



Weekly Financial Markets Highlights

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1.0 January for BTCL...

BTCL's slump had all but stopped in January, as the stock closed the month in the same manner in which it started, at 95 thebe per share. The slump began in the last quarter of 2018 and has been a steady decline for the last three months, following uncertainty of the company's 6 month financial performance. BTCL later published its interim financial results that were lower than the previous comparative period, further dampening investors' appetite for the stock. BTCL share price however made some attempts during the first month of the year to get back up from 95 thebe, having taken a step forward three times to 96 thebe, only to be pulled back by the forces of the market to close at 95 thebe.



Source: Motswedi Securities

The stock was not the most liquid, contributing 1.0% to the overall market's liquidity, trading 1.2mn shares worth P1.19mn as compared to the market which moved shares worth P123.29mn. This is the stock's lowest January contribution since listing. There were a number of large trades in the market during the month, the most notable of which was Furnmart moving over 105mn shares (worth

P68.25mn) that traded as part of the company's buy back's program.

The stock found it difficult to garner support in the first month of the year, breaking the trend it had set in the last year of picking up once the stock had fallen below IPO levels. Ordinarily, when the stock's price touched these levels, demand for the stock would ramp up and lift the price higher. It would appear that the stock is not immune to the January effect, in that profit taking has bested the stock as investors were selling out in multitudes to avail funds for other endeavors. The stock also started trading ex-dividend early in the month, which further justified profit taking for investors, who then could disinvest in the stock **AND** qualify for the dividend.

2.0 The Week in Equities...

Total equity volumes traded on the exchange stood at 6,089,415 with a total market value of P29,160,217 (US\$2,738,144). At the forefront of the volumes for the week was Letshego, moving 1.7mn shares valued at P2.85mn. The stock's price was unchanged at P1.62 per share. The company is set to benefit from its "deduct at source" codes, once the salary increment agreement made between the Government of Botswana and its employees, earlier this month, comes into effect at the beginning of the fiscal year (1 April). The country had a household debt of 18.4% of nominal GDP in 2017 and was expected to increase in 2018 (data is yet to be released), coupled with the fact that ~48.0% of formal employment in Botswana is claimed by the Local Government and Central Government - the increment, therefore, is likely to reflect positively on the company's top line.

Market Summary – Week ending 15 February, 2019

No. of Shares Trading	6,089,415
Turnover (BWP)	29,160,217
Turnover (USD)*	2,738,144
No. of stocks trading#	18
No. of stocks advancing#	0
No. of stocks declining#	3
No. of stocks unchanged#	22

Source: Motswedi Securities, BSE *US\$/BWP = 0.0970
 # = Domestic Main Board

Furnmart was the second to Letshego in liquidity for the week, as it moved over 1.32mn shares worth P860k at 65 thebe each as part of the company's share buyback process on the road to delisting. The stock is expected to officially leave the Botswana Stock Exchange Limited on the 20th February 2019. The submitting of election forms has unfortunately passed, which means all those investors who did not opt out of the company, or did not give a response at all, will become shareholders of an unlisted company post the 20th February.

The week recorded only losses on the exchange – a somewhat clear reflection of the depressed sentiment across the market. BTCL retreated 1 thebe as the stock's supply in the market suppressed its demand, to close at 93 thebe for the week. Coming off a year where the stock finished second to last of the worst performers in 2018 with a yearly loss of 48.4% - 2018's biggest loser was Choppies, before it was suspended, with a share price decline of 71.5% - the stock now, with only 7 weeks in to the new year, leads the domestic board with a ytd loss of 2.1%.

Property companies took a hit this week. New African Properties (NAP) lost a thebe to the market

bears, ending the week at P3.23 per share. Primetime was the other casualty, giving back gains, closing the week at a 52 week low of P3.00 after losing 2 thebe.

COUNTER	15 February (t)	08 February (t)	Change (%)	YTD (%)
BTCL ↓	93	94	-1.1	-2.1
NAP ↓	323	324	-0.3	-0.6
PRIMETIME ↓	300	302	-0.7	-1.6

Source: Motswedi Securities, BSE

In the absence of any gainers for the week to balance the losses, the DCI, reversed some 0.04% in points to end at 7,879.89 for the week. While the DCTRI, took a few steps forward as it gained 0.02% in the week, testament to the cushioning effect of dividends. The index closed the week at 1,719.69. The FCI remained unchanged in the absence of any movers during the week at 1,570.22.

BSE Indices – Week ending 15 February, 2019

DCI Close	7,879.89
Weekly Change (%)	-0.04
YTD Change (%)	0.36
FCI Close	1,570.22
Weekly Change (%)	-
YTD Change (%)	-0.01
DCTRI Close	1,719.69
Weekly Change (%)	0.02
YTD Change (%)	0.42

Source: Motswedi Securities, BSE

3.0 Foreign Currency...

The dollar rally continued, supported by hopes of a positive outcome between the US and China regarding their trade talks as well as a possible agreement that could avoid another US government shutdown. A government shutdown is a situation that occurs when Congress is unable to appropriate funds to federal agencies. The most recent government shutdown the US had was from the 21st December 2018 to the 25th January 2019 (35 days - the longest in US history and the second under the Trump administration). For the shutdown to come to an end, the leaders agreed to a stop-gap spending bill.

Lower than expected US retails sales data slightly dampened the greenback's rally further supporting the US Federal Reserve dovish decision with regards to the raising of interest rates, but was not enough to reverse any gains for the week. Investors are looking forward to an update on the trade talks between the US and China which is expected on Friday, the tone of which should indicate the dollars next move.

Domestic Exchange rates

Currency	15 February	08 February	Change (%)	YTD (%)
US\$/BWP ↓ 	0.0939	0.0955	-1.68	0.75
ZAR/BWP ↑ 	1.329	1.3062	1.75	-1.12
EUR/BWP ↓ 	0.0832	0.0842	-1.19	2.09
GBP/BWP ↑ 	0.0734	0.0738	-0.54	0.00
JPY/BW ↓ 	10.37	10.48	-1.05	0.88
CNH/BWP ↓ 	0.6373	0.6484	-1.71	-0.59

Source: Bank of Botswana

The pula retreated 1.68% against the stronger dollar. The local unit firmed against the rand as well, as a result of the dollar's rally, as well as

dipped 1.19% and 0.54% against the euro and sterling respectively, on reignited speculation of a delay in Brexit.

4.0 Commodities Markets

Oil's rally has been fuelled by reports that came in during the week that indicated that the Organisation of Petroleum Exporting Countries (OPEC), had reduced its production by almost 800,000 barrels per day to 30.81 million in January, with the aim of removing 1.2mn barrels per day as was agreed by the members of the alliance in December. Saudi Arabia on Tuesday further stoked oil prices when it announced that the nation's production would fall to under 10 million barrels per day by March. The supply reduction came as a result of a partial shutdown of Saudi Arabia largest offshore oil field which per day, produces more than 1 million barrels per day. Brent's surged over 4% during the week and closed Friday at US\$64.81 per barrel.

Gold closed largely unchanged at US\$1,313.56/oz on a week to week basis, despite the metal losing some appeal mid-week, pulled back by the strengthening US dollar.

Silver and Platinum closed Friday 1.48% and 1.87% weaker respectively from the prior week.

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