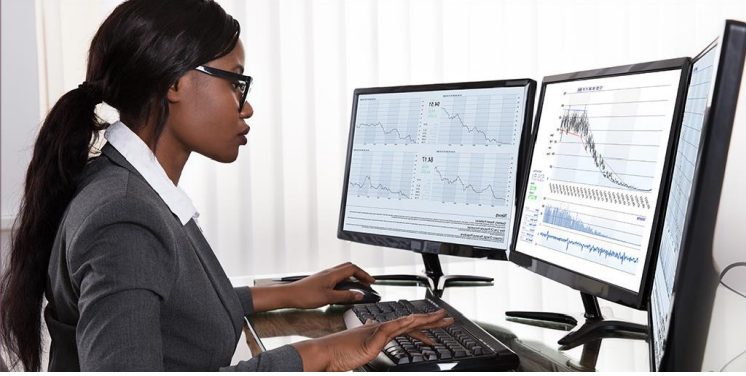


Botswana Market Watch



GMT	Country	Data event or release	Period	Market Exp	Previous
-	BW	No data			
12:15	EZ	ECB deposit facility rate	Sep 8	0,75%	0,00%
12:15	EZ	ECB rate announcement	Sep 8	1,25%	0,5%
12:30	US	Initial jobless claims	Sep 3	240k	232k
12:45	EC	ECB President Christine Lagarde Holds Press Conference			
13:10	US		Powell Speaks at Monetary Policy Conference		
19:00	US	Consumer credit	Jul	\$33bn	\$40,15bn

Factors Overnight	What happened?	Relevance	Importance	Analysis
BoC	Yesterday, the BoC hiked interest rates to a 14yr high and kept the door open for more rate hikes. The central bank lifted rates 75bp to 3.25% from 2.50%	The BoC's decision is in keeping with the global coordination of monetary tightening worldwide	3/5 (economy, monetary policy)	The usual reasons of stubbornly high inflation, normalising policy back towards neutral rates, protecting the CAD against the strength of the USD are all quoted as factors considered
Russian threats	Russian President Putin yesterday indicated that if Europe decides to impose a price cap on gas and oil prices, Russia will stop exporting to them	Russian threats of a halt in exports would only exacerbate an already difficult energy environment	5/5 (geopolitics, economy, market)	Putin went on to commit to winning his "special military operation," threatening to completely cut off the supplies of energy into the Northern Hemisphere winter further hampering the economy
Oil prices	Prices have fallen further and punched back below the \$90pb as the market continues to price in the prospect of another dip in the oil price	One of the key drivers of global inflation are now reversing, while nat gas is also off its recent highs	4/5 (economy, market)	As weaker demand steadily filters through commodity markets, the bias towards lower prices will remain intact. This will reduce some of the headwinds to global growth

Factors on the Radar	What happened?	Relevance	Importance	Analysis
Protests	Protests in Germany, France, Prague against NATO and other governments have erupted all across Europe as citizens express their frustration over inflation	The righteous positions of governments vis-à-vis Ukraine are now being questioned	5/5 (politics, economy)	Many of the protests are about lifting the sanctions on Russia so that normal flow of energy can resume and inflation tackled to ease the pressure on average households
Shipping rates	In recent months, the Baltic Dry index has collapsed back to levels seen prior to the Covid pandemic to reflect normalised shipping costs	Shipping costs have responded to the weaker demand for goods and may also signal recession	3/5 (economy, market)	This data reflects the expectation of weaker trade volumes and the more normalised supply of container ships, without the persistent disruptions of pandemic lockdowns
ECB	Today, the ECB will decide on interest rates, and the latest polls suggest that a 75bp move is indeed on the cards	A 75bp move could have implications for the USD that is fully priced	5/5 (monetary policy)	The ECB has lagged the Fed and the result has been that the USD has surged in response. A strong commitment from the ECB could see some of that reverse

Highlights news vendors

CNBC - [Shipping rates are still falling, in another sign that a global recession may be coming](#)

BUSINESS LIVE - [Eskom recovers R30m paid to Molefe's pension fund](#)

FT - [Farmers and producers warn of winter food shortages in Europe](#)

SOUTH CHINA POST - [China's foreign firms, struggling to survive, hunker down for whatever comes next](#)

Local and regional talking points

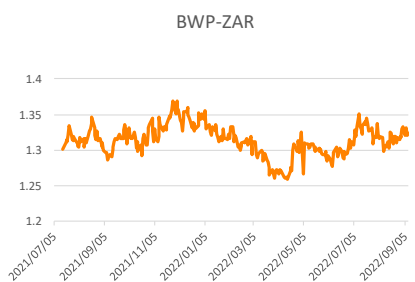
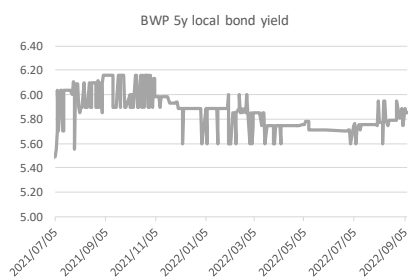
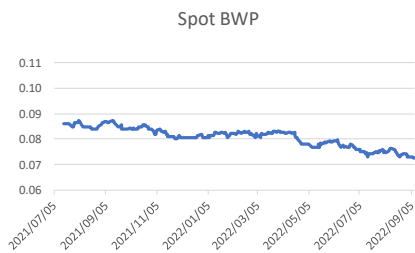
	Corporate Foreign Exchange			
	CUSTOMER BUY		CUSTOMER SELL	
	CASH	CASH	TT	TT
BWPZAR	1.269984	1.285152	1.2944577	1.378861
BWPUSD	0.07344	0.093496	0.0748553	0.079619
GBP/BWP	15.481648	15.644824	15.146709	14.742238
BWPEUR	0.07956	0.080496	0.0751613	0.078948
JPY/BWP	11.44	11.5648	10.8075	11.3146
USDZAR	16.600704	18.010824	16.989783	17.62116675
EURUSD	0.95904	1.039376	0.9815175	1.0168895
GBPUSD	1.104672	1.196832	1.1305628	1.170939

Interbank Spot Foreign Exchange			Forward Foreign Exchange		
	Close	Change		BWP/USD	BWP/ZAR
BWP/USD	0.0765	0.0000	1m	-2.188875	-76.45984
BWP/GBP	0.0665	0.0002	3m	-6.03525	-322.362
BWPEUR	0.0766	0.00	6m	-14.200875	-959.5463
BWP/ZAR	1.3232	0.0022	12m	-25.9545	-3279.682

	Close	Change
Dollar Index	109.755	-0.085
EURUSD	0.9991	-0.0008
GBPUSD	1.1508	-0.0017
USD/JPY	143.81	0.11
USD/NGN	425.61	0
USD/ZAR	17.2967	0.031

Local Fixed Income			International Fixed Income		
Yield curve	Close	Change		Close	Change
6m	4.137	0	SA 10y	10.375	-0.135
3y	4.75	0	US 10y	3.265	-0.075
5y	5.85	0	German 10y	1.575	-0.03
20y	8.5	0	Spread SA 5y vs Bots 5y bpts		
22y	8.65	0		303	-12.5

Equities			Commodities		
	Close	Change		Close	Change
VIX	24.64	-2.27	Gold	1717.6935	16.5404
Dow Jones	31581.28	-173.14	Brent Crude	1701.1531	-4.83
FTSE	7237.83	13.01	3m Copper	1710.2063	-60.5
JSE All share	66715.83	139.38	LME Index	1711.44	-30.4
Bots DCIBT	7382.63	0.92	1 carat index	1696.09	#VALUE!
Nigeria Index	49635.76	-346.49			

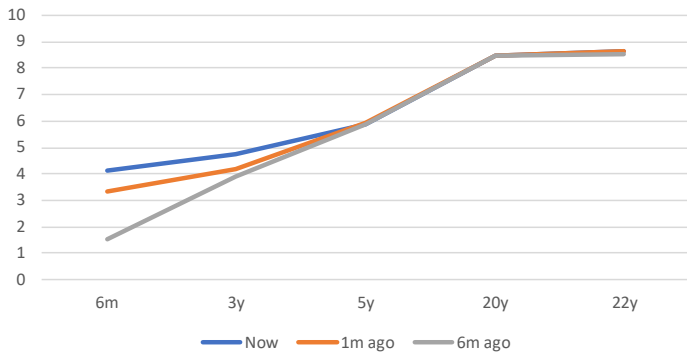


- The shortage of domestic economic data continues today, with news wires also scant. It is worth noting that fiscal pressures within Africa are rising due to elevated consumer prices and a worsening global macroeconomic outlook. This comes shortly after the devastating blow of the Covid-19 pandemic, which stifled economic activity and resulted in a marked increase in fiscal spending. Against this backdrop, several African countries, particularly the more fiscally fragile countries, are becoming more dependent on financial aid from international lenders such as the International Monetary Fund and the World Bank.
- According to the IMF, more than half of the countries in Africa have or are in the process of negotiating a programme. Unsurprisingly, many of these programs were agreed upon during the pandemic era. As highlighted in a recent commentary, the IMF's board has recently approved a \$1.3bn financing program for Zambia. Moreover, the IMF is currently discussing new financing programs with Egypt, Ghana, Tunisia and Malawi.
- Without financial aid from lenders such as the IMF, there is an increased risk that some African countries will face financial difficulties, and we could see a wave of defaults across the continent. However, it is important that these heavily indebted African countries ensure that IMF programmes serve as anchors for longer-term reforms to allow them to achieve self-sufficiency and reduce future dependency. If the programmes are used pragmatically to address structural issues, they will be effective in helping the continent to improve its economic growth.

Financial Market Commentary

- It did not take long for the USD-BWP to punch through the 13.000-handle. Yesterday, the pair rallied to a fresh record high of 13.0426, underpinned by the broad-based USD strength. The DXY has touched a two-decade high following a recent report showing that US services activity in the world's largest economy unexpectedly picked up in August, reinforcing the view that the Fed will press ahead with large rate hikes to contain inflation. The dollar's stellar performance makes it vulnerable to a correction. Simply persisting with a long USD position from current levels holds risks unless one is positioning for a significant bout of volatility in global financial markets.
- In the fixed income market, Treasuries rebounded overnight and are holding onto those gains in early trade this morning, supported by slumping oil prices, reducing concerns over global inflation. Short-dated tenors, however, are lagging as swaps traders have pushed up the odds of the Fed increasing rates by another 75bp this month. Fed-dated OIS contracts were bid following the release of a WSJ article that suggested a 75bp increase is likely later this month, while the market appears to be of the view that if the Fed is still going to tighten, now is the time to do it. Therefore, we could see the curve undo some of the disinversion we have seen lately, with front-end rates to remain elevated while weaker oil and growth concerns will drag longer-term rates lower.
- Oil markets seem to have found a floor for now after plunging more than 6% yesterday amid demand worries. The front-month Brent contract has stabilised just below \$89 per barrel this morning, while WTI has risen back to \$83 after a stronger dollar and news that China was implementing more lockdowns pressured commodity markets yesterday. This appears to be mostly a result of bargain-hunting, with traders still digesting the macroeconomic backdrop, while remaining cautious given the wild swings and reduced liquidity in the market. From a technical perspective, yesterday's declines generated a "death cross" formation, with the 50DMA for Brent dropping below its 200DMA. There was also a break below \$89 per barrel, which traders have said was a key support level which now opens the door towards \$87.40 as the next level to watch. When looking at futures prices, we see that there may still be some way to go for oil, with the 12-month contract holding a discount of more than \$8 per barrel currently to the front-month benchmark contract.
- Adding some further fuel to the decline yesterday was the API report out of the US, which showed that crude stockpiles increased by 3.6mn barrels last week. This sets the stage for today's release of the official government data, and a plunge in inventories reported there anywhere near what the API data showed would see oil prices back under pressure today. The question now becomes what will OPEC+ do after they announced on Monday that there were open to holding an emergency meeting at any time to intervene and support the market.

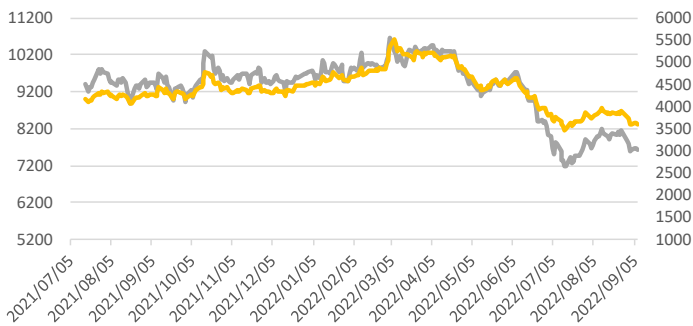
Botswana Yield Curve



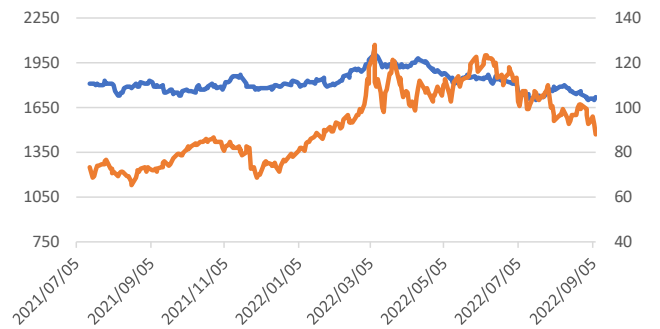
USD Index



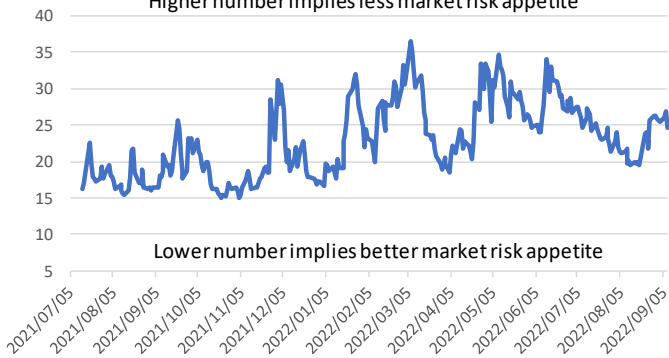
Base metals - Copper L_Hand axis LME Index R_Hand axis



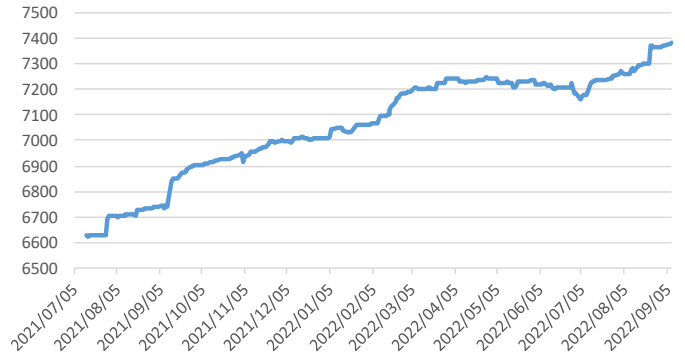
Oil R_Hand Axis - Gold L_Hand Axis



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



Local stockmarket performance



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