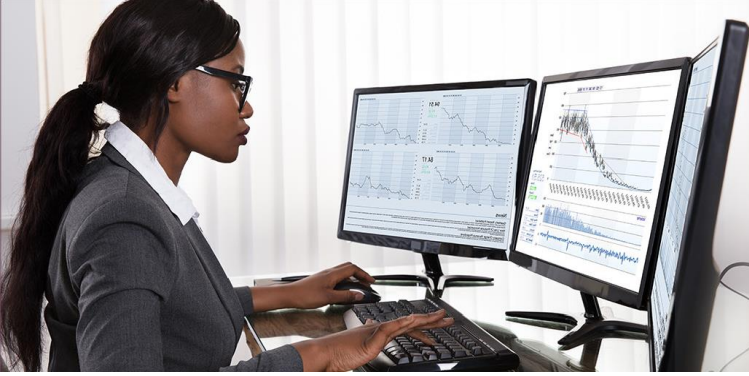


Botswana Market Watch



GMT	Country	Data event or release	Period	Market Exp	Previous
-	BW	Empty data card			
09:00	EZ	ZEW economic sentiment	Oct		-60,7
09:00	GE	ZEW economic sentiment	Oct	-66,5	-61,9
13:15	US	Industrial production m/m	Sep	-0,05%	-0,2%
14:00	US	NAHB Housing market index	Oct	44	46
16:00	EC	ECB's Schnabel Speaks			
18:00	US	Fed's Bostic Takes Part in Workrise Panel Discussion			
20:00	US	Net long term TIC flows	Aug		\$21,4bn

Factors Overnight	What happened?	Relevance	Importance	Analysis
UK Politics	While Chancellor Hunt rolled back all the tax cuts that PM Truss wanted to implement, and despite her apologies, last night, calls for her removal persist	Another PM in such a short space of time would deal the conservatives another political blow	5/5 (politics, economy)	If financial markets are anything to go by, the U-turn on the PM's tax cuts has been successful in calming nerves as economic policy reverts back to the austere policies of the Johnson govt
China data delay	In an unusual step, China's government has delayed the publication of key economic data, scheduled for publication this week amid the ongoing Congress	The authorities have said they want all the focus to be on the message from the govt, not the data	3/5 (politics, economy)	A spokesperson for the govt added that most of the data was showing some improvement and would be released in due course. At the previous Congress in 2017, the data was released as usual
JPY collapse vs USD	The JPY has slid to a 32yr low vs the USD as the pair tested levels approaching 149 on Tue. The BoJ's resolve for intervention is now being tested	Intervention efforts historically have never yielded much benefit. The market is too big and liquid	4/5 (market, economy)	The core issue for Japan is its inability to raise interest rates, given the colossal debt levels and structural deflationary pressures. It has once again become the world's best funding currency

Factors on the Radar	What happened?	Relevance	Importance	Analysis
RBA	The RBA has indicated that it expects to hike rates more in the coming months and indicated that the bank could achieve a similar tightening to its peers	Although the data will drive the pace and timing, it seems inevitable that more hikes will come	4/5 (monetary policy)	The depreciation of the AUD vs the USD and the rise in inflation are both factors that the RBA will want to tame. While the Fed is still hiking aggressively, the RBA will have little choice
BoE to delay QT	Following the tumult that followed the announcement of the mini-budget in the UK, the BoE has indicated that it will delay its quantitative tightening	The Gilts market has been under considerable strain, and QT would only add to that	4/5 (monetary policy)	The BoE would need to be sensitive to the underlying market as well as the impact to the broader economy of further tightening at such a vulnerable stage in the business cycle
US recession	As the Fed continues to hike aggressively, the Bloomberg economic models show that the chance of recession has risen to a 100% probability	Many indicators are pointing to the same. Sanguine market conditions will be tested	5/5 (economy)	Inflation is high, housing prices are stretched, stock markets are tumbling, PMIs are turning lower, the yield curve has inverted, and the Fed is not only raising rates but conducting QT

Highlights news vendors

BUSINESS LIVE - [Public pressure forces Ramaphosa to U-turn on perks](#)

FT - [France's central bank boss says UK crisis shows risk of 'vicious loop](#)

REUTERS - [S.Africa's Transnet agrees three-year wage deal with majority labour union](#)

SOUTH CHINA POST - [Japan could raise corporate taxes to fund defence budget but idea 'dead on arrival'](#)

Local and regional talking points

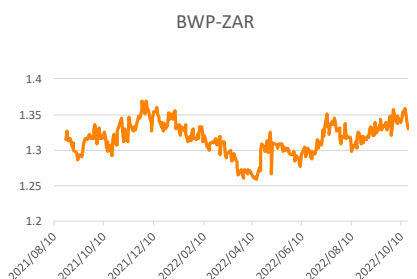
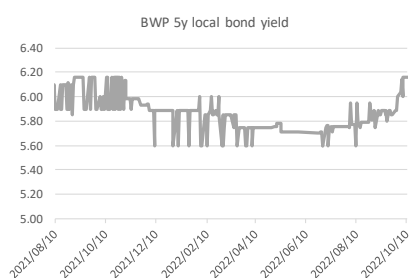
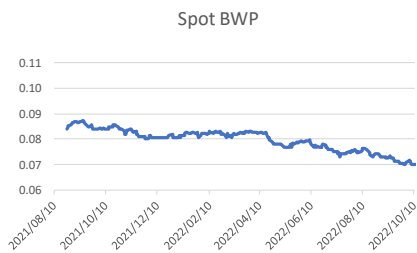
Corporate Foreign Exchange				
	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.276032	1.292256	1.3006222	1.386483
BWPUSD	0.07104	0.093496	0.072409	0.077147
GBP/BWP	15.804152	16.00196	15.462235	15.07877
BWPEUR	0.078	0.07904	0.0736875	0.07752
JPY/BWP	11.4504	11.596	10.817325	11.345125
USDZAR	17.243616	18.6914	17.647763	18.28701875
EURUSD	0.946272	1.02544	0.9684503	1.003255
GBPUSD	1.092672	1.184144	1.1182815	1.1585255

Interbank Spot Foreign Exchange			Forward Foreign Exchange		
	Close	Change		BWP/USD	BWP/ZAR
BWP/USD	0.074	0.0000	1m	-2.62275	-2247.819
BWP/GBP	0.065	-0.0001	3m	-6.97125	-14859.33
BWPEUR	0.0751	0.00	6m	-13.104	-55325.63
BWP/ZAR	1.329	-0.0232	12m	-26.6175	-216693.6

	Close	Change
Dollar Index	111.878	-0.161
EURUSD	0.9856	0.0018
GBPUSD	1.1381	0.0028
USD/JPY	148.84	-0.19
USD/NGN	435.06	0
USDZAR	17.9589	-0.1141

Local Fixed Income			International Fixed Income		
Yield curve	Close	Change		Close	Change
6m	4.221	0.001	SA 10y	10.78	-0.04
3y	5.21	0	US 10y	4.015	0.009
5y	6.15	-0.01	German 10y	2.271	-0.09
20y	8.75	0	Spread SA 5y vs Bots 5y bpts		
22y	8.9	0		298.5	-2

Equities			Commodities		
	Close	Change		Close	Change
VIX	23.81	-0.18	Gold	1649.9447	8.1863
Dow Jones	30185.82	-403.89	Brent Crude	1641.7584	-0.01
FTSE	6920.24	8.52	3m Copper	1665.7972	24
JSE All share	66190.75	-121.07	LME Index	1672.5052	-36.4
Bots DCIBT	7473.82	14.5	1 carat index	1665.3075	#VALUE!
Nigeria Index	46365.95	44.66			



- In a poll conducted by Reuters, key Sub-Saharan economies are expected to experience tepid economic growth in 2023 amid sticky inflation and as the USD's strength drives up import costs, undermining hawkish monetary policy. The poll showed that growth for the sub-Saharan Africa region is projected to slow to 3.4% this year from last year's estimate of 4.7% but then edge up to 3.7% next year, in line with the recent International Monetary Fund forecasts. Recall that the IMF expects the local economy to grow by 4.1% this year, down from an original forecast of 4.3% in April.

- Botswana President Mokgweetsi Masisi urged the private sector to help the government combat 14-year high inflation when he officially opened the 16th edition of the National Business Conference (NBC). The event brings together government and business leaders to develop economic and business reforms to improve Botswana's competitiveness globally. This year's NBC is themed 'Road Map to High Income – Accelerating Transformation' and is set to end on Wednesday. Botswana has set a goal of being a high-income country by 2036, and Masisi underlined the importance of the government working with diverse stakeholders and regularly reviewing policies and legislative reforms to promote the welfare of Botswana.

Financial Market Commentary

- The BWP continued with its Friday gains after closing at 13.3650/USD yesterday as the greenback struggled to gain traction as risk appetite returned to the markets, with the reversal of almost all of UK's planned tax cuts helping sentiment. Meanwhile, the greenback remains supported by expectations that the Federal Reserve will tighten policy further to get ahead of inflation. As such, the BWP will likely face renewed selling pressure in the short term. For now, however, the local currency will look to capitalise on the improvement in risk appetite and target the 13.100/USD resistance level that has held strong in the past two attempts over the last month.

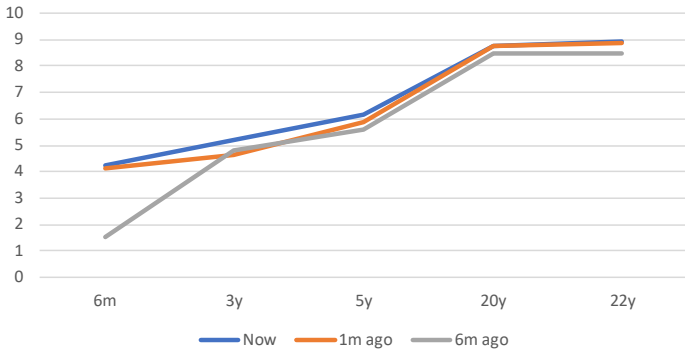
- In the fixed-income market, US Treasury futures remain bid this morning following yesterday's gains, that were driven by a rally for UK gilts. Gilt yields were down sharply across the curve yesterday as most of PM Truss's controversial economic policies are being walked back, and the BoE has delayed its QT to support market functioning. UK benchmark 10yr yields are now back below 4.000% as a result, while this has dragged US yields lower with the benchmark there trading below 4.000% once again as well.

- Meanwhile, it appears that steps are being taken that could allow the Federal Reserve to start implementing a possible buy-back program. Liquidity metrics for USTs are approaching crisis levels. Last week, a survey was sent out by Treasury to primary dealers that were asked about the merits and limitations of such a program. Edging towards offering such a program suggests that market functioning may improve going forward, reducing the massive swings we have seen this year and helping to improve market risk appetite.

- Oil prices are edging marginally higher this morning, although still trading near the lows reached yesterday as global economic growth concerns limit any possible gains from a weaker US dollar. Further pressuring prices is news that US shale producers are forecast by the EIA to increase their output by another 50k barrels per day this month, taking production to new record highs. As a result, we have Brent struggling to sustain any breaks above \$92 per barrel at the moment.

- The market appears to be in some form of limbo at the moment as a negative macroeconomic backdrop is balancing tight supplies. There are, however, some other indicators that are flashing warning signs for demand. The discount of Dubai swaps to the global benchmark Brent has widened through the month so far, while the Dubai prompt time spread has narrowed and is at its least backwardated since August. This shows concern is building over demand in the Middle-East and Asia. Focus will now turn to China's buying activity to get a better sense of demand there, given that this is normally a period of increased activity ahead of the December loading cargoes.

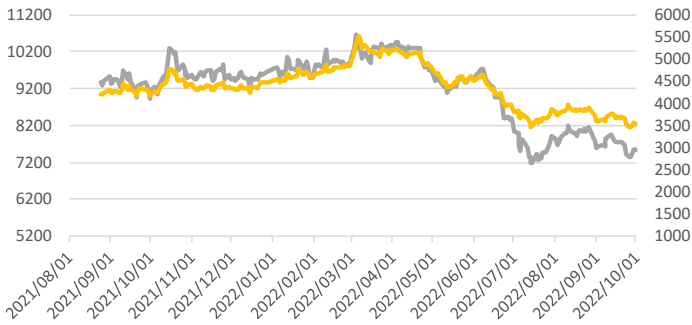
Botswana Yield Curve



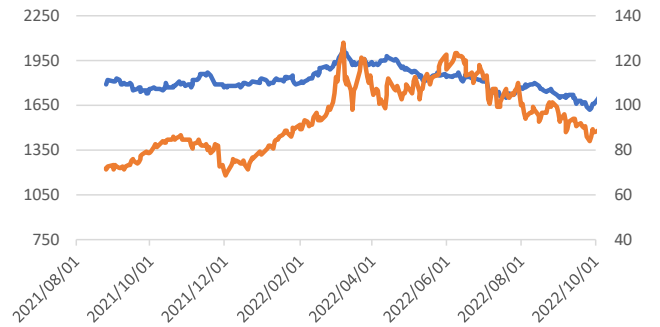
USD Index



Base metals - Copper L_Hand axis LME Index R_Hand axis

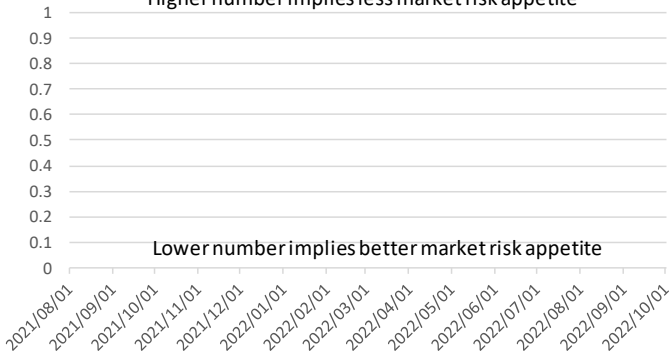


Oil R_Hand Axis - Gold L_Hand Axis

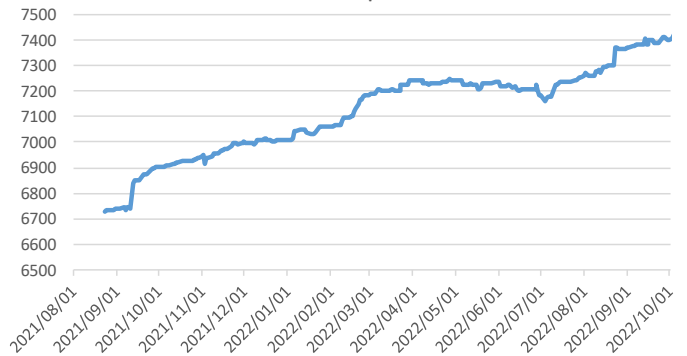


VIX Index - Risk appetite measure

Higher number implies less market risk appetite



Local stockmarket performance



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