

# Daily Market Update



A daily publication of Treasury Unit of Access Bank Botswana.

## Financial Markets

The dollar whipsawed yesterday as a dovish BoE initially boosted the USD Index following which a rise in US Initial Jobless claims put intraday longs under pressure. The USD Index finished the session below the 105.50 mark which now becomes resistance as we head into the final day of the trading week.

The euro has cemented yesterday's gains this morning holding around opening levels. Tighter German-US Treasury spreads coupled with positive tech signals will keep the pair bid into the EU open. Cable broke below the GBP-USD1.2450 mark following the dovish BoE hold on rates but received a boost following the US Initial Jobless Claims data drove calls for a Fed summer rate cut. The currency managed to hold above 1.2500 into the close

So, for now, the ZAR will enjoy the fact that the USD is struggling to gain more ground and that the tide is turning against the GBP and the EUR as both central banks are readying the market for rate cuts in the coming months. If conservatism is to play a part in currency performance, then the SARB's conservatism should help the ZAR perform reasonably well through the remainder of this year and the start of next. Domestic rate cut expectations remain unclear, with the market not anticipating any move by the SARB for at least another year

### Corporate Foreign Exchange

	CUSTOMER BUY	CUSTOMER SELL	CUSTOMER BUY	CUSTOMER SELL
	CASH	CASH	TT	TT
BWPZAR	1.29456	1.298784	1.31950725	1.393487
BWPUSD	0.07008	0.093496	0.0714305	0.075396
GBPGBP	17.783688	17.833816	17.39894475	16.804942
BWPEUR	0.070408	0.070616	0.06651525	0.069258
JPYBWP	11.8144	11.856	11.1612	11.5995
USDZAR	17.734944	19.220448	18.15060675	18.804621
EURUSD	1.034208	1.120808	1.05844725	1.09655975
GBPUSD	1.201632	1.301872	1.22979525	1.2737065

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## Forward Foreign Exchange

	BWPUSD	BWPZAR
1m	-0.96525	-314.652824
3m	-2.87625	-1464.13238
6m	-6.0255	-3740.83882
12m	-9.676875	-8697.63272

## Local Fixed income

Yield curve	Close	Change
6m	3.094	0
3y	5.43	0.00
20y	8.2	0

## International Fixed Income

	Close	Change
SA 10y	10.53	0.015
US 10y	4.449	-0.043
German 10y	2.497	0.037
SA vs Bots 20y spread	452.5	0.5



## DOMESTIC AND REGIONAL NEWS

### Botswana vows to protect its interests in BHP-Anglo deal

President Masisi has vowed to protect the country's interests, including its 15% stake in diamond giant De Beers, should BHP Group Ltd. acquire Anglo American Plc. Under the proposed deal, BHP said that De Beers would be put on a strategic review. According to Masisi, Botswana has not been formally approached by either BHP or Anglo. Masisi's concerns are that Botswana's becomes irrelevant or redundant following the deal. This is another hurdle that BHP will have to navigate if the deal were to become successful. However, given Botswana's importance in the diamond mining industry, they may play an important role in the deal, even if it is just to secure De Beers operations following the takeover of Anglo, if that occurs.

## GLOBAL NEWS

### US consumer sentiment data in focus today

According to consensus estimates, as per Bloomberg surveys, the preliminary print of May's Michigan Consumer Sentiment Index is expected to decline marginally to 77.0 from 77.2 in April. The consumer confidence outcomes have been stable since the beginning of 2024, varying at most by 2.5pts (a 4.8pts difference is needed for a statistically significant difference). Within the index, the long-run business outlook reached its highest reading since June 2021, while views of personal finances were tempered. Overall, however, March's index outcome indicated that consumers remain uncertain regarding the future trajectory of the economy amidst increased uncertainty ahead of November's election. Looking ahead, consumer confidence readings will likely remain under pressure as the US economy starts to slow down. However, expectations of interest rate cuts towards the end of the year will support sentiment

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

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## Chart Pack

