



**MARKET PERFORMANCE REPORT FOR PERIOD 1  
JANUARY TO 30 JUNE 2020**

## 1. EQUITY MARKET PERFORMANCE

### 1.1. Analysis of Equity Indices

During the first half of 2020, the Domestic Company Index (DCI) depreciated by 4.4% in comparison to a decline of 2.9% during the same period in 2019.

The Foreign Company Index (FCI) depreciated by 0.7% on a year to date basis in 2020 compared to a decline of 0.4% over the same period in 2019.

On a year-to-date basis, the DCI Total Return Index (DCTRI) has depreciated by 1.5%.

A synopsis of the overall performance of the market is presented in Figure 1.

**Figure 1: Market Performance Statistics**

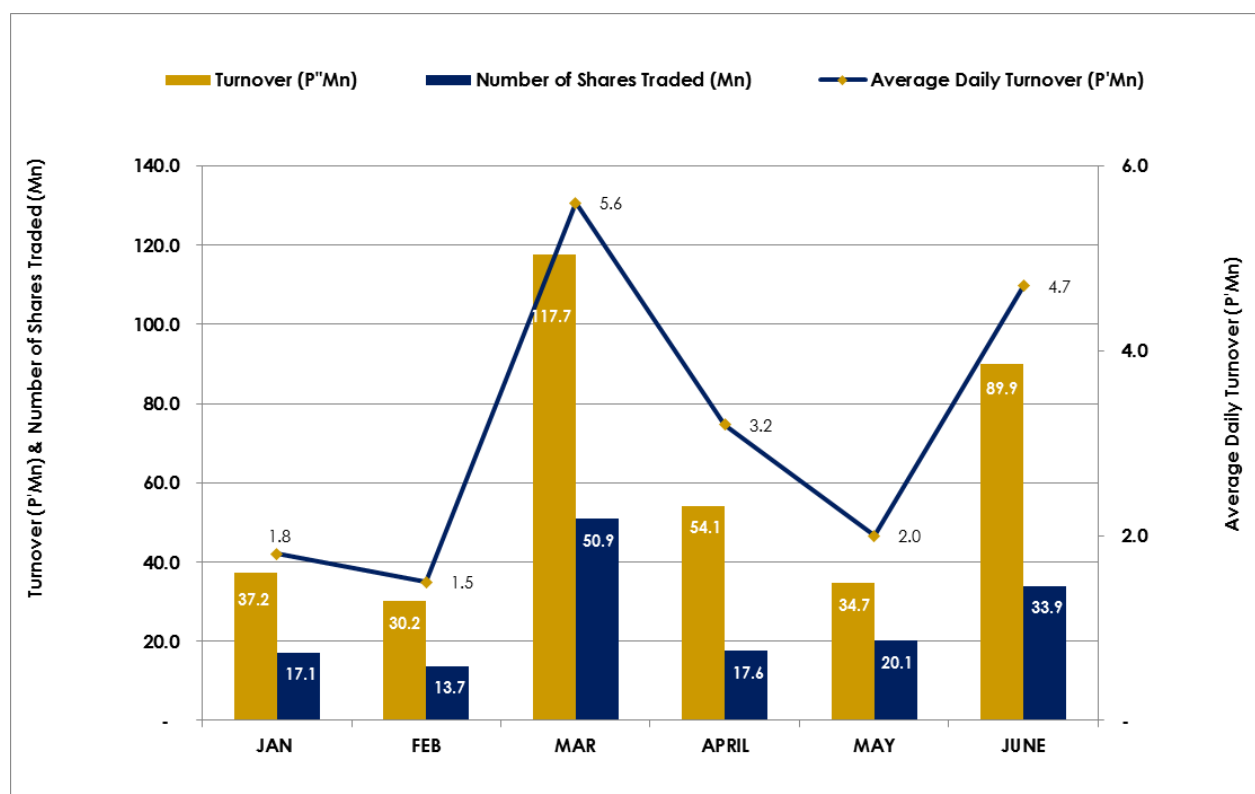
	Quarter 1 2020	Quarter 2 2020	1 Jan to 30 June 2020
<b>Index Performance</b>			
DCI	7,487.64	7,159.66	<b>7,159.66</b>
% Change	(0.1)	(4.3)	<b>(4.4)</b>
FCI	1,551.35	1,551.35	<b>1,551.16</b>
% Change	(0.7)	-	<b>(0.7)</b>
<b>Liquidity</b>			
Turnover (P' Million)	185.0	178.7	<b>363.8</b>
Average Daily Turnover (P' Million)	3.0	3.4	<b>1.6</b>
No. of Shares Traded (Million)	81.7	71.7	<b>153.4</b>
<b>Market Capitalization</b>			
Domestic Companies (P' Million)	38,716	37,025	<b>37,025</b>
Foreign Companies (P' Million)	356,918	356,421	<b>356,421</b>
Total (P' Million)	395,633	393,446	<b>393,446</b>
<b>Market Indicators</b> <small>Note 1</small>			
P/E Ratio (times)	11.9	10.7	<b>10.7</b>
Dividend Yield (%)	6.2	5.8	<b>5.8</b>
Price/Book Value (times)	1.4	1.4	<b>1.4</b>

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

### 1.2. Analysis of Equity Turnover

The year to date performance was comparatively low with respect to trading activity and liquidity. As at the end of quarter 2 of 2020, the BSE has recorded total equity turnover of P363.8 Million from traded volumes of 153.4 Million shares. On a monthly basis, the month of March experienced the highest turnover of P117.7 Million over 50.9 Million traded shares followed by June with turnover of P89.9 Million over 33.9 Million traded shares. A monthly breakdown of turnover levels is shown in Figure 2.

**Figure 2: Monthly equity turnover on the BSE**



During the same half-year period in 2019, the BSE had registered a turnover of P866.9 Million and a total volume of 257.4 Million shares traded (see Figure 3). This amounts to a 58% decline in equity turnover relative to the same period in 2019.

**Figure 3: H1 equity turnover on the BSE**

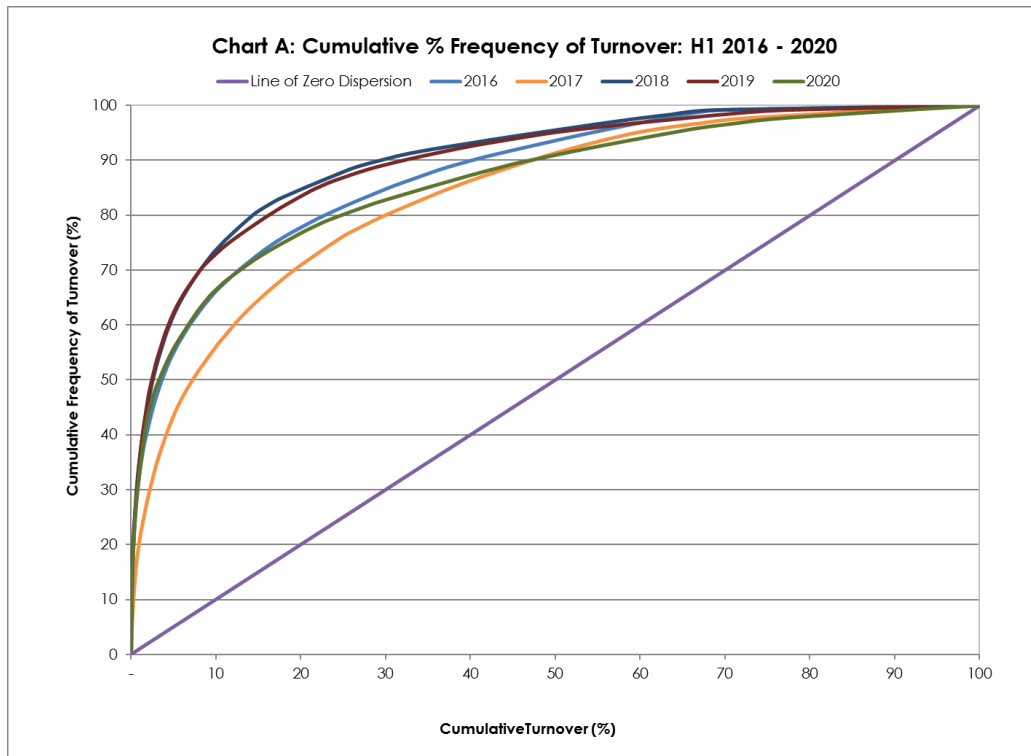
Liquidity <sup>Note</sup>	2017	2018	2019	2020
Turnover (P' Million)	903.8	1,084.7	866.9	<b>363.8</b>
Average Daily Turnover (P' Million)	7.3	8.8	7.0	<b>2.9</b>
No. of Shares Traded (Million)	291.4	411.6	257.4	<b>153.4</b>

Note: Year to 30 June  
Source: BSE

From a turnover stability point of view, it can be noted from the Lorenz Curve in Figure 4 that turnover stability improved compared to the same period in 2019. This is supported by an improved coefficient of variation of turnover of 1.8 in 2020 in comparison to 2.9 during the same half year period in 2019. This extent of variability in relation to average equity turnover is well below the 5 year average of 2.7.

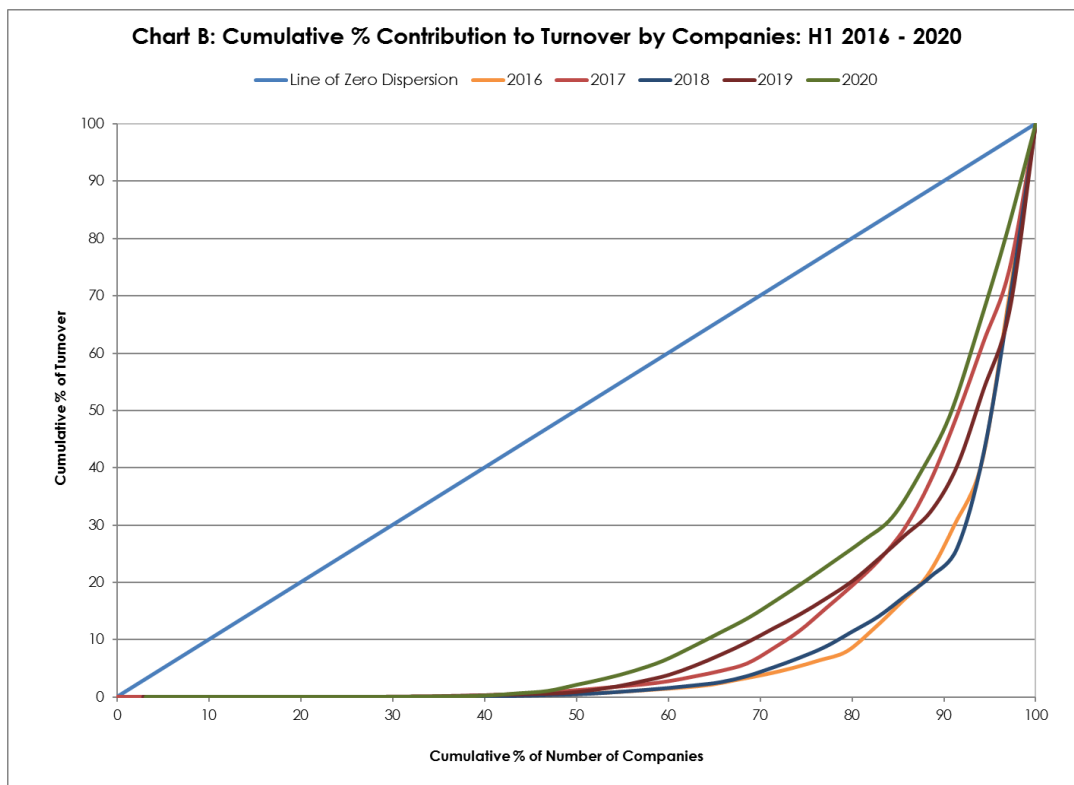
The Lorenz Curve in Figure 5 demonstrates that turnover was on account of more companies in this period compared to the same period in 2019. This further explains the improved stability of turnover compared to 2019.

**Figure 4: Stability of equity turnover (A): 1 January to 30 June**



Source: BSE

**Figure 5: Stability of Equity Turnover (B): 1 January to 30 June**



Source: BSE

During this period, the top 3 traded companies in terms of value were Sechaba (P68.8 Million), Letshego (P60.8 Million) and FNBB (P55.9 Million). Turnover from these three companies (P185.5 Million) accounted for 51% of total equity turnover compared to 59.7% during the same period in 2019, indicating improved contribution to turnover by companies in 2020 relative to 2019. Information covering the top 10 traded companies in 2020 relative to 2019 is presented in Figure 6.

**Figure 6: Top 10 Traded Companies by Value (P'Million): 1 January – 30 June**

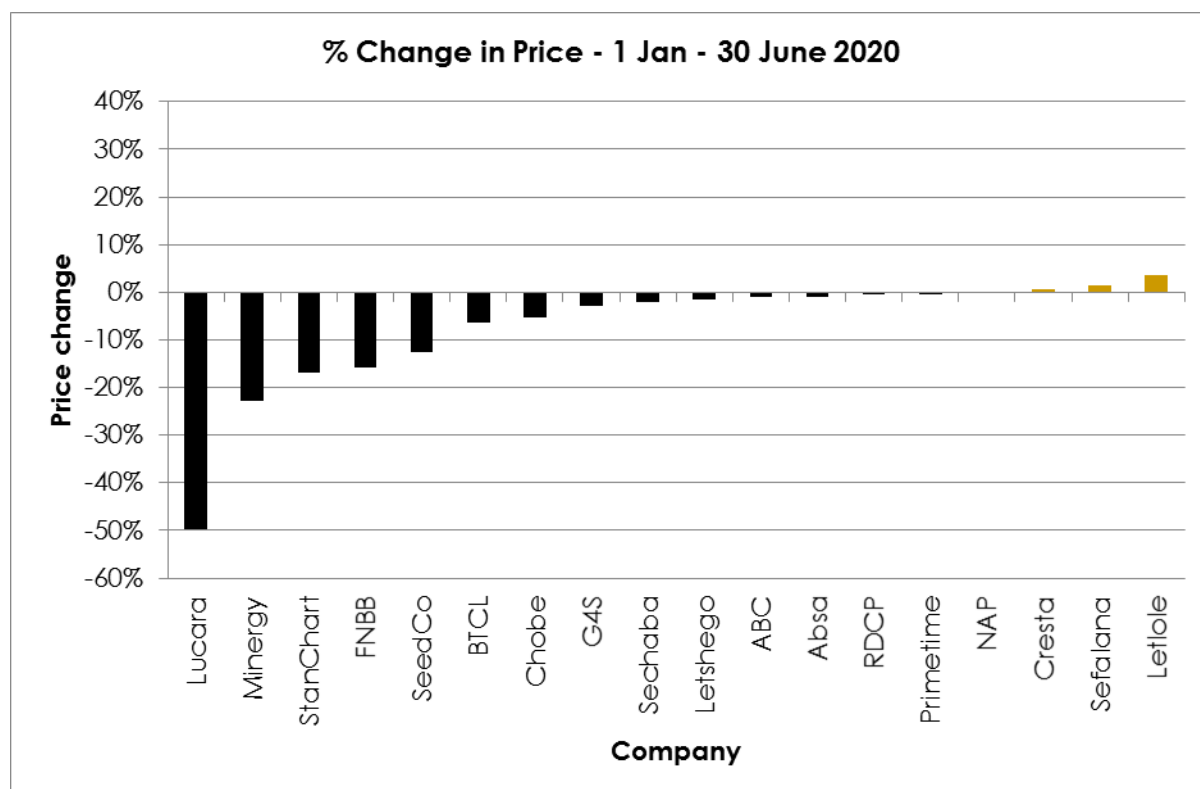
2019		2020	
Company	Turnover	Company	Turnover
Wilderness Holdings	282.3	Sechaba	68.8
BIHL	120.6	Letshego	60.8
Sechaba	114.9	FNBB	55.9
Furnmart Holdings	68.4	Absa	35.5
NAP	36.6	Bihl	28.8
FNBB	35.5	Nap	14.6
Barclays	33.4	Letlole	12.9
Engen	26.3	Turnstar	12.6
Sefalana	24.0	Sefalana	12.0
Primetime	21.0	Engen	11.5

Figure 7 shows the share price performance for the period under review. As for the top three companies that experienced share price increases, Letlole shares gained the most during the period, increasing by 3.6% followed by Sefalana and Cresta which increased by 1.3% and 0.7% respectively.

The top three companies that experienced share price declines were Lucara, which experienced the steepest decline in price shedding 49.7%, followed Minergy which depreciated by 22.7% and StanChart which dropped by 16.8% during the first half of 2020.

Of the 33 companies listed (including the Serala OTC registered BBS Limited) on the Exchange, 3 experienced a share price increase, 15 registered a share price decline and share prices of 15 companies ended the period flat.

**Figure 7: Share Price Performance: 1 January – 30 June 2020**



### 1.3. Investor Contribution to Equity Turnover

During the first half of 2020, local companies contributed 65.1% to total turnover compared to 60.7% in the corresponding 2019 period. Local individuals contributed 6.4% of total turnover recorded during this period, a significant improvement from the 2019 contribution of 4.9% during the corresponding period. Figure 9 shows the equity turnover contribution in monetary terms.

**Figure 8: Investor Contribution to Turnover (%): Q1 and Q2 of 2019 and 2020**

Investor Category	2019			2020		
	Quarter 1	Quarter 2	1 Jan to 30 June	Quarter 1	Quarter 2	1 Jan to 30 June
Foreign Companies	23.7	38.7	33.2	28.3	24.5	26.4
Foreign Individuals	0.8	1.4	1.1	0.9	3.0	2.0
Local Individuals	7.6	3.3	4.9	7.3	5.4	6.4
Local Companies	67.8	56.6	60.7	63.3	66.9	65.1
Brokers	0.2	0.1	0.1	0.1	0.1	0.1
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: CSDB

**Figure 9: Investor Contribution to Turnover: 1 January – 30 June 2020**

Investor Category	Turnover (Pula)	Equity Turnover Contribution
Foreign Companies	96,211,930.07	26.4%
Foreign Individuals	7,152,766.37	2.0%
Local Individuals	23,170,411.79	6.4%
Local Companies	236,775,693.85	65.1%
Brokers	474,457.41	0.1%
<b>TOTAL</b>	<b>363,785,259.48</b>	<b>100.0%</b>

## 2. PERFORMANCE OF EXCHANGE TRADED FUNDS (ETFs)

ETF trading activity showed a significant improvement relative to the corresponding 2019 period. ETF turnover amounted to P98.6 Million, a 59% increase from the P62.0 Million turnover realised in the first half of 2019. The number of units traded increased from 0.58 Million units in 2019 to 0.72 Million units in 2020.

From a price return perspective, the NewGold ETF price gained 30.5% as the global Gold metal price continued to rise, while NewPlat and NewFund ETF prices declined 7.5% and 7.9% respectively.

Figure 10 summarises the comparable ETF performance for 2019 and 2020 on a year to date basis.

**Figure 10: Performance of ETFs: 1 January up to 30 June**

Indicator	1 Jan – 30 June 2019			1 Jan – 30 June 2020		
	NewGold	NewPlat	NewFunds	NewGold	NewPlat	NewFunds
Turnover (P' Million)	35.7	26.3	0.01008	58.8	39.7	0.006
Units Traded	280,100	302,331	198	341,997	381,878	119
Price Change	10.6%	4.5%	7.7%	30.5%	-7.5%	-7.9%

Source: BSE

## 3. BOND MARKET PERFORMANCE

As illustrated in Figure 11, the bond market experienced a significant reduction in trading activity compared to the same period in 2019. The value of bonds traded during the year-to-date period was P395.8 Million compared to P523.8 Million traded during the same period in 2019.

### 3.1 Bond market activity

At its first bond auction of 2020 on 28 February 2020, Bank of Botswana (BoB) offered additional tranches of the following bonds; BW013 (P300.0 Million allotted), BW014 (P400.0 Million allotted) bonds, BW015 (P95.0 Million allotted) and a Treasury bill (P350.0 Million allotted).

At its second auction of the year conducted on 29 May 2020, the following bonds were reopened; BW013 (P381.0 Million allotted), BW014 (P628.0 Million allotted), BW012 (P336 Million allotted). In addition, a Treasury bill was offered (P500.0 Million allotted).

The BSE has registered two (2) bond listings in the first half of 2020, being the RDCP002 (P40.0 Million), and RDCP003 (P12.0 Million). Additional tranches of the bond LHL006 amounting to P20.68 Million were issued and listed during the second quarter increasing its nominal amount P220.68 Million.

During the period two notes were redeemed (SBBL064 and SBBL065) and delisted on 18 June 2020. On the back of Government bonds' re-openings and new corporate issuances, the market capitalisation of listed bonds increased to P19.3 Billion compared to P15.8 Billion as at the 30<sup>th</sup> of June 2019.

**Figure 11: Analysis of the Bond Market Performance**

	1 Jan – 30 June 2019	1 Jan – 30 June 2020
<b>Value Traded (P'Mn)</b>		
Government Bonds	500.9	394.2
Corporate Bonds	22.9	1.6
<b>TOTAL</b>	<b>523.8</b>	<b>395.8</b>
<b>Market Capitalisation ( P' Bn)</b>		
Government Bonds	10.5	14.0
Corporate Bonds	5.3	5.3
<b>TOTAL</b>	<b>15.8</b>	<b>19.3</b>
<b>Number of Bonds Listed</b>		
Government Bonds	7	7
Corporate Bonds	39	38
<b>TOTAL</b>	<b>46</b>	<b>45</b>

Source: BSE

The BoB's Monetary Policy Committee (MPC) sat three times so far in the year: on 26 February 2020, 30 April 2020 and 18 June 2020. At the February meeting, the MPC reduced the Bank rate by 50 basis points to 4.25% from 4.75% in view of the negative economic outlook exacerbated by the COVID-19 pandemic. As for the subsequent meetings in April and June, the MPC left the bank rate unchanged at 4.25% in view of improved price stability in the



medium term. Inflation breached the lower end of the Bank's 3.0% to 6.0% objective range in April and May with recordings of 2.5% and 2.4%.

## **4. MARKET DEVELOPMENTS UPDATES**

### **4.1 BSE LAUNCHES NEW WEBSITE AND MOBILE APPLICATION**

On the 3<sup>rd</sup> of July 2020, the BSE launched its new website that presents new content and stakeholder engagement functionalities such as providing an overview of the market and a new way of displaying X-news content. The mobile application offers digital subscription of market data and will allow users to access information on the go.

### **4.2 BSE HOSTS VIRTUAL OPENING BELL CEREMONIES**

BSE hosted its first virtual opening bell ceremony, under the theme "Capital raising amid COVID-19" was held on 5 June 2020. During the ceremony BSE CEO, Thapelo Tsheole unpacked the BSE's COVID-19 response plan and current measures, market performance an overview on how companies can utilize the stock exchange post-COVID-19 pandemic. He was joined by an asset manager, broker and legal adviser, being the Boikanyo Mogami, Managing Partner at Morula Capital Partners, Gregory Matsake, CEO at Imara Capital Securities, and Rizwan Desai, Managing Partner at Desai Law Group, respectively.

### **4.3 BSE DECLARED SELF-REGULATED ORGANIZATION (SRO)**

During the first quarter of 2020, the BSE was granted SRO status by the Ministry of Finance and Economic Development. This status means that the BSE will be able to extend and enhance its regulatory capabilities in the capital markets as well as expedite the introduction of new products and initiatives that would lead to the development of the local market in a flexible and market-focused manner.

### **4.4 BSE NEWS**

In the first quarter of the year, the 9<sup>th</sup> edition of BSE News was released under the theme "Building Resilient Capital Markets". The theme continues the topic from the African Securities Exchanges Association (ASEA) conference that was hosted at Kasane by the BSE in November of 2019. The theme speaks to the need for African exchanges to remain resilient in the midst of economic and financial uncertainty prevalent in African economies by leveraging technology to create robust market infrastructure and to adopt a developmental agenda that seeks to increase and capacitate key parts of the economy such as SMEs and public infrastructure financing. During the

second quarter, the 10<sup>th</sup> edition of the publication was released under the theme “Roadmap to SME Success” and focused on the ways SMEs could utilize the stock exchange to accelerate their growth and reach their strategic objectives. The publication provides information about the BSE Tshipidi SME board, an equity platform designed specifically for the listing of small to medium businesses. The BSE News publication is available in selected retail outlets and digital copy is available on the BSE website.