



# Weekly Financial Markets Highlights

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## 1.0 Local Equity Performance for the Week...

Activity on the BSE surcharged in the week as the number of shares traded climbed to 55.49mn, with the total value rising to P41.45mn. Trades in Letshego led the market, with the stock crossing approximately 50mn shares. This show of liquidity unfortunately came with some volatility for the stock's price. The stock managed to gain three thebe earlier in the week, but unfortunately lost one to the market, as it closed the week at P0.62/share. The stock clawed back 3.3% of its year to date, which closed at -12.7%. The only other gainer for the week was Sefalana. The stock climbed 15 thebe in the week, to close valued at P9.30/share. Support for the stock has effectively now made Sefalana's shares the leader of the gainers on the equities market at 3.7%.

In its second week of trading Choppies lost 2 thebe lower to close Friday trading at P0.65/share. This totals a 4-thebe loss since the stocks trading suspension was lifted on 27 July, dragging its year to date to a -5.8%. There is still quite some selling of the stock in the market, with some corresponding buying to match.

Chobe was on the chopping block as well, retracting 40 thebe as a consequence of 420,000 changing ownership. This was a transaction between two directors of the Company. The Deputy Chairman and CEO, Mr Jonathan Gibson, purchased 395,000 shares from Mr Rodney Gerrard, the Company's Managing Director; and subsequently dropped the share price to P9.50/share.

BTCL lost a thebe this week, thus extending its year to date loss of -10.5%. The lack of dividend declaration, amid a third cycle of revenue decline for

the Company seems to have dampened investor sentiment slightly. A glance at the financial results recently published noted a third cycle of revenue decline for the company, and sustained GP and EBITDA margins at 56% and 24% respectively. The Earnings per share dropped to 10.13thebe, with ROE dropping to 6% from 9% from the prior year. The stock remains relatively undervalued at P0.85/share.

Also losing value for the week was RDCP shedding a thebe to end valued at P2.23/share with a year to date decline of -0.9%.

On the upside, the domestic indexes registered their firstly weekly gain in 10 weeks. The gains in both Letshego and Sefalana brought some much-needed reprieve to the BSE tracked indexes, with both the DCI and DCTRI gaining 0.05%. This worked to reduce their year to date movements to -5.27% for the DCI and -2.23% for the DCTRI. The FCI was unchanged for the week, as no trades were registered on the respective board.

### BSE Indices – Week ending 07 August, 2020

<b>DCI Close</b>	<b>7,099.71</b>
Weekly Change (%)	+0.05
YTD Change (%)	-5.27
<b>FCI Close</b>	<b>1,550.11</b>
Weekly Change (%)	0.00
YTD Change (%)	-0.79
<b>DCTRI Close</b>	<b>1,689.07</b>
Weekly Change (%)	+0.05
YTD Change (%)	-2.23

Source: Motswedi Securities, BSE

COUNTER	07 Aug (t)	31 Jul (t)	Change (%)	YTD (%)
SEFALANA ↑	930	915	+1.6	+3.7
LETSHEGO ↑	62	60	+3.3	-12.7
CHOBE ↓	950	990	-4.0	-14.4
BTCL ↓	85	86	-1.2	-10.5
CHOPPIES ↓	66	67	-1.5	-4.3
RDCP ↓	223	224	-0.4	-0.9

Source: Motswedi Securities, BSE

### Market Summary – Week ending 07 August 2020

No. of Shares Trading	<b>55,478,689</b>
Turnover (BWP)	<b>41,449,240</b>
Turnover (USD)*	<b>3,531,475</b>
No. of stocks trading#	<b>15</b>
No. of stocks advancing#	<b>2</b>
No. of stocks declining#	<b>4</b>
No. of stocks unchanged#	<b>17</b>

Source: Motswedi Securities, BSE \*US\$/BWP = 0.0852  
# = Domestic Main Board

## 2.0 Company Announcements and Financial Results

**Minergy** appoints a Non-Executive Director, Mr. Cross Kgosiile, and was effective from 3 August 2020. He is an experienced company executive and board member, with more than two decades of experience across a range of sectors.

**Chobe** published an amended notice their Annual General Meeting that due the lockdown regulations declared on Greater Gaborone Zone by His Excellency the President by way of Government Notice No. 311 of 2020, Chobe's AGM will be held virtually using Microsoft Teams on Tuesday 11<sup>th</sup> August 2020 at 5.00pm. Members wishing to attend the virtual annual general meeting are to email their name and email address to <sup>3</sup>

[info@chobeholdings.com](mailto:info@chobeholdings.com). For administrative reasons it is advised that members send their details not less than 24 hours before the meeting.

**BBS** Limited listed a bond BBS005 with Botswana Stock Exchange Limited (BSEL), which has since been suspended effective 03 August 2020. The suspension of BBS005 is due to delays in publishing BBSL annual financial statements. As previously stated, the delays were caused by the upgrade of BBSL core banking system. Nonetheless, BBSL would like to assure asset managers and their clients that despite the suspension of BBS005, it would continue to pay coupons biannually with the principal amount settled fully upon maturity. Therefore, the suspension of BBS005 only affects its tradability on the BSEL counter not BBSL's obligations to investors.

### 3.0 Foreign Currency...

The dollar got some reprieve in this new month, following one of its worst months in almost 10 years. Support for the dollar started to wane in the months after March 2020, as it appeared the global financial markets recovered somewhat, expectations that the US Federal Reserve's is expected ease monetary policy further, and a decline in US bond yields. The US 10 year Treasury bond yield continued to hover around the five-month low of 0.52%. The lower term notes' yields also closed at record lows -- these being the 3-, 5-, and 7-year notes. However, as the week ended, some safe haven demand supported the unit, driven by demand for short positions by speculators and renewed US-Sino tensions.

The sterling pound traded to a five month high against the US dollar on Wednesday on the back of a weakened dollar and an optimistic tone coming from the Bank of England. Sentiment improved

widely after the Bank of England made an announcement that it does not expect the British economy to recover its economic growth from 2019, but rather expects that the economy will recover by the end of 2020 -- a half year later than what was initially projected. On a lighter note, the central bank revised their 2020 growth projections to 9.5%, versus the initial contraction of 14%.

#### Domestic Exchange rates

Currency	07 Aug	31 Jul	Change (%)	YTD (%)
US\$/BWP ↓ 	0.0852	0.0871	-2.18	-9.46
ZAR/BWP ↑ 	1.4966	1.462	2.37	12.57
EUR/BWP ↓ 	0.0720	0.0733	-1.77	-14.29
GBP/BWP ↓ 	0.0649	0.0663	-2.11	-9.61
JPY/BW ↓ 	9.0000	9.0900	-0.99	-12.02
CNH/BWP ↓ 	0.5933	0.6092	-2.61	-9.65

Source: Bank of Botswana

#### 4.0 Gold Soars in the Week...

**Gold** reached a record high this week, supported primarily by the weakened dollar, fresh lows on US bond yields, and some safe haven demand. In the last few days, the gold bar surpassed the psychological \$2,000 level for the first time to trade at around US\$2,060.74/oz at the time of writing. Support for the gold bar has pushed the price 36% higher for the year thus far. In times of economic crises, investors tend to view gold as the investment likely to hold on to its value – the same sentiment applies to this health pandemic, as quantitative easing gathers steam. The concern now about this gold run is the possibility of a price correction looming, given the rapid rise of the metal.

**Silver** was not left behind in the week; the commodity increased 16.79%, with its growth for the year now at around 60%. Platinum also climbed 4

7.86% with yearly growth pushing into the positive space at 1% this year thus far.

**Oil** prices pulled back from a five-month high that was reached this week. Oil was initially supported somewhat by a weakened dollar, and a decline in US inventories which reached a 3 month low. However, the concerns of the fuel demand recovery proved to weigh heavier. At the time of writing, oil was headed for a week of gains of around 4.02% to trade at around US\$45.04/barrel. For the year, oil prices have shrunk around 32%.

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