



# Weekly Financial Markets Highlights

**Research**  
Garry Juma  
Salome Makgatlhe

**Sales**  
Tshepo Setlhare  
Keyshia Tebogo

**motswedi**securities



**August 27, 2021**

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 domestic indices clocked their third consecutive week of gains as Friday trading came to an end. The Domestic Company Index (DCI) climbed 0.14% in the week, reducing its loss for the year to negative 2.09%. While the Domestic Company Total Returns Index (DCTRI) also gained 0.14% in the week, adding on to its growth for the year, which as at the close of the week stood at +1.51%. In the absence of any company on the Domestic Board going ex-dividend in the week, the DCTRI's movement was identical to that of the DCI.

Leading the gainers in the week was Letlole La Rona, pocketing five thebe from the market to close at over a five-year high of P2.40/linked-unit. Investors are likely hoping that the two potential transactions that Letlole is currently undergoing negotiations for will yield returns that outweigh any value price increases that the linked-unit may experience. As a result of the week's gain, Letlole's growth for the year has near doubled to 4.8%.

StanChart and Absa were in the gainers pool for the week, likely getting support from the Q1 GDP numbers (published mid-July 2021) that show a continued recovery in the financial services sector of the economy. This is seen further in the recent trading statement published by Absa, highlighting an expected improvement in the bank's half-year performance. Granted, an improved performance for Absa was expected given that the credit impairment provisions from the previous comparative period would have started to smoothen out as the economy opened up (after COVID-19 induced lockdowns) and credit risk began to normalise. Absa closed the week three thebe higher at P4.45/share. While demand for StanChart's shares drove the Company's price to its

highest since June 2019, closing the week valued at P1.90/share.

As is typical of a stock after going ex-dividend (and/or investors receiving their dividends) BTCL closed the week one thebe lighter at P0.74/share. Investors were cashing in their gains after driving the price up earlier in the month of August in a bid to qualify for the company's final dividend for 2021. Given the loss in the week, BTCL's decline for the year extended to negative 9.8%.

Meanwhile on the Foreign Board of the BSE, Lucara and BOD both posted losses in the week. The losses dragged the Foreign Company Index (FCI) 0.15% lower, shrinking its growth for the year to 0.1%.

### BSE Indices – Week ending 27 August 2021

<b>DCI Close</b>	<b>6,735.63</b>
Weekly Change (%)	+0.14
YTD Change (%)	-2.09
<b>FCI Close</b>	<b>1,548.83</b>
Weekly Change (%)	-0.15
YTD Change (%)	+0.10
<b>DCTRI Close</b>	<b>1,689.93</b>
Weekly Change (%)	+0.14
YTD Change (%)	+1.51

Source: Motswedi Securities, BSE

### Market Summary – Week ending 27 August 2021

No. of Shares Trading	<b>4,699,951</b>
Turnover (BWP)	<b>12,898,705</b>
Turnover (USD)*	<b>1,151,854</b>
No. of stocks trading#	<b>15</b>
No. of stocks advancing#	<b>4</b>
No. of stocks declining#	<b>1</b>
No. of stocks unchanged#	<b>18</b>

Source: Motswedi Securities, BSE \*US\$/BWP = 0.0893  
# = Domestic Main Board

### BSE Weekly Price Movements

COUNTER	27 Aug (t)	20 Aug (t)	Change (%)	YTD (%)
LETLOLE ↑	240	235	+2.1	+4.8
STANCHART ↑	190	187	+1.6	+31.0
TURNSTAR ↑	200	198	+1.0	-20.0
ABSA ↑	445	442	+0.7	-17.3
LUCARA ↓	610	725	-15.9	+19.4
BOD ↓	11	12	-8.3	-8.3
BTCL ↓	74	75	-1.3	-9.8

Source: Motswedi Securities, BSE

### 2.0 Company Announcements (on BSE X-News)

**Absa's** Board of Directors hereby advise its shareholders that the Company's consolidated interim profit before tax for the period ended 30 June 2021, will be 100 - 130 percent higher (approximately BWP258 million to BWP296 million) than what was reported for the period ended 30 June 2020, which amounted to BWP129 million. The full details will be provided to the shareholders at the announcement of the half year financial results due to be released on 16 September 2021. Accordingly, the shareholders of the Company and potential investors are advised to exercise caution when trading in the Company's securities until the results are formally published.

**BancABC** published a circular in the day, wherein its Board of Directors proposes the Name Change. The purpose of this Circular is to furnish Shareholders with all the relevant information relating to the Name Change. As announced by the Company on 19 April 2021 and 2 July 2021, Access Bank Plc is in the process of acquiring 78.15% of the stated capital in BancABC from ABC Holdings Limited. It is anticipated that the Proposed Acquisition will complete on or around 30 September

2021. In anticipation of the completion of the Proposed Acquisition, Access Bank Plc seeks to effect the Name Change in order for the Company's name to match the names of its other subsidiaries in Zambia, the United Kingdom, Rwanda, Ghana, Congo, Sierra Leone, Gambia, Kenya Mozambique and most recently, South Africa. Further, notice is hereby given that a virtual Extraordinary General Meeting of Shareholders of African Banking Corporation of Botswana Limited T/A Banc ABC will be held on 16th September 2021 at 09h00 or anytime thereafter.

**BIHL** announce that the Group's interim results (profit before tax) for the six-month period ended 30 June 2021 will be lower than those reported for the six-month period ended 30 June 2020 by between 22% and 26%, this translates to a reduction of between P72 million and P85 million in the Profit Before Tax (PBT). PBT for the six-month period ended 30 June 2020 was P321.8 million. The Group recorded an increase in claims of 44% during the six-month period to June 2021 due to excess mortality adversely impacting the life insurance business. The increase in mortality was driven by the COVID-19 pandemic as the country continues to battle with high infection rates experienced in the 3rd wave which have overwhelmed medical facilities. In the comparative period the number of claims were lower than expectation, largely assisted by the lockdowns and lower infection rates. The Group recorded a strong top-line performance during the period resulting from impressive volumes of new business underwritten. Capitalization levels continue to be significantly more than regulatory requirements and internally stipulated risk appetite. The Board is actively monitoring the risks brought about by excess mortality and has put measures in place to manage the impact. However, the trading

environment remains volatile, and COVID-19 is expected to continue to pose challenges into the 2nd half of the year. The Group's results for the six-month period ended 30 June 2021 are expected to be published on or around 2nd September 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.

**Chobe Holdings Limited** announced the sale of its Ordinary Shares by a Director, namely Adams Tuomey Chilisa Dambe, who sold a sum of 547,073 at P7.50 each.

**Cresta Marakanelo Limited** further advised shareholders that the unaudited consolidated loss before tax of the Company for the six months ended 30 June 2021, is estimated to have reduced by between 15% to 25% (P6.6 million to P10.6 million) compared to the loss before tax of P42.5 million reported for the six months ended 30 June 2020. This improvement in performance in the current year is mainly due to uninterrupted trading throughout the period, whereas during the prior year, the Company's results were impacted by the closure of the hotels for normal operations from 2 April 2020 to 4 June 2020, during the nationwide COVID-19 pandemic lockdown. The unaudited interim financial statements for the period ended 30 June 2021 will be released by 30 September 2021. Accordingly, Shareholders are advised to exercise caution when dealing in the Company's securities until a full announcement is made. The information in this announcement has not been reviewed by the Company's independent auditors.

**Cresta Marakanelo** announces the appointment of Wise Leadership (Proprietary) Limited as Company Secretary with effect from 19 August 2021. Wise Leadership is a 100% ci0zen owned company, which has been providing Corporate Secretarial and Corporate Governance Consultancy services in Botswana for over 10 years. Wise Leadership's clients are from diverse industries and include public and private companies, non-profit organisations, and state-owned entities.

**StanChart** advised shareholders that the unaudited consolidated Profit Before Tax ("PBT") for the six months ended 30 June 2021 will be approximately between 26% to 31% (BWP28 million to BWP34 million) lower than the BWP109 million reported for the six months ended 30 June 2020. The results of the half year ended 30th June 2021 shall be published before the 30th September 2021 and full details will be provided thereupon. The actual results may differ from as disclosed herein. Accordingly, Shareholders and Investors are advised to exercise caution when dealing in the Company's securities until a full announcement is made.

**RDC Properties Limited** unitholders are further advised that the proposed transaction as set out in the cautionary announcement dated 23 July 2021, the potential acquisition and subsequent delisting of Tower Property Fund Limited in South Africa is still in progress and which, if successfully concluded, may have an impact on the value and number of the Company's Linked Units. The afore-mentioned acquisition is intended to enhance the existing portfolio and is a continuation of the Company's strategy of portfolio and geographic diversification. The Directors therefore advise Unitholders to exercise caution when dealing in the Company's

securities until such time as the results of the negotiations are known.

**Anglo American plc** announces that it has purchased 173,137 of its ordinary shares at US\$0.54945 each on Exchange (as defined in the Rules of the London Stock Exchange) from Goldman Sachs International (“Goldman Sachs”) as part of its buyback programme announced on 29 July 2021 (the “Programme”).

**Anglo American plc** announces that it has purchased 142,246 of its ordinary shares of US\$0.54945 each on Exchange (as defined in the Rules of the London Stock Exchange) from Goldman Sachs International (“Goldman Sachs”) as part of its buyback programme announced on 29 July 2021 (the “Programme”).

**Anglo American plc** announces that it has purchased 139,510 of its ordinary shares of US\$0.54945 each on Exchange (as defined in the Rules of the London Stock Exchange) from Goldman Sachs International (“Goldman Sachs”) as part of its buyback programme announced on 29 July 2021 (the “Programme”).

**Anglo American plc** announces that it has purchased 146,349 of its ordinary shares of US\$0.54945 each on Exchange (as defined in the Rules of the London Stock Exchange) from Goldman Sachs International (“Goldman Sachs”) as part of its buyback programme announced on 29 July 2021 (the “Programme”).

**Anglo American plc** announces that it has purchased 358,665 of its ordinary shares of US\$0.54945 each on Exchange (as defined in the Rules of the London Stock Exchange) from Goldman

Sachs International (“Goldman Sachs”) as part of its buyback programme announced on 29 July 2021 (the “Programme”).

**Botswana Diamonds** is pleased to announce that Okwa Diamonds Pty Ltd, a joint venture with Vast Resources plc (“VAST”) in which Botswana Diamonds has an initial 10% carried interest, has today conditionally agreed to acquire Gem Diamonds Botswana Pty Ltd (“GDB”), a wholly owned subsidiary of Gem Diamonds Ltd (“Gem Diamonds”), for a cash consideration of US\$4 million. GDB’s primary asset is the fully permitted Ghaghoo diamond mine in central Botswana, which is currently under care and maintenance. BOD has an initial free carried interest of 10% in Okwa Diamonds Pty Ltd (“Okwa”) for the first US\$15 million of expenditure by Okwa, which is being funded by VAST (including the acquisition cash consideration). Thereafter, BOD will not be diluted below 2.5% of Okwa. BOD can also earn up to a further 20% interest in Okwa through funding 20% of expenditure. Under the terms of the joint venture with VAST, BOD will be the operator of the Ghaghoo mine until such time as an agreed management team is in place. The acquisition of GDB is conditional, inter alia, on relevant regulatory and competition authority approvals in Botswana and is expected to complete during the latter part of 2021.

**CA & S** wishes to announce that the Company’s profit before tax for the six months ended 30 June 2021 is expected to be between R 138.1m and R 142.1m compared to the reported profit before tax for the previous corresponding period of R 78.8m, which represents an increase of between 75% and 80% on the profit before tax of the previous corresponding period. The Company’s headline earnings per share (“HEPS”) for the six months

ended 30 June 2021 is expected to increase to between 8.33 cents and 8.94 cents per share, an increase of between 68% and 73% in comparison to the HEPS of 12.20 cents reported in the previous corresponding period. The Company's earnings per share ("EPS") is expected to increase between 10.92 cents and 11.33 cents per share, an increase of between 131% and 136% in comparison to the EPS of 8.31 cents in the previous corresponding period. Shareholders should take note that trading conditions have been and are expected to remain challenging for the foreseeable future. Preparation of the results for the six months ended 30 June 2021 has started and is expected to continue until on or about 30 September 2021 when the unreviewed summarised interim financial results are expected to be released. Accordingly, shareholders are advised to exercise caution when trading in the Company's securities until such time as the interim results are released. The information in this announcement has not been reviewed or reported on by CA&S' independent auditors.

**Shumba** noted that pursuant to the announcement released on 22 July 2021 whereby Shumba Energy Limited (Shumba Energy (Mauritius) or the Company) announced that it intends to redomicile to Botswana the company wishes to inform shareholders that all non-executive directors of the company have voluntarily stepped down from the board effective 19 August 2021. They will however remain on the board of Shumba Energy (Botswana) (previously known as Sechaba Natural Resources). The following directors have voluntarily stepped down in order to facilitate the re-organisation of the company and redomicile the company from Mauritius to Botswana:

- Alan Mitchell Clegg
- Boikobo Paya

- Siphon Ziga
- Lerang Selolwane
- Jihane Muhamodsaroar
- Yannick Pascal Lam Yee Man

The executive directors will remain on the board of Shumba Energy (Mauritius). The Company is of the belief that until the reorganisation is complete the board composition of Shumba Energy (Mauritius) shall not be in compliance with BSE Listing requirements. The Company will call an EGM as soon as possible in order for shareholders to approve the reorganisation of the business once the required documentation is ready and has been approved.

**RDC Properties Limited** unitholders are further advised that the negotiations as set out in the cautionary announcement dated 23 July 2021, are still in progress for a cross-border acquisition in Zambia which, if successfully concluded, may have an impact on the value of the Company's Linked Units. The afore-mentioned acquisition is intended to enhance the existing portfolio and is a continuation of the Company's strategy of portfolio and geographic diversification. The Directors therefore advise Unitholders to exercise caution when dealing in the Company's securities until such time as the results of the negotiations are known.

### 3.0 Foreign Exchange...

The US dollar rebounded from a one-week low during Friday mid-afternoon trading, but still in line to post a weekly loss against a number of its trading partners. Pressuring the greenback in the week was improved risk appetite following the full approval of the COVID-19 vaccine made by Pfizer and BioNTech by the US Food and Drug Administration.

By Friday afternoon, focus had however shifted towards the Jackson Hole summit, wherein the US Federal Reserve Chair was expected to give a speech and possibly give any clues on the possible timing of the tapering of the US' stimulus bond buy-back programme. Should the Fed Chair give insight to the when the tapering process would begin, there is anticipation that the dollar may gain some support and strengthen against its trading partners. However, should the beginning of the tapering process not be mentioned, investors may strive to seek higher returns from the riskier currencies.

#### Domestic Exchange rates

Currency	27 Aug	20 Aug	Change (%)	YTD (%)
US\$/BWP ↑ 	0.0893	0.0883	1.13	-5.10
ZAR/BWP ↓ 	1.3307	1.3463	-1.16	0.09
EUR/BWP ↑ 	0.0759	0.0756	0.40	-9.64
GBP/BWP ↑ 	0.0652	0.0648	0.62	-9.19
JPY/BW ↑ 	9.83	9.6900	1.44	-3.91
CNH/BWP ↑ 	0.5792	0.5746	0.80	-11.80

Source: Bank of Botswana

Meanwhile, the local unit gained some traction against its most of its competitors in the week, driven by increased investor appetite for the riskier currencies.

#### 4.0 Commodities...

**Oil** prices climbed on Friday, in line to post its largest weekly gain since June 2020, fuelled by anticipated supply disruptions in the Gulf of Mexico. Energy companies in the region ceased production ahead of the possible arrival of a hurricane over the weekend. Further supporting oil prices in the year, are growing expectations that the Organisation of Petroleum Exporting Countries and its allies (collectively known as OPEC+) might hold back on increasing output, more especially as the COVID-19 Delta variant

rakes over economies around the globe and hinders the demand for crude. During mid-afternoon trading, Brent was trading 11% higher for the week at around US\$72.29 per barrel, adding to its gains for the year, which now stand at 40%.

**Gold** prices were on track for their largest weekly gain in more than three months, with a rise of 1.3% and trading at around US\$1,796.70 per ounce. Supporting the unit was safe haven demand amidst increased geopolitical tensions in Afghanistan as well as drop in the US dollar earlier in the week. A weaker dollar makes gold cheaper for non-US dollar investors. On a year to date basis, gold prices are down 5%.

**Silver** was headed for its largest weekly rise since May 2021, trading at around US\$23.63 per ounce at the time of writing. Meanwhile, Platinum was trading at around US\$1,000.92 per ounce at the time of writing.

z

**Disclaimer:**

The views expressed in this research note reflect the views of Motswedi Securities (Proprietary) Limited based on the information available at its disposal at the time of writing and may change without notice, and is provided for information purposes only. While Motswedi Securities (Proprietary) Limited has taken all reasonable steps in carefully preparing the document, it does not take any responsibility for any action that may be taken on the basis of the information contained herein. Each recipient of it is advised to undertake its own analysis and evaluation of the terms and contents hereof, and obtain independent advice as appropriate, before acting in any way upon the information contained herein. Accordingly, this document is not intended, and no part of this document should be read, as constituting, in any way, an offer or other solicitation for the purpose of the purchase or sale of any of the securities referred to herein. This document may not be reproduced, distributed or published, in part or in whole, by any recipient for any purposes without the authorization of Motswedi Securities (Proprietary) Limited.