



Weekly Financial Markets Highlights

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1.0 BSE Local Equity...

The 100% citizen owned telecommunications company, BTCL, rallied in the week. The stock gained a cool 7 thebe, to close at P0.70/share. It appears the stock climbed just as fast as it had fallen. The question to be answered now, is how long this growth can be sustained. There is no change in the way of fundamentals driving the stock's rally, except for its low valuation. The stock's year to date, as at the end of the week stood at negative 27.4% (after an almost 8% gain).

Sefalana lost a thebe as the week ended, declining to a lower P9.29/share. The stock however retained its positive yearly movement, which stood at 3.6% (as at Friday afternoon). Local newspapers, have it that Sefalana has pulled out of the consortium "Grow Mine Africa" that was declared the preferred bidder for Botswana's national lottery. This consortium consisted of several other parties who of which collectively owned 60% of the consortium, while Sefalana owned 40%. The Managing Director of the Sefalana Group supposedly wrote a letter to the other parties notifying them of the intent to dilute the Group's holdings in the Consortium as they felt that the Consortium's Corporate Governance structures were not up to par.

The most significant of the week's share value losses came on Friday from SeedCo, as the stock dropped over 26% in value in a handful of trades, to close the week at P1.84/share. This follows the restoration of the stock's fungibility between the Botswana Stock Exchange and the Victoria Falls Stock Exchange (VFEX), in the first week of November 2020. The loss in the week catapulted the stock to the largest loser in the domestic equity market.

Sechaba was on the chopping block in the week, posting a 0.5% loss to close at P20.70/share. FPC dropped a thebe, to close valued at P2.47/share, leaving its year to date at small gain of 0.4%. This was a direct result of a transaction by a director.

Two of the banks were on the list of losers. Absa Bank Botswana lost a thebe in the week, closing at P5.39/share, and this being a 12 month low for the stock. The loss in the stock's price, extended its year to date loss to negative 2.0%. One might peg the bank's current losses on the expected impairments for the financial year, more especially after the ending of most moratorium periods (and any other relevant extension periods). We may see this concern affect other banks as well. As such, FNBB lost a thebe to end the week valued at P2.19/share, slightly increasing its year to date loss to negative 23.2%.

One bank did make a gain in the week – StanChart closed a thebe higher to close at P1.43/share. The stock recovered 0.7% of its yearly performance, as it ended the week at negative 14.4%.

In other market news, Choppies showed a level of volatility at its secondary listing on the JSE wherein the stocks suspension was lifted last week Friday (13 Nov. 2020). The stock's price rallied to over 200% during intraday trading on Monday, before finally losing steam and declining to around R0.85/share. Trading in the stock on the JSE left the stock at around R0.78 (at the time of writing) which translates to an approximate of P0.56/share using the Bank of Botswana's BWP/ZAR mid-rate (as at 20 Nov. 2020).

Market Summary – Week ending 20 November, 2020

No. of Shares Trading	8,453,227
Turnover (BWP)	13,509,451
Turnover (USD)*	1,217,202
No. of stocks trading#	18
No. of stocks advancing#	2
No. of stocks declining#	6
No. of stocks unchanged#	15

Source: Motswedi Securities, BSE *US\$/BWP = 0.0901
= Domestic Main Board

COUNTER	20 Nov (t)	13 Nov (t)	Change (%)	YTD (%)
BTCL ↑	70	63	+11.1	-26.3
STANCHART ↑	143	142	+0.7	-14.4
SEEDCO ↓	184	250	-26.4	-38.7
SECHABA ↓	2070	2080	-0.5	-6.1
SEFALANA ↓	929	930	-0.1	3.6
ABSA ↓	539	540	-0.2	-2.0
FNBB ↓	219	220	-0.5	-23.2
FPC ↓	247	248	-0.4	0.4

Source: Motswedi Securities, BSE

BSE Indices – Week ending 20 November, 2020

DCI Close	6,847.68
Weekly Change (%)	-0.64
YTD Change (%)	-8.63
FCI Close	1,547.31
Weekly Change (%)	0.00
YTD Change (%)	-0.97
DCTRI Close	1,654.39
Weekly Change (%)	-0.64
YTD Change (%)	-4.24

Source: Motswedi Securities, BSE

2.0 Company Announcements and Financial Results

Choppies posted an announcement relating to a dealing in shares by a Director. Ms Carol Jean-Howard made an on-market purchase of 135,847 shares at P0.60 per share.

FPC posted an announcement relating to a dealing in shares by a Director. Mr Ramachandran Ottapathu made an on-market purchase of 17,864 shares at P2.47 per share. Once more the trade resulted in a price change for the stock.

BHC will redeem the BHC020 Unsecured Notes, having an aggregate nominal amount of BWP 103,000,000 and maturing on 10 December 2020. The redemption will occur on 10 December 2020 as per the redemption provisions contained in the Pricing Supplement issued in respect of the BHC020 Notes dated 10 December 2010. The Issuer hereby notifies the Noteholders of the redemption at maturity, as specified in the Pricing Supplement. The Botswana Stock Exchange was notified of the redemption of the BHC020 Notes, and the BHC020 Notes will be delisted as of 10 December 2020. Noteholders are advised that no payment in respect of the redemption of the BHC020 Notes shall be made by the Issuer until 10 days after the date on which the certificate(s) in respect of such Notes have been surrendered to the Transfer Secretaries, where this is still applicable. Noteholders are advised to submit their certificates, where such Notes may still be held in certificated form, in respect of BHC020 Notes held by them to the Transfer Secretaries prior to the Redemption Date. These procedures will not apply to any dematerialised Notes. All Notes which are redeemed shall forthwith be cancelled and cannot be re-issued or re-sold.

Lucara is pleased to announce the Company will be presenting at a Virtual Town Hall meeting for investors, on Monday, November 23, 2020 at 9:00am PST/5:00pm GMT / 6:00 pm CET.

NAP announced that they will no longer be printing or sending bound copies of the annual report to unitholders, following the approval of the resolution to distribute all information to unitholders by electronic means.

Choppies published and posted its 2020 integrated annual report and notice of annual general meeting. The annual general meeting (“AGM”) will be held entirely by way of electronic communication at 14:30 on Friday, 18 December 2020 to transact the business as set out in the Notice of AGM which forms part of the Integrated Annual Report.

3.0 Botswana CPI climbs in October 2020...

The Botswana's headline inflation rose for the third consecutive month, with October's inflation standing at 2.2%, from 1.8% reported in September -- this being according to the latest CPI statistics as published by Statistics Botswana. The main contributors to the October annual inflation rate were Housing, Water, Electricity, Gas & Other Fuels, with an inflation rate of 1.2%, then followed by the Transport group and the Food & Non-Alcoholic Beverages, with inflation rates of negative 0.6% and 0.6% respectively.

The reinstatement of lockdown in some US states pressured the US dollar, more especially as new coronavirus infections continued to rise. Also weighing the dollar somewhat are concerns surrounding the Presidential transition set for January 2021. The incumbent President is set to fight the President elect's victory earlier in the month.

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All of these have offset the optimism that came with news of highly effective vaccine to the coronavirus. As such as the dollar was down for the week, against a number of its trading partners.

The British sterling was up for the week, supported primarily by a weakened dollar, together with some element of positivity that Britain will reach an agreement with the European Union before the December deadline. This was reinforced by comments that a deal from the European Council as early as next week. All of these, worked to support the pound against a number of its trading partners. Meanwhile the local unit felt the pinch of the pounds gains, as such lost ground to most of its trading partners with the exception of the rand

Domestic Exchange rates

Currency	20 Nov	13 Nov	Change (%)	YTD (%)
US\$/BWP ↑ 	0.0901	0.0893	0.90	-4.25
ZAR/BWP ↓ 	1.3888	1.3975	-0.62	4.46
EUR/BWP ↑ 	0.0758	0.0756	0.26	-9.76
GBP/BWP ↓ 	0.0678	0.068	-0.29	-5.57
JPY/BWP ↓ 	9.35	9.37	-0.21	-8.60
CNH/BWP ↑ 	0.5917	0.5914	0.05	-9.90

Source: Bank of Botswana

4.0 Oil prices in line for third week of gains...

Oil prices were set to post gains for the third week in a row. Among other supporters of the commodity are some possible recoveries in a few of the world's largest economies, that is, Japan and China. According to reports, Chinese oil refineries processed the highest barrels per day in the month of October 2020. Also assisting oil prices are expectations that the Organisation of Petroleum Exporting Countries and other non-member allies will maintain the production cuts during its meeting scheduled for November 30, 2020 and December 1,

2020. The race for a COVID-19 vaccine also played a part in bolstering oil prices in the week. Another US drug company announced that they have designed a coronavirus vaccine, wherein which tests have revealed it to be 94.5% effective in preventing the virus, and much easier to transport than the first.

Capping gains however, were refreshed lockdown protocols in the US and Europe, dampening demand prospects. Oversupply worries also continue to weigh on oil prices. This follows the return of Libya's oil to the market as well as the Energy Information Agency report that showed that US crude inventories increased by 0.77mn barrels in the week ended 13 Nov. 2020.

The precious metals were mixed in the week with gold prices down 1.16% following a sell down earlier in the week on optimism that a second COVID-19 vaccine may have optimised. Silver was down also down 1.97% for the week, while platinum was up about 7.32%.

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