BOTSWANA DAILY MARKET UPDATE

RMB

03 August 2026

Global markets

In the news

The Japanese yen rallied sharply on Monday, up 1.4% against the US dollar amid speculation that authorities may have intervened to prop up the currency after coordinated action between the US and Japan last week. The intervention came as the yen has been under pressure from rising oil prices, Japan's persistent budget deficits and a yawning interest rate gap with the US and other major economies.

Foreign exchange

Foreign exchange markets opened the week with a clear risk-on bias as a weaker US dollar and coordinated intervention by the US Treasury and Japan's Ministry of Finance drove the US Dollar Index (DXY) below 100. Markets are increasingly positioning for a softer Federal Reserve policy path ahead of Friday's US non-farm payrolls report, with expectations that weaker labour market data could trigger a dovish repricing. Against this backdrop, USD/ZAR fell below the psychological 16.50 level to around 16.46, supported by stronger terms of trade and broad dollar weakness. We expect the pair to drift towards 16.40 in the near term, with a downside surprise in US payrolls potentially extending the move towards 16.31. Cross rates were mixed, with EUR/ZAR easing towards 19.01 while GBP/ZAR retreated below 22.22, although further rand gains are likely to depend on continued US dollar weakness.

Fixed income and commodities

Commodity markets strengthened after renewed optimism over US-Iran peace negotiations and the resumption of shipping through the Strait of Hormuz pushed Brent crude sharply lower from around US$90/bbl to US$83/bbl. Additional downward pressure came from OPEC+'s decision to increase production by a further 188,000 barrels per day through September, reinforcing expectations that Brent could decline towards US$78/bbl. Lower oil prices have also supported precious metals, with gold breaking above US$4,110/oz and platinum remaining above US$1,660/oz, both of which are expected to extend gains if the current technical momentum persists. Investor attention now shifts to this week's US labour market data, which is expected to shape expectations for Federal Reserve policy and broader fixed income markets.

Botswana

Weak household and business lending weigh on credit extension

Botswana's private sector credit extension (PSCE) contracted by 0.2% y/y in May 2026, following marginal growth of 1.0% in April, signalling that credit conditions weakened further after a brief stabilization. The deterioration was driven by broad-based weakness in private sector borrowing, with household credit declining by 3.6% y/y, extending the 2.3% contraction recorded in April, while private business credit fell by 3.5% y/y, compared with a 3.0% decline previously. Lending to productive sectors remained subdued, particularly mining (-34.4% y/y), trade (-9.1% y/y) and business services (-8.8% y/y), although credit growth to manufacturing (+2.0% y/y), electricity and water (+151.8% y/y) and transport and communications (+4.3% y/y) continued to provide some support. Meanwhile, government borrowing surged by 88.3% y/y to P6.24bn, reflecting increased public sector financing needs, but this was insufficient to offset persistent weakness in private sector lending. Overall, the data suggests that borrowing appetite remains subdued amid soft economic activity, cautious business sentiment and restrained household demand, pointing to continued headwinds for credit-driven economic growth.

Foreign exchange

The US dollar was slightly weaker than its previous close in early trade Monday, as brent crude futures dropped by roughly 5% to near US$83/bbl after President Trump said new Iran talks would begin Monday afternoon after he called off a planned attack on Iran partially in response to pleas from US allies in the Middle East. Major OPEC+ nations approved a small increase to their production quotas. On Friday, the Bank of Botswana held yet another successful bond auction, managing to raise its targeted BWP5.1bn from the local debt market. The Botswana pula will take its cues from global events.

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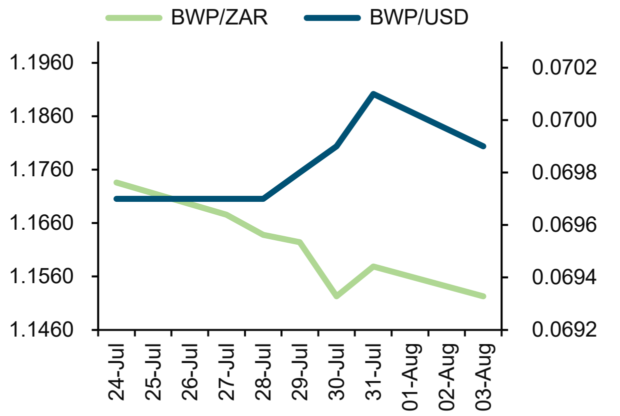

Source: Bank of Botswana, RMB Global Markets; data as of August 2026

Money markets

Market liquidity remained largely stable, closing the day at BWP2,222m, compared to BWP2,437m recorded in the previous week. Interbank market activity moderated to BWP185m, with trades executed at a weighted average rate of 5.34%. 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	5.34%	5.47%	-0.13%	▼
Secured interbank yield	0.00%	0.00%	0.00%	▬
1-month BoBC	6.05%	6.05%	0.00%	▬
91-day T-bill	9.10%	9.10%	0.00%	▬
182-day T-bill	9.58%	9.58%	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**	**August 3, 2026**	**July 31, 2026**	**Variance**	**Trend**
6-m T-bill	29-Jul-25	9.58%	9.58%	0.00%	▬
12-m T-bill	30-Nov-25	10.50%	10.50%	0.00%	▬
BW016	05-May-27	10.50%	10.50%	0.00%	▬
BW014	05-Sep-29	10.60%	10.60%	0.00%	▬
BW011	10-Sep-31	11.75%	11.75%	0.00%	▬
BW012	13-Jun-40	12.58%	12.58%	0.00%	▬
BW015	02-Sep-43	12.85%	12.85%	0.00%	▬
BOTSGB0635	06-Jun-35	11.90%	11.90%	0.00%	▬
BOTSGB1150	02-Nov-50	13.18%	13.18%	0.00%	▬

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