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A Member Of The Botswana Stock Exchange

Weekly Financial Markets Highlights 15 June 2018

Research

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1. Domestic Equities:

The total market traded 9.6mn shares worth around P30mn, with most of the counters fairly liquid for the week. Letshego has been the epitome of liquidity in the last few weeks and this one is no different, with the stock trading 2.8mn shares at the price of P1.85, remaining unchanged this week. In the last two months alone, the stock has traded over 114.5mn, with the highest daily trades recorded being 17.3mn shares and 15mn shares in early May and early June, respectively.



Source: Motswedi Securities

Market Summary – Week ending 15 June, 2018

No. of Shares Trading	9,669,103
Turnover (BWP)	30,006,153
Turnover (USD)*	2,916,598
No. of stocks trading#	15
No. of stocks advancing#	3
No. of stocks declining#	4
No. of stocks unchanged#	17

Source: Motswedi Securities, BSE *US\$/BWP = 0.0972
= Domestic Main Board

Profit takers have taken over BTCL, with the company losing 3 thebe during the course of the week. The financial results on the telecommunications giant are due before June end,

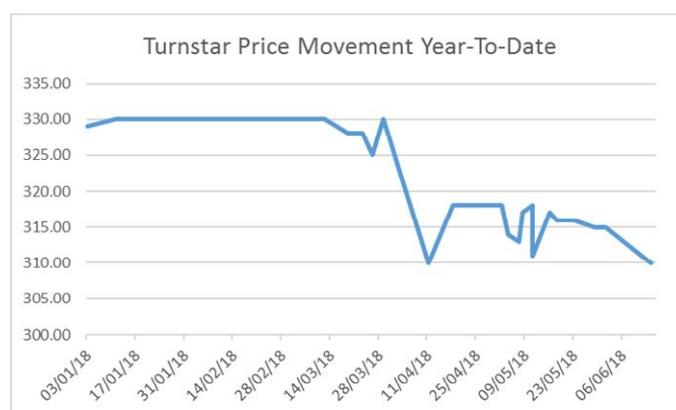
we expect the results to boost the stock, reversing the marginal losses the company has experienced during the last few days.

Major Movers– Week ending 15 June, 2018

COUNTER	15 June (t)	08 June (t)	Change (%)	YTD (%)
CHOBE ↑	985	984	+0.1	+7.4
CRESTA ↑	123	122	+0.8	+8.8
FNBB ↑	221	220	+0.5	-5.2
BTCL ↓	130	127	-2.3	-31.0
TURNSTAR ↓	310	313	-1.0	-5.8
LETLOLE ↓	194	196	-1.0	-9.8
BARCLAYS ↓	608	609	-0.2	-0.3

Source: Motswedi Securities, BSE

Match for match with BTCL, was Turnstar, also trimming 3 thebe to end at P3.10 per share. The properties company has been steadily losing its steam following the release of their full year financials in April, now with a year-to date loss of 5.8%, totalling a reduction of 19 thebe.



Source: Motswedi Securities

Also trading down, were Letlole and Barclays, dropping 2 thebe and 1 thebe respectively to close at P1.94 and P6.08 per share. It is safe to say that the domestic equities belonged to the bears this

week, as the DCI retreated by 0.06%, extending year to date losses to 3.82%.

BSE Indices – Week ending 15 June, 2018

DCI Close	8,521.40
Weekly Change (%)	-0.06
YTD Change (%)	-3.82
FCI Close	1,571.12
Weekly Change (%)	0.00
YTD Change (%)	-0.24
DCTRI Close	1,808.56
Weekly Change (%)	0.04
YTD Change (%)	-0.85

Source: Motswedi Securities, BSE

2. Foreign Exchange:

The Trump-Kim Summit went surprisingly well, with the two nations coming to an agreement to denuclearize the Korean Peninsula, and the US easing back on their sanctions. However, the summit made very little difference in influencing the currencies, as investors were not convinced that the joint statement signed by the two leaders will hold any water in the future.

The US Federal Reserve hiked up their lending rate by 25 basis points earlier on the week. The rate hike was the second one in 2018, and two more are expected before year end. By week end, the US dollar had reached a year to date high of 95.108, against a basket of its peers, on the back of a softer euro after the ECB's announcements were factored into the price.

The European Central Bank concluded their meeting on Thursday, and much to the dismay of investors, announced that they would not be raising

interest rates in the near future, but instead, would keep them at record lows until mid-2019. Unfortunately, the euro nosedived after this, dropping more than half a percent against the US dollar, as investors absorbed the disappointing news. The ECB have also indicated that they intended to put an end to its stimulus program, i.e. the bond purchase scheme, by the end of 2018.

The week had its impact on the emerging market currencies, with the local unit closing mixed against the major currencies – gaining on the South African rand and the euro, while losing to the rest .

Domestic Exchange rates

Currency	15 June	08 June	Change (%)	YTD (%)
US\$/BWP ↓ 	0.0972	0.0987	-1.52	-4.05
ZAR/BWP ↑ 	1.3043	1.2918	0.97	3.82
EUR/BWP ↑ 	0.084	0.0838	0.24	-0.94
GBP/BWP ↓ 	0.0734	0.0736	-0.27	-1.52
JPY/BW ↓ 	10.77	10.83	-0.55	-5.69
CNH/BWP ↓ 	0.6235	0.6322	-1.38	-5.60

Source: Bank of Botswana

3. Commodity Market:

Precious gold ended the week steady, after reaching a monthly high of US\$1,309.30 on Thursday after the European Central Bank announced that they will be keeping interest rates at record lows until mid-2019. Further keeping the price of gold steady were the looming trade tensions between the US and China. The US have decided to impose heavy sanctions on billions of Chinese goods as soon as Friday (today). It has now become a waiting game to see whether the President Trump will do as he has threatened. Meanwhile, the Chinese have threatened to retaliate should the US do anything to brash.

Brent crude oil has been under pressure as the possibility of increase supply grew closer and closer. The Organisation of Petroleum Exporting Countries will be meeting on June 22 to discuss the supply portfolio, and on the table is the possibility of an increase in supply of the commodity. Supporting the pressure on the international benchmark, was the substantial increase in the production of US crude, closing in on supply levels of the largest producer, Russia.

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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.