



Weekly Financial Markets Highlights

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November 29, 2019

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The Most Liquid Stock Goes to Letshego...

As has become a norm in the local equity space of the exchange, suppressed sentiment is seeing a lot of the listed stocks lose some ground. The most liquid stock in the week has officially become the biggest loser thus far on the market. Out of the total 11.29mn shares that traded in the week, Letshego traded well over two-thirds of the mentioned volume, with the stock crossing 8.22mn shares. Being the most traded stock, however, came at a consequence for the stock, shrinking by 6 thebe in the week, to reach its lowest ever valuation in its history of being listed to P0.70/share. These moves bumped the stock up from being the second largest loss in the exchange to the first – nudging StanChart's -56.1% year to date loss out of the way; the stock stands as at Friday afternoon at -56.8%. Holistically, the market is still reeling from the micro-lender's upper management movements that happened earlier on in the year, which left sentiment for the stock on the low side. Unfortunately, for the share price, this increased selling pressure on the stock and has left investors seemingly willing to sell the stock at any price they can get.

Market Summary – Week ending 29 November, 2019

No. of Shares Trading	11,291,410
Turnover (BWP)	15,815,193
Turnover (USD)*	1,453,416
No. of stocks trading#	12
No. of stocks advancing#	1
No. of stocks declining#	2
No. of stocks unchanged#	20

Source: Motswedi Securities, BSE *US\$/BWP = 0.0919
= Domestic Main Board

Also on the losing front was Engen, dropping its third thebe in the year to close off the week trading at

P10.37/share. This extended its year to date loss to -0.3% -- which happens to be the smallest yearly loss thus far.

COUNTER	29 Nov (t)	22 Nov (t)	Change (%)	YTD (%)
CHOBE ↑	1073	1072	+0.1	+2.2
LETSHEGO	70	76	-7.9	-56.8
ENGEN	1037	1038	-0.1	-0.3
BOD ↓	12	15	-20.0	-20.0

Source: Motswedi Securities, BSE

There was a single gainer in the market, in the name of Chobe, which climbed a thebe to close the day trading at P10.73/share. Demand for this defensive stock is still very strong, given the continued steady climb in the company's share price -- being the second thebe in just as many weeks.

BOD registered its first week on week loss for the year, closing the week 3 thebe lighter at P0.12/share, therefore establishing a year to date loss of -20%. This drop in BOD caused the Foreign Companies Index (the FCI) to drop for the first time this quarter. The index closed 0.13% lower at 1,562.46 points.

This week was clearly for the losers, as can be seen with all the indexes tracked posting losses. The DCI dropped 0.32% in response to the losers outweighing the gainers, to extend its year to date loss to -4.44%. The DCI, closed off the week at 7,502.95 points. The DCTRI, lost a smidge less than the DCI, retreating 0.19% in the week to close with a yearly growth of 0.99%. The cushioning effect of dividends capped the losses for the index as it closed the week at 1,729.53 points.

BSE Indices – Week ending 29 November, 2019

DCI Close	7,502.95
Weekly Change (%)	-0.32
YTD Change (%)	-4.44
FCI Close	1,562.40
Weekly Change (%)	-0.14
YTD Change (%)	-0.50
DCTRI Close	1,729.53
Weekly Change (%)	-0.19
YTD Change (%)	+0.99

Source: Motswedi Securities, BSE

Company Announcements

Choppies published an announcement, noting to shareholders that the Group has signed an agreement with a company they have identified as "Kind Investments Proprietary" that is expected to purchase the Choppies South African Operations. The transaction between the two parties is still subject to regulatory approval - this is to say, the South African Competition Authority is still to weigh in. A more detailed announcement is expected on the matter at a later date.

Primetime published their full year in the week, with numbers that confirmed the trading statement they published earlier Friday. The group reported a 16% increase in contractual lease revenue, to P144.99mn, coming about as a ___ of property additions to the Group's portfolio. Vacancy levels that are reported to have been very low, also supported the topline. In an effort to maintain these vacancy levels, the company had to concede some wiggle room in their negotiations with various tenants, by reducing some rental prices in a number of their properties, while in turn, getting back longer leases.

Operating profit was down 39% year on year, given the negative fair value adjustment on a number of investment properties held by the Group. The Board have noted that this decline is due to a drop in their fair value adjustments of which were lower in this period and are anon-distributable line item. EBIT margins, excluding fair value, were relatively unchanged with an upside of 3.5%, to 83.5% in the year. With the inclusion of the fair value adjustment the EBIT margin was 70%. The exclusion of the fair value adjustment is purely based on the fact that this adjustment has no cash movement. EPS was down to 18.65 thebe from 51.01 thebe in the prior year. The debt coverage ratio for the Group was relatively strong at 2.61x as at the Group's year end, reflecting a string base that indicates the Group's ability to service its debt.

The Group's investment property valuation increased marginally year on year, to P1.39bn. This is as a result of the additions of some freehold property in Ghanzi, together with a ground lease extension of 25 years in Serowe. Also chipping in to the small increase, was the extension of Pilane Crossing, the completion of the Design Quarter in Setlhoa Park, and Chirundi and Munali malls in Zambia.

Considering the challenging environment, the Group operates in, more especially in Botswana where the regulatory environment continues to be tightened, these financial results are stable. A number of issues have risen in this past year and were disclosed in the financial results. The first was the misstatement of the fair value adjustment on the property and foreign exchange gains and losses. The second issue noted was that three of the Group's Zambian properties whose reporting currency is the US dollar, were incorrectly translating transactions completed in the

Zambian Kwacha at the year end rate, as opposed to the closing exchange rate that was applicable at the time the transaction was completed. This resulted in the Group having to restate a number of their line items, including retained earnings, foreign currency translation reserve and fair value gains, either being overstated and understated by various amounts.

An addition to the Groups portfolio was the acquisition of Riverside Junction in Sandton, Johannesburg – of which was purchased R85mn (approximately P60.8mn) cash. Although this exposes the Group to some rand volatility, this addition works to diversify the groups portfolio. This acquisition happened after the year end and we are likely to see its contribution in the next financial statements report. In the pipeline for the Group in the upcoming year are the beginning of construction at Pinnacle Park in Setlhoa and development of the second plot in CBD, opposite Prime Plaza (a property owned by Time Projects).

G4S withdrew their longstanding cautionary in the week. The company's Board noted that the discussions to the proposed transaction that was being considered, have been terminated. No further information was provided on that front.

Dollar is gaining its strength again...

With the market sentiment much improved, following the optimism around the possible signing of Phase 1 of the trade agreement between the US and China, investors are keen to get into riskier assets, that will offer them a higher yield. This initial push at the start of the week, together with reduced bets of another rate cut by the US Federal Reserve, following the

publication of economic data showing improved numbers.

Any guidance towards what would be next in terms of the trade war would be the 15th December, being the date that the US have threatened to slap China with 15% more tariffs on goods worth \$160bn from the nation.

Also closing on a relatively strong foothold, was the pound, supported by opinion polls that are suggested the UK, current Prime Minister, Boris Johnson's political party are likely to win. Their manifesto continue to pledge no more extensions to Brexit and more government spending among others.

Domestic Exchange rates

Currency	29 Nov	22 Nov	Change (%)	YTD (%)
US\$/BWP ↓ 	0.0919	0.0921	-0.22	-1.39
ZAR/BWP 	1.3545	1.3545	0.00	0.77
EUR/BWP ↑ 	0.0835	0.0832	0.36	2.45
GBP/BWP ↓ 	0.0712	0.0713	-0.14	-3.00
JPY/BW ↑ 	10.07	10.01	0.60	-2.04
CNH/BWP ↓ 	0.6467	0.6485	-0.28	0.87

Source: Bank of Botswana

The pula for the week traded mixed against its trading partners, taking a hit against the yuan and dollar for the most part, while gaining some ground on the yen and the rand.

Trade tensions reignited...

Trade tensions heightened in the week, following news that the US signed legislation that supported anti-government protestors in China. These protestors have been on the streets of the capital for almost 6 months and among their demands, includes democratic elections. This move, did not sit

well with the Chinese and they have threatened to retaliate, of which ignited fears that the trade agreement between the nations may not come to be. This put some pressure on the price for oil, as demand for the commodity was put into question.

However, holistically, for the week, this increased concern was not enough to wipe out gains made in the earlier part of the week when both the US and China noted that they would be signing an agreement on phase one of their trade agreement soon. The commodity closed the week at closed off the week 0.05% higher at around US\$63.42/bbl.

In a side note, thinking of the volatility of oil prices in the last months, a report by Reuters that was published on Monday, has pinned the Saudi Aramco attack on Iran. The attack on Saudi Aramco disrupted production in the nation, taking out almost half of the output -- post attack, the company, was inhibited to producing an estimate of 5mn barrels per day, vis-a-vis the normal ~10mn barrels per day. Iran, of course, continues to deny its participation on the attack.

Gold and silver were headed for a weekly loss, with the former in the red for around -0.57%, while the latter was around -0.89%, from the prior weeks closing price. Gold was trading at around US\$1,453.54/oz in the midafternoon session, while silver was trading at around US\$16.87/oz. Platinum was on track for a week on week gain of 0.47%, set to close trading at around US\$895.81/oz.

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