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Weekly Financial Markets Highlights 04 May 2018

Research

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1. BSE Weekly Market Performance – Choppies Recoups its Losses

The market traded 36.8mn shares worth around P85,604,415 during the week with 11 stocks trading – 2 of which declined, 2 advanced and 8 remained the same.

Letshego was the most traded stock for the week with 34.3 million shares crossing the board. The stock however, hovered around the P1.85-86 pricing mark, eventually closing at P1.85 – constant with its last week's closing price.

BTCL seems to have rebounded after hitting its listing price of P1.00 during yesterday's trading session. The stock closed for the day, 2 thebe higher at P1.02 per share. The telecommunications company's share price has been under a lot of selling pressure from the beginning of the year, losing 44.6% since. The company is set to release its annual results before the end of June 2018 – hopefully it will regain its losses then.

As the only gainer for the week, Choppies recouped its losses by rising 29 thebe during the week, to close at P2.48 per share. The 13.2% price movement rolled back the stock's 2018's losses, to gains of 2.5%.

The losers for the week were BTCL and Turnstar.

The Domestic Company Index (DCI) proceeded during the week, closing 0.86% stronger at 8,492.06, aided by the gains by Choppies that offset the losses by BTCL and Turnstar. The Domestic Company Total Return Index (DCTRI) followed suit the path set by the DCI, by also

gaining 0.86% to end the week at 1,793.68 points. The FCI was unchanged as there were no price movements on the Foreign Equity Board.

Market Summary – Week ending 4th of May, 2018

No. of Shares Trading	36,839,607
Turnover (BWP)	85,604,415
Turnover (USD)*	8,620,365
No. of stocks trading#	12
No. of stocks advancing#	2
No. of stocks declining#	2
No. of stocks unchanged#	29

Source: Motswedi Securities, BSE *US\$/BWP = 0.1039
= Domestic Main Board

BSE Indices – Week ending 4th of May, 2018

DCI Close	8492.06
Weekly Change (%)	+0.86
YTD Change (%)	-4.15
FCI Close	1,571.12
Weekly Change (%)	0.00
YTD Change (%)	-0.24
DCTRI Close	1793.68
Weekly Change (%)	+0.86
YTD Change (%)	-1.67

Source: BSE; Motswedi Securities

Major Movers– Week ending 4th of May, 2018

COUNTER	04 May (t)	27 April (t)	Change (%)	YTD (%)
Choppies ↑	248	219	+13.2	+2.5
BTCL ↓	102	103	-1.0	-44.6
Turnstar ↓	317	318	-0.3	-3.6

Source: Motswedi Securities, BSE

2. Overview of Financial Results

G4S reports a 2.2% increase in revenue...

G4S has finally released its full year results for the period ended 31 December 2017, after stating delays of “enterprise resource planning challenges relating to system generated transactions hidden behind a source code” as well as the accounts still needing board approval in early April. The Company’s revenue grew by 2.2% to P218.5mn boosted by category mixed benefits, new business attained and positive contract adjustments made. The slight growth of the Group was primarily from their outsourced Cash Solutions services, which recorded a 7% increase in revenue, on the back enhanced demand for the services and improved customer retention levels. The group’s GP margins were slightly bumped up to 39% from the previous period’s 34%, while the profit after tax stood strong at 22% higher with an EPS of 38.10 thebe.

The company’s dividend yield has gone up by 0.5% to 6%, after they declared a final dividend of 12 thebe per share on the 30th of April. The dividend is due to be paid to investors, who are registered as shareholders of the stock by close of business on the 18th of May, around the 4th of June 2018.

3. Foreign Exchange: US dollar’s rally halted...

The US dollar’s rally came to a near halt this week after the US Federal Reserve decided to keep interest rate levels unchanged. All eyes are now focused on US jobs data due later today. The dollar is poised to gain further, should the data show improved economic growth and inflation, as it would spur speculation of the US Federal Reserve raising

interest rates a few more times this year. However, if the data shows a pace reduction in the wage growth, the dollar is set to be more on the bearish sides of movements.

Domestic Exchange rates

Currency	04 May	27 April	Change (%)	YTD (%)
US\$/BWP 	0.1007	0.1018	-1.08	-0.59
ZAR/BWP 	1.2739	1.2643	0.76	1.40
EUR/BWP 	0.0841	0.0842	-0.12	-0.83
GBP/BWP 	0.0742	0.0732	1.37	-0.44
JPY/BW 	10.99	11.13	-1.26	-3.77
CNH/BWP 	0.6393	0.6454	-0.95	-3.21

Source: Bank of Botswana

Reflecting these developments the local unit closed the week mixed against most major currencies.

4. Commodity Markets – Brent crude faces possible supply disruptions...

Precious metals closed in the red, as global tensions calmed, with gold slightly dipped at levels around US\$1,313.75 by the end of the week. Gold, felt the pressure of the strengthened dollar, with expectations of the metal losing further ground if the US jobs data released later today outline a strong economy that would support reasons of more increases in the interest rates. The other precious metals fell slightly, silver and platinum prices down by 0.44% at US\$16.46/oz. and 0.77% at US\$902.50/oz. respectively.

Brent crude had been steady for the week, trading at levels around US\$73.96/bl. The major concerns for the commodity are continued supply restrictions from OPEC and its allies, which has a high likelihood of worsening, if the US decides to reimpose sanctions on oil producing Iran. The US

President has until May 12 to come to his decision on the fate of the Islamic Republic. The price of brent, however, is capped by the continued growth of US crude supplies, which has now overtaken Saudi Arabia as top exporter.

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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.