

# Botswana Market Watch



GMT	Country	Data event or release	Period	Market Exp	Previous
-	BW	Empty data card			
07:30	GE	Markit/BME manufacturing PMI	Sep P	48,3	49,1
07:30	GE	Markit services PMI	Sep P	47,2	47,7
08:00	EZ	Markit composite PMI	Sep P	48,2	48,9
08:00	EZ	Markit/BME manufacturing PMI	Sep P	49	49,6
13:45	US	Markit PMI manufacturing	Sep P	51,3	51,5
13:45	US	Markit composite PMI	Sep P		44,6
13:45	US	Markit services PMI	Sep P	45,3	43,7
18:00	US	Powell Gives Opening Remarks at Fed Listens Event			

Factors Overnight	What happened?	Relevance	Importance	Analysis
<b>Stock market slide</b>	Stock markets are sliding after a string of rate hikes by some important central banks, kickstarted by the Fed earlier this week.	Tighter monetary policy is a global theme coordinated in unprecedented fashion	<b>5/5</b> (market, economy)	Never before have so many central banks hiked as aggressively and in such a coordinated manner as is unfolding right now, prompting warnings of an impending global recession
<b>EZ consumer confidence</b>	EZ consumer confidence fell 3.8 points in September from August, data released yesterday showed. The cost-of-living crisis and the war are top of mind	Tightening credit conditions over and above other headwinds are risking a major recession	<b>4/5</b> (economy)	Households are under immense pressure at the moment as they face rising cost-of-living pressures, compounded by the tightening global liquidity as central banks lift rates
<b>BoJ intervention</b>	The BoJ intervened in the FX market to put the brakes on the continuous slide weaker of the JPY, and threatened to do more	Although the move by the BoJ will only offer some temporary relief it did send a signal	<b>4/5</b> (market)	For investors who believed this was a one-way bet, the BoJ's intervention has injected some uncertainty which the BoJ hopes will slow the JPY's depreciation

Factors on the Radar	What happened?	Relevance	Importance	Analysis
<b>Bond yields</b>	Bond yields are rising the world over led by the significant push higher in US bond yields, especially at the short end	Yield curves have inverted dramatically and are pointing to a global recession	<b>5/5</b> (market)	Central banks remain committed to killing off inflation, but that will come at the deferred cost of a recession brought about by pandemic stimulation
<b>Italian elections</b>	Leaders of Italy's right-wing alliance look set to win a landslide election this weekend as they offer a more nationalist approach to economic policies	Conservative policies, border control, fiscal prudence, tackling inflation and the war are all priorities	<b>5/5</b> (politics)	The alliance hopes to remain in power for its full term and to push back against the left-leaning, big government parties that have presided over a massive rise in unsustainable public debt levels.
<b>Energy price circuit breaker</b>	The EU is considering a temporary brake on oil and gas markets when they spike in the hope that it improves how energy markets trade	The circuit break would be implemented in energy derivatives markets	<b>4/5</b> (market)	The idea would be to suspend trading when the prices spike to allow investors to collect themselves in the hope that it might reduce overall levels of volatility and uncertainty

## Highlights news vendors

**BUSINESS LIVE** - [Food security under threat as farmers take hit from Eskom's power cuts](#)

**FT** - [Powell refuses to rule out US recession after third 0.75 percentage point rate rise](#)

**REUTERS** - [Countries step up to try and avert famine in Horn of Africa](#)

**SOUTH CHINA POST** - [Central China drought puts Poyang freshwater lake supply on red alert](#)

## Local and regional talking points

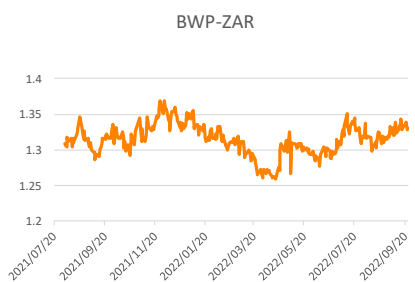
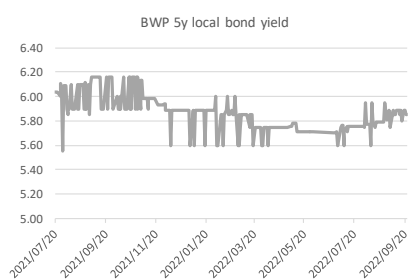
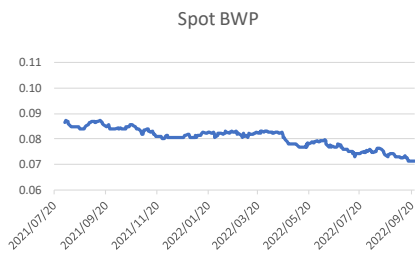
	Corporate Foreign Exchange			
	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.276224	1.291104	1.3008179	1.385247
BWPUSD	0.07248	0.093496	0.0738768	0.078589
GBP/BWP	15.306928	15.471872	14.975769	14.579264
BWPEUR	0.079872	0.080808	0.075456	0.079254
JPY/BWP	11.1696	11.284	10.55205	11.039875
USDZAR	16.904064	18.331352	17.300253	17.93476025
EURUSD	0.942816	1.0218	0.9649133	0.99969375
GBPUSD	1.07808	1.168128	1.1033475	1.142856

	Interbank Spot Foreign Exchange		Forward Foreign Exchange	
	Close	Change	BWP/USD	BWP/ZAR
BWP/USD	0.0755	0.0000	1m	-2.17425
BWP/GBP	0.0672	0.0001	3m	-6.8835
BWPEUR	0.0768	0.00	6m	-12.72375
BWPZAR	1.3296	-0.0053	12m	-26.00325

	Close	Change
Dollar Index	111.407	0.054
EURUSD	0.9821	-0.0015
GBPUSD	1.1231	-0.0026
USDJPY	142.2	-0.15
USDNGN	429.71	0
USDZAR	17.6099	0.0268

Yield curve	Local Fixed Income		International Fixed Income	
	Close	Change	Close	Change
6m	4.137	0	SA 10y	10.59
3y	4.75	0	US 10y	3.708
5y	5.85	0	German 10y	1.978
20y	8.8	0	Spread SA 5y vs Bots 5y bpts	
22y	8.9	0		333

Equities	Commodities		Close	Change
	Close	Change		
VIX	27.35	-0.64	Gold	1670.5345
Dow Jones	30076.68	-522.45	Brent Crude	1673.7368
FTSE	7159.52	44.98	3m Copper	1663.1089
JSE All share	65276.97	-394.13	LME Index	1675.7758
Bots DCIBT	7386.52	0	1 carat index	1674.9448
Nigeria Index	49190.34	-23.4		#VALUE!



- According to reports by Bloomberg, the African Domestic Bond Fund (ADBF), the first multinational fixed income exchange-traded fund (ETF) in Africa, has been listed on the Botswana Stock Exchange (BSE) in the local Pula currency. The AfDB launched the fund as part of initiatives to strengthen African economies by reducing their dependency on foreign-currency-denominated debt, increasing the range of financing options, and facilitating regional market integration. "This listing on the BSE is a very positive development as the local asset status of the Fund will enable Botswana's institutional investors to invest in the Fund as part of their domestic allocations," said Stefan Nalletamby, Director of the Financial Sector Development Department at AfDB.

- On the monetary policy front in Southern Africa and in line with expectations, the South African Reserve Bank (SARB) increased the Repo Rate by 75bps to 6.25%. Three members of the committee were in favour of the 75bp hike, while the other two members preferred a bolder 100bps increase. The voting pattern suggests that the SARB is likely to remain aggressive in terms of interest rate hikes at the next meeting. This indicates that the SARB is committed to preventing the ZAR from blowing out while also reining in inflation expectations. The hawkish rhetoric in the policy statement suggests that we could see another outsized rate hike in November. However, this will depend on how the ZAR performs in the coming months. External developments will also be key. Oil in particular, could cause some two-way risk as markets position for the November MPC meeting.

## Financial Market Commentary

- The USD-BWP continued its slide on Thursday, weakening to 13.1191 after failing to sustain a move through the 13.100 mark. The move tracked the likes of the ZAR, which led African currencies higher on the session, gaining almost 0.5% off the back of SARB's rate decision. SARB's response was just as much out of necessity as it was about tackling SA's domestic inflation, which otherwise would have risked injecting tremendous volatility into the ZAR and opening the door for a spike up to 19.00/dlr or more.

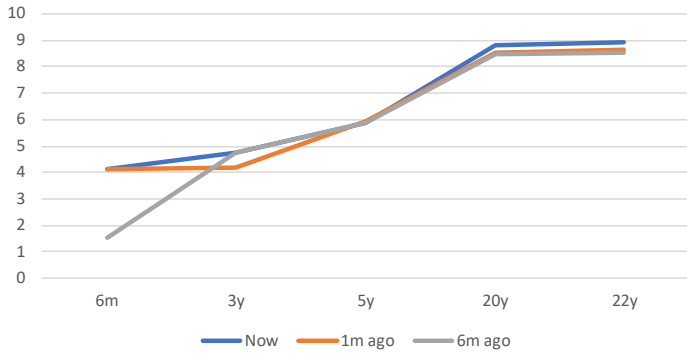
- Notwithstanding the powerful intervention by the BoJ to help the JPY back towards 142.00/dlr, the trade-weighted USD has not lost much ground overnight. What retreat took place was fleeting, as investors focused on the Fed's commitment to stamping out inflation regardless of how stretched the USD had become.

- There was another rout in US Treasuries yesterday as the market continued to digest the hawkish Fed meeting from Wednesday. Most of the selling took place early in the US session, consistent with an unwinding of some flattener positions and general outright selling given the hawkish Fed. USTs may also be under pressure from speculation regarding the BoJ's currency interventions. Reports suggest that the BoJ has not yet sold any USTs, instead opting to use dollars stored in a reverse repo facility it has with the Fed. However, if the intervention program is to be a prolonged one, the world's largest holders of USTs will need to unwind some of its holdings. The rout in the US session for bonds has spilt over into today's trade, with Australian bonds, for instance, under the pump as yields are rising as much as 19bp, aided by an increase in RBA rate hike expectations.

- Oil is heading for its fourth straight weekly loss and remains on track for its first quarterly decline since the onset of the pandemic. This week saw a raft of central bank decisions across the globe, which led to significantly higher interest rates and a darker outlook for the global economy. This has dented the demand outlook for crude and pushed Brent futures prices back below the \$90 per barrel level. Helping to cap the losses, however, were comments made by Nigeria's oil minister, who said that OPEC+ could consider further output cuts if prices continue to fall below current levels. OPEC+ cut production for October at its last meeting, but by an insignificant 100k barrels per day. If prices continue to fall, we could see an even larger cut announced at the next meeting of the cartel and its allies.

- This weakening demand outlook and a high potential for more supply cuts set up oil for a volatile final quarter of the year. Adding to this is the fact that European Union member states are still pushing for a price cap on Russian oil. This move has gained some new momentum after this week's developments in the Russia-Ukraine war, and while much of it is priced in already, a new round of sanctions on Russia could cause some gyrations in the energy markets again.

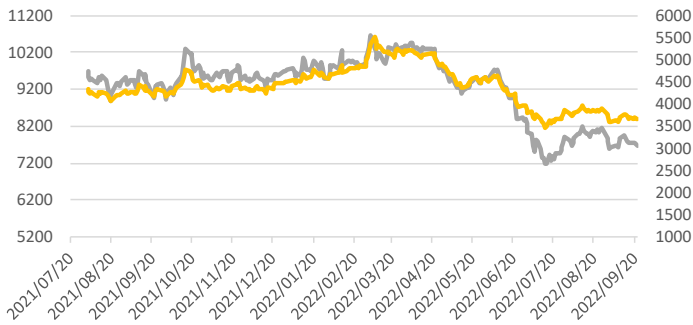
### Botswana Yield Curve



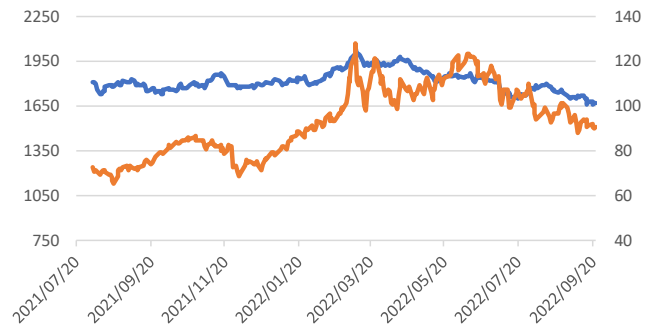
### USD Index



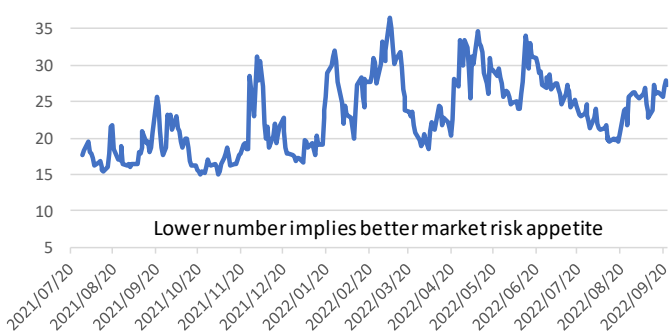
### Base metals - Copper L\_Hand axis LME Index R\_Hand axis



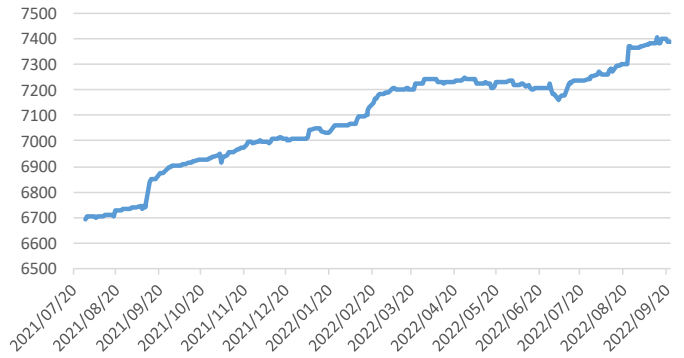
### Oil R\_Hand Axis - Gold L\_Hand Axis



### 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
<a href="mailto:nkatem@accessbankplc.com">nkatem@accessbankplc.com</a>	Mogamisi	Nkate	2673674335
<a href="mailto:masalilap@accessbankplc.com">masalilap@accessbankplc.com</a>	Phillip	Masalila	2673674621
<a href="mailto:kebaetsek@accessbankplc.com">kebaetsek@accessbankplc.com</a>	Kefentse	Kebaetse	2673674336
<a href="mailto:thembaa@accessbankplc.com">thembaa@accessbankplc.com</a>	Amogelang	Themba	2673674370
<a href="mailto:bogalet@accessbankplc.com">bogalet@accessbankplc.com</a>	Tshwanelo	Bogale	2673674622
<a href="mailto:davidbat@accessbankplc.com">davidbat@accessbankplc.com</a>	Batanani Pearl	David	2673644382
<a href="mailto:magashulan@accessbankplc.com">magashulan@accessbankplc.com</a>	Ntebang	Magashula	2673644382
<a href="mailto:segwabek@accessbankplc.com">segwabek@accessbankplc.com</a>	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.