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Weekly Financial Markets Highlights 22 June 2018

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1. Domestic Equities: Chobe jumps 15 thebe higher..

Chobe Holdings Limited registered this week, its second largest one day price jump this year after the stock moved 15 thebe higher, from P9.85 to P10.00, on Thursday after 172,285 shares traded. The highest price jump was recorded back in late January, when the price moved from P9.29 to P9.45 per share (16 thebe hike). The closing price (P10.00) marks a new 12 month high for the tourism company, extending its yearly gains to 9.1% - the highest growth on the domestic equity board this year so far.



Source: Motswedi Securities

On the opposing side of Chobe's gains, are Letlole and Barclays. Letlole La Rona closed the week at P1.86, 8 thebe lighter than last week, as investors offloaded a small 35,481 shares, seemingly willing to take any price they can get, unfortunately resulting in the price feeling some pressure. Meanwhile, Barclays ended the week at P6.01 per share, after shedding 7 thebe across 4,758 shares. This comes after a formal announcement was made to shareholders at the Annual General Meeting held on Thursday, that the Managing Director, Ms. Reinette van der Merwe, was to vacate her position within the bank later this year, to return back to her home country (South Africa).

The board chairman, Mr Oduetse Motshidisi, indicated that they are yet to find a suitable replacement for her and could not confirm whether the position will be filled by a citizen or otherwise. The stock's year to date loss has now buckled down to 1.5%.

Major Movers– Week ending 22 June, 2018

COUNTER	15 June (t)	08 June (t)	Change (%)	YTD (%)
CHOB ↑	1000	985	+1.5	+9.1
FNBB ↑	222	221	+0.5	-4.7
LETLOLE ↓	186	194	-4.1	-13.5
BARCLAYS ↓	601	608	-1.2	-1.5
STANCHART ↓	446	450	-0.9	-13.2
SEFALANA ↓	894	895	-0.1	-8.3
BTCL ↓	126	127	-0.8	-31.5
BIHL ↓	1766	1767	-0.1	-4.7

Source: Motswedi Securities, BSE

BTCL has instilled a wait and see attitude on investors, as they patiently await the release of the telecommunication giant's full year results, which are to be published any day next week. Selling pressure is still on the high side of things, however, while the demand side still ponders on how the performance of the stock will swing the price. The company has had a relatively quiet week, trading only 72,386 shares, as compared to the previous week where 179k shares traded and the one before where 1.32mn shares traded. The pattern shows that investor sentiment has shifted slightly for the counter to a more reserved and cautious thinking. The counter closed for the week only 1 thebe lower at P1.26 per share.

Market Summary – Week ending 22 June, 2018

No. of Shares Trading	2,648,683
Turnover (BWP)	6,970,535
Turnover (USD)*	674,748
No. of stocks trading#	13
No. of stocks advancing#	2
No. of stocks declining#	6
No. of stocks unchanged#	16

Source: Motswedi Securities, BSE *US\$/BWP = 0.0968
= Domestic Main Board

The market was generally quiet, with only 2.6mn shares exchanging hands across 13 counters. As has been the trend in the last few weeks, Letshego exhibited the most liquidity with 2mn shares trading at P1.85. The DCI shrunk by 0.18% to 8,505.73 points as the week saw the bears withstand the bulls. The FCI was unchanged at 1,571.12 as no trades crossed on the foreign board. The DCTRI weekend, just as the DCI, with 0.18% to 1,805.25 points, stretching its yearly depreciation to 1.04%.

BSE Indices – Week ending 22 June, 2018

DCI Close	8,521.40
Weekly Change (%)	-0.06
YTD Change (%)	-3.82
FCI Close	1,571.12
Weekly Change (%)	0.00
YTD Change (%)	-0.24
DCTRI Close	1,808.56
Weekly Change (%)	0.04
YTD Change (%)	-0.85

Source: Motswedi Securities, BSE

2. Foreign Exchange: Rand feeling the pressure of the US dollar...

The rand lost its footing in the week passed, dropping close to 1% against the US dollar, after the South African Reserve Bank (SARB) released their quarterly bulletin with numbers far worse than what was expected. South Africa's current account deficit settled at 4.8% of GDP for the first quarter, this is the lowest it has been since Q1 2016 when it was 4.9%. Geopolitical tensions are also plaguing the rand, together with all the other emerging market currencies, as investors are now selling down on emerging market assets as the prospects of a prolonged trade war between the US and China seems inevitable. The next reaction of the currencies will likely be coming from the elections due to take place over the weekend in Italy.

Domestic Exchange rates

Currency	22 June	15 June	Change (%)	YTD (%)
US\$/BWP ↓ 	0.096	0.0972	-1.23	-5.23
ZAR/BWP ↑ 	1.319	1.3043	1.13	4.99
EUR/BWP ↑ 	0.0831	0.084	-1.07	-2.00
GBP/BWP ↓ 	0.0731	0.0734	-0.41	-1.92
JPY/BW ↓ 	10.62	10.77	-1.39	-7.01
CNH/BWP ↓ 	0.6254	0.6235	0.30	-5.31

Source: Bank of Botswana

The local unit ended the week mixed, gaining the most against the South African rand, and weakening the most against the Japanese yen.

3. Commodity Market: OPEC discusses possible supply increase...

OPEC and its allies, are at loggerheads regarding the output policy they put in place in January 2017. The largest producers in the cartel, Saudi Arabia

and Russia, are pushing for an increase in supply, while the third largest producer, Iran, is resisting the notion as they will have nothing to gain in the long run. Tehran, the capital of Iran, recently had economic, trade, scientific, and military sanctions re-imposed on them by the US (and the international community at large under US pressure through UNSC), and as such, expect their output to decline towards the end of 2018 as a result. Speculators, however, expect the cartel to increase supply by lower than the 1 million bpd suggested by the de facto leader Saudi Arabia, estimated around 500,000 - 600,000 barrels per day, despite the resistance. The price of Brent crude has been on the up and up since OPEC instigated the supply cut, with the price going as high as US\$80 before competitive supply output from US crude flooded the market, bringing the price back down. The commodity was trading at around US\$74.78 per barrel by the week end. The outcome of the OPEC meeting in at their headquarters in Vienna is likely to determine which way the price of Brent crude will swing – lower if the policy is loosened and higher if the policy is tightened.

The precious metals had a depressed week, with gold reaching a 6 month low of US\$1,260.84 on Thursday, on the back of a firmer US dollar. The yellow metal, however ended the week trading at US\$1,269.50 per ounce. Silver and platinum ended the week at US\$16.41 per ounce and US\$874 per ounce respectively.

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The part that follows has nothing to do with legal indemnity or avoiding any suits. The market is seeing more red than you would expect in a slaughter house, I have seen a cat fall into a bucket of red paint and it still wouldn't compare. Its value town out there, valuations are scraping the floor harder than the knee caps of your favorite adult performer on all fours. Buy the dip, they say, and this doesn't only apply when you are prepping to watch your favorite team with the boys, but the market as well.