

# Botswana Market Watch

GMT	Country	Data event or release	Period	Market Exp	Previous
-	BW	Empty data card			
09:00	EZ	M3 money supply sa y/y	Oct	6,10%	6,30%
17:00	US	Fed's Bullard Takes Part in MarketWatch Live Event			
17:00	US	Fed's Williams Speaks to The Economic Club of New York			
17:10	EC	ECB's Nagel Speaks			
Factors Overnight		What happened?	Relevance	Importance	Analysis
China's Covid moment	Cases surged beyond 40k a day and rising. The frustration of Chinese citizens triggered protests unprecedented under Xi Jinping's tenure	The Covid surge and protests threaten to disrupt logistical supply chains all over again	5/5 (economy)	Even the Chinese have had enough of lockdown measures and want to live a normal life, free from the tyranny of the state. This will detract from Chinese growth and could impact logistics	
Black Friday	Although it is not clear what in-store sales did just yet, online sales rose to a record \$9.12bn; a report showed on Sat	Cyber Monday is expected to be another bumper sales day for online sales	3/5 (economy, monetary policy)	The general trend is to avoid the huge crowds and rather rely on online stores to accomplish the same result without the hassle	
Aussie retail sales	Australian retail sales suffered their first contraction in 2022 as rising inflation and interest rates took their toll, although the drop was just 0.2% m/m in Oct	Even the most resilient markets are now experiencing some difficulties as demand softens	3/5 (economy)	The Oct data ends nine months of consecutive gains to show that consumer demand is eventually experiencing some pressure and will, at the very least, pause	
Factors on the Radar		What happened?	Relevance	Importance	Analysis
Oil prices	Oil prices have retreated to levels last seen in Jan 2022 as the effects of the Covid lockdowns and protests in China result in a downward trend towards \$81pb	This will come as a major source of inflation relief through the months ahead	3/5 (markets)	Central banks and inflation have eventually taken their toll on global demand. Desperation levels have risen, and demand for oil is weakening and could prompt an OPEC response	
UK house prices	According to a Zoopla survey, buyer demand fell 44% in Oct in response to the Truss mini-budget, higher rates and the cost-of-living crisis	House prices are still higher for now but will come under pressure as household finances deteriorate	4/5 (monetary policy, economy)	As UK house prices deteriorate, they will impair household balance sheets and set in motion a negative credit cycle, where one might see a contraction in credit expenditure and money supply	
PBoC cheap loans	China's central bank will offer cheap loans to financiers looking to lend money to developers through the purchasing of their bonds	This is China's attempt to shore up the property development market as demand slumps	4/5 (monetary policy, market)	The loans from the banks are expected to be much lower than the prevailing benchmark rate, offering a clear incentive to help boost lending to the sector and keep it solvent	

## Highlights news vendors

**BUSINESS LIVE** - [SA businesses cautious over Africa free trade pact](#)

**FT** - [Global inflation likely to have peaked, key data indicators suggest](#)

**REUTERS** - [South Korea to hold first talks with striking truckers on Monday](#)

**SOUTH CHINA POST** - [As China hits record 40,052 daily cases, can zero-Covid policy continue?](#)

## Local and regional talking points

	Corporate Foreign Exchange			
	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.274208	1.284864	1.2987631	1.378552
BWPUSD	0.0744	0.093496	0.0758338	0.080237
GBPGBP	16.055416	16.1824	15.708063	15.2488
BWPEUR	0.077792	0.078416	0.073491	0.076908
JPYBWP	11.1592	11.2424	10.542225	10.999175
USDZAR	16.441056	17.822792	16.826393	17.43720275
EURUSD	0.993792	1.077024	1.017084	1.053723
GBPUSD	1.157472	1.254136	1.1846003	1.22700325

Interbank Spot Foreign Exchange			Forward Foreign Exchange		
	Close	Change		BWPUSD	BWPZAR
BWPUSD	0.0775	-0.0002	1m	-2.6715	0
BWPGBP	0.0641	0	3m	-7.527	0
BWPEUR	0.0745	0.00	6m	-14.01075	0
BWPZAR	1.3234	-0.0011	12m	-29.74725	0

Dollar Index	106.324	0.365
EURUSD	1.0351	-0.0044
GBPUSD	1.2054	-0.0039
USDJPY	138.43	-0.67
USDNGN	442.76	0
USDZAR	17.1255	0.0492

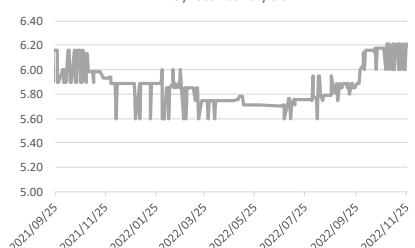
Local Fixed Income			International Fixed Income		
Yield curve	Close	Change		Close	Change
6m	4.409	0.004	SA 10y	10.22	0.025
3y	5.151	0.001	US 10y	3.702	-0.007
5y	6.2	-0.01	German 10y	1.969	0.047
20y	8.8	0.01	Spread SA 5y vs Bots 5y bpts		
22y	8.9	-0.05		249	12

Equities			Commodities		
	Close	Change		Close	Change
VIX	23.15	0.00	Gold	1756.14	1.18
Dow Jones	34347.03	0	Brent Crude	1754.96	-1.71
FTSE	7486.67	1.36	3m Copper	1749.28	-33
JSE All share	73151.38	235.89	LME Index	1740.24	-20.7
Bots DCIBT	7609.33	0	1 carat index	1737.8081	#VALUE!
Nigeria Index	47554.34	372.57			

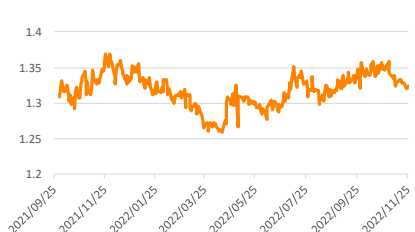
Spot BWP



BWP 5y local bond yield



BWP-ZAR



• The upcoming week will be full of news for investors, with a plethora of key global economic data and policymaker appearances. US Fed Chairman Jerome Powell will be speaking on the economy and labour markets at the Brookings Institute this week. After the last FOMC meeting on November 2nd, Powell changed the narrative of the meeting from dovish to hawkish. The statement read that *“in determining the pace of rate hikes, we will consider cumulative tightening, policy lags, and economic and financial developments.”* Markets read this as dovish. However, during the press conference which followed, Powell said that *“incoming data suggest that the ultimate level of rates will be higher than previously anticipated.”* Markets latched onto these comments as hawkish. With the latest inflation readings high and the jobs data still strong, it will be interesting to see what narrative Powell provides.

• On top of that, the Bank of Botswana MPC members will be meeting for the final time this year as they deliver their rate verdict on December 1<sup>st</sup>, in what will also be one to watch as further policy guidance for next year will go some way in market positioning after the central bank left its key interest rate unchanged at 2.65% at its October rate decision.

• There is nothing of much interest in the local press. Instead, the focus will remain on developments abroad that look far more interesting, ranging from updates on the Black Friday weekend sales to the developments in China regarding their Covid surge and the weekend of protests. Citizens vented their frustration at more lockdowns and the country's zero-Covid policy when the rest of the world is normalising.

## Financial Market Commentary

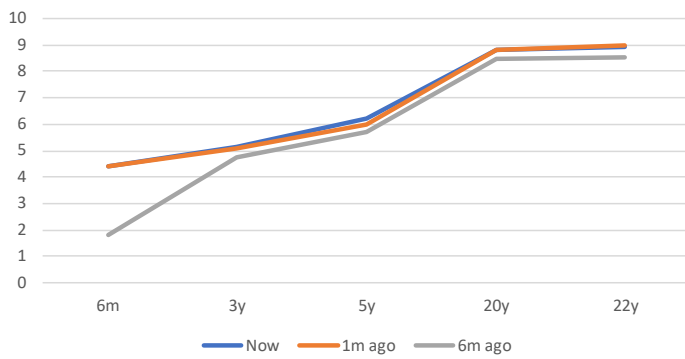
• There has been a slight recovery in the USD through Asian trade this morning as investors positioned for the difficulties reflected in stock markets, responding to the Covid news and protests stemming from China. Technically, it now appears as though the USD has formed a base and will find greater support. The CNY has weakened on the Covid surge, and the USD's safe-haven status may come back into the picture, although it is unlikely to change the medium to the longer-term prognosis that is still USD negative. The Fed is likely to be one of the first central banks to pivot and reach for the pause button, and while that is the case, investors will price out of the market further expectations of monetary policy disparities. The EUR is showing a similar picture to the USD index and is retreating away from its recent highs to trade back towards 1.0350, while the GBP has retreated slightly but remains on a recovery path as more conservative monetary and fiscal policies are implemented. Of the three, the most austere policies have been adopted by the UK and over time that will reflect in a recovery in the GBP.

• US Treasuries are bid at the start of the new week as the unrest in China has spooked investors and caused a rotation into haven assets. Slumping oil prices have also bolstered the bullish tone for global bonds this morning, with inflation expectations weakening as crude prices reach their lowest levels this year on growing demand concerns. The bullish flattening bias is thus persisting, and recession calls are growing louder as longer-dated US benchmark yields are now below the lower-bound of the Fed Funds Rate, even with 100bp or so of rate hikes still priced into the market. With a recession priced in so aggressively, we could have some volatility in the market this week given the major data releases out of the US, including the ISM PMIs, PCE Core figures and the non-farm payrolls data.

• Meanwhile, bonds sold off across Europe on Friday as money markets increased their bets on ECB and BoE rate hikes. The market now prices in 62bp worth of hikes at the December ECB meeting, meaning a fairly even chance of a 50bp or 75bp hike. Traders added 5bp worth of hikes to BoE tightening bets on Friday, with a 50bp hike next month still looking all but certain.

• The correction lower in commodity prices should help ease global inflationary pressures. Oil has plunged through the Asian session, with China's persistence with COVID curbs and the latest unrest. The outlook for oil demand from the world's top importer remains highly uncertain, adding to some stress in what was already becoming a fragile market. Brent has slumped to \$81 per barrel this morning, its lowest level this year and down almost 40% from the peaks reached in March. This weekend also brought news that the US has granted Chevron Corp a license to resume oil production in Venezuela. This will help ease longer-term supply worries and could help to keep a cap on prices over the near-term, especially if Europe's energy crisis turns out to be less aggressive than previously expected.

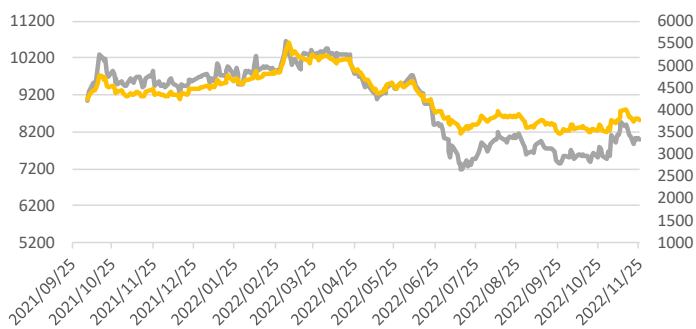
### Botswana Yield Curve



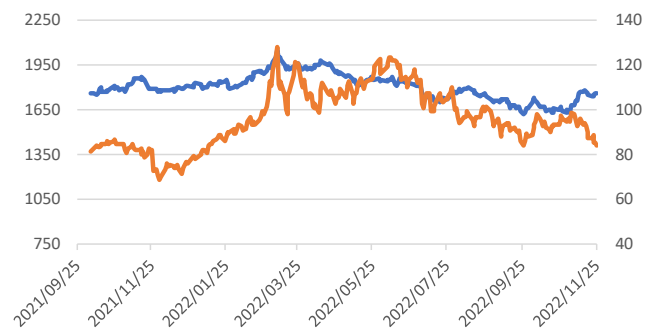
### USD Index



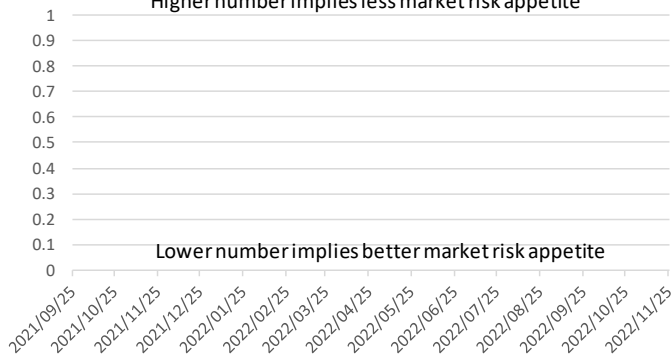
### Base metals - Copper L\_Hand axis LME Index R\_Hand axis



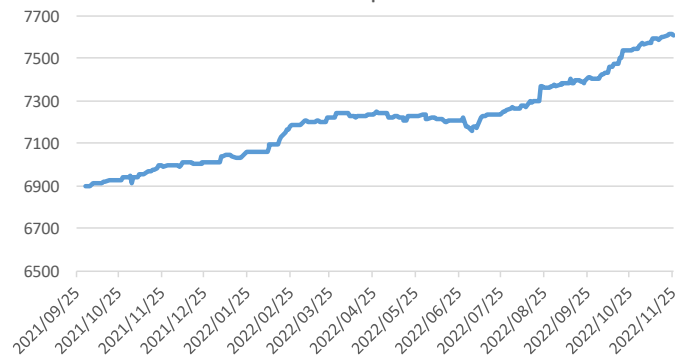
### Oil R\_Hand Axis - Gold L\_Hand Axis



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



### Local stockmarket performance



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