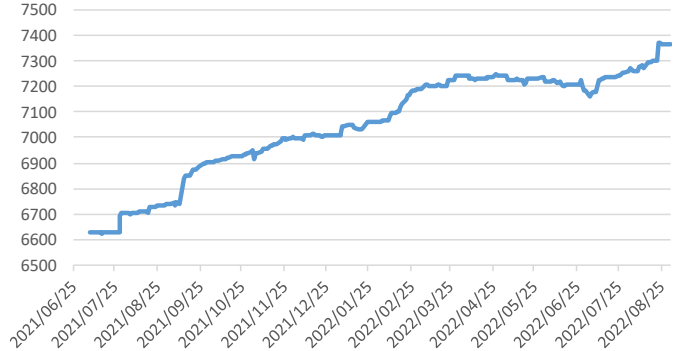
Oil R_Hand Axis - Gold L_Hand Axis



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.