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(pty) Ltd



A Member Of The Botswana Stock Exchange

# Weekly Financial Markets Highlights

## 17 August 2018

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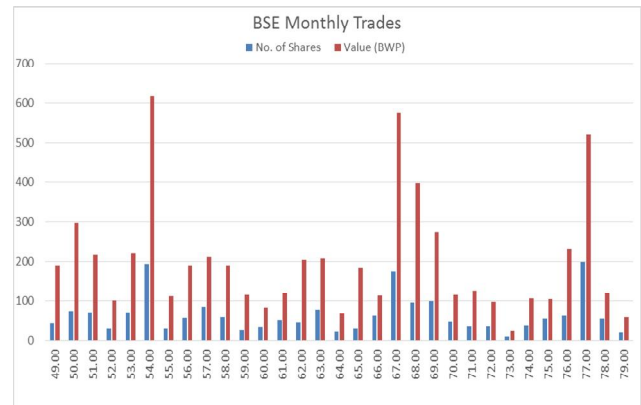


## 1.0 BSE Equity Performance...

The tight liquidity conditions persisted in the market during the week under review. Property developer Letlole saved the day after it traded 2.1mn shares worth P3.6mn on the last trading day of the week. The last time the market traded this much volume on a single stock was on the 3<sup>rd</sup> of August 2018 when 446,103 Sefalana shares worth P3.9mn traded. Several factors could be the catalyst to the tight liquidity conditions:

- The general decline in investor sentiments especially on emerging markets. The recovery of the US economy which has seen the Fed increasing interest rates coupled with the trade war currently between the US and China has prompted investors to prefer safer markets in the developed world at the expense of emerging markets.
- Locally the delay in the renewal of mandates to local asset managers by Botswana's largest pension fund, BPOPF has further created anxiety into the market further impacting on liquidity.
- Lower valuations of most stocks on the BSE.

If we take out the once off NAP deal worth P280mn which transacted on the 30<sup>th</sup> of May 2018, the market has traded only P871.1mn worth of shares between 01 January 2018 to 17 August 2018. This a far cry from P1.6bn worth of shares which traded during the same period in 2017.



Source: Motswedi Securities, BSE

Meanwhile, for the week the market traded 2.8mn shares worth P5.0mn with Letlole contributing the bulk of the trades. There were 10 stocks which traded on the Domestic Main Board with 4 advancing and the same number weakening as shown in the table below.

### Market Summary – Week ending 17 August, 2018

No. of Shares Trading	<b>2,817,837</b>
Turnover (BWP)	<b>5,005,010</b>
Turnover (USD)*	<b>461,962</b>
No. of stocks trading#	<b>10</b>
No. of stocks advancing#	<b>4</b>
No. of stocks declining#	<b>4</b>
No. of stocks unchanged#	<b>16</b>

Source: Motswedi Securities, BSE \*US\$/BWP = 0.0923  
# = Domestic Main Board

On the other hand the DCI lost 0.09% to extend its ytd losses to 6.36% while the FCI was static in the absence of any trades on the Foreign Equity Main Board. Of interest is the DCTRI which gained 0.27% to reduce its ytd losses to -2.84%. The gain is attributable to the dividends declared by RDCP during the week under review.

**BSE Indices – Week ending 17 August, 2018**

<b>DCI Close</b>	<b>8,296.46</b>
Weekly Change (%)	-0.09
YTD Change (%)	-6.36
<b>FCI Close</b>	<b>1,570.00</b>
Weekly Change (%)	0.00
YTD Change (%)	-0.31
<b>DCTRI Close</b>	<b>1,772.41</b>
Weekly Change (%)	+0.27
YTD Change (%)	-2.84

Source: Motswedi Securities, BSE

Cresta was the biggest gainer during the week up 0.8% to 126 thebe on 10,991 shares. This is after the company had a shareholders update meeting the past week. Wilderness reached a new high of 590 thebe, while Letshego and Chobe also made it into the list of gainers. It's now the trend to have tourism related companies topping the list of gainers on almost every week. This is not surprising given the defensive nature and the strong business model of Chobe and Wilderness.

COUNTER	17 August (t)	10 August (t)	Change (%)	YTD (%)
CRESTA↑	126	125	+0.8	+11.5
WIL↑	590	586	+0.7	+7.3
LETSHEGO↑	184	183	+0.5	-2.1
CHOBE↑	1012	1009	+0.3	+10.4
LETLOLE↓	174	176	-1.1	-19.1
BARCLAYS↓	547	552	-0.9	-10.3
BTCL↓	114	115	-0.9	-38.0
CHOPPIES↓	230	231	-0.4	-5.0

Source: Motswedi Securities, BSE

## 2.0 Company Announcements

### RDCP releases good interims...

RDCP which owns the flagship Masa Centre among other properties in Botswana and in the region released a good set of interim results. Revenue went up strongly by 51% underpinned by the stable Botswana portfolio and the solid performance of the Capitalgro portfolio in South Africa. All the expansion plans in Mozambique and Namibia are on track. An interim dividend of 0.124 thebe and interest of 6.206 thebe per debenture was declared. These will be payable on the 26th of October 2018 to shareholders registered at the close of business on 14 September 2018.

### Far Properties announces Script Offer

Far Properties is offering shareholders a script dividend of up to 50% of the distribution of 12.27 thebe which was declared for the 12 month period ending 30 June 2018. The script offer will be at a price of 250 thebe per linked unit to those shareholders who will be registered in the books of the company as at 31 August 2018.

## 3.0 Foreign Exchange...







The rand was under pressure against the dollar during the week weighed by lower than expected retail sales data, a negative assessment by ratings agency Moody's on the pace of SA's fiscal consolidation, and further commentary from the ANC about expropriation of land without compensation.

Outlining the ANC's plan for expropriation of land without compensation during the week, ANC chair Gwede Mantashe said the state would limit land ownership to 12,000ha per farm owner, expropriating the rest without compensation. This

announcement has created lots of uncertainty and whether or not this is feasible is another story.

Meanwhile, for the week the pula was firmer against the rand reflecting the weaker rand against the dollar during the week as shown in the table below.

#### Domestic Exchange rates

Currency	17 August	10 August	Change (%)	YTD (%)
US\$/BWP ↓ 	0.0923	0.0952	-3.05	-8.88
ZAR/BWP ↑ 	1.3607	1.3152	3.46	8.31
EUR/BWP ↓ 	0.0811	0.0831	-2.41	-4.36
GBP/BWP ↓ 	0.0725	0.0744	-2.55	-2.72
JPY/BW ↓ 	10.23	10.56	-3.13	-10.42
CNH/BWP ↓ 	0.6344	0.6532	-2.88	-3.95

Source: Bank of Botswana

The dollar has been largely firmer as weakness in emerging markets currencies worsened by the Turkey currency crisis and the China-US trade war has seen investors pouring money into the US dollar which is considered a safe-haven asset during uncertainty.

#### 4.0 Commodities Markets...

##### Gold

Gold prices rose to levels around \$1.176/oz supported by a weaker US dollar on price correction from its recent highs.

##### Copper

Copper fell to \$5860/t to hit the lowest levels in 13 months during the week and entered a bear market, potentially signalling an economic slowdown is happening around the world. Copper is often seen as a leading indicator of future economic. It is used in home construction and consumer products, as well as manufacturing.

Copper also fell after the union for Chile's Escondida mine, the largest copper mine in the world, said Tuesday that it was closer to averting a planned strike. The last time copper traded at such low prices was June, 25, 2017. The metal is also trading more than 20% below its 52-week high, officially entering bear market territory. The decline in copper price is attributable to weaker data coming from China, trade wars between the US and China as well as a firmer dollar. Earlier this week, China reported weaker-than-expected industrial production and retail sales growth, raising worries that the second-largest economy in the world could be headed for a slowdown. The U.S. has imposed tariffs on Chinese, European and Mexican goods. Mexico, China and the European Union have retaliated with levies of their own.

##### Oil

Oil prices fell to levels around \$71.71 per barrel amid increasing concern about slowing global economic growth that could hit demand for petroleum products as inventories build.

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