

Global markets

In the news

Britain's economy grew in August as business and consumers continued to hold up in the face of rising energy prices and high borrowing costs. Gross domestic product rose 0.1% after jumping 0.4% the previous month, and the manufacturing sector helped to drive growth in August.

Foreign exchange

The stronger-than-expected US CPI report briefly reignited Fed tightening concerns, driving a hawkish repricing across rates and supporting the US dollar. However, markets subsequently pared back expectations for an October rate hike following more cautious Federal Reserve (Fed) commentary, allowing the DXY to retreat below 102 after testing highs near 102.85. Attention now shifts to today's US PPI and retail sales data, which could determine whether the recent dollar pullback extends or whether expectations for another Fed hike regain momentum. For the rand, the inflation surprise triggered a temporary move higher in USD/ZAR, but the pair has since retraced as markets reassess the Fed outlook. We remain constructive on the rand over the longer term, although near-term risks remain tilted towards USD/ZAR trading closer to 16.60.

Commodities and fixed income

The September CPI release reinforced concerns that US inflation remains too sticky, pushing Treasury yields higher and briefly increasing expectations of further Fed tightening. While rate hike expectations have since moderated, markets continue to price one additional Fed hike before year-end, consistent with the persistence of underlying inflation pressures. In commodities, Brent crude has corrected from above US\$107/bbl to around US\$104/bbl, providing some relief for risk assets. However, escalating Middle East tensions, ongoing supply risks and recent attacks on Russian energy infrastructure suggest risks to oil prices remain skewed to the upside. As a result, oil remains an important upside risk to inflation and the broader higher-for-longer interest rate narrative.

Botswana

Headline inflation slows sharply to 7.8% in September

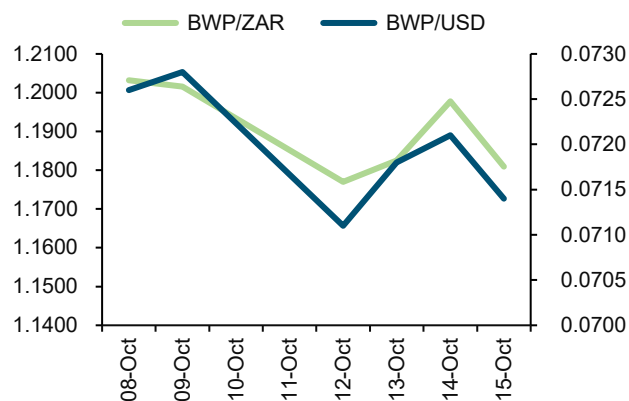
Botswana's annual inflation rate eased significantly to 7.8% y/y in September 2026, down from 9.3% in August, marking the second consecutive monthly decline and the lowest reading since March 2026. Transport remained the largest

contributor to headline inflation, adding 4.0 percentage points (ppt), followed by miscellaneous goods and services (1.1 ppt), while housing, water, electricity, gas and other fuels, and food and non-alcoholic beverages each added 0.7 ppt. The moderation in inflation was largely driven by easing transport-related price pressures, although transport costs continued to exert a substantial influence on the inflation basket. Food inflation also softened during the month, reflecting declines in vegetables, meat, sugar and bread prices. On a month-on-month basis, the national CPI increased marginally by 0.1%, with notable gains recorded in housing, water, electricity, gas and other fuels (+0.6%), alcoholic beverages and tobacco (+0.6%), and health (+0.4%), partly offset by lower food prices (-0.6%).

Tradeable inflation pressures moderated considerably during the month. Imported tradeables inflation declined to 9.9% y/y from 13.0% in August, while overall tradeables inflation slowed to 8.8% from 11.4%, highlighting a marked easing in imported cost pressures and exchange-rate pass-through effects. Domestic tradeables inflation also moderated to 5.8% from 7.2%, while non-tradeables inflation remained broadly stable at 6.1% compared with 6.2% previously, suggesting domestic price pressures remain relatively persistent despite the broader disinflation trend. Core inflation also moved lower, easing to 5.3% from 5.9% in August.

Foreign exchange

The Botswana pula is slightly on the back foot against the US dollar after US headline inflation came out higher than expected, coming out at 3.7% against the market expectation of 3.6% and higher than the previous month's 3.4%. The higher inflation print fuels back market expectations of US Fed rate hikes. Emerging market currencies such as the South African rand fell on the backdrop of US consumer prices rose at the fastest pace in five months. The Botswana pula will continue to take its cues from global markets.



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

Money markets

Market liquidity closed the day in a long position of BWP6.205bn, marginally higher than BWP6.141bn recorded in the previous session. Interbank market activity totalled BWP35m, transacted at a weighted average rate of 5.25%, while no repo market transactions were recorded. 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	5.25%	5.49%	-0.24%	▼
Secured interbank yield	0.00%	0.00%	0.00%	▬
1-month BoBC	6.05%	6.05%	0.00%	▬
91-day T-bill	6.75%	6.75%	0.00%	▬
182-day T-bill	7.98%	7.98%	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	October 15, 2026	October 14, 2026	Variance	Trend
6-m T-bill	29-Jul-25	6.27%	6.27%	0.00%	▬
12-m T-bill	30-Nov-25	6.60%	6.60%	0.00%	▬
BW016	05-May-27	6.50%	6.50%	0.00%	▬
BW014	05-Sept-29	7.73%	7.73%	0.00%	▬
BW011	10-Sept-31	9.18%	9.18%	0.00%	▬
BW012	13-Jun-40	12.00%	12.00%	0.00%	▬
BW015	02-Sept-43	12.20%	12.20%	0.00%	▬
BOTSGB0635	06-Jun-35	9.98%	9.98%	0.00%	▬
BOTSGB1150	02-Nov-50	12.35%	12.35%	0.00%	▬

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