



Weekly Financial Markets Highlights

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1.0 BSE Performance for the Week...

For a week that kicked off very quietly, liquidity certainly did pick up as it came to a close. Volumes blew up on Friday - giving a much needed nudge to the local exchange's weekly statistics – to close with 5.63mn shares having traded, raking in a turnover of P33.8mn. The major driver of the hike in performance for the week was some BIHL, crossing over 1.1mn shares at P17.50, claiming the lion's share of the weekly turnover with P19.28mn. BIHL had somewhat of an up and down week, having lost a thebe during the course of the week to P17.49 in its first movement for the year, only to gain it back as the week moved forward.

Market Summary – Week ending 26 April, 2019

No. of Shares Trading	5,546,270
Turnover (BWP)	32,424,497
Turnover (USD)*	3,015,478
No. of stocks trading#	14
No. of stocks advancing#	2
No. of stocks declining#	2
No. of stocks unchanged#	20

Source: Motswedi Securities, BSE *US\$/BWP = 0.093
= Domestic Main Board

Turnstar, retreated a step back despite the relatively favourable financial results the Group published on Friday. The Group's operating profit was generally flat year on year, with a small increase of 2.5% to P145.4mn. Refurbishments of a number of the Group's properties has unfortunately ballooned its finance costs, which ultimately brought down its profit before exchange difference and fair value adjustments to P111.86mn, a decline of 12.62%, for the year under review.

Earlier on this month, a trading statement was released by the Group, highlighting an increase of 497% in its profit before tax. It is worth noting, that upon the publication of the financial results, the increase is primarily from a complete overhaul of their fair value adjustments from P-77.3mn reported for the year ended January 2018, to P6.87mn reported for the year ended January 2019 – the net gain of which can be attributed to the Group's Botswana portfolio which exhibited a substantial increase in fair value gains. Also lending to the exorbitant growth was a small increase in exchange gains as well as a significant reduction to the exchange losses, these are however unrealised and are merely paper gains. Turnstar lost a thebe in the week to close at P2.85 per share.

COUNTER	26 April (t)	18 April (t)	Change (%)	YTD (%)
LETLOLE ↑	177	176	+0.6	+0.6
SECHABA ↑	2051	2050	+0.0	+2.6
SEFALANA ↓	859	860	-0.1	-2.2
TURNSTAR ↓	285	286	-0.3	-1.7
TLOU ↓	80	156	-48.76	-48.76

Source: Motswedi Securities, BSE

The market recorded various movements of price this week, some managed to regain their losses, others managed to give back their gains and then there are others which either gained or retreated.

In its first trade since listing back in December 2017, Tlou Energy retreated 76 thebe as a single trade of 50,000 shares crossed on the local exchange. The coal bed methane mining company recently underwent an additionally listing of 29.1mn

shares at the issue price of 75 thebe – calculated as approximately AUD\$0.10 or £0.055. The stock closed at more than half of its initial listing price of P1.56 per share, at 80 thebe per share.

On a sombre note, Turnstar released some gains as well, dropping by a thebe for the week, to close at P2.85 per share, as a casualty of 1.02mn shares trading – thereby, extending its year to date loss to 1.7% thus far. The third victim for the week was Sefalana, which closed the week a thebe lighter at P8.59 per share after witnessing 216,400 shares trading.

Meanwhile, the market tracked two gainers by the end of the week. Sechaba Breweries managed to retain its gains, adding 1 more thebe to its market price – now closing at P20.51 per share. Sechaba’s demand quietened this week, as investors held on to the stock in anticipation of qualifying for the full year dividend that the company will be paying out in the coming weeks.

Letlole La Rona was the second gainer, pocketing 1 thebe to close at P1.77 per share. This was the first positive movement for the stock, pushing its yearly gains to 0.6%.

The DCI lost some ground for the week, retreating by 0.01% to 7,863.67 points, in tandem with the FCI, which lost 0.07% 1,565.12 points. The DCTRI, taking into effect Sechaba going ex-dividend, the index gained 0.22%, further extending the index’s gains to 1.74% at 1,742.35 points by the week’s end.

BSE Indices – Week ending 26 April, 2019

DCI Close	7,863.67
Weekly Change (%)	-0.01
YTD Change (%)	+0.15
FCI Close	1,565.12
Weekly Change (%)	-0.07
YTD Change (%)	-0.33
DCTRI Close	1,742.35
Weekly Change (%)	+0.22
YTD Change (%)	+1.74







Source: Motswedi Securities, BSE

2.0 Foreign Currency...

At the recently ended Monetary Policy Committee (MPC) meeting, the MPC resolved to keep the bank rate at 5 per cent. This decision was made based on the premise that the outlook of price stability in the country continued to be positive, with inflation set to be within the objective range of 3 – 6%. The country’s GDP was projected to grow by 4.2%, which is expected to not pose no upside risk to the inflation outlook, more so as the economy will be operating “close to, but below full capacity in the short to medium term”.

In related news, the Bank of Botswana decided to scrap their 14-day BoBC (Bank of Botswana Certificate), in favour of a new 7-day BoBC which will be effective from April 30, 2019. The shift would be based purely on a technical conduct of monetary operations, without any changes to the monetary policy stance.

Domestic Exchange rates

Currency	26 April	18 April	Change (%)	YTD (%)
US\$/BWP ↓ 	0.093	0.0945	-1.59	-0.21
ZAR/BWP ↑ 	1.3405	1.3253	1.15	-0.27
EUR/BWP ↓ 	0.0835	0.0836	-0.12	2.45
GBP/BWP ↓ 	0.0721	0.0724	-0.41	-1.77
JPY/BW ↓ 	10.39	10.57	-1.70	1.07
CNH/BWP ↓ 	0.6271	0.6319	-0.76	-2.18

Source: Bank of Botswana

The pula weakened some few paces across its major trading partners, losing majorly against the dollar which received support from an increased investor appetite for riskier assets. US treasury yields have also played a part in supporting the dollar, having rose to a one month high in the last few weeks - up by a cool 20 basis points.

The rand retreated on the other hand, as the unit felt the stronger dollar's pressure. Given that the South African power utility, Eskom, is in dire need of a bailout, together with the US announcing the end of Iranian crude oil waivers, the sentiment for emerging markets is not looking too good - as such increased appetite for the safer currencies.

3.0 Commodities...

Oil prices retreated on Friday, ending a run that saw the commodity reach 2019 highs at US\$74.57 per barrel. Oil prices made a 3% jump by Wednesday, when supply concerns rippled through the market. The US made a declaration to all nations that the waivers it allowed on sanctioned Iran's oil exports will all come to an end by May 2019. A report released by the American Petroleum Institute on Tuesday showed that US inventories increased by a lot more than was expected last week, that is 6.9mn barrels. This, coupled with remarks made by the International Energy Agency, that the oil market at the moment was adequately

supplied and the prospect of the Organisation of Petroleum Exporting Countries increasing their output, has led to oil prices closing the week at US\$72.85 per barrel.

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