

# Botswana Market Watch

GMT	Country	Data event or release	Period	Market Exp	Previous
12:00	BW	2027, 2031 and 2043 bonds on offer today			
07:00	GE	GfK Consumer Confidence	Dec	-39.6	-41.9
07:00	GE	Private Consumption QoQ	3Q	0.3%	0.8%
08:00	GE	Government Spending QoQ	3Q	0.9%	2.3%
10:00	GE	GDP NSA YoY	3Q F	1.1%	1.1%
Factors Overnight		What happened?	Relevance	Importance	Analysis
US labour market		Very slowly, there are signs emerging that the US labour market is loosening. Weekly jobless claims have risen to a 3m high following the Tech layoffs	Although not good news, any holiday-type data can prove erratic and should be viewed cautiously	4/5 (economy)	Layoffs from the Tech sector will be driving some of the rises, but the more conclusive proof is needed to call this a full-blown trend. Holiday-related data is often distorted and volatile
Oil prices		Brent crude oil fell to \$85 pb amid Russian price cap talks and easing fears that lockdowns in China will disrupt logistics	Weakening global demand will also be weighing on broader sentiment	3/5 (economy, monetary policy)	From an inflation perspective, this is good news, although it also reflects all that is wrong in the world at the moment in GDP, geopolitics, inflation, and rates
Fed Minutes		Fed minutes released last night and confirmed that a substantial majority of Fed officials expect a slowdown in the pace of rate hikes soon	A slower pace of hiking would allow for a better assessment of what has been done already	4/5 (monetary policy, market, economy)	The minutes signal that the heavy lifting is done but that inflation forecasts had been lifted and that the chance of recession was at least as likely as the probability of sluggish growth
Factors on the Radar		What happened?	Relevance	Importance	Analysis
Black Friday and Thanksgiving		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
BoE quantitative tightening		The BoE laid out plans for selling some of the £19bn of long-dated and index-linked gilts that it bought last month to stabilise markets after the Truss budget	BoE will be selling gilts Tue, Wed and Fri giving minimum prices before each sale	4/5 (monetary policy, fiscal policy)	This will further drain liquidity from the system but unwind the support that was required after Kwasi Kwarteng announced his mini budget that spooked markets
German yield curve		Germany's yield curve has inverted to the deepest levels seen in over 14 years, signalling the high probability of a recession	Europe's largest economy will drag many other economies with it	4/5 (monetary policy, market)	The ECB will be mindful of this and will try to keep monetary policy as accommodative as it can without disregarding inflationary pressures

## Highlights news vendors

**BUSINESS LIVE** - [Rate rises not over yet, says Kganyago](#)

**FT** – [Zelenskyy vows Ukraine will withstand Russian attacks on power networks](#)

**REUTERS** – [Weapons industry booms as Eastern Europe arms Ukraine](#)

**SOUTH CHINA POST** - [China resumes strategic naval partnerships, aims to 'deepen cooperation'](#)

## Local and regional talking points

	Corporate Foreign Exchange			
	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.267776	1.273344	1.2922071	1.366192
BWPUSD	0.074592	0.093496	0.0760295	0.08034
GBPGBP	16.149328	16.217032	15.799944	15.281434
BWPEUR	0.077584	0.077896	0.0732945	0.076398
JPYBWP	11.1904	11.232	10.5717	10.989
USDZAR	16.316544	17.68572	16.698963	17.30309625
EURUSD	0.999936	1.08368	1.023372	1.060235
GBPUSD	1.162944	1.25996	1.1902005	1.23270125

Interbank Spot Foreign Exchange			Forward Foreign Exchange		
	Close	Change		BWPUSD	BWPZAR
BWPUSD	0.0777	0.0000	1m	-2.6715	0
BWPGBP	0.0641	-0.0003	3m	-7.527	0
BWPEUR	0.0746	0.00	6m	-14.01075	0
BWPZAR	1.3213	-0.0062	12m	-29.74725	0

Dollar Index	105.767	-0.051
EURUSD	1.0416	0.0008
GBPUSD	1.2115	0.0005
USDJPY	138.45	-0.16
USDNGN	0	-442.95
USDZAR	16.9962	-0.0088

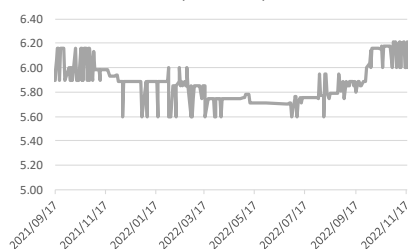
Local Fixed income			International Fixed Income		
Yield curve	Close	Change		Close	Change
6m	4.405	-0.001	SA 10y	10.195	-0.09
3y	5.15	0	US 10y	3.709	-0.049
5y	6.21	0.21	German 10y	1.922	-0.06
20y	8.79	-0.01	Spread SA 5y vs Bots 5y bpts		
22y	8.95	-0.05		237	-28.5

Equities			Commodities		
	Close	Change		Close	Change
VIX	23.10	-0.05	Gold	1754.96	5.68
Dow Jones	34194.06	95.96	Brent Crude	1749.28	-0.07
FTSE	7466.6	12.4	3m Copper	1740.24	36
JSE All share	73127.34	649.12	LME Index	1737.8081	0
Bots DCIBT	7618.37	1.41	1 carat index	1749.74	#VALUE!
Nigeria Index	46604.94	1303.04			

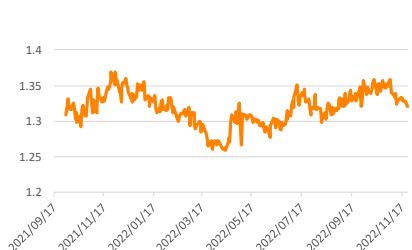
Spot BWP



BWP 5y local bond yield



BWP-ZAR



• In line with expectations, the South African Reserve Bank increased the Repo Rate by 75bps to 7.00% at yesterday's meeting. Three members of the committee were in favour of the 75bp hike, while the other two members preferred a smaller 50bp increase. This compares to the September meeting, where two members voted for a 100bp increase. The voting pattern suggests that the SARB is likely to ease off its rate hikes in early 2023 with growth concerns mounting and as the global monetary policy direction shifts. ETM expects the SARB to deliver one or possibly two more rate hikes of a smaller magnitude (25bps) in the first quarter of 2023, taking the Repo Rate to a peak of 7.25% or 7.50% in the current cycle.

• It is worth noting that the minutes of the last US Federal Reserve meeting showed that the world's de facto central bank is willing to hand out smaller interest rate hikes in the coming months if inflation slows. Given this backdrop and the fact that we are seeing local growth risks intensifying, we expect rates to begin to fall in the second half of next year. This notion is underpinned by the SARB's forecast for the Repo rate to average 6.55% in the final quarter of 2023.

• Locally, the news flow remains on the thin side but we have the all important monthly bond auction to contend with today. The bonds on offer are as follows – BWP150m of 5.5% 2027, BWP200m of 7.75% 2031, and BWP150m of 5.3% 2043 bonds.

## Financial Market Commentary

• Heading into the final session of the week, liquidity conditions are expected to remain thin following the Thanksgiving holiday in the US yesterday. The focus for currency markets remains centred on the USD as it extends its correction lower as traders scale back on rate hike bets in the US. At the time of writing, the Trade-weighted USD was down just under 1% on the week. Should the losses be sustained in the session ahead, this will mark the fourth week out of the past eight that the USD has posted a decline. The depreciation in the USD has provided a tailwind for G10 currencies, which are a sea of green this week, with the GBP and the EUR gaining around 1.85% and 0.85% this week. Emerging market currencies are also broadly stronger this week, with the gains led by the CLP (3.38%), COP (2.10%) and ZAR (1.43%).

• Fed minutes have placed the USD on the defensive and plumbing the lows tested earlier this month. It is difficult seeing any currency offsetting the USD's slide, so there will be some relief expressed by many countries when they see their currencies appreciate vs the USD. It helps ease inflationary pressures and suggests that the more conservative policies they have adopted will pay dividends in protecting the purchasing power of their currency. The EUR has surged back above 1.0430, while the GBP is trading back towards 1.2100/dlr. Even the JPY has now managed to trade to levels back below 139.00/dlr, and with the USD expected to slide further, currencies are looking to end the year on a much stronger footing. Technically, a break below 105.00 on the trade-weighted USD index opens the door for a further 5% retreat in the USD to unwind more of its overvaluation. The US Thanksgiving holidays will leave investors to consider the Fed minutes carefully, and it is unlikely that the USD will make much of a comeback unless Black Friday is a blow-out success.

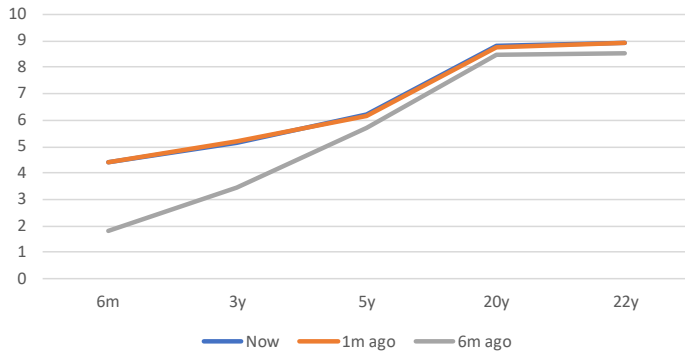
• The BWP has followed other FX pairs making gains against the greenback. That said, Movements in the BWP-USD of late have been more a function of the market recalibrating its expectations for the USD than adjusting its view on BWP.

• Moving over to the fixed income markets, Gilts and bunds were offered yesterday, with the former underperforming, especially at the front end, after BoE policymaker Mann said that inflation expectations remain well above 2%. Bets on near-term ECB rates were also bolstered as policymakers suggested that it is still too soon to slow the pace of rate hikes.

• US Treasuries have reopened on the front foot following yesterday's US holiday, with the front end outperforming to marginally unwind some of the curve inversion. Liquidity through the final US session of the week will be extremely thin owing to a half-day close and many opting for a long weekend. Thus, we could see the market

take on a bit of a consolidatory tone as those at the desks will be waiting to see how Black Friday goes and what that means for retail sales and consumer resilience in the US.

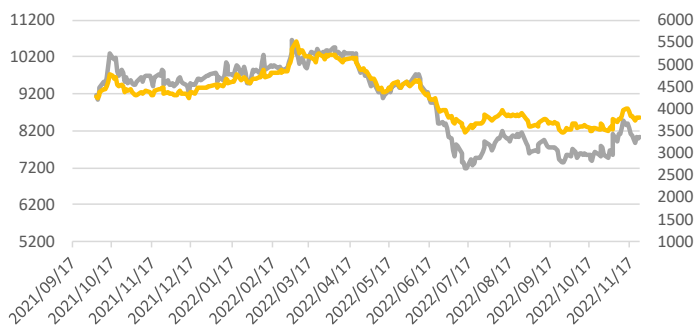
Botswana Yield Curve



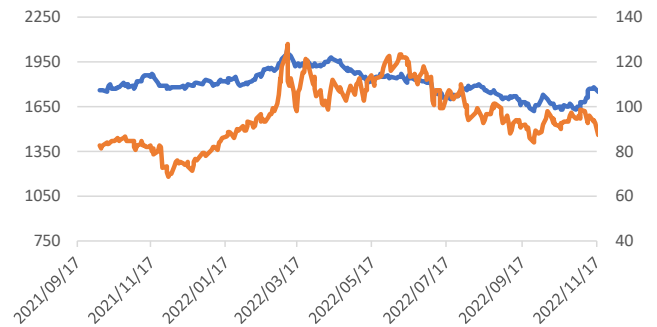
USD Index



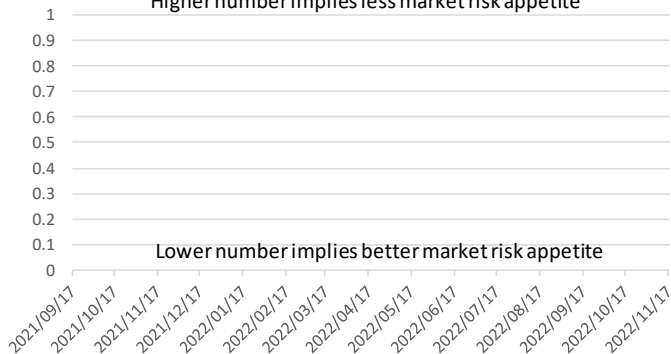
Base metals - Copper L\_Hand axis LME Index  
R\_Hand axis



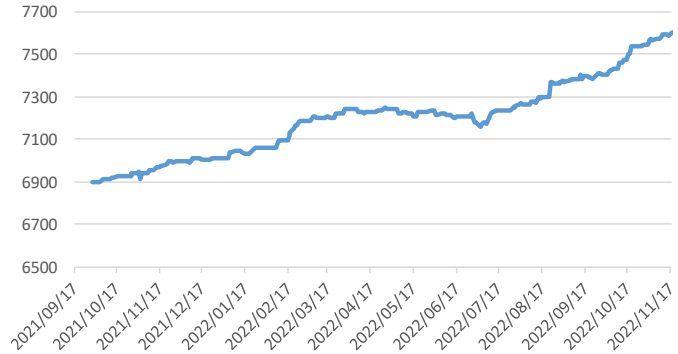
Oil R\_Hand Axis - Gold L\_Hand Axis



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



Local stockmarket performance



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