

# Botswana Market Watch

GMT	Country	Data event or release	Period	Market Exp	Previous
09:00	EC	S&P Global Eurozone Manufacturing PMI	Nov P	46.0	46.4
09:00	EC	S&P Global Eurozone Services PMI	Nov P	48.0	48.6
12:00	US	MBA Mortgage Applications	18-Nov		2.7%
13:30	US	Durable Goods Orders	Oct P	0.4%	0.4%
13:30	US	Initial Jobless Claims	19-Nov	225k	222k
13:30	US	Continuing Claims	12-Nov	1520k	1507k
14:45	US	S&P Global US Manufacturing PMI	Nov P	50.0	50.4
15:00	US	U. of Mich. Sentiment	Nov F	55.0	54.7
15:00	US	New Home Sales	Oct	570k	603k
19:00	US	FOMC Meeting Minutes	02-Nov		

Factors Overnight	What happened?	Relevance	Importance	Analysis
<b>RBNZ</b>	This morning, the RBNZ delivered its biggest-ever rate hike of 75bp to lift the official cash rate to 4.25%, the highest since Jan 2009. It also raised the projected peak to 5.5% in Sep 2023	The statement was hawkish, inflation too high, and the labour market tight. There is room for further tightening	<b>4/5</b> (monetary policy, economy)	As with most other central banks around the world, the RBNZ has joined the aggressive tightening effort. The price of all the stimulation has been inflation, and that cost has now fallen due. A re-balancing is long overdue
<b>Fedspeak</b>	Kansas City Fed President George said on Tuesday that rates might need to remain higher for longer to encourage saving and sustainability in GDP growth	Encouraging some saving is a necessary and important part of creating balance and curtailing inflation	<b>3/5</b> (economy, monetary policy)	George was quoted as saying that “ <i>The dynamics of this excess saving and the distribution...is a key factor shaping the outlook for output, inflation and certainly for interest rates</i> ”
<b>BoC on rates and risks</b>	BoC's Rodgers says that higher rates are starting to work to reduce inflation, but the risks to financial stability are also rising, adding that there is a long way to go to restore balance	Although the housing market and levels of debt are a problem, the BoC has further to tighten to restore balance	<b>4/5</b> (monetary policy, market, economy)	The concern is that as interest rates rise, housing bonds will reset and create distress in the banking and housing markets. Such distress holds the potential to trigger losses and turn the credit cycle negative

Factors on the Radar	What happened?	Relevance	Importance	Analysis
<b>Black Friday and Thanksgiving</b>	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	<b>5/5</b> (markets, economy)	This will ensure that investors are a little more cautious in their trading this week, which will be characterised by consolidation
<b>BoE QE losses</b>	With bond yields rising sharply on the back of the central bank's fight against inflation, the BoE is projecting losses of up to £30bn per annum over the next 2 years	The finance ministry gets to claim the profits from QE, but must then offset the losses as they arise	<b>5/5</b> (monetary policy, fiscal policy)	This imposes yet another drag on the fiscus that will need to be funded and highlights the hidden costs of QE that might only manifest many years later at an equally challenging time
<b>Russian oil price cap</b>	The G7 will soon announce the price cap on Russian oil exports, and the coalition will adjust the price a few times a year	The aim is to reduce Russian revenues. An announcement will come this week	<b>4/5</b> (geopolitics, market)	The coalition is banking on Russia not reducing supply as they believe doing so would damage oil fields. It is unclear what Russia's counter-strategy will be

## Highlights news vendors

**BUSINESS LIVE** - [Rise in private investment and household spending will boost SA growth — OECD](#)

**FT** – [Bankman-Fried ran FTX as personal fiefdom, court hears](#)

**REUTERS** – [U.S. Supreme Court clears way for lawmakers to get Trump's tax returns](#)

**SOUTH CHINA POST** - [What Xi's 'unscripted' G20, Apec moments reveal about future of diplomacy](#)

## Local and regional talking points

	Corporate Foreign Exchange			
	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.273824	1.279296	1.2983717	1.372578
BWPUSD	0.073824	0.093496	0.0752467	0.079516
GBPGBP	16.005496	16.069248	15.659223	15.142176
BWPEUR	0.07748	0.077792	0.0731963	0.076296
JPYBWP	11.3048	11.3568	10.679775	11.1111
USDZAR	16.564416	17.951752	16.952645	17.56337275
EURUSD	0.990624	1.073592	1.0138418	1.05036525
GBPUSD	1.140576	1.235728	1.1673083	1.2089935

Interbank Spot Foreign Exchange			Forward Foreign Exchange		
	Close	Change		BWPUSD	BWPZAR
BWPUSD	0.0769	0.0000	1m	-2.64225	0
BWPGBP	0.0647	0	3m	-7.449	0
BWPEUR	0.0745	0.00	6m	-13.8645	0
BWPZAR	1.3262	-0.0013	12m	-29.445	0

Dollar Index	107.11	-0.112
EURUSD	1.0321	0.0019
GBPUSD	1.1878	-0.0005
USDJPY	141.42	0.18
USDNGN	442.63	0
USDZAR	17.2457	0.0218

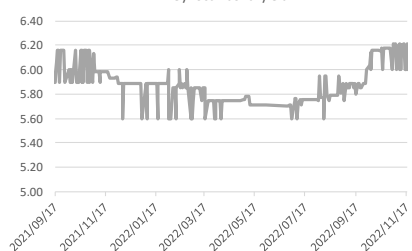
Local Fixed income			International Fixed Income		
Yield curve	Close	Change		Close	Change
6m	4.406	-0.001	SA 10y	10.285	-0.11
3y	5.149	-0.001	US 10y	3.758	-0.069
5y	6	-0.21	German 10y	1.982	0.005
20y	8.8	0.01	Spread SA 5y vs Bots 5y bpts		
22y	9	0.05		265.5	13

Equities			Commodities		
	Close	Change		Close	Change
VIX	34.098.1	-45.41	Gold	1740.24	2.4319
Dow Jones	34098.1	-45.41	Brent Crude	1737.8081	0.91
FTSE	7452.84	-8.67	3m Copper	1749.74	132.5
JSE All share	72242.33	-638.85	LME Index	1760.87	73.8
Bots DCIBT	7616.96	10.73	1 carat index	1773.77	#VALUE!
Nigeria Index	44929.33	209.11			

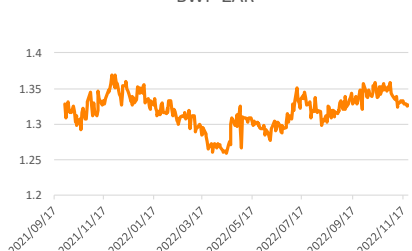
Spot BWP



BWP 5y local bond yield



BWP-ZAR



- Xinhua- Botswana government and the European Union (EU) launched the Multi-Annual Indicative Program (MIP) on Tuesday, covering the period of 2021 to 2027 with an initial grant of 16 million euros (about 16.44 million U.S. dollars). Speaking during the launch in Gaborone, the capital of Botswana, Botswana's Minister of Finance, Peggy Serame, stated that the priorities of MIP set out two priority areas: green transformation and economic diversification. The EU will provide 16 million euros to fund actions between 2021 and 2024. Another financial allocation for the period 2025-2027 will be determined after a review in 2024. Serame said despite the country's middle-income status, the southern African nation still faces numerous challenges, including unemployment, particularly among graduates, and the need to diversify the economy.

- Regionally, the highlight of the session is the release of the South African CPI reading. While consumer price inflation has moderated in the last two months, it remains stuck above the SARB's inflation threshold of 3%-6%. Core inflation has also been persistent, rising to 4.7% y/y in September. Therefore, the SARB is unlikely to be swayed from tightening monetary policy further, even if this week's numbers show a further deceleration in the headline rate. The SARB will still want to anchor inflation expectations and support the ZAR by keeping rate differentials with the US favourable. However, the downtrend in inflation could persist in the coming months amid the easing of supply-chain problems, moderating global food shortages, rising interest rates weighing on consumer demand and the appreciation of the local currency. The pace at which price growth eases could quicken in the months ahead as base effects begin to come into play.

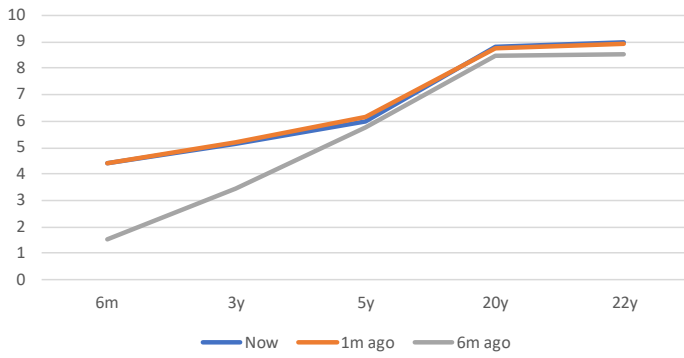
## Financial Market Commentary

- Mid-week, the USD finds itself on the defensive. Most investors anticipate that the Fed will soon scale back on the size of the rate hikes, and some acknowledgement will be given to the peak and reversal in inflation. Monetary dynamics have changed considerably in the US, which will alleviate inflationary pressures. The worst is behind us, and the Fed will be mindful of pushing the tightening too quickly and unnecessarily damaging the economy. A global slowdown is already underway, and reports of layoffs are becoming more regular, especially among tech companies. The cycle has turned, and the data will guide the Fed on how to act, but investors will be super-sensitive to any guidance confirming that the Fed will slow its tightening rate and prioritising growth a little more. This morning the EUR-USD has recovered back above 1.0300, while the GBP-USD is trading closer to 1.1875. Both have capitalised on the soft USD overnight.

- Moving over to the rand, while it is possible that the inflation data augers well for a smaller rate hike domestically, it may not trigger any ZAR weakness just yet. Given the base level of interest rates, the Fed's pivot is far more important, and the USD's overvaluation is nothing to downplay. It will still drive broader FX direction, and the ZAR will go along for the ride. While one could argue that technically the USD-ZAR is due a correction higher, the bias remains in the ZAR's favour and likely to remain that way throughout most of 2023. Tomorrow, the SARB will decide on domestic interest rates, which will have a bearing on ZAR. Between today's inflation reading and tomorrow's decision, the ZAR will likely tread some water through today's trading at the very least. A sustained break below 17.2000 will raise the probability of a much stronger recovery. Another bounce back up, may see 17.6000 tested before the week is out.

- The BWP is expected to consolidate further around current levels with investors sidelined against a heavy international data session. Equally, we have the US Thanksgiving holidays tomorrow which is likely to sap liquidity from the markets.

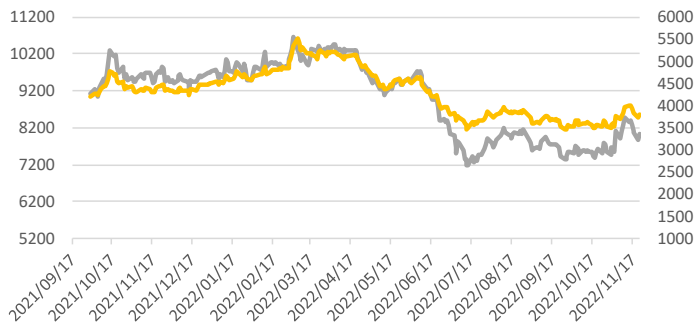
Botswana Yield Curve



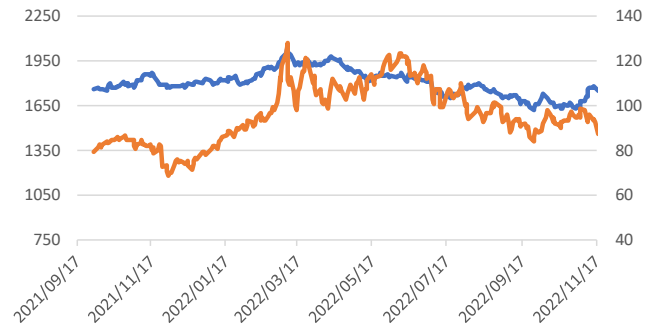
USD Index



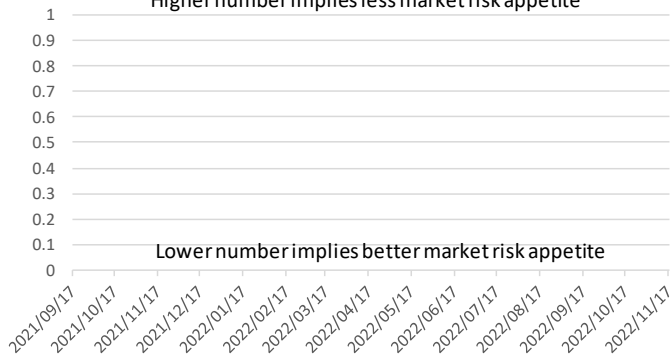
Base metals - Copper L\_Hand axis LME Index  
R\_Hand axis



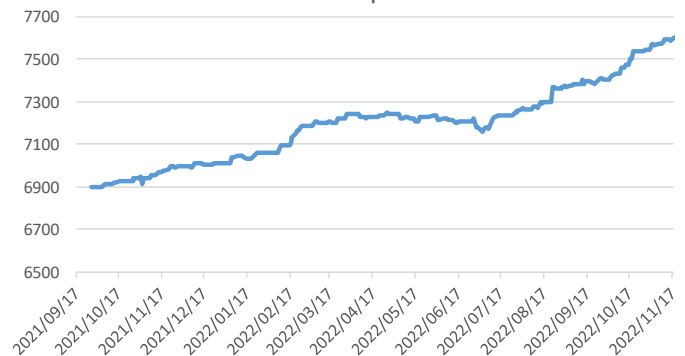
Oil R\_Hand Axis - Gold L\_Hand Axis



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



Local stockmarket performance



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