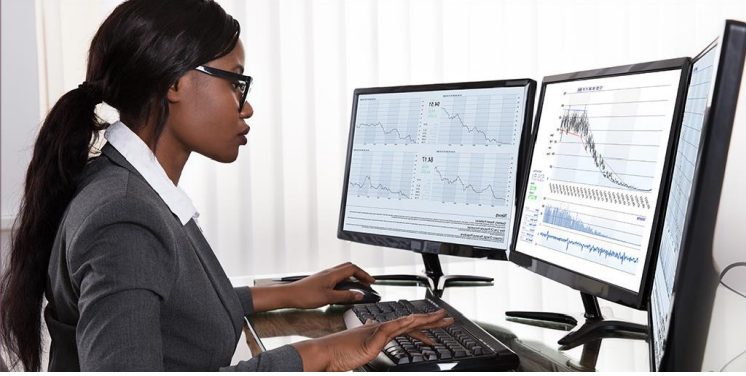


Botswana Market Watch



GMT	Country	Data event or release	Period	Market Exp	Previous
-	BW	GDP y/y	Q2		7.0%
08:15	UK	BOE Deputy Governor Jon Cunliffe speaks			
08:30	EC	ECB's Holzmann Speaks			
11:00	US	MBA mortgage applications	Sep 23		3,8%
12:30	US	Wholesale inventories m/m	Aug P	0,5%	0,6%
12:30	US	Advance Goods Trade Balance	Aug	\$-88,5bn	\$-89,1bn
12:35	US	Fed's Bostic Takes Part in Moderated Q&A			
14:00	US	Pending home sales y/y	Aug		-22,5%

Factors Overnight	What happened?	Relevance	Importance	Analysis
IMF on UK policy	The IMF has added its voice to criticisms of the UK's policy, arguing that it will increase inequality and may force BoE to respond with force	Some in the market are calling for a U-turn while the BoE's Pill now says a strong hike is likely	5/5 (economy, monetary policy)	A huge surge in market borrowing rates will force the BoE to respond and add to the calls for a reversal of stance, lest more damage be done to an economy already battling high debt levels
Gas pipelines	An attack on Nordstream 1 has caused concern in Europe as prices rise, and Russia warns that the attacks now threaten energy security in Europe	An investigation is underway, but supply had been throttled already due to "maintenance."	4/5 (geopolitics)	One might've expected prices to jump more than they have, and perhaps they still will if the damage cannot be quickly repaired. It further constrains supplies into Europe, which is regrettable
Equity markets	The S&P 500 has dropped to its lowest level in two years on Tue on concerns that the aggressive tightening by the Fed will erode corporate earnings	The central bank remains committed to regaining control of inflation, but this will come at a cost	4/5 (market, economy)	The bear market currently underway is expected to extend for the foreseeable future with the Fed's commitment to forcing other central banks to follow suit, thereby raising risk of a recession

Factors on the Radar	What happened?	Relevance	Importance	Analysis
Equity markets	Global equity markets remain firmly on the defensive, with European bourses in particular reflecting concern about the UK's economic plan	With central banks aggressively hiking and with the BoE responding with a bold move, risks are rising	5/5 (market)	A general rotation towards the safety of the sidelines and cash is underway, despite the negative real rates. Such is the degree of concern and the desire to shield portfolios against volatility
PBoC and CNY	China's offshore CNY reached a record low this morning on the back of a surging USD, but so far, the PBoC has been quiet in its response to the depreciation	Continued depreciation of this nature may prompt the PBoC to look at intervention options	4/5 (monetary policy, fiscal policy)	While a weaker CNY will help support Chinese exports and keep them attractive, especially to the US, there is a risk that it will fuel underlying inflation to a greater degree
USD surge	The trade-weighted USD has surged to a fresh two-year peak this morning off the back of rising US Treasury yields	The risk is that persistent USD strength will evolve to the next crisis	4/5 (economy, markets)	An unfettered surge in the USD might initially help drive US inflation lower, but it will also do a lot of damage to US trade and detract from US GDP growth

Highlights news vendors

BUSINESS LIVE - [Eskom board members told there is a shake-up ahead](#)

FT - [Biden's renewables push to deliver big benefits to South Korea](#)

REUTERS - [Nigeria hikes rate to highest level to head off inflation](#)

SOUTH CHINA POST - [Italy's prospective PM Meloni poised to shake up ties with China](#)

Local and regional talking points

Corporate Foreign Exchange				
	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.295808	1.314048	1.3207793	1.409864
BWPUSD	0.07152	0.093496	0.0728983	0.077765
GBP/BWP	14.667432	14.86992	14.350108	14.01204
BWPEUR	0.08112	0.08216	0.076635	0.08058
JPY/BWP	11.2112	11.3672	10.59135	11.121275
USDZAR	17.39328	18.854784	17.800935	18.446868
EURUSD	0.917088	0.993928	0.9385823	0.97242475
GBPUSD	1.022208	1.107808	1.046166	1.083841

Interbank Spot Foreign Exchange			Forward Foreign Exchange		
	Close	Change		BWPUSD	BWPZAR
BWPUSD	0.0745	0.0000	1m	-2.535	-166.4459
BWPGBP	0.0699	0.0005	3m	-7.24425	-828.0646
BWPEUR	0.0779	0.00	6m	-13.13325	-2701.615
BWPZAR	1.3495	0.0167	12m	-26.52	-9594.892

	Close	Change
Dollar Index	114.629	0.523
EURUSD	0.9556	-0.0036
GBPUSD	1.0654	-0.0077
USDJPY	144.72	-0.04
USDNGN	430.83	0
USDZAR	18.1141	0.1087

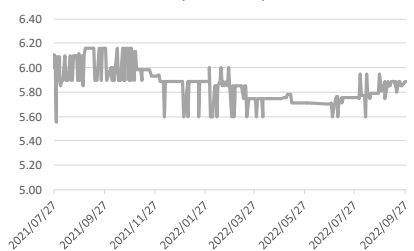
Local Fixed Income			International Fixed Income		
Yield curve	Close	Change		Close	Change
6m	4.119	-0.018	SA 10y	10.78	-0.095
3y	4.661	0.001	US 10y	3.963	0.083
5y	5.89	0	German 10y	2.252	0.16
20y	8.73	0	Spread SA 5y vs Bots 5y bpts	349	-6.5
22y	8.86	0			

Equities			Commodities		
	Close	Change		Close	Change
VIX	32.6	0.34	Gold	1628.8024	7.2349
Dow Jones	29134.99	-329.6	Brent Crude	1621.5675	2.21
FTSE	6984.59	2.35	3m Copper	1643.09	11.5
JSE All share	64025.95	209	LME Index	1670.5345	-20.7
Bots DCIBT	7411.82	23.95	1 carat index	1673.7368	#VALUE!
Nigeria Index	49161.45	191.73			

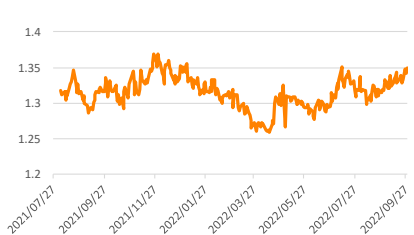
Spot BWP



BWP 5y local bond yield



BWP-ZAR



- On the agriculture front, South Africa's Citrus Growers Association (CGA) announced Botswana as its newest member, which now represents more than 1 564 citrus growers in South Africa, eSwatini and Zimbabwe, as well as Botswana. It is a move welcomed by citrus farmers in Botswana, where there are 164 citrus growers, the overwhelming majority of which are small-scale farms with fewer than 5ha of trees. The move will unlock opportunities for Botswana, including access to critical resources and support structures to ensure the industry's continued growth.

- The day ahead features Botswana's Q2 GDP figures, which are likely to post another healthy reading following Q1's expansion of 7% y/y, supported by robust economic activity in both mining and non-mining activities. The sectors flourished due to the reopening of the economy compared to similar periods during which the government had imposed covid-19 curbs to contain the spread of coronavirus and improved demand for rough diamonds. Meanwhile, trade, hotels and restaurants continued to recover following economic volatility on the international scene and as the situation normalised. Overall, a slowdown in the economy can be expected due to fading base effects, although key economic sectors would have continued their recovery from the fallout of the pandemic.

Financial Market Commentary

- The USD-BWP firmed to 13.3605 yesterday following a slight pullback in the USD, and investors anxiously awaiting the latest GDP figures. Much of the spot's price action will depend on the growth figures as the USD is back on the rise, scaling a fresh two-year high, following hawkish US Fed remarks that have dented risk appetite. There is another round of broad USD demand against most emerging African currencies, and will likely remain under pressure in the near term.

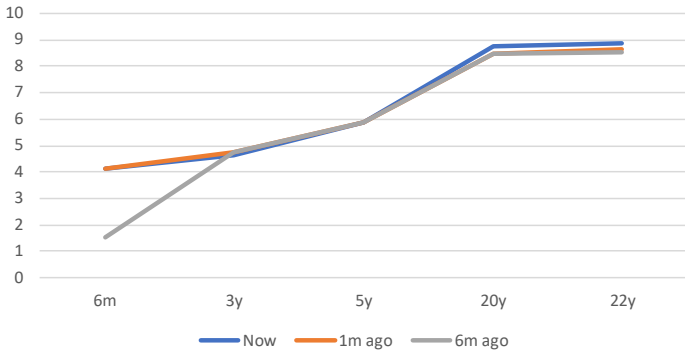
- These hawkish remarks renewed a sell-off in bonds. US Treasury yields have extended their moves higher, with the 10yr benchmark yield touching 4.00% for the first time since 2010 as the global sell-off continued. US Treasuries have been rattled by a hawkish Fed and concerns that Japan could begin selling some of its massive holdings of USTs as it seeks to support its own currency. Gilts are being pressured by rising concerns that the new government's fiscal spending could lead to massive dislocations in the market and between monetary and fiscal policy. European bonds, meanwhile, are being battered by surging inflation, the war in Ukraine, and looming discontent amongst the public.

- The selling pressure seen in the market has also been exacerbated by a lack of liquidity, as central banks have pulled out and are reducing their holdings of debt. Quantitative tightening is having a notable impact on the market, and with uncertainty still so high generally, investors are too wary of taking on any risk or going against the trend. Bonds may be looking very cheap now as a result of the recent declines, but it seems there are not many willing to take the chance and weather any near-term losses.

- Oil markets are back on the defensive this morning, with a surging USD weighing on the commodity complex in general. Brent is looking to dip back below the \$85 per barrel level as a result, while WTI has slumped to \$77.50 per barrel in early trade this morning. Both contracts are at lows not seen since January as a hawkish Federal Reserve, and growing risks of a major global economic slowdown continue to drive the flight to safety. Brent has lost more than 12% this month so far, and the losses could have been even greater, but traders are waiting to see what OPEC+ will do at next week's ministerial meeting. A supply cut is very much on the cards, given the slump in prices. However, any price reaction will likely be short-lived, given the broader macroeconomic backdrop.

- Another factor limiting losses for oil, for now, is Hurricane Ian, which is expected to make landfall in the US today. In bracing for the storm, US firms have idled almost 200k barrels per day worth of production. This is more than 10% of output from the Gulf of Mexico. If the storm passes with minimal damage to the region's oil production, a return of this idled capacity will add to the downside pressure on crude prices.

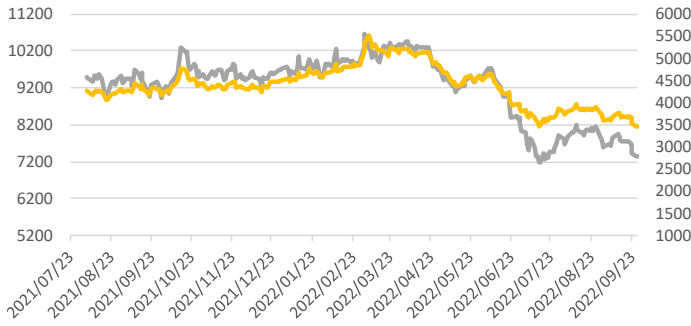
Botswana Yield Curve



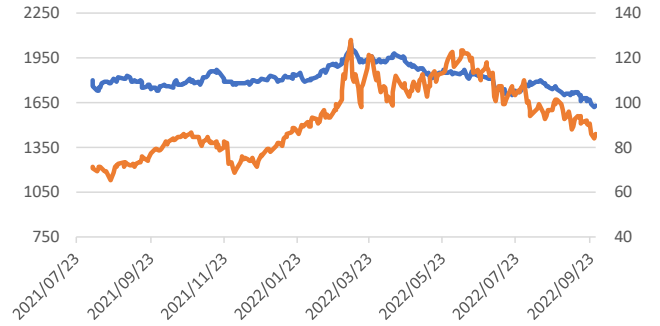
USD Index



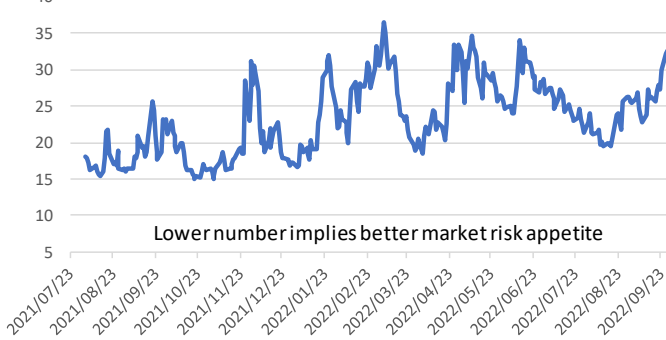
Base metals - Copper L_Hand axis LME Index R_Hand axis



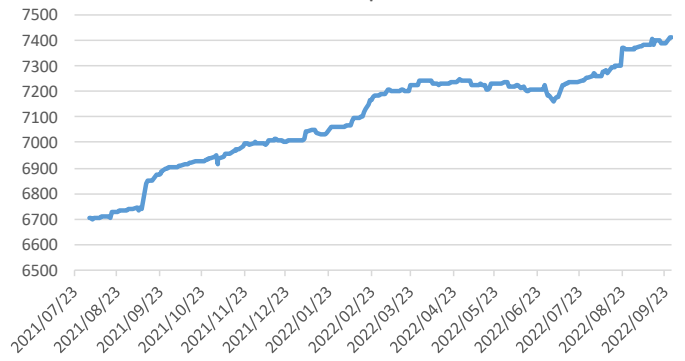
Oil R_Hand Axis - Gold L_Hand Axis



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



Local stockmarket performance



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