

Daily Market Update



A daily publication of Treasury Unit of Access Bank Botswana.

Financial Markets

The USD Index rose further yesterday on the back of US Treasury yields rising driven by US CPI data which exceeded forecasts to the upside. Core CPI rose by 3.8% y/y and 0.4% on the month. The index which measures the dollar against a basket of six currencies scaled the 103.00 handle just after the release and is currently trading at 102.90 this morning ahead of the EU open.

For the USD-ZAR, that has meant that it has crept up from its intraday lows, although it is still on track to finish another week on a firmer footing if these levels can be sustained. The ZAR remains a passenger along for the ride, with the domestic data schedule being particularly light, and only manufacturing and mining production scheduled for release tomorrow holds any significance. However, even that data is not particularly market-moving, leaving the ZAR to focus on offshore developments for direction.

One supportive factor recently has been the improvement in SA's terms of trade as gold and platinum prices ticked up. However, that influence is tentative and cannot be relied on to support the ZAR indefinitely. Yesterday, both prices retreated off their highs to detract from the ZAR's more bullish undertone.

The recent gains for the ZAR saw the BWP-ZAR cross slide toward 1,3650 by the close yesterday. The cross has rebounded in early trade this morning to near 1,3720 in the interbank markets, but with the ZAR still undervalued against the USD, further declines for the BWP-ZAR are likely over the coming weeks and months.

Corporate Foreign Exchange

	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.311936	1.323552	1.3372181	1.420061
BWPUSD	0.070272	0.093496	0.0716262	0.075808
GBPBWP	18.021016	18.170152	17.63113825	17.121874
BWPEUR	0.06968	0.070304	0.0658275	0.068952
JPYBWP	11.2424	11.336	10.620825	11.09075
USDZAR	17.922528	19.42928	18.34258725	19.008935
EURUSD	1.048704	1.136512	1.073283	1.111924
GBPUSD	1.227648	1.330056	1.256421	1.30128075

Contact Information

	Details
Phillip Masalila	masalilap@accessbankplc.com 2673674621
Kefentse Kebaetse	kebaetsek@accessbankplc.com 2673674370
Shewauya Charumbira	Shewauya.Charumbira@accessbankplc.com 2673674685
Batanani Pearl David	davidbat@accessbankplc.com 2673674382
Ntebang Magashula	magashulan@accessbankplc.com 2673674356
Keategile Segwabe	segwabek@accessbankplc.com 2673674622

Forward Foreign Exchange

	BWPUSD
1m	-1.86225
3m	-5.35275
6m	-8.775
12m	-9.1065

Local Fixed income

Yield curve	Close	Change
6m	3.993	-0.001
3y	6.00	0.00
20y	8.3	0

International Fixed Income

	Close	Change
SA 10y	10.165	0.06
US 10y	4.155	0.051
German 10y	2.326	0.028
SA vs Bots 20y spread	427	6.5



DOMESTIC AND REGIONAL NEWS

Zimbabwe warns of rising food prices

The number of ships sailing around the southern tip of Africa has gone up 85% from the first half of December as Houthi Attacks force ships to sail thousands of miles further than normal. According to Steve Gordon, Managing Director of Clarksons Research, a unit of the world's largest shipbroker, the rise in voyages around the Cape of Good Hope coincides with a 70% decline in the number of ships arriving in the Gulf of Aden to transit the Red Sea. Gordon added that the most significant decline in traffic stems from container ships and natural gas carriers, which barely enter the Gulf of Aden at all. Moreover, the number of bulk commodity carriers has also continued to fall in recent weeks, down 58% last week from early December.

Meanwhile, in its latest crop and livestock assessment, Zimbabwe's Ministry of Agriculture warned that the scorching El Nino weather patterns threaten the nation's staple food and could potentially trigger surging food prices and social unrest. The ministry noted that the area planted with corn declined to 1.73 million hectares in the 2023/24 crop season from 1.96 million hectares in the previous crop season. The ministry added that growing regions have suffered a prolonged dry spell lasting longer than 28 days, and certain crops are temporarily wilting while others are showing signs of permanent wilting. As a result of adverse weather conditions, households, and traders are expected to engage in panic purchases and grain hoarding, leading to the depletion of grain earlier than expected and driving food prices even higher

..

GLOBAL NEWS

US inflation hotter-than-expected in February

Inflation in the US increased again in February, prompting the Federal Reserve to maintain its stance on waiting until at least summer before considering lowering interest rates. The consumer price index (CPI), which measures goods and services costs, rose by 0.4% for the month and 3.2% from a year ago, slightly exceeding forecasts. Excluding volatile food and energy prices, the core CPI also rose by 0.4% for the month and was up 3.8% on the year, both slightly higher than expected. Although the 12-month inflation rate has decreased from its peak in mid-2022, it remains well above the Fed's 2% target. Energy costs increased by 2.3%, contributing to the headline inflation number, while food costs remained flat and shelter costs rose by 0.4%. Energy and shelter costs accounted for over 60% of the total gain, with gasoline prices jumping by 3.8% and owners' equivalent rent increasing by 0.4%.

Sources: ETM Analytics, Access Bank Treasury Team, Bloomberg, Reuters

Disclaimer - The information provided herein has been prepared by ETM Analytics and is 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, including ETM Analytics, 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.

Chart Pack

