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Economic Overview

Statistics Botswana published Botswana's Q4 2024 GDP towards the tail end of March 2025. The publication noted that real GDP declined by 3.0% y/y in 2024 compared to a 3.2% increase in the prior year. Mining & Quarrying, which accounted for 9.71% of GDP in 2024, declined materially by 24.1% y/y ultimately dragging down GDP. The decline in the sector was chiefly attributed to the global slump in diamond demand experienced during the year. According to Statistics Botswana's Q4 2024 Physical Volume of Mining Production report, diamond production declined by 26.98% y/y to 18.3 million carats (Mct) compared to 25.1 Mct in 2023. Furthermore, the Antwerp Diamond Index which gives the average price evolution of polished diamonds in the Antwerp markets declined by 18.35% y/y to 89 pts (2023: 109 pts). In response to the prevailing market condition Anglo revised diamond production guidance for 2025 and 2026 downwards to 20–23 Mct and 26–29 Mct respectively from 30–33Mct and 32–35 Mct. Other sectors that contributed negatively to GDP included Diamond Traders (-34.1% y/y), Manufacturing (-2.5% y/y) and Agriculture, Forestry & Fishing (-0.3% y/y). Positively, non-mining GDP expanded by 3.6% y/y buoyed by Water & Electricity (+20.2% y/y), Wholesale & Retail (+5.8% y/y) as well as Education (+5.4% y/y). Public Administration & Defence was the largest contributor to GDP, accounting for 18.27% during the year. In its March 2025 update, S&P Global affirmed Botswana's BBB+/A-2 long and short-term sovereign credit ratings. However, in the same report the agency downgraded its outlook on the country from Stable to Negative. The global ratings agency attributed the downgrade to the adverse impact of subdued global demand and prices for diamonds on the country's exports and the resultant fiscal consolidation challenges. Compared to its March 2024 update when 2025 GDP was forecast at 4.5%, S&P Global now anticipates Botswana's GDP to rebound to 3.3% in 2025 from a forecasted 3.3% contraction in 2024.

Inflation ticked up by 0.2 percentage points (pp) to 2.7% in February, remaining below the Bank of Botswana's 3-6% objective range. The increase in inflation during the month was underpinned by Food & Non-Alcoholic Beverages as well as Miscellaneous Goods & Services which contributed 0.7 pp. Domestic and Imported Tradables inflation rose by 0.6pp and 0.3pp to 4.8% and 1.9% respectively during the month.

Stock Market Overview

Local equities closed the month in the red by 0.17% at 10,091.50 pts, compared to the previous month's 0.33% gain. The total return index rose by 0.68%, buoyed by dividend declared during the month. G4S (-59.18% to BWP 1.00) and Letshego (-8.70% to BWP 1.05), which collectively account for 4.41% of local market capitalization, were responsible for the decline in the index. The security company's stock declined significantly amid financial woes precipitated by the implementation of the Private Securities Act in April 2020; while Letshego's continued struggles in the East and West markets kept the group in loss making territory. Conversely, StanChart (+3.42% to BWP 7.25), Choppies (+1.89% to BWP 0.54) and Sefalana (+1.63% to BWP 14.99) were the top price gainers for the month. The month of March marked earnings season for majority of the local counters, with sixteen (16) out of the twenty-three (23) local names reporting financials. Of the 16 counters, nine (9) reported positive growth in earnings with the biggest improvement coming from Access Bank. The bank's earnings rose by 137.81% y/y to BWP 100.1million on the back of a 40.62% y/y increase in non-funded income; while BIHL suffered from a large impairment against the carrying value of Letshego, lower net insurance and investment services results ultimately driving down earnings to a loss making position of BWP 106.5million.

Fixed Income Market Overview

The Government of Botswana tapped into the market to raise BWP 3.1billion, comprising three treasury bills and three bonds. Of the BWP 3.1billion auctioned, the Government raised only BWP 1.979billion. Demand for shorter term Government debt was high in March with bid-to-offer ratios exceeding 1.0x for all securities offered on the 3-month, 6-month and 12-month T-Bills. Of the three longer dated securities, only the BOTSGB0640 received bids in excess of the amount on offer. Compared to February, the stop out yields on the 3-month and 6-month T-Bills rose by 2.1bps and 2.9bps respectively, while the BOTSGB0527 remained unchanged at 5.850%.

In response to the acute lack of liquidity, Parliament passed Bill No.7 of 2025 titled “Botswana Public Officers Pension Fund (BPOPF) (Loan Authorisation) Bill, 2025”. The Bill sought to authorise the request for a loan of BWP 3billion from BPOPF, highlighting the dearth of liquidity in the market. Given the above, we therefore maintain the view that we expect Bank of Botswana to maintain an accommodative monetary policy stance.

Product Performance

iPRO Botswana Money Market Fund

The Fund delivered a return of 0.59% net of fees for the month of March, bringing the rolling 3-month and 12-month returns to 1.62% and 6.42%, respectively. This compares favorably against the benchmark Average Overnight Call Rate returns of 0.14% and 0.55% for the same periods.

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