



# Weekly Financial Markets Highlights

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## 1.0 BSE Equity in the Week...

### 2.0

It was yet another sombre week on the local bourse, as gloomy shadow continued to stalk a number of stocks. As would be expected, the domestic indexes were down as well, with the DCI declining 0.65%, and the DCTRI down by a lesser margin at 0.45%. The impact of these losses is a very sobering reality for the Exchange, with 75% of the listed entities trading in the red. The Exchange in itself was already displaying illiquidity traits, and the domestic companies were already losing value. This is now coupled with the impact of coronavirus, wherein the domestic economy has already slowed down, hence the 2Q20 GDP contraction of 24% y/y. The pandemic's dark shadow of uncertainty also continues to plague the economic recovery timeline. As at the end of trading week, the DCI had a negative 7.22% yearly decline thus far, with the DCTRI down 3.03% for the year.

### BSE Indices – Week ending 09 October 2020

<b>DCI Close</b>	<b>6,953.68</b>
Weekly Change (%)	-0.65
YTD Change (%)	-7.22
<b>FCI Close</b>	<b>1,547.33</b>
Weekly Change (%)	0.00
YTD Change (%)	-0.97
<b>DCTRI Close</b>	<b>1,675.28</b>
Weekly Change (%)	-0.45
YTD Change (%)	-3.03

Source: Motswedi Securities, BSE

BTCL dropped to a historic low price of P0.74/share in the week, extending its year to date decline of negative 22.1%. Supply in the stock continues to overwhelm the sporadic intermittent demand the stock has seen in the market. Despite these low

valuations, we are failing to see demand pick up for the stock, this likely being caused in part by the absence of a FY2020 dividend declaration. Understandably, the decision to withhold declaration was a prudent move for the company given the current tough economic environment worsened by the COVID-19 pandemic.

COUNTER	09 Oct (t)	02 Oct (t)	Change (%)	YTD (%)
FPC ↑	248	240	+3.3	+0.8
LETSHEGO ↑	66	65	+1.5	-7.0
ABSA ↓	543	545	-0.4	-1.3
BTCL ↓	74	78	-5.1	-22.1
CHOBE ↓	949	950	-0.1	-14.5
FNBB ↓	232	234	-0.9	-18.6
MINERGY ↓	80	83	-3.6	-27.3
RDGP ↓	215	223	-3.6	-4.4

Source: Motswedi Securities, BSE

FNBB lost 2 thebe to close the week valued at P2.32/share, growing its year to date loss to a negative 18.2%. At this year to date level, FNBB is currently the largest loser in the financial services sector - both banking and nonbanking. Absa Botswana appeared on the losers list as well. The stock's value declined 2 thebe to end at P5.43/share; with a year to date of negative 1.3%. Banks were laid a blow to their top line in the week just ended, following the decision by the Bank of Botswana to cut the bank rate by 50bps. The bank rate currently stands at 3.75%.

Chobe lost a thebe, to close at P9.49/share. In the recently published 2Q20 GDP numbers, we saw some clear evidence of the effect of the COVID19 pandemic on the tourism and hospitality industry. Activity in the industry declined by 40% in 2Q20,

versus the same period in the prior year. This was primarily due to the containment measures implemented by the Botswana Government at the beginning of the second quarter, and currently ongoing. The industry will likely take the longest to recover of all the economic industries, more so as a vaccine for COVID19 is yet to be found.

The property sector of the BSE saw 2 stocks decline in the name of RDCP and Turnstar. RDCP declined 8 thebe to close at P2.15/share with a year to date of negative 4.4%. Turnstar was down 24 thebe, losing almost 10% of its value, growing its year to date to negative 19.9%.

Minergy lost 3.6% of its value in the week, and closed valued at P0.80/share -- a historic low for the stock. This loss extended the stock's lead of the losers, with a year to date reduction of 27.3%.

FPC was the most liquid stock in the week crossing 5.9mn shares valued at P14.58mn. The stock's price climbed 8 thebe, to close valued at P2.48/share. This movement, swung the stock's year to date performance from the negative into the positive. As at the close of the week, the stock stood with a year to date performance of +0.8%. The selling investors divested from the stock one day before the stock's ex-dividend date, which was been penned down as 7 October 2020. This means that the buyers in the name have successfully qualified for the company's gross declaration of 16.8 thebe.

Letshego was amongst the gainers in the week, ending the week 1 thebe up at P0.66/share. The tables have turned quite some for Letshego, we've seen investors holding on to their investments in a bid to find a better price for the stock. This, of course means, the sellers are in a place where they can

negotiate a higher price to offer for their shares. We expect to see this persist for some time, likely to the ex-dividend date, penned for the 19<sup>th</sup> October 2020.

### Market Summary – Week ending 09 October, 2020

No. of Shares Trading	<b>15,010,314</b>
Turnover (BWP)	<b>27,822,316</b>
Turnover (USD)*	<b>2,426,106</b>
No. of stocks trading#	<b>18</b>
No. of stocks advancing#	<b>2</b>
No. of stocks declining#	<b>7</b>
No. of stocks unchanged#	<b>14</b>

Source: Motswedi Securities, BSE \*US\$/BWP = 0.0872  
# = Domestic Main Board

### 3.0 Company Announcements and Financial Results

**Absa Bank Botswana Limited Board** announces resignation of Non-executive Board Member – Mr Mohamed Osman - with effect from 2 October 2020. Mr. Osman was appointed to the Board of the Bank in August 2018, and has served on the Board Audit and Board Risk Committees.

**CA Sales** announced the resignation of a Director. The board of directors of the Company (“the Board”) wishes to advise that Trevor Rogers, has resigned as a non-executive director of the Company with immediate effect.

**Choppies** sent out an Extraordinary General Meetings (EGMs). Shareholders are hereby reminded that the EGM 2018 will be held by way of electronic communication at Choppies Innovation Centre, Plot 196, Gaborone International Conference Park, Gaborone, Botswana at 2:30pm on Monday, 19 October 2020. Shareholders are further reminded that the EGM 2019 will be held by

way of electronic communication at Choppies Innovation Centre, Plot 196, Gaborone International Conference Park, Gaborone, Botswana at 3:30pm on Monday, 19 October 2020. The EGM 2018 and EGM 2019 will be held entirely through electronic communication, being audio communication by which all Shareholders participating in the meeting will be able to simultaneously hear each other throughout the meeting.

**Choppies** appointed a JSE Sponsor. In accordance with the JSE Limited Listings Requirements (“JSE Listings Requirements”), shareholders are hereby advised that Choppies has appointed PSG Capital as its JSE sponsor with effect from 1 October 2020, for purposes of compliance with the JSE Listings Requirements. Choppies have a primary listing on the Botswana Stock Exchange and a secondary listing on the JSE.

**The Far Property Company** published a director’s dealings in shares an announcement. Two Directors, namely Mr. Ramachandran Ottapathu and Mr. Farouk Ismail, participated in on market sales of 2,938,806 shares individually. The transaction price was at P2.48/linked unit.

**The Far Property Company** published a circular to its unitholders. The offer of units to unitholders holding linked units registered in the records of the Company on the electronic platform of Central Securities Depository of Botswana (“CSDB”) at the close of business on 9 October 2020 (“the Record Date”) at a price of P2.40 per linked unit (“Scrip Distribution Option”) in lieu of the cash distribution of 16.80 thebe per linked unit in respect of the Company’s trading to 30 June 2020.

**Olympia** announced a rights offer/issue to shareholders. The Company seeks to raise approximately BWP 16, 475,308, by way of a rights issue of 35 820 000 Offer Shares. The Offer Shares are being offered by way of a Rights Issue to shareholders on the register at the close of business on 13 October 2020 (“Shareholders”). The number of Offer Shares results in a ratio of 1.2524 Offer Shares for every Share held; for the purposes of the Offer that ratio has been rounded down to 1.25, with the Company offering 1.25 Offer Shares for every Share held. The Offer Shares will, when issued and fully paid, rank pari-passu in all respects with the shares now in issue. Any allocation of Offer Shares that would result in fractional entitlements will not be issued but will be paid out in cash for the benefit of the Shareholder to whom the fraction is to be issued. Any Offer Shares that have not been subscribed for by way of the Rights Issue (‘the Excess Shares’) will be taken up by Olympia Capital Holdings Limited which company has signed an underwriting agreement, undertaking to subscribe for any Excess Shares. The Company seeks a Rights Issue in order to convert and retire a debt in the sum of BWP 16 475 308 that is owing by the Company to OCHL. In this way the Company will effect a restructure of its balance sheet reducing interest bearing debt, in the interests of profits, and removing the effect of debt on solvency ratio and going concern issues.

The Botswana Stock Exchange has given its principal approval to the rights issue, and the listing of the renounceable letters of allocation and the subsequent Offer Shares. The Offer opens on the 16 October 2020 and closes on the 20 November 2020. The Offer Share are expected to list on the 30 November 2020.

**Sefalana** published a director's dealings in shares announcement. The Group Managing Director, Mr. Chandrakant Chauhan participated in an on market purchase of 223,756 shares at P9.30/share.

**Sefalana** announced the appointment of two new Non-Executive Directors effective 1 October 2020. Mrs Susanne Swaniker-Tetty who is the CFO of De Beers Global Sightholder Sales (Pty) Limited and is a Chartered Accountant with 21 years post qualification experience with extensive experience in governance and compliance. Mr Moatlhodi Sebabole who is the Chief Economist at FNB Botswana and the Chairperson of the National Transformation Strategy Team who is consulted by various institutions on matters around economics and strategy.

Also announced was the retirement of two Non-Executive Directors. Mr Elias Moyo Dewah and Mr Reginald Mootiemang Motswaiso effective 30 October 2020, both of whom will complete their maximum permissible tenure on the Board in line with Group policy. Both Mr Dewah and Mr Motswaiso have provided strategic direction and oversight as Non- Executive Directors to the Group during their directorships and we wish to thank them immensely and wish them all the best in their future endeavours.

The Board Chairman Dr PHK Kedikilwe, who was appointed to the Board on 1 December 2014, retires from his position effective 30 October 2020. Dr Kedikilwe has provided invaluable support and guidance during his tenure and we thank him for his great contribution to the Group.

**Turnstar** published a trading statement pertaining to the half year ended 31 July 2020. The Group's profit

before tax, for the half year ended 31 July 2020, is expected to be lower by approximately 38% (P26.5m) from P 69,660m for the half year ended 31 July 2019 to approx. P43,167 for the half year ended 31 July 2020. Of this, P 12.27 m pertains to the rental rebates granted during the COVID19 lockdowns, whilst P 13m relates to the unrealised forex exchange loss. However, it is to be noted that, the exchange difference on translating foreign operations has substantially increased from P 20.1 m for the half year ended 31 July 2019 to approx. P 44.2 m for the half year ended 31 July 2020. As such, the Profit after Tax - Total comprehensive income for the half year ended 31 July 2020 is largely on par with that of the previous half year ended 31 July 2019. Turnstar did not pay a final dividend for the year ended 31 January 2020. The Company had traditionally paid an interim and final dividend since the inception of the Company. The rationale was to be prudent and retain cash within the Company, during difficult times, when trading conditions were almost impossible to forecast. The Company is financially strong. The current as well as forecasted cash flows indicate that the Company can comfortably, resume the payment of dividends, as had previously been the case traditionally. As such the Company intends to pay an interim dividend of 10t per linked unit, which is substantially more than the interim dividend paid in the past. The dividend 10t per linked unit will comprise of Debenture interest of 7.3976t and dividend of 2.6024t per linked unit, to all registered unit holders as at the close of business on 27th November 2020.

**Capricorn Group's** Namibian credit ratings affirmed and Bank Windhoek Limited's Namibian and South African credit ratings affirmed and revised upward with stable outlook.

#### 4.0 Bank of Botswana Slashes Bank Rate by 50bps...

The Monetary Policy Committee (MPC) of the Bank of Botswana in its meeting held on 08 October 2020 decided to reduce the Bank Rate by 50 basis points from 4.25% to 3.75%. The MPC opted to further ease monetary policy in order to support the domestic economic activity, which is expected to operate below full capacity in both the short and medium term. This was clear, as Statistics Botswana published Botswana second quarter GDP numbers for 2020, which printed a 24% contraction y/y, from the expansion of 2.6% recorded in the first quarter y/y. The steep decline in the quarter was resultant of a huge reduction in real value added of Mining & Quarrying and Trade, Hotels & Restaurants industries by 60.2% and 40.3% respectively. The General Government industry expanded by 2.1% in real value added compared to 4.2% during the corresponding quarter of 2019. The industry was a major contributor to GDP for the first time in years.

#### Domestic Exchange rates

Currency	09 Oct	02 Oct	Change (%)	YTD (%)
US\$/BWP 	0.0872	0.0868	0.46	-7.33
ZAR/BWP 	1.4414	1.4477	-0.44	8.42
EUR/BWP 	0.074	0.074	0.00	-11.90
GBP/BWP 	0.0673	0.0674	-0.15	-6.27
JPY/BW 	9.23	9.13	1.10	-9.78
CNH/BWP 	0.5845	0.5871	-0.44	-10.99

Source: Bank of Botswana

#### 5.0 Oil prices heads for weekly gain...

Oil prices was in line to gain a little under 10% week on week, supported by some possible supply disruptions in Norway. Oil supply disruptions in Norway are expected to reduce output in the region by over 330,000 barrels per day. This followed the escalation of the workers strike in the region which

resulted in four offshore oil and gas fields shutting down. Also playing to prop up oil prices is further output reduction, caused by an incoming hurricane in the Gulf of Mexico. Some 1.5mn barrels per day have already been removed from the market in preparation of the hurricane's impact. The US President's health is also improved, after being diagnosed with Covid19, supported oil prices as well, together with the expectations that a new US stimulus package is soon to be agreed upon.

This is oil's first week on week gain in three – this run is however, not expected to hold, more so given the ever growing list of uncertainties surrounding the recovery of demand for the commodity. Oil prices were trading at around US\$43.15/oz at the time of writing.

The precious metals also showed some gains for the week. Gold was up 1.39%, silver was up 4.15%, while platinum was up a much smaller 1.03%.

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