



BOTSWANA STOCK EXCHANGE

**MARKET PERFORMANCE REPORT FOR THE PERIOD 1
JANUARY TO 30 SEPTEMBER 2019**

1. EQUITY MARKET PERFORMANCE

1.1. Analysis of Equity Indices

The performance of the Domestic Company Index (DCI) improved significantly in the period 1 January to 30 September 2019 compared to the same period in 2018, with a depreciation of 5.0% compared to a depreciation of 11.5% during the same period in 2018.

The Foreign Company Index (FCI) has depreciated by 0.4% and 0.2% on a year -to-date basis in 2019 and 2018, respectively.

A synopsis of the performance of equity indices is included in Figure 1.

Figure 1: Market Performance Statistics

	Quarter 1 2019	Quarter 2 2019	Quarter 3 2019	1 Jan to 30 September 2019
Index Performance				
DCI	7,885.57	7,622.52	7,460.95	7,460.95
% Quarterly Change	0.4	(3.3)	(2.1)	(5.0)
FCI	1,566.26	1,564.55	1,564.55	1,564.54
% Quarterly Change	(0.3)	(0.1)	0.0	(0.4)
Liquidity				
Turnover (P' Mn)	320.0	546.8	340.0	1,206.9
Average Daily Turnover (P' Mn)	5.2	9.0	5.6	6.6
No. of Shares Traded (Mn)	156.1	101.2	130.1	387.5
Market Capitalization				
Domestic Companies (P' Mn)	42,212.4	40,804.2	38,481.8	38,481.8
Foreign Companies (P' Mn)	370,258.2	369,938.3	369,661.8	369,661.8
Total (P' Mn)	412,470.6	410,742.5	408,143.6	408,143.6
Market Indicators <small>Note 1</small>				
P/E Ratio (times)	11.8	11.1	11.3	11.3
Dividend Yield (%)	4.4	4.5	4.5	4.5
Price/Book Value (times)	1.5	1.4	1.3	1.3

Note 1: Earnings, Dividends and Book Value based on the last audited financial statements
Source: BSE

As at 30 September 2019, the Domestic Companies Total Return (DCTRI) had depreciated by 1.0% compared to a 7.2% decline over the same period in 2018.

1.2. Analysis of Equity Turnover

A comparison of the trading activity is presented in Figure 2. As at 30 September 2019, the BSE recorded total turnover of P1, 206.9 Mn from 387.5 Mn shares traded. During the same period in 2018, the BSE had registered a turnover of P1, 231.3 Mn and a total volume of 470.7 Mn shares traded.

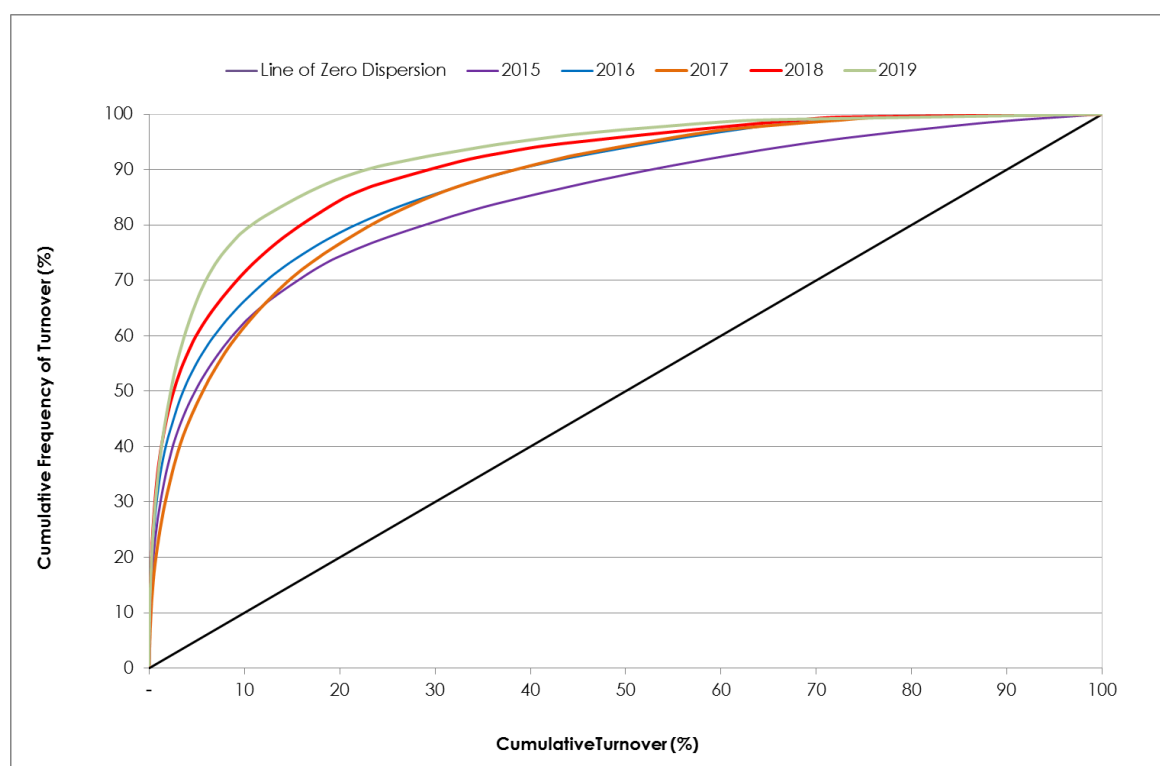
Figure 2: Equity Turnover on the BSE

Liquidity ^{Note}	2015	2016	2017	2018	2019
Turnover (P' Mn)	2,209.6	2,138.7	2,144.4	1,231.3	1,206.9
Average Daily Turnover (P'Mn)	11.9	11.5	11.5	6.7	6.6
No. of Shares Traded (Mn)	546.8	653.1	655.6	470.7	387.5

Note: Year to end of Quarter 3
 Source: BSE

It can be noted from the Lorenz Curve in Figure 3 below that during the period under review turnover was relatively unstable compared to the corresponding periods in the previous four years. This is supported by the higher variability of turnover over the reporting period and coefficient of variation of turnover of 3.7 in 2019 in comparison to a five year average of 3.2.

Figure 3: Stability of Equity Turnover: 1 January to 30 September



Source: BSE

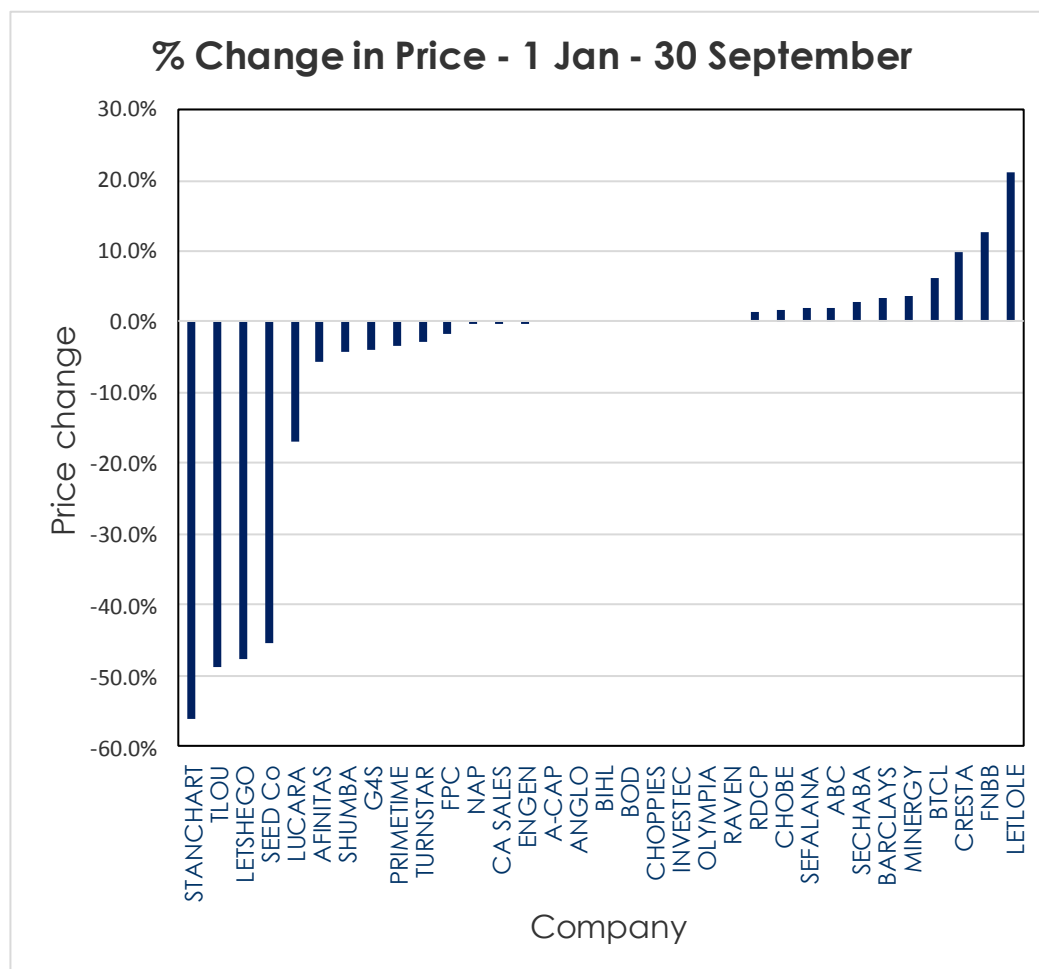
Information on the top 10 traded companies is presented in Figure 4.

Figure 4: Top 10 traded companies by Value:1 Jan – 30 September

2018		2019	
Company	Value traded (BWP Mn)	Company	Value traded (BWP Mn)
LETSHEGO	376.8	WIL	282.3
NAP	293.2	FPC	228.3
CA SALES	194.0	BIHL	126.0
BIHL	55.8	SECHABA	116.1
CHOPPIES	47.9	FURNMART	68.4
FNBB	43.9	SEFALANA	52.7
SECHABA	42.7	NAP	44.0
BARCLAYS	33.0	FNBB	41.1
RDCP	28.8	BARCLAYS	37.6
BTCL	26.9	CA SALES	33.0

Figure 5 shows the share price performance for the period under review. On the upside, Letlole share price gained the most during the period, increasing by 21% followed by FNB and Cresta share prices which increased by 12.7% and 10% respectively. On the downside, StanChart share price decreased by 56.1% followed by Tlou Energy and Letshego which declined by 48.7% and 47.5% respectively. Of the 33 companies listed on the Exchange, 11 experienced a share price increase, 14 registered a share price decline and share prices of 8 companies ended the period flat.

Figure 5: Share Price Performance: 1 January – 30 September 2019



1.3. Investor Contribution to Equity Turnover

During the year to September 2019, local companies contributed 52.3% to total turnover compared to 57.1% in the corresponding period in 2018. Further, local individuals contributed 4.2% of total turnover recorded during the period 1 January to 30 September 2019 compared to 4.4% in the corresponding period in 2018. A significant increase was registered with respect to foreign institutional investors whose trading activity in the period under review increased from 35.5% to 42.4%.

Figure 6: Investor Contribution to Turnover (%): Q1, Q2 and Q3 of 2018 and 2019

Investor Category	2018				2019			
	Quarter 1	Quarter 2	Quarter 3	1 Jan to 30 Sept'	Quarter 1	Quarter 2	Quarter 3	1 Jan to 30 Sept'
Foreign Companies	34.8	34.8	39.7	35.5	23.7	38.7	36.4	42.4
Foreign Individuals	1.1	1.4	3.2	1.6	0.8	1.4	0.1	1.0
Local Individuals	5.7	2.9	10.0	4.4	7.6	3.3	31.5	4.2
Local Companies	57.6	60.8	38.7	57.1	67.8	56.6	31.9	52.3
Brokers	0.8	0.1	8.4	1.4	0.2	0.1	0.0	0.1
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: BSE, CSDDB

2. PERFORMANCE OF EXCHANGE TRADED FUNDS (ETFs)

The value of ETF units decreased during the period under review to P180.1 Mn compared to P216.2 Mn in the corresponding period in 2018, and the number of units traded similarly reduced to 1.3 Mn units in 2019 compared to 2.4 Mn units in 2018. Notwithstanding, ETFs have performed very well in terms of the returns in 2019 relative to 2018, and well ahead of the equity market.

Figure 7 summarises the comparable ETF performance for 2018 and 2019 on a year to date basis.

Figure 7: Performance of ETFs: 1 January up to 30 September

Indicator	1 Jan – 30 September 2018			1 Jan – 30 September 2019		
	NewGold	NewPlat	CoreShares	NewGold	NewPlat	NewFunds
Turnover (P' Mn)	14.188	201.610	0.416	150.190	29.928	0.02
Units Traded	115,531	2,235,011	10,781	1,014,683	338,362	392
Price Change	2.1%	(5.6%)	(19.5%)*	22.0%	15.9%	7.6%

*CoreShares EWT40 ETF delisted from BSE on 22 August 2018. The price change is at 22 August 2018.

Source: BSE

3. COMPARATIVE PERFORMANCE OF THE BSE WITH SELECTED MARKETS

Figure 8: Comparative Performance with other Indices: 1 January to 30 September 2019

Index	Index Change (%)	P/E Ratio (times)
JSE ALSI	4.0	14.2
SEMDEX	(4.2)	12.2
DCI	(5.0)	11.3
MSCI EM	4.0	Not Computed

Source: Bloomberg, BSE

JSE ALSI: Johannesburg Stock Exchange All Share Index

SEMDEX: Stock Exchange of Mauritius Equity Index

MSCI EM: MSCI Emerging Markets Index

As can be seen in Figure 8, the BSE's Domestic Companies' Index (DCI) and the Stock Exchange of Mauritius's SEMDEX ended the period under review down 5.0% and 4.2% respectively. During this period, the Johannesburg Stock Exchange's All Share Index (ALSI) and the MSCI Emerging Markets Index were each up 4.0%.

4. BOND MARKET PERFORMANCE

As illustrated in Figure 9, activity in the bond market went down slightly compared to the same period in 2018. The value of bonds traded during the year-to-date period was P1,427.7 Mn compared to P1,608.6 Mn traded during the same period in 2018.

Bank of Botswana (BoB) held three (3) bond auctions so far in 2019. At its first bond auction on 1 March, BoB issued additional tranches of the following bonds; BW013 (P137 Mn allotted), and BW014 (P335.0 Mn allotted) bonds, and a Treasury Bill (P350 Mn allotted).

At its second auction of the year conducted on 31 May, the following bonds were reopened; BW007 (P150 Mn allotted), BW014 (P227 Mn allotted), BW015 (P100 Mn allotted). In addition, a Treasury Bill was reopened (P300.0 Mn allotted).

The third auction conducted on 30 August saw the re-opening of the BW013 (P200 Mn allotted), BW014 (P232 Mn allotted), BW015 (P250 Mn allotted), and a Treasury Bill (P500 Mn allotted.)

The BSE has listed two (2) bonds so far in 2019, being the RDCP001 (P47.35 Mn), and CGL001 (P128.51 Mn). The market capitalisation of listed bonds increased to P16.5 Bn compared to P13.8 Bn as at the same period in 2018 on the back of Government bond re-openings and the new corporate issuances.

Figure 9: Analysis of the Bond Market Performance

	1 Jan – 30 September 2018	1 Jan – 30 September 2019
Value Traded (P'Mn)		
Government Bonds	1,573.3	1,399.8
Corporate Bonds	35.3	27.9
TOTAL	1,608.6	1,427.7
Market Capitalisation (P' Bn)		
Government Bonds	8.9	11.2
Corporate Bonds	4.9	5.3
TOTAL	13.8	16.5
Number of Bonds Listed		
Government Bonds	7	7
Corporate Bonds	39	39
TOTAL	46	46

Source: BSE

The BoB's Monetary Policy Committee (MPC) sat four times so far in the year; on 25 February, 24 April, 27 June, and 29 August. The MPC left the Bank rate unchanged at 5% at the first three MPC meetings. At the meeting on 29 August, MPC took a decision to cut the Bank rate by 25 basis points to 4.75%. Inflation slipped below the lower end of the Bank's 3.0 – 6.0% objective range in April, May, June, July, and August with recordings of 2.5%, 2.6%, 2.8%, 2.9%, and 2.9% respectively.