



Weekly Financial Markets Highlights

Research
Garry Juma
Salome Makgatlhe

Sales
Tshenolo Motlhagodi
Moemedi Mosele

motswedisecurities



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Plot 113, Unit 30,
Kgale Mews,
Gaborone

P/Bag 00223,
Gaborone
Botswana.

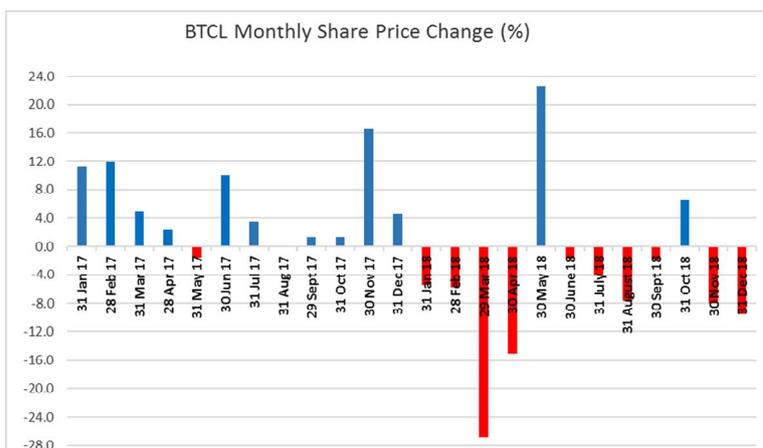
Tel: 267-3188627
Cell: (+267) 72108088
Fax: 267-3188629

Email: motswedi@motswedi.co.bw
Website: www.motswedi.co.bw

1.0 BTCL...

The year was very heavy for the BTCL stock, as it closed 2018 as one of the biggest nonperforming stocks of all those listed on the Botswana Stock Exchange, with a year to date loss of 48.4% and a closing price of 95 thebe. The stock only beat out a single counter on the domestic board in terms of performance, which was Choppies, which at the time of its suspension was at a year to date loss of 71.5%. The year 2018, was generally a bad one for local exchange at large, with only 7 counters out of the 26 that are listed on the domestic board marking positive growth and the rest (19) either not showing any growth or reversing their growth.

BTCL recorded losses in all but 2 months for the year – May and October, where strong demand for the stock drove it to a m/m growth of 22.5% and 6.5% respectively. As can be seen in the graph below, BTCL's m/m share price growth in 2018 was in complete contrast to the year prior, where the stock actually closed the year as the top gainer of the year at 87.8%.

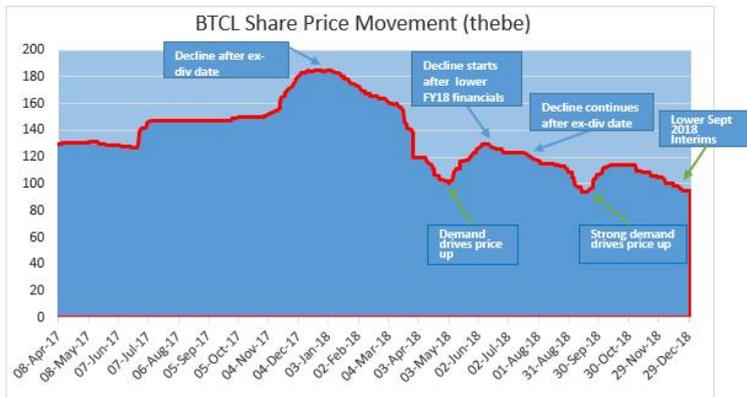


Source: Motswedi Securities, BSE

The stock's steady decline throughout the year stemmed from a myriad of events – beginning with investors in the first quarter cashing in their 2017/18 half year gains as well as discarding their positions after ensuring they've qualified for the dividend. This led to a supply influx of the stock, which by far exceeded the demand, thereby resulting in the stock's largest monthly loss of the year in March. BTCL's slight recovery took two months (April and May) driven by the sheer attractiveness of the price – from 102 thebe at the start of May to 130 thebe by mid-June. When the FY18 financial results were published at the end of June and showed a decline in profitability, the stock nosedived once more only to be saved yet again by the attractive price, to give the stock its second positive recording in October. The last few months of the year were shrouded with uncertainty in anticipation of the company's HY19 results, of which was shattered when the company put out a trading statement that its performance was lower than the prior period.

BTCL closed the year with a 12 month range of between 94 thebe and its 2018 opening price of 185 thebe, with the stock closing off at 95 thebe. The company's dividend yield was the strongest at 13.1%, which was a possible reason why investors kept coming back for the stock despite the price's rollercoaster ride. It was supported by a dividend policy of between 50% and 65% of their earnings after tax subject to the financial position of the company, the investment strategy among other factors the board would put for consideration. The company has a twelve month trailing EPS of 19.52 thebe and boasts a PE ratio of 4.9x which

translates it to be one of the cheaper investments to buy into on the exchange.



Source: Motswedi Securities, BSE

2.0 Equity Market Highlights

The year has kicked off in full swing,

Choppies has now been moved to the Default Board of the Botswana Stock Exchange. This comes as a consequence of not publishing their audited financial statements within the stipulated time frame (which, for Choppies, elapsed in 2018). When a listed entity is in this board,

The tourism companies continued on their winning streak,

COUNTER	11 January (t)	04 January (t)	Change (%)	YTD (%)
CHOBE ↑			+0.1	+10.0
WILD ↑			+0.2	+6.5
STANCHART ↓			-3.6	-22.2
LETLOLE ↓			-1.1	-18.1
ENGEN ↓			-0.1	-1.3
TURNSTAR ↓			-0.3	-6.4

Source: Motswedi Securities, BSE

Market Summary – Week ending 11 January, 2019

No. of Shares Trading	
Turnover (BWP)	
Turnover (USD)*	
No. of stocks trading#	
No. of stocks advancing#	
No. of stocks declining#	
No. of stocks unchanged#	

Source: Motswedi Securities, BSE *US\$/BWP = 0.0952
= Domestic Main Board

BSE Indices – Week ending 11 January, 2019

DCI Close	8,304.17
Weekly Change (%)	-0.12
YTD Change (%)	-6.27
FCI Close	1,570.00
Weekly Change (%)	0.00
YTD Change (%)	-0.31
DCTRI Close	1,767.57
Weekly Change (%)	-0.12
YTD Change (%)	-3.10

Source: Motswedi Securities, BSE

3.0 Company Announcements

The Sefalana Group has released a cautionary announcing to their investors that they will be expecting the Group's profit before tax for the 6 months ended 31 October to be between 15%-25% higher than the comparative period in the prior year.

Lucara Diamonds reported this week that they have discovered a 127 carat top white gem diamond in their Karowe Diamond mine found in Botswana. The new discovery bring the total number of diamonds larger than 100 carats found at Karowe to 129 since operations started, of which 12 were larger than 300 carat.

4.0 Foreign Exchange...

The rand was trading positively in .

The British pound, which has been on shaky grounds for the last few months as Brexit's date crept closer and closer, was trading firmer on Friday morning at \$1.2752/£. The British Prime Minister, Theresa May has been at loggerheads with her cabinet with regards to accepting the terms of the Brexit Withdrawal Agreement that was laid forth. The votes are supposedly going against the Prime Minister, and if on the day of the vote (January 15) she loses, there is a high risk that Britain's departure from the European Union will be a disastrous. However, if Brexit goes does pass through smoothly with no hitches, analysts have it that we are likely to see the pound gain more than 8% against the US dollar.

Domestic Exchange rates

Currency	11 January	04 January	Change (%)	YTD (%)
US\$/BWP ↓ 	0.0953	0.0935	1.93	-5.92
ZAR/BWP ↑ 	1.3181	1.3381	-1.49	4.92
EUR/BWP ↓ 	0.0827	0.0821	0.73	-2.48
GBP/BWP ↑ 	0.0747	0.074	0.95	0.23
JPY/BW ↓ 	10.33	10.12	2.08	-9.54
CNH/BWP ↓ 	0.6437	0.643	0.11	-2.54

Source: Bank of Botswana

The Ministry of Finance and Economic Development in Botswana have decided to

maintain its current exchange rate arrangement where the Pula is pegged to a currency basket, the weights of which 45% to the South African rand and 55% to the IMF's Special Drawing Rights. A new development was the implementing of an upward crawl rate of 0.3% per annum as at the 1st of January 2019. The revised rate of crawl is expected to account for expected inflation differentials which may arise between Botswana and her trading partners.

5.0 Commodities Markets...

US Sanctions have hit Iran hard despite the waivers that were a given to the eight largest importers of Iranian crude. Before the sanctions, Iran was in the top of three of the Organisation of Petroleum Exporting Countries (OPEC), producing ___ which has now fallen to roughly 2.92 million barrels per day. A solid 23% decline from the pre-sanctions number.

Although the price for the commodity touched and fell then fell slightly below US\$50 in December, it has been on the up and up since the year back, closing this week at US\$62.31/bbl. This has been primarily supported by the thawing of the trade dispute between the two largest economies (the US and China) of which its igniting has caused a slowdown in economic growth. Also playing a significant role, was the OPEC cartel cutting down on its production by 530,000 bpd since the December meeting in Austria. OPEC, in December produced 10.3 million barrels per day.

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