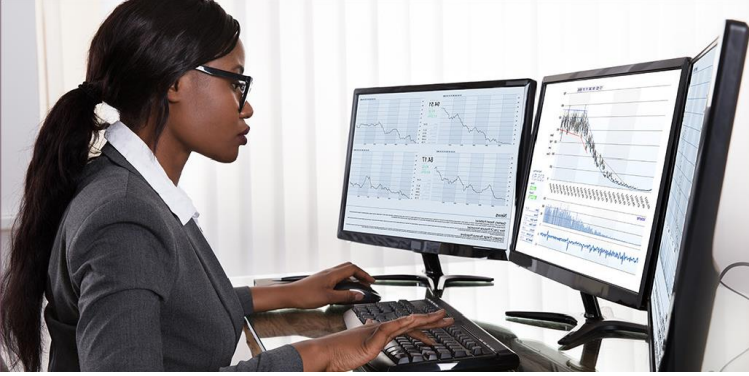


# Botswana Market Watch



GMT	Country	Data event or release	Period	Market Exp	Previous
-	BW	Empty data card			
07:30	EC	ECB's Panetta Speaks			
08:00	GE	IFO business climate	Sep	87	88,5
08:00	EC	ECB's de Cos speaks at an event in Toledo			
09:00	EC	OECD Publishes Interim Economic Outlook			
12:30	US	Chicago Fed activity index	Aug		0,27
13:00	EC	ECB's Lagarde Speaks			
16:00	GB	BOE's Tenreyro speaks			

Factors Overnight	What happened?	Relevance	Importance	Analysis
<b>GBP collapse</b>	Following Liz Truss' appointment as PM and her bold steps to tackle the cost-of-living crisis, the GBP has collapsed to an all-time low against the USD	Parity on the GBP-USD is now looking very realistic as the market assesses the gov't strategy	<b>5/5</b> (market, economy)	This collapse in the GBP is spectacular and is a clear response to the Liz Truss strategy that appears a touch desperate and which leaves many unanswered questions on the UK's fiscal outlook
<b>Italian elections</b>	Giorgia Meloni has become Italy's new PM, the first female president and the head of the most right-wing government since World-War II	Meloni has now become the poster child for EU nationalism and conservative values	<b>5/5</b> (politics, economic policies)	She is described as pragmatic, meaning that in the early stages of her tenure, she is unlikely to rock the boat with the EU too far, lest they cut back on the monetary and fiscal funds Italy requires
<b>Bond yields</b>	As the Fed persists with its aggressive tightening and other central banks follow, short-dated bond yields are surging higher	The rise in short-dated bond yields will increase stresses throughout markets	<b>4/5</b> (market)	It is a clear sign of how quickly liquidity is drying up. This all happens against the backdrop of the Fed shrinking its balance sheet by \$95bn per month
Factors on the Radar	What happened?	Relevance	Importance	Analysis
<b>Financial market distress</b>	The costs of the huge stimulus through the pandemic are now being paid and have come in the form of inflation and recession	Bond markets and equities alike have a lot further to sell off as CBS tighten policy	<b>5/5</b> (market)	Although we may be nearing the end of the monetary tightening phase, the full effects of that have yet to be seen. A deeper correction is likely and necessary
<b>Russia - Ukraine War</b>	As Russia continues with its farcical referendums in the four regions it currently occupies, the US has warned of consequences if Putin uses nuclear warfare	The use of nuclear weapons would escalate the war much further and hold consequences	<b>5/5</b> (geopolitics)	Any sort of nuclear war would be a catalyst for a very aggressive stock and bond market sell-off and the prospect of major volatility across financial markets, leading to a deep global recession
<b>Chinese intervention</b>	China took steps on Monday with potentially more to come to slow the pace of the CNY's slide vs the USD by raising the cost of speculation against the CNY	The PBoC said it would raise the FX risk reserves for financial institutions toward 20%	<b>4/5</b> (market)	The act of doing so would be to force institutions to tie up more of their funding if they were to speculate against the CNY, which makes this action much less desirable

## Highlights news vendors

**BUSINESS LIVE** - [Pay cuts loom as power crisis bites deeper](#)

**FT** - [Giorgia Meloni's rightwing bloc storms to Italian election victory](#)

**REUTERS** - [IMF team heads to Ghana on Monday to discuss loan programme request](#)

**SOUTH CHINA POST** - [Japan, South Korea, Taiwan buy Russia's fuel but face less criticism than India as they're 'against sanctions'](#)

## Local and regional talking points

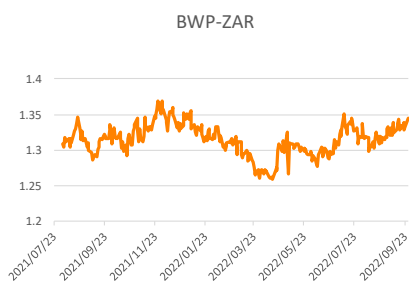
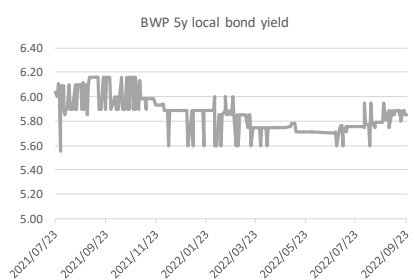
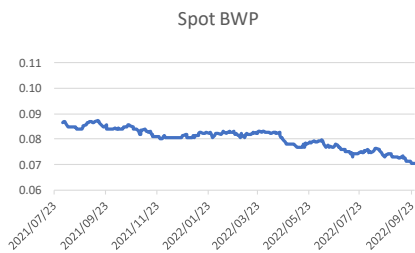
	Corporate Foreign Exchange			
	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.291104	1.305888	1.3159847	1.401109
BWPUSD	0.07152	0.093496	0.0728983	0.077559
GBP/BWP	14.500616	14.660464	14.186901	13.814668
BWPEUR	0.080392	0.081328	0.0759473	0.079764
JPY/BWP	11.1592	11.284	10.542225	11.039875
USDZAR	17.327616	18.787184	17.733732	18.3807305
EURUSD	0.924672	1.002144	0.946344	0.980463
GBPUSD	1.007904	1.092208	1.0315268	1.0685785

	Interbank Spot Foreign Exchange		Forward Foreign Exchange	
	Close	Change	BWP/USD	BWP/ZAR
BWP/USD	0.0745	0.0000	1m	-2.15475
BWP/GBP	0.0709	0.0023	3m	-6.747
BWPEUR	0.0773	0.00	6m	-12.37275
BWP/ZAR	1.3451	0.0061	12m	-24.999

	Close	Change
Dollar Index	114.075	0.883
EURUSD	0.9633	-0.0057
GBPUSD	1.0503	-0.0353
USD/JPY	144.02	0.7
USD/NGN	430.05	0
USD/ZAR	18.0448	0.1553

Local Fixed Income			International Fixed Income		
Yield curve	Close	Change		Close	Change
6m	4.137	0	SA 10y	10.77	0.18
3y	4.749	-0.001	US 10y	3.697	-0.011
5y	5.85	0	German 10y	2.031	0.053
20y	8.8	0	Spread SA 5y vs Bots 5y bpts		
22y	8.9	0		349.5	16.5

Equities			Commodities		
	Close	Change		Close	Change
VIX	29.92	2.57	Gold	1643.09	-27.4445
Dow Jones	29590.41	-107.1	Brent Crude	1670.5345	-4.31
FTSE	7018.6	-78.12	3m Copper	1673.7368	-247
JSE All share	63416.66	-931.74	LME Index	1663.1089	-120.2
Bots DCIBT	7387.46	-3.25	1 carat index	1675.7758	#VALUE!
Nigeria Index	49026.62	-231.57			



- Botswana is facing "an uphill battle" to attract investors to diversify its economy from its dependence on diamonds, president Mokgweetsi Masisi told world leaders attending the general debate of the 77th session of the UN General Assembly at the end of last week. But even so, Masisi mentioned that the precious resource is still the "bedrock" of its economy. As adequate financing is required to achieve sustainable development, effective mobilization of domestic and international financial resources, as well as their prudent use, are imperative, the president said. The president voiced support for the call of UN Secretary-General Antonio Guterres for a world in which "power, wealth and opportunity are shared more broadly and fairly" at the international level, saying Botswana aims to broaden conversations with partners, including the UN, governments, civil society and the private sector as it endeavours to realize the 2030 Agenda.

- It is a quiet start to the week for the Southern African region as far as economic data goes, allowing investors to digest the latest wave of global central bank tightening and growing calls over a global economic slowdown. Later in the week, Statistics Botswana will publish Q2's GDP print which will provide further insight into the economy's performance halfway through the year and if it remains on a strong recovery path.

## Financial Market Commentary

- In the week's final session, the USD-BWP's bulls took charge and drove the pair higher to unwind some of the previous day's losses after closing at 13.2508. The BWP has lost more than 5.6% against the USD this month, and as we head into the final week of September, more are likely, extending the year-to-date loss to more than 11.3% and remaining amongst some of the worst-performing African currencies this year.

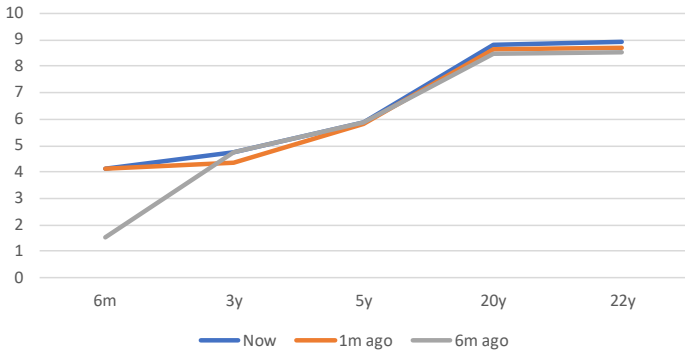
- The USD stands ascendant as the prospect of high-interest rates and poor growth shakes markets. The trade-weighted DXY index hit the 114 mark on Monday for the first time since May 2020, lifted by the Federal Reserve's aggressive plan to stamp out inflation and escalating risk of a global recession. The Fed raised interest rates by 75bps for a third consecutive meeting last week and forecasted rates to peak at 4.6% next year with no cuts until 2024, putting an end to all hopes for a dovish pivot. The real story of the FX markets has been the collapse of the GBP. Investors are now talking of the possibility of the GBP heading to parity with the USD is a staggering thought and one that will hold many consequences for the UK.

- US Treasuries are falling across the curve this morning, leading to another volatile start to the week for the market. Yields are rising around 5bp across the curve in early trade following the continued surge we saw last week that has pushed the USD to record highs when looking at the DXY Index. The US 2yr yield is now above 4.25%, while benchmark 10yr yields are nearing 3.75%. Bund futures are also on the back foot this morning while many will be eyeing the UK market after the dramatic surge in gilt yields seen on Friday following the announcement of the new fiscal measures.

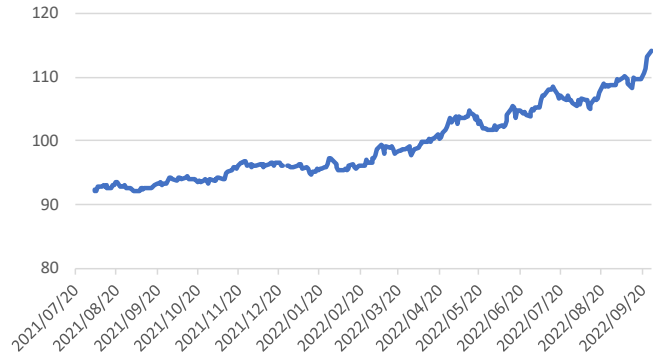
- Oil prices sank on Friday and continue to slide this morning, with a surging dollar looming large over commodity markets and recession fears weakening the demand outlook for crude. Brent is trading near \$85.50 per barrel as a result, when looking at the front-month contract, while WTI has plunged below \$80 per barrel. Crude is almost certain to post its first quarterly drop since the pandemic, with the market betting on a high probability of a global recession and potentially deep one at that.

- It will be interesting to see what OPEC+ does. Current prices are likely well below internal forecasts for member countries. The last meeting also opened the door for another cut in output, with the cartel stating that it could do so even before the scheduled meeting date on 5 October. Given the severity of the recent decline in prices, however, it would need to be quite a significant cut announced for prices to recover back towards levels near \$100 per barrel, which is where OPEC members seem comfortable at the moment.

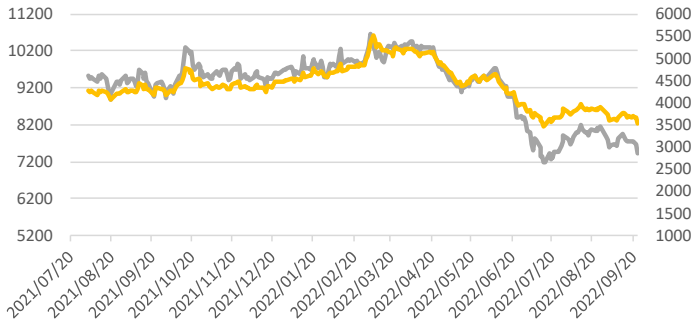
### Botswana Yield Curve



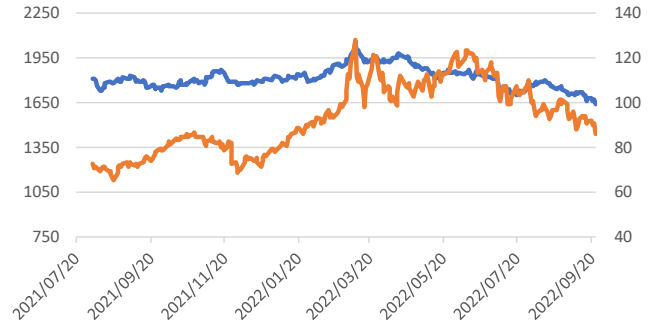
### USD Index



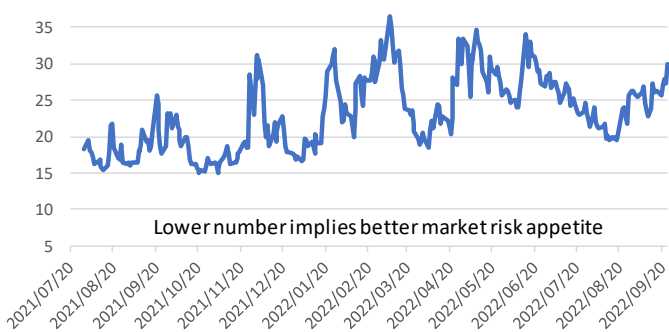
### Base metals - Copper L\_Hand axis LME Index R\_Hand axis



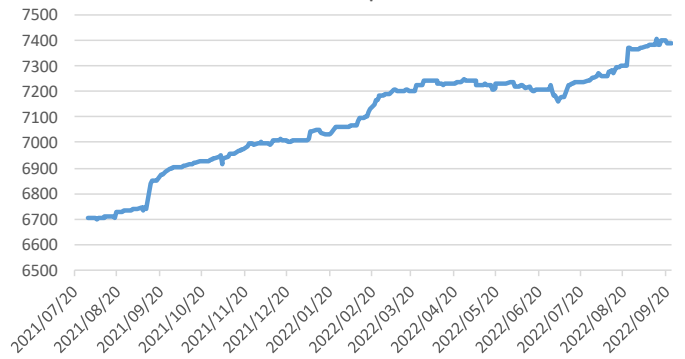
### Oil R\_Hand Axis - Gold L\_Hand Axis



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



### Local stockmarket performance



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