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A Member Of The Botswana Stock Exchange

Weekly Financial Markets Highlights

09 November 2018

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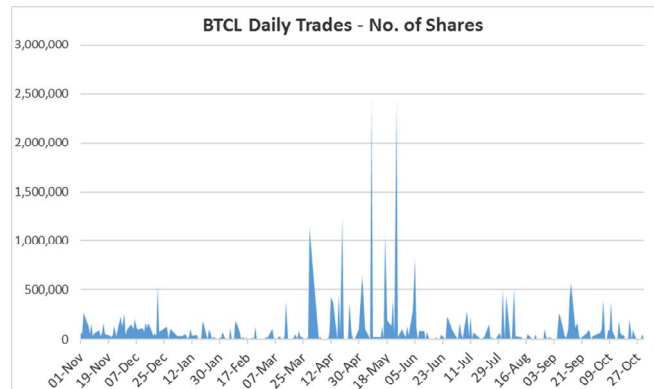
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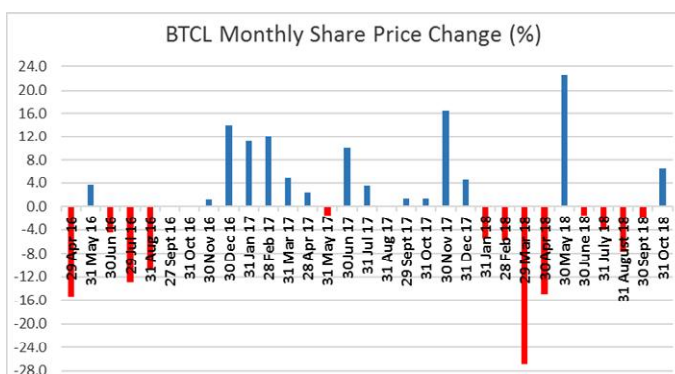


1. BTCL records first positive growth in five months...

BTCL spent the better part of 2018 compounding losses but in October 2018 the stock managed to crawl out from the fatalities that have been encompassing the market as a whole and recorded its first positive growth in five months. The demand momentum at 94 thebe, where the share price had fallen around mid-September 2018, was the main driver of the stock's rally. It is worth noting that this is only the second time that BTCL has finished a month in the green this year.



Source: Motswedi Securities



Source: Motswedi Securities

Reflecting the market weakness, the telecom company was down -38% on a year to date basis for the month of October. The gains made in the prior month however, were slowly being reversed in the new month. BTCL, was by the weeks end at yearly loss of -40.2%, making it the second worst performing stock for the year thus far, with only Choppies posting larger losses.

The tight liquidity conditions are expected to continue in the market in the absence of significant institutional investors in the market. BTCL, which continues to be on closed period, was knocked down this week by 4 thebe to P1.10 per share, as a result of selling pressure exerted on the stock.

When the financial results come out and they are turn out to be appetizing and come with a good dividend payout, we expect an inflow of buy-ins. However, should the results remain flat, or come out depressed, selling pressure may continue and this may exert further pressure on the share price. We expect the results before the end of December. As BTCL's stock movements are generally controlled by the retail market, the festive season may play a significant role in the stock performance for the remainder of the year.

2. Banc ABC Botswana IPO has opened...

On Tuesday, the Initial Public Offer for Banc ABC opened. The offer price is at 200 thebe and so far Irrevocable Undertakings from institutional investors to purchase up to 113 240 547 Offer Shares and firm commitments from institutional investors to purchase up to 36 643 750 Offer Shares have been received through a Private Placement. These combined commitments, amounting to 149 884 297 Offer Shares, represent 83.0% of the Offer Shares, subject to the public offer and the final allocation of the Offer Shares.

Offer Timetable	
Offer opens at 0900hrs on	6 November
Offer closes at 1700hrs on	23 November
Last day of receipt of application forms with payment from subscribers	26 November
Notices of Allocation	27 November
Announcement of Results	08 December
Shares uploaded to C:SDB accounts	07 December
Date of Listing	10 December
Trading of Shares commences on the BSE at 0900hrs	10 December
Refund payments if any, on before	10 December

Source: BancABC Pre Listing statement

BancABC has a remarkable success story in Botswana and has a track record of innovation. It is the first bank in the market to introduce Chip and Pin Visa Cards. The bank pioneered 100% mortgage lending in the Botswana market and is the market leader in Prepaid cards in the industry. In addition the bank has received several awards from various financial institution in recognition of the strong growth achieved over the past years.

Banc ABC's main reasons for listing are to attract important stakeholders in Botswana into the shareholding of the bank which will serve the long-term interest of the ABCH Group, enable the bank to attain greater access to efficient capital markets in raising local funding to support future growth plan, and to serve as an opportunity for the Selling Shareholder to monetise part of its shareholding in the Company.

3. BSE Weekly Market Performance

The market was fairly depressed this week, trading a quarter of the previous week's volume at 1,214,624 shares, valued at P6,617,324. SeedCo led the week's stats, claiming 82% of the total volume as well as 88% of the total turnover.

Market Summary – Week ending 09 November, 2018

No. of Shares Trading	1,214,624
Turnover (BWP)	6,617,324
Turnover (USD)*	620,705
No. of stocks trading#	14
No. of stocks advancing#	2
No. of stocks declining#	2
No. of stocks unchanged#	20

Source: Motswedi Securities, BSE *US\$/BWP = 0.0938
= Domestic Main Board

At the head of the gainers was Chobe, extending its lead to 14.5% thus cementing its number one spot on the local bourse. The stock closed the week at P10.50 per share, boasting its historical high since listing on the exchange. RDCP, which has been on the losing track for last few weeks, made a flip this week, gained a thebe to close for the week at P2.21 per share. Interestingly, the number of yearly gainers in the domestic board have increased from four at the beginning of the quarter to nine (including BBS on the Serala over-the-counter board) at the end of this week.

COUNTER	09 November (t)	02 November (t)	Change (%)	YTD (%)
CHOBE ↑	1050	1040	+1.0	+14.5
RDCP ↑	221	220	+0.5	-6.0
BTCL ↓	114	110	-3.5	-40.2
LETSHEGO ↓	181	182	-0.5	-3.7

Source: Motswedi Securities, BSE

On the losing front was BTCL, as already mentioned closing at P1.10, and Letshego creeping ever so low to P1.81, a 12 month low for the stock. The last time Letshego traded at these levels was right after they did a share split back in 2010.

As a result of the losers outweighing the gainers, both the DCI and DCTRI recoiled gains, and retraced their steps to close at 7,936.12 and 1,728.20 respectively. The FCI, having recorded no trades on its board, made no movements and remained at 1,572.08.

BSE Indices – Week ending 09 November, 2018

DCI Close	7,936.12
Weekly Change (%)	-0.12
YTD Change (%)	-10.43
FCI Close	1,572.08
Weekly Change (%)	0.00
YTD Change (%)	-0.18
DCTRI Close	1,728.20
Weekly Change (%)	-0.12
YTD Change (%)	-5.26




Source: Motswedi Securities, BSE

4. Foreign Exchange

The dollar kicked up to a 16 month high after the US Federal Reserve reiterated their intention to keep their hawkish monetary policy in place. The next interest rate hike, which would be the fourth rate hike this year, is expected in December, with two more in 2019. The greenbacks climb came after the unit reacted negatively to the US midterm elections that took place on Tuesday (06 November).

The local unit meanwhile traded weaker to the South African Rand, while gaining traction against the other major currencies.

Domestic Exchange rates

Currency	09 November	02 November	Change (%)	YTD (%)
US\$/BWP ↑ 	0.0938	0.0935	0.32	-7.40
ZAR/BWP ↓ 	1.3281	1.3385	-0.78	5.72
EUR/BWP ↑ 	0.0827	0.0819	0.98	-2.48
GBP/BWP ↓ 	0.0719	0.0719	0.00	-3.53
JPY/BWP ↓ 	10.69	10.57	1.14	-6.39
CNH/BWP ↑ 	0.6515	0.6455	0.93	-1.36

Source: Bank of Botswana

5. Commodities

Oil supply seemed to be flooding the market by the weeks end, as the big players in the market all upped their supply, albeit, gradually in the few weeks leading up to the Iran being sanctioned by the US. The biggest oil producers, that is Saudi Arabia, Russia, and the United States, are collectively producing more than 33 million barrels per day which, unbeknownst to them, has now drenched the market and unfortunately played a part in choking out demand. Also playing a role in the influx of the market, was news that the US government had given a waiver to a number of Iran's biggest buyers of oil, a move which had the inherent effect of minimizing the loss of Iran's oil in the market. Probably the biggest catalyst to oil falling to these levels (last seen in April 2018), after flying at its four year high in early October, was suppressed demand resulting from a general global economic slowdown fueled by trade war between the US and China. By mid-afternoon trading, Brent crude oil was trading at US\$69.53 per barrel, down 4.61% from US\$72.89 per barrel at the start of the month.

Gold, was also on the downward trail, falling prey to the strength of the dollar as the US Federal Reserve floated their intentions to continue with their hawkish policy to increase interest rates, subsequently weakening the demand for the yellow metal. At the writing of this report, gold was trading 1.17% weaker at US\$1,218.99 per ounce. This is biggest weekly drop for the bullion.

The other precious metals, silver and platinum, were trading at US\$14.68 per ounce and US\$838.32 per ounce, respectively. Base metals, copper and nickel, were also trading lower at US\$6,135 per ton and US\$11,610 per ton.

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