



## SECOND (2<sup>ND</sup>) QUARTER REVIEW JULY - SEPTEMBER 2018

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## LISTED EQUITY COMPANIES

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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 Investments Limited (SWAPROP)
6. Greystone Partners Limited
7. Royal Swaziswa Holdings Limited

There were no new equity 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**

	July 2018	Aug 2018	Sept 2018
Total companies listed	7	7	7
New entrants/listings	0	0	0
Domestic Companies	7	7	7
Foreign Companies	0	0	0

Source: SSX Trading Statistics, 2018

## MARKET CAPITALISATION

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SSX Market Capitalisation ended the 2<sup>nd</sup> quarter with a value of E3.593 billion. This saw the market capitalisation increase by 0.34%, from the previous quarter's close of E3.581 billion. Growth in the market capitalisation was attributable to gains in the share prices of Nedbank Ltd (1.85%▲) and Greystone Partners Ltd (1.69%▲). Year-on-year, the Market Capitalisation realised a 4.94% gain from E3.424 billion in the 2<sup>nd</sup> quarter of 2017 to E3.593 billion at the end of the 2<sup>nd</sup> quarter in 2018.

## GRAPH 1: SSX MARKET CAPITALISATION '17 vs '18



Source: SSX Trading Statistics 2018

## MARKET CAPITALISATION QUARTER COMPARISON

RSSC continues to have the highest market capitalisation figure, commanding a 37.54%, even though it lost 0.13% share of the overall market capitalisation of listed entities. Nedbank and Greystone Partners gained 0.11% and 0.24% respectively, while SBC Limited lost 0.08%. RSSC's business is that of processing sugar and ethanol products located in the north-eastern Lowveld.

- SBC Limited (21.48%) – Holding Company
- Swaziland Empowerment Limited (16.76%) – Holding Company
- Greystone Partners (11.84%) – Private Equity
- Nedbank (7.33%) – Banking
- SWAPROP (3.88%) – Real Estate
- Royal Swaziswa Holdings (1.17%) – Hospitality

## TABLE 2: MARKET CAPITALISATION QUARTER COMPARISON

Company Name	Q2 2018	Q3 2018
Royal Swaziland Sugar Corporation (RSSC)	37.67%	37.54% ▼
Nedbank Swaziland Limited	7.21%	7.33% ▲
Royal Swaziswa Holdings Limited	1.17%	1.17%
Swaziland Empowerment Limited (SEL)	16.82%	16.76% ▼
Swaziland Property Investments Limited (SWAPROP)	3.90%	3.88% ▼
Greystone Partners Limited	11.68%	11.84% ▲
SBC Limited	21.56%	21.48% ▼

Source: SSX Trading Statistics 2018

## MARKET INDICATORS

Name of Index	Jun 2018	Jul 2018	Aug 2018	Sep 2018
SSX All Share Price Index	415.30	415.85	415.85	416.68

## COMPARISON OF INDEX PERFORMANCES IN 2<sup>nd</sup> QUARTER OF 2017 AND 2018

Name of Index	Sep 2017	Sep 2018	% Change
SSX All Share Price Index	397.07	416.68	4.94 ▲

## MARKET CAPITALISATION IN 2<sup>nd</sup> QUARTER 2018

	Jun 2018	Jul 2018	Aug 2018	Sep 2018
Market Capitalisation	3 581 020 297	3 585 800 623	3 585 800 623	3 592 892 446

## COMPARISON OF MARKET CAPITALISATION IN 2<sup>nd</sup> Quarter 2017/2018

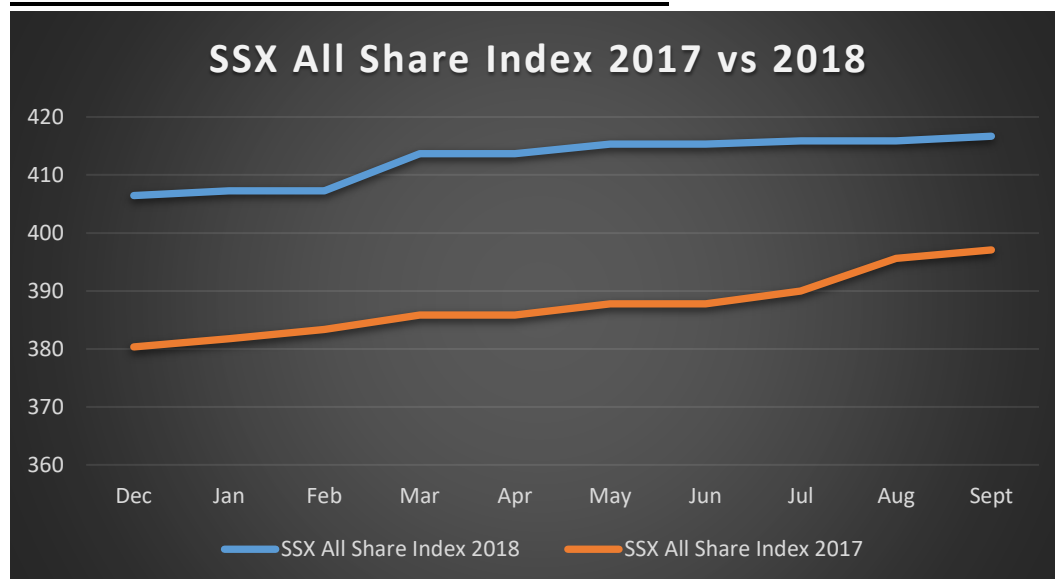
	Sep '17	Sep '18	% Change
Market Capitalisation	3,423,794,195	3,592,892,446	4.94 ▲

Source: SSX Trading Statistics 2018

## SSX ALL SHARE INDEX TREND

The SSX All Share Index increased to 416.68, representing a 0.33%▲ increase from the previous quarter's close of 415.30. Trading during the 2<sup>nd</sup> quarter remained rather subdued, as evidenced by the few trades that were brought on to the market. Furthermore, the few trades did not translate into significant increases in the All Share Index, as it increased marginally by 0.33%. The increase in the All Share Index was due to increases in the prices of two (2) equities, these consisting of a 1.85%▲ increase in the Nedbank share price and a 1.69%▲ increase in the Greystone Partners Ltd share price. Year-on-year, the All Share Index realised a gain of 4.94%▲.

**GRAPH 2: SSX ALL SHARE INDEX '17 vs '18**



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 an end of quarter basis:

**TABLE 3: SHARE PRICE QUARTER COMPARISON AS AT 30 SEPTEMBER 2018**

COMPANY NAME	SHARE PRICE SEP 17	SHARE PRICE SEP 18	(%) GAINS	MKT CAP (SZL)
Nedbank Limited	1030	1100	6.80%	262 917 919
RSSC	1370	1400	2.19%	1 348 851 280
SEL	3100	3255	5.00%	602 175 000
Swaprop	545	600	10.09%	139 551 900
Swazispa Holdings	600	600	0.00%	41 966 964
Greystone Partners	266	300	12.78%	425 509 383
SBC Limited	765	800	4.58%	771 920 000
<b>TOTAL</b>				<b>3 592 892 446</b>

Source: SSX Trading Statistics, 2018

### EQUITY TURNOVER

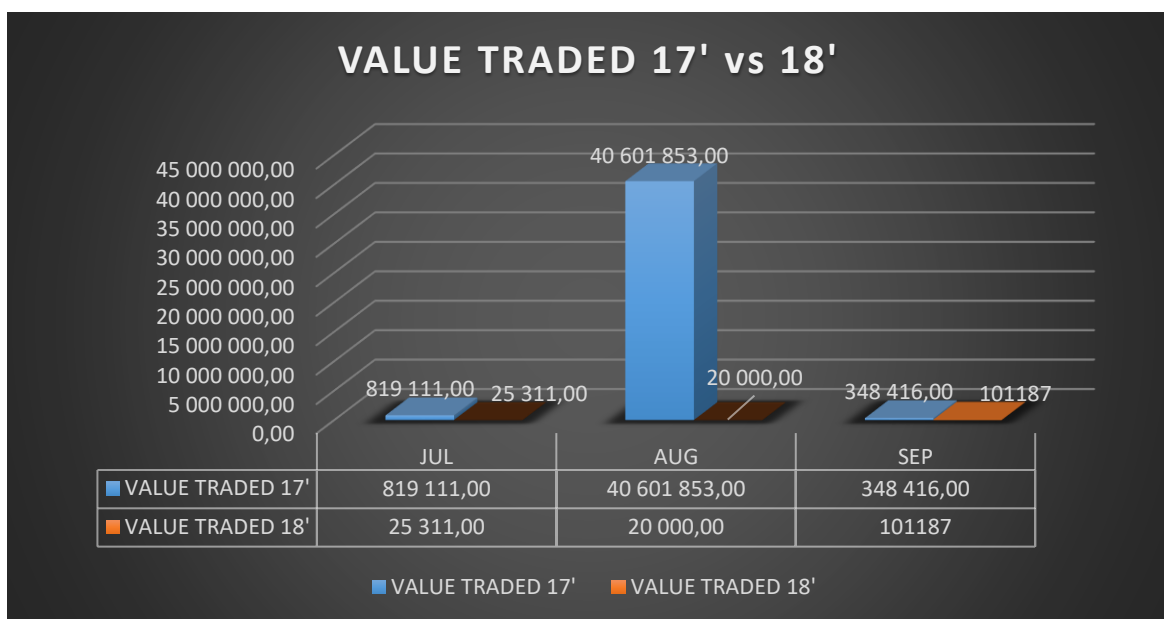
A total turnover of E146 498.00 was recorded from a sale of 16, 856 shares over a total of five (5) trades concluded over the 2<sup>nd</sup> quarter of 2018. In comparison to the 2<sup>nd</sup> quarter of 2017, turnover increased by 50.80%, up from E97,144.71 in the previous quarter. Trades conducted in the 2<sup>nd</sup> quarter were as follows: SBC Ltd (2 Trades), Nedbank (2 Trades) and Greystone Partners Ltd (1 Trades).

**TABLE 4: VALUE TRADED SUMMARY 2<sup>ND</sup> QUARTER 2018**

Company	Number of Shares	Share price (cps)	Emalangeni	Date
Nedbank Limited	2 301	1 100	25 311.00	20/07/2018
SBC Limited	2 500	800	20 000.00	15/08/2018
SBC Limited	4 350	800	34 800.00	07/09/2018
Grestone Partners	2 296	300	6 888.00	07/09/2018
Nedbank Limited	5 409	1 100	59 499.00	26/09/2018
<b>TOTAL</b>			<b>146 498.00</b>	

Source: SSX Trading Statistics, 2018

**GRAPH 3: VALUE TRADED '17 vs '18**



Source: SSX Trading Statistics, 2017-18

## **CORPORATE BONDS**

The 2<sup>nd</sup> quarter of 2018 realised 5 new note issuances, these being SML508, SML608, SML609, SML610 and FIN205. SELECT Ltd returned to the market in the third quarter to raise an additional E1.13 million, E5.91 million, E30 million and E17.540 million through SML508, SML608, SML609 and SML610, while an additional E6.34 million was raised in the second quarter by FINCORP with Notes FIN205. On the other hand, 2 bonds matured during the quarter being SML409 worth E2.31 million and SML303 worth E15 million. This saw the cumulative corporate bonds outstanding as of September 30, 2018 increase to E1.14 Billion, from the previous quarter's outstanding amount of E1.08 Billion. This marked a 6.09% increase in total bonds outstanding. Year-on-year, total corporate bonds outstanding increased by 48.68%.

The Table below shows the listed bonds as at September 30, 2018. (See Corporate

Events below for new corporate bond issuances in the period under review).

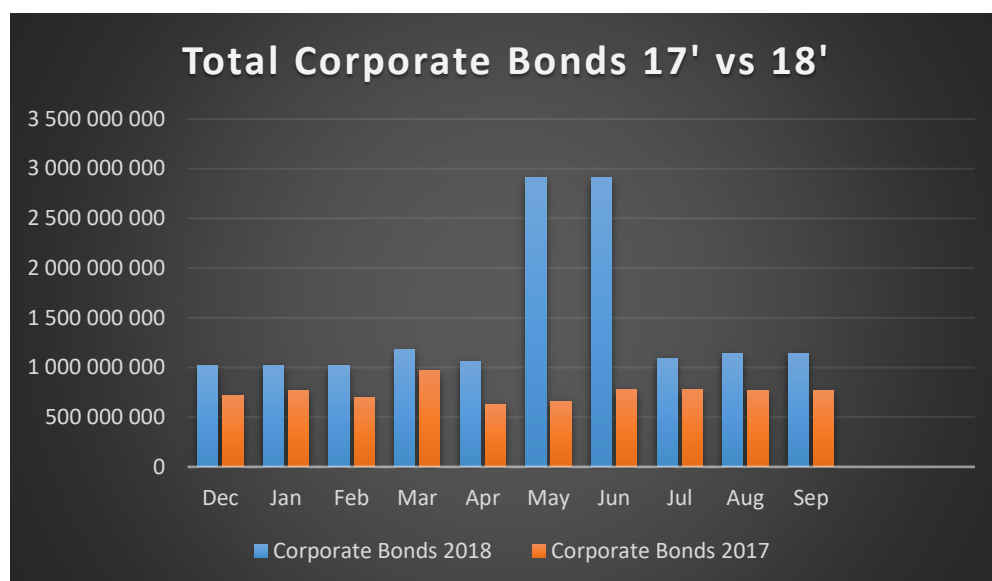
**TABLE 5: CORPORATE BONDS AS AT 30 SEPTEMBER 2018**

Name	ISIN Code	Coupon	Maturity Date	Nominal Value (SZL)
Newera NWR202	SZD000551333	10,50	30 October 2018	30 100 000,00
Select Limited SML300	SZD000551432	9,75	19 November 2019	50 000 000,00
Select Limited SML304	SZD000551541	11,50	19 February 2019	40 000 000,00
Select Limited SML402	SZD000551662	10,79	04 May 2019	44 000 000,00
Select Limited SML403	SZD000551694	13,50	13 May 2019	5 000 000,00
Select Limited SML404	SZD000551747	14,00	30 August 2019	15 000 000,00
Select Limited SML405	SZD000551770	14,00	28 October 2019	15 000 000,00
Select Limited SML406	SZD000551812	13,00	07 April 2020	20 000 000,00
Select Limited SML407	SZD000551861	12,25	29 June 2019	6 000 000,00
Select Limited SML408	SZD000551886	13,33	04 July 2020	10 000 000,00
Select Limited SML500	SZD000551787	14,50	11 January 2020	50 000 000,00
Select Limited SML501	SZD000551804	12,50	24 February 2022	8 859 200,00
Select Limited SML502	SZD000551837	13,50	16 April 2020	30 500 000,00
Select Limited SML503	SZD000551845	14,00	09 June 2020	50 000 000,00
Select Limited SML504	SZD000551894	13,25	04 July 2020	10 000 000,00
Select Limited SML505	SZD000551919	13,50	28 July 2020	26 000 000,00
Select Limited SML506	SZD000551950	13,50	28 October 2020	17 000 000,00
Select Limited SML507	SZD000551992	13,50	17 November 2020	2 000 000,00
Select Limited SML508	SZD000552159	12,00	06 August 2021	1 130 000,00
Select Limited SML600	SZD000551968	13,50	28 October 2020	9 000 000,00
Select Limited SML601	SZD000551976	13,50	17 November 2020	9 000 000,00
Select Limited SML602	SZD000551984	13,25	10 November 2019	30 000 000,00
Select Limited SML603	SZD000552018	13,00	20 December 2020	20 100 000,00
Select Limited SML604	SZD000552026	13,00	20 December 2020	10 000 000,00
Select Limited SML605	SZD000552042	13,25	10 April 2021	21 920 000,00
Select Limited SML606	SZD000552026	11,75	04 May 2020	24 200 000,00
Select Limited SML607	SZD000552076	12,50	06 June 2021	5 000 000,00
Select Limited SML608	SZD000552167	10,75	28 July 2019	5 910 643,84
Select Limited SML609	SZD000552100	13,75	03 August 2023	30 000 000,00
Select Limited SML610	SZD000552118	13,50	06 August 2023	17 540 627,04
FINCORP FIN102	SZD000551564	11,50	16 January 2019	30 000 000,00
FINCORP FIN107	SZD000551686	10,79	04 May 2019	35 000 000,00
FINCORP FIN108	SZD000551721	12,50	08 July 2019	21 676 003,80
FINCORP FIN110	SZD000551796	13,00	24 January 2020	7 743 750,00
FINCORP FIN111	SZD000551820	13,00	06 April 2020	20 000 000,00
FINCORP FIN112	SZD000551845	13,75	09 June 2020	50 000 000,00
FINCORP FIN200	SZD000551927	12,50	05 October 2018	70 000 000,00
FINCORP FIN201	SZD000552000	13,75	09 May 2020	10 000 000,00
FINCORP FIN202	SZD000552034	14,00	30 March 2023	48 000 000,00
FINCORP FIN203	SZD000552040	11,75	04 May 2020	24 200 000,00
FINCORP FIN204	SZD000552084	12,50	06 June 2021	5 000 000,00
FINCORP FIN205	SZD000552091	11,85	06 July 2020	6 338 938,32
INYATSI ICL 206	SZD000551935	10,75	01 October 2018	50 000 000,00
INYATSI ICL 207	SZD000551943	10,75	11 October 2019	150 000 000,00
<b>TOTAL</b>				<b>1 141 219 163,00</b>

Source: SSX Trading Statistics, 2018



## GRAPH 4: CORPORATE BONDS 2<sup>ND</sup> QUARTER 2018



Source: SSX Trading Statistics, 2018

## MATURED/REDEEMED CORPORATE BONDS

**TABLE 6: MATURED/REDEEMED CORPORATE BONDS**

Bond Name	ISIN Code	Coupon	Maturity Date	Nominal Value (E)
SML409	SZD000551901	11.75	28- Jul- 18	2 309 824
SML303	SZD000551531	14.00	06- Aug-18	15 000 000
<b>TOTAL</b>				<b>17 309 824</b>

Source: SSX Trading Statistics, 2018

## NEW CORPORATE BOND ISSUANCES

**TABLE 7: NEW CORPORATE BONDS**

Bond Name	ISIN Code	Coupon	Maturity Date	Nominal Value (E)
SML508	SZD000552159	12.00	06-Aug-21	1 130 000.00
SML608	SZD000552167	10.75	28-Jul-19	5 910 644.00
SML609	SZD000552100	13.75	03- Aug- 23	30 000 000.00
SML610	SZD000552118	13.05	06- Aug- 23	17 540 627.04
FIN205	SZD000552091	11.85	06- Jul- 20	6 338 938.32
<b>TOTAL</b>				<b>60 920 209.36</b>

Source: SSX Trading Statistics, 2018

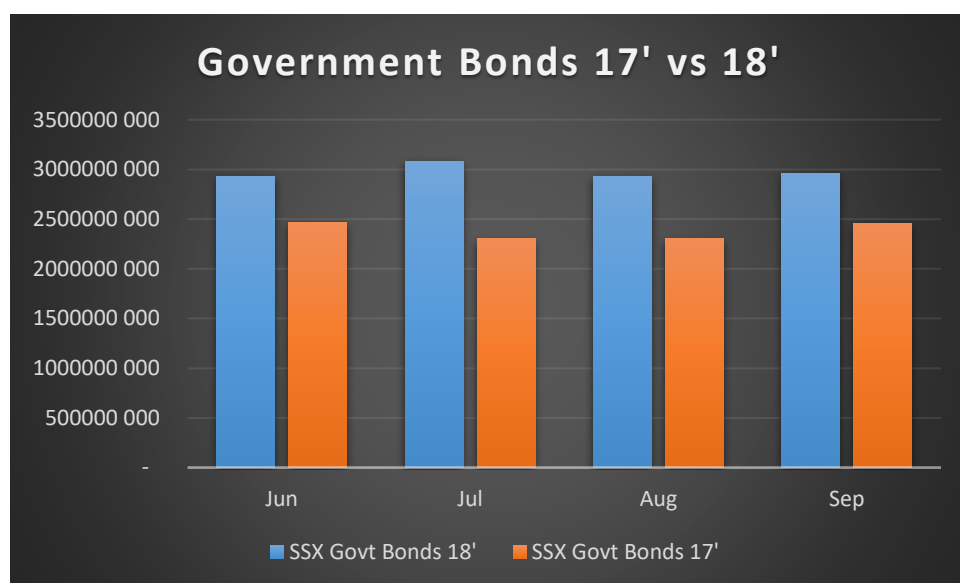
## GOVERNMENT DEBT

During the period under review, Government through the Central Bank of Eswatini (CBE) maintained 21 bonds with different maturities, ranging from 3, 5, 7, 8, 9, and 10 years. Total outstanding bonds as at September 30, 2018 stood at E2.96 billion, reflecting a 1.02% change, which was as a result of the total nominal value of matured bonds



(SG016) being lower than that total nominal value of bonds (SG033, SG034, SG035 and SG036) which commenced trading . Year-on-year, total government bonds outstanding increased by 28.7%▲. This significant increase saw government raise an additional E150 million in the local bond market, through Government bonds SG033, SG034, SG035 and SG036 whose nominal values stood at E40 million, E40 million, E70 million and E30 million respectively. During the course of the 2<sup>nd</sup> quarter of 2018, government bond SG016 matured, whose value was E150 million. The total outstanding bonds as at September 30, 2018 were as outlined below:-

**GRAPH 5: GOVERNMENT BONDS AS AT 30 SEPTEMBER 2018**



Source: SSX Trading Statistics, 2018

**TABLE 8: SWAZILAND GOVERNMENT BONDS AS AT SEPTEMBER 30, 2018**

BOND CODE	ISIN CODE	COUPON	TENURE	REDEMPTION DATE	NOMINAL VALUE (SZL)
Swaziland Government SG017	SZG000441157	8,50	7yrs	31-Oct-20	250 000 000
Swaziland Government SG018	SZG000441162	9,25	10yrs	31-Jan-24	200 000 000
Swaziland Government SG020	SZG000441181	8,25	5yrs	20-Oct-19	82 000 000
Swaziland Government SG022	SZG000441207	Floating	7yrs	25-Sep-22	150 000 000
Swaziland Government SG023	SZG000441215	8,75	5yrs	30-Nov-20	250 000 000
Swaziland Government SG024	SZG000441223	9,50	3yrs	31-May-19	200 000 000
Swaziland Government SG025	SZG000441231	10,00	5yrs	20-Jun-21	150 000 000
Swaziland Government SG026	SZG000441248	Floating	7yrs	31-Aug-23	150 000 000

Swaziland Government SG027	SZG000441256	10,75	10yrs	31-Oct-26	150 000 000
Swaziland Government SG029	SZG000441272	10,50	10yrs	28-Feb-22	150 000 000
Swaziland Government SG030	SZG000441280	10,25	7yrs	30-Jun-24	150 000 000
Swaziland Government SG031	SZG000441322	10,00	7yrs	31-Jan-25	150 000 000
Swaziland Government SG033	SZG000441355	9,25	5yrs	29-Jun-23	40 000 000
Swaziland Government SG034	SZG000441363	9,75	7yrs	29-Jun-25	40 000 000
Swaziland Government SG035	SZG000441371	10,25	10yrs	29-Jun-28	70 000 000
Swaziland Government SG036	SZG000441389	9,00	3yrs	31-Aug-21	30 000 000
Swaziland Government SGIFB001	SZG000441297	9,75	5yrs	31-Jul-22	150 000 000
Swaziland Government SGIFB002	SZG000441306	10,00	8yrs	31-Oct-25	150 000 000
Swaziland Government SGIFB003	SZG000441314	10,25	9yrs	29-Dec-26	150 000 000
Swaziland Government SGIFB004	SZG000441348	10,00	10yrs	29-Mar-28	150 000 000
Swaziland Government SGIFB005	SZG000441356	9,75	9yrs	31-May-26	150 000 000
<b>TOTAL</b>					<b>2 962 000 000</b>

Source: SSX Trading Statistics 2018

## MATURED/REDEEMED GOVERNMENT BONDS

Only one government bond matured this quarter, SG016 worth E150 million.

**TABLE 9: MATURED/REDEEMED GOVERNMENT BONDS**

Bond Name	ISIN Code	Coupon	Maturity Date	Nominal Value (SZL)
<b>SG016</b>	<b>SZG000441140</b>	<b>8.25</b>	<b>31-Aug-18</b>	<b>150 000 000</b>

Source: SSX Trading Statistics 2018

## NEW GOVERNMENT BOND ISSUANCES

**TABLE 10: NEW GOVERNMENT BOND ISSUANCES**

Bond Name	ISIN Code	Coupon	Maturity Date	Nominal Value (SZL)
<b>SG033</b>	<b>SZG000441355</b>	<b>9.25</b>	<b>29-Jun-23</b>	<b>40 000 000</b>
<b>SG034</b>	<b>SZG000441363</b>	<b>9.75</b>	<b>29-Jun-25</b>	<b>40 000 000</b>
<b>SG035</b>	<b>SZG000441371</b>	<b>10.25</b>	<b>29- Jun- 28</b>	<b>70 000 000</b>
<b>SG036</b>	<b>SZG000441389</b>	<b>9.00</b>	<b>31- Aug- 21</b>	<b>30 000 000</b>

Source: SSX Trading Statistics 2018

## SSX MEMBERS

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Two (2) Stockbroking companies are currently licensed as Dealing Members of the SSX. These are:-

- Swaziland Stockbrokers Limited (SSL)
- African Alliance Swaziland Securities Limited (AASSL)

Four (4) commercial banks are currently recognised as Exempt Dealers by the SSX. These are:-

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

One (1) institution is recognised as a Debt Sponsor for Swaziland Government Bonds by the SSX. This is:-

- The Central Bank of eSwatini (CBS)

#### **CORPORATE EVENTS ON THE SSX**

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- Corporate bond SML409 worth E2,309,824 matured during the month of July 2018.
1. Corporate bond FIN205 worth E6,338,938.32 commenced trading on the SSX during the month of July 2018.
  2. Government bond SG033, SG034 worth E40 million each, SG035 worth E70 million and SG036 worth E30 million commenced trading in the month of July 2018.
  3. SML508, SML608, SML609 and SML610, whose nominal values were SZL1.130 million, SZL5.910 million, SZL30 million and SZL17.540 million, respectively commenced trading on the SSX in the month of August.
  4. SG016 whose nominal value was SZL150 million matured in September 2018.
  5. SML303 whose nominal value was SZL15 million matured in September 2018.

#### **ECONOMIC BRIEF**

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##### **Inflation**

The headline inflation rate in August 2018 (i.e. the annual percentage change in the CPI in August 2018 compared with that of August 2017) for the country is 4.9 %. The higher headline inflation was due to increasing annual rates of change reflected in August in the price indices for:

- Communication which increased from -1.1 % in July 2018 to 0.0 % in August 2018.

Telephone and telefax services largely contributed to the increased index.

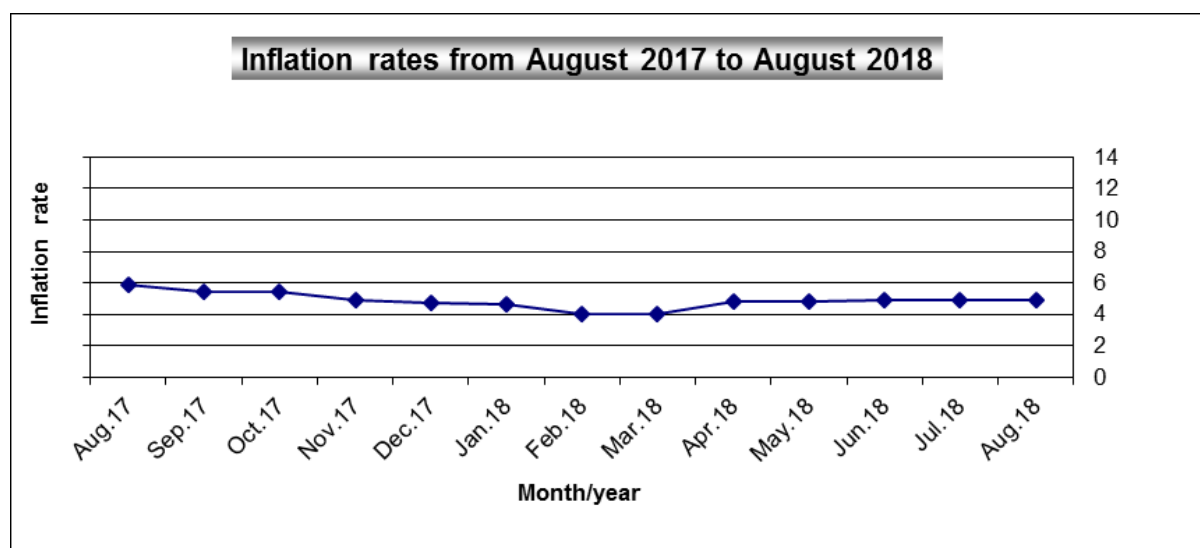
□ Miscellaneous goods and services which increased from 0.2 % in July 2018 to 0.9 % in August 2018. Personal care (such as electric appliances for personal care); and personal effects, namely jewellery, clocks and watches contributed to the higher index.

□ Furnishing, household equipment and routine household maintenance which increased from 2.1 % in July 2018 to 2.7 % in August 2018. Household appliances, namely small electric household appliances; and goods and services for routine household maintenance (such as non-durable household goods) contributed to the higher index.

The increasing rates were slightly counteracted by decreasing rates of growth in the price indices for:

□ Restaurants and hotels which decreased from 4.8 % in July 2018 to 2.7 % in August 2018. Catering services such as restaurants and cafés mainly contributed to the decreased index.

□ Education which decreased from 7.8 % in July 2018 to 6.9 % in August 2018. Tertiary education largely contributed to the decreased index in this category.



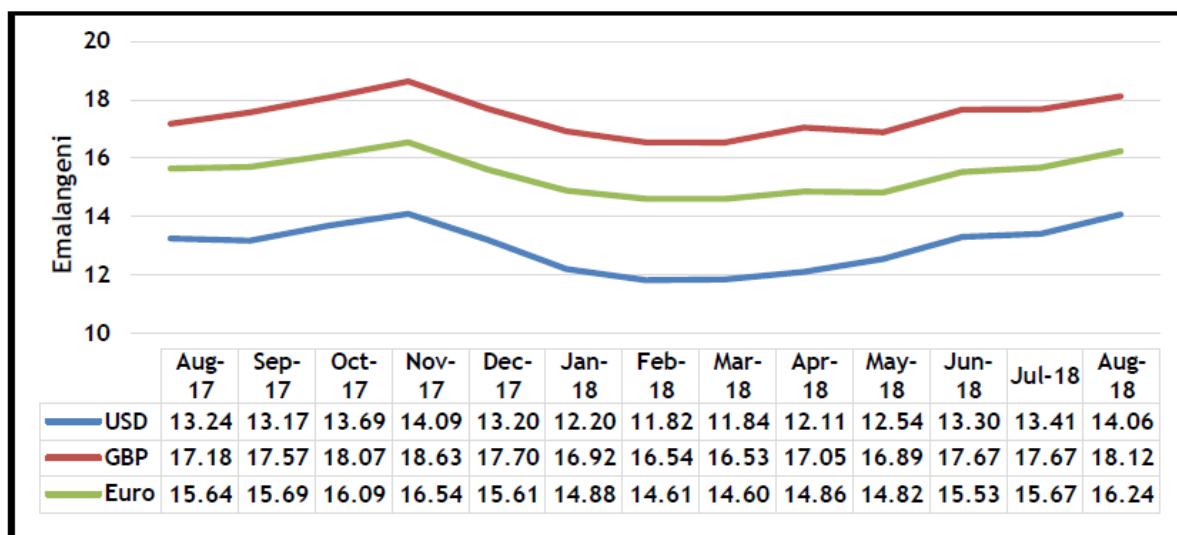
Source: Central Statistical Office 2018 - CPI Report

### Exchange Rates

During the month of August 2018, the Lilangeni/Rand exchange rate weakened against major currencies and showed signs of volatility throughout the period under review. Against the US Dollar, the local unit weakened by 4.8 per cent to average E14.06 compared to the month of July 2018. The weakening in the local unit comes on the back of higher US inflation, which fuelled speculation of more interest rate hikes by the US

Federal Reserve Bank. Beside the pressure from the rising US bond yields, the Rand/Lilangeni and other emerging market currencies were kept on a weaker footing by the spill overs from the Turkish crisis, which was perpetuated by the US government's imposition of higher tariffs on Turkish steel and aluminium imports. Towards the end of the month, the Rand/Lilangeni became more volatile reacting sideways to the comments made by the US President on the proposed land reform program by the South African government. In the period under review, the Lilangeni depreciated by 2.5 per cent to average E18.02 against the Pound Sterling and by 3.6 per cent to average E16.24 against the Euro compared to the previous month. At the end of the month, the local unit was weaker at E14.77 to the US Dollar, E19.23 to the Pound Sterling and E17.24 to the Euro after closing the previous month at E13.17 to the US Dollar, E17.30 to the Pound Sterling and E15.44 to the Euro. The Lilangeni remains sensitive to political developments in South Africa in part due to the ongoing debate around the proposed program to expropriate land without compensation by the South Africa government. The current trajectory of persistent weak economic growth in South Africa and the prospects thereof further discourage any potential for the Rand/Lilangeni to stabilize. The pace of monetary policy tightening by the US Fed and the spill over effects of the trade tensions imposed the by US on other economies further pose a downside risk to the Rand/Lilangeni exchange rate.

Figure 7: Average Exchange Rates: August 2017 to August 2018.



Source: [www.centralbank.org.sz](http://www.centralbank.org.sz), 2018

## OTHER ACTIVITIES

### ROYAL SWAZI SPA ANNUAL FINANCIAL AWARENESS DAYS – JULY 3-4, 2018

The SSX staff was invited to participate in a financial wellness seminar at the Royal Swazi Spa which the Hotel Management had organised for its staff to get financial awareness on saving and investment opportunities locally. The SSX attended this two day event and presented on investing in listed companies and options of listing on the SSX as means of raising capital for business operations.

#### **MEETING ON NEW LISTING OF ENTREPRENEURS SD LIMITED (ESD) ON THE SSX – JULY 5, 2018**

SSX Staff had a meeting with JM BUSHA Investment Group to discuss its intent and readiness to list its first equity security on the Main Board of the Swaziland Stock Exchange (SSX) in 2018. This new company's Summary Information is as follows:

**Company Name: Entrepreneurs SD Limited**  
**Nature of Business: Investment holding company**  
**Short Code: ESD**  
**Ticker: ESD**  
**Market Capitalisation: E182 209 972.78**

A full prospectus will be provided soon to engage with Swaziland Stock Exchange (SSX) and the Financial Services Regulatory Authority (FSRA) on dates and other matters.

This delighted the SSX staff as it will strengthen the depth of the SSX as it will increase the number of shares available for trading and thus, improve trading activity and liquidity on the Exchange. The SSX assured the Sponsor of its support to develop the eSwatini capital markets.

#### **SIGNING OF INTFONGA YEMASWATI SHAREHOLDERS' AGREEMENT, ROYAL VILLAS, EZULWINI – JULY 5, 2018**

The SSX as a potential collaborating partner to the signing of Intfonga YeMaswati Shareholders' Agreement was invited to this event which was graced by the Honourable Minister of Commerce, Industry and Trade, Mr Jabulani Mabuza. This all-important initiative to empower indigenous emaSwati was organised by the Swaziland Investment Promotion Authority (SIPA) to forge joint ventures to boost the economy through increased domestic and export trade and job creation. SIPA mobilised domestic investors to form an investment company, Intfonga YeMaswati that serves as a catalyst in forging business linkages with Foreign Direct Investors.

#### **SSX MEETING WITH NHLANGANO BUSINESS COMMUNITY – JULY 12, 2018**

The SSX staff was invited to a meeting with an identified group of business people in Nhlanguano, who had an interest in knowing about the operations of the

**Exchange and options of growing their businesses through the SSX. The SSX team was pleased to present before this group, and answer all the questions the members had, especially about Listing options for SMEs, Investment options as retail Investors, as well as raising of capital through listing of Bonds.**

### **WATERFORD KAMHLABA CAREER FAIR, MAVUSO TRADE CENTRE, MANZINI – JULY 25, 2018**

**The SSX was invited to the Waterford kaMhlaba Career Fair where over 30 schools participated and the SSX was able to engage students on career paths to pursue in Finance and Accounting as well as career opportunities available from a Stock Exchange perspective.**

### **SCHOOLS EDUCATIONAL TOURS**

**SSX personnel co-presented with the Central Bank staff, on different dates, to Commercial Students from Hlutse High, Utech High, LaMdladla High and Sbovu High who were accompanied by their teachers. The purpose of these tours are primarily to provide career guidance to high school students from Grade 10-12. However, for the SSX this served as an opportunity to educate them about the operations of the SSX, extend financial education on capital markets and SSX brand awareness and inform them about the desired knowledge, skills and attributes from prospective employees looking to join the SSX.**

**They also got to be guided on the Undergraduate degrees to pursue post high school and the career paths to take in the Finance and Accounting fields in terms of Academic and Professional qualifications to pursue after their undergraduate degrees to open doors to the myriad of job opportunities in these fields. The SSX managed to reach out to an estimated 80 students on scheduled days.**

### **ANNUAL ACCOUNTING UPDATE SEMINAR**

**The Swaziland Institute of Accountants (SIA) held its annual International Financial Reporting Standards (IFRS) Update, which was facilitated by Mr Raymond Chamboko CA(SA), where he incorporated practical case studies which allowed participants to immediately test their understanding of the principles learnt. The Manager SSX attended this Seminar as a Registered Accountant, RA(SD) and as expected in her line of duty to be abreast with changes happening around listed companies' reporting of their Financial Statements, especially IFRS 9 on Financial Instruments which replaced IAS 39 Financial Instruments: Recognition and Measurement and was effective from January 1, 2018.**

**IFRS 15 Revenue from contracts with customers**



Revenue recognition is arguably one of the most important and controversial topics in financial reporting. Revenue is often a key performance indicator and drives the recognition of expenses and profits and valuation of an entity.

The course covered answers to the following questions:

- When should contracts be combined?
- How to identify the deliverable(s) promised to be transferred to the customer?
- When will revenue be recognised?
- What amount of revenue can be recognised?
- What disclosures are required?
- What are the transition options available?

### **IFRS 16 Leases**

IFRS 16 has updated the guidance on the definition of a lease, and now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts.

IFRS 16 is effective for years starting on or after 1 January 2019.

The course covered answers to the following questions:

- Does an arrangement meet the definition of a lease?
- Are there any exemptions available to a lessee?
- How do I value the lease obligation and right-of-use asset?
- What disclosures are required?
- What are the transition options available?

### **IFRS 9 Financial instruments**

IFRS 9 Financial Instruments was effective from 1 January 2018, and replaces IAS 39 Financial Instruments: Recognition and Measurement.

The course covered answers to the following questions:

- How should I classify financial instruments under IFRS 9?
- What are the different measurement principles under IFRS 9?
- How do I measure the expected credit loss?
- What are the transition options available?

### **IFRIC 22 Foreign Currency Transactions and Advance Consideration**

IAS 21 the Effects of Changes in Foreign Exchange Rates outlines how an entity is to account for foreign currency transactions and operations, and what is exchange rate is to be used. IFRIC 22 provides additional guidance for foreign currency transactions where an entity recognises a non-monetary asset (for example a prepayment) or non-monetary liability (for example deferred income) arising from the payment or receipt of consideration before the entity recognises the related asset, expense or income. IFRIC 22 was effective for annual reporting periods beginning on or after 1 January 2018.

The course covered answers to the following questions:

- What exchange rate should I use to translate a transaction with multiple payment dates?

### **FSDIP CAPITAL MARKETS WORKING GROUP MEETING – JULY 31, 2018**

This meeting was held at the Central Bank where progress was reported and an Action Plan was mapped. Next meeting was on August 28, 2018.

### **FSDIP CAPITAL MARKETS WORKING GROUP MEETING – AUGUST 28, 2018**

The meeting was held at the Central Bank of Swaziland. The Swaziland Stock Exchange led the Working Group (WG) in a presentation addressing its challenges, solutions and milestones, which speaks to policy action number 39 and 40.

### **FACT FINDING MISSION, PRETORIA, SA – AUGUST 1-3, 2018**

Two SSX staff members embarked on a fact finding mission to South Africa, after an invitation from CABRI's Programme Manager, Mr Johan Krynauw. Institutions visited were The South African National Treasury, Johannesburg Stock Exchange, The Collaborative Africa Budget Reform Initiative (CABRI), Bloomberg and STRATE South Africa. The Objective of this trip was to establish relationships with some of these institutions, learn more on their operational procedures and also seek advice on how the SSX can improve its liquidity, visibility, advise government on the creation of Strategy and Risk Management within Asset and Liability Management at the Treasury Department, building blocks essential for establishing a well-functioning Public Debt Office with the Treasury department to effectively manage Debt Operations at Front office, Middle office and Back office, and Bloomberg as a potential Market Data Vendor to the SSX.

CABRI wants to include eSwatini in its Africa Debt Monitor and is willing to assist the country through the Treasury department to build strong local currency debt capital markets and improve efficiencies in spending.

Communications have already begun with the Treasury department and the Central Bank so that individuals from the country can be trained under the Building Public Finance Management (PFM) Capabilities Programme, all aimed at capacitating them towards achieving value-for-money in public spending, budget transparency for greater accountability and participation, and sustainable public debt management.

#### **SWAKI MEETING – AUGUST 21, 2018**

SSX staff had a meeting with Swaki Investment Cooperation where discussions revolved around two potential listings of Swaki subsidiary companies in both the Property and Agri-business space.

#### **FINANCIAL SECTOR DEVELOPMENT IMPLEMENTATION PLAN (FSDIP) JOINT WORKING GROUPS WORKSHOP – SEPTEMBER 13 – 14, 2018**

Mr Dave Grace, Consultant for World Bank held a workshop at Mountain Inn which was coordinated by the Central Bank of Eswatini as FSDIP Secretariat. The main agenda was to identify progress in as far as implementation of the FSDIP Policy Actions for the different working groups:

- Banking Working Group
- Insurance & Retirement Funds Working Group
- Capital Markets Working Group
- Savings and Credit Institutions Working Group
- Payments and IT Working Group

He mentioned that the purpose of FSDIP is to develop and adopt a coherent vision and strategy for financial sector development in Eswatini that aligns policies, legislation, and regulations to the evolving needs of the sector. In this regard, he conducted a thorough diagnostics, out of which gap analysis and challenges were identified that are delaying implementation of the Policy Actions and finding ways of overcoming those challenges. 30 gaps were identified in banking, savings and credit, payments, insurance & retirement funds and capital markets.

To overcome these gaps, 51 policy actions and reforms were established with clear time frames, which covered the following:

- Legal Regulatory Fragmentation – the country’s legal and regulatory framework is fragmented and needs to be harmonised. Also, new entrants are discouraged as rules are not well documented or accessible.

- **Lack of safety nets - contingency plans for emergency liquidity assistance and lender of last resort which puts the financial system at risk need to be strengthened. In essence, there is inadequate tools in place for contingency planning, crisis management and safety nets.**
- **Small Capital Markets - the capital markets are small and shallow making liquidity management hard for depository institutions and hard for retirement funds to meet the local asset requirement. More assets need to be introduced on the Exchange to offer diversification and balanced portfolios**
- **Incomplete Credit Sharing - credit information sharing is incomplete as mainly is bank based and limited to negative data.**
- **High Cost for Banking - small savings eroded by high bank charges, thus discouraging savings in banks.**
- **Weak MFIs, DFIs and SACCOs - MFIs, several SACCOs and development finance institutions are struggling financially and need to improve operational health before expanding.**
- **Consumer Protection - consumer protection framework covering credit information has not been developed and there are incomplete rules and recourse systems.**
- **SMMEs - existing partial credit guarantee system is not available to many lenders focused on the SMME market and there is insufficient data on SMME financing needs.**
- **Payment System Interoperability - Payment systems are not fully inter-operable and NBFIs lack access.**
- **Mobile Competition – MTN eSwatini has been a single operator of mobile services for close to two decades and this may limit development of the market. It is hoped that the coming into the MNO space by eSwatini Mobile since last year will bring the much needed competition in the telecommunication industry.**

**He then highlighted 4 Key Performance Indicators that need to be accomplished by 2018:**

- I. Ensure Stability of Finance System - improve crisis management framework by: 1) increasing minimum capital adequacy ratios, and 2) developing guidelines for lender of last resort and emergency lending assistance.**
- II. Diversify the Financial System and its Resources - implement a strong and well-regulated multi-tiered licensing regime for financial institutions.**
- III. Modernize the Financial System - grow coverage of the credit bureau to include data on at least 50% of adults and implement a mechanism to correct inaccurate records.**
- IV. Deepen Financial Inclusion - increase formal savings from 30% to 60% of adults through greater transparency, competition and use of technology. Decrease exclusion to 15% by 2020.**

**Among the Policy Actions that were identified as lagging behind were:**

- **Enhance operational framework, resources and independence of FSRA.**
- **Improve the cash management systems of government. Policy Action 45.**
- **Regularize the government's old age social grant scheme. Policy Action 48.**

**Challenges that were identified by the various working groups included:**

- **Finding sufficient time to make this a priority**
- **Identification of resources to support the working group**
- **Need to indicate interim progress on items (i.e., preliminary plan formulated, new product designs identified, etc.)**
- **Need for new legislation or regulations in several areas. Should be helping to support these items through introduction in Parliament.**
- **Not receiving internal control from work.**
- **Lack of accountability and leadership within the groups**
- **More support from Secretariat.**
- **Develop healthy competition and FUN among the groups. For example, annual cocktail reception to announce category prize winners under the following categories:**
  - **Most achieved in a year**
  - **1<sup>st</sup> to draft or pass a law**
  - **Best reporting**
  - **Most active working group**

**FEDERATION OF EURO-ASIAN STOCK EXCHANGES (FEAS) 7<sup>TH</sup> ONSITE TRAINING, CAIRO EGYPT – SEPTEMBER 16 -20, 2018**

The Egyptian Exchange as host, extended an invitation to ASEA Member Exchanges to participate in this annual weeklong onsite training which is coordinated by FEAS. Topics covered included processes and procedures within an Exchange ecosystem: from the overview of the Egyptian Market, Listing Rules and Regulations, Trading and Settlement Cycle, Disclosure and Corporate Governance, Membership of the EGX, Surveillance Guidelines covering rules and regulations, Surveillance Operations System, Risk Management and Sustainability in the Capital Markets including regional and global sustainability initiatives and their Model Guidance for reporting on Environmental, Social and Governance (ESG) Performances and the UN SDGs.

There was also a field trip to the Misr for Central Clearing, Depository and Registry (MCDR).

This training was a real eye opener on various processes and procedures within an Exchange, especially where the SSX needs to improve on, such as on Membership rules and regulations, listed companies' disclosure and governance obligations, risk management, surveillance rules and regulations, and other specific approaches, skills and techniques that the SSX can apply internally.

#### **ASEA DISRUPTIVE TECHNOLOGY WORKING GROUP MEETING – SEPTEMBER 17, 2018**

A webinar was convened to discuss solutions on how crypto currencies can be incorporated in operations of Exchanges. It was suggested that a Research needs to be done on Blockchain and Green Bonds. Face-to-face meeting/interview is proposed after/during the 22<sup>nd</sup> General Assembly and Annual Conference to be held in Nigeria in November 2018 and every exchange must determine how many participants will attend.

#### **FSRA ROADSHOW AT BUHLENI – SEPTEMBER 22, 2018**

SSX staff attended a Roadshow that was organised by the Regulator, FSRA which was meant to educate the public about operations of the SSX and how they can benefit from either listing their businesses or investing in listed companies securities. Members of the public won themselves prizes after answering correctly the questions that were asked by SSX staff.

#### **ESWATINI CAPITAL MARKETS ASSOCIATION OFFICIAL LAUNCH – SEPTEMBER 27, 2018**

Mr Thabo Magagula of Umelusi Capital as Chair of this Association organised the launch which was held at Mountain Inn and was attended by industry players within the capital markets ecosystem, such as the Regulators in FSRA and Central Bank, SSX and Stanlib to name but a few. The main point of the event was to get members more involved in participating in the activities of the association. Resolutions taken were:

- Members resolved to change the name from Capital Markets Association of Swaziland to Eswatini Capital Markets Association.
- A bank account needs to be opened with Standard Bank Swaziland.
- Employment of a part time personnel and membership documents to be sent to all members that needs to be filled and returned to the Association for confirmation.
- A membership fee of E10 000 per year/per institution.
- A membership of E250 per year for individual professionals.
- Members need to come up with certain benefits for professionals to join the Association on a personal capacity.
- Constitution of the Association to be sent to members to read and comment on.

===== END OF REPORT =====