



Weekly Financial Markets Highlights

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1.0 BSE Performance for the Week...

The market performance bettered for the week, with volumes almost doubling at 2,736,122 shares as compared to the previous week's 1,088,928 shares. At the helm of liquidity for the week was Letshego, trading 1,167,414 shares at the company's eight-year low price of P1.60. The microlenders price is slowly creeping down to its 2010 levels at the time the company's shares split.

Market Summary – Week ending 22 March, 2019

No. of Shares Trading	2,736,122
Turnover (BWP)	5,560,048
Turnover (USD)*	522,645
No. of stocks trading#	14
No. of stocks advancing#	1
No. of stocks declining#	1
No. of stocks unchanged#	22

Source: Motswedi Securities, BSE *US\$/BWP = 0.094
= Domestic Main Board

Barclays Bank erased its negative movements for the week, gaining a single thebe on Friday, to P5.22 per share. The bank posted their first financial results this week under the Absa umbrella, i.e. as no longer a part of Barclays Plc. As is part of their strategy, the bank managed to keep their cost to income ratio in the low fifties, at 55%, while PBT came in at P588mn – a 5% statutory increase for the bank. It is worth mentioning that the PBT figures included separation costs of which the bank incurred, excluding which, PBT would have come in at P638mn which would have been a 14% increase. The separation costs are expected to increase for the years to come. EPS improved to 53.35 thebe from the previous year's 50.71 thebe, while the ROE hiked up to 14%. The bank's expected credit losses fell by 35% courtesy of

enhanced collection methods and technological advances in the process. The overall balance sheet increased by 12% to P14 billion, as a result of higher credit growth. Non-performing loans were fairly stable at 5.9% for 2018, a slight dip from the previous comparative year's 6.1%. For the cherry on top, the bank declared a dividend of 22.296 thebe per share to all shareholders registered by the 7 May 2019 – maintaining its healthy dividend yield.

COUNTER	22 March (t)	15 March (t)	Change (%)	YTD (%)
BARCLAYS ↑	522	521	+0.2	0.0
TURNSTAR ↓	286	287	-0.3	-1.4

Source: Motswedi Securities, BSE

The week had a single loser – Turnstar, losing 1 thebe to drop down to its 12 month low of P2.86 as a casualty of 2,400 shares crossing the board. The stock extended its yearly losses by 0.3% to end at -1.4% for the week.

The total returns index reverberated with gains as the weeks most traded stock, Letshego, turned ex-dividend on the 19th March. The DCTRI gained of 0.17% to close the week at 1,729.43, with its yearly gains hovering near 1 percent. The DCI gained substantially less, as the gain in Barclays outweighed the loss in Turnstar, by virtue of the bank's market capitalisation being 3 times as heavy as that of the properties company. The index closed the week at 7,878.98 points. The FCI remained unmoved at 1,566.26 points as no trades were registered on the foreign equity board.

BSE Indices – Week ending 22 March, 2019

DCI Close	7,878.98
Weekly Change (%)	+0.01
YTD Change (%)	+0.35
FCI Close	1,566.26
Weekly Change (%)	0.00
YTD Change (%)	-0.26
DCTRI Close	1,729.43
Weekly Change (%)	+0.17
YTD Change (%)	+0.98

Source: Motswedi Securities, BSE

2.0 Company Announcements

Sechaba released an exciting trading update, notifying shareholders that the Brewery expects their profit before tax for their year ended 31 December 2018 to almost double, that is an increase of between 85% and 97% to the previous comparative period.

Engen announced that they expect a material decline of 11.4% in their gross profit for their year ended 31 December 2018 compared to the previous period. The Group has expressed that the fall came as a result of a general decline in global crude oil prices, coupled with a lack of adjustment in the Government controlled margins which play the role of cushioning inflationary effects.

Standard Chartered released a trading update, sharing that they expect an increase of between 5% and 9% on their profit before tax for their year ended 31 December 2018, as compared to the prior period.

Wilderness released an announcement on Tuesday notifying their investors of their intention to

delist the company following an offer to buy out the registered shareholders by African Wildlife Holdings Partnership. The offer will be extended to all the shareholders of Wilderness at a discount to the current market price, at P6.25 each. This will be subject to shareholder approval during a general meeting that will be announced no later than the 31 May 2019.

Minergy expects their loss before tax for the 6 month period ended December 2018, to increase by between 30% and 40%, which translates to a loss increase of between P2.2mn and P3.0 mn from the P7.4mn reported in the previous comparative period. The loss is attributed to the increase in operational expenditures, which includes additional mine site overheads, additional staff and advisory costs not included in the comparative period which is typical of a project in the mine development phase. Cash resources were utilised specifically on mine development activities such as the box cut, washing plant civil work, power and water reticulation as well as surface right compensations. The reported headline loss per share (“HEPS”) and loss per share (“EPS”) for the previous interim reporting was 1.97 thebe. The Company’s headline loss per share (“HEPS”) and loss per share (“EPS”) for the interim reporting period is expected to decrease between 20% and 30% accordingly.

3.0 Foreign Currency...



The pound sank over by over 1% for the week on concerns that Brexit was going to a very disastrous occurrence on the 29th of March. The nation’s Prime Minister, Theresa May, requested an extension of Brexit from the European Council of which she was granted a two-week extension to April 12. The extension was granted with the hopes





that the UK lawmakers would come to an agreement on the terms of the divorce deal from the European Union. The Prime Minister is set to make her third attempt next week to win a vote with her fellow lawmakers. If the Parliament agrees to the Prime Minister's deal, the UK will be allowed to delay its departure to the May 22, while terms are finalised. Otherwise, if it is rejected, the UK Parliament will either seek an extension of the delay or leave on May 22 with no deal. The uncertainty around this has the pound trading on shaky basis and investors watching very carefully for news that will determine the unit's direction.

The rand started the week on the back foot, following an announcement by South Africa's power utility, Eskom, reiterating their intention to continue with rotational power cuts as it still finds it difficult to meet the country's demand. Eskom's struggles to meet capacity, worsened as the cyclone that hit Mozambique during the weekend shut down the Cahora Bassa Hydroelectric Plant, thereby cutting down on South Africa's imported power by more 1,000MW. The rand however, managed to turn things around for the week, as investor sentiment changed for the dollar when the US Federal Reserve reaffirmed its dovish stance on interest rates.

The dollar booked a second week of losses, as the nation's Federal Reserve announced their intention to scrap any plans they had to raise interest rates for the year earlier this week.

Domestic Exchange rates

Currency	22 March	15 March	Change (%)	YTD (%)
US\$/BWP ↓ 	0.094	0.0932	0.86	0.86
ZAR/BWP ↑ 	1.3374	1.3494	-0.89	-0.50

EUR/BWP ↓ 	0.0826	0.0823	0.36	1.35
GBP/BWP ↓ 	0.0715	0.0704	1.56	-2.59
JPY/BWP ↓ 	10.42	10.4	0.19	1.36
CNH/BWP ↓ 	0.6308	0.6262	0.73	-1.61

Source: Bank of Botswana

The pula climbed for the week, against the major partners given the various reasons noted above – covering the most ground against the pound, where the local unit spent the better part of the week trailing. The pula, did however, reverse gains against the rand, given the unit's last-minute jump against the dollar on Friday.

4.0 Commodities...

Oil prices touched 2019 highs during the week (at US\$68.50/bbl), as US economic data continued to show signs of a slowing economy. The weak US data, in tandem with the OPEC led production cut back and US sanctions on Iran and Venezuela, have pushed oil prices almost 30% since the year began. Lending a further hand to the prices are the US shale stockpiles dropping by approximately 10mn barrels as was reported by from the Energy Information Administration this week. Despite the fall in reserves, the US remains the largest producer of oil, ahead of Saudi Arabia and Russia, at 12.1 bpd. The trade war negotiations between the US and China are still ongoing and seemingly not coming to a clear remedy. Concerns of a slowing global growth, initiated by the dispute, are growing as evidenced by weak economic data emanating from both nations, and capped the growth in the commodity's price. Oil closed the week a few steps lower at US\$67.15 per barrel.

Gold regained some of its shine during the week when the US Federal Reserve noted that they will not be raising interest rates for the rest of the year.

The yellow metal closed the week off at US\$1,312.44/oz.

Silver and Platinum, both gained for the week, with the former pocketing 1.32% in gains to close at US\$15.49/oz, while the latter gained 3.02% to close the week at US\$856.92/oz.

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