



Weekly Financial Markets Highlights

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1.0 The Week in the Local Equities...

Liquidity in the week was led by Letshego, as investors offloaded 6.14mn shares, spread across three price drops in the stock's name. The microlender lost 10 thebe in the first bout of trades on Monday as 1.54mn shares traded. Then lost another 10 thebe on Wednesday as 600,000 shares traded, and finally, a small 1 thebe on Friday when the largest of the trades at 4mn shares crossed the domestic board of the exchange. This left the share price cumulatively 21 thebe weaker for the week at P1.09/share. The stock has extended its yearly losses by 16.2% and has crept ever so close to the top two losers for the year, with a year to date loss of -32.7%. The top two losers on the domestic board of the local exchange so far, are SeedCo International with -45.5% and Standard Chartered Bank Botswana with -56.1%. These three companies (including Letshego) are the only three on the domestic board to have posted double-digit losses as at publishing date.

In a welcome reprieve to the market, volumes on the bourse increased quite significantly, to 9.64mn shares trading, of which were value at P9.64mn, from the previous week's 924,000 shares valued at P1.87mn. As has become an effect to be expected when liquidity gets bumped up on the market, the bears came to play. The market registered three price movements, two losers and a single gainer. In the pool of losers, the first and most significant of them has already been mentioned as Letshego, and the second only dropping a thebe, was Primetime. Primetime's share price, just like the other property companies on the exchange (save for Letlole) is a victim of uncertainty as the various legislations surrounding the property industry take shape. The

stock retracted a small 0.3% in the week, closing at P2.95/share.

Gaining for the week, with demand still firmly on its side was FNBB, pocketing a thebe to close at P2.76/share. The bank has gained the title of the second best in growth for the year thus far, after publishing some exciting FY2018 financials earlier on in the year. The interim financial results are expected to be published on the 4th of September, but the last day to publish is the 27th September 2019, given that the 30th of September is a public holiday in Botswana. There is a possible conflict with September 4th, however, as the same morning scheduled for the results coincides with the patiently awaited Choppies Extraordinary General Meeting.

Market Summary – Week ending 23 August, 2019

No. of Shares Trading	9,638,208
Turnover (BWP)	9,638,208
Turnover (USD)*	1,549,637
No. of stocks trading#	16
No. of stocks advancing#	1
No. of stocks declining#	2
No. of stocks unchanged#	20

Source: Motswedi Securities, BSE *US\$/BWP = 0.0905
= Domestic Main Board

The domestic indices felt the pinch for the week, given the loss from the fourth largest stock by market capitalisation on the domestic board. The decline obliterated the recovery gains made in the prior week, as the Domestic Companies Index (DCI) together with the Domestic Companies Total returns Index (DCTRI), retreated 1.09%. The DCI, closed the week at 7,490.62 points, while the DCTRI ended

at 1,689.43 points. The Foreign Companies Index, has made no move in almost 5 months, with this week no different. The index closed at 1,564.55 points.

COUNTER	23 August (t)	16 August (t)	Change (%)	YTD (%)
FNBB ↑	276	275	+0.4	+12.7
LETSHEGO ↓	109	130	-16.2	-32.7
PRIMETIME ↓	295	296	-0.3	-3.3

Source: Motswedi Securities, BSE

BSE Indices – Week ending 23 August, 2019

DCI Close	7,490.62
Weekly Change (%)	-1.09
YTD Change (%)	-4.60
FCI Close	1,564.55
Weekly Change (%)	0.00
YTD Change (%)	-0.37
DCTRI Close	1,689.43
Weekly Change (%)	-1.09
YTD Change (%)	-1.35

Source: Motswedi Securities, BSE

2.0 Company News & Financial Results...

RDCP announced the finalization of the sale and development agreement for the acquisition of a hotel in Rosebank, Johannesburg on a turnkey basis with a well-known developer Intaprop. On or about 01 February 2021, the purchaser will be acquiring a fully operational 222-bed Hotel branded as Radisson RED on Oxford Road in the heart of Rosebank's CBD. The total cost of the land, development, inclusive of furniture, fittings and operating equipment, is expected to be approximately R405 million. The seller will be paid on transfer of the property which is anticipated to be after the opening

of the hotel (earliest 01 February 2021), with the purchaser's management having an oversight on the development process. The transaction is subject to regulatory approvals and acceptance of the final terms of the long-term bank financing in South Africa (52% of the transaction price) and the provision of the guarantee for the equity portion (48%). Over the projected first three years of operation of the hotel, the transaction is expected to increase earnings per share of RDC between 12% and 18% (excluding fair value adjustments of the hotel property), with the net profits attributable to the hotel expected to be between P12 million and P19 million per annum over the same period.

Barclays published a trading statement, notifying shareholders that the consolidated interim profits for their period ended 30 June 2019 will be 40-50%, of which is approximately P100 - P130mn, higher than those reported for the previous corresponding period ended 30 June 2018 which amounted to P260 million. This is one of the first positive trading statements coming from the exchange with respect to the upcoming reporting season, starting September. The bank's results are due to be released before the end of September 2019.

Letshego released an announcement in accordance to the Terms and Conditions with two of the company's Medium Term Note Programmes (specifically the ZAR 2,500,000,000.00 and BWP2,500,000,000 Medium Term Note Programme), advising noteholders that Moody's Investor Service (Moody's) has affirmed Letshego Ba3/ Not Prime issuer rating and assigned Ba2 Corporate Family Ratings (CFR).

FPC and its Board of Directors has published an offer to unitholders, given them the chance to

reinvest the cash dividend/distribution declared and to receive the distribution in respect of linked units for the period ending 30 June 2019 in new linked units instead of in cash. This offer is not renounceable. If the offer of the scrip distribution is not accepted, then a holder of linked units shall be deemed to have elected to receive the distribution in cash. The Board of FPC declared a distribution of 17.60 thebe (comprising a dividend of 0.16 thebe on each issued share and interest of 17.44 thebe on each issued debenture comprising a linked unit) per linked unit. A circular explaining the Scrip Distribution Option and the Form of Election will be sent to unitholders on or about the 9th September 2019.

SeedCo International Limited shareholders are advised that due to operational challenges related to payment of dividends below USD10, Seed Co International Limited hereby gives shareholders an option to receive their dividends through the C-TRADE platform. This is applicable to only Zimbabwe domiciled shareholders of seed co international limited.


Letlole withdrew three cautionary statements this week. The first pertaining to the acquisition of an industrial property situated on Lot 22033 in Gaborone West Industrial – of which has since been successfully completed. The second cautionary was for the acquisition of a material shareholding in a company which carries on the business of property investment – the negotiations pertaining to this have been terminated. The third cautionary was for a transaction regarding potential changes in LLR's shareholding - the parties involved advised that there were no immediate changes in the foreseeable future.

3.0 Foreign Currency...

The pound made a slight recovery in the week, even reaching 3-week highs against various other currencies, including the dollar and the euro, following Britain's Prime Minister's trip to Germany and France. Takeaways from these meetings was that there is a chance, however small it may be, that Britain's Withdrawal Agreement can be amended, and thus a hard Brexit could still be avoided before the October 31st deadline. However, after three years of negotiations, the back and forth between the EU and Britain has not yielded a promising solution to the Irish backstop clause. Given this, it will be interesting to see who will concede between the two, or if the hard Brexit is the way.

The South African rand has been feeling insurmountable pressure in the last few weeks, having lost almost 7% against the US dollar since August began. This was due to both local and global influences. On the global front is the ongoing trade war between the US and China, which has reduced the appetite for emerging markets currencies in light of the signs of a slowing economy, coupled with Brexit concerns. The local influences include the possibility of a credit ratings downgrade by Moody's, as the national power utility continues to require financial aid from its government, thus increasing the fiscal risk of the unit.

Domestic Exchange rates

Currency	23 August	16 August	Change (%)	YTD (%)
US\$/BWP ↓ 	0.0905	0.0906	-0.11	-2.90
ZAR/BWP ↓ 	1.3754	1.3768	-0.10	2.33
EUR/BWP ↑ 	0.0818	0.0816	0.25	0.37
GBP/BWP ↓ 	0.0741	0.0748	-0.94	0.95
JPY/BW ↑ 	9.65	9.61	0.42	-6.13
CNH/BWP ↑ 	0.6422	0.6384	0.60	0.17

Source: Bank of Botswana

4.0 Commodities...

Oil was slightly declining by the week's end, but is however set to close the week with some positive gains. A fall, by more than expected, in US crude inventories supported the price of oil briefly on Thursday, with the report as was prepared by the Energy Information Administration showed a decline in inventories of 2.7mn barrels, of which was the first decline in three weeks. On the other hand, still supporting the movement of oil prices, are the voluntary and involuntary supply cuts - with voluntary cuts being the OPEC led production cuts and the involuntary being the US sanctions placed on Iran and Venezuela stifling their export levels. Oil prices have a positive year to date of 10% so far and was trading at around US\$59.18 per barrel at the time of writing.

Gold was on track to register a weekly loss of 0.53%, having made a recovery attempt Friday afternoon – sadly not enough to erase the weekly losses. The metal was trading at US\$1,509.11/oz at the time of writing.

Silver and platinum, on the other hand showed weekly gains of 0.2% and 1.49%, respectively. The metals closed the week with silver at US\$17.15/oz and platinum at US\$861.82/oz.

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