

motswedisecurities
(pty) Ltd



A Member Of The Botswana Stock Exchange

Weekly Financial Markets Highlights 25 May 2018

Research

Garry Juma
Salome Makgathe
Motswedi Securities (Pty) Ltd

Sales

Tshenolo Motlhagodi
Moemedi Mosele
Kefilwe Douglas

Plot 113, Unit 30, Kgale Mews, Gaborone
P/Bag 00223, Gaborone, Botswana
Tel: +267 318 8627
Fax: +267 318 8629
Website: www.motswedi.co.bw



1. Domestic Equities

The market traded 19.1 million shares worth P49.7 million, across 14 counters listed on the domestic board. Leading the trades for the fourth and final Friday of the month, by both turnover and volume were Letshego, claiming 73% of the weekly volumes, with the price remaining the same at 185 thebe per share.

Market Summary – Week ending 25th of May, 2018

No. of Shares Trading	19,160,295
Turnover (BWP)	49,792,751
Turnover (USD)*	5,019,109
No. of stocks trading#	14
No. of stocks advancing#	2
No. of stocks declining#	1
No. of stocks unchanged#	21

Source: Motswedi Securities, BSE *US\$/BWP = 0.1008
= Domestic Main Board

Leading the gainers for the week was Chobe Holdings Limited, gaining 10 thebe to close at a new 52 week high of 984 thebe. This is likely in response to the trading statement released by the tourism company late last week that they expect the group's results to be significantly higher in this period than the prior period. The year to date gains have also increased by 1.1% to 7.3%.

BTCL continued onward in its steady rise, albeit the pace had decelerated. Weekly losses for the company stood at 34.2% after the company bagged 4 thebe. The national telecommunications company's regulator, Botswana Communications Regulatory Authority (BOCRA), are set to cut mobile termination rates to 13 thebe on the 1st of June. A mobile termination rate is the cost that mobile operators charge each other for voice calls that terminate in their respective networks. This

development is likely to marginally dampening effect on the revenue claimed by BTCL's mobile carrier, BeMobile, in the future recording period.

Sefalana was the only loser this week, after trading a thebe down on Wednesday. The last price on the counter was 895 thebe per share, which was recorded as a new 52 week low for the FMCG company.

Major Movers – Week ending 25th of May, 2018

COUNTER	25 May (t)	18 May (t)	Change (%)	YTD (%)
CHOBE ↑	984	974	+1.0	+7.3
BTCL ↑	121	117	+3.4	-34.2
SEFALANA ↓	895	896	-0.1	-8.2

Source: Motswedi Securities, BSE

The Domestic Company Index stayed on its upward crawl, as the week came to an end with the net gainers having surpassed the losers. The index closed at 8,534.27, edging higher 0.11% to lower the yearly losses to 3.68%. Also with losses recouped was the Domestic Company Total Return Index, after gaining 4.22 points in the week ended to move up to 1,809.40. The Foreign Company Index recorded no change as the week ended with no trades on the foreign board.

BSE Indices – Week ending 25th of May, 2018

DCI Close	8,534.27
Weekly Change (%)	+0.11
YTD Change (%)	-3.68
FCI Close	1,571.12
Weekly Change (%)	0.00
YTD Change (%)	0.00
DCTRI Close	1,809.40
Weekly Change (%)	+0.23
YTD Change (%)	-0.81

2. Foreign Exchange

The rand, infamously known for its volatility, was once more on another rollercoaster ride this week, From international issues, such as renewed geopolitical tensions on the Korean Peninsula and trade war fears between the US and China, to the South African Reserve Bank's Monetary Policy Committee's decision to keep rates at 6.5%. However, the factor most likely to lead the currency's outlook in the coming weeks is the ratings decision due this Friday evening by ratings agency, S&P. The expectation is that the decision from the ratings agency will be somewhat positive, in that South Africa will remain at junk status with only the outlook improving to stable from negative. In light of this, the currency closed the week stronger than the pula while it also recovered some of its losses against the dollar.

Domestic Exchange rates

Currency	18 May	11 May	Change (%)	YTD (%)
US\$/BWP 	0.1008	0.1007	+0.10	-0.49
ZAR/BWP 	1.2569	1.2633	-0.51	0.05
EUR/BWP 	0.0861	0.0853	+0.94	1.53
GBP/BWP 	0.0754	0.0745	+1.21	1.17
JPY/BW 	11.03	11.16	-1.16	-3.42
CNH/BWP 	0.6434	0.6403	+0.48	-2.59

Source: Bank of Botswana

Meanwhile the pula gained the most against the pound and the euro respectively, with modest gains going to the yuan and dollar. The local unit, however, lost footing against the yen and the rand.

3. Commodity Market

Gold is on the recovery, after trading below US\$1,300 per troy ounce for the better part of the week, the metal was at US\$1,303.65 by midafternoon trading. Geopolitical tensions have once more taken center stage between North Korea and the United States of America. This comes after the US President Donald Trump cancelled the momentous summit meeting between the two nations that was meant to happen on the 12th of June. President Trump had cited in a letter to President Kim (N. Korea) the reasoning to be the "tremendous anger and open hostility" that had been directed to the Washington from Pyongyang. President Trump later mentioned in comments that the US was ready for military action, should North Korea attempt to retaliate callously.

The other precious metals, silver and platinum, closed the week at US\$16.53/oz and US\$900.00/oz respectively.

Brent Crude's rally has come to an end. OPEC and its allies are in discussions to consider increasing its output by 1 million barrels per day, in an attempt to offset supply disruptions from Venezuela and the expected disruptions once the US re-imposes tariffs on Tehran. Oil ended 3.89% lower than the previous week at US\$76.60/bbl.

Disclaimer:

The views expressed in this research note reflect the views of Motswedi Securities (Proprietary) Limited based on the information available at its disposal at the time of writing and may change without notice, and is provided for information purposes only. While Motswedi Securities (Proprietary) Limited has taken all reasonable steps in carefully preparing the document, it does not take any responsibility for any action that may be taken on the basis of the information contained herein. Each recipient of it is advised to undertake its own analysis and evaluation of the terms and contents hereof, and obtain independent advice as appropriate, before acting in any way upon the information contained herein. Accordingly, this document is not intended, and no part of this document should be read, as constituting, in any way, an offer or other solicitation for the purpose of the purchase or sale of any of the securities referred to herein. This document may not be reproduced, distributed or published by any recipient for any purposes without the authorization of Motswedi Securities (Proprietary) Limited.

The term closing and last price are often used interchangeably, except were specified, in the report, with Motswedi preferring to use Last Traded Price as the best indicator of where the market will open, on the next trading session.

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.