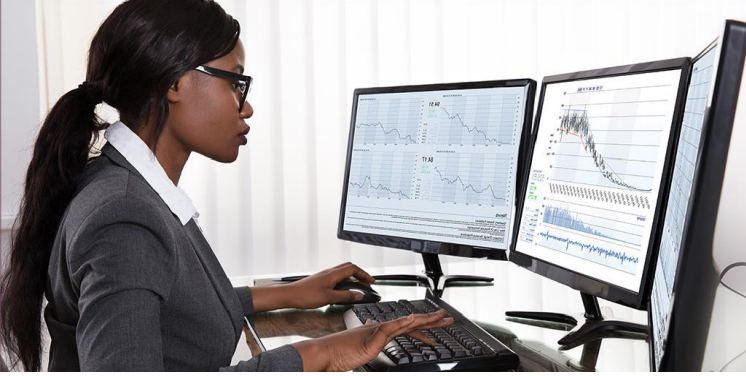


Botswana Market Watch



GMT	Country	Data event or release	Period	Market Exp	Previous
-	BW	No data			
08:00	EZ	S&P Global composite PMI	Sep F	48,2	48,2
08:00	EZ	S&P Global services PMI	Sep F	48,9	48,9
12:15	US	ADP employment change	Sep	205k	132k
12:30	US	Trade balance	Aug	-\$68,05bn	-\$70,65bn
13:45	US	S&P Global composite PMI	Sep F	49,3	49,3
13:45	US	S&P Global services PMI	Sep F	49,2	49,2
14:00	US	ISM non-manufacturing composite PMI	Sep	56	56,9
20:00	US	Fed's Bostic Discusses Inflation			

Factors Overnight	What happened?	Relevance	Importance	Analysis
Ukraine War	Ukrainian President Zelensky has confirmed that Ukraine has retaken territory in a rapid advance on two fronts	Fears persist that this may prompt a stronger, nuclear response from Russia	5/5 (geopolitics)	Thus far, military experts see no obvious mobilisation from Russia towards the use of nuclear weapons, as Russian criticism of Putin is growing
Bond yields	Bond yields in the US and elsewhere slipped on a combination of a surprise pivot by the RBA towards smaller hikes and yesterday's US labour data	Inflation appears to be turning the corner, and central banks will ease the pace at which they tighten	4/5 (market, monetary policy)	Central banks have already hiked aggressively. They have done much of the heavy lifting, and the full effects of the hikes are not yet understood. They will need to pivot to smaller hikes soon
US labour data	US job openings fell sharply in August and by the most in almost two-and-a-half years, in the first signs that the labour market is finally loosening	Although early days, any further erosion in this week's labour data will cause the Fed to rethink hikes	4/5 (monetary policy, economy)	The effects of monetary tightening will always impact with a lag. Waiting for the data to turn convincingly may be waiting too long and doing too much too late, causing unnecessary damage

Factors on the Radar	What happened?	Relevance	Importance	Analysis
ECB policy	According to ECB policymaker Villeroy de Galhau on Tue, the ECB will do whatever it takes in raising rates to tackle inflation	Core EZ inflation of 4.8% is too high and too broad for it to be acceptable	4/5 (monetary policy)	Fears are intensifying that EZ inflation is becoming stubbornly sticky at higher levels and that inflation expectations are steadily changing
Oil prices	OPEC+ is meeting today and is set to announce deep supply cuts of up to 1mn bpd to ensure that the oil price is supported	Oil prices have nudged back above the \$91pb mark and will test authorities	4/5 (market)	Specifically, the decision to cut production and raise the oil price will irk the Biden administration which specifically asked for assistance
US labour data	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	5/5 (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

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FT - [Ukrainians continue to push back Russian troops in east and south](#)

REUTERS - [African countries to push for more fossil fuel projects at COP27](#)

SOUTH CHINA POST - [Could South Korea's newest ballistic missile trigger a regional arms race?](#)

Local and regional talking points

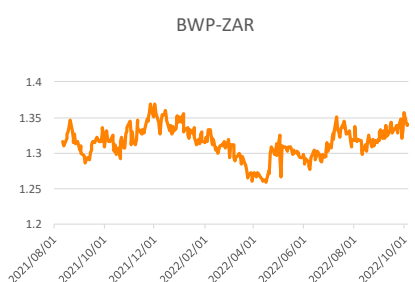
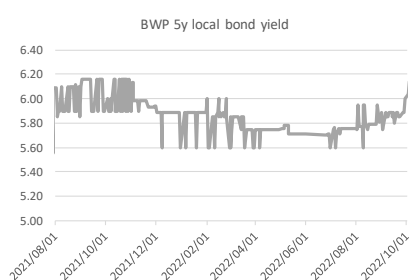
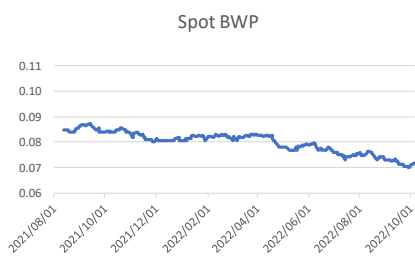
Corporate Foreign Exchange				
	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.285824	1.291776	1.3106029	1.385968
BWPUSD	0.072864	0.093496	0.0742682	0.078486
GBPWP	15.620488	15.684968	15.282545	14.780066
BWPEUR	0.079144	0.079456	0.0747683	0.077928
JPYBWP	11.3672	11.4192	10.738725	11.17215
USDZAR	16.94064	18.364632	17.337686	17.96732025
EURUSD	0.957312	1.037504	0.979749	1.015058
GBPUSD	1.09872	1.190488	1.1244713	1.16473225

Interbank Spot Foreign Exchange		Forward Foreign Exchange		
	Close	Change	BWPUSD	BWPZAR
BWPUSD	0.0759	0.0000	1m	-2.652
BWPGBP	0.0663	0.0002	3m	-7.7025
BWPEUR	0.0761	0.00	6m	-15.634125
BWPZAR	1.3407	-0.0166	12m	-28.32375

	Close	Change
Dollar Index	110.305	0.24
EURUSD	0.9972	-0.0011
GBPUSD	1.1441	-0.0032
USDJPY	144.07	-0.02
USDNGN	431.87	0
USDZAR	17.664	0.0344

Local Fixed Income			International Fixed Income		
Yield curve	Close	Change		Close	Change
6m	4.22	0.058	SA 10y	10.64	-0.04
3y	5.21	0.32	US 10y	3.617	-0.034
5y	6.14	0.1	German 10y	1.882	-0.012
20y	8.75	0.05	Spread SA 5y vs Bots 5y bpts		
22y	8.9	0.07		302	-19

Equities		Commodities			
	Close	Change	Close	Change	
VIX	23.18	-0.18	Gold	1726.2408	27.0183
Dow Jones	30316.32	765.38	Brent Crude	1699.2225	2.94
FTSE	7086.46	14.95	3m Copper	1659.67	210
JSE All share	66312.83	500.86	LME Index	1660.2917	122.6
Bots DCIBT	7416.3	4.9	1 carat index	1659.4449	#VALUE!
Nigeria Index	48879.74	0			



- In the latest bilateral trade news, Nigeria and Botswana are poised to sign a series of agreements to strengthen their economic and people-to-people ties, according to Pule Mpothwe, Botswana's Ambassador to Nigeria. These agreements will be signed during the 5th meeting of the Nigeria-Botswana Joint Commission, which is expected to take place in Gaborone between October and November. *"We are meant to sign agreements in agriculture cooperation, health sector cooperation, defence matters cooperation, judicial and legal assistance cooperation, as well as youth and sports cooperation"*, said Mpothwe.

- Over in SA, September's S&P Global Manufacturing PMI is due for release today. SA's business conditions have held up reasonably well in recent months if the PMI figures are anything to go by. Even though the PMI gauge dropped from a 14-month high of 52.7 in July to 51.7 in August, it remained above the 50-point neutral mark. The question now is how long this can be sustained. High inflation and global recession fears have been weighing on consumer confidence, resulting in a decrease in demand. Meanwhile, input cost pressures are still high, despite having retreated from their recent peaks. Businesses have tempered the rate of output charge inflation to a seven-month low, but upside risks are still present. Furthermore, ZAR weakness and severe power outages pose downside risks to the private sector economy. The upsides are that exporters are finding a favourable environment, while some policy reforms are slowly being implemented to help improve the longer-term business environment in the country. Some optimism, therefore, could keep the September PMI out of contractionary territory.

Financial Market Commentary

- The retreat in the USD has manifested in the USD-BWP, which backed off its highs and showed signs of wanting to retreat even further. After a long phase of depreciation that spanned most of August and almost all of September, the USD-BWP was due a correction of sorts, and that now appears to be underway. Yesterday, the pair plunged below the 13.200 mark to settle at 13.1623, its lowest level since September 23. However, the ultimate arbiter on whether the move will be sustained will likely be the labour data due out of the US this week. From here, the 50DMA support at 12.8677 could be viewed.

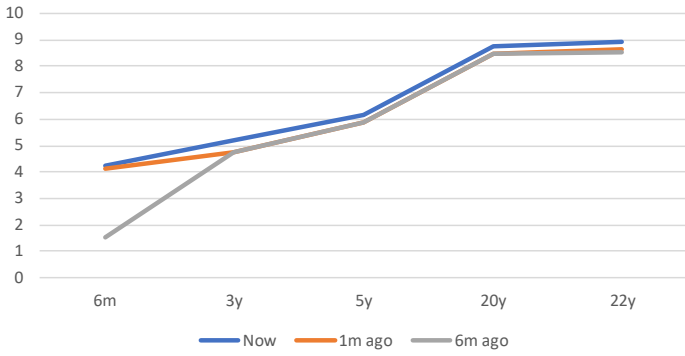
- Some further soft US economic data kept US Treasuries bid yesterday, with the market repricing its longer-term outlook for Fed rates as the economy begins to show some stresses following the aggressive policy tightening we have already seen. Bonds rallied alongside stocks as a result of the market increasing its expectations that the Fed will need to pivot from its current policy stance quite soon. Most of the gains were seen after some weaker-than-expected JOLTS jobs data, although the rally was contained to within the overnight range. Gilts, meanwhile, continued their rally, which helped to drag bund yields lower as well.

- There are, however, risks to the current rally, with oil prices rising, which could keep inflation pressures embedded for longer. This week also brings with it some key US jobs data. If the figures there remain strong, the market may need to rethink the timing of the expected Fed pivot. Therefore, we could be in for some volatility within the market, especially considering how stretched positioning currently is within the non-commercial futures market for Treasuries.

- On the commodity front, oil prices have steadied this morning following a two-day rally as traders brace for the OPEC+ meeting today. The commodity has been supported by talks of an output cut being announced by the cartel and its allies today, with the expected reduction rising from 1mn barrels per day to 2mn barrels per day now. This has taken Brent crude back above \$90 per barrel and WTI near \$86 per barrel, their strongest levels in more than a week. Such a large cut in output would reflect just how concerned members of the oil cartel are regarding the outlook for demand going forward. It should be noted, however, that anything below the 2mn barrels per day cut would be seen as a disappointment and would lead to an unwind of the recent gains. A cut of 1.5mn barrels per day or smaller would barely have any effect on actual production, given that the group is currently producing below their current quotas by around that much.

- On the other hand, there is scope for a surprise move by Saudi Arabia, which could announce an extra voluntary cut alongside the general reduction in quotas. Riyadh has done this before, and such a move could reignite the rally seen over the last two days.

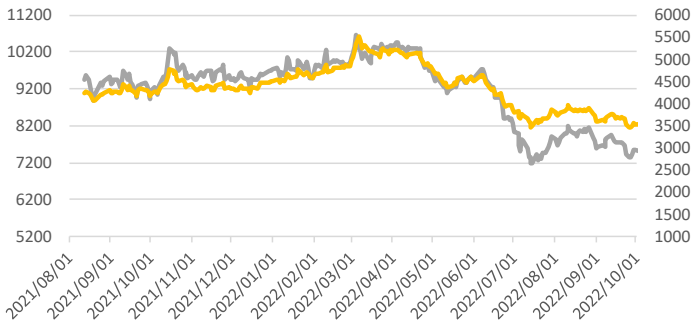
Botswana Yield Curve



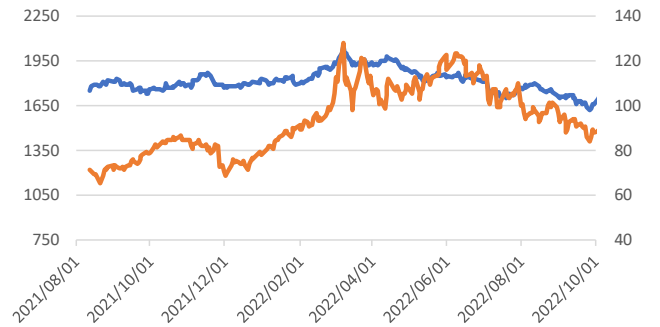
USD Index



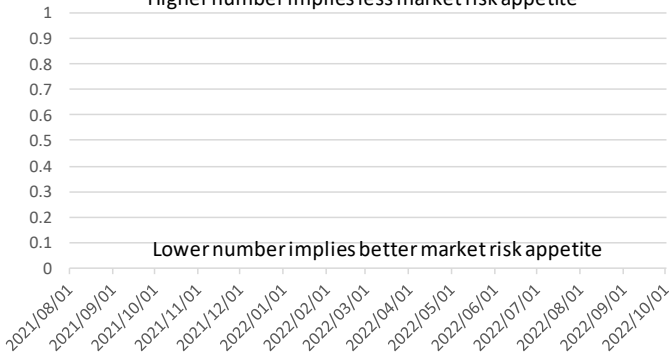
Base metals - Copper L_Hand axis LME Index R_Hand axis



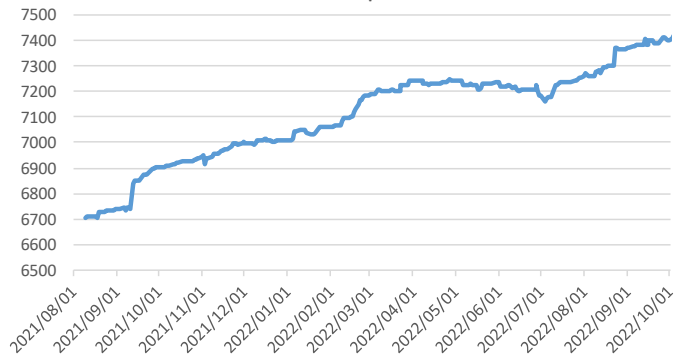
Oil R_Hand Axis - Gold L_Hand Axis



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



Local stockmarket performance



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