

Global markets

In the news

Oil prices rose this morning, extending gains from the previous session, as a lack of progress in US-Iran diplomacy kept concerns over Middle East supply disruptions in focus, despite a recovery in crude exports from the region.

Foreign exchange

The US dollar remains firmly supported, with the DXY above 101 as elevated US Treasury yields and expectations of further Fed tightening reinforce wider rate differentials. Against this backdrop, the rand remains under pressure, with USD/ZAR trading around 16.43 as higher oil prices, US dollar strength and weaker gold prices offset support from the South African Reserve Bank's recent rate hike. Near-term risks remain tilted towards 16.48 while oil stays above US\$100/bbl and US yields remain elevated. However, increasingly hawkish Federal Reserve (Fed) pricing leaves the US dollar vulnerable to softer US data, making Friday's non-farm payrolls report a key catalyst for determining whether USD/ZAR extends higher or reverses.

Commodities and fixed income

Brent crude remains elevated near US\$107/bbl as limited progress in US-Iran negotiations keeps geopolitical supply risks firmly priced, despite improving supply from Saudi Arabia and Libya. In fixed income, the 10-year US Treasury yield remains around 5.23% as higher oil prices and hawkish Fed expectations reinforce the higher-for-longer rates narrative. South African rates weakened further, with SAGBs selling off across the curve and swaps moving higher as markets price increased risks of additional SARB tightening. Attention now turns to today's R2.55bn National Treasury auction of the R2038, R2039 and R2042, where elevated yields should support demand, although persistent geopolitical and oil-price risks may temper investor appetite.

Botswana

Botswana electricity generation rises sharply in 2Q26

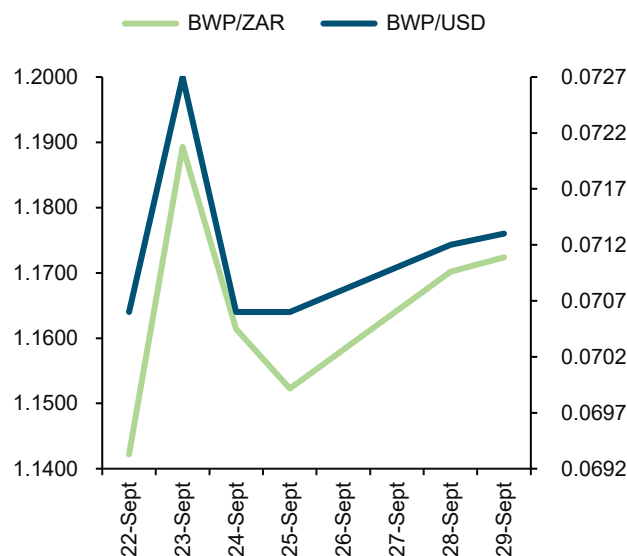
Botswana's electricity sector recorded a strong improvement in 2Q26, with domestic electricity generation rising by 56.6% y/y to 994,522 MWh, from 635,194 MWh in 2Q25. On a quarterly basis, generation increased by 10.3%, marking the highest level of domestic electricity generation recorded over the past ten years. The increase was primarily driven by stronger output from the Morupule A and B power stations, alongside increased solar generation.

The generation mix remained heavily concentrated in coal, with Morupule A and B accounting for 89.9% of total generation, while solar contributed a notable 9.8%, compared with just 0.3% from emergency diesel generation. The growing contribution from solar reflects continued diversification of the domestic energy mix, with solar facilities in Bobonong, Mmadinare, Phakalane, Selebi-Phikwe and Shakawe contributing to supply during the quarter.

Improved domestic generation translated into a significant reduction in reliance on imported electricity. Electricity imports fell by 59.4% y/y to 183,191 MWh and declined by 16.8% q/q, with Eskom remaining the largest external supplier at 73.9% of total imports. Meanwhile, electricity distributed increased by 8.4% y/y and 4.9% q/q to 1.18m MWh. Importantly, locally generated electricity accounted for 84.4% of total electricity distributed during the quarter, signalling a marked improvement in Botswana's domestic electricity supply position and reduced dependence on regional imports.

Foreign exchange

The US dollar has maintained its gains against South African rand and the pula, trading at a two-month high, as a stronger US dollar and rising US bond yields supported the move amid expectations of a further Fed rate hike expectations. Elevated oil prices kept currency market on edge, while market participants remain focused on upcoming economic data this week that could further shape the outlook for monetary policy.



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

Money markets

Market liquidity remained broadly stable, closing at BWP2.394bn on Friday, up from BWP2.270bn the previous day. Interbank volumes amounted to BWP350m at a weighted average rate of 5.45%, with repo market activity remaining muted. 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	5.45%	5.45%	0.00%	▬
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	September 29, 2026	September 28, 2026	Variance	Trend
6-m T-bill	29-Jul-25	6.78%	6.78%	0.00%	▬
12-m T-bill	30-Nov-25	7.98%	7.98%	0.00%	▬
BW016	05-May-27	7.88%	7.88%	0.00%	▬
BW014	05-Sept-29	8.85%	8.85%	0.00%	▬
BW011	10-Sept-31	9.20%	9.20%	0.00%	▬
BW012	13-Jun-40	12.25%	12.25%	0.00%	▬
BW015	02-Sept-43	12.59%	12.59%	0.00%	▬
BOTSGB0635	06-Jun-35	9.98%	9.98%	0.00%	▬
BOTSGB1150	02-Nov-50	12.95%	12.95%	0.00%	▬

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