

# Daily Market Update



A daily publication of Treasury Unit of Access Bank Botswana.

## Financial Markets

The USD Index lost further ground on Friday with an intra-day low of 102.33 noted as the bets for rate cuts from the Fed gained traction following the US jobs data. The market has recovered marginally this morning, but USD bears still have the 102.00 mark in their crosshairs as the week gets underway.

In terms of the euro, the single currency bounced higher post the US payrolls data but the momentum to the topside was not maintained and the single currency finished almost unchanged on Friday. This morning, we have the pair trading at 1.0937 ahead of the EU open. The trend to the topside remains intact.

All eyes are however on the USD/JPY which continued to lose ground on Friday as the narrowing of US-JP yield spreads kept a mass exodus from JPY short positions in play. Lows of USD/JPY146.47 were noted on Friday before the pair settled just ahead of USD/JPY147.00. This level has already been breached this morning with the intra-day low of 146.52 now becoming short term support.

The USD-ZAR tested levels below 18.6000 early on Friday, although the ZAR has given up some of those gains currently as those that were short USD-ZAR bought back some USDs into the weekend, and importers seized the opportunity to lock in some better rates. That said, should the USD extend its slide through the week, the ZAR could regain even more lost ground and help ease the pressure on the SARB with its inflation target.

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## Forward Foreign Exchange

	BWPUSD
1m	-1.8525
3m	-5.31375
6m	-8.6385
12m	-8.74575

## Local Fixed income

Yield curve	Close	Change
6m	3.995	-0.004
3y	6.00	1.00
20y	8.3	0

## International Fixed Income

	Close	Change
SA 10y	10.065	-0.03
US 10y	4.092	-0.012
German 10y	2.295	-0.035
SA vs Bots 20y spread	410	-2

## Corporate Foreign Exchange

	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.316256	1.327968	1.34162135	1.424799
BWPUSD	0.070176	0.093496	0.07152835	0.075705
GBPWP	18.131568	18.290376	17.7392985	17.235162
BWPEUR	0.069472	0.070096	0.065631	0.068748
JPYWP	11.1696	11.2632	10.55205	11.019525
USDZAR	18.005856	19.5208	18.42786825	19.098475
EURUSD	1.05024	1.137864	1.074855	1.11324675
GBPUSD	1.233696	1.33692	1.26261075	1.30799625



## DOMESTIC AND REGIONAL NEWS

### Local pension funds ahead of NBIFRA targets

Local pension funds grew their assets by almost 13% last year, according to the NBIFRA, reaching BWP139bn by December. Domestic assets accounted for 40.6% of their portfolios, surpassing the target set by the regulator. The goal of reaching 50% of total assets held domestically by 2027 is looking within reach as a result. The repatriation of funds locally has been a boon for the domestic markets, with liquidity in the bond space ramping up notably. This has been seen in recent bond auctions, which have attracted stellar demand and have put the government well on track to reach its funding targets. While the inflows will slow over the coming years as the target of 50% nears, liquidity within the market should continue to improve over the near term.

## GLOBAL NEWS

### Japan avoids technical recession on CAPEX spending

Revised official data released on Monday revealed that Japan's economy avoided a technical recession, returning to growth in the October-December period of the previous year. This growth was primarily driven by strong capital expenditure, although the upward revisions were weaker than anticipated, with private consumption remaining sluggish.

In the fourth quarter of last year, Japan's gross domestic product (GDP) expanded by 0.4% compared to the same period a year earlier, falling short of consensus expectations. The economy had previously contracted by 3.3% in the July-September period. Additionally, Japan's fourth-quarter GDP saw a modest 0.1% growth from the preceding three months, below median forecasts. This followed a contraction of 0.8% in the third quarter.

Despite the upward revision to GDP growth, concerns persist about weak private consumption, which has declined for three consecutive quarters. High inflation has also hindered domestic demand and private consumption. Reuters reported that the Bank of Japan is likely to lower its assessment on consumption and factory output at its upcoming policy board meeting in March.

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

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## Chart Pack

