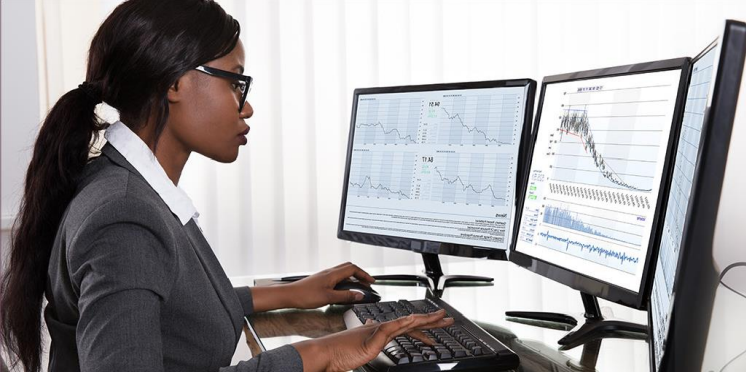


Botswana Market Watch



GMT	Country	Data event or release	Period	Market Exp	Previous
	BW	Nothing on the cards			
09:00	EZ	PPI y/y	Jul	35,8%	35,8%
12:30	US	Change in nonfarm payrolls	Aug	300k	528k
12:30	US	Unemployment rate	Aug	3,5%	3,5%
14:00	US	Durable goods orders m/m	Jul F	0,00%	0,00%
14:00	US	Factory orders	Jul	0,2%	2,00%

Factors Overnight	What happened?	Relevance	Importance	Analysis
Equity markets	Equity markets are now sliding back to July lows, and investors are debating whether this is the start of a much bigger bear market or market collapse	With interest rates rising further and inflation doing the same, recession looks inevitable	5/5 (market)	Asset price inflation was driven by years of monetary stimulus and low-interest rates. So much in the markets is dependent on that stimulus. Without it, asset prices could well deflate
UK inflation expectations	A survey released by the BoE shows that inflation expectations a year from now have risen to 8.4%, up from the previous 7.3% in July's survey	The BoE finds itself in the awkward position where it has to respond to the inflation episode	4/5 (monetary policy, economy)	Businesses plan on raising their own prices 6.4% over the next 12 months in response to the rise in price pressures, forcing the BoE to limit the pass-through by softening the credit cycle
Ukraine nuclear threat	IAEA inspectors have entered the Russian-held portion of Ukraine that houses Ukraine's nuclear plant Zaporizhzhia to assess the degree of damage	A nuclear fall-out would be a disaster for all concerned and impact the EU and the global economy	5/5 (geopolitics)	Should there be any nuclear disaster that would constitute a black swan event that would likely send global markets into a tail-spin and exacerbate the economic slowdown
Factors on the Radar	What happened?	Relevance	Importance	Analysis
BoJ intervention	As the JPY slides to a 24yr low, the Japanese authorities are considering intervening to stop the slide and reduce overall levels of volatility	Excessive and disorderly moves on the currency are deemed negative for the economy	4/5 (market)	The USD-JPY has now broken through the 140.00/dlr mark based on the prospect of further policy divergence between the Fed and the BoJ. The USD is moving to more extreme overvaluation
RBA	Consensus forecasts show that the RBA is expected to lift rates by a further 50bp next week Tue to 2.35%, with respondents also expecting more to come	Inflation has risen to a two-decade high of over 6%, and the trend is still rising to prompt RBA action	4/5 (market)	Inflation has historically been in asset prices. Now that those assets no longer absorb liquidity, they have shifted to goods and services. The RBA will likely take rates above 3% by year-end
ECB policy	ECB Governing Council member Mario Centeno warned on Thursday that policymakers should avoid rushing into "pro-cyclical" measures	Next week the ECB needs to decide whether to lift rates by 50bp or 75bp to combat inflation	5/5 (monetary policy)	Centeno expressed concern that in tightening aggressively, the ECB would exacerbate the slowdown in an economy that is already extremely vulnerable due to its highly indebted position

Highlights news vendors

CNBC - [Nvidia says U.S. government allows A.I. chip development in China](#)

BUSINESS LIVE - [ANC's self-interest will stop it from heading off state capture 2.0, says Zondo](#)

FT - [Starbucks names departing Reckitt Benckiser chief as new CEO](#)

SOUTH CHINA POST - ['The right direction': Taiwan seeks 400,000 foreigners for critical sectors](#)

REUTERS - [Biden targets 'extremist' Trump allies as democratic threat in fraught political moment](#)

Local and regional talking points

Corporate Foreign Exchange				
	CUSTOMER BUY		CUSTOMER SELL	
	CASH	CASH	TT	TT
BWPZAR	1.277088	1.29168	1.3016986	1.385865
BWPUSD	0.07392	0.093496	0.0753445	0.080134
GBP/BWP	15.432872	15.597296	15.098988	14.697452
BWPEUR	0.080288	0.08112	0.075849	0.07956
JPY/BWP	11.232	11.3568	10.611	11.1111
USDZAR	16.58592	17.986488	16.974653	17.59735725
EURUSD	0.957312	1.037192	0.979749	1.01475275
GBPUSD	1.10832	1.200992	1.1342963	1.175009

Interbank Spot Foreign Exchange			Forward Foreign Exchange		
	Close	Change		BWPUSD	BWPZAR
BWPUSD	0.077	0	1m	-1.716	-65.07108
BWPGBP	0.0667	0	3m	-5.85975	-292.7316
BWPEUR	0.0772	0.00	6m	-12.06075	-862.059
BWPZAR	1.3306	0.0117	12m	-25.41825	-2892.011

	Close	Change
Dollar Index	109.489	-0.202
EURUSD	0.997	0.0026
GBPUSD	1.1546	0.0004
USDJPY	140.31	0.11
USDNGN	422.46	0
USDZAR	17.2806	0.011

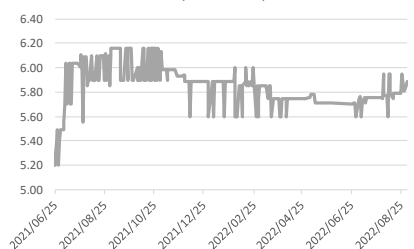
Local Fixed Income			International Fixed Income		
Yield curve	Close	Change		Close	Change
6m	4.135	0.034	SA 10y	10.55	0.11
3y	4.66	-0.09	US 10y	3.265	0.133
5y	5.89	0.04	German 10y	1.571	0.035
20y	8.73	0.23	Spread SA 5y vs Bots 5y bpts		
22y	8.86	0.21		316.5	4

Equities			Commodities		
	Close	Change		Close	Change
VIX	25.56	-0.31	Gold	1696.09	-14.615
Dow Jones	31656.42	-280.44	Brent Crude	1710.705	-4.13
FTSE	7148.5	-77.48	3m Copper	1723.5498	-204.5
JSE All share	66021.71	-643.34	LME Index	1736.86	-128
Bots DCIBT	7373.36	1.14	1 carat index	1758.4374	#VALUE!
Nigeria Index	49889.88	193.82			

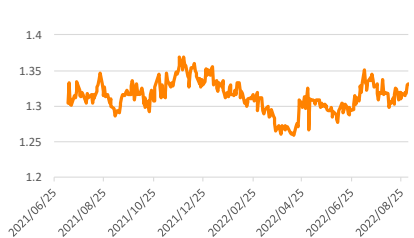
Spot BWP



BWP 5y local bond yield



BWP-ZAR



News flow out of Zimbabwe is that Botswana's President Masisi has been given a warm welcome for his two-day state visit to Zimbabwe. He will open the 112th Zimbabwe Agricultural Show today. One of the first points made to the media by Masisi is that he believes the international sanctions against Zimbabwe need to be dropped.

Keeping with agriculture, the 26th Southern Africa Climate Outlook Forum (SARCOF 26), which is made up of regional weather and climate experts, who met virtually on 24-26 August 2022 have forecast good rainfall for the region in the 2022/23 agricultural season.

The importance of this cannot be overstated as good rainfall create two things, first and foremost food security, and secondly the ability to export which earns the region hard currency which can be used to fund imports without risking a currency crunch.

Financial Market Commentary

The financial markets will on of the most important data points to contend with today and that is the US Non-Farm Payrolls number.

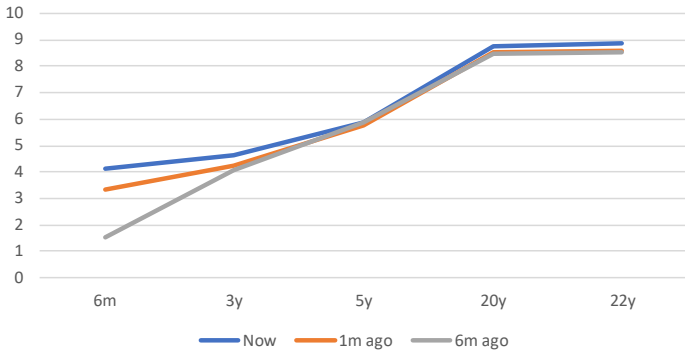
Recall that the July employment report data came out significantly stronger than expected, with no evidence of a loosening labour market despite signs of broader economic vulnerabilities. Accordingly, there was still a very strong argument for the Fed to implement more outsized rate hikes in the months ahead. However, labour market data tend to lag behind the rest of the economy, and it is only a matter of time before hiring activity begins to slow down significantly. Once this happens, the argument for continued monetary tightening in the US would weaken, which, in turn, would have significant ramifications for financial markets at large. The August employment report thus holds plenty of market-moving potential, especially if consensus expectations for a drop in nonfarm payrolls materialise.

Moving over to energy, Oil's plunge seems to have been brought to a halt for now, with the market rebounding this morning as focus turns towards the OPEC+ meeting scheduled for early next week. Crude is paring its weekly loss, but we still have Brent down more than \$10 per barrel from its Monday highs, trading near \$94.20 per barrel. Economic growth concerns and the possibility of more supply have driven the declines, while low levels of liquidity have meant that oil's moves have been quite volatile recently.

Supporting the rebound this morning are headlines stating that the US has called Iran's response to the nuclear talks "non-constructive." A US spokesperson did not elaborate on the remarks, but this suggests that there is still some work to do before a deal is reached and Iranian crude can return to the market. With this in mind and ahead of the OPEC+ meeting on Monday, traders may be a bit wary of shorting crude for now. However, we still see scope for further downside for oil over the coming months given the current macroeconomic environment, with central banks tightening monetary policy aggressively to choke inflation out of their economies

Looking at the FX markets, USD-JPY has smashed through the 140.00 barrier and slides to a 24yr low vs the USD. The BoJ is now threatening to intervene to prevent a further collapse in Japan's purchasing power internationally. As it is, the weaker JPY has contributed to high input costs in their production processes. Resource currencies are also under considerable pressure as the USD surges with the USD index rapidly heading towards 110.00, the highest it has been in around two decades. Finally, the majors of the EUR and the GBP are also succumbing to the USD steamroller as the EUR dips back below parity and the GBP slides to 1.1550. This now places the USD very firmly in overbought territory. However, picking the top of this USD move is proving hazardous. With the Fed still deemed to be the most aggressive central bank as it races to catch up to the curve, investors are pricing in volatility in financial markets and a rotation back to the safety of the USD. In terms of 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.

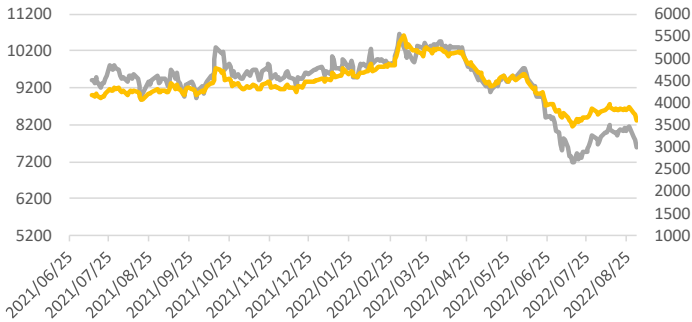
Botswana Yield Curve



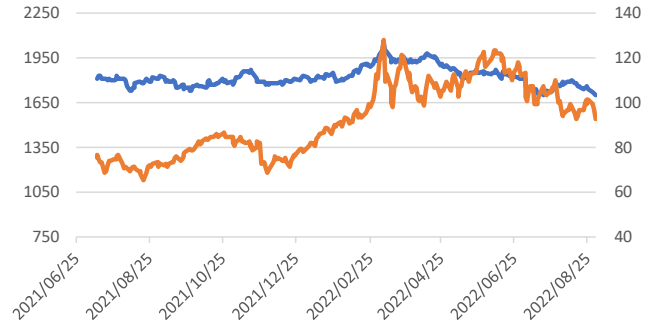
USD Index



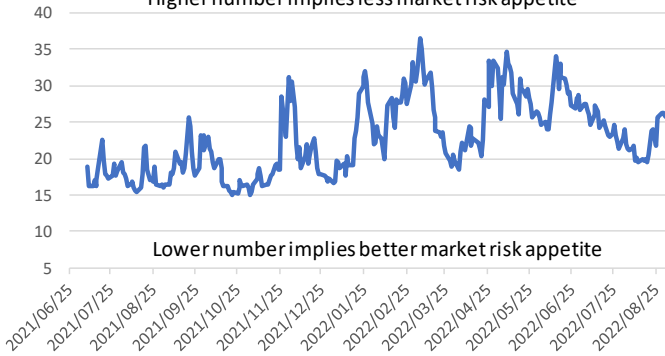
Base metals - Copper L_Hand axis LME Index R_Hand axis



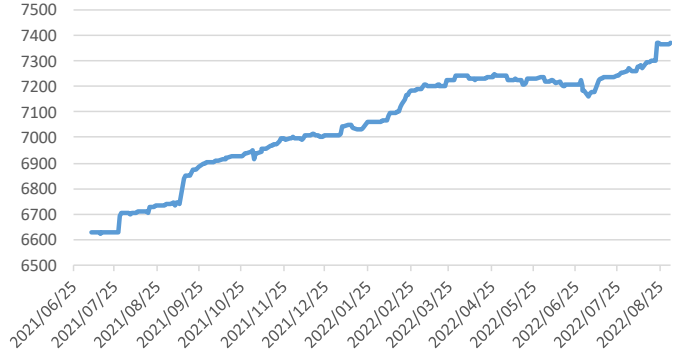
Oil R_Hand Axis - Gold L_Hand Axis



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



Local stockmarket performance



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