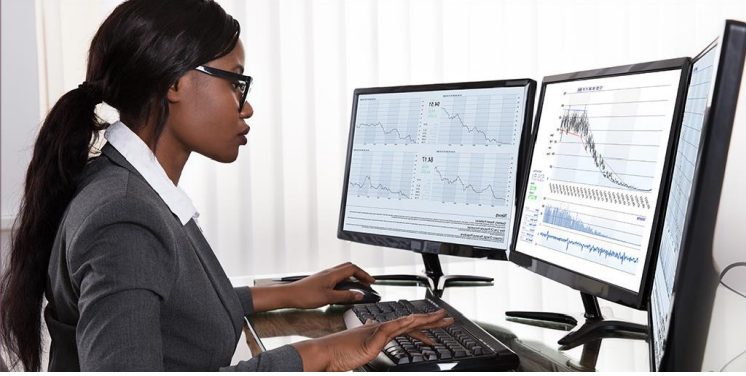


# Botswana Market Watch



GMT	Country	Data event or release	Period	Market Exp	Previous
-	<b>BW</b>	Empty data card			
<b>01:45</b>	<b>CH</b>	Caixin manufacturing PMI	Oct	49,2 A	48.1
<b>03:30</b>	<b>AU</b>	RBA rate decision	Nov 1	2,85% A	2,60%
<b>07:00</b>	<b>GB</b>	Nationwide house prices nsa y/y	Oct	8,00%	9,50%
<b>09:30</b>	<b>GB</b>	Markit manufacturing PMI	Oct F		45.8
<b>13:45</b>	<b>US</b>	Markit PMI manufacturing	Oct F	49.9	49.9
<b>14:00</b>	<b>US</b>	ISM manufacturing PMI	Oct	50	50.9

Factors Overnight	What happened?	Relevance	Importance	Analysis
<b>EZ inflation</b>	EZ inflation surged to a record high of 10.7% in Oct, up from 9.9% a month earlier, and beating market expectations of 10.2% comfortably to the upside	This now forces the ECB to tighten further in a bid to regain control of inflation and its credibility	<b>4/5</b> (monetary policy)	Although the driver of the inflation shock is a supply-side shock over which the ECB has no control, not hiking risks a sharp EUR depreciation which would only exacerbate the inflation surge
<b>RBA decision</b>	As anticipated, the RBA decided to lift rates by a further 25bp taking the cash rate up to 2.85% as it, too, responds to rising inflationary pressures	Chances are high that the RBA moves again in Dec, as inflationary pressures worldwide remain buoyant	<b>4/5</b> (economy)	There is no definitive proof that central banks have regained control of inflation; therefore, they are likely to continue hiking interest rates. RBA will not want to see inflation gain more traction
<b>Wheat prices</b>	Wheat prices surged nearly 6% yesterday on news that Russia had quite the Black Sea deal. Ukraine vows to continue exporting but will face resistance	The rise in wheat prices is yet another blow to poor and emerging economies that rely on it	<b>5/5</b> (economy, market)	It is a staple for many countries and will impact their inflation profiles in a manner that central banks cannot continue to push back against and risk a significant recession

Factors on the Radar	What happened?	Relevance	Importance	Analysis
<b>ILO warning</b>	The International Labour Organisation has warned that global employment will deteriorate significantly in Q4 based on current trends	The warning is a clear message to central banks to check their policy dynamics and turn less hawkish	<b>4/5</b> (economy, monetary policy)	A sharp moderation in labour market demand could be the catalyst to prompt the central banks to ease up on the aggressive pace of tightening that will hold longer-term consequences
<b>Fed and BoE</b>	The RBA hiked today, and focus turns to the Fed today, which is likely to lift the Fed funds rate by a further 75bp. Tomorrow, the BoE will announce its decision	Rate hikes will be the order of the day as central banks look to regain control of inflation	<b>5/5</b> (monetary policy, market, economy)	Further monetary tightening worldwide will continue to apply the brakes on global GDP growth. Recession risks are rising all the time, and central banks are under pressure to ease the rate hikes
<b>OPEC forecast</b>	OPEC has changed its oil demand forecast for 2030 and 2045, warning that a further \$12.1trln will need to be invested in order to meet demand	Underinvestment in recent years has caught up to oil producers despite the green transition	<b>4/5</b> (economy, monetary policy)	Disruptions, including policies forcing banks to longer fund fossil fuel production, Covid and the economic downturn, means that OPEC producers need to catch up to underlying demand

## Highlights news vendors

**BUSINESS LIVE** - [Consumers rush to credit to keep their heads above water](#)

**FT** - [Biden claims oil companies are 'war profiteering' as he floats windfall tax](#)

**REUTERS** - [Australia central bank sticks with slower rate hikes, raises inflation forecast](#)

**SOUTH CHINA POST** - [China's yuan volatility 'affordable', but Beijing urged to be 'more powerful' than Japan](#)

## Local and regional talking points

Corporate Foreign Exchange				
	CUSTOMER BUY		CUSTOMER SELL	
	CASH	CASH	TT	TT
BWPZAR	1.29936	1.310784	1.3243998	1.406362
BWPUSD	0.07104	0.093496	0.072409	0.076632
GBP/BWP	16.047512	16.179072	15.70033	15.245664
BWPEUR	0.077688	0.078312	0.0733928	0.076806
JPY/BWP	11.4192	11.5128	10.78785	11.263725
USDZAR	17.558688	19.03564	17.97022	18.62381125
EURUSD	0.951072	1.030744	0.9733628	1.00844425
GBPUSD	1.105056	1.197248	1.1309558	1.171346

Interbank Spot Foreign Exchange		Forward Foreign Exchange		
	Close	Change	BWP/USD	BWP/ZAR
BWP/USD	0.074	-0.0005	1m	-2.25225
BWP/GBP	0.0645	0.0004	3m	-6.58125
BWPEUR	0.0748	0.00	6m	-12.5775
BWP/ZAR	1.3535	0.0011	12m	-26.41275

	Close	Change
Dollar Index	111.277	-0.25
EURUSD	0.9907	0.0024
GBPUSD	1.1508	0.0039
USD/JPY	148.37	-0.34
USD/NGN	437.85	0
USDZAR	18.2883	-0.002

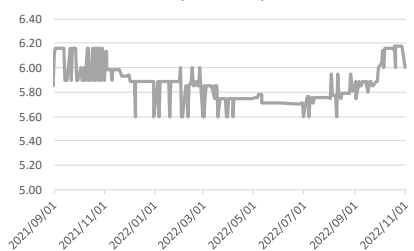
Local Fixed Income			International Fixed Income		
Yield curve	Close	Change		Close	Change
6m	4.405	0	SA 10y	10.86	0.12
3y	5.11	-0.09	US 10y	4.077	0.067
5y	6	-0.18	German 10y	2.15	0.064
20y	8.8	0.05	Spread SA 5y vs Bots 5y bpts		
22y	9	0.1		308.5	0.5

Equities			Commodities		
	Close	Change		Close	Change
VIX	23.95	-0.15	Gold	1633.1224	-8.6376
Dow Jones	32732.95	828.52	Brent Crude	1641.76	-0.94
FTSE	7094.53	-26.02	3m Copper	1662.9399	-100
JSE All share	66671.65	-737.83	LME Index	1664.4884	-44.5
Bots DCIBT	7546.49	5.85	1 carat index	1652.5239	#VALUE!
Nigeria Index	43839.08	-712.54			

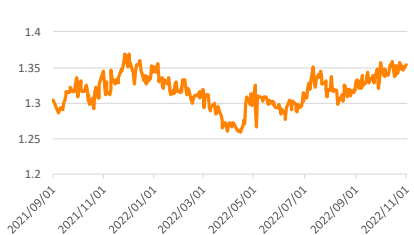
Spot BWP



BWP 5y local bond yield



BWP-ZAR

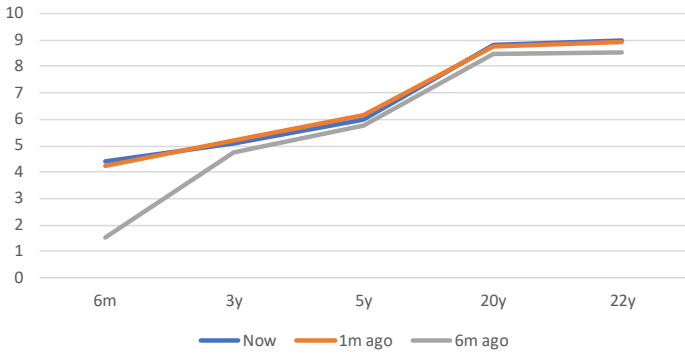


- Local farmers have been challenged to embrace technology and modern-day farming methods to boost productivity and ensure the southern African country is food secure. Botswana's Minister of Agriculture, Fidelis Molao, said the solution to the agriculture challenges, from shrinking land size to climate change, lies in adopting modern farming trends. Molao said the COVID-19 pandemic exposed some of the weak areas in the food production and supply chain on the African continent and particularly in Botswana, adding that this lesson calls for farmers to adapt and ensure they feed the nation and even export to other countries.
- The unprecedented hikes in food prices have caused uncertainty in global food security and escalated Botswana's food import bill, which is currently more than \$615 million per annum. While global food prices are declining, food production in Africa has dwindled this year due to extreme weather conditions across the continent. This has made Africa more reliant on food imports. Looking ahead, while global food prices have moderated, wheat prices are still highly volatile amid uncertainty surrounding exports from Ukraine as the war continues to impact supply chains in Ukraine. The outlook for supply from Ukraine will depend on whether the UN can extend its grain deal, which secures a safe corridor to export grains from Ukraine.

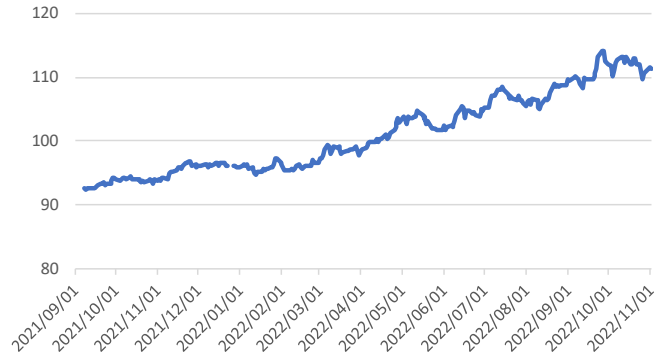
## Financial Market Commentary

- The USD-BWP posted modest gains early on in the week, closing at 13.4540. Yesterday's price action reversed the pair's monthly loss, instead gaining 1.2% and extending its year-to-date gains to 12.7%. Still, the BWP is performing marginally better than its peer, the South African Rand, which is down almost 13% this year.
- Increasingly, it is looking like the USD will run into headwinds in the coming months as the Fed is likely to pivot before other central banks that have been more sluggish in lifting interest rates. With so much priced into the USD, it is vulnerable to a correction, and the risks are asymmetrically tilted against it if valuations are anything to go by.
- It was a downbeat start to what promises to be a big week ahead for fixed-income markets. Ahead of the much-anticipated FOMC and Bank of England rate decisions later this week, bond markets took direction from the stronger-than-expected eurozone inflation data released on Monday. The robust inflation data fueled bets that the ECB will have to remain aggressive in its tightening in the months ahead. Core bond yields traded higher yesterday, with the 10yr US Treasury and Bund yields both up around 4bps on the day. Looking ahead, given the sensitivity of bond markets to monetary policy at the moment, bonds will take direction from the forward guidance provided by central banks. This morning we had the RBA deliver a 25bps rate hike, reinforcing the steady tightening that continues worldwide. The Fed and the BoE will announce their decisions tomorrow and the day after, and more tightening should be expected. While the Fed is expected to lift rates by 75bp, and the BoE at least 50bp, what is less obvious is what guidance they will offer.
- On the commodity front, Brent crude prices have slipped below \$94 per barrel on Tuesday after declining for two straight sessions, as traders continued to weigh a highly uncertain outlook for energy markets amid lingering concerns over a global economic slowdown, while the supply outlook remained tight. Investors looked ahead to expected interest rate hikes from major central banks this week and assessed a raft of manufacturing PMI data that mostly pointed to weakening economic activity. A worsening Covid situation in top crude importer China also weighed on markets.
- Meanwhile, traders were kept on edge as OPEC+ is expected to keep supply tight after agreeing to large output cuts. The looming European Union ban on Russian oil also clouded the supply outlook further, as well as the US-led plan to cap the price of Russian crude.

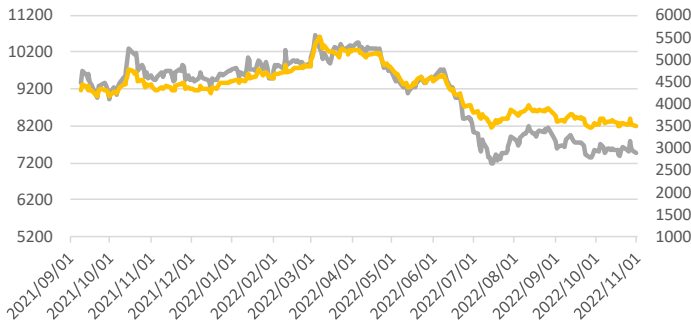
Botswana Yield Curve



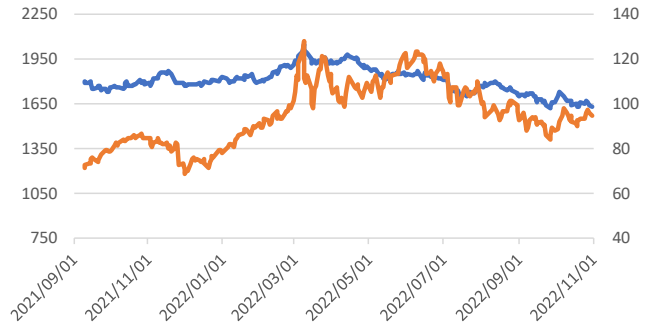
USD Index



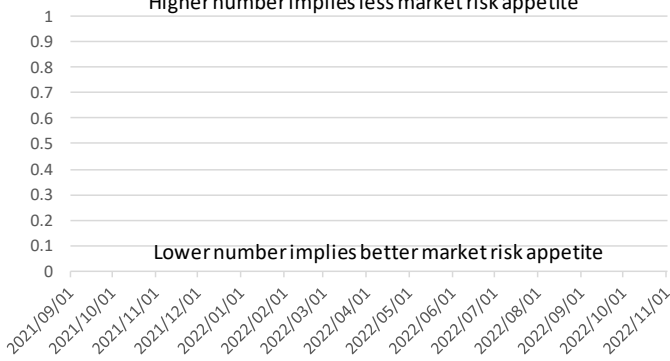
Base metals - Copper L\_Hand axis LME Index R\_Hand axis



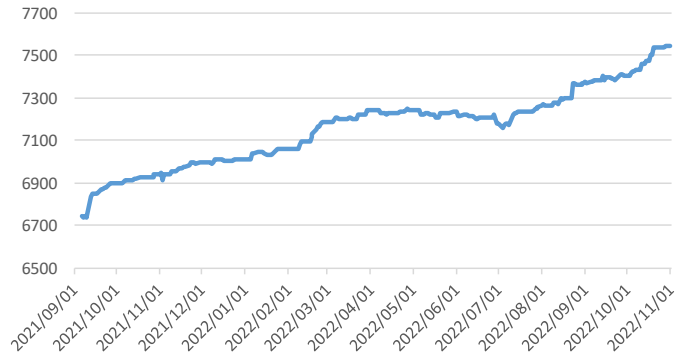
Oil R\_Hand Axis - Gold L\_Hand Axis



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



Local stockmarket performance



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