



# Weekly Financial Markets Highlights

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## 1.0 Local Equity...

After spending a large part of the week on the decline, the Domestic Company Index (together with the Domestic Company Total Returns Index) recovered most of its losses and closed the week marginally changed. Both the Domestic Company Index (DCI) and the Domestic Company Total Returns Index (DCTRI) both maintained their growth for the year of 0.43%. The Foreign Company Index (FCI) has made no movements for the year, given that the companies listed on the respective Board of the BSE have not noted any price changes.

Influencing movements of the indices in the week were the losses in Turnstar, G4S, and BTCL; capped by the gains in Letshego and Chobe. G4S was the largest loser in the week, dropping twenty-nine (29) thebe, to close valued at P2.70/share, leaving its decline for the year at negative 9.7% and leading the market losers.

Turnstar, was down one (1) thebe, to close the week valued at P1.97/linking unit, joining the list of losers on the equity market. The Property Company's linking units was one of the largest losers noted in 2021, having lost 20.8% throughout the previous year.

BTCL's share price took a one (1) thebe knock, to close the week trading at P0.73/share -- extending its loss for the year so far to negative 2.7%. Investors were taking advantage of the stock's low pricing and attractive dividend yield (of 11.1%, in comparison to the domestic market's weighted average of 7.8%), to mop up some of the excess supply that exists in the market. Investors were also purchasing the stock in order to qualify for BTCL's outstanding interim dividend of 3.67 thebe (gross), of which the last day to register is 28 January 2022.

BBS also lost value in the week, however made no contribution to the movements in the domestic indices, as the Company is registered on the Serala OTC (Over-the-Counter) Board, versus being listed on the Domestic Main Board (wherein the value of the domestic indices are derived). BBS lost five (5) thebe to close the week priced at P0.74/share. As this is the stock's first movement of the year, it now sits with a decline so far of 6.3%.

### BSE Indices – Week ending 21 January 2022

<b>DCI Close</b>	<b>7,039.62</b>
Weekly Change (%)	-0.00
YTD Change (%)	+0.43
<b>FCI Close</b>	<b>1,549.65</b>
Weekly Change (%)	0.00
YTD Change (%)	0.00
<b>DCTRI Close</b>	<b>1,857.92</b>
Weekly Change (%)	-0.00
YTD Change (%)	+0.43

Source: Motswedi Securities, BSE

### BSE Weekly Price Movements

COUNTER	21 Jan (t)	14 Jan (t)	Change (%)	YTD (%)
LETSHEGO ↑	143	141	+1.4	+2.1
CHOBE ↑	731	730	+0.1	+0.1
G4S ↓	270	299	-9.7	-9.7
BBS ↓	74	79	-6.3	-6.3
BTCL ↓	73	74	-1.4	-2.7
TURNSTAR ↓	197	198	-0.5	-0.5

Source: Motswedi Securities, BSE

\* = Exchange Traded Fund

**Market Summary – Week ending 21 January 2022**

No. of Shares Trading	<b>2,327,273</b>
Turnover (BWP)	<b>3,182,159</b>
Turnover (USD)*	<b>276,530</b>
No. of stocks trading#	<b>12</b>
No. of stocks advancing#	<b>2</b>
No. of stocks declining#	<b>3</b>
No. of stocks unchanged#	<b>18</b>

Source: Motswedi Securities, BSE \*US\$/BWP = 0.0869  
 # = Domestic Main Board

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

**Absa Bank Botswana Limited** has commenced preparation of the Full Year Financial Statements for the period ended 31 December 2021. The process will continue for a period that will not extend beyond 31 March 2022, by which date the final Full Year results will have been formally published. In compliance with Botswana Stock Exchange Listing Rules and as a matter of good corporate governance, Absa Bank Botswana Limited hereby declares a closed period effective 01 January 2022, which will be effective until the date the results are published. During the closed period, Absa Bank Botswana Limited Directors, Management and staff are prohibited from dealing in the Bank’s securities until the announcement of the Full Year results.

**Engen Botswana Limited** has commenced the preparation of the final financial results for the year ended 31 December 2021 and will continue until they publish on or about 31 March 2022. In compliance with the Botswana Stock Exchange rules and good corporate governance, the company declares a closed period from 1 January 2021 ending on the date of publication of the financial results. During this period, members of the Board and Staff of the Company are prohibited from dealing directly or indirectly in the listed securities of

the Company in any manner. Any changes to these dates will be communicated in writing. This notice is also circulated to all stock brokers and the Transfer Secretaries to ensure compliance.

**Minergy** is providing this voluntary update to the market as it has entered a closed period, which will end when the interim results for the period ended 31 December 2021 are released. This is expected to take place around the middle of March 2022. Minergy will then update the market through a cautionary announcement, followed by the release of the interim results and commentary. This update provides high-level feedback on the performance, market conditions and developments for the six-month period ending 31 December 2021 (“the six-month period”). The six-month period ending 31 December 2020 (“the comparative six-month period”) is used as a comparative for the performance indicators mentioned below. Find the update [here](#).

**Sechaba Brewery Holdings Limited (SBHL)** shareholders are advised that following the approval of the appointment of KPMG at the AGM held in June 2021, the audit firm has since informed SBHL that they have been unable to obtain the necessary independence clearance, rendering them unable to undertake the audit. At the meeting of the Board of Directors of 10 December 2021, it was resolved to terminate the audit services of KPMG. In order to ensure a smooth and uninterrupted financial year-end reporting process, the Board of Directors, after consultation with the Botswana Accounting Oversight Authority (BAOA), has re-appointed PricewaterhouseCoopers (PwC) for one more year as auditors on an interim basis. PwC had retired at the end of their five-year term in line with auditor rotation requirements. This appointment approved

by the Board of Directors and BAOA is expected to provide a smooth transition process until a substantive auditor is appointed. It is anticipated that the process to appoint substantive auditors will be concluded ahead of the next AGM meeting and presented at the AGM for ratification.

**Anglo American Plc** announced that it has purchased 120,000 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 as part of its buyback programme announced on 29 July 2021. This purchase was dated 14 January 2022.

**Anglo American Plc** announced that it has purchased 164,015 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 as part of its buyback programme announced on 29 July 2021. This purchase was dated 19 January 2022.

**Anglo American Plc** announced that it has purchased 165,000 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 as part of its buyback programme announced on 29 July 2021. This purchase was dated 20 January 2022.

**Botswana Diamonds** announces that pursuant to the receipt of conversion notices from holders of 29,666,667 warrants exercisable at 0.60 pence each, it has today issued 29,666,667 ordinary shares of £0.0025 each ("Ordinary Shares") at the exercise price of 0.60 pence per new share ("New Shares"). Application will be made for the New Shares, which will rank pari passu with the existing

Ordinary Shares, to be admitted to trading on AIM and it is expected that this will take place on or around 26th January 2022 ("Admission"). The proceeds of the exercise of £178,000 will be used for additional working capital. Following the Admission of the 29,666,667 New Shares, Botswana Diamonds will have 879,071,902 Ordinary Shares in issue which will also represent the total number of voting rights in the Company. The above figure should be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the FCA's Disclosure and Transparency Rules. The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 as it forms part of UK Domestic Law by virtue of the European Union (Withdrawal) Act 2018. The person who arranged for the release of this announcement on behalf of the Company was Jim Finn, Director.

### 3.0 Foreign Exchange...

The US dollar traded down on Friday, however still headed for a weekly gain as investors anticipate a hawkish response from the US Federal Reserve's policy meeting scheduled for next week. Wide expectation is that the Fed will be raising interest rates as early as March 2022, which would be the first time since the Covid-19 pandemic began. The market also estimates that there will be four rate hikes in the US for the year 2022. Bringing the dollar down from the one-week high reached midweek, came after the release of US housing data that unexpectedly increased in December 2021, going against market expectation.

South Africa's consumer inflation quickened to 5.9% in December 2021 according to Stats SA on Wednesday, from 5.5% in November. This is the highest inflation level in almost five years for the country and is just below the upper bound of the South African Reserve Bank's target range of 3% to 6%. The hike in fuel prices was the main driver of the spike in South Africa's inflation levels and is likely to remain so, given that global oil prices are trading at around a seven-year high. For context, fuel prices in South Africa jumped by 40.5% in December 2021 compared with December 2020.

#### Domestic Exchange rates

Currency	21 Jan	14 Jan	Change (%)	YTD (%)
US\$/BWP ↑ 	0.0869	0.0868	0.12	2.00
ZAR/BWP ↓ 	1.3216	1.3331	-0.86	-2.45
EUR/BWP ↑ 	0.0767	0.0756	1.46	1.86
GBP/BWP ↑ 	0.0639	0.0632	1.11	1.27
JPY/BW ↑ 	9.8900	9.8700	0.20	0.92
CNH/BWP ↓ 	0.5511	0.5514	-0.05	1.55

Source: Bank of Botswana

Botswana's annual inflation rate was reported at 8.7% for December 2021, according to the latest report published by Statistics Botswana. This was a marginal increase of 0.1% from the 8.6% that was reported for November 2021. As is the usual case, the major contributors to the month's inflation levels was the Transport Group with 4.3%, the Housing, Water, Electricity, Gas & Other Fuels Group with 1.4%, and Food & Non-Alcoholic Beverages Group with 1.0%.

#### 4.0 Commodities...

**Oil prices** were on the decline on Friday, after spending majority of the week on the climb that led to them rising to seven-year highs. Supporting the price of oil were potential supply disruptions,

including escalating tensions between OPEC+ members Russia and Ukraine, security concerns in Russia and the UAE (who are the second and third largest oil producers in the world), and an explosion that set off a fire on the Iraq to Turkey pipeline temporarily halting flows in the week. Further supporting oil prices was the inability to pump their agreed capacities by some OPEC members, likely due to low investments and outages at the respective facilities. Capping gains and pressuring prices by the end of the week was the unexpected rise in US crude stockpiles in the previous week, together with profit taking by investors after the highs reached in the week. This effect is expected to be temporary, given that demand is increasing, and supply concerns remain. Brent crude was up 1.75% for the week and has gained about 13% for the year so far.

**Gold prices** were on track for their second straight week of gains as inflation concerns and geopolitical tensions between Russia and the Ukraine supported the safe haven metal. Capping gold gains however, was the increasing anticipation that the US Federal Reserve will tighten monetary policy in their upcoming meeting on 25 - 26 January 2022. Gold is considered to be a hedge against inflation, but is however very sensitive to the movements in US interest rates, which may increase the opportunity cost of holding non-yielding assets such as bullion. Gold was up 0.7% for the week, priced at US\$1,831.20 per ounce.

Silver fell to US\$24.25 per ounce on Friday and was set for its best week in a year with a gain of about 5.6%. Meanwhile, Platinum closed Friday at US\$1,044.33 per ounce, and was set for its best week since June 2021.

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