DECEMBER 2018 MONTH-END REPORT

OVERVEIW

The Swaziland Stock Exchange aims to enable companies to list and investors to trade in securities. Our vision is striving to be the most functional Stock Exchange in Africa. To achieve our vision, we seek to adhere to our core values: Passion, respect, integrity discipline and execution.

This December 2018 report gives a synopsis of the following:

- **Listed Companies**
- **Market Capitalisation**
- **All Share Index**
- **Capital Gains**
- **Equity Turnover**
- **Corporate Bonds and Government Bonds**
- **SSX Members**
- **Corporate News**

LISTED EQUITY COMPANIES

There are currently 7 listed companies on the SSX Main Board namely:

1. **Royal Swaziland Sugar Corporation Limited**
2. **Nedbank Swaziland Limited**
3. **SBC Limited**
4. **Swaziland Empowerment Limited**
5. **Swaziland Property Investment Limited (SWAPROP)**
6. **Greystone Partners Limited**
7. **Royal Swazi Spa Holdings Limited**

There were no new listings in the period under review, however the SSX continues to engage stakeholders in a bid to get more listings (both domestic and foreign).

TABLE 1: LISTED EQUITY COMPANIES

	Aug 2018	Sept 2018	Oct 2018	Nov 2018	Dec 2018
Total companies listed	7	7	7	7	7
New entrants/listings	0	0	0	0	0
Domestic Companies	7	7	7	7	7
Foreign Companies	0	0	0	0	0

Source: SSX Trading Statistics, 2018

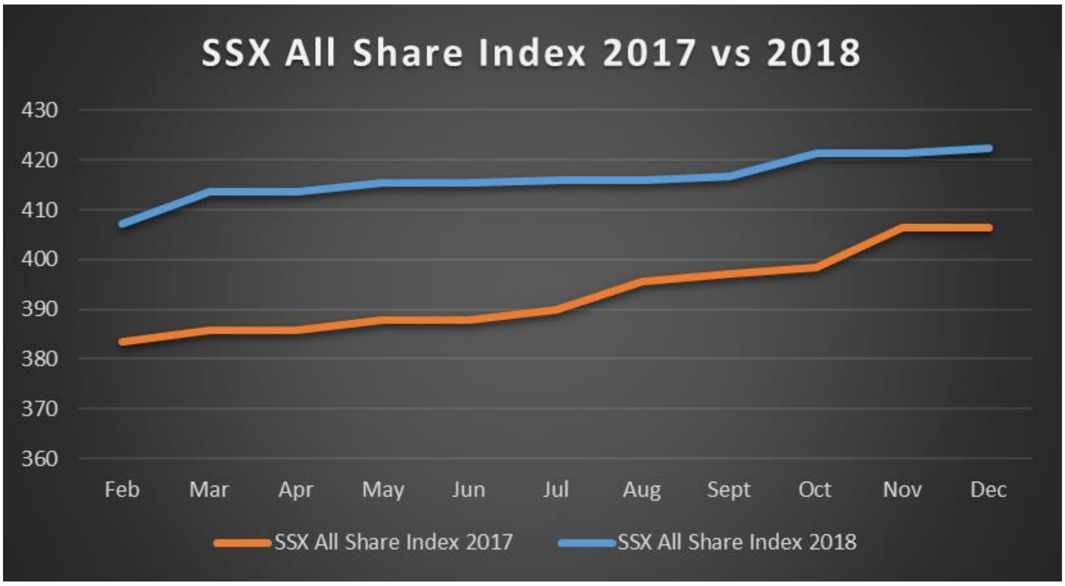
MARKET CAPITALISATION

The local equity markets' values as shown by the market capitalisation improved between the months of November and December, and increased by 0.23% to SZL3.642 billion. Year-on-year (December 2017 and December 2018), the market capitalisation realised a 3.93% gain from SZL 3.505 billion to SZL 3.642 billion.

Source: SSX Trading Statistics, 2018

SSX ALL SHARE INDEX TREND

The SSX All-Share Price Index between November and December increased from 421.43 to 422.42 reflecting a 0.23% increase. Year-on-year, the all share index increased by 3.93%.



Source: SSX Trading Statistics, 2018

CAPITAL GAINS COMPARISON ON EQUITY PRICES

Below are the listed companies and their respective share prices (cents per share) compared on a yearly basis:

TABLE 2: SHARE PRICE YEARLY COMPARISON AS AT 31 DECEMBER 2018

Company	December 31, 2017	December 31, 2018	Capital Gains Yield
NEDBANK LTD	1080	1100	**1.85%**
RSSC LTD	1400	1400	**0%**
SEL LTD	3100	3418	**10.26%**
SWAPROP LTD	600	605	**0.83%**
Swazi Spa Holdings LTD	600	600	**0%**
Greystone Partners LTD	275	306	**11.27%**
SBC LTD	780	810	**3.85%**

Source: SSX Trading Statistics, 2018

Greystone Partners Ltd and SEL Ltd were trailblazers, followed by SBC Ltd, Nedbank Ltd, and SWAPROP Ltd.

EQUITY TURNOVER

The month of December 2018 had five (5) trades. This was the sale of Nedbank, Greystone and Swaprop shares which recorded SZL144 041.00. There was an increased activity in the month, in terms of volumes, however there was a 477.71% decrease in equity turnover in comparison to last month.

TABLE 3: VALUE TRADED OVER THE MONTH IN EQUITY COMPANIES

Company	Number of Shares	Share Price(cps)	Emalangeni	Date
Greystone Partners	15 000	**304**	**45,600**	17/12/18
Greystone Partners	5 000	**306**	**15,300**	19/12/18
SBC Limited	186 918	**810**	**1,514,036**	10/12/18
SBC Limited	2 000	**810**	**16,200**	17/12/18
SBC Limited	3 700	**810**	**29,970**	20/12/18
Total	**212,618**		**1,621,106**	

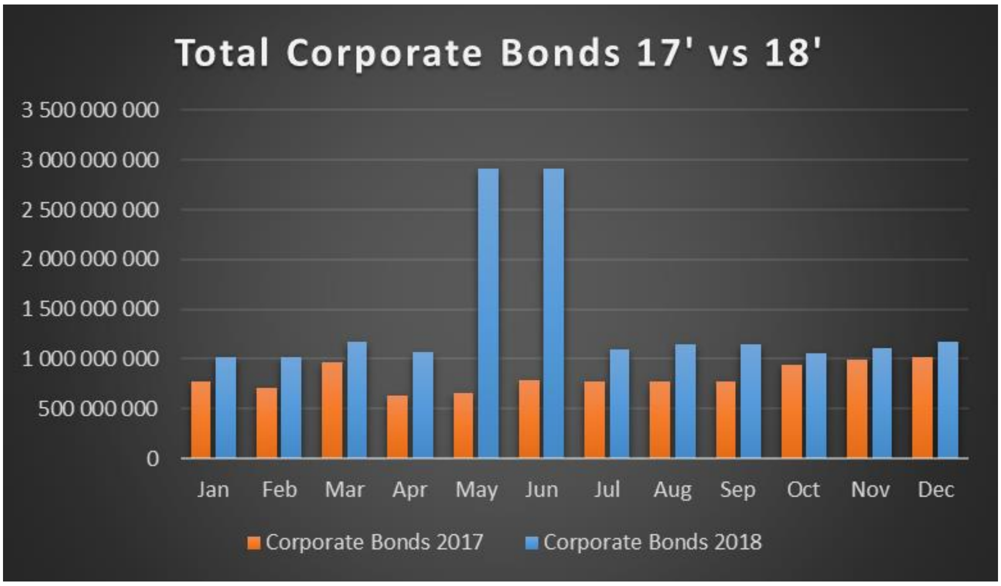
SWAZILAND STOCK EXCHANGE

Source: SSX Trading Statistics, 2018

- *CPS – Cents per share*

CORPORATE BONDS

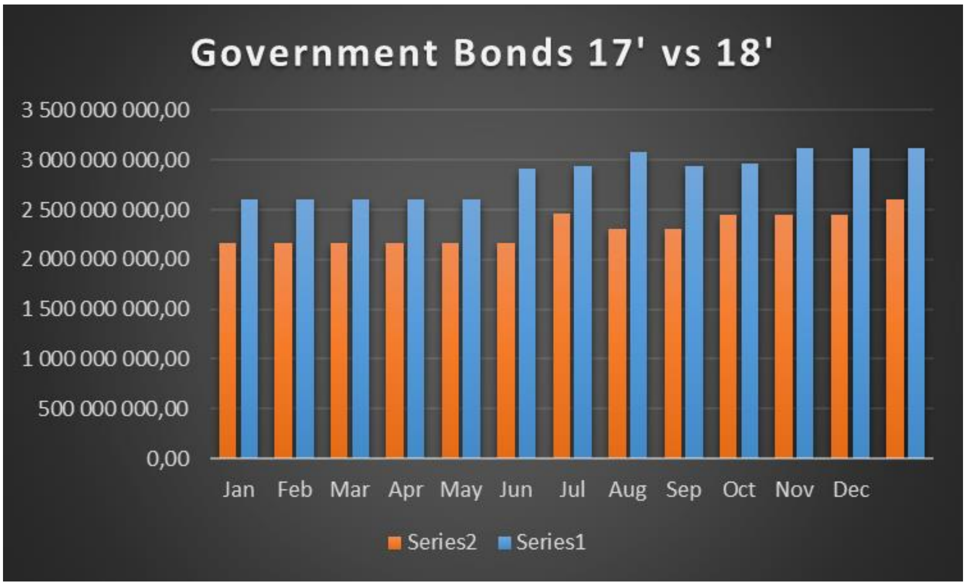
As at December 31, 2018 total Corporate Bonds increased to SZL1.167 billion. There were no bond maturities in the month of December 2018. The Corporate Bond market saw the introduction of two bonds namely, FINCORP's FIN209 and Select's SML612, worth SZL11.002 million and SZL48.26 million, respectively. Year-on-year, this marked a 14.66% increase in the overall total corporate bonds trading on the SSX.



Source: SSX Trading Statistics, 2018

GOVERNMENT BONDS

Total Government Bonds remained at SZL3.112 billion as at December 31, 2018. There were no new issuance or maturities.



Source: SSX Trading Statistics, 2018

SSX MEMBERS

In the period under review SSX had the following Members:

Stockbroking Firms

Swaziland Stockbrokers Limited
African Alliance Eswatini Securities Limited

Exempt Dealers

Nedbank Swaziland
Swaziland Development and Savings Bank
First National Bank Swaziland
Standard Bank Swaziland

Debt Sponsors

Central Bank of Eswatini

TABLE 4: SSX MEMBERS

	Aug 2018	Sept 2018	Oct 2018	Nov 2018	Dec 2018
No. of Stockbroking Firms	2	2	2	2	2
No. of Exempt Dealers	4	4	4	4	4
No. of Debt Sponsors	1	1	1	1	1

Source: SSX Trading Statistics, 2018

CORPORATE NEWS

1. **FINCORP corporate bond (FIN209) with nominal value SZL11.002 million commenced trading in the month of December (07/12/2018).**
2. **Select corporate bond (SML612) with nominal value SZL48.3 million commenced trading in the month of December (31/12/2018).**

OTHER ACTIVITIES

1. **AFRICAN UNION CAPACITY BUILDING WORKSHOP – HOSTED BY THE BOTSWANA STOCK EXCHANGE – DECEMBER 5 – 7, 2018**

The African Union fully sponsored this Capacity Building Workshop for ASEA Members whose theme was "The role of capital markets development in mobilising domestic resources in Africa" that was scheduled to take place in Gaborone, Botswana, from 5 to 7 December 2018.

The Workshop attracted about 50 participants including representatives from African stock and securities exchanges, stockbrokers, regulatory authorities, private sector and regional economic communities. The African Securities Exchanges Association, United Nations Economic Commission for Africa, African Development Bank, the African Capacity Building Foundation and the African Union Commission also attended.

The rationale of the Workshop was to bring together capital market practitioners with a view to building consensus on the role of capital markets in mobilising resources for Africa's development, in particular funding Agenda 2063 and the Sustainable Development Goals. Best practices were shared from across the continent on what measures have been taken to build the capacity of capital markets to fund infrastructure projects in particular, and to finance long term projects in general. The Workshop provided an opportunity to frame concrete policy options and actions for capital markets to be further developed and integrated in order to facilitate integration and harmonization of economic and financial policies.

It was noted that Africa's financial markets are mainly dominated by domestic institutional and private investors. The domestic institutional investors include banks, most of which are ill functioning, state owned and protected from outside competition, and insurance companies and pension funds. Capital markets recently began developing, though at a slow pace, and most African countries are still lagging behind. The number of active stock exchanges in Africa has grown considerably since 1989. However, most African countries' stock exchanges tend to be small and fragmented and they are characterized by a few listed companies, like the SSX.

Capital markets are crucial and imperative for the efficient functioning of financial markets and for governments in the promotion of both domestic and foreign savings and investments. The mobilisation and effective use of domestic resources has been identified as the most sustainable way of financing development. Mobilising domestic resources through the development of capital markets will go a long way in financing Africa's development and in creating wealth for the African citizens. In this regard, the need for key industry players to list on the stock exchanges in order to further deepen the African capital markets cannot be overemphasized.

The African Heads of States have emphasized the importance of domestic resource mobilisation for the development of the continent. Domestic resource mobilisation has become imperative as a result of the increasing developmental requirements of the continent including Agenda 2063 and the Sustainable Development Goals. Prioritising and investing in the capacity building of Member States so as to improve the capital markets is essential. Capital markets play a vital role in increasing the mobilisation of savings, therefore improving the efficiency and volume of investments, economic growth and the development of Africa.

The Addis Ababa Action Agenda (AAAA) of the Third Conference on Financing for Development called for the development of domestic capital markets, in particular, long-term bond and insurance markets, to meet longer-term financing needs. The AAAA also called for the strengthening of regional markets to achieve scale and depth that cannot be attained by the small and ineffective markets. The small size of capital markets in Africa contributes to their high operational costs and inefficiency. The integration of financial markets in Africa is crucial for better mobilisation of resources, available within and outside the continent, and a stronger level of investment and economic growth.

The evolution of capital markets in Africa was also discussed at length where it was stated that the total capitalisation of African securities markets is currently estimated at around US$2 trillion, up from US$113 billion in the 1990s. However, 65% of the total market capitalisation and 25% of the total listings are in South Africa. African equity markets have seen some improvements in the volume of initial public offerings (IPOs) during the year 2017, driven mostly by South Africa, Egypt and Tunisia. Africa's stock markets are still illiquid, turnover ratios are very thin, at less than 1 per cent in many markets. Africa's share of the global equity turnover is less than 0.05 per cent.

This low liquidity implies more difficulty in supporting a local market's own trading systems, market analysis, and brokers as volume is too low. Most markets are capitalised below US$50 billion, some with fewer than 10 listings, like the SSX.

Overall, the prospects for growth in the African equity markets, including cross-border IPOs of African companies, are good, with South Africa, Egypt and Nigeria expected to lead the growth. There is a ray of hope shining on the SSX with the six prospective listings expected in 2019.

The bond markets have steadily increased over the years but nonetheless remain undeveloped. The bond market was about 140 per cent of global GDP as of 2013. In most African countries, however, the size of the bond market is less than 10 per cent of countries' GDP. Factors such as: economic size, openness of the countries' capital account, size and concentration of the banking sector, bureaucratic practices, interest rates spread, exchange rates volatility, fiscal balance challenges, corruption, quality of accounting standards, and size of domestic credit all impact the development of local bond markets. Non-local currency corporate debt activity continues to increase, indicating the increasing appetite for debt financing by African governments. Most of the non-local currency debt transactions are denominated in US dollars, with sovereign, supranational and non-US agencies accounting for over 75% of the total value of debt between 2013 and 2017. This debt was mainly raised by the financial sector, mostly Nigerian and South African banks.

The challenges faced by capital markets in Africa are many which include suffering from infrastructural bottlenecks. Trading, clearing, and settlement systems are slow, with some exchanges still operate using manual systems, like the SSX. In addition, private firms seem to lack confidence in the stock markets, selecting not to use them as a means of raising capital. The concern is that the risks associated with the required disclosure for IPOs are not adequately compensated by additional returns. Another challenge is that the costs that are required for companies to trade on the capital markets are high and cumbersome which discourages most companies from going public. African countries should work to overcome these challenges, partly by boosting the investor base by attracting foreign institutional and private investors. Increasing the investor base will work to improve competition and liquidity in the local market, which is necessary for the growth and development of African capital markets.

The Workshop discussed various Capital Markets related issues on the continent and provided guidance to Member States. The subsequent sessions were organised in breakaway sessions to exchange views on the following sub-themes:

i. Infrastructure and Technology

Inadequate and poor infrastructure remains the major obstacle towards capital market development in Africa. Some stock exchanges like the SSX are still trading using the manual open outcry systems. Lack of technological platforms to integrate the capital markets in Africa is a major challenge. Johannesburg

and Nigerian stock markets have made progress in terms of ICT development and through this reform the number of their listed securities and brokers increased. Investing in capital markets infrastructure is vital for the development of the continent as this can simplify trading across borders and contribute towards the transformation of Africa.

ii. Liquidity

Liquidity plays a crucial role in capital markets development of Africa. The continent is still facing a challenge of low liquidity, as indicated by the turnover ratio which is less than 5% in many markets and the share of global equity which is less than 0.05%. The illiquidity in Africa's stock markets implies more difficulty in supporting the local market's own trading system. This also limits access to long term financing and hindering of countries' capacities for local equity and debt financing. Therefore, much needs to be done in order to improve the liquidity and attract more company listings.

iii. Regional Integration

Africa has made great efforts in terms of regional integration through different cooperation agreements that have been signed to foster the development of economies, more recently the African Continental Free Trade Area (AfCFTA). Regional integration can steer up competition, increase infrastructure investments and open up an opportunity to raise more funds. In this regard, there is need to establish appropriate instruments to encourage cross-border investments through cross-border trading of shares and other securities.

2. ESCROW GROUP VISIT TO THE SSX TO FINALISE AUTOMATION PROJECT – DECEMBER 10 - 21, 2018

Two members of Escrow Group visited the SSX and its stakeholders to finalise the automation of the SSX project. The Escrow group was able to meet all relevant stakeholders and track on automation progress thus far. The technical side of the automation project finished their tests, however, the business side had administrative issues which need to be attended before the Escrow team can return in January 2019 to finalise the project and officially hand over the systems to the market. Some of these issues include:

1. Re-opening/reactivating SSX FNB Settlement Accounts which were discovered to could have been closed due to non-activity.

2. Opening of Collection and Disbursement Accounts with MTN Eswatini for mobile trading.

3. Opening of a Settlement account at the Central Bank of Eswatini.

4. Demutualisation Directive by the Regulator after being gazetted by the Minister of Finance and subsequent Demutualisation Public Notice by the Exchange.

5. Finalisation of reviewed Listings Requirements and Debt Listings Requirements together with their accompanying Schedules, Practise Notes and Guidance Letters, and the Rule Book with its accompanying Directives to the Rules.

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