



Weekly Financial Markets Highlights

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1.0 Letshego's posts largest w/w losses for the year...

In the last few months, Letshego has been feeling some significant selling pressure from the market following a series of top management changes. All beginning with the departure of the Group's long term CEO in the second half of 2018, the resignation of the Group CFO (at the beginning of the year), and then the abrupt resignation of the replacement Group CEO after only six months in the role in March 2019. Despite the reassurances the Group has provided many times over, the sentiment for its stock has not changed. Investors at large, continue to divest from the microlender, putting pressure on the price, unfortunately, giving the market over to the buyers. The trading statement published by the company at the end of July provided some insight, into the financial performance of the Group for the first 6 months of the year, i.e. more or less in line with the prior comparative period, of which were a PBT of ~P590,000 and a PAT of ~P370,000. This, however, did not do much to change sentiment.

Admittedly, Letshego's liquidity in the market has picked up in the last month, with 7.16mn shares trading in August alone, compared to the first seven months of the year (Jan – Jul) where only 6.52mn shares traded. Regrettably, this increase in liquidity came at the demise of the company's share price. As at the end of July, Letshego had a year to date of -19.8% whereas, the ending of August has the year to date at -47.5%. This puts the stock now as the second largest loser in the domestic market (with StanChart being first with a yearly loss of -56.1%). In this last week of August alone, Letshego was the most liquid stock, crossing well over half of the week's traded shares, at 1.28mn valued at P1.03mn.

The share price lost 24 thebe, from Monday's opening price of P1.09/share to its Friday closing price of P0.85/share. This is more than a 14 year low for the stock's price, which now sits as the 7th largest entity by market capitalization, vis-à-vis, the 4th largest at the start of the month.



Source: Motswedi Securities, BSE

The market did see a number of stocks try to offset the loss in Letshego, with Minergy, pocketing 5 thebe to close the week at a historical high of P1.10/share. This adds the mining company to the handful of stocks that have positive gains on a year to date basis - with a year to date growth of 3.8%. This follows an operational update from the company advising of the good progress that the company is making with the company already moving its product to South Africa and Namibia - with Botswana also being a target market and at a competitive pricing.

Letlole La Rona, gained as well in the week, closing 2 thebe higher, at P2.12/share. This further extended the stocks lead on the domestic board as the leader of the gainers, with a positive year to date of 20.5%. Also gaining was Barclays, managing to

hold on to the 1 thebe the stock gained during the week. The bank's share price closed the week at P5.23/share.

The gainers in the week, more specifically the gains in Barclays and Minergy, have increased the number of gainers on the year to date screen to 9 from 7 in the prior week. The losers have gone down to 12 from 13, while the non-movers also went down to 3 from 4 in the week before.

Following the overwhelming decline in Letshego, the DCI, together with the DCTRI, declined 1.24% for the week. The DCI closed the week at 7,397.77 points and a yearly loss of -5.78%, while the DCTRI closed the week at 1,668.49 points with a year to date loss of -2.57%. Hopefully, with the beginning of the reporting season, the total returns index will find some reprieve from the gains garnered from the dividends. Remaining unchanged, was the FCI, with 1,564.55 points.

BSE Indices – Week ending 30 August, 2019

DCI Close	7,397.77
Weekly Change (%)	-1.24
YTD Change (%)	-5.78
FCI Close	1,564.55
Weekly Change (%)	0.00
YTD Change (%)	-0.37
DCTRI Close	1,668.49
Weekly Change (%)	-1.24
YTD Change (%)	-2.57

Source: Motswedi Securities, BSE

Market Summary – Week ending 30 August, 2019

No. of Shares Trading	2,015,348
Turnover (BWP)	3,589,177
Turnover (USD)*	323,385
No. of stocks trading#	15
No. of stocks advancing#	3
No. of stocks declining#	1
No. of stocks unchanged#	19

Source: Motswedi Securities, BSE *US\$/BWP = 0.0901
= Domestic Main Board

COUNTER	30 August (t)	23 August (t)	Change (%)	YTD (%)
MINERGY ↑	110	105	+4.8	+3.8
LETLOLE ↑	112	110	+1.0	+20.5
BARCLAYS ↑	523	522	+0.2	+0.2
LETSHEGO ↓	85	109	-22.0	-47.5

Source: Motswedi Securities, BSE

2.0 Company News & Financial Results...

FNBB published a trading statement informing shareholders that the company's overall profit before tax for the period ended 30 June 2019 will be higher than that reported in the previous corresponding period by between 10% and 15%, which in number terms is an increase of between P84 million and P126 million. The profit before tax for the period ended 30 June 2018 was P838 million. The financial results will be published on the 4th of September 2019.

Sechaba released an announcement that they are on closed period whilst they are preparing their interim results for the six months period for 2019. The closed period is expected to continue until 30 September until such a time that the company publishes their interim financial results (with a deadline of 30 September).

BTCL published an AGM notice that the 2019 Annual General Meeting will be held at Boipuso Hall, Fairgrounds Holdings Gaborone, Botswana on Monday, 23rd September 2019 at 09:00hrs.

3.0 Bank of Botswana Cuts Bank Rate...

The Bank of Botswana has cut its bank rate by 25 basis points, from 5% to 4.75%. This can be regarded as long overdue, considering that the local economy has been struggling slightly. This was also expected, given the tone from the last meeting in June. The country's headline inflation is currently below the year-on-year 3 – 6% objective range with July being at 2.9% after touching a historic low of 2.5% in April.

The press release as published by the Central Bank, surmises that with *“inflation low and stable and inflation expectations well anchored, improving total factor productivity remains key in promoting sustainable and inclusive economic growth”*. The country's real GDP is expected to fall a few points, given the projection of 4.2% for 2019 vis-à-vis 2018's real GDP growth of 4.5%. The rate cut is expected to be effected as at publication date of the press release (i.e. August 29th) by all commercial banks.

Domestic Exchange rates

Currency	30 August	23 August	Change (%)	YTD (%)
US\$/BWP ↓ 	0.0901	0.0905	-0.44	-3.33
ZAR/BWP ↓ 	1.381	1.3754	0.41	2.75
EUR/BWP ↑ 	0.0816	0.0818	-0.24	0.12
GBP/BWP ↓ 	0.074	0.0741	-0.13	0.82
JPY/BW ↑ 	9.58	9.65	-0.73	-6.81
CNH/BWP ↑ 	0.6448	0.6422	0.40	0.58

Source: Bank of Botswana

The pula in the week, traded mixed against its major trading partners. The unit gained the most ground against the South African rand at 0.41%, while losing the most against the safe haven Japanese yen with 0.73%.

4.0 Commodities...

Oil was supported by the week by easing trade tensions between the US and China. Comments by the Chinese Vice Premier expressed the willingness of the nation to resolve the dispute calmly. Also supporting oil for the week, is the concern of possible production disruption in the US as a hurricane moves closer to the shore in Florida and which is expected to gain momentum while moving to the Eastern Gulf of Mexico in the coming week. This is a welcome reprieve from the battering the commodity in the prior week following the escalation of the US-Sino trade conflict. Oil was trading with a year to date of 13% and a price of US\$60.72/bbl. at the time of writing.

Gold, showed a slight increase for the week, with the metal still trading around its 6 year highs. The metal of late, together with the other precious metals have been supported of late, by the various ongoings of the US/China trade war, which has seen investor sentiment looking towards the safe haven assets to preserve their capital. Gold was trading at US\$1,528.82 with a growth so far for the year of 19%.

Silver also hurtled passed its 2 year high in the week, with expectations of climbing further. The metal currently has a year to date growth of 19% and was trading at US\$18.39/oz at the time of writing.

Platinum, was also on the rise, with a weekly percentage growth of 9.34%, to trade around its 15 month high, at US\$937.95/oz (at the time of writing).

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