



Weekly Financial Markets Highlights

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1.0 Local Equity...

The Domestic Company Index (DCI), as well as the Domestic Company Total Returns Index (DCTRI), posted their largest loss since May 2019 in the week just ended. The DCI and the DCTRI were both down 1.80%, leaving the DCI with a growth of negative 2.18% and the DCTRI with a growth of negative 2.02%. Leading to this decline in the indices were the losses in Sechaba, which lost 11.6% in value, together with Absa, which lost 9.4% in value. These losses were, on the other hand, capped by the gain by SeedCo, which climbed 10% for the week.

The current ongoing ban on the sale of alcohol (and anticipated tax on sweetened beverages) is weighing on the performance of Sechaba's subsidiaries, which as would be expected, will hurt the performance of Holding Company. The stock closed the week P2.40 weaker at P18.25/share, resulting in the growth of the stock's year to date loss, which is now at negative 11.6%.

Absa's share price declined to P4.80/share. It seems shareholders in the name succumbed to the market pressure, and accepted a bid that was standing in the market for a few weeks now, at the aforementioned price of P4.80. This decline in value extended the stock's year to date movement of negative 10.8%.

Also losing in the week was Cresta, declining by 5 thebe, as ongoing movement restrictions caught up to its share price, to close valued at P1.25/share. Its year to date movement was a reflection of the week's losses, at negative 3.8%. FNBB dropped 1 thebe to P2.19/share, to join the pool of losers in the week with a year to date decline of negative 0.5%

SeedCo climbed 10% in the week, as mentioned earlier, to close the week valued at P2.20/share. The abundance of rain in the last few months, is expected to play a supportive role in the company's sales. In terms of business structure, SeedCo International is currently in the process of acquiring the shares of its subsidiary, i.e. SeedCo Limited, from the invested shareholders on the Zimbabwe Stock Exchange (ZSE). SeedCo International, is reported to have already received acceptances from investors that gives the company a total shareholding of about 85%. This process is part of a restructuring venture that is expected to result in the Company listing on the Victoria Falls Stock Exchange (VFEX) under the SeedCo International name, and delisting the subsidiary from the ZSE.

The FCI was up 0.01% in the week, as a result of Tlou Energy gaining 10 thebe in value to P0.50/share. The index's year to date increased accordingly to +0.24%. Support for Tlou is likely a response to a recently published update on the company's bid for the 100MW tender to provide CBM fuelled power plants for the Botswana Government. So far, a pilot Power Purchase Agreement (PPA) has been signed between Tlou and the Botswana Power Corporation for the first 2MW of power, of which a grid connection agreement has also been signed by the two parties. This will enable the injection of power into the BPC grid, which is a valuable step for the company in making its first sale of power.

Market Summary – Week ending 19 February, 2021

No. of Shares Trading	1,501,417
Turnover (BWP)	4,123,043
Turnover (USD)*	380,557
No. of stocks trading#	13
No. of stocks advancing#	4
No. of stocks declining#	4
No. of stocks unchanged#	15

Source: Motswedi Securities, BSE *US\$/BWP = 0.0923
= Domestic Main Board

COUNTER	19 Feb (t)	12 Feb (t)	Change (%)	YTD (%)
SEEDCO ↑	220	200	+10.0	+18.9
STANCHART ↑	150	147	+2.0	+3.4
SEFALANA ↑	936	935	+0.1	+0.2
TLOU ↑	50	40	+25.0	+51.5
BBS ↑	108	107	+0.9	-0.9
SECHABA ↓	1825	2065	-11.6	-11.6
ABSA ↓	480	530	-9.4	-10.8
CRESTA ↓	125	130	-3.8	-3.8
FNBB ↓	219	220	-0.5	-0.5

Source: Motswedi Securities, BSE

BSE Indices – Week ending 19 February, 2021

DCI Close	6,729.59
Weekly Change (%)	-1.80
YTD Change (%)	-2.18
FCI Close	1,550.93
Weekly Change (%)	+0.01
YTD Change (%)	+0.24
DCTRI Close	1,631.14
Weekly Change (%)	-1.80
YTD Change (%)	-2.02

Source: Motswedi Securities, BSE

2.0 Company Announcements and Financial Results

Anglo American announces that Elisabeth Brinton will join the Board as a non-executive director, with effect from 1 March 2021. Elisabeth Brinton is EVP of Global Renewables & Energy Solutions at Royal Dutch Shell plc, having built an international career that has brought together her strategic vision for business transitions with a customer centric approach to technology and product innovation.

Botswana Diamonds announced that it has entered into a cooperation agreement to fund exploration of its prospecting licence assets in Botswana with Diamexstrat Botswana Pty Ltd (“DESB”), which in turn has an alliance agreement with Burgundy Diamond Mines Limited (“Burgundy” ASX: BDM). BOD’s prospecting assets comprise the recently acquired Sekaka Diamonds Exploration Pty Ltd (“Sekaka”) database and Prospecting Licences, as well as the Prospecting Licences held by BOD’s subsidiary, Sunland Minerals Pty Ltd (“Sunland Minerals”). DESB (and its partner, Burgundy) can earn up to a 70% interest in BOD’s Botswana Sunland Minerals and Sekaka’s Prospecting Licences. BOD can earn a 15% interest in Prospecting Licences held by DESB (and partners) on the first US\$1.5mn spent on exploration by DESB where BOD’s database assists in the discovery of a primary kimberlite. On 3rd party Prospecting Licences where targets are identified in BOD’s database, a joint earn-in will be negotiated at the time. For new Botswana Prospecting Licences, DESB (and its partner, Burgundy) can earn up to 70%.

Tlou Energy is working towards the goal of being the first carbon neutral baseload power project in Botswana by advancing land acquisition. Whereas

the Company has already negotiated land access and leasing agreements with relevant landholders for the power generation facility and a new field operations camp, recent steps have been taken to acquire additional land for carbon sequestration. The availability of land and labour within the Lesedi project area is viewed favourably by the Company for developing a carbon neutral power project.

Minergy announced the results of their Extraordinary General Meeting held on the 18th February 2021. All the special resolutions were passed accordingly with all the votes “For” each resolutions surpassing the 75% threshold. The first resolution referred to the specific issue of “Placing Shares”, being up to 195,312,500 new Ordinary Shares for cash, pursuant to the Placing, and the increase of the Company’s stated capital in accordance with the number of Placing Shares issued multiplied by the Placing Price. Whereas the second resolution related to Shareholders waiving their pre-emptive rights for the issue of the Placing Shares, consisting of 195,312,500 new Ordinary Shares.

3.0 Foreign Exchange...

The US dollar was down in the week against its trading partners, knocked by an unexpected increase in US weekly jobless claims. In recent days however, the dollar was seen rising, supported by a jump in US Treasury yields. The benchmark 10-year Treasury yields surged midweek, as an outcome of an anticipated increase in inflation on expectations of the US\$19 trillion US relief package, as well as continued rollout of the Covid-19 vaccines across the country.

The Japanese yen, which happens to be very sensitive to US rates, was on the backend for the

week. Japanese yields are currently anchored to US rates, which means that when US treasury yields rise, as they have done in the week, the yen feels the pinch. The yen, against the US dollar, was trading near its five month low.

Domestic Exchange rates

Currency	19 Feb	12 Feb	Change (%)	YTD (%)
US\$/BWP 	0.0923	0.0922	0.11	-1.91
ZAR/BWP 	1.3449	1.3494	-0.33	1.16
EUR/BWP 	0.0763	0.076	0.39	-9.17
GBP/BWP 	0.066	0.0668	-1.20	-8.08
JPY/BWP 	9.74	9.6600	0.83	-4.79
CNH/BWP 	0.5958	0.5927	0.52	-9.27

Source: Bank of Botswana

The local unit was trading mixed in the week, supported by the weakened US dollar, resulting in an increase in risk appetite for emerging market currencies.

In other avenues, Botswana's January 2021 CPI data was recently published, with headline inflation showing a slight increase to 2.3%, from the 2.2% registered in December 2020. This, however, remains below the Bank of Botswana's objective range of 3 - 6%. According to Statistics Botswana, the increase in the annual inflation rate was due to the increase in annual price changes for most categories of goods and services.

4.0 Commodities...

Oil prices were in line to post weekly gains during mid-afternoon trading. Prices reached a 13 month high on Thursday supported by supply disruptions in the United States in the week. A storm hit the south of the US early in the week which forced a number of oil well and refineries to shut down in Texas. An estimate of at least a third of the oil production in the

region were pulled out of the market due to the weather. This disruption is anticipated to last a few days, if not a few weeks.

Following this initial gain, the lack of demand from the region's refiners, dampened sentiment for the commodity as US crude stockpiles are expected to build in the coming weeks. There is also expectations that the Organization of the Petroleum Exporting Countries and its allies, known as OPEC+, will increase in crude oil production in April 2021, as a result of the recovery in the commodity's prices.

In the recent weeks, we have seen oil prices rise over 20%, primarily supported by the ongoing production cuts from OPEC+. Benchmark Brent crude oil prices were trading at around US\$62.79 per barrel at the time of writing.

Gold prices were headed for their largest weekly decline since the end of November 2020. The metal's shininess was eroded by the rise in the US Treasury yields in week, thus dampening the appeal of non-yielding bullion. Gold was trading 2.27% lower, at the time of writing, at around US\$1,782.74/oz.

Elsewhere, silver was up 0.11% at the time of writing trading at around US\$27.39/oz., while platinum was trading up 2.36% for the week at US\$1,286.08/oz..

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