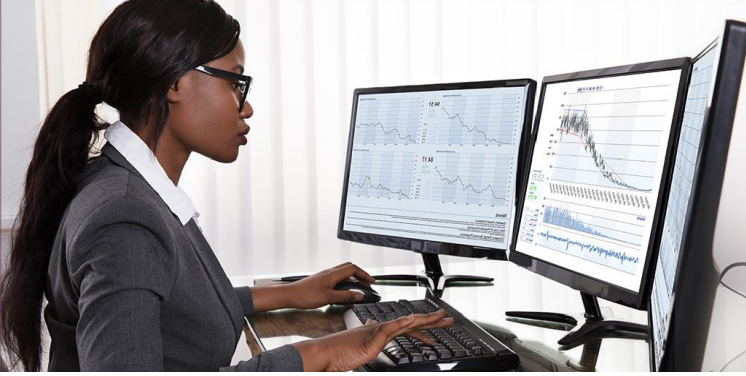


# Botswana Market Watch



GMT	Country	Data event or release	Period	Market Exp	Previous
-	BW	No data			
09:00	EZ	PPI y/y	Aug	43,2%	37,9%
12:30	EC	ECB's Centeno Speaks			
13:00	US	Fed's Logan Gives Welcoming Remarks at Event on Technology			
13:15	US	Fed's Mester Speaks at Conference on Payment System			
14:00	US	Durable goods orders m/m	Aug F		-0,2%
14:00	US	Factory orders	Aug	0,2%	-1,00%
15:00	EC	ECB's Lagarde Speaks			

Factors Overnight	What happened?	Relevance	Importance	Analysis
<b>RBA</b>	Australia's CB raised rates by a smaller than anticipated 25bp taking the cash rate to a nine-year high of 2.6% on Thursday	With inflation expectations well anchored, a smaller hike was sufficient	<b>5/5</b> (monetary policy)	The RBA felt that the smaller rate hike achieved a better balance between supply and demand than moving more aggressively. A sign of things to come
<b>Wall St</b>	Global stock markets started the new quarter on a much better note and closed sharply higher in the trading session to help reduce levels of risk aversion	Bad news turned out to be good news in that it raised hopes the Fed would ease the pace of hiking	<b>4/5</b> (market, monetary policy)	This will come as some relief to investors who were beginning to position for the worst. Increasingly, traders are now starting to consider the prospect of central banks turning less hawkish
<b>UN Warning</b>	A UN agency warned on Monday of the risks of current, imprudent monetary policy that was driving the global economy towards a recession and its consequences	UNCTAD warned that the current aggressive tightening was an imprudent gamble	<b>4/5</b> (monetary policy, economy)	The concern rests with the appreciation that the heavy consequences would be borne by emerging and developing economies that would struggle with volatility and tight funding conditions
Factors on the Radar	What happened?	Relevance	Importance	Analysis
<b>EU inflation</b>	EU leaders will on Friday ask the executive to work out how to cap the cost of gas prices in a bid to reduce the impact on inflation	That will likely come as an additional fiscal burden that will raise overall debt levels	<b>4/5</b> (fiscal policy, inflation)	Last week, Germany announced a €200bn package to help offset the costs, but other countries within the EU do not have such fiscal resources
<b>Investment bank stress</b>	Credit Suisse remains in the spotlight as it is caught by speculation ahead of a corporate restructure	With the benefit of hindsight, the central banks may be forced to assist these banks	<b>4/5</b> (market)	Substantially higher interest rates, the cost-of-living crisis, higher risk profiles, overextended asset prices and a slowing economy have been a bad combination
<b>US labour data</b>	This week will see the latest US labour data released, and given the current market stress, the data will be market moving	Weaker numbers that might discourage aggressive hikes would be welcome	<b>5/5</b> (economy, monetary policy)	With so much hiking priced in, investors will be hoping for some information that would give the Fed pause to rethink their aggressive monetary tightening

## Highlights news vendors

**BUSINESS LIVE** - [SA on track for a much improved budget deficit](#)

**FT** - [Turkish inflation tops 83% as Erdogan promises more rate cuts](#)

**REUTERS** - [World Bank approves Egypt \\$400 mln to improve and decarbonize logistics and transportation sectors](#)

**SOUTH CHINA POST** - [North Korea fires missile over Japan, residents warned to take cover](#)

## Local and regional talking points

Corporate Foreign Exchange				
	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.279776	1.291104	1.3044384	1.385247
BWPUSD	0.071808	0.093496	0.0731918	0.077456
GBP/BWP	15.617888	15.74872	15.280001	14.84014
BWP/EUR	0.079144	0.079768	0.0747683	0.078234
JPY/BWP	11.2632	11.3568	10.640475	11.1111
USDZAR	17.109216	18.549856	17.510213	18.148537
EURUSD	0.9432	1.022216	0.9653063	1.00010075
GBPUSD	1.087008	1.178008	1.1124848	1.15252225

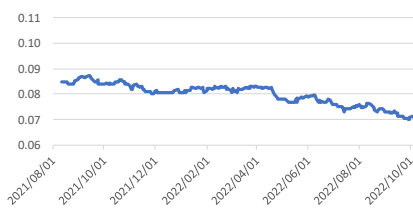
Interbank Spot Foreign Exchange			Forward Foreign Exchange		
	Close	Change		BWP/USD	BWP/ZAR
BWP/USD	0.0748	-0.0005	1m	-2.6325	-257.2536
BWP/GBP	0.0661	-0.0004	3m	-7.6245	-1312.253
BWP/EUR	0.0761	0.00	6m	-13.7865	-4391.685
BWP/ZAR	1.3326	0.0015	12m	-28.07025	-16130.1

Dollar Index	Close	Change
EURUSD	0.9826	0.0002
GBPUSD	1.1323	1E-04
USD/JPY	144.84	0.31
USD/NGN	431.85	0
USD/ZAR	17.8144	-0.0254

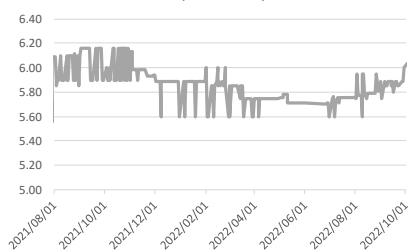
Local Fixed Income			International Fixed Income		
Yield curve	Close	Change		Close	Change
6m	4.162	0.043	SA 10y	10.68	-0.21
3y	4.89	0.69	US 10y	3.651	-0.153
5y	6.04	0.04	German 10y	1.894	-0.215
20y	8.7	0.2	Spread SA 5y vs Bots 5y bpts		
22y	8.83	-0.07		318.5	-2.5

Equities			Commodities		
	Close	Change		Close	Change
VIX	29.490.89	-500.1	Gold	1699.2225	39.5525
Dow Jones	6908.76	12.22	Brent Crude	1659.67	0.9
FTSE	64227.23	462.43	3m Copper	1660.2917	-52
JSE All share	7406.67	0	LME Index	1659.4449	-3.8
Bots DCIBT	49024.16	59.33	1 carat index	1628.8024	#VALUE!
Nigeria Index					

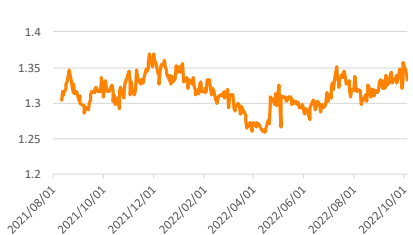
Spot BWP



BWP 5y local bond yield



BWP-ZAR

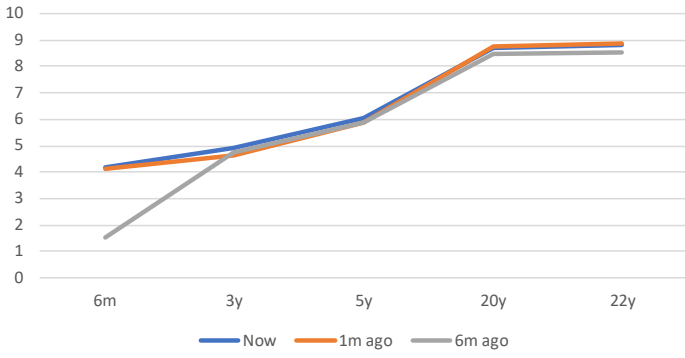


- The USD's record strength against the pula last month threatens to undo the improvement in local retail pump prices, which were recently decreased due to lower global crude oil prices. According to Bloomberg, the BWP rose to an all-time high of 13.42/USD last week. The greenback has been strengthening against other global currencies throughout the year and, most notably in September, due to interest rate hikes in the US, which has resulted in increased capital inflows and currency strength. The energy crisis, conflict in Ukraine and threat of a global recession have also accentuated the dollar's status as a safe haven.
- While a strong USD enhances the allure of Botswana's exports to the US, the most critical market for local diamonds and tourism, it also puts pressure on the costs incurred by oil companies in bringing fuel into the country. Retail pump prices have risen eight times since January 2021, driven higher by the reopening of the global economy and the war in Ukraine. The result has been a cost-of-living crisis, with inflation trending at 14-year highs and the government introducing temporary relief measures in August. However, global crude prices have been weakening over the past few months, alleviating some price pressures. All eyes will now turn to the latest OPEC+ meeting later this week.

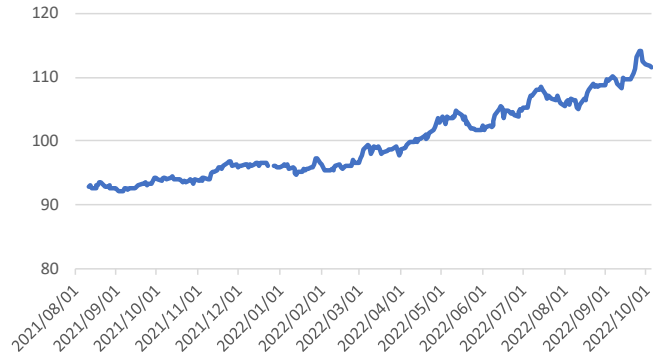
## Financial Market Commentary

- The oil markets remain focused on the upcoming OPEC+ meeting as expectations continue to build that the cartel and its allies may announce a significant output cut on Wednesday. The expected cut has supported prices since early last week, with Brent back near the \$90 per barrel level when looking at the front-month contract, while WTI has rallied recently back up to around \$85 per barrel. Time spreads have also widened, indicating expectations for tighter supply conditions over the near term. A reduction in output quotas of a combined 1mn barrels per day currently priced in. Therefore, anything less than that will be seen as a disappointment and would result in a resumption of the price retreat.
- However, it should be noted that even if the official cut announced is around 1mn barrels per day, the actual drop in production levels will be much smaller given that several nations are already producing well below their quotas. Therefore, for oil prices to enter into a sustained rally and head back towards \$100 per barrel, we may need to see adjustments to the quotas for individual members.
- In fixed income markets, global bond yields continued to slump yesterday, with USTs and gilts leading the way. USTs caught a bid following some weaker-than-expected manufacturing data out of the US, suggesting that the economy is starting to struggle under the pressure of rising interest rates and still high inflation. Gilts, meanwhile, reacted to news that the UK is flip-flopping on its controversial tax measures, which have roiled the markets in recent weeks. The US 5yr tenor led the gains through the session, with its yield sliding by more than 30bp, showing how a lack of liquidity in the market can lead to some outsized moves and keep general volatility levels extremely elevated. This did, however, provide some reprieve for risk assets, with equities having one of their best days since July, while emerging market FX and commodities also caught a bid.
- The weaker than expected data and bond rally have meant that traders have trimmed their wagers on Fed rate hikes going forward. Fed-dated swaps fell quite sharply yesterday for those covering early 2023 meetings, with the peak policy rate now expected to come in at around 4.45% as opposed to 4.60% seen recently. Focus now will turn to the US labour data out this week, which could keep volatility within the market quite high given the two-way risks that the figures pose.
- Meanwhile, the USD-BWP attempted a move lower for a third straight session as the USD had halted its recent rally, but at the end of the session, the bulls came out on top. The pair finished at 13.3025. After hitting a peak of 13.4689 last week after weeks of dollar strength, the stochastics are pointing to a slight correction lower, but so far, the pair has continued to above the 13.000-handle.

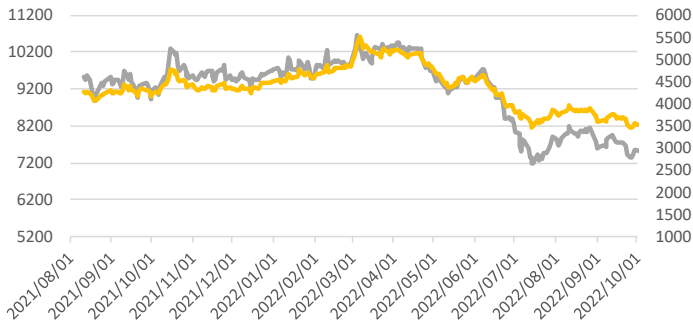
Botswana Yield Curve



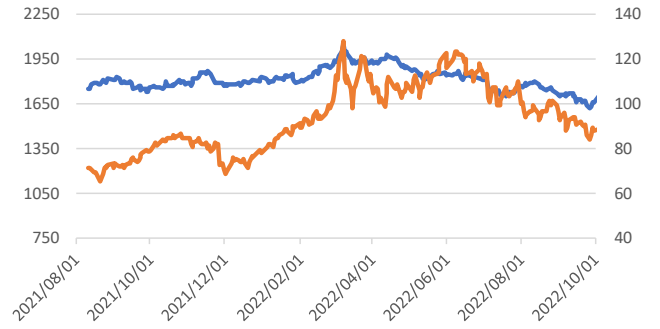
USD Index



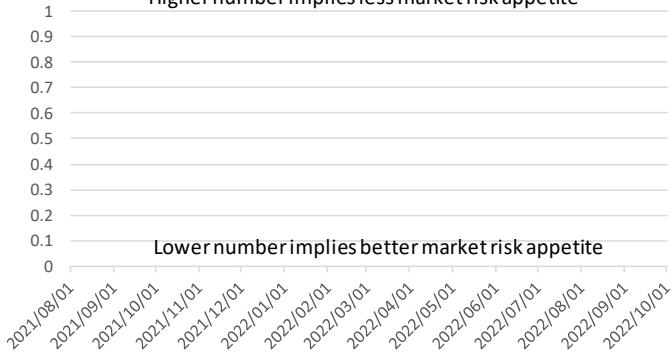
Base metals - Copper L\_Hand axis LME Index R\_Hand axis



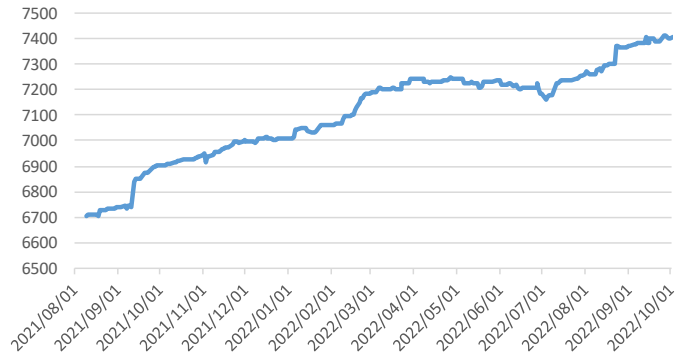
Oil R\_Hand Axis - Gold L\_Hand Axis



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



Local stockmarket performance



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