

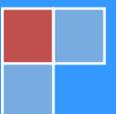
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A Member Of The Botswana Stock Exchange

Weekly Financial Markets Highlights 26th August 2016

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1. Equity Trading: Letshego Recoups Some Losses

It appears Letshego hit rock bottom the previous week as the share price fell to a mere P1.80, representing a capital depreciation of nearly 40% since the start of the year. The stock began the week on a positive note trading 17t higher by Tuesday, to end the week having pocketed a 19t in total, representing 8.9% weekly gain. Expect smaller trades over the week and some positive price movements to lift the price from the current P1.96, as the market rebalances after the huge selloff.

G4S released their interim results over the week, which show a bottom line improvement of 6.4% and further declared a dividend of 11.36 per share. The market quickly reacted to the good news as the share price rose by 5 thebe to erase all of this year's losses. The share price was last at P3.65 a share

Chobe and BIHL have been on a steady rise for the year and their bullish run is far from over. Chobe bagged 8 thebe this week as it edged up 1.1% to a 10.1% return YTD, while BIHL breached the P17 mark after gaining 16t over the week to sit at a comfortable P17.01 a share. Lucara Diamond continues to shine as it traded up 7 thebe to end the week at P34.17 Cresta was not far behind as it edged up 80bps, after scooping a thebe in the weeks trades. All four counters above closed the week at record 52 week highs.

Wilderness Safaris traded 20 443 000 shares in a transaction that mirrored the Winslow Financial Investments Limited sale in May, edging up a thebe in the process, to close at P5.16, another 52 week high.

Major Movers– Week ending 26th August 2016

COUNTER		26 Aug (t)	19 Aug (t)	Change (%)	YTD (%)
Letshego	↑	196	180	+8.9	-32.4
G4S	↑	365	360	+1.4	+0.8
Chobe	↑	749	741	+1.1	+10.1
BIHL	↑	1701	1685	+0.9	+11.9
Cresta	↑	122	121	+0.8	+14.0
Lucara	↑	3417	3410	+0.2	+86.4
Choppies	↓	359	380	-5.5	-18.4
Stanchart	↓	780	790	-1.3	-30.4

Source: Motswedi Securities, BSE

Choppies and Stanchart continue to trade Bearish

Choppies released a cautionary announcement on Thursday, stating that they expect their earnings for the year to be lower by as much as 32-52% compared to the previous year. On Friday alone the share price fell by 18t bringing the weekly total to 21t, 5.55 lower for the week and a worrying 18.4% lower since the beginning of the week.

Stanchart also traded down 10 thebe over the week following their interim results the previous week which, though consoling, show that the bank continues to face a number of challenges in an increasingly difficult environment of floor level interest rates and a weakened economy as the mining sector continues to struggle. The bank ended the week 1.3% lower at P7.80 a share.

Market Summary – Week ending 26th August 2016

No. of Shares Trading	27,996,303
Turnover (BWP)	125,389,530
Turnover (USD)*	11,799,154
No. of stocks trading	20
No. of stocks advancing	11
No. of stocks declining	2
No. of stocks unchanged	21

Source: Motswedi Securities, BSE *US\$/BWP = 0.0941

The Domestic Company Index, saw some relief over the week as the total net gainers surpassed the losers. The index recovered some lost ground ending the week at 9,542.81 barely moving away from the double digit losses, to close 9.99% lower year-to-date. The Foreign Company Index traded with little changed with a positive bias as it closed the week at 1,600.47.

BSE Indices – Week ending 26th August 2016

DCI Close	9,542.81
Weekly Change (%) ↑	+0.41
YTD Change (%) ↓	-9.99
FCI Close	1,600.47
Weekly Change (%) ↑	+0.01
YTD Change (%) ↑	+1.78

Source: BSE; Motswedi Securities

2. Foreign Exchange:

The week opened to with growing optimism by investors, pushed by talks some Fed members on the possibility of a Fed Hike before the year ends, perking up the dollar in the process.

Attention quickly turned to South Africa, where Finance Minister Gordhan was summoned for question by the infamous Hawks, regarding his involvement in a rogue unit while at SARS. The increased political risk around the crucial office suppressed the Rand's performance over the week and further piled up the issue of a possible RSA sovereign credit rating degrade towards the end of the year. The market will be watching the matter closely, not to gauge if Gordhan will go, but rather to see who the likely candidate to take over will be.

Attention was also on Yellen's Friday speech to discern the tone of the Fed with regards to a

possible hike, and though mixed, the market sentiment is high on a possible hike this year.

Locally the Pula was only firmer against the Rand, climbing back well past the R1.30. However the local currency depreciated against other major trading partners, falling 2.59% against the greenback.

Domestic Exchange rates

Currency	26 August	19 August	Change (%)	YTD (%)
US\$/BWP ↓	0.0941	0.0966	(2.59)	5.73
ZAR/BWP ↑	1.3314	1.2981	2.57	(3.73)
EURO/BWP ↓	0.0833	0.0852	(2.23)	2.33
GBP/BWP ↓	0.0712	0.0735	(3.13)	18.67
JPY/BWP ↓	9.45	9.67	(2.28)	(11.85)

Source: Bank of Botswana, RMB

3. Commodity Markets:

Brent Crude Oil prices consolidated over the week trading slightly lower than the \$50 per barrel mark. A fairly weak dollar and the lobbying by some member states of OPEC for more price stability help maintain the recent gains of the commodity, in an era were supply clears outstrips demand.

Precious Metals opened the week trading cautiously ahead of Yellen's Friday speech which could easily sway markets. Gains were reported ahead of the speech on pure speculation alone and with a mixed but hawkish undertone this week's prices movements should carry some negative bias, on Friday gold was holding up at \$1324 per ounce, albeit down from the previous week close of \$1337/oz.

Base metals weakened considerably over the week with Nickel down to \$9,775 per tonne, while copper was trading at \$4,622 a tonne.

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