

# Daily Market Update



A daily publication of Treasury Unit of Access Bank Botswana.

## Financial Markets

The dollar remains King as the market continues to pare expectations for Fed rate cuts this year. Fed Chairman Powell's hawkish comments yesterday fed into this trend, driving the USD index (DXY) to its highest levels since November last year. The ZAR, in turn, remains a passenger along for the ride, and has depreciated further away from the R19.00/\$ handle this morning. Today's South African CPI and retail sales data may provide the market with something idiosyncratic to trade on as it converges on a resistance level around 19.10, but these releases are unlikely to change the underlying trend in the market. Until there are more signs that the US economy is cooling and that the Fed will eventually be able to cut interest rates, the USD will remain King.

In the metals markets, gold remained steady on Wednesday, supported by safe-haven demand amid the Middle East conflict, which partially offset pressure from higher U.S. Treasury yields which were underpinned by the US Federal Reserve Chair Powell's comments overnight. Federal Reserve Chair Jerome Powell and other top U.S. central bank officials refrained from providing guidance on potential interest rate cuts, suggesting instead that monetary policy needs to remain restrictive for a longer period.

Most base metals, meanwhile, faced declines on Wednesday, influenced by a robust U.S. dollar and concerns regarding demand due to economic challenges in China, the world's largest metals consumer.

### Corporate Foreign Exchange

	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.32336	1.332672	1.34886225	1.429846
BWPUSD	0.069312	0.093496	0.0706477	0.074675
GBPGBP	17.774432	17.904744	17.389889	16.871778
BWPEUR	0.07072	0.07124	0.06681	0.06987
JPYBWP	11.6064	11.6896	10.9647	11.4367
USDZAR	18.328992	19.859216	18.75857775	19.4295695
EURUSD	1.018368	1.103648	1.042236	1.079771
GBPUSD	1.1.1928	1.29272	1.22075625	1.2647525

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### Forward Foreign Exchange

	BWPUSD
1m	-2.0085
3m	-2.847
6m	-5.967
12m	-9.520875

### Local Fixed income

Yield curve	Close	Change
6m	3.128	-0.003
3y	5.53	0.00
20y	8.25	-0.02

### International Fixed Income

	Close	Change
SA 10y	10.86	0.075
US 10y	4.657	0.029
German 10y	2.486	0.055
SA vs Bots 20y spread	489	7.5



## DOMESTIC AND REGIONAL NEWS

### IMF keeps SSA growth forecasts unchanged

In its latest World Economic Outlook report, the International Monetary Fund forecast sub-Saharan Africa's economic growth to rise from an estimated 3.4% in 2023 to 3.8% in 2024 and 4.0% in 2025. The higher growth forecast comes as the negative effects of earlier weather shocks subside and supply issues gradually improve. The projections for this year are unchanged from the January report as a downward revision to Angola, owing to a contraction in the oil sector, is broadly offset by an upward revision to Nigeria. Africa's two largest economies, namely Nigeria and South Africa, are forecast to grow 3.3% and 0.9%, respectively, in 2024 and 3.0% and 1.2% in 2025.

While the IMF report will always hold interest, the focus will now turn to the release of CPI out of South Africa for March. Headline CPI accelerated in February on the back of higher fuel prices in February 2024 compared to February 2023. Additionally, inflation remains elevated across a broader range of components, as evidenced by the rise of core inflation. Lower fuel prices in March and a possible continuance of slower food inflation likely contributed to a slightly lower headline CPI reading. However, international geopolitical tensions will likely support higher oil prices. At the same time, domestically, drought in certain parts of the country is likely to result in certain food shortages, which could accelerate food inflation.

## GLOBAL NEWS

### IMF predicts steady global growth for 2024

The International Monetary Fund (IMF) predicts slow but steady global economic growth for 2024 and 2025, at a rate of 3.2%, mirroring that of 2023. The forecast, slightly revised upwards for 2024, primarily attributes this to improved prospects in the U.S. Despite challenges like high inflation, weak demand in China and Europe, and repercussions from regional conflicts, many countries have resilient economies. The IMF anticipates a decrease in inflation but highlights slower progress in aligning it with central bank targets. The U.S. economy is expected to grow stronger than previously forecasted, with 2.7% growth in 2024, driven by robust employment and consumer spending, but faces a slowdown to 1.9% in 2025 due to tighter monetary and fiscal policies.

However, there are significant disparities across countries. The euro zone, for instance, faces reduced growth forecasts due to weak consumer sentiment in key economies like Germany and France. China's growth is expected to decline, and the IMF warns of risks associated with its troubled property sector, which could exacerbate domestic demand downturns and global deflationary pressures. Bright spots include upward revisions in growth forecasts for Brazil and India. The IMF highlighted the increasing role of large emerging market countries in global trade and growth, but it also notes that low-income developing countries continue to face challenges, with growth forecasts revised downwards due to post-pandemic adjustments and economic "scarring."

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

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## Chart Pack

