

Daily Market Update



A daily publication of Treasury Unit of Access Bank Botswana.

Financial Markets

After trending lower into the weekend, the DXY has risen through the early stages of this week. The rebound comes after the losses sustained in the wake of last week's Fed policy update and the softer-than-expected employment data that followed on Friday. The market may look to 105.00 as a new base, having rejected levels below that on Friday and Monday with the index above 105.50 this morning in Asian trade.

For the USD-ZAR, the pair's base at 18.4000 looks solid, with the pair rising back towards 18.6000 this morning after a failed attempt to break lower earlier this week. While the market has recorded lower lows in each of March, April, and now May, it remains within its broader trading range. If anything, the balance of risks is technically tilted somewhat to the upside if the market is to revert back to the middle of its range.

In the agri markets, Wheat prices on the CME declined from nine-month highs on Tuesday, while corn and soybeans dropped from four-month highs. The price action was driven by easing concerns over the impact harsh weather conditions could have on crop output in some major production zones across the globe. Looking ahead, the market could get fresh directional inspiration from world supply and demand forecasts from the USDA on Friday, which should set the tone for trade into next week.

Corporate Foreign Exchange

	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.304448	1.308768	1.3295858	1.404199
BWPUSD	0.070368	0.093496	0.07172405	0.075705
GBPGBP	17.6644	17.718272	17.2822375	16.696064
BWPEUR	0.070928	0.071136	0.0670065	0.069768
JPYBWP	11.8352	11.8664	11.18085	11.609675
USDZAR	17.795904	19.290232	18.2129955	18.87289525
EURUSD	1.030848	1.117168	1.0550085	1.0929985
GBPUSD	1.198464	1.298752	1.226553	1.270654

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	BWPZAR
1m	-0.96525	-282.32006
3m	-2.886	-1437.70057
6m	-6.049875	-3712.40674
12m	-9.75	-8667.40228

Local Fixed income

Yield curve	Close	Change
6m	3.095	-0.004
3y	5.43	0.00
20y	8.2	-0.06

International Fixed Income

	Close	Change
SA 10y	10.475	-0.115
US 10y	4.461	-0.028
German 10y	2.421	-0.055
SA vs Bots 20y spread	446	-2



DOMESTIC AND REGIONAL NEWS

BHP Anglo deal not yet dead

It appears as though the BHP-Anglo merger is not completely dead in the water. The PIC indicated that it remains open to the merger. The Chair of the PIC David Masondo, was quoted as saying, "The PIC will assess any offers that are presented to shareholders and will urgently engage directly with Anglo-American and BHP. As a long-term investor, any transaction will be assessed to ensure value creation for clients while taking into account socioeconomic impact," adding "The mining sector is a critical part of our economy, impacting a wide variety of stakeholders. Therefore, new opportunities that may arise in the sector need to take these factors and long-term sustainability into account, including the depth and health of financial markets and the SA economy." Whether all this can be satisfied in a deal remains to be seen..

Yesterday, Finance Minister Mthuli Ncube said that Zimbabwe is planning regulations to ensure that only the official exchange rate for the country's newly introduced ZiG gold-backed currency will be used in the Southern African nation's economy. Ncube said there is "no basis for private and public organizations and economic agencies to use any other exchange rate in the pricing of their goods and services than the interbank exchange rate set by the Reserve Bank of Zimbabwe." Ncube added that the government would "soon be introducing" the necessary regulation to enforced this requirement. The move, announced Tuesday by Finance Minister Mthuli Ncube, is aimed at preventing the development of an unofficial market in the ZiG, which flourished during previous versions of the local Zimbabwean currency and contributed to their failure.

GLOBAL NEWS

Fed President suggests policy may not be as tight as believed

Retail sales data published yesterday showed that the Eurozone's retail sector expanded once again in March, although growth remained weak due to the impact of persistent inflationary pressure in the bloc. Economic weakness in the Eurozone has supported calls for the ECB to turn more growth-sensitive with its monetary policy, with current market pricing pointing to a first rate cut in June.

Meanwhile, Minneapolis Fed President Neel Kashkari warned that the strength of the US housing market and potentially stalled progress concerning disinflation mean that monetary policy in the US might not be as tight as his colleagues at the central bank believe. In turn, Kashkari maintained that there is a higher possibility that price pressures in the US might settle above the Fed's 2% target. Consequently, he said that interest rates might need to stay elevated for an extended period of time...

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

