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A Member Of The Botswana Stock Exchange

Weekly Financial Markets Highlights

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1.0 Equity Market Summary...

BTCL's trajectory continued to look bleak, as the counter stretched its percentage loss to 49.5%, with the stock now trading for its second successive week below its IPO price. The counter lost 7.6% in August 2018, tabling it as the third consecutive loss for BTCL on a monthly basis this year. This reflected the increased selling pressure from retail investors with buyers taking advantage of the oversupply of the shares in the market by bidding for low prices. In fact, BTCL has made losses in all the months this year with the exception of May 2018 when the share price gained 22.5%. Bids are coming in as low as 92 thebe in the market and with the current selling momentum it's just a matter of time before BTCL touches base with its historic low of 84 thebe. The last time BTCL traded below 100 thebe was on the 5th of January 2017. Having crossed 1,146,827 shares in the week just ended, the stock is now trading at 93 thebe per share.



Source: Motswedi Securities

Where BTCL lost, we saw Minergy thrive – boasting a gain for the week of 11.8%. The mining company crept higher, pocketing an additional 10 thebe to end for the week at 95 thebe. Investor sentiment seems to have improved for the stock,

which has been trading below its IPO price of P1.00 since the beginning of the year. Further supporting investor outlook for the stock, was the decrease in the company's losses, which as per the cautionary released by the firm on Wednesday, will be around P10 million. It is worth noting that, since its listing in 2017, Minergy has not posted any profits, only decreasing losses on a half yearly basis.

COUNTER	14 September (t)	07 September (t)	Change (%)	YTD (%)
MINERGY ↑	95	85	+11.8	-9.5
WILD ↑	610	605	+0.8	+10.9
BIHL ↑	1748	1746	+0.1	-5.7
FNBB ↑	228	226	+0.9	-2.1
NAP ↑	324	323	+0.3	+0.9
CHOBE ↑	1028	1027	+0.1	+12.1
BARCLAYS ↓	540	546	-1.1	-11.5
BTCL ↓	93	99	-6.1	-49.5
ENGEN ↓	1040	1045	-0.5	-1.9
BOD ↓	16	20	-20.0	-27.3

Source: Motswedi Securities, BSE

Joining Minergy in the bull club, was Wilderness Safaris as it gained 5 thebe, cementing its position in the top 3 performers on the exchange, at 10.9%. NAP has managed to reverse its yearly losses, now joining the bulls to make their number four, with a positive growth of 0.9% after it pocketed a thebe during the course of the week. Also in the club this week are BIHL, FNBB, and Chobe.

Meanwhile, the bears were led by BTCL and Barclays, both losing 6 thebe each, flanked by Engen and Botswana Diamonds, losing 5 thebe and 4 thebe respectively.

Market Summary – Week ending 14 September, 2018

No. of Shares Trading	12,772,303
Turnover (BWP)	38,377,268
Turnover (USD)*	3,557,573
No. of stocks trading#	15
No. of stocks advancing#	6
No. of stocks declining#	4
No. of stocks unchanged#	14

Source: Motswedi Securities, BSE *US\$/BWP = 0.0927
= Domestic Main Board

There are several factors that are contributing to investor's apathy on the Botswana Stock Exchange and are explained below. The general decline in investor sentiments especially on emerging markets. The recovery of the US economy which has seen the Fed increasing interest rates coupled with the trade war currently between the US and China has prompted investors to prefer safer markets in the developed world at the expense of emerging markets. Locally the delay in the renewal of mandates to local asset managers by Botswana's largest pension fund, BPOPF has further created anxiety into the market further impacting on liquidity. Lower valuations of most stocks on the BSE.

BSE Indices – Week ending 14 September, 2018

DCI Close	8,125.26
Weekly Change (%)	+0.13
YTD Change (%)	-8.29
FCI Close	1,570.97
Weekly Change (%)	-0.01
YTD Change (%)	-0.25
DCTRI Close	1,740.11
Weekly Change (%)	+0.26
YTD Change (%)	-4.61

Source: Motswedi Securities, BSE

Driven by the gains slightly outweighing the losses, the DCI made some headway, climbing 0.13% higher to reduce its annual percentage losses to 8.29%. Still on the same boat, the DCTRI with the added benefit of the dividend effect clawed its way up 0.26%, thereby driving down its year to date losses to 4.61%. The FCI, on the other hand, at the mercy of the BOD loss, inched a minuscule down to 1,570.97 from 1,571.05 the previous week.

2.0 Foreign Exchange...

The rand was on the recovery in the week just ended, after the technical recession news crippled its value by over 2% earlier in the month. Trading at R14.79/\$ by mid-afternoon on Friday, the rand gained to the dollar just as the Turkey central bank announced that they would be hike interest rates. The rand, among the other emerging market currencies, has been a casualty of the global economic embattlements such as the Turkey's financial crisis. By virtue of the rate hike in Turkey, the lira, and by extension the other emerging market currencies, were given some breathing room.

Domestic Exchange rates

Currency	14 September	07 September	Change (%)	YTD (%)
US\$/BWP ↓ 	0.0927	0.0915	1.31	-8.49
ZAR/BWP ↑ 	1.3697	1.3895	-1.42	9.03
EUR/BWP ↓ 	0.0793	0.0786	0.89	-6.49
GBP/BWP ↑ 	0.0707	0.0707	0.00	-5.14
JPY/BW ↓ 	10.38	10.13	2.47	-9.11
CNH/BWP ↓ 	0.6355	0.6261	1.50	-3.79

Source: Bank of Botswana

As such, the pula recorded some substantial gains against the major currencies except for the rand, where the pula lost ground.

3.0 Commodities Markets...

Precious gold may be getting its shine back, as it closed the week in the green for the first time in three weeks. Lending the yellow metal a hand was the waning dollar, which was affected by the US inflation data coming out weaker than was initially estimated. As a result, the possibility of the US Federal Reserve raising rates in for the fourth time in December was slim, even though the expected rate hike for September is a sure thing. Trade talks kicking back up between the US and China, also came as a plus for the gold market, as they added pressure to the dollar, of which gold is priced in – making it cheaper for investors to go for the precious metal.

Gold ended the week at US\$1,206.49/oz, while silver and platinum closed the week at US\$14.22/oz and US\$808/oz respectively.

Brent crude spent the better part of the week being driven by supply concerns emanating from US sanctions on Iran, crises in Turkey, Brazil and Argentina, and US crude production levels dropping. Meanwhile the possibility of trade disputes between the US and registry of other nations, dampening demand for the commodity capping gains. For the week, brent rose by 2.3% to end at US\$78.63 per barrel.

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