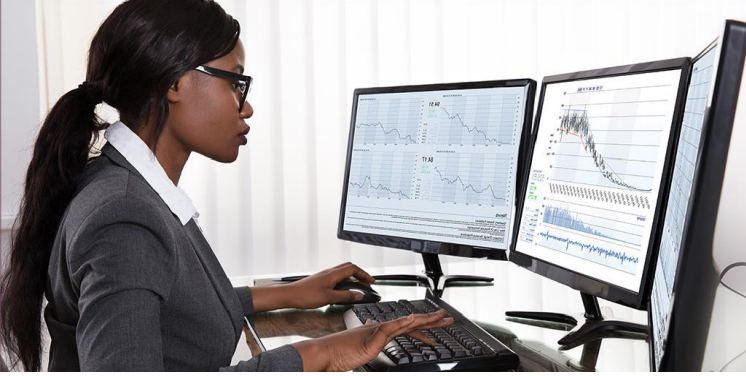


# Botswana Market Watch



GMT	Country	Data event or release	Period	Market Exp	Previous
-	BW	Empty data card			
05:00	JN	Leading Index CI	Sep P	97.4 A	101.3
09:00	UK	BOE's Huw Pill speaks			
14:00	EC	Retail Sales	Sep	-1.1%	-2.0%
17:30	EC	ECB's Wunsch Speaks			
-	US	Midterm Elections			
-	US	Fed's Barkin Speaks at Event on Inflation			

Factors Overnight	What happened?	Relevance	Importance	Analysis
<b>Australian consumer sentiment</b>	The Westpac-Melbourne Institute index of consumer sentiment shrank 6.9% in Nov to be down 26% on the year before	The data suggests that pessimism is greatly outweighing optimism	<b>4/5</b> (economy)	This is the weakest reading since the start of the pandemic. Prior to that, the weakest reading will be found as far back as the 1990s
<b>China Covid</b>	Covid-19 cases have risen sharply in Guangzhou and other major Chinese cities with locally transmitted infections climbing to 7,475 in a day	The Chinese authorities are responding by locking down even more aggressively	<b>4/5</b> (politics, economy)	Given China's role as a global production hub, the decision to lock down harder implies further disruption for supply chains and the global economy that has yet to fully recover
<b>Fed Policy</b>	Research from the San Francisco Fed shows that monetary policy is tighter than the benchmark rate suggests, especially if one includes mortgage rates	This implies that monetary policy tightened more aggressively than the Fed even intended	<b>4/5</b> (monetary policy, economy)	This could hold implications for how the Fed behaves in the future as it implies that monetary policy might already be as tight as they have planned, even without the benchmark rate rising any further

Factors on the Radar	What happened?	Relevance	Importance	Analysis
<b>UK Retail</b>	The British Retail Consortium anticipate a gloomy Christmas ahead as the cost-of-living crisis continues to soar unabated	Growth in sales is starting to moderate, with more softening in demand likely	<b>4/5</b> (economy)	CPI rose 10.1% in Sep, the highest reading in 40 years. The BoE is hiking and the government is implementing austere fiscal packages
<b>ECB Policy</b>	The view of France's central bank chief Villeroy is that the ECB must not stop hiking until core inflation has convincingly peaked, although the pace of hikes could slow if growth is affected	More tightening is likely as the ECB battles inflation and rising inflation expectations. GDP to tip into recession	<b>4/5</b> (monetary policy, economy)	As long as inflation remains stubbornly buoyant and does not reflect a clear peak, the ECB should continue to hike. The central bank needs to send a clear message that such inflation will not be tolerated
<b>US Mid-term elections</b>	Today will see the US hold its mid-term elections and the outcome could be quite telling for the direction of US political forces in the foreseeable future	Tuesday's elections will decide which party controls Congress and future spending	<b>5/5</b> (economy, fiscal policy, politics)	A clean sweep of Congress for the Republicans will shake up the Biden administration's spending. The House is likely to go to the GoP, however, the Senate appears to be evenly balanced

## Highlights news vendors

**BUSINESS LIVE** - [ANC's December conference said to be much ado about nothing](#)

**FT** - [The Black Sea grain initiative must address the suffering of seafarers](#)

**REUTERS** - [UK businesses fear gloomy Christmas as cost of living soars](#)

**SOUTH CHINA POST** - [India's cities are being stretched to breaking point as an urban population boom looms](#)

## Local and regional talking points

	Corporate Foreign Exchange			
	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.284864	1.295904	1.3096244	1.390397
BWPUSD	0.072288	0.093496	0.0736811	0.077971
GBPGBP	15.730208	15.862392	15.389891	14.947254
BWPEUR	0.078312	0.078936	0.0739823	0.077418
JPYBWP	11.492	11.5856	10.856625	11.33495
USDZAR	17.063616	18.497336	17.463545	18.09715325
EURUSD	0.959808	1.040208	0.9823035	1.0177035
GBPUSD	1.10208	1.19444	1.12791	1.16859875

Interbank Spot Foreign Exchange			Forward Foreign Exchange		
	Close	Change		BWPUSD	BWPZAR
BWPUSD	0.0753	0.0000	1m	-2.1255	0
BWPGBP	0.0655	0.0001	3m	-6.2985	0
BWPEUR	0.0753	0.00	6m	-12.17775	0
BWPZAR	1.3382	-0.0054	12m	-24.921	0

Dollar Index	110.401	0.281
EURUSD	1.0002	-0.0017
GBPUSD	1.1485	-0.0026
USDJPY	146.76	0.14
USDNGN	439.26	0
USDZAR	17.7719	0.0391

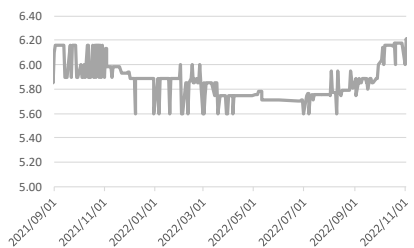
Local Fixed Income			International Fixed Income		
Yield curve	Close	Change		Close	Change
6m	4.408	0.004	SA 10y	10.55	-0.075
3y	5.15	0	US 10y	4.214	0.056
5y	6.2	0.2	German 10y	2.325	0.036
20y	8.79	-0.01	Spread SA 5y vs Bots 5y bpts		
22y	8.95	0.05		273	-26.5

Equities			Commodities		
	Close	Change		Close	Change
VIX	32.827	401.97	Gold	1674.68	-5.59
Dow Jones	7299.99	146.21	Brent Crude	1680.27	-0.65
FTSE	69439.32	3258.54	3m Copper	1629.15	-184.5
JSE All share	7573.39	-4.99	LME Index	1634.887	-58.6
Bots DCIBT	44269.43	32.48	1 carat index	1647.5033	#VALUE!
Nigeria Index					

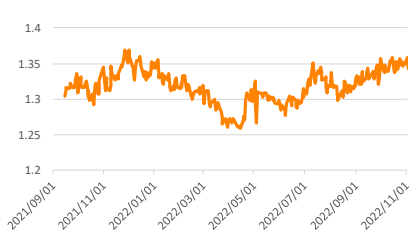
Spot BWP



BWP 5y local bond yield



BWP-ZAR



- Botswana has won its bid to host the permanent secretariat of the Kimberly Process (KP), the grouping that certifies that diamonds are not used to fund rebel groups. In a statement yesterday, KP, a coalition of governments, the diamond industry, and civil society representatives, said it had unanimously elected Botswana to host the secretariat, which is expected to become operational in 2024. Note that the 85-nation body was established in 2003 to eliminate trade in conflict diamonds.

- Meanwhile, in Southern Africa, President Samia Hassan is expected to present an \$18bn plan to build renewable power generation in Southern Africa talks in Egypt as leaders from around the continent seek to increase climate finance in the region. Under the plan, a bloc of 12 countries in the region would increase generation by about 8.4 gigawatts from sources such as solar and wind. Hassan is scheduled to host a meeting of the nation's leaders and financial institutions on Tuesday at the COP27 climate summit in Egypt. The move may help Hassan spur developed countries, who have been asking African economies to focus on renewable energy instead of fossil fuels, to back up their call with financing.

## Financial Market Commentary

- Though it was a slow start to the week with no meaningful economic data domestically and abroad and some risk events looming, including the US mid-terms today, it was an impressive start for the BWP. Yesterday, the BWP strengthened towards the 50DMA resistance at 13.2344/USD, its strongest level since early October. We reiterate that direction is currently being driven by the USD and US headlines rather than anything domestic. That recovery could extend significantly further depending on the outcome of the US mid-term elections. The USD is, therefore, on the defensive and might come under further pressure should a clean sweep of Congress by the Republicans unfold.

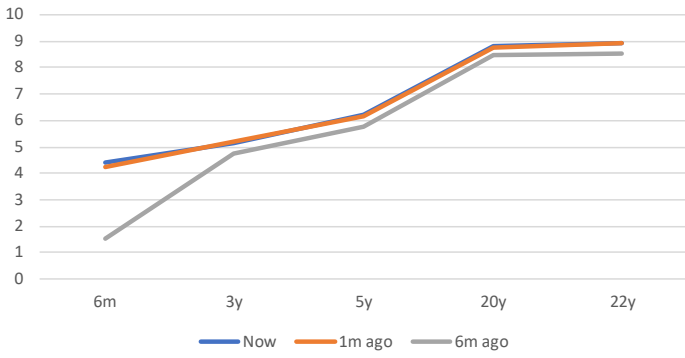
- UST futures remain on the defensive this morning following yesterday's declines, driven by weakness in the gilt market and a rally for stock markets. Focus is now turning to the US mid-term elections today as the results could have a longer-term impact on the bond markets. A win for the GOP will be bullish for Treasuries, given tighter fiscal policies, which could help to bring down inflation in the longer run. Speaking of inflation, US CPI numbers will be out later in the week, with the anticipation likely adding to the bearish bias we saw for USTs yesterday and this morning.

- Gilts, meanwhile, were pressured yesterday following a weak auction, which saw demand slump to just 1.35x what was offered. Demand was weaker than the previous auction, which had shorter-dated maturities up on offer. Further bond sales this week could keep the market under pressure if demand remains weak. We also have traders increasing their bets on BoE rate hikes, with 4bp worth of hikes added yesterday to the rate trajectory through 2023.

- Oil futures had a fairly volatile session yesterday but ultimately ended the day unchanged. Brent front-month contracts reached a high of \$99.56 per barrel in intraday trade, before paring those gains to close flat yesterday just below \$98 per barrel. Providing support to the market was a weaker USD, coupled with continued concerns over tight supply in the months ahead as OPEC+ cuts output and Europe implements sanctions on Russian crude.

- On the other side of the equation, however, we had some negative news regarding China's possible full reopening. This drove the pullback in the market as the country is sticking to its draconian COVID restrictions, tempering demand for crude in the world's largest importer of oil. The conflicting forces acting on the market have kept liquidity levels low, driving up volatility. We don't expect this to change in the near term, and thus more notable price swings are expected in the coming weeks. Underlying fundamentals remain relatively bullish.

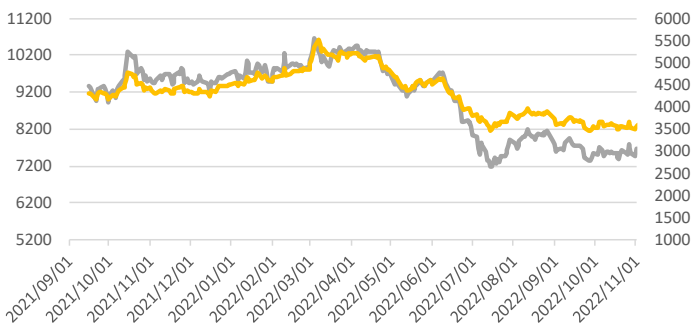
### Botswana Yield Curve



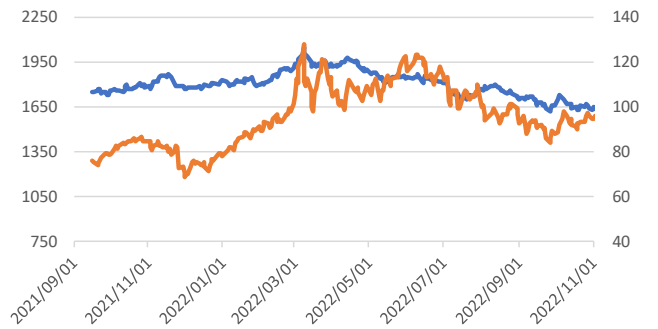
### USD Index



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



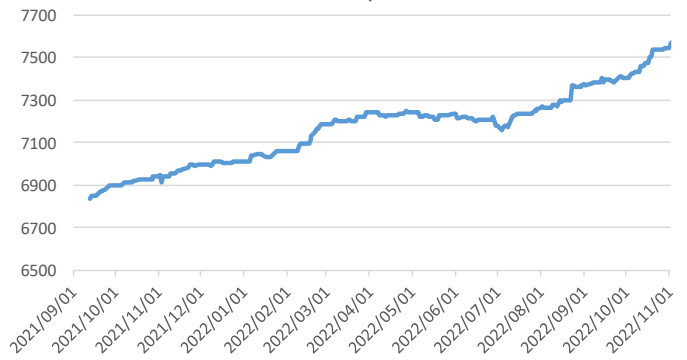
### Oil R\_Hand Axis - Gold L\_Hand Axis



### VIX Index - Risk appetite measure



### Local stockmarket performance



## Access Bank Global Markets & Treasury Team

e-mail	First Name	Surname	Direct Line
<a href="mailto:nkatem@accessbankplc.com">nkatem@accessbankplc.com</a>	Mogamisi	Nkate	2673674335
<a href="mailto:masalilap@accessbankplc.com">masalilap@accessbankplc.com</a>	Phillip	Masalila	2673674621
<a href="mailto:kebaetsek@accessbankplc.com">kebaetsek@accessbankplc.com</a>	Kefentse	Kebaetse	2673674336
<a href="mailto:thembaa@accessbankplc.com">thembaa@accessbankplc.com</a>	Amogelang	Themba	2673674370
<a href="mailto:bogalet@accessbankplc.com">bogalet@accessbankplc.com</a>	Tshwanelo	Bogale	2673674622
<a href="mailto:davidbat@accessbankplc.com">davidbat@accessbankplc.com</a>	Batanani Pearl	David	2673644382
<a href="mailto:magashulan@accessbankplc.com">magashulan@accessbankplc.com</a>	Ntebang	Magashula	2673644382
<a href="mailto:segwabek@accessbankplc.com">segwabek@accessbankplc.com</a>	Keategile	Segwabe	2673644382

### Disclaimer

The information provided herein has been prepared solely for informational purposes and is not an offer to buy or sell or a solicitation of an offer to buy or sell the securities or instruments mentioned or to participate in any particular trading strategy. These materials have been based upon information generally available to the public from sources believed to be reliable. No representation is given with respect to their accuracy or completeness, and they may change without notice. Access Bank on its own behalf and on behalf of its affiliates disclaims any and all liability relating to these materials, including, without limitation, any express or implied representations or warranties for statements or errors contained in, or omissions from, these materials.