



Weekly Financial Markets Highlights

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1.0 Letshego most liquid for the week...

In the short week just ended, the local equity market traded 5.02mn shares worth around P4.85mn, which is a significant increase from the prior week's 586,000 shares traded worth P1.58mn. The most actively traded stock was Letshego, trading the bulk of the weekly volume moved, with 4.5mn of shares in the name trading at 85 thebe each. Since the share price dropped to 85 thebe (which marks a time horizon of roughly 5 weeks), the stock's liquidity has improved slightly – with volumes up to around 8.4mn shares vis-à-vis the total market volume for the same period of around 14mn shares. Shareholders in the microlender, recently got paid an interim gross dividend of 4.30 thebe on the 27 September 2019 - the dividend is however, paid net of tax, which approximate the per share dividend pay-out to be around 3.98 thebe. Those investors with the mentality to divesting after receiving payment were leading the activity, despite the shareholders having already qualified for the dividends 2 weeks prior.

The second most traded stock, was BTCL, trailing significantly behind Letshego, with ~448,000 shares crossing through the exchange. Coming off of being the most traded in the prior week, following ramped up demand in September which saw the stock gain 14 thebe, the stock has seemingly paused at its year high of P1.01/share. The stock managed to completely turnaround its losses last week and now stands firmly with the gainers with a year to date of 6.3%. Sustainability at these levels is still to be tested, however, given that the stock continues to have a healthy supply despite the regular take up by willing investors.

Also trading was Engen, where 50,000 shares in the name went through the market. This trade looked a lot like book balancing by investors, given that there

was a single trade, and a very rounded block, in the stock. The price was unchanged at P10.38/share. At the end of September, the petroleum company declared a gross dividend of 15 thebe per share, when it published its interim financial results on the 27th of September. The dividend will be payable to those shareholders registered in the company's registry by the 15th of October, on or around the 29 October.

| COUNTER | 04 Oct (t) | 27 Sept (t) | Change (%) | YTD (%) |
|-------------|------------|-------------|------------|---------|
| PRIMETIME ↓ | 293 | 294 | -0.3 | -3.6 |

Source: Motswedi Securities, BSE

The market noted a single loser in the week. Primetime's closing price, took a 1 thebe step down in the session, to P2.93/share from P2.94/share in the prior session, courtesy of 5,517 shares moving across the board. This is the 12th thebe that the company has lost in the year, which makes the stock's year to date value loss -3.9%.

Market Summary – Week ending 04 October, 2019

| | |
|--------------------------|------------------|
| No. of Shares Trading | 5,021,822 |
| Turnover (BWP) | 4,854,934 |
| Turnover (USD)* | 439,372 |
| No. of stocks trading# | 12 |
| No. of stocks advancing# | 0 |
| No. of stocks declining# | 1 |
| No. of stocks unchanged# | 22 |

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

The DCI noted a small drop in value for the week, following the 1 thebe decline in Primetime. The index closed the week at 7,460.48pts. The DCTRI, with some support from FNBB tuning ex-dividend on Wednesday, climbed 0.65% in the week, to close at

1,706.49 pts. If the trend, where majority of the market is either gaining, not moving, and keeping the losses at a minimum, we may see the total returns index close off the year on a positive note. There are a number of stocks going ex-dividend in October, as such we may see the overhaul occur sooner than expected. The FCI remained unchanged at 1,564.54pts, following the prior week's 0.01 point loss.

BSE Indices – Week ending 04 October, 2019

| | |
|--------------------|-----------------|
| DCI Close | 7,460.48 |
| Weekly Change (%) | -0.01 |
| YTD Change (%) | -4.98 |
| FCI Close | 1,564.54 |
| Weekly Change (%) | 0.00 |
| YTD Change (%) | -0.37 |
| DCTRI Close | 1,706.49 |
| Weekly Change (%) | +0.65 |
| YTD Change (%) | -0.36 |

Source: Motswedi Securities, BSE

2.0 Company Announcements...

Choppies released an update, notifying shareholders of the resignation of the Group's auditors, Pricewaterhouse Coopers (PwC) as well as a general business update. PwC has stated their resignation for the financial year that commenced on 1 July 2018 and ended on 30 June 2019 relates to their annual risk assessment associated with their continuing client engagements conducted after the Group's EGM on the 4th September 2019. In relation to the general business update, the Group through its Board of Directors will continue to engage, with the lenders, in order to meet their demands and to bring stability to the business; expedite the completion of the audit of the outstanding 2018

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financial statements; attempt to rectify corporate governance deficiencies by overhauling the Company's corporate governance structures. The Board will also appoint an independent Senior Counsel to undertake a holistic review of the Reports, the current facts and available evidence, and then advice without fear or favour, objectively and impartially on the charges against Mr Ottapathu, or any action against the former directors.

3.0 Foreign Currencies...

As October begins, the countdown to Brexit closes in. The UK Prime Minister, Boris Johnson, made one final attempt to pitch a withdrawal deal with the European Union. The key point of failure in the last Brexit agreement as was drawn up by the former Prime Minister of the UK, was with respect to the border separating Northern Ireland and the Republic of Ireland. Brexit would then mean that the UK, of which includes Northern Ireland, but excludes the Republic of Ireland, would be independent of the EU customs union and may have its own regulatory regimes, and with no, physical border between the two Irelands, is seems a very sensitive matter. As such, the backstop will be needed to keep the border between the two countries as open as it currently is under the EU customs union. The new proposal by the UK, states that the backstop will remain but for a limited time. The UK have also noted that, this was the final attempt at an agreement following which, Britain is expected to walk out of the customs union on the 31st of October whether or not the deal has been accepted by the European Union.

The EU, did not dismiss the proposal as laid forward by the UK's PM, but a number of officials from the bloc have noted that the proposal will likely not be accepted. Speculators have it pinned down that the European Union will likely turn down the proposed

withdrawal agreement, particularly because the amendments made to the deal, with respect to the Irish backstop, will be time limited. The proposal will be decided upon during the EU's summit starting October 17th – just two weeks before the Brexit deadline of October 31.

Domestic Exchange rates

| Currency | 04 Oct | 27 Sept | Change (%) | YTD (%) |
|--|--------|---------|------------|---------|
| US\$/BWP ↓  | 0.0905 | 0.0906 | -0.11 | -2.90 |
| ZAR/BWP ↑  | 1.372 | 1.366 | 0.44 | 2.08 |
| EUR/BWP  | 0.0825 | 0.083 | -0.60 | 1.23 |
| GBP/BWP ↑  | 0.0733 | 0.0735 | -0.27 | -0.14 |
| JPY/BWP ↓  | 9.67 | 9.76 | -0.92 | -5.93 |
| CNH/BWP ↓  | 0.6451 | 0.6462 | -0.17 | 0.62 |

Source: Bank of Botswana

4.0 Commodities...

Brent Oil prices continued their downward trajectory, following the surge in mid-September as a result of the attack on Saudi Arabia's main oil facility. OPEC's de-facto leader has restored its production level to similar, if not the same, as before the attack. Also adding on to the demise in the oil prices are the concerns of a global economic slowdown, which is expected to dampen the demand for the commodity. Oil is well on track to erasing its yearly gains, which were standing at around 6% at the time of writing.

The concerns of a slowing global economy, have increased appetite for gold. This follows the publication of weaker than anticipated US manufacturing data, in which September reported a more than 10 year low in activity. Also playing a role in the gold climb was weaker than anticipated manufacturing data in the Eurozone. This was the weakest sector for the bloc, of which noted a seven

year low for the month of September. This of course fuelled the cause of the slowing global economy, which in turn boosted safe haven buying for gold. With US Jobs data released, on Friday, we have seen

Gold, was set for a weekly gain of 0.56% at the time of writing, at US\$1,505.41/oz. Silver and platinum on the other hand, were nursing losses for the week, with silver down -0.29% to US\$17.49/oz and platinum with a -5.56% decline to US\$879.25/oz.

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