



Weekly Financial Markets Highlights

Research
Garry Juma
Salome Makgatlhe

Sales
Tshenolo Motlhagodi
Moemedi Mosele
Refilwe Lesolle

motswedisecurities



July 05, 2019

Plot 113, Unit 30,
Kgale Mews,
Gaborone

P/Bag 00223,
Gaborone
Botswana.

Tel: 267-3188627
Cell: (+267) 72108088
Fax: 267-3188629

Email: motswedi@motswedi.co.bw
Website: www.motswedi.co.bw

1.0 The Week in the Local Equities

The market was fairly liquid for the week, despite the slow start, activity picked up as the week wrapped up. Volumes traded on the local exchange came in at 8,55mn - a huge step back from the previous week's volume, primarily because of the completion of the Wilderness buyout which pushed volumes in the prior week to 33.34mn. However, if the anomalistic Wilderness trades were removed from the equation, the week ending would record an improvement in the volumes traded. The turnover for the week, closed at P34mn – a decline from the previous week's P201mn, for the reasons already mentioned. At the helm of liquidity, was CA Sales, as the only stock on the foreign board to trade, crossing 28.5mn shares at P3.77 each.

Market Summary – Week ending 05 July, 2019

No. of Shares Trading	8,547,483
Turnover (BWP)	34,036,238
Turnover (USD)*	3,206,214
No. of stocks trading#	15
No. of stocks advancing#	2
No. of stocks declining#	1
No. of stocks unchanged#	20

Source: Motswedi Securities, BSE *US\$/BWP = 0.0942
= Domestic Main Board

Demand for Letlole pushed the price 11 thebe higher to a 52 week high of P1.96/share, making its appearance in the list of gainers for the second consecutive week. LLR is slowly making its way to the top of the leaders, now at a positive year to date of 11.4%, second only to the current leader of 4 months, being FNBB with a year to date of 12.2%. Also gaining was Cresta, climbing a thebe up to P1.22/share, extending its year to date to 1.7%.

Standard Chartered has seemingly reserved a seat on the bear's bench as it declines for yet another week. The stock lost 5 thebe during the proceedings of the week, extending its yearly loss to -51.3%. The stock is seeing bids at P1.80/share, which is likely the direction the price is heading considering the increased selling pressure on the stock.

Worth noting is that, of the 23 remaining domestic main board listed companies, there are six (6) who are trading with a positive year to date, thirteen (13) who have a negative year to date, and four (4) with no growth for the year thus far. Of the four with no growth, two of them (being, BIHL and Barclays) have shown fair amounts of liquidity in the market, one (i.e. Olympia) has not traded this year, and the fourth is suspended from trading.

COUNTER	05 July (t)	28 June (t)	Change (%)	YTD (%)
LETLOLE ↑	196	185	+5.9	+11.1
CRESTA ↑	122	121	+0.8	+1.7
STANCHART ↓	185	180	-2.6	-51.3

Source: Motswedi Securities, BSE

The week belonged to the bulls, by virtue of the Letlole La Rona and Cresta gains outweighing the loss in Standard Chartered. The domestic indices, being the DCI and the DCTRI, both gained 0.05% by the weeks end to close at 7,626.06 points and 1,708.32 points. This is a positive start to the second half of the year, however, both indices are still dragging year to date losses from the half year just ended with the DCI at -2.88% and the DCTRI at -0.25%. The FCI made no movements for the week as no price movement was made by the single stock that traded in its respective board.

BSE Indices – Week ending 05 July, 2019

DCI Close	7,626.06
Weekly Change (%)	+0.05
YTD Change (%)	-2.88
FCI Close	1,564.55
Weekly Change (%)	0.00
YTD Change (%)	-0.37
DCTRI Close	1,708.32
Weekly Change (%)	+0.05
YTD Change (%)	-0.25

Source: Motswedi Securities, BSE

2.0 Company News

Wilderness Holdings Limited officially left the exchange after 9 years on the 3rd of July 2019. The Safari Company joined the BSE in April 2010, with a listing price of P4.00/share and departed with a delisting price of P6.25/share. The delisting of Wilderness, brings the number of counters on the Domestic Equity Main Board down to 23 and the overall Equity Board to 33.

Turnstar released a notice to its shareholders notifying them of its annual general meeting to be held on the 29th July 2019 at their Centre Management Offices in Game City Mall in Gaborone at 14:30.

3.0 Foreign Currency...

This was not a week for the British pound as the unit closed in on a 1% loss against the dollar. The concern lies in that the Bank of England would be preparing to cut interest rates as the Kingdom's economic data continued to shrink. Britain's construction data came in much lower than was

expected. The construction purchasing managers' survey dropped from 48.6 in May to 43.1 in June - levels last seen during the financial crisis. Also weighing down the pound was the manufacturing purchasing managers' index, of which fell to a six year low. Government bond yields also nosedived on Tuesday as a consequence of the Brexit uncertainties and geopolitical disputes, with the 10-year gilt yields falling below the central bank's policy rate of 0.75% - the first time in 10 years; and the 2-year yield falling under the 5-year yield since a decade ago.

Domestic Exchange rates

Currency	05 July	21 June	Change (%)	YTD (%)
US\$/BWP ↓ 	0.0942	0.0942	0.00	1.07
ZAR/BWP ↑ 	1.3252	1.331	-0.44	-1.41
EUR/BWP ↓ 	0.0836	0.0829	0.84	2.58
GBP/BWP ↓ 	0.0749	0.0743	0.81	2.04
JPY/BW ↓ 	10.17	10.15	0.20	-1.07
CNH/BWP ↓ 	0.6483	0.6466	0.26	1.12

Source: Bank of Botswana

The pula traded mixed against its major partners – the most notable being the gains against the British pound, together with the Euro, of 0.84% and 0.81% respectively.

4.0 Commodities...

In a sea of shrinking global economic data, the support for gold has shifted to the positive. US employment data is expected later on Friday, of which may heavily influence the ruling of the US Federal Reserve on its decision on whether or not to begin easing their monetary policy. If the numbers come in on the weaker side of the spectrum, a key indicator will be met of which is a lower interest rate environment. Expectations are that, should the employment number come in weaker than anticipated, the Fed will implement a rate cut of 25

basis points. The next Fed meeting will be at the end of July. In the meanwhile, the yellow bar was in line to close the week for the seventh week on week climb. Reason being that lower interest rates have the effect of putting pressure on the US dollar, which in turn supports gold prices as it becomes cheaper in other currencies and thus demand increases. Gold was trading, at the time of writing, at US\$1,413.65/oz, reflecting a 0.29% positive change on a w-o-w basis and a 10% year to date growth.

The other precious metals, being silver and platinum, were both trading lower for the week. Silver had a 0.69% change from the prior week, closing at US\$15.21/oz. Platinum fell by 0.36% for the week, to close at US\$831.74/oz.

Oil attempted recovery toward the end of the week, but however dropped on a w-o-w basis by 4.39% on the back of global growth concerns, despite Middle East disputes that had the potential of unsettling supply. The extension of the OPEC+ agreement to cut production until March 2020 also played its part in capping losses for the commodity. Oil's price was at US\$63.64/barrel at the time of writing.

Disclaimer:

The views expressed in this research note reflect the views of Motswedi Securities (Proprietary) Limited based on the information available at its disposal at the time of writing and may change without notice, and is provided for information purposes only. While Motswedi Securities (Proprietary) Limited has taken all reasonable steps in carefully preparing the document, it does not take any responsibility for any action that may be taken on the basis of the information contained herein. Each recipient of it is advised to undertake its own analysis and evaluation of the terms and contents hereof, and obtain independent advice as appropriate, before acting in any way upon the information contained herein. Accordingly, this document is not intended, and no part of this document should be read, as constituting, in any way, an offer or other solicitation for the purpose of the purchase or sale of any of the securities referred to herein. This document may not be reproduced, distributed or published by any recipient for any purposes without the authorization of Motswedi Securities (Proprietary) Limited.

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.