



Weekly Financial Markets Highlights

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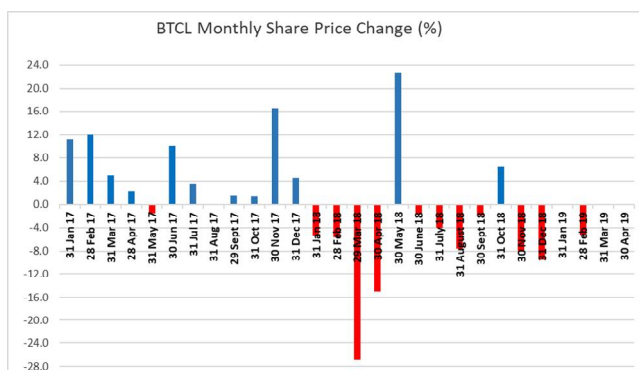
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1.0 BTCL Performance in April

The year 2019 has been a very stable one for the BTCL share price, as April became the third month of four, the stock registered no price movements. Investors in the stock appear to be content with the price the stock has settled at as we've seen more buyers come into the market to balance out the supply overhang experienced in the last few months. The stock closed the month of April, unchanged at 90 thebe, for the second consecutive month – still carrying the 5.3% value loss garnered in February.

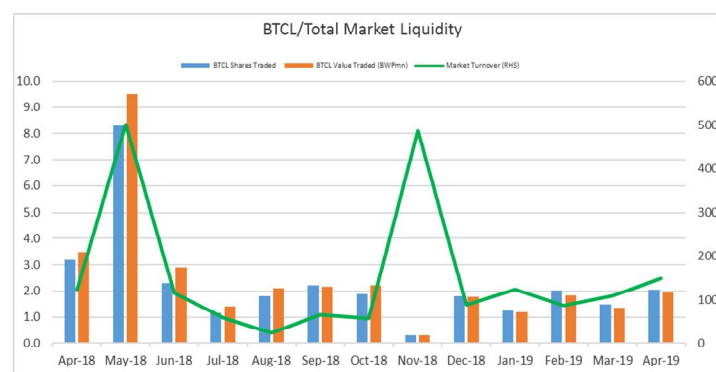


Source: Motswedi Securities, BSE

The 90 thebe may prove to be a very critical/pivotal price point for BTCL. In a situation where, further pressure is put on the share price, the likely effect would trigger panic selling, more especially as the investor base is majorly retail. This will then see the share price drop drastically. The market is already seeing a single bid in the market placed at 86 thebe – fortunately with no takers.

April was the busiest month by way of liquidity with the overall market trading P147.95mn worth of shares, a welcome increase from the P108.56mn traded in March and the P86.84mn in February. The volumes traded for BTCL, were also at the

highest they've reached in 2019, with 2.04mn shares trading for the month worth P1.95mn. This is much higher than the 1.48mn shares that traded in March and the 2.0mn that traded in February. The increased market liquidity is in line with expectations given the ending of the year's first reporting season. Investors have evaluated the financial performance of the various stocks listed and chose to participate.



Source: Motswedi Securities, BSE

BTCL's fortunes could be turning around for the better. Some investors continue to show some interest on the stock ahead of the release of the March 2019 FY financial results. Keeping in mind that the last two sets of results published by the company (the interims for 2019 and the previous full year 2018 results) were not on the positive side, which resulted in a lot of selling pressure from investors. The company still has the highest dividend yield in the market currently, which still draws in investors as one of the most affordable stocks on the market.

The majority shareholder, that is, the Government of Botswana, should consider removing the trading restrictions on the stock to allow price discovery to be achieved accordingly. This will allow the stock to unlock potential growth which will ultimately work to further create wealth, for all those that

have invested in the company. In the absence of this happening, we expect the share price to remain stable at current levels in the short term as the demand/supply for BTCL shares is fairly balanced.

2.0 The Week Within the BSE...

The market took a breather for the week, trading 2.02mn shares with a value of P7.65mn. This is a considerable cutback from the previous week's 3.2mn shares traded with a value of P12.86mn. At the top of the trades and helm of liquidity, was New African Properties, crossing 544,582 shares, each priced at P3.23, for a turnover of P1.76mn. This was followed by Sefalana, the first company to list on the Botswana Stock Exchange (then the Botswana Share Market) back in 1989, trading 149,072 shares valued at P1.28mn.

Market Summary – Week ending 10 May, 2019

No. of Shares Trading	2,021,142
Turnover (BWP)	7,652,219
Turnover (USD)*	715,482
No. of stocks trading#	20
No. of stocks advancing#	1
No. of stocks declining#	1
No. of stocks unchanged#	22

Source: Motswedi Securities, BSE *US\$/BWP = 0.0935
= Domestic Main Board

The market had two movers – one for the bulls and one for the bears. In the bulls corner, was Letlole La Rona crossing 24,500 shares worth P44,000 - upticking to P1.79 in the process. This was a 2 thebe increase from its previous closing price and a very welcome increase to the stocks yearly growth, which is now at 1.7%. It is worth noting that Letlole is the only property stock to be trading in the positive on the exchange so far.

On the end of the bears, was G4 S, making its first move since moving from the default board, that is, since it published its full year 2018 financial results on the 1st of May 2019. The stock extended losses by 0.3% during the week, to -1.4%, as the outcome of losing 1 thebe. G4 S closed the week trading at its 45 month low price of P3.59/share.

COUNTER	10 May (t)	03 May (t)	Change (%)	YTD (%)
LETLOLE ↑	179	177	+1.1	+1.7
G4 S ↓	359	360	-0.3	-1.4

Source: Motswedi Securities, BSE

The Domestic Companies Index gained 0.01% for the week, in tandem with the Domestic Company Total Returns Index, closing at 7,862.98 and 1,755.09 respectively. This was a direct beneficial effect of the gain in Letlole, with the slight dilution of the loss in G4 S. The DCI increased its year to date to 0.14% while the DCTRI, in the absence of any stocks turning ex-dividend to accelerate growth, stood tall with a yearly growth of 2.48% thus far

BSE Indices – Week ending 10 May, 2019

DCI Close	7,862.98
Weekly Change (%)	+0.01
YTD Change (%)	+0.14
FCI Close	1,564.55
Weekly Change (%)	0.00
YTD Change (%)	-0.37
DCTRI Close	1,755.09
Weekly Change (%)	+0.01
YTD Change (%)	+2.48

Source: Motswedi Securities, BSE

3.0 The US Effects Further Trade Tariffs on China...







Following a threat made on Sunday by the US president to increase trade tariffs on US\$200bn worth of Chinese goods, the US effected said threats on Friday. This more than doubled the existing tariffs on Chinese imports, from 10% to 25%. The decision to raise tariffs, was in frustration by the US that the trade negotiations between the two nations were not going as swiftly as was expected. The two nations started their eleventh round of negotiations this week, in the hopes of finally reaching an agreement. The tariff increase came one day after the discussions failed to provide any solid headway.

So far, tariffs charged by the US stand at the first 25% imposed in July 2018 on US\$50bn worth of Chinese industrial exports. This was, a few months later in September, followed by a 10% tariff on various goods worth US\$200bn – which, as of Friday, now stands at 25%.

China still stands by the comments made during the course of the trade dispute last year, that they will “take necessary countermeasures” as and when needed. Talks between the two nations are expected to continue forth on Friday, in last-ditch efforts to strike a deal that works for both nations.

May 8 was a big day for South Africa as National Election Day arrived. The rand was standing strong as the tallies were being counted up. The ruling party, African National Congress, is expected to win by a landslide and by all means has taken the lead, it is however still too early to interpret the results of the election. The rand has also been buoyed by the US-Sino trade talk jitters, after the US imposed the tariff threat delivered on Sunday to China.

Domestic Exchange rates

Currency	10 May	03 May	Change (%)	YTD (%)
US\$/BWP ↓ 	0.0935	0.0927	0.86	0.32
ZAR/BWP ↑ 	1.3373	1.3494	-0.90	-0.51
EUR/BWP ↓ 	0.0833	0.083	0.36	2.21
GBP/BWP ↓ 	0.0719	0.0711	1.13	-2.04
JPY/BW ↓ 	10.26	10.33	-0.68	-0.19
CNH/BWP ↓ 	0.6387	0.625	2.19	-0.37

Source: Bank of Botswana

The dollar weakened almost 1% against the pula, taking into effect the trade war escalations. The same applies to the yuan, which weakened the most at 2.19% against the local unit. A gain in the dollar, translates in the weakening of the pula against the rand – of which the pula retreated by 0.90% by the weeks end.

4.0 Trade Tensions Grow and so gold does too...

Global tension have hiked this week, after comments by the US president on raising tariffs on Chinese goods. This came days before trade talks between the two nations was meant to start, putting pressure on market all around. Except for gold, which is the safe haven in times global disputes. The metal moved 52 basis points for the week, closing at US\$1,285.80 per ounce.

Silver and Platinum were on the losing end for the week, dropping 0.99% and 1.21% respectively, to close at US\$14.79 per ounce and US\$861.39 per ounce.

Oil, for the week was steady, retaining an annual growth of 31%. Amidst concerns of the reignited US-Sino trade war, of which earlier on in the week

were the cause of a decline to under the US\$70 mark. This was offset by the ongoing supply cuts by the Organisation of Petroleum Exporting Countries (OPEC), together with US sanctions on Iran and Venezuela. Brent crude, by Friday was trading at US\$71.06 per barrel, at the time of writing.

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