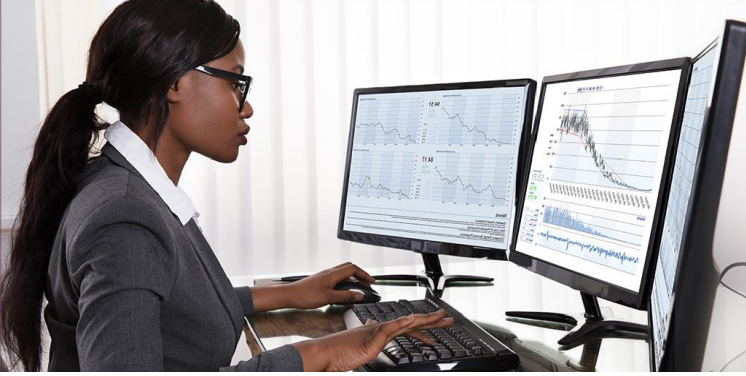


Botswana Market Watch



GMT	Country	Data event or release	Period	Market Exp	Previous
-	BW	No data			
06:00	GE	Factory orders y/y	Aug	-5,7%	-13,6%
08:30	GB	PMI construction	Sep	48	49,2
09:00	EZ	Retail sales y/y	Aug	-1,7%	-0,9%
11:30	EC	ECB Publishes Account of September Policy Meeting			
12:30	US	Initial jobless claims	Oct 1	205k	193k
17:00	US	Fed's Evans Takes Part in Moderated Q&A			
21:00	US	Fed's Cook Speaks on the Economic Outlook			

Factors Overnight	What happened?	Relevance	Importance	Analysis
Oil market	OPEC+ agreed to slash production by 2mn bpd in a blow to countries trying to contain inflation and sanction Russia	Production in some countries is below target levels, so this realigns production	5/5 (market, geopolitics)	The frustration for the West is that this production cut comes ahead of an EU embargo on oil which would only serve to constrain supplies further
UK rating	Following on from S&P Ratings, Fitch has also downgraded the outlook on UK debt to negative from stable	This is a response to the Sep 23 statement and the probable build-up of debt	4/5 (market, fiscal policy)	Unfunded tax cuts in a weak growth environment will never be a positive credit event, with investors still unclear on how any of this will be funded
US labour data	Yesterday's ADP data showed that private payrolls increased 208k to suggest the economy was strong enough to absorb more rate hikes	Markets have responded negatively to the news that the Fed may have the room to hike further	4/5 (monetary policy, economy)	Weaker US data might've helped discourage the Fed from tightening as aggressively. For now, investors will go back to pricing in the prospect of more aggressive Fed hiking in Nov
Factors on the Radar	What happened?	Relevance	Importance	Analysis
EU gas crisis	Although gas storage facilities in the EU are at 90% and the price has dropped, embargos on Russia will see supplies limited	The dip in the price of gas is unlikely to be sustained in the winter months ahead	4/5 (market, geopolitics)	As demand for gas ramps up through winter, the stocks will be depleted, and the EU will need to replenish without drawing on Russian gas production
WTO warning	The WTO has cut the 2023 global trade growth forecast to just 1.0% from 3.4% and warned of an even deeper slowdown if the war in Ukraine escalates further	Global trade is a clear barometer for the state of the global economy and points to a major slowdown	4/5 (economy)	Although not pointing to a global recession, there could be further downgrades to trade growth. That would further strengthen the argument in favour of recessionary conditions
UK debt and property	As investors understand the impact of the UK's fiscal announcement and the rate at which bond issuance will grow, risks to the UK's economy grow	UK debt levels will surge alongside bond yields. These yields will filter through to the real economy	5/5 (economy, markets, monetary policy)	Much higher sovereign bond yields will filter through to mortgage and other rates and impose tremendous corrective pressure on those markets that are highly leveraged

Highlights news vendors

BUSINESS LIVE - [Green economy will keep fuelling commodity prices](#)

FT - [US job vacancies plunge by more than 1mn in sign of cooling economy](#)

REUTERS - [Ukraine takes more territory in region Putin incorporates into Russia](#)

SOUTH CHINA POST - [North Korea continues missile launches, criticises US carrier move](#)

Local and regional talking points

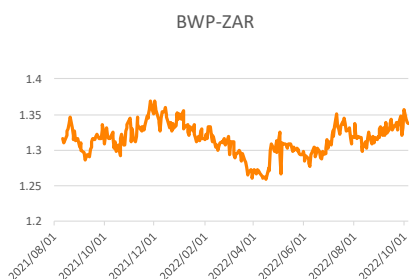
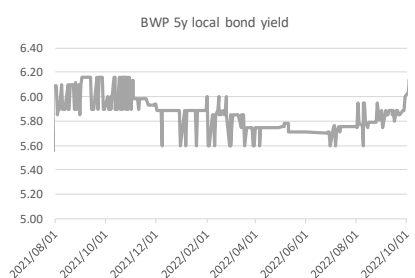
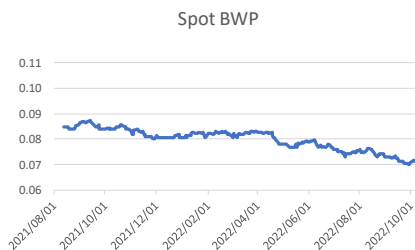
Corporate Foreign Exchange				
	CUSTOMER BUY		CUSTOMER SELL	
	CASH	CASH	TT	TT
BWPZAR	1.279104	1.290144	1.3037534	1.384217
BWPUSD	0.072192	0.093496	0.0735832	0.077868
GBP/BWP	15.590432	15.716168	15.253139	14.809466
BWPEUR	0.078832	0.079456	0.0744735	0.077928
JPY/BWP	11.3048	11.3984	10.679775	11.1518
USDZAR	17.009088	18.438576	17.407739	18.0396645
EURUSD	0.95232	1.032096	0.97464	1.009767
GBPUSD	1.090848	1.181856	1.1164148	1.156287

Interbank Spot Foreign Exchange			Forward Foreign Exchange		
	Close	Change		BWP/USD	BWP/ZAR
BWP/USD	0.0752	-0.0007	1m	-2.64225	-276.3493
BWP/GBP	0.0664	0.0003	3m	-7.644	-1648.922
BWPEUR	0.0761	0.00	6m	-15.146625	-5606.082
BWP/ZAR	1.3372	-0.0201	12m	-28.1385	-20263.31

Dollar Index	Close	Change
EURUSD	0.9921	0.0039
GBPUSD	1.1364	0.0038
USD/JPY	144.53	-0.1
USD/NGN	431.87	0
USDZAR	17.7223	-0.0505

Local Fixed Income			International Fixed Income		
Yield curve	Close	Change		Close	Change
6m	4.22	0	SA 10y	10.715	0.075
3y	5.209	-0.001	US 10y	3.759	0.142
5y	6	-0.14	German 10y	2.017	0.135
20y	8.75	0	Spread SA 5y vs Bots 5y bpts		
22y	8.9	0		326	24

Equities			Commodities		
	Close	Change		Close	Change
VIX	23.87	-0.81	Gold	1715.8105	-10.4303
Dow Jones	30273.87	825.43	Brent Crude	1726.2408	1.57
FTSE	7052.62	177.7	3m Copper	1699.2225	-38.5
JSE All share	65612.76	2085.6	LME Index	1659.67	2.6
Bots DCIBT	7428.57	9.63	1 carat index	1660.2917	#VALUE!
Nigeria Index	48836.7	-144.42			

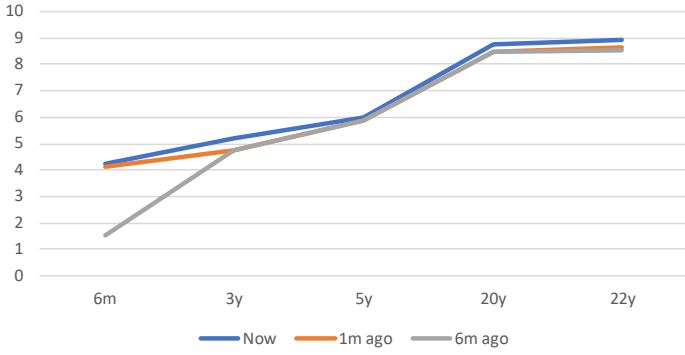


- The focus shifts to broader developments in the absence of local data releases and news flow. Data released by the African Private Equity and Venture Capital Association (AVCA) showed that Africa experienced record venture capital investment, bucking a global decline. Specifically, African start-ups attracted a record \$3.5bn in venture capital investment in H1 2022, bucking a global decline in dealmaking linked to worldwide economic turmoil. According to AVCA, the funding raised by 300 different companies represents growth of 133% compared to the same period last year.
- The increase in investment is primarily driven by start-ups raising increased amounts to expand on the continent organically or through acquisitions. Fintech start-ups continued to attract the majority of investment inflows, accounting for 89% of deals in the financial sector. While West Africa accounted for the largest share of deals by volume, East Africa recorded the strongest growth in its share of deal volume when compared to the previous year.

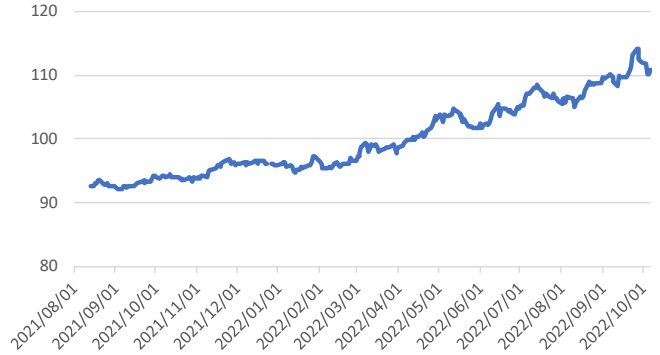
Financial Market Commentary

- Resilient US labour data yesterday continued to boost expectations that the Fed would persist with its aggressive monetary policy tightening. So long as the scope exists for the Fed to "normalise" monetary policy, they will and, in the process, elicit some strong responses from the markets and other central banks faced with the fallout. A poll conducted by Reuters shows that respondents still anticipate a strong USD well into 2023. How much more is left to price-in is debatable, but FX traders anticipate that the USD could get even stronger before it reverses.
- The USD-BWP's retreat proved to be short-lived following the USD regaining its footing. The pair settled at 13.1857 and is likely to remain supported into the weekend, which could see it track towards the 13.400 mark once more. The next big catalyst for FX markets will be the nonfarm payrolls report on Friday, given its implications for policy tightening and greenback strength.
- Looking at bond markets, the risk rally from early in the week petered out yesterday as markets reassessed the chances of major central banks nearing the end of their tightening cycle amid a looming recession. In what probably should be characterised as a technical rebound, US yields gained yesterday after two straight days of declines. US economic data over the past two days hinting the labor market and economy were slowing, as well as a surprise move by the Reserve Bank of Australia (RBA) to raise rates by a less-than-expected 25 basis points helped push the yield on the 10-year down nearly 19 basis points as optimism grew the Fed might start to be less aggressive in tightening policy. The yield on 10-year Treasury note was up 14 basis points to 3.761%, on track for its biggest one-day jump since Sept. 26. Nevertheless, the rebound in core yields also blocked this week's impressive equity rebound.
- As was expected over the last few days, OPEC+ announced a massive cut to production for November, decreasing output by 2mn barrels per day between its members. This has kept the oil market supported, with Brent trading near \$93.50 per barrel this morning and WTI near \$88 per barrel when looking at the front-month contracts. Speaking after the announcement was made, Saudi's energy minister said that the real world drop in output would be around 1mn barrels per day as some countries are already producing below their baseline quotas. Other estimates, however, have pegged the decline at around 880k barrels per day. Nevertheless, this is still a significant cut and will keep prices supported over the coming weeks. The issue here is that with prices remaining high, it could have an impact on demand going forward, given how countries around the world are already starting to suffer from an economic slowdown that has partly been fuelled by high energy prices.
- Another factor to keep an eye on, meanwhile, is Europe's latest sanctions on Russia. Europe is still pushing to implement a price cap on Russian crude, which Russian Deputy PM Novak has said would lead to a reduction in output from the country. The measures were approved yesterday, but it remains to be seen if it is implemented completely.

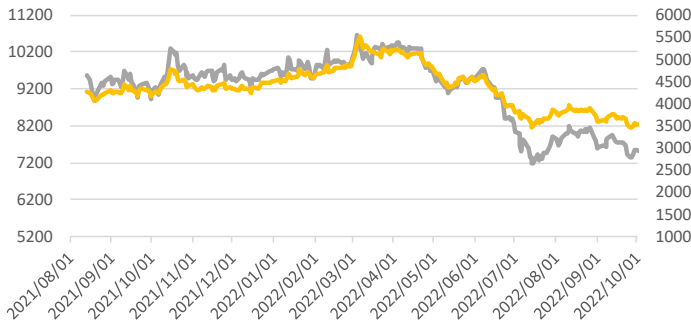
Botswana Yield Curve



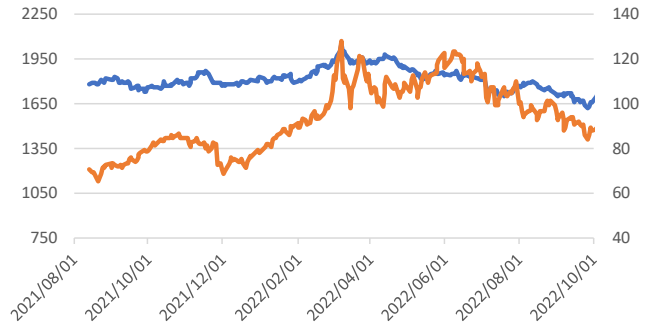
USD Index



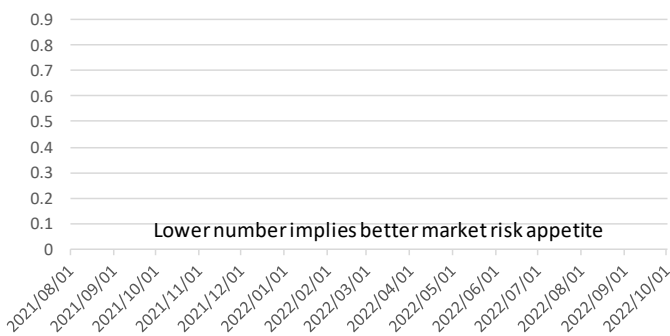
Base metals - Copper L_Hand axis LME Index R_Hand axis



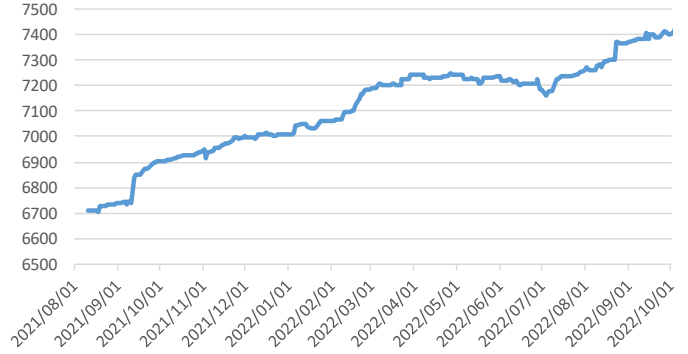
Oil R_Hand Axis - Gold L_Hand Axis



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



Local stockmarket performance



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