

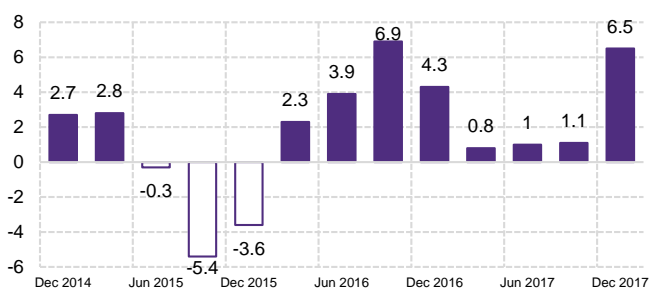
Key economic and financial statistics

May 2018

Economic Performance

The economy finished 2017 on a strong note, with YoY GDP growth accelerating to 6.5% in Q4 from 1.1% in Q3 thanks to a sharp rebound in the Trade, hotels and restaurants sector, driven by inclusion of diamond aggregation process under this sector. Full-year growth, however, came in at a modest 2.4%, down from 4.3% recorded in 2016. On the political front, Ian Khama stepped down as president on 31 March after serving a decade in office. His former vice president, Mokgweetsi Masisi, was sworn in the next day and will serve as president until elections are held in October 2019.

Botswana GDP Annual Growth Rate



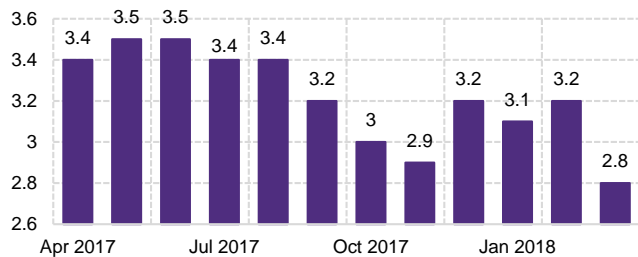
Source: Tradingeconomics.com | Statistics Botswana

Standard and Poor's (S&P Global Ratings) has affirmed Botswana's 2018 sovereign credit ratings of 'A-' and 'A-2' for long and short-term bonds denominated in domestic and foreign currency.

Inflation rate - quarterly

Consumer prices in Botswana rose 2.8% YoY in March 2018, slowing from a 3.2% gain in the previous month. It was the lowest inflation rate since October, 2016. Bank of Botswana expects headline inflation to increase modestly in 2018 driven by Food & oil prices but remain within 3-6% objective range

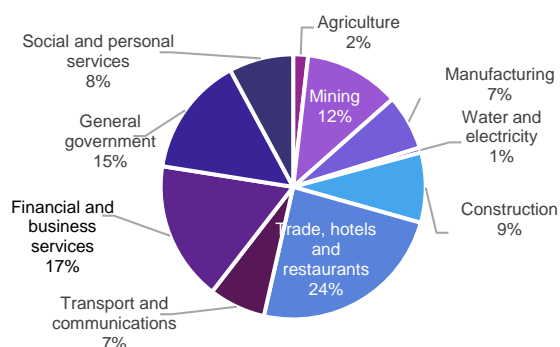
Botswana Inflation Rate



Source: Tradingeconomics.com | Central Statistics Office, Botswana

Sectoral contribution

The Mining sector accounted for 12% of national output/ GDP, whereas Trade, hotels and restaurants sector contributed 24% of output (measured at constant prices) in 2017. Thus Trade, hotels and restaurants sector is currently largest contributor to Botswana's GDP.

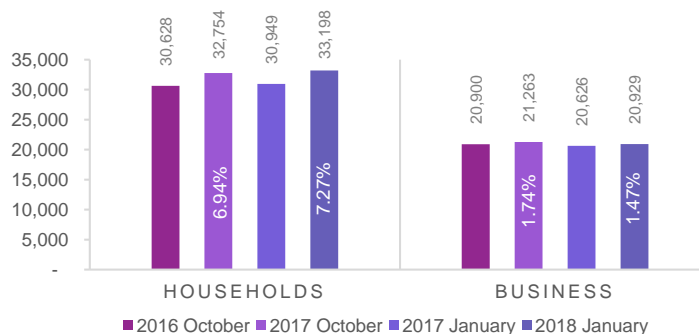


Source: Bank of Botswana

Overall economic growth in 2017 was slow, with annual growth rates recorded in non-mining sectors at 4.2%, lower than in the previous year (5.5%). Mining sector performance was bigger drag – reducing by 11.2% in 2017 (vis-à-vis 3.5% in 2016). Agriculture, Manufacturing & Finance & Business Services are the only three sectors which recorded higher annual growth in 2017, of 2.1%, 1.9% and 4.6%, from 0.5%, 1.6% and 3.3% respectively in 2016.

Annual Credit growth rate

Annual bank credit growth increased marginally to 4.9% in January 2018, from 4.8% in October 2017. The increase is attributable to the rise in household credit growth from 6.9% to 7.2% during the period. On the other hand, the growth of commercial bank lending to business declined to 1.4% in January 2018, down from 1.7% in October 2017.



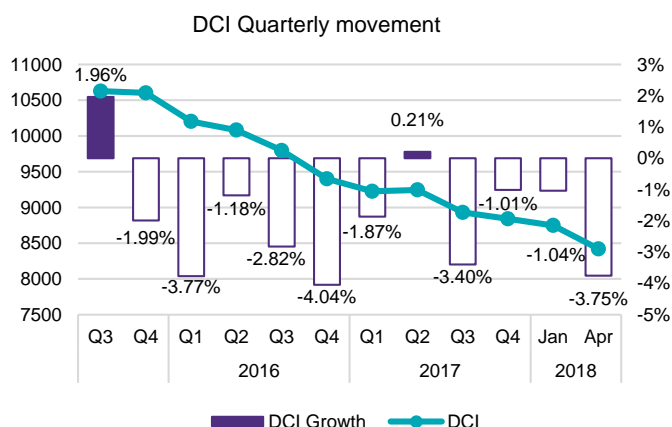
Source: Bank of Botswana



Credit defaults (NPLs to Total Credit) increase from 4.2% in December 2016 to 5.3% in December 2017 and stood at 4.9% in February 2018. Defaulters have grown for both Business (6.1% in February 2018 vs 4.8% in December 2016) and Household (4.2% in February 2018 vs 3.9% in December 2016).

Local equities: DCI performance

The domestic companies index (DCI) went down by 0.16% during the week ending April 27, closing at 8,419.92 points from 8,433.72 points the previous week. For the year-to-date, the index lost 4.97%.



Source: Bank of Botswana

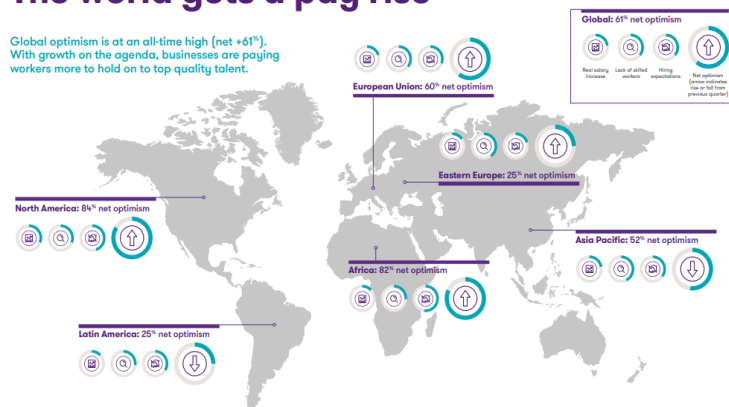
Optimistic Outlook

Grant Thornton's International Business Report (IBR) finds that global optimism in the economic outlook has reached an all-time high at net 61% in Q1 2018, underpinned by a broad-based economic recovery. With economic fundamentals at their strongest since the financial crisis, the message to businesses is to act now to identify opportunities for investment.

Overall, African optimism levels show a staggering increase from 42% to 82%. The IBR also observes a turnaround in South Africa owing to political and economic reform, with optimism rising to net 78% from net -18% in Q4 2017. Profitability and revenue expectations in South Africa are at their highest in three years, at 54% and 65% respectively.

The world gets a pay rise

Global optimism is at an all-time high (net +61%). With growth on the agenda, businesses are paying workers more to hold on to top quality talent.



Source: Grant Thornton| IBR Q1 2018

However, global investment has not increased in step with the surge in optimism. Businesses can do more now to take advantage of opportunities.

[Find out more about the International Business Report \(IBR\)](#)

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Private Business Growth Award

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