



Weekly Financial Markets Highlights

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1.0 The Week in the Local Equities

The market seems to be taking two steps forward and five steps back. Volumes for the week, were at the lowest for the month at 1.88mn shares, trading across 18 counters, with a turnover of P3.1mn. Leading the volumes was BTCL, trading 1.05mn shares, with the volumes accelerating towards the end of the week after the stock lost 1 thebe. The closing price for the week was 88 thebe. The last time BTCL traded at these levels was back in December 2016, supported by a rally that saw the stock reach its highest ever market valuation (i.e. P1.85 in December 2017). This week was one of the busiest for the stock as investors rushed in, in the last week to qualify for dividends. The stock turned ex-dividend on the 26th July 2019, with the investors qualifying set to be paid a gross dividend of 5.73 thebe on or after the 9th of August.

Market Summary – Week ending 26 July, 2019

No. of Shares Trading	1,877,204
Turnover (BWP)	3,097,735
Turnover (USD)*	290,877
No. of stocks trading#	18
No. of stocks advancing#	3
No. of stocks declining#	4
No. of stocks unchanged#	17

Source: Motswedi Securities, BSE *US\$/BWP = 0.0939
= Domestic Main Board

The bears took charge of the week, claiming 4 counters, while the bulls only managed to push forward 3 counters. Taking the largest knock for the week, was Letshego – giving back 6 thebe to market to close at P1.35/share. This is well below Letshego 10-year low, which was back in April 2010 after the share split 10:1 and even then, the price was cut to

P1.60/share. The stock has significant selling pressure, with very few buyers coming into the market. The share price fell 6.3% in the week and 16.7% on a year to date basis. Also in the bear's team was Primetime and BTCL, losing 2 thebe and 1 thebe, to close the day at P2.96/share and P0.88/share, respectively. The gainers for the week were Cresta, Chobe, and Letlole – all adding 1 thebe to their value, driven mainly by demand. Letlole, pushed its lead as the top gainer on the BSE further by 0.5%, to 16.5%. The bids on the stock remain above the market price (as at the end of the week, the best bid was P2.06/share), which suggests the direction in which the stock will go, should the market receive any offers.

COUNTER	26 July (t)	19 July (t)	Change (%)	YTD (%)
CRESTA ↑	123	122	+0.8	+2.5
CHOBE ↑	1062	1061	+0.1	+1.1
LETLOLE ↑	205	204	+0.5	+16.5
BTCL ↓	88	89	-1.1	-7.4
LETSHEGO ↓	135	142	-6.3	-16.7
PRIMETIME ↓	296	298	-0.7	-3.0

Source: Motswedi Securities, BSE

The week was once more for the bears, as the losers outweighed the buyers. Courtesy of the loss in the fourth largest counter by market capitalisation, that is Letshego, the domestic indices took a big knock, with the DCI retracting 0.35% for the week, to close at 7,590.83 pts. The DCTRI on the other hand lost marginally less than the DCI, cushioned by BTCL going ex-dividend on Friday, to close the week at 1,701.98 pts, retracting 0.34%. Remaining

unchanged was the FCI, having registered no price movements in 12 weeks, at 1,564.55pts.

BSE Indices – Week ending 26 July, 2019

DCI Close	7,590.83
Weekly Change (%)	-0.37
YTD Change (%)	-3.34
FCI Close	1,564.55
Weekly Change (%)	0.00
YTD Change (%)	-0.37
DCTRI Close	1,701.98
Weekly Change (%)	-0.34
YTD Change (%)	-0.62

Source: Motswedi Securities, BSE

2.0 Foreign Currency...

South Africa published their CPI figures for June this week. The figure was steady for June at 4.5%, unchanged from the previous month, but higher than the 4.4% that was expected. Good news, is that it is still within the South African Reserve Bank's 3% - 6% target band. This follows the decision last week by the SARB to cut its benchmark rate by 25 basis points to 6.5% from 6.75% for the first time in over a year.

On the other side of the world, Britain got a new prime minister, namely Boris Johnson, after beating out fellow candidate, Jeremy Hunt, in a 2:1 margin. Johnson was sworn into office on Wednesday officially taking over from Theresa May who resigned earlier on in the year, after several failed attempts at coming into agreement with the EU on Britain's withdrawal terms. Johnson, in his first speech as the prime minister, promised that he will ensure that Britain definitely leaves the European Union on the 31st of October. He vowed that he will either get a

renegotiated deal with the bloc, i.e. the European Union, or that Britain will leave without a no deal. He said this, despite the stance taken by the EU, that the Brexit Withdrawal Agreement on the table was the best and only deal they would agree to. The pound was set to close the week on a positive note, despite the slight slump at the end of the week after reaffirmations of the EU Commission's stance on not amending or renegotiating a new deal. This is the first gain on a week on week basis for the first time in the last month. The unit even reached July high against the euro.

The European Central Bank (ECB) met on Thursday and high up on the agenda is the decision on whether or not to instil an easier monetary policy. The outcome of the meeting was unchanged interest rates by the ECB, however, the bank's President did hint to the bank exploring the routes of easing the monetary policy soon. Given this, we saw the euro, weaken broadly against its trading partners - even hitting a two-month low against the dollar.

Domestic Exchange rates

Currency	26 July	19 July	Change (%)	YTD (%)
US\$/BWP ↓ 	0.0939	0.0948	-0.95	0.75
ZAR/BWP ↑ 	1.322	1.315	0.53	-1.64
EUR/BWP ↓ 	0.0843	0.0842	0.12	3.44
GBP/BWP ↓ 	0.0756	0.0757	-0.13	3.00
JPY/BW ↓ 	10.21	10.2	0.10	-0.68
CNH/BWP ↓ 	0.6463	0.6518	-0.84	0.81

Source: Bank of Botswana

The local unit on the other hand, took its cue from the international happenings. The pula weakened against the dollar, the pound and the yuan, ranging from 0.13% and 0.95%, with the dollar gaining the most against the pula while the pound was on the other end.

3.0 Commodities...

Oil prices struggled to make it above the US\$64 mark in the week just ended, despite several attempts. There are numerous bullish elements that should have shifted the commodity, to more than its current levels. From US sanctions on Iran and Venezuela, which has more or less limited, if not restricted any oil exports from the nations - to the Organisation of Petroleum Exporting Countries, and other non-OPEC member states led by Russia extending its supply cut agreement to 2020. The cuts have, however, have supported the 17% ytd growth on prices. Lending support for the week to oil, was a decline in US crude inventories. As reported by the Energy Information Administration on Wednesday, US crude inventories declined by 11 million barrels in the previous week, as opposed to the 4 million barrels drop that was expected. This was as a result of temporary reasoning, i.e. Hurricane Barry - however, US crude inventories have in the last few weeks declined by 40 million barrels. Gains however, continue to be capped by the concerns of a slowing global economy, which would possibly reduce demand for the commodity. At the time of writing, oil was trading at US\$63.32 per barrel.

The precious metals were mixed for the week. Gold was the only one the metals to lose some ground, closing the week 0.45% lower than the previous. This was mainly attributed to US data being published on Thursday that showed that jobless claims were at a three-month low in the previous week which suggests an improved labour market. Also playing the support role was the increase in orders for US capital goods in June.

Silver reached a 13 month high in the week of US\$16.60/oz. The metal registered a 0.35%

depreciation for the week, settling in at US\$16.42/oz. Platinum, was the biggest gainer of the precious metals, with a 2.12% jump forward from the prior week. The metal was trading at US\$866.68/oz at the time of writing.

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