



Weekly Financial Markets Highlights

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1.0 Local Equity...

The local equity market's liquidity levels dipped to a one month low in the week just ended, with shares worth P4.06mn being traded across both the domestic and foreign equity boards. Despite the decline in the liquidity levels, trading was not much lower than in the previous week, wherein shares worth P4.14mn went through the market.

On the upside, the recovery of the domestic indices remained well underway. The Domestic Company Index (DCI) recorded its second consecutive week of gains, up 0.05% for the week just ended, marginally knocking away some of its year to date losses which now stand at negative 4.06%. At this time in the previous year, the DCI was down about 1.3% (on a year to date basis), as the pandemic began tightening its grip on the local bourse. The Domestic Company Total Returns Index (DCTRI), on the other hand, noted its seventh consecutive week of gains. The DCTRI was up 0.05%, in tandem with the DCI, feeling the absence of any additional dividend declarations from companies on the domestic board. To calculate the DCTRI, both the price changes and dividend declarations of companies on the domestic board are taken into consideration. The index's loss for the year, shrank further as a result, ending the week at negative 0.93%.

Largely driving the recovery in the domestic indices in the last few weeks were gains in Letshego's share price as well as some support for the agribusiness, SeedCo. However, for the week just ended, this recovery was lifted by gains in StanChart and Absa. StanChart ended the week trading at a 23 month high, valued at P1.75/share. With this gain, the stock reclaimed its position as the second best gainer on the domestic board, with a yearly growth of 20.7%.

Absa recovered 2 thebe in the week to close valued at P4.42/share, reeling from the steep decline the stock endured earlier in the year pressured by a hike in the bank's impairment levels for the year 2020. The bank's share price for the year was slightly reprieved at negative 17.8%.

On the losing front was BTCL, declining to P0.75/share. We have seen the supply of BTCL shares in the market once more start to overwhelm the demand. This results in the stock's price feeling some selling pressures, and allows the buyers to negotiate prices below market. BTCL's decline for the year extended to negative 8.5% following the week's loss.

COUNTER	11 Jun (t)	04 Jun (t)	Change (%)	YTD (%)
STANCHART ↑	175	168	+4.2	+20.7
ABSA ↑	442	440	+0.5	-17.8
BTCL ↓	75	77	-2.6	-8.5

Source: Motswedi Securities, BSE

BSE Indices – Week ending 11 June, 2021

DCI Close	6,599.88
Weekly Change (%)	+0.05
YTD Change (%)	-4.06
FCI Close	1,550.85
Weekly Change (%)	0.00
YTD Change (%)	+0.23
DCTRI Close	1,649.21
Weekly Change (%)	+0.05
YTD Change (%)	-0.93

Source: Motswedi Securities, BSE

Market Summary – Week ending 11 June, 2021

No. of Shares Trading	887,973
Turnover (BWP)	4,059,685
Turnover (USD)*	384,046
No. of stocks trading#	11
No. of stocks advancing#	2
No. of stocks declining#	1
No. of stocks unchanged#	20

Source: Motswedi Securities, BSE *US\$/BWP = 0.0946
= Domestic Main Board

2.0 Company Announcements

Botswana Diamonds follows the recently announced discovery of a second kimberlite blow at Thorny River, with an update that independent specialists aggregated all the geophysical and drilling data to model the potential kimberlite volume of the two adjacent blows and the connecting kimberlite. The updated model estimates a range for the two blows of between 300,000 to 600,000 tonnes in aggregate, which is up to a three-fold increase in the volume following the modelling of the first blow. Sample processing results from our May 2021 programme is expected to be available by the end of July, which will determine geological and grade continuity. The Company's expectation based on the historical grade of Thorny River / Marsfontain dykes is 60 carats per hundred tonnes (cpht). Immediately following this, we plan to drill the potential mineralisation between the two kimberlite blows to test our belief that the two blows potentially join. This will also refine our estimate of volumes.

Cresta published its 2020 integrated annual report. Find it [here](#). An Annual General Meeting notice was published as well, slated for Tuesday, 29 June 2021 at 0900hrs via Webinar.

Anglo American plc announces the cash settled entitlements to be received by shareholders in respect of fractional entitlements resulting from the demerger of Thungela Resources Limited. Shareholders are referred to the circular published by Anglo American on 8 April 2021 (the "Circular") relating to the demerger and the announcement published by Anglo American on 7 June 2021 regarding the completion of the demerger and the listing of the ordinary shares of Thungela on the Johannesburg Stock Exchange and the London Stock Exchange. As set out in the Circular, shareholders would have received one Thungela share ("Thungela Share") for every ten Anglo American shares held. If the number of Anglo American shares held is not divisible by ten, an entitlement to a fraction of a Thungela Share would have arisen. No entitlements to a fraction of a Thungela Share shall be transferred to an Anglo American shareholder (nor to anyone on behalf of an Anglo American shareholder). The aggregated number of Thungela Shares to which Anglo American shareholders are entitled will first be rounded down to the nearest whole number of Thungela Shares, resulting in allocations of whole numbers of Thungela Shares. The aggregated excess fractions of Thungela Shares to which such Anglo American shareholders would otherwise be entitled will not be transferred to them but will instead be sold in the market, and the relevant Anglo American shareholder will be entitled to receive a cash payment in respect of the fraction of a Thungela Share to which they otherwise would have been entitled. In this regard, Anglo American shareholders are advised that the price used to determine the cash payment due them in respect of fractional entitlements is R20.86351. This amount has been determined with reference to the volume weighted average price in Rand of the Thungela

Shares traded on the Johannesburg Stock Exchange on 7 June 2021, less 10% of such volume weighted average price. For Anglo American shareholders on the Anglo American UK register, the reference price will be converted into Sterling using the Rand : Sterling spot rate given on the Bank of England website for 7 June 2021. Anglo American shareholders are further advised that the closing price of the Thungela Shares traded on the Johannesburg Stock Exchange on 7 June 2021 was R21.90.

Olympia announced that Mr Patrick Wamae has been appointed to the Board as a Non-Executive Director with effect from 20th May 2021. He joins the Board with over 30 years of experience in Hospitality Industry, Manufacturing, Transportation and Commercial Agricultural Farming.

Cresta announced the intention of the Company to enter into an agreement with Cresta Hotels Proprietary Limited, a company incorporated in South Africa ("CSA") in terms of which CSA will: - (1) advertise, promote, market and represent the Company in order to generate business with inbound and outbound tour operators and travel agents; (2) provide market intelligence and statistics to the Company; (3) integrate the Company and its hotel inventory on a Central Reservation System("CRS") and provide access to the Global Distribution System ("GDS"), providing to the Company access to online booking channels, which in turn are accessible to travel agents worldwide ("the Proposed Transaction"). CSA is an associate company of Cresta Holdings Proprietary Limited ("CHL"). CHL is a material shareholder of the Company holding approximately 25% of the issued shares of the Company. CSA is a related party, in terms of Botswana Stock Exchange Listings

Requirements. The Company does have a management agreement with CHL which has been in place since January 2010 in terms of which the Company pays to CHL a management fee and profit incentive bonus, which agreement, fee and bonus have been approved by shareholders and regularly disclosed in the audited financial statements of the Company.

StanChart gave notice that the 46th Annual General Meeting of the members of Standard Chartered Bank Botswana Limited will be held on Wednesday 30th June 2021 at 1500 hours via bluejeans. StanChart also published its 2020 annual report. Find it [here](#).

Anglo American plc announces the completion of the demerger of its thermal coal operations in South Africa. Thungela Resources Limited will start trading today through a primary listing on the Johannesburg Stock Exchange under the abbreviated name "Thungela" (Alpha code "TGA"), and a standard listing on the London Stock Exchange (ticker symbol "TGA"). As a leading South African thermal coal exporter, Thungela offers investors access to a high quality thermal coal business with low cash cost and high-margin assets and a strong balance sheet, underpinned by a robust ESG framework. The admission to trading of Thungela on the Johannesburg and London stock exchanges follows the completion of the demerger of Anglo American's thermal coal operations in South Africa that was announced on 8 April 2021 and was approved by shareholders on 5 May 2021. The scheme of arrangement to implement the demerger was sanctioned by the UK High Court of Justice on 26 May 2021. The completion of the demerger took effect at 8.00pm (UK time) on 4 June 2021.

Lucara Diamond Corp. announced the recovery of a 470 carat top light brown clivage diamond from its 100% owned Karowe Diamond Mine located in Botswana. The diamond, measuring 49x42x26mm, was recovered from direct milling of ore sourced from the EM/PK(S) unit of the South Lobe. The 470 carat recovery forms a notable contribution to a series of top quality gem and clivage quality diamond recoveries during a recent production run, including an additional 5 diamonds greater than 100 carats (265ct, 183ct, 161ct, 116ct, 106ct) and 13 diamonds between 50 and 100 carats in weight. The May production run, dominated by EM/PK(S) ore, produced diamonds greater than 10.8 carat in weight accounting for 12.7% weight percent of total production, exceeding resource expectations. Continued strong resource performance and recovery of large diamonds reinforces the significance of the EM/PK(S) as an important economic driver for the proposed underground mine at Karowe. The 470 carat diamond was recovered in the Coarse XRT circuit and represents the third +300 carat diamond recovered to date in 2021. Year to date, Karowe has produced 10 diamonds greater than 100 carats including 6 diamonds greater than 200 carats, including the 341 carat and 378 carat top white diamonds recovered in January 2021.

3.0 Foreign Exchange...

The dollar was under pressure in the week just ended, as investors shrugged off the latest US inflation numbers, which as expected, were quite high. The recently published US data showed that consumer prices climbed 5% year-on-year in May 2021, driven by increased domestic demand as the pandemic's grip on the economy continues to loosen. This was the sharpest rise in prices in the country in almost 13 years. Meanwhile for the month, core inflation only climbed 0.6% in May, which

supported the US Federal Reserve's narrative that the increased inflation levels are only transitional and were expected as the US economy recovers. The dollar was headed for a small weekly loss against a number of its peers, at the time of writing.

The European Central Bank (ECB) commentary was published in the week. It seems the Central Bank has increased its forecasts for the Eurozone growth and inflation, despite not noting when it might start tapering off its bond buyback programme in the Eurozone. The ECB maintained its commitment to continue purchasing bonds until March 2022 as part of its Pandemic Emergency Purchase Program (PEPP). In addition, the central bank has kept its interest rates unchanged.

Domestic Exchange rates

Currency	11 June	04 June	Change (%)	YTD (%)
US\$/BWP ↑ 	0.0946	0.0942	0.42	0.53
ZAR/BWP ↓ 	1.2829	1.2856	-0.21	-3.51
EUR/BWP ↓ 	0.0776	0.0778	-0.26	-7.62
GBP/BWP ↓ 	0.0667	0.0668	-0.15	-7.10
JPY/BW ↓ 	10.35	10.3800	-0.29	1.17
CNH/BWP ↑ 	0.6039	0.6034	0.08	-8.04

Source: Bank of Botswana

The weakening of the dollar, supported the emerging market currencies. The local unit traded mixed in the week, up against the US dollar and Chinese yuan, and down against the South African rand, the Euro and Sterling pound.

4.0 Commodities...

Oil prices reached a multi-year high during the week, vying for their third consecutive week of gains. This growth was fuelled by signs of the recovery of demand for oil and oil products (including fuel), more especially in the United States, Europe, and China

as vaccination rates continue to rise. Further lifting oil prices was the increased likelihood that the US will not be lifting the current sanctions on Iran in the short term. This, by default, means that Iran's oil supply will likely not be returning to the market as well – thus, not adding to the current glut in the market. Brent oil prices were at a 2 year high, trading about 1% up at the time of writing at around US\$72.66 per barrel. Brent's price have grown about 40% so far this year.

The precious metals were mixed in the week, with gold marginally higher on the back of the weakened US dollar and lower US Treasury yields. Gold was up about 0.07% for the week. Silver was up 1.3%, while platinum was down 1.3% by the end of the week.

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