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A Member Of The Botswana Stock Exchange

Weekly Financial Markets Highlights

05 October 2018

Research
Garry Juma
Salome Makgatlhe
Motswedi Securities (Pty) Ltd

Sales
Tshenolo Motlhagodi
Moemedi Mosele

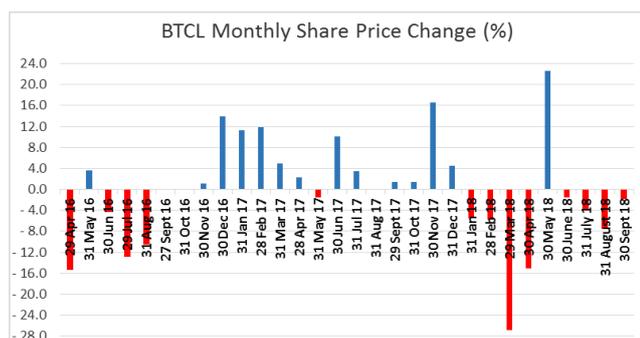
Plot 113, Unit 30, Kgale Mews, Gaborone
P/Bag 00223, Gaborone, Botswana
Tel: +267 318 8627
Fax: +267 318 8629
Website: www.motswedi.co.bw



1.0 BTCL records 4th consecutive loss on a month-on-month basis...

BTCL recorded its fourth consecutive loss so far this year after dropping 1.8% in September 2018. This is however, an improvement from a huge loss of -7.6% incurred in August 2018. From an opening price of 109 thebe on the 1st of September BTCL share price was on the losing end during the first two weeks of the month under review on increased selling from retail investors. This pulled the share price to a 21 month low of 94 thebe on the 17th of September 2018. The last time BTCL reached these low levels was in December 2016. The decline in BTCL share price however, attracted some investors back into the stock and this steadily lifted the share price thereafter to close 4.7% higher in the first week of October at P1.12 per share.

On a quarterly basis, BTCL lost 13% during Q3/2018 as compared to a gain of 2.5% during Q2/2018. The year 2017 was fairly good for BTCL as it gained on each and every quarter as shown in the graph below.



Source: Motswedi Securities, BSE

Choppies, commenced the new week recovery bound. The stock gained 22 thebe, to close at 62 thebe per share, which was approximately in line with its closing price on the JSE at 85 cents. The likelihood of the stock recovering all of the losses ,

of which currently stand at -74.4%, in the remaining three months are very slim, considering that they have already notified the public that they expected a profit after tax decline of 20% or more in a trading statement on the 21st of September. Investor confidence in the stock has waned considerably and without any further clarification on the company's situation, a lot of uncertainty may cloud the performance of the stock.

Chobe made a leap forward during the week, pocketing 11 thebe to close at a new year high of P10.40 per share - this movement has made the stock the biggest gainer of 2018 so far at 13.4%.

In the pathway of good news, Wilderness holding released on Friday a trading statement that they expect their half year financials to be materially higher for their 2018 interim period than in the prior year. This bodes well for the stock, as Wilderness Holdings Limited is one of the only four listed entities on the BSE's domestic main board to be trading in the green.

COUNTER	05 October (t)	28 September (t)	Change (%)	YTD (%)
CHOPPIES ↑	62	40	+55.0	-74.4
CHOBE ↑	1040	1029	+1.1	+13.4
BTCL ↑	112	107	+4.7	-39.1
FNBB ↑	233	232	+0.4	0.0
BBS ↑	116	115	+0.9	
RDCP ↓	224	225	-0.4	-4.7
TURNSTAR ↓	304	305	-0.3	-7.6

Source: Motswedi Securities, BSE

Joining Choppies, Chobe and BTCL in the ranks of gainers was FNBB and BBS, each gaining a thebe and the latter at its highest since listing.

Meanwhile on the losing front, was RDC Properties ending the trading day 1 thebe lighter at a 12 month low of P2.24 per share, and Turnstar Properties, also losing a thebe, to end at P3.04 per share – just 1 thebe shy of its 12 month low.

BSE Indices – Week ending 05 October, 2018

DCI Close	7,910.27
Weekly Change (%)	+0.93
YTD Change (%)	-10.72
FCI Close	1,572.02
Weekly Change (%)	0.00
YTD Change (%)	-0.18
DCTRI Close	1,722.21
Weekly Change (%)	+1.72
YTD Change (%)	-5.59

Source: Motswedi Securities, BSE

After the very steep decline that ended the third quarter, at the hand of the 74% nosedive in Choppies' share price, the DCI ended the short, three-day week having claimed back only 0.93% of the 4% it lost, while the DCI-TR managed to clawed back 1.72% of the 4% drop. The FCI, meanwhile, remained unchanged.

Market Summary – Week ending 05 October, 2018

No. of Shares Trading	15,813,807
Turnover (BWP)	13,651,372
Turnover (USD)*	1,257,291
No. of stocks trading#	13
No. of stocks advancing#	4
No. of stocks declining#	2
No. of stocks unchanged#	18

Source: Motswedi Securities, BSE *US\$/BWP = 0.0921
= Domestic Main Board

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2.0 SeedCo Lists on the BSEL...

On Friday (5th October), SeedCo International listed on the Botswana Stock Exchange and the Zimbabwe Stock Exchange alike, by introduction. A listing by introduction means no new shares will be issued to the public. The stock closed the session trading at P5.38 per share. For trading to occur on the BSE, it would require a movement of shares from the register in Zimbabwe to the register in Botswana, which is yet to happen.

3.0 The dollar rally strengthens...

The US dollar kicked off the week on strong note following the announcement that the US, Canada, and Mexico have come to a trade agreement - an indication that President Trump will not be vying for a global trade war. Still in the play, in terms of trade disagreements that involve the US are the disputes with China, that have been playing tit-for-tat for the last few months and a new threat by President Trump aimed at the EU on their car exports. An increase in the US treasury yields have also played their part in supporting the dollar's drive. However, eyes were on the US jobs data, which could determine how many more rate hikes the Federal Reserve will introduce. If the data comes out strong, it will likely prompt the Federal Reserve to continue forth with more rate hikes. The next anticipated rate hike will be in December, with three more in 2019 and one more in 2020.

The rand on the other hand, was put down by the dollar – trailing on the back foot as an outcome of the strength of the dollar. The unit closed the week slightly weaker than the last at R14.75/\$.

Domestic Exchange rates

Currency	05 October	28 September	Change (%)	YTD (%)
US\$/BWP ↓ 	0.0921	0.0944	-2.44	-9.08
ZAR/BWP ↑ 	1.3673	1.3339	2.50	8.84
EUR/BWP ↓ 	0.08	0.0812	-1.48	-5.66
GBP/BWP ↑ 	0.0707	0.0722	-2.08	-5.14
JPY/BW ↓ 	10.5	10.72	-2.05	-8.06
CNH/BWP ↓ 	0.6363	0.65	-2.11	-3.66

Source: Bank of Botswana

The local unit, also felt the pinch in the dollar's rally, as it weakened over 2% against most of the other units, save for the Euro which was a loss of 1.48% and the rand where it made ground, strengthening 2.5%.

4.0 Oil reaches four year high...

Brent crude oil broke through to a new four year high of US\$86.29 per barrel on Wednesday. This was a result of the increasingly declining Iran exports as oil buyers of the country are finding alternatives, while the OPEC members and non-OPEC members led by Russia are holding off on a formal decision that would allow them to increase production. The deciding meeting is expected in December 2018. By the week's end, oil had recoiled slightly, trading at US\$84.45 per barrel by mid-afternoon, after an assurance was made by the top two producers in the OPEC cartel, Saudi Arabia and Russia, to up their output level to cover some of the losses from Iran's supply. Also dampening the price of oil was the increase in the US oil inventories.

The precious metals were relatively flat during the week under review, despite the recent rate hike by the US Federal Reserve – pushing US treasury

yields to a new high. Gold, silver and platinum were trading at US\$1,202.48/oz., US\$14.62/oz., and US\$825.50/oz., respectively.

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The term closing and last price are often used interchangeably, except where specified, in the report, with Motswedi preferring to use Last Traded Price as the best indicator of where the market will open, on the next trading session.

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