



Weekly Financial Markets Highlights

Research
Garry Juma
Salome Makgatlhe

Sales
Tshenolo Motlhagodi
Moemedi Mosele
Refilwe Lesolle

motswedisecurities



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Plot 113, Unit 30,
Kgale Mews,
Gaborone

P/Bag 00223,
Gaborone
Botswana.

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

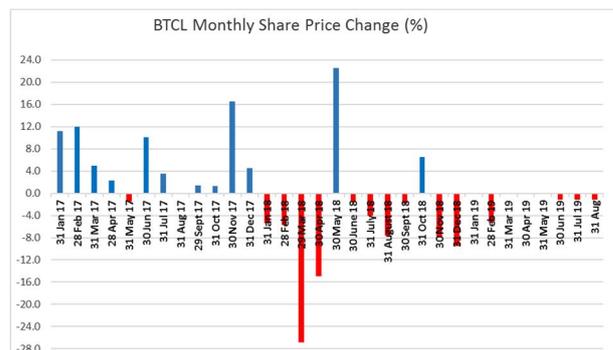
Email: motswedi@motswedi.co.bw
Website: www.motswedi.co.bw

1.0 Demand for BTCL increases...

It is encouraging to note that demand for BTCL shares is slowly picking up especially in the last few weeks. We are yet to see if the current demand will be sustained, but we note that the demand is mostly coming from the institutional investors. Our biggest concern is the behavior of retail investors especially as we head towards the last quarter of the year and more especially, towards the festive season. Shareholders in the name tend to offload shares in order to raise cash to fund their obligations. Given the uniqueness of BTCL, in that it is largely a retail stock – with an approximate 35% of the total shareholding in the hands of individual investors, more so that it is only available to the citizens of Botswana – volatility is somewhat expected.

In August, the number of shares traded in BTCL shrunk slightly to 1.33mn shares from 1.66mn seen in the prior month. The share price also experienced a decline of 1.1% in the month – for the third consecutive month – to P0.87/share. As a consequence of both the reduction in the traded volumes and the share price value loss, turnover also took a step back to P1.16mn from P1.47mn in July 2019. Between January 2019 and 30 August 2019 BTCL has traded P10.78mn worth of shares. This compares to P24.6mn shares which traded during the same period in 2018. Of worthy to note, BTCL has been trading in almost every trading session in the month of August, with daily trading parcels averaging 60,861 shares.

On the other hand, in September, liquidity in the name has definitely picked up with over 1.32 mn shares trading so far, vis-à-vis the 800,000 traded in the same period last month. This is also, generally close to the total volume traded in the whole month of August – of which was 1.33mn shares.



Source: Motswedi Securities, BSE

For now, investors' eyes are now on the half year financial results due sometime before the year ends. There is some degree of expectations that the numbers published for the half year period will be improved, given the ongoing implementation of the company's strategy.

Nonetheless, in the week just ended, BTCL gained 3 thebe to P0.91/share – testament to the increased demand – and was the most traded stock, moving 495,000 shares. The stock closed the week with bids still at P0.91/share. The “best price” as presented by the local stock exchange was 9 thebe above market at P1.00/share. With these gains, BTCL continued to shrink its losses for the year, with the year to date now at -4.2% - with the share price a number of steps shy of reaching its year opening price.

COUNTER	20 Sept (t)	13 Sept (t)	Change (%)	YTD (%)
BTCL ↑	91	88	+3.4	-4.2
CRESTA ↑	130	129	+0.8	+8.3

Source: Motswedi Securities, BSE

Also in the pool of gainers was Cresta, adding 4 thebe to its previous closing price to P1.30/share. This makes it the second consecutive week of gains for Cresta, following the prior week's 6 thebe gain. Also in the prior week, Cresta published their half

year financial results, posting a much better performance for the 6 month period as compared to the previous comparative period. Revenue increased by 12.5% to P187.6mn, while keeping costs contained with a marginal increase of 0.3%. This, resulted in both the GP margin and NP margin rose as well – to 35% and 5% respectively. The hotelier, unfortunately did not declare any dividends to its shareholder, citing ongoing refurbishments of their hotels and new projects in the pipeline. Sadly, one of the hotels, recently experienced a mishap – i.e. a partial collapsing of the hotel roof in Cresta Mahalapye. The company has, however, that precautions were taken in anticipation of the collapse, following a report of a major crack in the structure. The incident had no casualties and the company has assured shareholders of the effort being put in place to restore the business to full normality.

Market Summary – Week ending 20 September, 2019

No. of Shares Trading	1,109,404
Turnover (BWP)	2,460,621
Turnover (USD)*	225,885
No. of stocks trading#	16
No. of stocks advancing#	2
No. of stocks declining#	0
No. of stocks unchanged#	21

Source: Motswedi Securities, BSE *US\$/BWP = 0.0918
 # = Domestic Main Board

As already mentioned, the most traded stock for the week was BTCL, crossing about 495,000 shares – in line with the stock’s prior week’s volumes which were around 499,000 shares. Following not too far behind was Letshego, with 486,000 shares moving across the board. The weekly turnover, has accordingly, contracted as well from the prior week’s P23.4mn to P2.46mn. Liquidity, for the most part on

the BSE, has been constant for 2019, with the first 8 months of the year trading volumes worth about P1.16bn as compared to the comparative period in 2018, to about P1.06bn. Activity in 2019 was been boosted by a number of corporate actions such as the delisting of Furnmart and Wilderness, without which, turnover for the year (thus far) would be lagging behind quite significantly.

BSE Indices – Week ending 20 September, 2019

DCI Close	7,439.46
Weekly Change (%)	+0.09
YTD Change (%)	-5.25
FCI Close	1,564.55
Weekly Change (%)	0.00
YTD Change (%)	-0.37
DCTRI Close	1,685.06
Weekly Change (%)	+0.33
YTD Change (%)	-1.61

Source: Motswedi Securities, BSE

The domestic indices all covered some lost ground in the week, with the DCI up 0.09% and the DCTRI up 0.33%. The total returns index was boosted further (outside of the market gains) by Letshego going ex-dividend on Monday.

2.0 Company Announcements...

Stanchart published a generally exciting trading statement on Thursday. The bank is expecting their half year interim financial results to be between 15% and 20% higher as compared to the prior comparative period. Stanchart is bouncing back in terms of performance, and we are hopeful that with the publication of these results, some demand will rile back up for the stock. The stock is currently trading at P1.67/share. We are also expecting the

bank to publish their financials before midweek next week.

Cresta published an operating statement with respect to the partial roof collapsing of their hotel in Cresta occurring last week Friday. The company has, however, that precautions were taken in anticipation of the collapse, following a report of a major crack in the structure. The incident had no casualties and the company has assured shareholders of the effort being put in place to restore the business to full normality.

Choppies published a renewal cautionary announcement informing stakeholders that the execution of the divestiture transaction process is ongoing and that the Board will continue to update the shareholders on the process which may result in the divestment of Choppies Supermarkets SA (Pty) Ltd.

Lucara posted a press release announcing the recovery of a 123 carat gem quality top white Type II diamond from its 100% owned Karowe Diamond Mine located in Botswana. The 123 carat diamond was recovered from direct milling ore sourced from the EM/PK(S) unit of the South Lobe. The same unit where the 1,109 carat Lesedi La Rona, the 813 carat Constellation and the recently recovered 1,758 carat Sewelô was found.

3.0 Foreign Currencies...

The dollar was on the back end for the week as a number of Central Banks across the globe, including Japan, Switzerland and the UK, held back from cutting their interest rates while the Federal Reserve cut their interest rates by 25 basis points during the week. The unit was however, on track for recovery as concerns for a slowing global economy increased, partnered with raised geopolitical

tensions, from the US and China, to Saudi Arabia and Iran, gave rise to some safe haven demand of the dollar.

Domestic Exchange rates

Currency	20 Sept	13 Sept	Change (%)	YTD (%)
US\$/BWP ↑ 	0.0918	0.0923	-0.54	-1.50
ZAR/BWP ↓ 	1.3545	1.3459	0.64	0.77
EUR/BWP ↑ 	0.083	0.0832	-0.24	1.84
GBP/BWP ↑ 	0.073	0.0746	-2.14	-0.54
JPY/BW ↑ 	9.9	9.97	-0.70	-3.70
CNH/BWP ↑ 	0.6499	0.6496	0.05	1.37

Source: Bank of Botswana

The pula traded mixed in the week, gaining against the rand and the yuan, losing against the other major trading currencies.

4.0 Commodities...

Brent Oil was headed towards a close of US\$65 per barrel during Friday mid-afternoon trading, with the rise emanating from concerns of a supply shortage following attacks on an oil processing facility in Saudi Arabia. The attacks have reportedly destroyed almost half of the crude production from Saudi Arabia, which inadvertently severely cuts down on the nation's oil reserves. Saudi Arabia had a daily production of 9.6mn barrels and the attack effectively removed 5.7mn barrels per day which is about 6% of the world's daily supply of oil out of 10%. The attack itself has also escalated the tensions in the Middle East, given that both the US and Saudi Arabia are blaming the attack on Iran. Calming the concerns, however, were reported comments by the Saudi Prince, that oil production will be restored before September ends, which is in a week. Nonetheless, for the week, Brent crude oil prices climbed around 7.64% to US\$64.88/bbl after closing the prior week at US\$60.22/bbl.

Gold were set to post weekly gains for the first time in September with a climb of about 1% - primarily on the raised Middle East tensions and slightly weaker US dollar. For the year so far, the price of gold bullion has risen about 17% this year mainly on U.S.-China trade tensions, concerns about the growth of the global economy and responsiveness by various central banks considering monetary easing. Gold was trading at US\$1,503.44 per troy ounce at the time of writing.

Silver and Platinum were at US\$17.82 and US\$944.68 respectively. With the former gaining 2.15% for the week and the latter losing 0.41%.

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