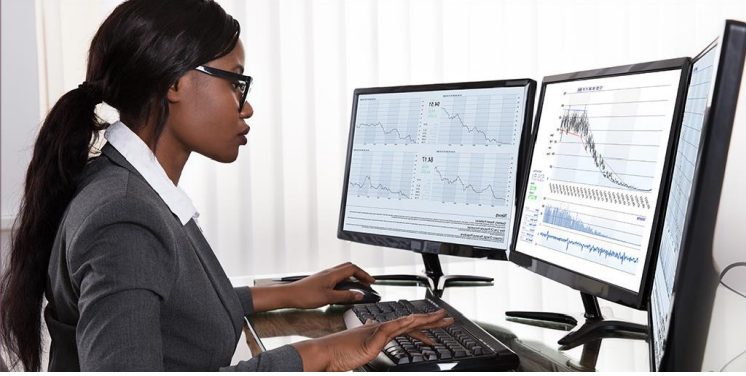


Botswana Market Watch



GMT	Country	Data event or release	Period	Market Exp	Previous
-	BW	Empty data card			
12:15	EZ	ECB deposit facility rate	Oct 27	1,5%	0,75%
12:15	EZ	ECB rate announcement	Oct 27	2,00%	1,25%
12:30	US	Durable goods orders m/m	Sep P	0,6%	-0,2%
12:30	US	GDP q/q annualised	3Q A	2,3%	-0,6%
12:30	US	Personal consumption	3Q A	0,8%	2,00%
12:30	US	Initial jobless claims	Oct 22		214k
12:45	EC	ECB President Christine Lagarde Holds Press Conference			
15:00	US	Kansas City manufacturing activity	Oct		
15:30	UK	BOE's Sam Woods speaks			

Factors Overnight	What happened?	Relevance	Importance	Analysis
Ukraine – Russia war	Ukrainian troops are holding out against Russia in the Southern port town of Kherson. This as Russia carries out drills in preparation for dirty bombs	The nuclear drills are perhaps the strongest sign that this war can still escalate further and is will drag on	4/5 (geopolitics)	Russia continues to find making progress difficult and the pressure on the Putin administration continues to build. However, for now, Moscow will enjoy the pain it has inflicted on the EU
Franco-German relations	Indications are that the relationship between the two European powerhouse economies is faltering amid different views on the oil price cap, gas pipelines, China and the defence spending	A united European front is critical at this juncture. Any signs of fragmentation now would destabilise geopolitical efforts	4/5 (geopolitics)	Difficulties between the countries will delay the ultimate solutions that are put forward as they struggle to find the consensus needed to implement strategic policies aimed further pressuring Russia into capitulation
China industrial profits	Jan-Sep industrial profits fell 2.3% y/y vs the Jan-Aug profits, which fell 2.1%. China's economic challenges have not eased up as the global economy slows	Covid curbs, together with weaker domestic and international demand, weighed on overall performance	4/5 (economy)	As the global economy continues to slow, industrial profits will remain under pressure. The pace of the degradation might ease as the economy gradually adjusts to a weaker demand reality

Factors on the Radar	What happened?	Relevance	Importance	Analysis
Markets	Some difficult earnings releases and comments from the Fed have resulted in the pivot being actively priced into US markets as the USD and USTs correct	The correction with the USD has been savage, resulting in several currencies appreciating	4/5 (monetary policy)	The USD is overbought, and a correction is long overdue. The US economy is showing signs of faltering and the Fed is under increasing pressure to back away from its relentless pace of tightening
Oil prices	Oil prices are on the rise again and will act as another handbrake to economic activity, although this time, the weaker USD is partly to blame	Higher oil prices will keep the pressure on the global economy and keep central banks cautious	5/5 (market, economy)	It will be difficult for the central banks to turn too supportive through 2023 if oil prices remain buoyant and remain an inflation risk for the future. Demand for oil remains buoyant at the moment
UK tax policy	British PM Sunak is reconsidering reinstating higher taxes with any shortfalls to be funded by spending cuts as he delayed the announcement of the budget	Drops in bond yields and international gas prices now made this possible and offered Sunak an opportunity	4/5 (economy, fiscal policy)	Ironically, this is the direction the Truss government wanted to move in, but market conditions would not allow it. That has changed, and the prospect of doing so now is more realistic

Highlights news vendors

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FT - [South Korean growth weakens as global slowdown hits exports](#)

REUTERS – [Burkina Faso not planning to hire Russian fighters like Mali](#)

SOUTH CHINA POST - [Will Japan-South Korea talks yield improved ties as North's provocations drive them closer?](#)

Local and regional talking points

Corporate Foreign Exchange				
	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.29888	1.303104	1.3239105	1.398122
BWPUSD	0.072384	0.093496	0.0737789	0.077868
GBP/BWP	15.982408	16.034512	15.636635	15.109444
BWPEUR	0.077792	0.078104	0.073491	0.076602
JPY/BWP	11.3984	11.44	10.7682	11.1925
USDZAR	17.22672	18.672888	17.630471	18.26890725
EURUSD	0.967104	1.047904	0.9897705	1.025233
GBPUSD	1.115328	1.209	1.1414685	1.18284375

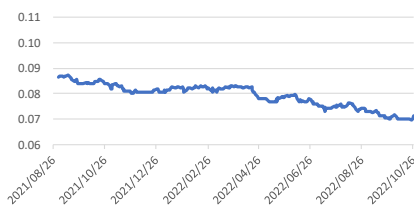
Interbank Spot Foreign Exchange			Forward Foreign Exchange		
	Close	Change		BWPUSD	BWPZAR
BWPUSD	0.0754	0.0013	1m	-2.379	0
BWPGBP	0.0648	0.0002	3m	-6.83475	0
BWPEUR	0.0748	0.00	6m	-12.93825	0
BWPZAR	1.3524	0.0105	12m	-26.70525	0

	Close	Change
Dollar Index	109.635	-0.065
EURUSD	1.0074	-0.0003
GBPUSD	1.1622	-0.0005
USDJPY	145.34	-1.01
USDNGN	436.55	0
USDZAR	17.9426	0.0069

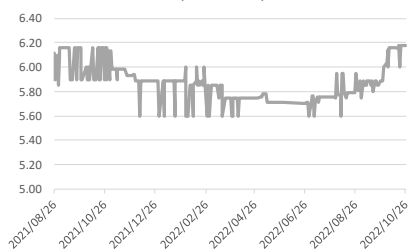
Local Fixed Income			International Fixed Income		
Yield curve	Close	Change		Close	Change
6m	4.405	0	SA 10y	10.73	-0.14
3y	5.2	-0.001	US 10y	4.015	-0.095
5y	6.18	0	German 10y	2.115	-0.055
20y	8.75	0	Spread SA 5y vs Bots 5y bpts		
22y	8.9	0		281	-1.5

Equities			Commodities		
	Close	Change		Close	Change
VIX	23.81	-0.51	Gold	1664.4884	11.9645
Dow Jones	31839.11	337.12	Brent Crude	1652.5239	2.17
FTSE	7056.07	-0.51	3m Copper	1648.6	269
JSE All share	67103.09	874.89	LME Index	1656.66	119.9
Bots DCIBT	7537.99	0	1 carat index	1627.6637	#VALUE!
Nigeria Index	44859.78	326.51			

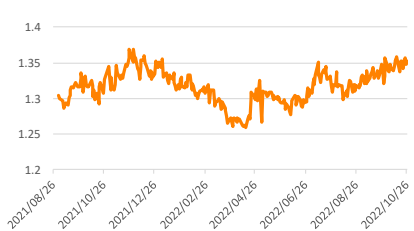
Spot BWP



BWP 5y local bond yield



BWP-ZAR

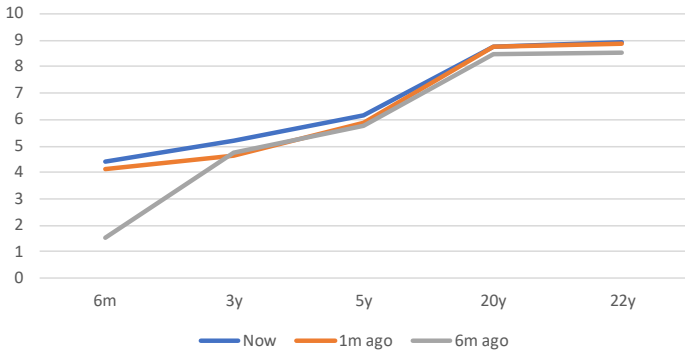


- On the macroeconomic front, African central banks have a tight line to walk to bring inflation under control. Sub-Saharan Africa is facing one of the most challenging economic environments in years, marked by a slow recovery from the pandemic, rising food and energy prices and high public debt levels. Decade-high inflation levels have been crippling the region and are an urgent issue that needs to be addressed to support growth. The prices of key staples such as maize and wheat have increased beyond the prior record highs reached in 2019, contributing two-thirds of overall inflation in fragile states and one-half elsewhere in the region. Meanwhile, higher global energy prices and the strong USD have also fed through to inflation indirectly via transportation and tradable goods like household products.
- The International Monetary Fund (IMF) estimates that around 12% of the region's population will face acute food insecurity by the end of this year due to living costs surging. In the coming months, policymakers in the region will need to proceed with caution regarding increasing interest rates not to jeopardise the economic recovery. However, with developed market central banks remaining hawkish in terms of monetary policy, African central banks will have to risk higher rates to not fall behind the curve, leading to notable currency weakness and exacerbating the inflationary crisis.

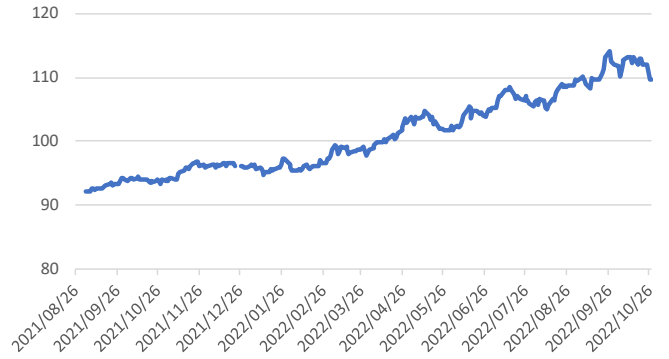
Financial Market Commentary

- African currencies are capitalising on the USD weakness, with the Botswana Pula leading the way higher yesterday, gaining 1.5% on the session, tracked closely by the South African Rand. The BWP closed the session at 13.2980/USD, the strongest level it's been in over two weeks. The local currency's gains were capped by the 23.6% Fibon retracement level at 13.2563/USD, which extends from the August low to the October high. This will be a key level to breach should the BWP look to recover from its recent lows. However, a break will be met by the 50DMA resistance at 13.1366/USD, which can be expected to hold firm. A solid performance in the remainder of the week could see the BWP end the week with some modest gains and amongst the top performers.
- As the pivot is priced in, the USD has come under considerable pressure led by the moderation in US Treasury yields that have retreated sharply. US Treasury and other major bond yields continued to slide yesterday, taking the US 10yr to within a whisker of breaking below the 4.000% level. Yesterday's moves were a continuation of the previous session, but a smaller-than-expected rate hike from the Bank of Canada added further pressure to yields as it spurred speculation that other major central banks could soon follow suit. In another sign that bonds are starting to look attractive once again, the 5yr UST auction yesterday was met with strong demand and the auction stopped through by 1.8bp. The 5yr is seen as one of the most rate-sensitive bonds, so strong demand here suggests that the market is becoming more comfortable with pricing in an end to the rate hiking cycle.
- Oil prices rallied hard yesterday, supported by a plunging USD and pared expectations of aggressive Fed rate hikes. Exports out of the US also hit record highs last week, supporting the global demand outlook, which provided a further tailwind to the rally yesterday. As a result, Brent surged to near \$96 per barrel, while WTI has climbed back above \$88 per barrel, when looking at the benchmark front-month contracts.
- The more sanguine demand outlook now that the market is trimming its expectations of Fed rate hikes has meant that concerns over supply are back at the forefront once again. This is evident in near-term timespreads for both oil benchmarks. Brent's prompt timespread widened out to nearly \$2.00 per barrel yesterday, up notably from below \$1.40 seen a month ago. This suggests that more gains for oil could be in store in the coming sessions. Meanwhile, traders will now turn to earnings reports from oil majors to get a sense of how these companies view the next few months. Shell Plc and TotalEnergies SE will be presenting their earnings calls later today.

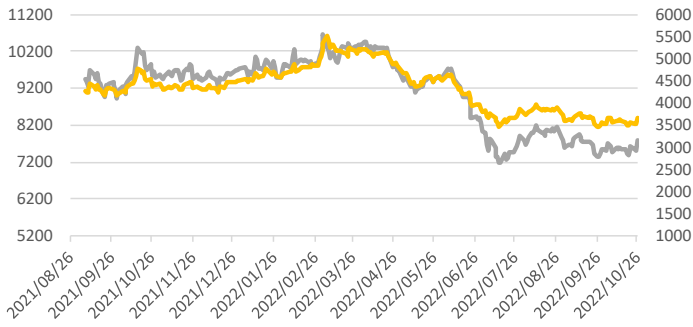
Botswana Yield Curve



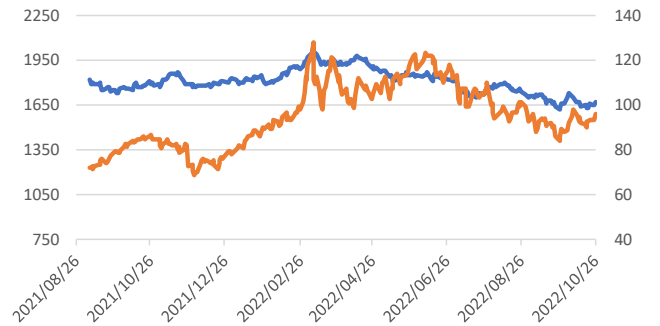
USD Index



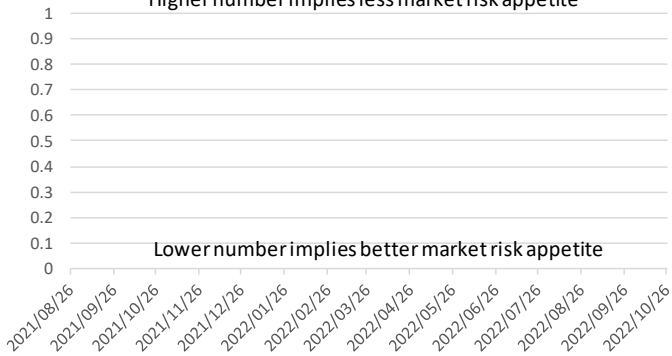
Base metals - Copper L_Hand axis LME Index R_Hand axis



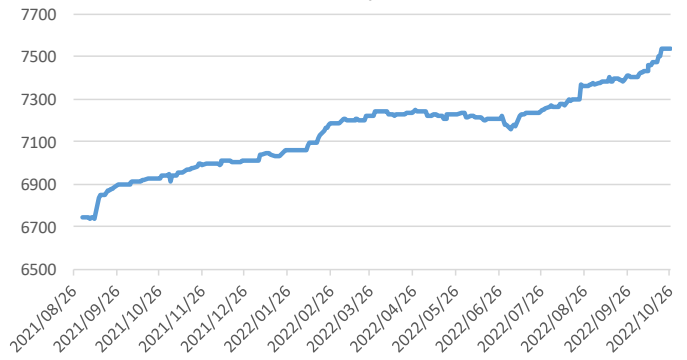
Oil R_Hand Axis - Gold L_Hand Axis



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



Local stockmarket performance



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