



Weekly Financial Markets Highlights

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1.0 The BSE Records Largest One Day Loss in the Domestic Indices for 2019...

All it takes is one single knock to derail progress made in our local markets, and this week, our domestic equities market was the bearer of the brunt. The local indices were on a sliding landscape for the better part of the week, losing points for three consecutive days. The Domestic Companies Index (DCI) opened the week with some yearly gains of 0.14%, only for the gains to be taken back by the market. The index closed in the red with a year to date loss of -2.47% courtesy of the largest one day percentage loss for 2019 incurred on Wednesday of 2.19%. The index closed over 200 points lighter at 7,657.66 after cumulatively losing 2.61% across the week. The same was mirrored in the Domestic Companies Total Returns Index (DCTRI), losing 2.57% of its value for the week, slightly offset by RDCP and G4S going ex-dividend. By the weeks end, the index was carrying a year to date loss of 0.16% at 1,709.91 – all the progress made during the year wiped out in one fell swoop.

BSE Indices – Week ending 17 May, 2019

DCI Close	7,657.66
Weekly Change (%)	-2.61
YTD Change (%)	-2.47
FCI Close	1,564.55
Weekly Change (%)	0.00
YTD Change (%)	-0.37
DCTRI Close	1,709.91
Weekly Change (%)	-2.57
YTD Change (%)	-0.16

Source: Motswedi Securities, BSE

The FCI was fairly quiet for the week, with the foreign board recording trades of a little over

20,000 shares across two counters. The index was unchanged at 1,564.55 and a year to date loss of -0.37%.

The irony hangs heavy in the air that the stock that contributed the most to the exchange's liquidity for the week, was also the very same that attributed to the exchange's domestic indices' largest one day drop. SeedCo, traded 7,000,000 shares for the week while simultaneously losing 45.5% of its share value, for a hefty turnover of P21,000,000. Although, one can argue that these were the market forces of demand and supply at work, an angle to look at would be that there was an investor willing to opt out of their investments but unable to do so on the exchange of which majority of the shareholders exist, that is the Zimbabwe Stock Exchange (ZSE). SeedCo International listed primarily on the Botswana Stock Exchange (BSE) back in October 2018 by introduction while concurrently secondarily listing on the ZSE as well. If we consider that getting funds out of Zimbabwe is near impossible, the alternative for an investor in SeedCo would be to transfer their shares from one exchange to the other and cash in their investments. SeedCo, now leading the losers of the domestic market, closed the week trading at P3.00/share.

Also playing its role in the decline of the indices was Letshego - which lost 5.1% of its value during the course of the week, to close the day trading at P1.50/share from P1.58 in the prior week. The stock has lost a substantial amount of investor confidence in the last few months, as a result of the volatility surrounding the executive management of the pan-African Group. Letshego more than doubled its yearly loss during the week, now standing at -7.4%. For the week Letshego traded

692,000 shares, most of which were traded at the week's closing price, but a handful of shares managed to go through the market at P1.49/share.

Market Summary – Week ending 17 May, 2019

No. of Shares Trading	8,715,260
Turnover (BWP)	34,137,302
Turnover (USD)*	3,181,597
No. of stocks trading#	16
No. of stocks advancing#	2
No. of stocks declining#	3
No. of stocks unchanged#	19

Source: Motswedi Securities, BSE *US\$/BWP = 0.0932
= Domestic Main Board

The market traded a little over 8,700,000 shares worth P34,100,000 for the week, almost four times the liquidity from the prior week. The week just ended was the exchange's best weekly performance, in terms of liquidity, for our exchange since the 29th March.

COUNTER	17 May (t)	10 May (t)	Change (%)	YTD (%)
LETLOLE ↑	180	179	+0.6	+2.3
FNBB ↑	256	255	+0.4	+4.5
SEEDCO ↓	300	550	-45.5	-45.5
LETSHEGO ↓	150	158	-5.1	-7.4
SEFALANA ↓	855	858	-0.3	-2.6

Source: Motswedi Securities, BSE

Outside of the major price movements already noted for the week, a number of other stocks gained/lost. Sefalana appeared for the second time in one month on the loser's bench. This time dropping 3 thebe to close at a 12 month low of P8.55/share. Since the suspension of the stock's competitor from the exchange in late 2018, the retail and wholesale sector at large has been cast

in jaded light – unfortunately Sefalana as the only remaining counter in that particular industry, is on the receiving end. In an attempt to cap the losses of the week, we had FNBB and Letlole both gaining a thebe each to close at P2.56/share and P1.80/share respectively. Both are currently trading at 52 week highs.

2.0 Company Announcements

Wilderness held an EGM on the 10th May, the only item on the agenda being the shareholders' vote for the delisting of the company. The resolution to delist was successfully passed. The EGM, was for all intents and purposes a formality as prior to the meeting, shareholders who had already voted in favour were well above the required minimum of 50%. All shareholders are reminded that the offer to participate in the delisting of Wilderness is open and will be until June 18.

3.0 Pound Volatility Back...

Volatility has once more returned to the British pound as the unit hit its 3 month low against the Euro as the Brexit news once more reignited the concern that Britain will leave the European Union without an agreed trade deal. The Prime Minister and her cabinet are yet to agree on a suitable Brexit deal and with a vote coming up soon, majority of the parliament is expected to go against the newly revised proposed deal. This would be the fourth attempt at securing a deal from the lawmakers. The Parliament are calling for the Prime Minister to step down. While the PM had agreed to do so as soon as she has managed to secure a Brexit deal, the lawmakers want her to commit to a specific date, more especially if her exit deal recommendations are rejected in a few weeks, while others want her gone immediately.

These developments have put tremendous pressure on the pound in the last couple of weeks, with the week just ended no different. The concern surrounding the unit is that once May leaves, her replacement will be a supporter of a no-deal Brexit.

Domestic Exchange rates

Currency	17 May	10 May	Change (%)	YTD (%)
US\$/BWP ↓ 	0.0932	0.0935	-0.32	0.00
ZAR/BWP ↑ 	1.336	1.3373	-0.10	-0.60
EUR/BWP ↓ 	0.0834	0.0833	0.12	2.33
GBP/BWP ↓ 	0.0729	0.0719	1.39	-0.68
JPY/BW ↓ 	10.21	10.26	-0.49	-0.68
CNH/BWP ↓ 	0.6466	0.6387	1.24	0.86

Source: Bank of Botswana

The pula gained some mileage against the pound for the week, as the local unit trekked forth with 1.39% of growth in its pocket. The unit did lose some 0.32% to the dollar, on the back of somewhat thawed trade talks between the US and China as well as strong US data.

4.0 Oil rises for the week...

Oil began its weekly climb on Monday on news that two Saudi Arabian oil tankers had been attacked off the coast of the United Arab Emirates on Sunday. The attack was suspected to be a result of the increased tensions between the US and Iran - after the US stopped the waivers it had earlier granted to a number of Iran's oil buyers. The US through its sanctions have completely cut off buyers of Iranian oil which has resulted in a rise in turmoil between the two nations. Saudi Arabia's state oil company was attacked by Iranian aligned group which launched explosive laden drones. The attack has resulted in the company stopping pumping while the damage to the infrastructure was being

assessed. This was the second attack in one week on Saudi Arabian oil.

Gains were capped by the ongoing OPEC cuts that began in January, supported by the ever increasing US crude inventories which reached their highest since 2017 last week. The Energy Information Administration (EIA) showed that there was an unexpected increase of 5.4mn barrels in US inventories. The increase in the stockpile, was way off the expectations of the decrease of 800,000 barrels. Supporting the cap as well, was the slow in growth in China for the month of April. By ends week, Brent had risen 3.62% for the week to close at US\$72.77 per barrel.

Gold was on the decline, losing for the week over 1% courtesy of a decline in risk sentiment coupled with improved US data for April that showed sustained labour market strength. Gold closed at 1,283.85/oz for the week.

Silver lost he most of the precious metal for the week, to close at US\$14.43/oz, all the while **Platinum** lost 0.09%to end the week at US\$852.63/oz.

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