

Daily Market Update



A daily publication of Treasury Unit of Access Bank Botswana.

Financial Markets

The ZAR outperformed most of its EM peers yesterday, although this was primarily due to technical reasons. The USD-ZAR market bounced off the R19.0000/\$ handle, pointing to some profit-taking on its most recent rise from levels sub-18.6000. Consolidation will likely be the order of the day ahead of the Fed's policy update tonight, unless there are any major shocks in the SA CPI and retail sales data. More broadly, there is little to suggest that the USD-ZAR will break out of its broader trading range seen since mid-2023 ahead of the upcoming elections, although the volatility within this range provides plenty of opportunities for traders on both sides of the market.

U.S. Treasury yields slightly decreased on Tuesday, stepping back from recent highs in February. The yield on the benchmark US 10-year fell to 4.306% from Monday's close of 4.340%, nearing February's peak of 4.354%. The US 2-year also dropped to 4.693% from 4.736% on Monday. Market attention is focused on the Federal Reserve's two-day meeting ending this evening. While the Fed is anticipated to maintain rates, traders are eager for insights into economic and dot plot projections following recent data including February's consumer and producer price indices exceeding forecasts, that have prompted speculation about the timing of Fed rate cuts. Also worth mentioning is the 20-year bond auction yesterday achieved a high yield of 4.542% and a bid-to-cover ratio of 2.79, the highest since June

Corporate Foreign Exchange

	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.322592	1.335936	1.34807945	1.433348
BWPUSD	0.069888	0.093496	0.0712348	0.075705
GBPBWP	17.995536	18.170048	17.6062095	17.121776
BWPEUR	0.06968	0.070408	0.0658275	0.069054
JPYBWP	11.4712	11.5856	10.836975	11.33495
USDZAR	18.167904	19.690528	18.59371425	19.264531
EURUSD	1.042944	1.130272	1.067388	1.105819
GBPUSD	1.220928	1.322776	1.2495435	1.29415825

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Forward Foreign Exchange

	BWPUSD
1m	-1.95
3m	-4.875
6m	-8.775
12m	-7.970625

Local Fixed income

Yield curve	Close	Change
6m	4.084	0
3y	5.58	-0.42
20y	8.29	-0.01

International Fixed Income

	Close	Change
SA 10y	10.495	0.13
US 10y	4.34	0.036
German 10y	2.457	0.021
SA vs Bots 20y spread	457.5	11



DOMESTIC AND REGIONAL NEWS

Botswana Power Corp secures funding to help clear debt

Botswana's power utility Botswana Power Corp, has secured 1,72bn BWP in debt from local financial institutions to help it clear its overdue balances and purchase supplies to perform maintenance at its plants. This is according to Fin Min Serame, who has asked lawmakers to approve a guarantee to cover full amounts owed should the utility not be able to pay its debts. The firm's debt ranges from 12-month rolling facilities to 10-year agreements with interest rates ranging from 5,11% to 10,5%. The power utility remains dependent on government support.

In corporate news, Moove, an African mobility fintech, has successfully raised \$100 million in a funding round aimed at expanding its operations into new markets. While Moove didn't disclose the lead investor, sources close to the deal revealed that Uber spearheaded the Series B round, marking Uber's first investment in Africa. The funding round also saw participation from sovereign wealth fund Mubadala and several other investors, boosting Moove's post-money valuation to \$750 million, up from \$550 million secured in the previous round last August. Notable participants in the funding round include Dubai-based The Latest Ventures, AfricInvest, Palm Drive Capital, Triatum Advisors, and Future Africa. Moove has now raised a total of \$250 million in equity and \$210 million in debt. The funding is crucial for Moove's expansion plans, aiming to grow its revenue-based vehicle financing platform from operating in 13 cities across six markets to 16 markets by the end of 2025. .

GLOBAL NEWS

Fed in focus today

The main event for this week will be the FOMC rate decision. The Fed is likely to keep rates unchanged this time around, but we may get some surprises in the form of the latest Dot Plots and a possible tilt further dovish from Fed Chair Powell. Some recent data has suggested that the US economy is losing a bit of momentum, while the labour market has started to show signs of cooling. Powell's past sensitivity to downside growth risks suggests that he may turn more dovish in the post-announcement press conference than what we saw at the last FOMC. While the meeting carries two-way risks for the market, our view is that these risks are skewed more toward a dovish surprise, which will pressure the USD and send UST yields plunging..

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

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Chart Pack

