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Weekly Financial Markets Highlights 18 May 2018

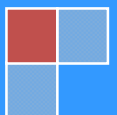
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1. Domestic Equities

Leading the trades for the third time this month was micro lender, Letshego, with 14.5mn shares worth around P26.83mn, at the static price of P1.85 per share. The stock's share price is failing to recover, with a year to date loss of 1.6%, despite the positive results the company posted earlier this year. Trailing slightly behind was, Cresta, joining the ranks after 13mn shares worth P15.6mn, crossed the board. The stock managed to bag 5 thebe, closing for the day at P1.20 per share, thus extending its year to date gains to 6.2%.

The total turnover for the week was P57.4 million, with 31.3 million shares exchanging hands. The Domestic Companies Index (DCI) gained marginally by 0.19% to 8,524.61 supported by the small market capitalization gains in BTCL, FNBB and Chobe. The Foreign Companies Index (FCI) remained unchanged for the week at 1,571.12 points.

In terms of price movements, BTCL was at the forefront, moving 5.4% higher to close at P1.17 per share with 1.42mn shares exchanging hands. The telecommunications company had yearly losses nearing 46% before rebounding at the beginning of the month, to now stand at 36.4%. BTCL's rally has paused however – the counter has seen a significant increase in demand and a shortage of supply. Consequently, this capped the share price at P1.17 for the most part of the week. Another gainer for the week was Chobe, increase its end of week value by 2 thebe, to end at a new 52 week high of P9.74 per share.

Source: BSE; Motswedi Securities

Losses for the week were in the property companies, Letlole and Turnstar, both losing 2

thebe to close for the week at P1.96 and P3.16, respectively. This is a new 52 week low for Letlole La Rona, whose share price has been at a steady decline since the beginning of the year.

Market Summary – Week ending 18th of May, 2018

No. of Shares Trading	31,297,317
Turnover (BWP)	57,419,276
Turnover (USD)*	5,782,121
No. of stocks trading#	16
No. of stocks advancing#	3
No. of stocks declining#	2
No. of stocks unchanged#	19

Source: Motswedi Securities, BSE *US\$/BWP = 0.1007
= Domestic Main Board

BSE Indices – Week ending 18th of May, 2018

DCI Close	8,524.61
Weekly Change (%)	+0.19
YTD Change (%)	-3.79
FCI Close	1,571.12
Weekly Change (%)	0.00
YTD Change (%)	-0.24
DCTRI Close	1,805.18
Weekly Change (%)	+0.22
YTD Change (%)	-1.04

Major Movers– Week ending 18th of May, 2018

COUNTER	18 May (t)	11 May (t)	Change (%)	YTD (%)
BTCL ↑	117	111	+5.4	-36.4
CRESTA ↑	120	115	+4.3	+6.2
CHOBE ↑	974	972	+0.2	+6.2
FNBB ↑	220	221	+0.5	-5.6
LETLOLE ↓	196	198	-1.0	-8.8
TURNSTAR ↓	316	318	-0.6	-4.0

Source: Motswedi Securities, BSE

2. BSE Corporate Announcements

Chobe Holdings Limited have released a trading statements for the year ended 28 February 2018. The tourism company expects their financial results to be significantly higher in this period than those achieved in the prior year.

Shumba Energy has communicated a trading statement for their unaudited results for the 9 months ended 31st March 2018. The company expects their financial results to be significantly lower as a result of a decline in their finance income. Shumba Energy is currently in the process of developing 2 additional mines in the Palapye area in Botswana. One mine will be situated south of the Morupule Coal Mine (MCM) and has up to 2.5 billion tons of coal resource. While the other mine, which will be located 30km north of MCM, has a coal resource of 1 billion tons. Together, these mines will have the capacity to produce 3.7 million tons per annum. The coal development company expects the project to be completed by 2021.





3. Foreign Exchange: The US Dollar's rally continues...

The US 10-year Treasury yield climbed to a new seven-year high of 3.128 this week, gaining support from strong economic data released earlier on in the week. The US Labor department reported an unexpected increase in applications for US jobless benefits, while citizens on unemployment fell to levels last seen in 1973. As a result, the US dollar continued its rally forth, extending its gains for yet another week.

The dollar index, which against a basket of its peers, measures the greenback, reached a new 2018 high this past week of 93.632 points.

The Japanese Yen fell slightly as consumer inflation data depicted a downward trend, dropping for the second month since the country came out of deflation in 2017.

Domestic Exchange rates

Currency	18 May	11 May	Change (%)	YTD (%)
US\$/BWP ↓ 	0.1007	0.1018	-1.08	-0.59
ZAR/BWP ↑ 	1.2633	1.253	0.82	0.56
EUR/BWP ↓ 	0.0853	0.0855	-0.23	0.59
GBP/BWP ↓ 	0.0745	0.0753	-1.06	-0.04
JPY/BW ↑ 	11.16	11.13	0.27	-2.25
CNH/BWP ↓ 	0.6403	0.6453	-0.77	-3.06

Source: Bank of Botswana

Reflecting these developments the local unit strengthened against the South African rand and the Japanese Yen, but however, lost ground against the other major currencies during the week.

4. Commodity Markets – Oil hits new high since 2014...

Brent crude rose to US\$80.50 per barrel on Thursday, reaching a new high since the Organization of Petroleum Exporting Companies (OPEC) and its allies cut oil supplies in November 2014. The new high came as a result of many catalysts pushing the price higher and higher since last month. From the political tensions in Venezuela forcing production to decline drastically, to the US pulling out of nuclear deal with Iran and Europe and therefore re-imposing sanctions on Tehran, to Nigeria's export suspension of the country's premium crude oil, Bonny Light crude, because of Shell shutting down one of the main pipelines to the export terminal.

There is concern however, from the International Energy Agency, that should the international benchmark continue to climb onwards, global demand for the commodity will suffer. The IEA have already forecast the demand to fall from 1.5 million barrels per day to 1.4 million barrels per day for 2018.

Precious metals were primarily in the red for the week, with gold, silver, and platinum closing lower as the US dollar continued to strengthen and global tensions focused more on oil supply. Gold closed the week at \$1,287.50/oz, down 1.97% - a miniscule recovery, after it reached a 2018 low of US\$1,285.41/oz on Thursday. Silver went down 0.97% to \$16.38/oz while platinum lost 3.28% to close at \$885/oz.

Base metals climbed onwards alongside the dollar, with copper up 1.73% to close at \$6,838/ton, and nickel up by 4.59% to close at \$14,580/ton.

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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.