



Weekly Financial Markets Highlights

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1.0 Local Equity Market...

Choppies swept in at the end of the trading week, to claim the overall liquidity in the market, with trades that crossed 10.4mn shares. This being a little over 70% of the total 14.7mn shares that went through the market in the week. The total turnover was at P11.4mn – a considerable increase from the prior week's turnover of P3.5mn.

Investors continued to offload some positions in Letshego, after qualifying for the Group's 3.9 thebe interim gross dividend (ex-dividend: 19 October 2020). The stock traded 3.95mn shares in the week, with the stock's price remaining unchanged at P0.66/share. Of recent, investors have been holding on to their investments in the Letshego with hopes of finding a better price for their shares. It seems, qualifying for the dividend was a close second in terms of gains from their investments and thus they decided to divest. The stock is currently trailing behind its year opening price, and carries a year to date loss of negative 7%. The net dividend yield is sitting at 16.3%, which is quite high, but owes to the current undervaluation of the stock's price.

Turnstar closed the week 13.6% higher at P2.50/share. The price gain shaved off almost half of the stock's year to date losses, to close at negative 11%. It is worthy to note that this gain in Turnstar was the first positive price movement on the Equity market since the 7th October 2020 (about 2 weeks). It would be amiss not to mention that a large chunk of the gains in the week, coincided and sometimes were an effect of transactions by a Director's and an Associate of the same Director's trading. The Direction in question being Turnstar's Group Managing Director.

BTCL continued to cascade lower and lower, as the stock closed the week at a historic low of P0.69/thebe. The stock currently stands with a year to date loss of negative 27.4%. The week's loss has just pipped over the former leader of the losers position (i.e. Minergy with a year to date loss of negative 27.3%). It seems with every passing week, we see the stock touch a new low, which in turn triggers panic selling in its investors.

The BSE indexes gained in the week – a welcome effect of the gain in Turnstar. The Domestic Company Index (DCI) and Domestic Company Total Returns Index (DCTRI) gained 0.39% and 0.63% respectively, with the total returns index boosted by Letshego going ex-dividend on the 19th October 2020. The year to date losses for both indexes were marginally lower at negative 7.87% and negative 3.44% for the DCI and the DCTRI respectively. The FCI was unchanged in the week, as no price movements were noted, nor did any stocks trade on the respective board.

COUNTER	23 Oct (t)	16 Oct (t)	Change (%)	YTD (%)
TURNSTAR ↑	250	220	+13.6	-11.0
BTCL ↓	69	72	-4.2	-27.4

Source: Motswedi Securities, BSE

Market Summary – Week ending 23 October, 2020

No. of Shares Trading	14,732,529
Turnover (BWP)	11,361,926
Turnover (USD)*	997,577
No. of stocks trading#	13
No. of stocks advancing#	1
No. of stocks declining#	1
No. of stocks unchanged#	21

Source: Motswedi Securities, BSE *US\$/BWP = 0.0878
= Domestic Main Board

BSE Indices – Week ending 23 October 2020

DCI Close	6,904.49
Weekly Change (%)	+0.39
YTD Change (%)	-7.87
FCI Close	1,547.33
Weekly Change (%)	0.00
YTD Change (%)	-0.97
DCTRI Close	1,668.12
Weekly Change (%)	+0.63
YTD Change (%)	-3.44

Source: Motswedi Securities, BSE

2.0 Company Announcements and Financial Results

Turnstar published a number of announcements noting transactions by Directors and Associates of Directors. The Group Managing Director (Mr Gulaam H. Abdoola) made an on-market purchase of 4,931 shares between P2.20/linked-unit and P2.40/linked-unit on the 20th October. An associate of the Group Director, a day after that, trading 1,000 shares at P2.50/linked-unit.

Choppies held its 2018 and 2019 Extraordinary General Meeting in the week. All the ordinary resolutions were passed in both meetings, although the resolution to receive and approve the Audited Financial Statements and the Auditor’s Reports were met with some resistance from voting shareholders. The special resolutions, which require a 75% favourable vote, were not passed with both favourable votes failing to reach the threshold. The special resolution was to ratify the donations made by the Company for both 2018 and 2019.

Cresta Marakanelo Limited (“CML or “the Company”) advised its stakeholders of confirmed

COVID-19 cases amongst some staff members at Cresta Jwaneng Hotel. In liaison with the Ministry of Health and Wellness (“MOHW”) and the CML Company Doctor, CML is taking all precautionary measures to protect our staff and guests. The concerned staff members have been quarantined under the supervision of the MOHW as per the health regulations. MOHW is conducting contact tracing and is expected to complete the exercise in the coming days. Subsequent to the safe relocation of the affected parties, MOHW has advised that Cresta Jwaneng Hotel can continue with its normal operations. In an abundance of caution, CML has taken the decision to close Cresta Jwaneng Hotel with immediate effect, while the rest of the staff members will be under self-isolation until they are medically cleared. Further to this, CML has engaged a disinfection agency recommended by the District Health Management Team (“DHMT”), to deep clean and fumigate the entire property. The hotel will re-open on Monday 26th October 2020.

FPC appointed a new director. Mr Rajesh Jayrajh has been appointed to the Board of Directors of Far Property Company Limited (FPC) effective 21 October 2020, subject to approval by shareholders at its next Annual General Meeting of shareholders.

NAP published a trading update. The group expects their profit before tax to be between 25% and 35% (P52mn to P73mn) below the P209mn reported for the prior year, as a result of the impact of the non-distributable components of profit before tax. Profit before tax is therefore expected to be between P136mn and P157mn for the year ended 31 July 2020. The audited financial results are expected to be released by the end of October 2020 and the Board will be considering the various valuations and the impact of these on the profit before tax later this month. NAP

has already declared the full distribution for the year ended 31 July 2020, being 1.1% lower than the 2019 comparative due to the impact of COVID-19.

Anglo American published a production report for the third quarter ended 30 September 2020. Copper production increased by 4% as Collahuasi in Chile increased production by 17% due to ongoing strong performance. PGMs production was broadly flat as a strong performance from the open pit Mogalakwena mine, with 12% higher palladium production, largely mitigated lower production from the underground Amandelbult. In Iron ore, the pipeline inspection and maintenance at Minas-Rio in Brazil was completed successfully and on schedule, with operations restarted in early October. Rough diamond sales improved ahead of the key Q4 holiday selling season for diamond jewellery. Rough diamond production decreased by 4% to 7.2 million carats driven by planned reductions in production to reflect the lower demand for rough diamonds due to the Covid-19 pandemic.

In Botswana, production decreased by 15% to 4.8 million carats due to the planned treatment of lower grade material at both Jwaneng and Orapa, with production targeted at levels to meet lower demand. Namibia production decreased by 43% to 0.2 million carats as the marine fleet suspended production for part of Q3 to reflect lower demand and one vessel was in dock for planned maintenance during the period. South African production increased to 1.2 million carats due to an expected change in ore mix, with more ore sourced from the higher grade material from the last cut of the open pit (rather than from low grade stockpiles) as the mine transitions to the underground. Production in Canada increased by 17% to 0.9 million carats, due to treatment of higher grade material at Gahcho Kué. Demand for

rough diamonds showed signs of improvement in the quarter as Covid-19 restrictions gradually eased in cutting and polishing centres and consumer markets ahead of the key end of year holiday season. Rough diamond sales totalled 6.6 million carats (6.5 million carats on a consolidated basis) (2) from three sights compared with 0.3 million carats (0.2 million carats on a consolidated basis) (2) from two(3) sights in Q2 2020 and 7.4 million carats (7.1 million carats on a consolidated basis) (2) from three sights in Q3 2019.

3.0 Dollar headed for a weekly decline...

The US dollar was headed for a weekly loss, pressured by the possibility of a fiscal stimulus package being approved by Parliament before elections in two weeks. As a result, investors saw this support by the Government in boosting the US economy as a positive sign and thus opted to place their money in riskier assets. This can be seen in the strengthening of the local unit, the rand, and other emerging market currencies, against the US dollar.

The pound was on the backfoot for the week, amid angst on whether the UK will reach an amicable deal with the European Union before the year comes to an end. The last round of talks between the UK and the EU ended without too much progress as the two parties involved cancelled a face to face to meeting. Nonetheless, investors in the sterling pound are expecting some level volatility to emanate from the unit in the short term.

The local unit, for the most part traded mixed against its trading partners. The pula gained as a direct result of the US dollar weakening against its trading partners; this was also the main reason that the pula weakened against the South African rand.

Domestic Exchange rates

Currency	23 Oct	16 Oct	Change (%)	YTD (%)
US\$/BWP ↑ 	0.0878	0.0867	1.27	-6.70
ZAR/BWP ↓ 	1.4291	1.4452	-1.11	7.49
EUR/BWP ↑ 	0.0745	0.0741	0.54	-11.31
GBP/BWP 	0.0673	0.0673	0.00	-6.27
JPY/BW ↑ 	9.2	9.13	0.77	-10.07
CNH/BWP ↑ 	0.5863	0.5822	0.70	-10.72

Source: Bank of Botswana

4.0 Oil prices restrained in the week...

Output and demand pressures continued to weigh on the price of oil in the week. The resurgence of COVID-19 cases in Europe and North America has raised demand recovery concerns, as the affected regions opted to effect lockdown measures to varying degrees that will include movement restrictions. The return of Libyan oil to the platform has also increased overall OPEC output, by around 150,000 barrels per day. The rest of the OPEC+ members have agreed to cut output by about 7.7mn bpd, a deal wherein Libya is exempt, for the time being. Oil was trading 0.63% down for the week, at around US\$42.66/bl.

Gold was supported by some optimism that the US fiscal relief package will come to fruition, or at least part fruition before the US elections in a few weeks. This gain in gold was largely a trigger reaction to the weakening of the US dollar. A weaker dollar bodes well for investors interested in purchasing gold, as it becomes less expensive. Concerns that the COVID-19 pandemic continues to spread in Europe has raised alarms that the region may experience a double dip recession, which increases the possibility of monetary and/or fiscal stimulus by the European Central Bank in the short term. This, of course, lent some support to the yellow metal. At the time of

writing, gold was trading 0.55% up from the prior week at US\$1,909.74/t oz.

Silver and platinum were trading 2.44% and 3.18% higher in the week, with mid-afternoon prices of US\$24.75/t oz. and US\$892.34/t oz., respectively.

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