

Botswana Market Watch



GMT	Country	Data event or release	Period	Market Exp	Previous
06:00	GE	PPI YoY	Oct	42.1%	45.8%
11:30	EC	ECB's Vasle Speaks			
12:00	EC	ECB's Holzmann Speaks			
16:15	EC	ECB's Holzmann, Simkus Speak			
18:30	EC	ECB's Centeno Speaks			
19:30	EC	Bundesbank Chief Joachim Nagel Speaks in Frankfurt			

Factors Overnight	What happened?	Relevance	Importance	Analysis
Ukraine nuclear plant shelled	The IAEA has confirmed that Ukraine's nuclear plant reported 12 blasts. Both sides accused the other of shelling the site, with the IAEA chief issuing a warning	This is disturbing news and holds consequences not only for Ukraine but the EZ too	5/5 (geopolitics)	The Zaporizhzhia plant provides approximately a fifth of Ukraine's power needs and holds the potential to contaminate the region if an "accident" were allowed to take place
US existing home sales	Existing home sales dropped 5.9% in October, although median house prices are still up 6.6% from a year ago	Difficulties in the residential housing industry could spell trouble for the US	4/5 (economy)	Housing and prices determine the health of household balance sheets. At the point where sales and prices turn negative, the credit cycle softens
Canada house prices	Canadian house prices in Oct fell 0.8% m/m led by declines in Halifax, Nova Scotia and Hamilton. The major market index is 7.7% off its peak in May	As household disposable incomes dry up amid inflation and rate hikes, prices will fall further	4/5 (economy)	This is a precursor to a much tougher economic cycle as the credit cycle is about to soften. Bank lending will moderate, and household and bank balance sheets may be affected

Factors on the Radar	What happened?	Relevance	Importance	Analysis
Black Friday	This week signals Black Friday, which also implies a long weekend in the US, with Thursday marking Thanksgiving	Not only will Black Friday give insight into consumption, but liquidity will be thin	5/5 (markets, economy)	This will ensure that investors are a little more cautious in their trading this week, which will be characterised by consolidation
Fed guidance and minutes	This week the Fed minutes will be released to update investors on the Fed's thinking. However, Boston Fed President Collins on Friday said that there is little evidence that inflation is easing	Collins added that another 75bp rate hike was still possible as the Fed ensured that inflation would drop back to 2%	4/5 (monetary policy)	The problem with this rhetoric is that the authorities are tightening aggressively without fully appreciating what their actions have accomplished thus far. Inflation only responds to monetary tightening with a 12-18m lag
Chinese monetary policy	China's PBoC left its benchmark lending rates unchanged for the 3 rd consecutive month, thanks to persistent capital outflows and a weakening CNY	Beijing sees little scope to ease policy for now but will do so at the earliest opportunity	3/5 (monetary policy, economy)	Central bank authorities would prefer to ease monetary policy in a bid to support the economy, but doing so might exacerbate capital outflows and encourage more debt accumulation

Highlights news vendors

BUSINESS LIVE - [Old Mutual sees rand at R15.20 by end-2023](#)

FT - [Bob Iger returns to Disney as Chapek is ousted as chief executive](#)

REUTERS - [Younger Chinese are spurning factory jobs that power the economy](#)

SOUTH CHINA POST - [Slowing economy, growing distrust erode mainland's soft-power pull in Taiwan](#)

Local and regional talking points

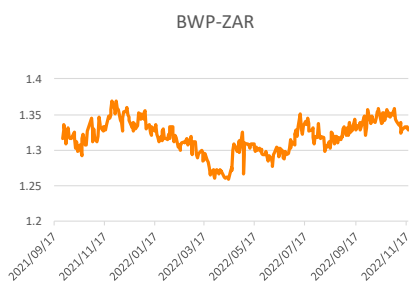
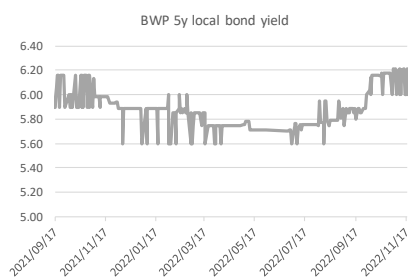
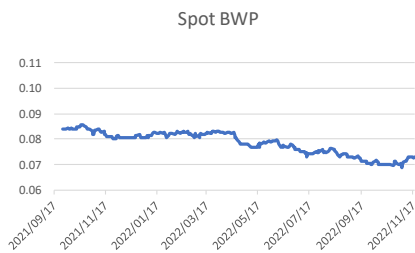
Corporate Foreign Exchange				
	CUSTOMER BUY		CUSTOMER SELL	
	CASH	CASH	TT	TT
BWPZAR	1.280256	1.290912	1.3049276	1.385041
BWPUSD	0.07392	0.093496	0.0753445	0.079722
GBP/BWP	15.861352	15.986256	15.518198	15.063972
BWPEUR	0.077896	0.07852	0.0735893	0.07701
JPY/BWP	11.2528	11.336	10.63065	11.09075
USDZAR	16.626528	18.02216	17.016212	17.6322575
EURUSD	0.986592	1.069224	1.0097153	1.04609175
GBPUSD	1.13616	1.230944	1.1627888	1.204313

Interbank Spot Foreign Exchange			Forward Foreign Exchange		
	Close	Change		BWPUSD	BWPZAR
BWPUSD	0.077	0.0003	1m	-2.13525	0
BWPGBP	0.0647	1E-04	3m	-6.24	0
BWPEUR	0.0746	0.00	6m	-12.4995	0
BWPZAR	1.3275	-0.0058	12m	-26.2275	0

Dollar Index		Close	Change
Dollar Index	107.324	0.394	
EURUSD	1.0277	-0.0047	
GBPUSD	1.1835	-0.0049	
USDJPY	140.5	0.15	
USDNGN	442.16	0	
USDZAR	17.3194	0.0787	

Local Fixed income			International Fixed Income		
Yield curve	Close	Change		Close	Change
6m	4.408	0.003	SA 10y	10.395	-0.045
3y	5.149	-0.001	US 10y	3.818	0.045
5y	6	-0.21	German 10y	2.018	-0.012
20y	8.8	0.01	Spread SA 5y vs Bots 5y bpts		
22y	9	0.05		278	18

Equities			Commodities		
	Close	Change		Close	Change
VIX	23.88	-0.12	Gold	1749.74	-11.13
Dow Jones	33745.69	-7.51	Brent Crude	1760.87	-2.16
FTSE	7385.52	-4.65	3m Copper	1773.77	-34
JSE All share	72576.86	-452.17	LME Index	1778.25	16.2
Bots DCIBT	7600.41	4.79	1 carat index	1771.8	#VALUE!
Nigeria Index	44492.73	-39.22			



- Fitch have painted a rosier picture for the Botswana retail industry with consumers expected to grow their purchases of electronic goods such as mobile phones, computers and laptops. The credit ratings agency has forecast an annual growth rate of 13,2% for the 2022-2026 period which will raise the amount spent for the sector to BWP3.5bn from 2.2bn currently. Equally household appliances are expected to achieve strong medium-term growth with the average penciled in at 9.1% over the same period.

- In other news, Mmegi reported the following - *Emerging metals explorer, Kavango Resources, has sealed funding deals worth 3.5 million British pounds (P54 million) to advance its projects in the largely untapped western and southern Kalahari area. The deal represents one of the biggest fundraising rounds for the exploration of the remote Kalahari, a relatively unexplored area of the country, hidden under thick sands but believed to contain large amounts of mineral riches, including base metals and the increasingly sought-after rare earths. Kavango Resources, which is listed on the London Stock Exchange, holds 28 prospecting licences on the Kalahari Copperbelt and the far reaches of the Kalahari region, hunting for copper, nickel, platinum group elements and rare earth elements.*

Financial Market Commentary

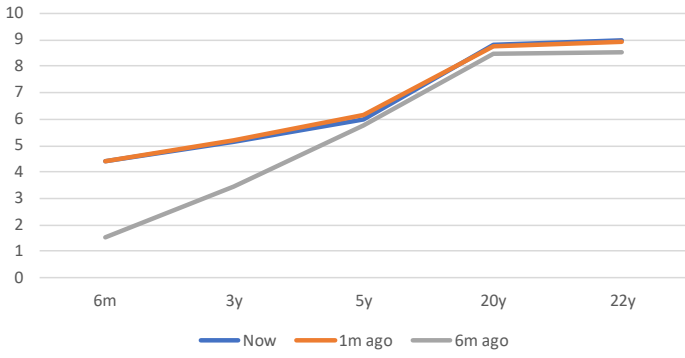
- As we start the work week we have the BWPUSD anchored just above the 0.77 level which coincides with the technical indicator being the 100-day Simple moving average at 0.7710. The overarching message that needs to be understood is that most of the movement in the FX markets currently are as a result of USD movements rather than any local drivers.

- Casting our eyes to the international FX market, It seems as though the world is not yet done with Covid, with China's response to the virus worrying investors this morning. A spike in Covid cases in some cities and two deaths in Beijing have investors on edge that China is about to head into varying forms of lockdown as they persist with their zero-Covid policy. Fears of further disruptions to logistical supply chains and the impact this could have on markets resulted in investors rotating back to the safety of the USD. This comes shortly after the USD had lost a lot of ground and was looking for a reason to stage a recovery. The result has been a 0.4% appreciation this morning on the trade-weighted USD index, and there may be more to come. The EUR has started retreating, partly hurt by the concerns around the shelling of Ukraine's nuclear power plant as the war in Ukraine rages on. The GBP also lost some ground and backed away from its recent highs to set the USD up for a better week ahead. The change in market positioning may also have something to do with neutralising positions ahead of the Thanksgiving long weekend in the US and the Black Friday sales, often seen as a barometer of consumptive demand in the US.

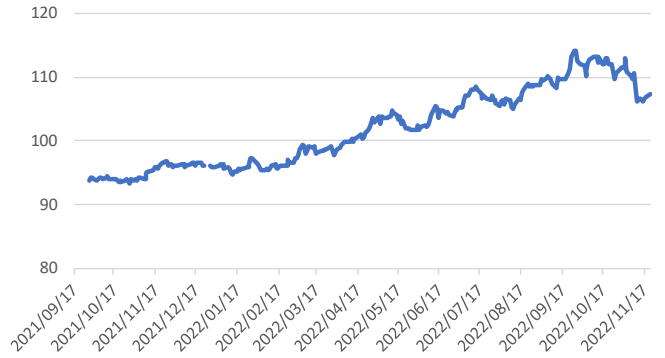
- On the commodity front, Oil sank last week and has begun this week much in the same vein amid demand concerns as lockdown measures in China continue to spread. Brent crude plunged almost 10% last week and is currently trading below \$87 per barrel, while WTI dipped below \$80 when looking at the front-month contracts. Differentials across the futures curves are also weakening, with the Brent prompt timespread narrowing to just 42cents a barrel, while that for the US benchmark has slipped into contango. Supply concerns in the US have all but dried up for now, while demand is expected to be impacted by a softening economy as the Fed's aggressive rate hikes filter through.

- The question now becomes does the current bearish trend for global extend. While demand concerns are present and could still be amplified, factors such as the looming Russia price cap and further sanctions are still present. OPEC+ will also be looking at potentially cutting output once again owing to the recent slide in prices. Therefore, there may still be some downside left in the short term, but a rebound could be expected through the final month of 2022 and into the early stages of 2023.

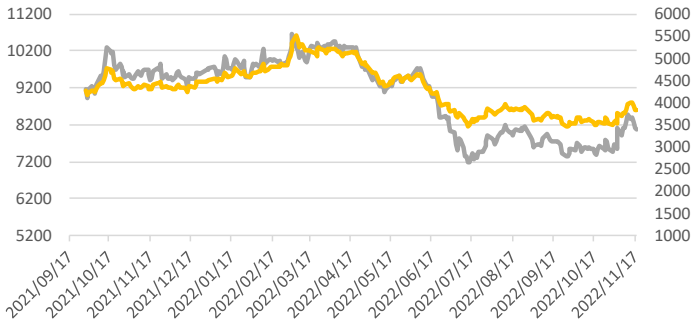
Botswana Yield Curve



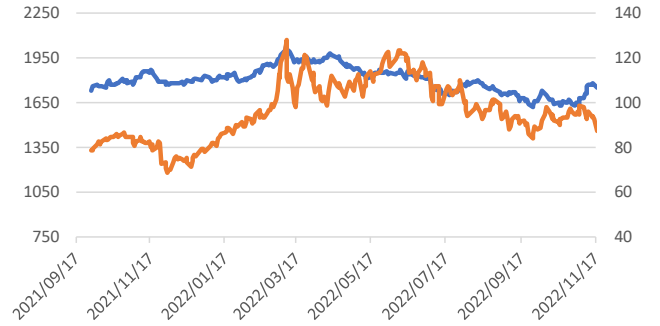
USD Index



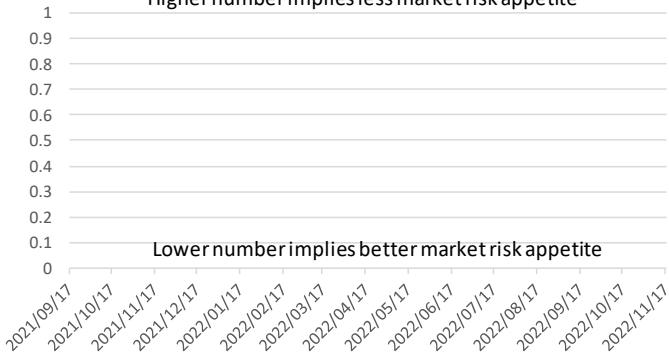
Base metals - Copper L_Hand axis LME Index R_Hand axis



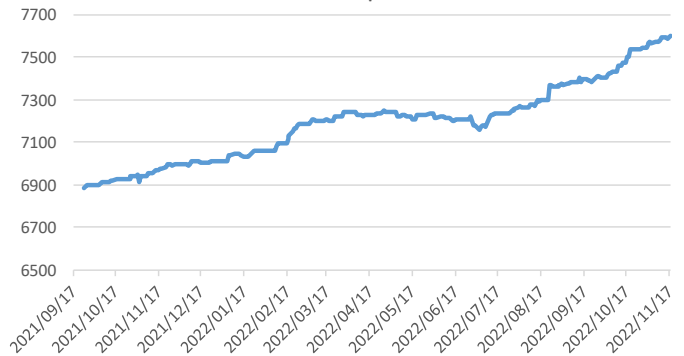
Oil R_Hand Axis - Gold L_Hand Axis



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



Local stockmarket performance



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