



Weekly Financial Markets Highlights

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1.0 The Week in the Local Equities...

In a rare, yet quite welcome occasion, the market was all green for the week, as four stocks on the domestic board made positive movements. The illiquidity plaguing our stock market is seemingly, for the moment protecting the exchange from experiencing drastic drop of prices, just as has been happening with other, more liquid, exchanges such as the NYSE.

The domestic indices, being the DCI and the DCTRI, are quite in the green for the year, furthered even more in the week, with the several gains noted and no losses recorded playing into its growth. The first quarter of the year, seems to be the recovery period for the DCI, given that at this time, in the previous year, the DCI was in the green as well with a growth of 0.34%. This year, the growth has improved, with the index, as at the end of the week tracking a gain so far in this first quarter of 1.46%. The DCTRI surpassed 2% in the week, closing the week with a growth of 2.12%. Of the 23 stocks listed on the Domestic Main Board of the BSE, there are 7 that have posted gains, 5 noting losses, and 11 that have shown no movements.

BSE Indices – Week ending 13 March, 2020

DCI Close	7,603.93
Weekly Change (%)	+0.07
YTD Change (%)	+1.46
FCI Close	1,551.35
Weekly Change (%)	0.00
YTD Change (%)	-0.71
DCTRI Close	1,764.24
Weekly Change (%)	+0.51
YTD Change (%)	+2.12

Source: Motswedi Securities, BSE

The gainers in the week were in the popular stocks on the exchange. Chobe gained 10 thebe by the end of the trading week to close at P11.50/share - as demand continued to drive the price to new highs, with this new high being a historic high since the stock's listing on the BSEL. Also gaining in a similar sector was Cresta, closing the week single thebe up at P1.35/share. Although, the stock is currently trading with a year to date gain of 0.7% -- almost 10 years later post listing, the current price remains below the listing price of P1.45/share. Letlole increased its gains for the year, as it climbed 2 thebe to P2.28/share. The stock's growth this year has slowed in these first few months of the year, following the drastic climb in the second half of last year. BTCL climbed a thebe higher in the week to P0.87/share. There is a general absence of new information that is likely to drive the price higher at the moment. However, it is encouraging to note that the demand for BTCL's shares has picked up, albeit at a very slow pace. The stock remains as the leader of the losers at the moment with a year to date of -8.4%.

COUNTER	13 Mar (t)	06 Mar (t)	Change (%)	YTD (%)
CHOBE ↑	1150	1140	+0.9	+3.6
LETLOLE ↑	228	226	+0.9	+1.3
CRESTA ↑	135	134	+0.7	+0.7
BTCL ↑	87	86	+1.2	-8.4

Source: Motswedi Securities, BSE

For yet another week, Letshego led the trades on the exchange, crossing just above 189,000 shares. The volumes in the week thinned out, as compared to the previous week's 31.37mn shares that went through the market. This week's trades also saw no movements in the Group's share price, as the stock stayed at P0.90/share ---- as well retained its lead in

the equity market with a growth of 26.8% for the year thus far. We believe, there is further price growth to be unlocked at these levels, with an approximate 50% upside.

Market Summary – Week ending 13 March, 2020

No. of Shares Trading	798,837
Turnover (BWP)	2,282,103
Turnover (USD)*	199,684
No. of stocks trading#	17
No. of stocks advancing#	4
No. of stocks declining#	0
No. of stocks unchanged#	19

Source: Motswedi Securities, BSE *US\$/BWP = 0.0875
= Domestic Main Board

2.0 Company Announcements and Financial Results

BIHL published their FY2019 financial results on Wednesday. The Group's profit from its subsidiaries came down slightly for the year to P395mn, but was bumped higher by profits from its various associates and joint ventures to a PBT of P537mn. The Group's life business' profit before tax increased 3%, driven by a climb in net premium income of 11% of which was a result of an increase in new business volumes as well as maintaining policy lapses in the year. The asset management side of the Group was strained slightly with a drop in its PBT as the change in liabilities under investment contracts dragged the figure down. Assets under management, did grow 5% in the year to P29.2bn, with the Zambian asset managers claiming about P4.2bn of those assets and the Botswana asset managers claiming the remainder. The Group's associates' performances improved in the year, a commendable outcome for

the Group. The contribution to the operating profit before tax breakdown is as follows:

- Nico Holdings 6%
- BIC 2%
- Letshego 37%
- FSG 3%
- Botswana Life 45%
- BIFM 7%

[The full financial results for the FY2019 are attached]

Afinitas published a trading statement in the week. The Directors of the company informed shareholders that the loss before tax for their year ended 31st December 2019, is likely to be 35% - 45% lower than the loss reflected in the comparative period to December 2018, which in number terms is a decrease in the loss of between USD427 000 and USD549 000. The loss before tax for the period ended 31st December 2018 was USD1 220 099. The financial results will be released to the market on or before 31st March 2020. As the hosts of AFSIC, the Company advised that due to the ongoing global spread of COVID-19 (corona virus), a decision has been made to postpone AFSIC 2020. AFSIC is the largest annual Africa investment summit taking place outside of Africa. The next AFSIC was scheduled to take place from 5th to 7th May 2020 in London.

Absa Bank of Botswana Limited also posted a notice to shareholders in the week. The Company advised shareholders that the Company's results for the full year ended 31 December 2019 will be higher than those reported for the period ended 31 December 2018. Profit before tax is expected to be higher by between 10 - 15 percent, (approximately P58 million

to P88 million) higher than those reported for the full year ended 31 December 2018 which amounted to P588 million. The financial results are expected before the end of March 2020.

3.0 Moody's maintains Botswana's Sovereign Credit Rating...

In a press release dated the 6th March, the Bank of Botswana published that Moody's Investor Services have decided to maintain the country's sovereign credit rating for long term bonds at "A2" for both domestic and foreign currency. The credit rating agency has also noted that it will keep the country's outlook as "stable". In the same report, the agency noted that there is potential for an upgrade if another progress is made on implementation of structural reforms to enhance the business environment, and increase the pace of economic diversification, among other reasons noted, together with those that could lead to a downgrade. However, the ratings could be lowered on account of limited success of the fiscal consolidation efforts; a significant erosion of fiscal buffers; lack of progress in economic diversification and inability to contain the rate of growth of recurrent expenditure.

The Bank of England on Wednesday unexpectedly cut its interest rate, in a bid by the Central Bank to curtail the effects of the continued spread of the coronavirus. The 50 basis points rate cut was larger than what was expected by speculators, to 0.25%, pushed the pound into retreat slightly against the US dollar. The dollar on the other hand, together with the yen, are viewed as the safe haven go-to currencies, and continued to climb against their various trading partners. The Bank of England, is among other central banks globally that have resorted to cutting their interest rates to try and protect their respective countries' economies.

Domestic Exchange rates

Currency	13 Mar	06 Mar	Change (%)	YTD (%)
US\$/BWP ↓ 	0.0875	0.0896	-2.34	-7.01
ZAR/BWP ↑ 	1.441	1.4063	2.47	8.39
EUR/BWP ↓ 	0.0782	0.0799	-2.13	-6.90
GBP/BWP ↑ 	0.0697	0.0692	0.72	-2.92
JPY/BW ↓ 	9.24	9.49	-2.63	-9.68
CNH/BWP ↓ 	0.6119	0.6234	-1.84	-6.82

Source: Bank of Botswana

4.0 Precious metals interest spurred by Novel Covid-19 Outbreak...

Oil was set to close the week with the biggest week-on-week loss since December 2008. Oil prices on Monday crashed over 26% to their lowest in over 4 years at US\$31.02 per barrel. The commodity was tracking around a 26% loss in the day, which would go into the records as its largest single day drop in 29 years, or since January 1991. The decline in prices came as OPEC+ member, Russia, went against efforts made by defacto leader, Saudi Arabia, to cut production to curb the coronavirus effects on demand. Saudi Arabia retaliated by evoking a price war against Russia by cutting its prices from \$14 to \$8. There was small recovery by the end of the week, evoked by the lower prices, but this however, was capped by Saudi Arabia's plans to increase its production. The OPEC de facto leader's production levels will go up by more than 300,000 barrels per day to near 13mn barrels per day, from its sustained production level of 12mn barrels per day. This is the country's first production increase in over ten years. The commodity's price was trading at the time of writing, around US\$34.43/bbl, with year to date loss of -48% so far.

Gold prices were on track to close the week with their largest w-o-w loss since 2017, as profit taking

drove prices lower, following the rapid climb caused by the coronavirus outbreak. Gold dropped 6.08% by the afternoon trading on Friday, more than halving its yearly growth to 4%. The bullion closed at US\$1,572.10/oz.

Silver and platinum followed suit with the decline in the week, falling by 11.58% and 13.89% respectively. Silver was trading at around US\$15.34/oz, while platinum was trading at around US\$779.52/oz at the time of writing.

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