



Weekly Financial Markets Highlights

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June 18, 2021

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1.0 Local Equity...

The Domestic Company Index (DCI) closed off the week with its largest week on week gain in 8 months -- recovering 0.37% of its yearly losses. This was the third consecutive week of gains for the index, which in the last two months has been steadily recovering, in tandem with the recovery of some of the local equity market capitalisation heavy weights. Stocks driving gains in the week just ended include StanChart, FNBB, and Letshego; with gains capped by a decline in BTCL. The DCI ended the week with losses on a year to date basis at negative 3.71%. The Domestic Company Total Returns Index (DCTRI) moved in line with the DCI, also shrinking its yearly losses, to end the week at negative 0.57%

The banking and financial services companies led the gainers in the week. StanChart was at the top of the list of gainers, for the second consecutive week. The stock gained 5t, climbing to an almost 2 year high, with a closing price of P1.80/share. Investors seem very satisfied with the bank's performance in the last year, and are taking advantage of the stock's undervalued state to bolster their portfolios. At a year to date growth of 24.1%, the bank is the second largest gainer on the domestic equity board, and fourth on the overall equity market of the Botswana Stock Exchange.

FNBB cleared out all of its losses for the year in one fell swoop in the week just ended. The bank's share price gained 4t to P2.20 per share. The stock was the most liquid in the week, having traded about 42% of the total equity market turnover. Letshego gained 1t in the week, to end the week valued at P0.86/share. The stock is third in terms of gainers on the domestic equity board with a growth of 19.4%. It remains relatively undervalued in the market with an upside of about 60%.

Also gaining in the week were property companies Letlole and NAP, both claiming a thebe from the market. Letlole closed the week at P2.32/linked-unit with a growth for the year of 1.3%. NAP closed the week at P3.25/linked-unit with a growth of 1.2% for the year.

Capping gains was BTCL, feeling further pressure from the excess of sellers in the market, ending the week 2t lighter at P0.73/share. After a few weeks of rallying, the stock has noted its second consecutive week of declines, pushing its year to date loss to negative 11%.

COUNTER	18 Jun (t)	11 Jun (t)	Change (%)	YTD (%)
STANCHART ↑	180	175	+2.9	+24.1
FNBB ↑	220	216	+1.9	0.0
LETSHEGO ↑	86	85	+1.2	+19.4
LETLOLE ↑	232	231	+0.4	+1.3
NAP ↑	325	324	+0.3	+1.2
BTCL ↓	73	75	-2.7	-11.0

Source: Motswedi Securities, BSE

BSE Indices – Week ending 18 June, 2021

DCI Close	6,624.22
Weekly Change (%)	+0.37
YTD Change (%)	-3.71
FCI Close	1,550.85
Weekly Change (%)	0.00
YTD Change (%)	+0.23
DCTRI Close	1,655.29
Weekly Change (%)	+0.37
YTD Change (%)	-0.57

Source: Motswedi Securities, BSE

Market Summary – Week ending 18 June, 2021

No. of Shares Trading	5,685,740
Turnover (BWP)	15,820,532
Turnover (USD)*	1,460,235
No. of stocks trading#	14
No. of stocks advancing#	5
No. of stocks declining#	1
No. of stocks unchanged#	17

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

2.0 Company Announcements

Seed Co International Limited announced the abandonment of the consolidation transaction of Seed Co under Seed Co International Limited (SCIL) as well as the resumption of trading of Seed Co Limited (SCL) shares on the Zimbabwe Stock Exchange. Further to the announcement dated 4 March 2021 advising Seed Co International Limited's Primary and Secondary Offers had been accepted by Seed Co Limited shareholders controlling 95% of the issued share capital of SCL and triggering the drag-along provisions for the remaining 5% shares, the Companies regrettably wish to advise shareholders that a major regulatory condition precedent to conclude the transaction, the exchange control approval by the Zimbabwean Exchange Control authorities, could not be secured. Approval for the transaction was declined by the External Loans and Exchange Control Review Committee on the 26th March 2021. An appeal against the decision was made on the 7th April 2021 and the External Loans and Exchange Control Review Committee upheld the decline decision on 8th June 2021. Pursuant to this adverse regulatory decision, SCIL and SCL have no option but to abandon the contemplated consolidation transaction and revert to status quo. Going forward, SCIL and SCL will continue to operate as 2 separately listed companies that are related in so many ways and will

utilise a Group Shared Services Unit to harness synergies to the extent possible and permissible by laws, regulations, and best corporate governance practices.

Shumba Energy announced the issuance of new shares in the week. Pursuant to the authority granted to Shumba Energy Ltd (Shumba or the Company) by shareholders through special resolution passed at the Company's 2020 Annual General Meeting, Shumba's directors are pleased to confirm that 493,462 new ordinary shares (New Shares) are to be issued in settlement of an obligation amounting to USD41,700 incurred by the company for development of the company's assets. The holders are not existing shareholders. The Botswana Stock Exchange has confirmed the admission and listing of the New Shares with effect from Monday 14 June 2021.

Seed Co International announced that the Group's profit before tax from continuing operations for the full year period ended 31 March 2021 will be approximately 40% to 50% (between US\$4.2m and US\$5.2m) better than the profit before tax from continuing operations amounting to US\$10.4m for the corresponding period ended 31 March 2020 mainly due to improved sales volume performance. Accordingly, investors are advised to exercise caution when dealing with the securities of Seed Co International Limited. The audited financial information on which this trading update is based will be released before the end of June 2021.

Absa Bank Botswana announced the appointment of Daniel Neo Moroka as an Independent Non-Executive Director and Board Chairman of the Company, effective 1 July 2021. This appointment follows the resignation of former Board Chairman Mr

Oduetse Motshidisi on 12 August 2020 and is subject to conclusion of the voting of shareholders at the Company's 35th Annual General Meeting scheduled for 28 June 2021.

3.0 Foreign Exchange...

The US dollar touched a two and a half month high against a number of its trading partners in the week, spurred by hawkish comments from the US Federal Reserve. The Fed officials announced their projections that interest rates will likely be hiked in 2023, which would begin the tapering of its bond buyback programme earlier than was anticipated.

The stronger dollar weighed on the emerging market currencies in the week. As notable below, the local unit, weakened against the currencies in the SDR basket, while gaining against the Rand.

Domestic Exchange rates

Currency	18 June	11 June	Change (%)	YTD (%)
US\$/BWP ↓ 	0.0923	0.0946	-2.43	-1.91
ZAR/BWP ↑ 	1.3024	1.2829	1.52	-2.04
EUR/BWP ↓ 	0.0775	0.0776	-0.13	-7.74
GBP/BWP ↓ 	0.0665	0.0667	-0.30	-7.38
JPY/BW ↓ 	10.16	10.3500	-1.84	-0.68
CNH/BWP ↓ 	0.5954	0.6039	-1.41	-9.33

Source: Bank of Botswana

4.0 Commodities...

Oil prices were declining by the Friday afternoon, but were however on track to stay flat for the week. Prices were being pressured by an improved US dollar which was supported by comments from the US Federal Reserve projecting interest rates to be hiked in 2023 – sooner than most investors anticipated. The pressure point being that, a 4

stronger dollar makes the price of oil more expensive in non-US dollar currencies, thereby reducing demand for the commodity. Also putting some pressure on oil prices were concerns of rising Covid-19 cases in Britain, which recorded its largest daily rise in cases since mid-February 2021. Further adding to the pressure on oil prices were comments from Iran's leading negotiator on Thursday noting that discussions between Tehran and Washington with regards to the revival of the 2015 Iran nuclear deal have come closer than ever to finalisation. Brent prices were trading at around US\$72.56/barrel by Friday mid-afternoon.

Gold were headed for their worst week since March 2020, dented by a strengthening US dollar and strong US Treasury yields, following hawkish comments from the US Federal Reserve. Spot gold prices were down about 5.2% for the week at the time of writing.

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