



# Weekly Financial Markets Highlights

**Research**  
Garry Juma  
Salome Makgatlhe

**Sales**  
Tshenolo Motlhagodi  
Moemedi Mosele  
Refilwe Lesolle

**motswedi**securities



January 31, 2020

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](mailto:motswedi@motswedi.co.bw)  
Website: [www.motswedi.co.bw](http://www.motswedi.co.bw)

## 1.0 The Week in Local Equities...

Liquidity picked up as the week came to an end, with volumes climbing up to 5.55mn shares trading valued at P5.09mn – a relatively flat performance for the week when compared to the prior week’s 1.5mn shares trading with a market value of P5.24mn. Finding its feet this week was Letshego, leading the market with liquidity, crossing over 90% of the statistics noted, while also gaining points in its value basket. Letshego, was most definitely the headline stock for the week, gaining for the third consecutive week. The stock closed 6 thebe higher at P0.86/share. The value increase extends the stocks growth to 21.1% -- further growing Letshego's lead of the gainers.

Making an appearance as well was Lucara, trading the smallest number of shares for the session -- crossing 1,526 shares worth P10,200. Following the loss of a huge chunk of its value in the second week of the year, Lucara is currently the largest loser in the entire equity market, with a year to date loss of 49.7%. Lucara's closing price for the week was unchanged at P6.69/share.

### Market Summary – Week ending 31 January, 2020

No. of Shares Trading	<b>5,555,669</b>
Turnover (BWP)	<b>5,091,628</b>
Turnover (USD)*	<b>468,939</b>
No. of stocks trading#	<b>18</b>
No. of stocks advancing#	<b>2</b>
No. of stocks declining#	<b>2</b>
No. of stocks unchanged#	<b>19</b>

Source: Motswedi Securities, BSE \*US\$/BWP = 0.0921  
# = Domestic Main Board

COUNTER	31 Jan (t)	24 Jan (t)	Change (%)	YTD (%)
LETSHEGO ↑	86	80	+7.5	+21.1
CHOBE ↑	1127	1126	+0.1	+1.5
BTCL ↓	92	93	-1.1	-3.2
SEEDCO ↓	290	300	-3.3	-3.3

Source: Motswedi Securities, BSE

There was another gainer in the week – Chobe, support still rolling in for the stock as the share price climbed a thebe to P11.27/share. Chobe is the second best performer in the month so far with a year to date gain of 1.5%.

On the other end of the spectrum, were the losers in the week. BTCL gave back some more gains in the week, as the share price continued to feel some significant selling pressure. The stock lost another thebe in the week, closing at P0.92/share – further extending its year to date loss to -3.2%. Also losing in the week was SeedCo, which dropped 10 thebe in value to close at P2.90/share. This effectively put the stock ahead of the other two losers in the domestic equity market with a year to date loss 3.3%.

### BSE Indices – Week ending 31 January, 2020

<b>DCI Close</b>	<b>7,545.47</b>
Weekly Change (%)	+0.26
YTD Change (%)	+0.68
<b>FCI Close</b>	<b>1,551.35</b>
Weekly Change (%)	0.00
YTD Change (%)	-0.71
<b>DCTRI Close</b>	<b>1,739.63</b>
Weekly Change (%)	+0.26
YTD Change (%)	+0.68

Source: Motswedi Securities, BSE

## 2.0 Company Announcements and Financial Results

**FNBB** published an exciting trading statement on Tuesday. The bank expects their profit before tax for the period ended 31 December 2019, to have an increase of between 10% and 15% from the prior corresponding period. The company also noted that the estimates are on financial figures that have not been reviewed nor audited. The expected publication of the financial results is the 27th February 2020.

**Choppies** dispatched shareholders its annual report for the year ended 30 June 2018 which incorporates the audited annual financial statements. The annual report is available on the Company's Website at [www.Choppies.co.bw](http://www.Choppies.co.bw).

**Sefalana** posted a set of commendable half year financial results -- which continue to rise on a period on period basis. In these interim results, earnings before interest and tax (EBIT) was up 24.2% with the main drivers being trading consumer goods (primarily in Botswana) improved performance, and continued business expansion efforts in the country as well as the region. The Group noted that they have observed increased activity in Botswana, while their smaller areas of occupancies, Namibia and Lesotho are struggling slightly – with improved figures for the half year coming from the additional stores in the countries. Probably the smartest decision the Group made when entering the Namibian market was taking over a brand that had already made its impact. The Group declared a 10 thebe gross dividend for the period, which is in line with the company's historical declarations.

## 3.0 Headline News

### Choppies Restructuring in Botswana...

It has been reported by local newspaper *The Business Weekly and Review*, that the ever so troubled Choppies has approached the Commissioner of Labour seeking permission to commence the restructuring process across the Botswana operations. In the same article, the Group will apparently be letting go of more than 3,000

employees, of which effectively would cut the staff complement in Botswana by almost half, if not more. Along with job cuts, the Group will also be closing a number of their outlets in Botswana, which have not been profitable. [*The Business Weekly and Review, Friday 31 January 2020 – 06 February 2020*]

### Political opposition loses bid to challenge election results...

The Judge President of the local Court of Appeal (CoA) this week dismissed the election petition as was submitted by the Umbrella for Democratic Change (UDC), as is reported by *The Business Weekly and Review*. To recap, the opposition party was unhappy with the outcome of the 2019 general elections, and were very expressive in that they felt the ruling party, the Botswana Democratic Party, did not win the elections honestly and fairly. The CoA, in its dismissal noted that they do not have jurisdiction over the election petition – the path that led to this decision is yet to be known by the public. [*The Business Weekly and Review, Friday 31 January 2020 – 06 February 2020*]

### Budget Speech Next Week...

The new Minister of Finance of Botswana will be delivering his first budget speech since he started in the office this coming Monday (3<sup>rd</sup> February 2020).

In an economy, that is seemingly struggling to hold to its growth, all eyes and ears, will be eagerly waiting to hear what the Government's plan is to feed some life into the country.

#### 4.0 Currency Exchange: Brexit Day...

This Friday will go down as the day Britain officially left the European Union. The kingdom will then go into a transitional period until the end of the year, wherein which it will be both a part of the European Union, together with being a single market. This, for the most part means that the UK will no longer have voting rights in the EU but will still have to follow the rules of the bloc. There are still some kinks that need to be resolved with Brexit, an example being the free trade deal that still needs to be struck between the UK and the EU, as well as the UK and other countries. The Bank of England also decided to keep its interest rates unchanged on Thursday, on hopes that a post-Brexit Britain will come up better than expected.

#### Domestic Exchange rates

Currency	31 Jan	24 Jan	Change (%)	YTD (%)
US\$/BWP ↓ 	0.0921	0.0931	-1.07	-2.13
ZAR/BWP ↓ 	1.3516	1.338	1.02	1.66
EUR/BWP ↑ 	0.0836	0.0843	-0.83	-0.48
GBP/BWP ↓ 	0.0708	0.0709	-0.14	-1.39
JPY/BW ↓ 	10.03	10.2	-1.67	-1.96
CNH/BWP ↑ 	0.6436	0.6445	-0.14	-1.99

Source: Bank of Botswana

The week for the South African rand started on the backend, with investor concerns focused on the impact on the global economies of the coronavirus spreading, together with shaky outlook the country is facing. With credit rating agency, Moody's, as the

only agency that still has South Africa at above junk status, all eyes will be on the budget speech expected in February. Moody's is then expected to give their comment on the investment-grade of the country a month after in March.

The pula looks to have weakened against most of its trading partners for the week, save for the rand, wherein the pula made quite the run.

#### 5.0 Coronavirus continues shake down commodity prices...

Oil price losses extended for yet another week – fuelled by the newly declared global health emergency, coronavirus. Death tolls have increased in China, and reported cases growing rapidly by the day. The increased spread of the coronavirus has really hit oil prices hard, given the overlaying concerns of a decline in oil demand and stunted economic growth that could emanate from it. Given these developments, the Organisation of Petroleum Exporting Countries (OPEC), may consider extending its production cuts up until June 2020 - with a high possibility of further reducing the production caps, in an attempt to alleviate the pressure on the price. Also supporting Brent crude oil prices were preliminary US oil data as published by the American Petroleum Institute on Tuesday that showed that crude oil inventories fell by 4.3 million barrels in the prior week. Oil prices are currently riding on a negative year to date of -10%.

Gold gained some appeal for the week as can be seen through the marginal increase in the metal's value. The flu-like virus' spread has given some support to safe haven investments. Gold was set to

close the week with a 0.14% gain and yearly growth of 4%.

**Silver and platinum**, on the other hand, were set to close the week in the negative, with silver dropping - 1.43% to US\$17.84/oz and platinum dropping - 2.77% to US\$978.55/oz.

**Disclaimer:**

The views expressed in this research note reflect the views of Motswedi Securities (Proprietary) Limited based on the information available at its disposal at the time of writing and may change without notice, and is provided for information purposes only. While Motswedi Securities (Proprietary) Limited has taken all reasonable steps in carefully preparing the document, it does not take any responsibility for any action that may be taken on the basis of the information contained herein. Each recipient of it is advised to undertake its own analysis and evaluation of the terms and contents hereof, and obtain independent advice as appropriate, before acting in any way upon the information contained herein. Accordingly, this document is not intended, and no part of this document should be read, as constituting, in any way, an offer or other solicitation for the purpose of the purchase or sale of any of the securities referred to herein. This document may not be reproduced, distributed or published by any recipient for any purposes without the authorization of Motswedi Securities (Proprietary) Limited.

The term closing and last price are often used interchangeably, except where specified in the report, with Motswedi preferring to use Last Traded Price as the best indicator of where the market will open, on the next trading session.