

Daily Market Update



A daily publication of Treasury Unit of Access Bank Botswana.

Financial Markets

The U.S. dollar index broke above the 105.00 level yesterday in holiday-thinned trade with many nations still out for the Easter celebrations. Higher US Treasury yields drove a broad-based rotation to the dollar. As the market returns to normal trading today the expectation is that investors will be digesting the various permutations of central bank actions throughout the second half of 2024 which will drive price action.

Another shortened week in South Africa kicks off with the ZAR recovering some of the losses incurred during holiday-thinned trade yesterday. The ZAR lost some ground on Monday after a stronger-than-expected ISM manufacturing PMI out of the US raised concerns that the last mile in the Fed's disinflationary drive might prove to be difficult. More broadly, the ZAR remains within a consolidatory pivot around its 50-session moving average just south of the R19.0000/\$ handle. SA's terms of trade are providing limited support despite a surging gold market, with oil prices still elevated while platinum and palladium prices remain subdued. Moreover, while we expect the hawkish resolve of the SARB to offer the ZAR some support in the coming weeks, headwinds stemming from heightened political uncertainty, SA's fragile fiscal environment, weak economic growth, and the continued pushback by major developed central banks against imminent rate cuts suggest that the ZAR will unlikely capitalise fully on favourable interest rate differentials.

Locally, note that Botswana will be selling BWP11b of 7-day certificates today and BWP1bn of 27-day certificates.

Corporate Foreign Exchange

	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.315488	1.3272	1.34083855	1.423975
BWPUSD	0.069504	0.093496	0.0708434	0.074984
GBPGBP	17.870944	18.029024	17.484313	16.988888
BWPEUR	0.070096	0.07072	0.0662205	0.06936
JPYBWP	11.4296	11.5232	10.797675	11.2739
USDZAR	18.169536	19.696456	18.5953845	19.27033075
EURUSD	1.030176	1.11644	1.05432075	1.09228625
GBPUSD	1.204224	1.305304	1.232448	1.27706425

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	-1.95
3m	-4.875
6m	-8.775
12m	-8.740875

Local Fixed income

Yield curve	Close	Change
6m	4.044	0
3y	6.00	0.00
20y	8.3	0.05

International Fixed Income

	Close	Change
SA 10y	10.615	0.06
US 10y	4.194	-0.002
German 10y	2.292	0
SA vs Bots 20y spread	461.5	-5



DOMESTIC AND REGIONAL NEWS

Botswana's economy grew 1,9% y/y in Q4 2023, 2,7% y/y for 2023 as a whole

The economy of Botswana expanded by 1.9% y/y in Q4 2023, accelerating from a 0.5% growth rate seen in the previous quarter. The acceleration in growth is mainly attributed to the mining & quarrying sector (6.4% vs -9.2% in Q3 2023) and wholesale & retail (5.2% vs 4.8%).

Meanwhile, real estate activities saw an unchanged growth rate during the final quarter (6.3%) as well as public administration & defense (5.9%). Some sectors grew at a slower pace, including agriculture, forestry & fishing (0.1% vs 2%), manufacturing (0.3% vs 1.3%) and construction (2.5% vs 3.4%). On the other hand, diamond trade contracted significantly further (-85.4% vs -20.4%) as well as water & electricity (-27.9% vs -9.8%). On a full year basis, Botswana's economy grew by 2.7% in 2023 compared to 5.5% in 2022.

GLOBAL NEWS

US labour data in focus this week

At the Fed's March policy update, Governor Jerome Powell suggested that unexpected weakness in the US labour market could trigger earlier rate cuts. With the median Fed policymaker projecting a 4.0% unemployment rate for end-2024 – which is not far above the current level – there is a strong chance that the labour market could provide a negative surprise in the months ahead. Against this backdrop, this week's international data card will be headlined by US labour market stats. JOLTS job openings data today, ADP employment change tomorrow, and nonfarm payrolls numbers on Friday, will be viewed for fresh insights into the state of the US labour market and the scope for prospective inflation. In turn, traders will have a new round of economic data to justify fresh speculation on the timing of eventual Fed rate cuts, which holds plenty of market-moving potential for nearly all asset classes..

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

