



# Weekly Financial Markets Highlights

**Research**  
Garry Juma  
Salome Makgatlhe

**Sales**  
Tshepo Setlhare  
Keyshia Tebogo

**motswedi**securities



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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](mailto:motswedi@motswedi.co.bw)  
Website: [www.motswedi.co.bw](http://www.motswedi.co.bw)

## 1.0 Local Equity...

The local equity market was immersed in losses in the week just ended as the BSE's Domestic Company Index (DCI) slid 0.88%, while the Domestic Company Total Returns Index (DCTRI) was down 0.82%. As at the close of these first two months of the year, the DCI's performance stood at negative 3.04% and the DCTRI at negative 2.82%. The latter of the aforementioned indices was marginally cushioned in the week by Letlole La Rona going ex-dividend – as evidenced in the 0.06% difference in the weekly movements of the indices.

Property company, Turnstar, was the largest loser on the table in the week, as the only double digit decliner (in percentage form), posting a loss of 11.8% to close valued at P2.10/share. The stock's year to date movement was extended to negative 16%.

Chobe's share price took a knock in the week, dropping to P9.30/share as a likely reaction to the Level 4 travel advisory on Botswana travel by the United States (as noted by the US Embassy). Tourism businesses, much like Chobe were already reeling from the impact of the movement restrictions invoked by Covid-19 beginning early last year, this travel advisory by the US, is likely to further hamper these businesses given their high reliance on foreign travellers.

Letshego lost a thebe to end the week valued at P0.75/ share. The stock is losing value ahead of the Company's full year 2020 financial results, which according to the strategy update published at the end of December 2020, are expected to be published on the 3rd March 2021.

Also contributing to the dip in the DCI for the week was Petroleum Company, Engen, losing 10 thebe to end valued at P10.15/share, inching lower as the year progresses, with a current yearly decline of negative 1.8%. BBS lost -0.9% in value, giving back the thebe gained in the prior week. However, the value loss in BBS plays no impact in the movement of the domestic indices as the stock is registered on the Serala Over the Counter Board.

Amongst the losses, a lone beacon of green peaked through the red in the name of Letlole la Rona. The stock pocketed a thebe, ending the week valued at P2.30/linked-unit. As this was the stock's first movement of the year, the Company joined the gainers on the Domestic Main Board with a year to date value of 0.4%

### Market Summary – Week ending 26 February, 2021

No. of Shares Trading	<b>9,061,828</b>
Turnover (BWP)	<b>13,856,325</b>
Turnover (USD)*	<b>1,260,926</b>
No. of stocks trading#	<b>10</b>
No. of stocks advancing#	<b>1</b>
No. of stocks declining#	<b>6</b>
No. of stocks unchanged#	<b>16</b>

Source: Motswedi Securities, BSE \*US\$/BWP = 0.0910  
# = Domestic Main Board

COUNTER	26 Feb (t)	19 Feb (t)	Change (%)	YTD (%)
LETLOLE ↑	230	229	+0.4	+0.4
LETSHEGO ↓	75	76	-1.3	+4.2
FNBB ↓	215	219	-1.8	-2.3
ENGEN ↓	1015	1025	-1.0	-1.3
CHOBE ↓	930	943	-1.4	-1.4
TURNSTAR ↓	210	238	-11.8	-16.0
BBS ↓	107	108	-0.9	-1.8

Source: Motswedi Securities, BSE

### BSE Indices – Week ending 26 February, 2021

<b>DCI Close</b>	<b>6,670.10</b>
Weekly Change (%)	-0.88
YTD Change (%)	-3.04
<b>FCI Close</b>	<b>1,550.93</b>
Weekly Change (%)	0.00
YTD Change (%)	+0.24
<b>DCTRI Close</b>	<b>1,617.75</b>
Weekly Change (%)	-0.82
YTD Change (%)	-2.82

Source: Motswedi Securities, BSE

## 2.0 Company Announcements and Financial Results

**BIHL** published a trading statement in the day. The Group is expecting their PBT for the year ended 31 December 2020 to be higher than that which was reported in the prior year, by between 19% and 29%. This translates to an improvement of between P102mn and P156mn in PBT, from the previous year's P537mn. The increase in earnings during the year is driven by good fee income revenue and good performance from some of the associates' businesses as well as the fact that in the comparative period the Group's investments in associates suffered unrealised losses which did not recur in the current year. The Board is pleased to announce this improvement in performance in the midst of the uncertainties and challenges brought about by the COVID-19 pandemic. However, the trading environment remains volatile and will continue to pose challenges into FY2021. The Group's results for the year ended 31 December 2020 are expected to be published on or around the 9th of March 2021. Accordingly, the shareholders of BIHL and potential investors are advised to exercise caution when trading in the Company's securities

until a detailed announcement is made. The financial information on which this trading statement is based has not been reviewed or reported on by BIHL's Independent Auditors.

**Lucara** announced results for the year and quarter ended December 31, 2020. Revenue of \$42.4 million or \$402 per carat sold in Q4 2020. This includes diamonds sold through a combination of regular tenders, Clara, and through HB Antwerp ("HB") under the supply agreement announced in July 2020. FY2020 total operating cash costs of \$27.80 per tonne processed, 13% lower than the prior year. Adjusted EBITDA in Q4 2020 of \$10.2 million marks a continued strong operating margin of 49%. Lucara continues to have a strong availability of working capital, including \$4.9 million in cash at the end of Q4 and \$19.5 million available from a revolving term credit facility. No long-term debt. Specials recovered (+10.8 carats) equated to 6.7% weight percentage of total recovered carats, the fourth year to achieve greater than 6%. Extension of the Karowe mining license for a period of 25 years to 2046, marking a critical step in the advancement of the Karowe underground expansion project. In January 2021, the Company announced the recoveries of two, top white gem quality diamonds (341 carats and 378 carats) from ore sourced from the M/PK(s) unit within the South Lobe. Both stones were recovered unbroken.

**Anglo American plc** notes the announcement of Kumba Iron Ore Limited's annual results for the year ended 31 December 2020, released this morning to the Johannesburg Stock Exchange and available via [www.angloamericankumba.com/financial-results](http://www.angloamericankumba.com/financial-results). The EBITDA disclosed in Kumba Iron Ore Limited's annual results amounts to \$2.8 billion. Anglo American expects to report a segmental underlying

EBITDA for Iron Ore which includes a contribution from Kumba Iron Ore Limited of \$2.7 billion (unaudited), lower primarily due to differences in accounting presentation of certain items and corporate costs.

**Anglo American plc** notes the announcement of Anglo American Platinum's annual results for the year ended 31 Dec 2020, released this morning to the Johannesburg Stock Exchange and available via <http://www.angloamericanplatinum.com/investors/financial-results-centre.aspx>.

**SeedCo** advised shareholders and the investing public that the irrevocable and unconditional acceptances of the Offer by SCIL to SCL shareholders closed at 84% on Tuesday 23 February 2021. In terms of the Offer timetable, the last day to trade in SCL shares was 23 February 2021. However, the Secondary Offer is still open and will close on 2 March 2021. Accordingly, remaining and willing SCL shareholders are reminded that duly completed irrevocable and unconditional Forms of Acceptance, Surrender and Transfer can be delivered or mailed electronically to the Transfer Secretaries, Corpserve Registrars, whose contact details are set out below. As specified in the Circular to SCL shareholders published on 13 January 2021 and the subsequent announcements made thereafter, and in accordance with the ZSE Listings Requirements, SCIL will proceed to cause the voluntary delisting of SCL from the Zimbabwe Stock Exchange ("ZSE") upon the closure of the Secondary Offer on 2 March 2021. Consequently, once delisted, any remaining SCL shareholders will not be able to trade their shares freely in the absence of a public market platform and an easily determinable reference price. Shareholders and the investing public are reminded of SCIL's strategic

plan to achieve full consolidation of SCL on successful completion of the acquisition transaction. Accordingly, and to the extent applicable, SCIL will invoke the provisions of the Companies and Other Business Entities Act (Chapter 24:31) to acquire any remaining shares after the closing date of the Secondary Offer.

### 3.0 Foreign Exchange...

The South African Minister of Finance delivered the much awaited nation's 2021 Budget Speech in the week. The budget was just in time for the largest vaccination programme the country has ever undergone. Fortunately for the taxpayers of the country, the Government has no intentions of raising any tax revenue in this coming budget. Instead the Government has made a provision of R19.3bn in the budget to fund the run the COVID-19 vaccination programme, as well as use emergency withdrawals and if the need arises, their contingency reserve.

As mentioned, the Government does not intend on introducing any increases to personal income tax as well as corporate income taxpayers. In fact, the personal income tax brackets and rebates will be increased above the inflation rate of 4%. On the other hand, the Government will levy excise duties on alcohol and tobacco products by 8% for 2021/22. There are also intentions to increase the general fuel levy (GFL) and the Road Accident Fund (RAF) levy by 15c/litre and 11c/litre, respectively, effectively from 7 April 2021.

The budget deficit for the fiscal year 2020/21 has been revised to 14% of GDP as a result of the spending and economic pressures that came with the COVID-19 pandemic. Meanwhile, the coming year's deficit is expected to shrink to 9.3% of GDP in 2021/22 as an outcome an expected increase in

revenue in the year. Else, the South African economy is expected to shrink by 7.2% in 2020, and forecast to grow by 3.3% in 2021, 1.7% in 2022 and 1.5% in 2023.

The rand was set to post losses for the week, against the US dollar, despite the mostly well received 2021 budget speech. The rand was trading around R14.95/\$ on Friday mid-afternoon, having been pressured by the jump in US bond yields in the previous day.

#### Domestic Exchange rates

Currency	26 Feb	19 Feb	Change (%)	YTD (%)
US\$/BWP ↓ 	0.091	0.0923	-1.41	-3.29
ZAR/BWP ↑ 	1.3677	1.3449	1.70	2.87
EUR/BWP ↓ 	0.0748	0.0763	-1.97	-10.95
GBP/BWP ↓ 	0.0652	0.066	-1.21	-9.19
JPY/BW ↓ 	9.66	9.7400	-0.82	-5.57
CNH/BWP ↓ 	0.5893	0.5958	-1.09	-10.26

Source: Bank of Botswana

#### 4.0 Commodities...

Oil prices were bound for a weekly gain of about 5.25% by Friday mid-afternoon trading, lifted by supply disruptions early in the US following the deep freeze experienced last week in Texas and the Plains which shut down production, estimated at 4mn barrels per day in the region. Also playing to support the commodity was an increase in general optimism that demand for oil and oil products will recover as the COVID-19 vaccines continue to be rolled out. The gains were capped by a slightly stronger US dollar towards the end of the week, which made USD priced oil more expensive for those investing in the commodities in other currencies. Also working against the week's gain, were numbers from the US Energy Information Administration that showed an increase in crude oil

stockpiles by 1.3mn barrels versus the expected drawdown of about 4.8mn barrels.

The Organisation of Petroleum Exporting Countries and its other non-OPEC members are expected to meet on the 4th March, to discuss among others agenda items, whether to improve oil production across members. Speculators are largely anticipating that the group may increase production, more especially as prices have recovered somewhat.

The precious metals were headed for weekly loss with gold, silver, and platinum dropping 1.32%, 1.50% and 5.12% respectively in mid-afternoon trading on Friday.

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