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A Member Of The Botswana Stock Exchange

Weekly Financial Markets Highlights 13 April 2018

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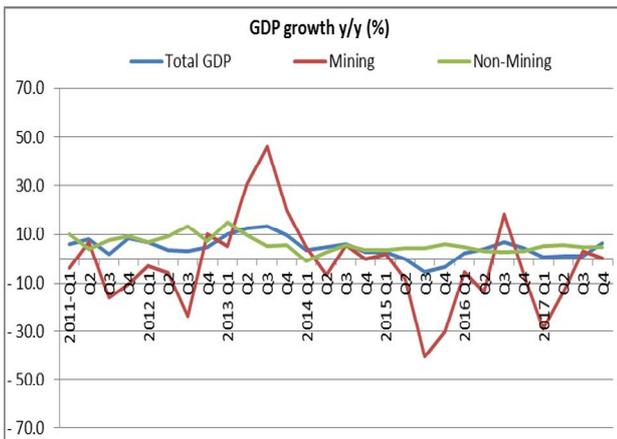
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1. Botswana GDP jumps 5.5%q/q and 6.5%/y/y in Q4 2017

Botswana GDP for Q4 2017 surprisingly jumped to 5.5% q/q and 6.5% y/y, latest data from Statistics Botswana reveals. Non mining GDP private sector performed well, growing by 4.6% during Q4 2017 as compared to 2.9% during the same period in 2016. This was on the back of increases in Agriculture, Manufacturing, Trade, Hotels & Restaurants. For the FY 2017, Botswana's real GDP expanded by 2.4% compared to a 4.3% growth in 2016. The slower growth of the economy in 2017 was in line with our expectations and reflects the tough economic environment that the economy is going through.



Source: Statistics Botswana

The statistics get more interesting when we dissect them on a quarterly basis as the data shows a 6.5% y/y during Q4 2017. This is a big jump from 1.1%/y/y in Q3 2017 and 1.0% y/y in Q2 2017. The 6.5% growth in Q4 is quite surprising as under normal circumstances it reflects “boom” economic conditions. However, we believe this was not the case in Q4 as the economy continued to ‘limp’. Statistics Botswana attributes the Q4 growth to increases in the real value added of Trade, Hotels & Restaurants, Finance and Business Services,

agriculture, manufacturing and general government.

It's also interesting to note that the mining sector contribution to GDP has been overtaken by Trade, Hotels & Restaurants which now contributes 21.7% towards GDP. This may have arisen as a result of the inclusion of diamond aggregation processes under the wholesale sub sector. It will be interesting to know the like to like growth with the exclusion of the diamond aggregation processes. Mining sector contribution to GDP stood at 16% from 20.1% during Q3 2017. We would have expected the mining sector to have grown much faster during Q4 2017 due to increases in coal and diamond value added which increased by 2.5% and 0.2% coupled as well as the resumption of operations at Mowana and Thakadu copper mines during Q2 2017.

Although these statistics are refreshing as they indicate some improvements in the economy, they are provisional and should be regarded as ‘tentative’ given that some of the statistics are debatable. Probabilities of further revisions in the near future cannot be ruled out at this juncture. Most of the data is based on limited information and is usually revised. Again, quarterly figures are prone to volatility and we should not place over reliance on data from a single quarter.

2. BSE Weekly Market Performance – Primetime, the most liquid stock

Property developer Primetime was the most liquid stock during the week under review trading around 2.0mn shares worth P6.4mn. The property developer which owns some of the quality and most sought after properties such as Prime Plaza, Letshego Place, Sebele Centre among others will be publishing its interim results for the period ended 28 February 2018 before the end of May. Primetime is one of the most sought after property stock on the local market. Since listing on the BSE on the 20th of December 2007, PrimeTime has grown from an initial portfolio of 13 properties valued at P175mn to 25 properties valued at P1.12bn.

Market Summary – Week ending 13th of April, 2018

No. of Shares Trading	3,723,791
Turnover (BWP)	9,879,380
Turnover (USD)*	391,866
No. of stocks trading#	17
No. of stocks advancing#	5
No. of stocks declining#	7
No. of stocks unchanged#	12

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

For the week, the market traded 3.7mn shares worth P9.8mn shares with 17 stocks trading. The DCI lost 0.55% to extend its ytd to 4.11% dragged by losses in FNBB, Letshego and BTCL. The FCI was unchanged as there were no price movements on the Foreign Equity Board.

BSE Indices – Week ending 13th April, 2018

DCI Close	8,496.18
Weekly Change (%)	-0.55
YTD Change (%)	-4.11
FCI Close	1,574.19
Weekly Change (%)	0.00
YTD Change (%)	-0.05
DCTRI Close	1,786.35
Weekly Change (%)	-0.30
YTD Change (%)	-2.07

Source: BSE; Motswedi Securities

For the week gains were in Sefalana, Wilderness, Cresta, Barclays and Chobe.

Major Movers– Week ending 13th of April, 2018

COUNTER	13 April (t)	06 April (t)	Change (%)	YTD (%)
Sefalana↑	897	880	+1.9	-8.0
Wilderness↑	580	575	+0.9	+5.5
Cresta↑	113	112	+0.9	0.0
Barclays ↑	612	610	+0.3	+0.3
Chobe ↑	967	966	+0.1	+5.5
BTCL ↓	115	120	-4.2	-37.5
FNBB↓	223	225	-0.9	-4.3
Turnstar↓	322	325	-0.9	-2.1
Letshego↓	185	186	-0.5	-1.6

Source: Motswedi Securities, BSE

3. BSE Corporate Announcements

Olympia will be delaying the publication of its financial results for the year ended 31 December 2017. According to the company statement this is due to the appointment of new auditors (on rotation) and the mission that comes with familiarizing themselves with the company operations and risks. Olympia now expects the financials to be out before the 19th of April 2018.

G4S have also delayed the publication of its financial results for the period ended 31 December 2017. The delay is due to the “enterprise resource planning challenges relating to system generated transactions hidden behind a source code” according to an announcement released by the company. On an exciting note, the financials are expected to be higher than those reported during the same period in 2017.

Furnmart has announced that it expects its financials to be significantly higher than that for the corresponding period ended 31 January 2017. Shareholders are advised to exercise caution when trading in the shares. This announcement by Furnmart doesn't surprise us as the stock has been under 'watch list' for some time now. The business seems to be turning a corner following the restructuring exercise which culminated in the closure of some loss making entities in Zambia some few years back.

GetBucks Botswana issued 3 notes on the exchange during the week within its BWP500mn domestic medium term note programme. The first note is for a three year fixed rate with a value of BWP 15mn, while the second note is also a three

year fixed rate note with a value of BWP 25mn. The third note is a one year fixed rate note with a value of BWP 5mn. All the notes are secured by MyBucks SA, which is Luxembourg domiciled and listed on the Frankfurt Stock Exchange.

4. Foreign Exchange: US dollar under pressure

The US dollar continued trading pressure during the week under review as prospects of a trade war between the US and China worried investors. This coupled with fresh tensions between the US and Russia over the alleged gas attack in Syria further affected the dollar.

Domestic Exchange rates

Currency	13 April	06 April	Change (%)	YTD (%)
US\$/BWP 	0.1039	0.1045	-0.57	2.57
ZAR/BWP 	1.2497	1.2384	0.91	-0.53
EUR/BWP 	0.0843	0.0852	-1.06	-0.59
GBP/BWP 	0.073	0.0743	-1.75	-2.05
JPY/BW 	11.18	10.98	1.82	-2.10
CNH/BWP 	0.653	0.6632	-1.54	-1.14

Source: Bank of Botswana

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

5. Commodity Markets firms on fears over global trade war

Gold prices gained further ground to levels around US\$1,336.70/oz as investors sought the metal as a haven against geopolitical concerns. This is after US President Donald Trump threatened to attack Syria over allegations of the use of chemical weapons against its citizens. Also aiding in the growth of the gold prices, are the trade negotiations

currently ongoing between the US and China – which are said to be going well.

Brent crude oil prices hit a new 2018 high of US\$72.49/bl this week following an escalation of geopolitical tensions between the US and Russia over Syria. The US President Trump tweeted a threat to the Russian Government to “get ready” to shoot down missiles. This shook markets all round, including oil prices which soared, hitting its highest price in over 3 years. Brent closed the week trading at levels around US\$71.94/bl, 0.76% lower than its week high.

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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.