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(pty) Ltd



A Member Of The Botswana Stock Exchange

# Weekly Financial Markets Highlights 08 June 2018

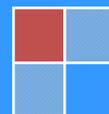
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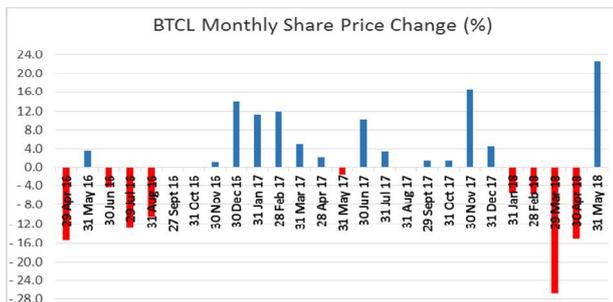
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## 1. BTCL records biggest monthly gain since listing...

BTCL reached another record in May 2018 after it recorded the biggest gain on a monthly basis since listing. This is after the telecoms giant gained 22.5% during the month under review to close at 125 thebe amidst increased buying from both retail and institutional investors.



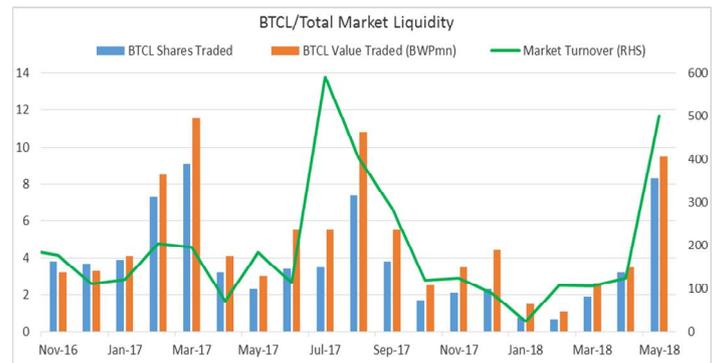
Source: Motswedi Securities, BSE

The 22.5% gain in May 2018 is refreshing and it comes on the backdrop of losses between January 2018 and April 2018 when BTCL lost a cumulative 44.6% during the four month period as a result of selling pressure from mostly retail investors.

## Expectations of good March 2018 FY financials...

It was just a matter of time before BTCL share price picked up as the selling pressure that had been prevalent since the beginning of the year was not based on any fundamentals but was due to profit taking and to some extent retail investors offloading their shares to meet their obligations. The buying momentum began towards end of April 2018 and became more sustained when BTCL entered into a closed period pending the release of the financial results for the year ended March 2018. The results are expected anytime from now and expectations are high that they will be positive.

BTCL had a fantastic month in terms of liquidity after trading 8.3mn shares worth P9.5mn in May 2018 from 3.2mn shares worth P3.5mn in April 2018. This is the second largest volume BTCL has traded in a month after 9.1mn shares worth P11.5mn that were traded in March 2017.



Source: Motswedi Securities, BSE

In terms of comparison with the market, BTCL contributed 1.9% towards the total market turnover in May 2018 as compared to 2.8% in April 2018. This is because the market had a once off huge deal of NAP shares worth P280mn which traded on the 30<sup>th</sup> of March 2018. Without the NAP deal BTCL contribution to the overall market liquidity would have been 4.3%.



Source: Motswedi Securities, BSE

## Outlook for BTCL

BTCL is expected to continue on the recovery mode as we move towards the release of the financial results which are widely expected to be positive. We expect the results to be out anytime between now and end of June 2018.

## 2. Domestic Equities: Standard Chartered Reaches A New 10 Year Low...

Standard Chartered, was on the chopping block this week, losing 44 thebe as 223,064 of its stock crossed the board. The local bank's share price took a major knock, depreciating by 8.9% to record a new 52 week low of 450 thebe. This is the lowest price the stock has had in the last 10 years of being listed on the exchange. Standard Chartered, has in the several years posted increasingly declining profits and for the financial year ended December 2017, the group posted a loss of P189.3mn, a 337% decline from the previous year's profit of P79.7mn. The management of the company have however noted that the loss came as a result of an impairment adjustment attributed to a single client. The group has not been immune to the challenges faced in the banking sector and was further troubled when the central bank cut the bank rate to 5% in late 2017. Standard Chartered have indicated that they are going through a process of cutting their losses, which involves closing down a few of their local branches that are not performing to par throughout the country.

Speculators are wagering on the recovery of the stock and despite the losses, the company still has the highest dividend yield amongst its peers in the banking sector of the local exchange.



Source: Motswedi Securities, BSE

BTCL experienced another good week, as the stock gained 4 thebe, to end the week at 130 thebe per share. The local telecommunications company has managed to reverse losses to below 30%, after nearing 50% towards the end of April this year.

## Major Movers– Week ending 08 June, 2018

COUNTER	08 June (t)	01 June (t)	Change (%)	YTD (%)
BTCL ↑	130	126	+3.2	-29.3
CRESTA ↑	122	120	+1.7	+8.0
CHOPPIES ↑	250	249	+0.4	+3.3
STANCHART ↓	450	494	-8.9	-12.5
TURNSTAR ↓	313	315	-0.6	-4.9
BARCLAYS ↓	609	610	-0.2	-0.2

Source: Motswedi Securities, BSE

## Market Summary – Week ending 08 June, 2018

No. of Shares Trading	<b>36,553,980</b>
Turnover (BWP)	<b>76,043,310</b>
Turnover (USD)*	<b>7,505,475</b>
No. of stocks trading#	<b>16</b>
No. of stocks advancing#	<b>3</b>
No. of stocks declining#	<b>3</b>
No. of stocks unchanged#	<b>18</b>

Source: Motswedi Securities, BSE \*US\$/BWP = 0.0987  
# = Domestic Main Board

Heavily influenced by the 44 thebe dip obtained by Standard Chartered during the course of the week, the DCI, together with the DCTRI, extended their yearly losses to 3.76% and 0.89% respectively. The FCI remained unchanged as no market capitalisation changes were recorded on the foreign equity boards.

#### BSE Indices – Week ending 08 June, 2018

<b>DCI Close</b>	<b>8,526.80</b>
Weekly Change (%)	-0.22
YTD Change (%)	-3.76
<b>FCI Close</b>	<b>1,571.12</b>
Weekly Change (%)	0.00
YTD Change (%)	0.00
<b>DCTRI Close</b>	<b>1,811.73</b>
Weekly Change (%)	-0.22
YTD Change (%)	-0.89

### 3. Foreign Exchange: The South African Rand Has Taken A Beating...

The South African Rand has taken a beating this week, with the currency going as low as R13.25 against the US Dollar – the weakest it has ever traded year to date. Playing a significant role in, and kicking off the beginning of the wilting of the rand, was the negative GDP numbers released on Tuesday. South Africa's quarter one GDP numbers contracted by 2.2% from the 3.1% increase that was registered in the previous quarter. This was recorded as the largest quarter-on-quarter drop in 8 years for the country. The Rand, however, broke the R13/\$ barrier as the possibility of the US Federal Reserve raising interest rate seemingly solidified and the chances of the South African Reserve Bank (SARB) also raising interest rates to bolster the currency nearing non-existent.

An increase in the interest rate by the US Federal Reserve negatively impacts all emerging markets currencies as was seen by the Pula driving in the red for the week against the major currencies, save for the Rand. The local unit pocketed an increase of 1.95% against the Rand as the 55% peg to the IMF's Special Drawing Rights outweighed the 45% peg to the Rand.

#### Domestic Exchange rates

Currency	08 June	01 June	Change (%)	YTD (%)
US\$/BWP ↓ 	0.0987	0.1	-1.30	-2.57
ZAR/BWP ↑ 	1.2918	1.2671	1.95	2.83
EUR/BWP ↓ 	0.0838	0.0856	-2.10	-1.18
GBP/BWP ↓ 	0.0736	0.0753	-2.26	-1.25
JPY/BW ↓ 	10.83	10.91	-0.73	-5.17
CNH/BWP ↓ 	0.6322	0.641	-1.37	-4.28

Source: Bank of Botswana

### 4. Commodity Market: Oil Slightly Down...

The precious metals, more especially gold, were flat despite concerns of a global trade war which were sparked by the US slapping tariffs on Mexico, Canada and the European Union. The leaders of the G-7 are to meet later in the day for a summit, the outcome of which is highly likely to have an influence on how the demand of safe haven assets will swing.

Brent crude slightly dipped towards the end of the week, after rising to a high of around US\$77.32/bbl at the start. Prompting the fall was a decrease in the demand levels in China as well as the swelling of US crude output. The international benchmark was at levels of around US\$76.59/bbl at midafternoon trading. The supply of Brent was choked purposefully by the Organization of Petroleum Exporting Countries and its allies led by

Russia in January 2017 to force the commodity's price to rise, as it was trading around US\$57.10/bbl at the time. This goal has been achieved, and now lies a possibility of a supply increase when the OPEC members and their non-OPEC allies meet on June 22 in Vienna.

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The part that follows has nothing to do with legal indemnity or avoiding any suits. The market is seeing more red than you would expect in a slaughter house, I have seen a cat fall into a bucket of red paint and it still wouldn't compare. Its value town out there, valuations are scraping the floor harder than the knee caps of your favorite adult performer on all fours. Buy the dip, they say, and this doesn't only apply when you are prepping to watch your favorite team with the boys, but the market as well.