
RMB

02 July 2026

## Global markets

### In the news

A hoard of Iranian oil is building up at sea as the Islamic Republic struggles to find buyers before the expiry of a 60-day window granted by Washington. More than 58 billion barrels of Iranian crude and condensate were on the water as of 1 July 2026 with more than 90% having no clear destination. Iran faces obstacles in selling oil, including European Union and UK restrictions, a lack of demand in major Asian markets, and the risk that Washington could reimpose sanctions if negotiations collapse.

### Foreign exchange

Foreign exchange markets remain focused on the implications of today's US non-farm payrolls report, with the rand continuing to benefit from lower oil prices and expectations of a corrective pullback in the US dollar. USD/ZAR maintained its break below the key 16.43 resistance level and traded as low as 16.36 overnight, supported by improving terms of trade and broader risk sentiment. Although caution persists ahead of the payrolls release, technical indicators continue to favour rand appreciation towards the 16.31 level in the near term. This view is reinforced by emerging signs of a correction in the US Dollar Index (DXY), which is projected to retreat from its recent peak of 101.80 towards 100.79 as markets unwind extended long-dollar positioning. Cross-currency performance also reflected broad rand strength, with EUR/ZAR declining below key resistance amid expectations of a more dovish policy stance from the European Central Bank, while GBP/ZAR remained below important technical resistance despite improving political sentiment in the UK.

### Fixed income and commodities

Commodity markets remain dominated by the sharp decline in oil prices, driven by the rapid normalisation of crude supply flows through the Strait of Hormuz following progress in indirect US-Iran negotiations. Increased vessel traffic and the recovery of oil exports to more than 10 million barrels per day have pushed Brent crude towards US$70/bbl, reinforcing expectations of a sustained bearish trend and raising the possibility of a further decline towards US$67/bbl, or potentially US$57/bbl should current support levels fail. Lower oil prices have supported broader market sentiment and contributed to a rebound in precious metals, with gold recovering above US$4,000/oz as investors anticipate a more dovish outlook for global interest rates. Attention now shifts to today's US non-farm payrolls data, where labour market conditions, wage growth, and unemployment figures are expected to play a critical role in shaping expectations for Federal Reserve policy. In fixed income markets, South African government securities continue to attract strong investor demand, with the recent floating-rate note auction achieving a healthy bid-to-cover ratio of 1.85 times, while the planned expansion of domestic funding through additional rand-denominated sukuk issuance underscores confidence in local sovereign debt markets.

## Botswana

### GDP expands by 3.5% in 1Q26

Botswana's economy recorded a stronger-than-expected recovery in 1Q26, with real GDP expanding by 3.5% y/y, reversing the 0.3% contraction recorded in 1Q25. The recovery was primarily driven by improvements in the mining sector and a sharp rebound in utilities, despite continued weakness in domestic demand and investment activity. On a quarter-on-quarter basis, economic activity expanded by 9.2%, reflecting a broad-based improvement in production activity across several sectors. Notably, non-mining GDP growth accelerated to 2.7%, from 2.3% in the same period last year, suggesting that the recovery is gradually extending beyond the traditional mining sector.

From a sectoral perspective, the strongest growth contribution came from the utilities sector, which expanded by 87.4%, supported by a 197.7% increase in electricity output following a significant recovery in domestic power generation, with local electricity production rising by 72.8%. The mining sector grew by 3.4%, underpinned by stronger output in diamonds (+3.1%), soda ash (+72.8%), coal (+2.7%), and copper (+0.5%). Diamond production volumes increased by 4.8% y/y, reflecting higher processing throughput and improved recovery grades at the Orapa and Jwaneng mines. At the same time, the full operational restoration of Botash facilities supported soda ash production. The recovery in the diamond value chain was further reinforced by a 60.5% expansion in diamond traders' activity, signalling improving trading conditions following the sharp contraction observed in 2025.

Outside the extractive sector, manufacturing rebounded by 3.4%, driven by diamond cutting and polishing (+39.3%), while wholesale and retail trade expanded by 3.4%, reflecting resilience in consumer-facing sectors. Services sectors also remained supportive, with education (+4.7%), accommodation and food services (+3.3%), professional services (+3.1%), and public administration (+2.9%) all contributing positively to growth. However, pockets of weakness remained evident: agriculture contracted by 3.4%, largely due to foot-and-mouth disease-related livestock

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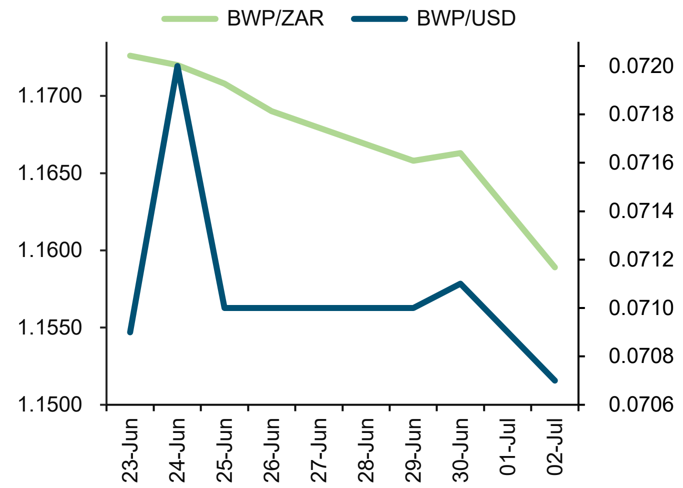
restrictions and a sharp decline in cattle sales, while construction declined by 1.3%, highlighting continued softness in investment activity.

## Foreign exchange

The US dollar is slightly weaker in early trade on Thursday against major peers as investors remain hopeful for a peace deal in the Middle East. US President Donald Trump said negotiators had made progress in indirect talks with Iran to move past last week's tit-for-tat strikes and convert their interim truce into a lasting peace. Qatar's foreign ministry said "positive progress" had been made in the negotiations, which include discussions on getting traffic through the Strait of Hormuz and nuclear issues. The South African rand is holding steady against the US dollar, with the country seeing a first significant fuel relief since the US-Iran conflict. The pump prices decreased on 1 July, with petrol 93 decreasing by R2.01/l, petrol 95 decreasing by R1.96/l, whilst diesel reduced by R3.14/l. The Botswana pula will take its cues from global events.




Source: Bank of Botswana, RMB Global Markets; data as of June 2026

## Money markets

Market liquidity decreased to BWP1,920m, down from BWP 2,546m in the previous session. The interbank market recorded trades totalling BWP1,182m at 5.39%, with no repo activity observed. Moreover, the seven-day Bank of Botswana Certificate (BoBC) stop-out yield was 5.50%.

| Credit Facility Rate | | | | |
|---|---|---|---|---|
| Rate | Actual | Previous | Variance | Trend |
| Unsecured interbank yield | 5.39% | 5.15% | 0.24% | ▲ |
| Secured interbank yield | 0.00% | 0.00% | 0.00% | – |
| 1-month BoBC | 6.06% | 6.06% | 0.00% | – |
| 91-day T-bill | 9.99% | 9.99% | 0.00% | – |
| 182-day T-bill | 10.35% | 10.35% | 0.00% | – |
| MoPR | 5.50% | 5.50% | 0.00% | – |
| Repo/Reverse repo rate | 5.50% | 5.50% | 0.00% | – |
| Credit Facility Rate | 8.50% | 8.50% | 0.00% | – |
| Standing Credit Facility | 6.50% | 6.50% | 0.00% | – |
| Standing Deposit Facility | 4.50% | 4.50% | 0.00% | – |
| FNBB Prime rate | 7.01% | 7.01% | 0.00% | – |

| Government bonds | | | | | |
|---|---|---|---|---|---|
| Bond | Maturity | July 2, 2026 | June 30, 2026 | Variance | Trend |
| 6-m T-bill | 29-Jul-25 | 10.35% | 10.35% | 0.00% | – |
| 12-m T-bill | 30-Nov-25 | 10.90% | 10.90% | 0.00% | – |
| BW016 | 05-May-27 | 10.50% | 10.50% | 0.00% | – |
| BW014 | 05-Sep-29 | 10.68% | 10.68% | 0.00% | – |
| BW011 | 10-Sep-31 | 11.45% | 11.45% | 0.00% | – |
| BW012 | 13-Jun-40 | 12.58% | 12.58% | 0.00% | – |
| BW015 | 02-Sep-43 | 12.88% | 12.88% | 0.00% | – |
| BOTSGB0635 | 06-Jun-35 | 12.20% | 12.20% | 0.00% | – |
| BOTSGB1150 | 02-Nov-50 | 13.20% | 13.20% | 0.00% | – |

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