



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 The week in local equities...

In times of global economic distress, the capital markets, normally feel the pinch more than any other sector in any country – a fact of which Botswana’s capital markets has felt. The table below shows that during the COVID-19 outbreak, activity on the Botswana Stock Exchange (BSE) equity market has slowed considerably. There was a slight pickup in total market turnover in March 2020 as a result investors cashing out their riskier investments for much safer options (such as the NewGold Exchange Traded Fund) – however, this dropped significantly into the month of April, and further into May, and thus showing a direct implication of COVID-19 with respect to liquidity on the BSE equity market.

BSE Equity Trading Statistics, Jan - May 2020					
	Jan	Feb	Mar	Apr	May
Market Volume	17,128,735	13,748,709	50,912,275	17,629,867	20,144,608
Market Turnover (BWP)	37,151,903	30,221,597	117,675,839	54,141,048	34,737,826

Source: Motswedi Securities calculations

There is a general depression in market liquidity on the BSE, another note that can be backed up is the decline in the BSE indexes, mainly the DCI, shedding value for yet another week, deepening its year to date position at -2.92%. This came as a result of 3 stocks on the Domestic Board of the BSE losing value, with the single gainer noted in the week not making enough impact to counter the overall loss. Even the index with the cushioning effect of dividends, the DCTRI, closed the week, with a year to date loss of -0.01%. This can also be attributed to the drying up of dividend declarations on the BSE, as most of the listed entities choose to hold on to their cash reserves.

The total volumes traded in the week equate to 4.62mn shares, valued at P15.78mn – a slight increase in liquidity of about 60% from the immediate prior week.

The market realised four market movers in the day – three for the losers and one for the gainers. The largest loss for the week was FNBB, contracting 3.8% for the week, to end at a P2.50/share. The bank closed with a year to date loss -12.3%. FNBB was also the largest contributor to the DCI’s loss, given that the stock has the largest market capitalisation in the local equity market. Letshego, lost in the week as well, shedding a thebe to end the week at P0.80/share. Selling in the stock has slowed down somewhat, which has seemingly slowed the price's fall. Although, Letshego lost in the week, it still remains in the market as the best performer so far, on a year to date basis, with a gain of +12.7%. The third stock in the pool of losers for the week was property company, RDCP, ending at P2.24/share. This was the stock’s first movement for the year, and thus the 0.4% decline in the week is also its year to date loss thus far.

BTCL gained for the third consecutive week, as it ended the Friday trading session valued at P0.88/share. The telecoms company gained 3 thebe, reducing its year to date loss further -8.4%. The stocks share price bottomed out and rebounded in May, after touching the P0.80 mark -- which was a historic low for the company. The increased demand trend continued into the new month, so it seems, with bids to buy the stock in the market that are still above the market price.

COUNTER	05 Jun (t)	29 May (t)	Change (%)	YTD (%)
BTCL ↑	88	8	+3.5	-7.4
FNBB ↓	250	260	-3.8	-12.3
LETSHEGO ↓	80	81	-1.2	+12.7
RDCP ↓	224	225	-0.4	-0.4

Source: Motswedi Securities, BSE

Market Summary – Week ending 05 Jun, 2020

No. of Shares Trading	4,624,907
Turnover (BWP)	15,780,273
Turnover (USD)*	1,361,838
No. of stocks trading#	13
No. of stocks advancing#	1
No. of stocks declining#	3
No. of stocks unchanged#	19

Source: Motswedi Securities, BSE *US\$/BWP = 0.0863
 # = Domestic Main Board

BSE Indices – Week ending 05 Jun, 2020

DCI Close	7,275.89
Weekly Change (%)	-0.65
YTD Change (%)	-2.92
FCI Close	1,551.35
Weekly Change (%)	0.00
YTD Change (%)	-0.71
DCTRI Close	1,727.47
Weekly Change (%)	-0.65
YTD Change (%)	-0.01

Source: Motswedi Securities, BSE

2.0 Company Announcements and Financial Results

Letshego published a business update to its various stakeholders on the Business Continuity Management Plans instituted over this COVID-19 period, together with their outlook going forward. The relevant announcement and accompanying powerpoint presentation are attached. Letshego also published their Integrated Annual Report in the week, which included a note to shareholders that they have slotted the Group's AGM for the 30th June 2020, which will be held online via a video conferencing platform.

RDGP published a notice of an Extraordinary General Meeting (EGM) to be held on the 25th of June at 14:30, through an online video conferencing platform as well. Linked unit holders will need to contact the Company directly to obtain meeting details.

Sechaba will be having its AGM on the 29 June 2020 at 1100 at the Botswana Development Corporation office.

3.0 The possibility of a hard Brexit still weighing on the pound...

A hard Brexit remains a very real threat for the British pound. A fresh round of talks between the United Kingdom and the European Union kicked off this week, just as UK's July 1 deadline for an extension of the transition period creeps closer. As it stands, the transition period will be coming to a close when December ends. Officials from both parties have highlighted that although progress has been made in some of the areas discussed, including security co-operation, there are still a number of core areas that have not made headway. Still on the debate table between the two nations separation plan are the agreement by Britain for a "level playing field" in terms of environmental, competition, and labour market rules, in return for wide-ranging access to the EU's market. The UK refuses to agree the terms just mentioned, noting that they would go against the country's independence.

The effects of a no-deal Brexit, have not been fully priced into the price of the pound, with the hopes that the Brexit deadline may be pushed back, given the disruptions and delay that have been caused by the coronavirus outbreak. However, the UK Prime Minister has continued to urge companies to

adequately prepare for Brexit, regardless of how the talks go on.

Domestic Exchange rates

Currency	05 Jun	29 May	Change (%)	YTD (%)
US\$/BWP ↑ 	0.0863	0.0844	2.25	-8.29
ZAR/BWP ↓ 	1.4524	1.4778	-1.72	9.24
EUR/BWP ↓ 	0.0759	0.0761	-0.26	-9.64
GBP/BWP ↓ 	0.0682	0.0684	-0.29	-5.01
JPY/BWP ↑ 	9.44	9.05	4.31	-7.72
CNH/BWP ↑ 	0.6116	0.605	1.09	-6.87

Source: Bank of Botswana

The pula traded mixed for the week, as global risk sentiment improved with hopes of a global economic recovery. This slight rally in the emerging market currencies may however be capped by the ever-rising tensions between the two largest economies in the world, The United States and China. This can also be seen by slightly stronger rand.

4.0 Global Recovery Dampens Gold's Shine...

Growing hopes of a global economic recovery dampened support for the gold bar on Wednesday, together with the other precious metals. Losses garnered were however capped by the weakened US dollar, which, to an extent pulled some support to the commodity. Gold prices were down 1.12%, trading at around US\$1,710.91/oz at the time of writing, while silver was down 0.81% and platinum up 0.42%.

Oil prices were on track to end the week with solid gains, on the high expectations that the Organisation of Petroleum Exporting Countries and its allies (collectively known as OPEC+) will extend its agreement to cut oil production. The two biggest producers in the consortium, Saudi Arabia and Russia are proposing to increase production cuts to 4

9.7mn barrels per day in July. This was however met with some resistance from the other, smaller producers in the Group, which has grown concerns that a deal may not be reached when they meet this Saturday (06/06/2020). The current agreed output cut by the OPEC+ stands 7.7mn barrels per day. Brent prices, at the time of writing had gained around 14%, and set to book a sixth week of gains. In the month of May, oil prices have been largely supported by the OPEC production cuts. The commodity however remains with a year to date loss of around -39%.

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