

Local

COMPANY ANNOUNCEMENTS

Cautionary Announcement and Bond Issuance

- Cautionary Announcement
 - RDC advised its unitholders to exercise caution as negotiations for a cross-border acquisition in Zambia are still in progress.
- Bond Issuance
 - RDC announced the proposed issuance and listing of the following Bond Note on the Botswana Stock Exchange (BSE) from its updated P500mn Domestic Medium Term Note Programme:
 - 1-year, fixed rate, senior unsecured note with a yield between 7.25%-7.50%.
 - The issuance will be a Private Placement with a listing date of 17 Dec 21, and it has a target issue size of P75mn.
- P2.15 (YTD: 0.00%) PE: 35.8 PB: 0.6 D/Y: 6.00% Mkt Cap: P949.9mn



Acquisition Of 32.79% Shareholding in JTTM Properties (JTTM)

- LLR announced that it has entered into a Sale of Share Agreement with Botswana Railways Organisation and JTTM to acquire a 32.79% (49,775 shares) stake in JTTM.
- JTTM is a variable rate loan stock company which owns 100% of Railpark Mall in Gaborone.
- P2.45 (YTD: +6.99%) PE: 12.5 PB: 0.9 D/Y: 7.09% Mkt Cap: P686.0mn



Shumba Equity Securities Placed on the BSE Default Board, Circular to Shareholders and Notice of a Special Meeting

- Shumba Equity Securities Placed on the BSE Default Board
 - BSE announced that Shumba equity securities listed on the BSE Foreign Main Board have been placed on the Default Board, effective 15 Nov 21, as a consequence of their failure to meet regulatory conditions regarding board composition and lack of independent directors.
- Circular to Shareholders
 - Shumba issued a circular to shareholders during the week detailing that its move from the Foreign Venture Board to the Domestic Main Board on the BSE is for purposes of raising capital to put its assets into production and to reduce overhead costs by ~\$500k/annum.
 - The reorganization of Shumba which is required for the transition includes the following:
 - The capitalisation of intra group and other loans through the issuance of new shares in Shumba Energy Botswana (SEB).
 - Maintaining the effective 9:1 ratio of shareholding between the group and the local partner minority shareholder. Currently Shumba owns 90% of a subsidiary which carries on its operations. Post the re-organisation the local partner's shareholding will be brought up and consolidated at the group level resulting in a less complex structure.
- Notice of a Special Meeting
 - Shumba will virtually hold a Special Meeting at 11.00am (Mauritius Standard Time) on 10 Dec 21, where shareholders will vote on:
 - Approving the reorganization of Shumba.
 - Authorising any company Director to be signatory for all documents pertaining to the implementation of the above resolution.
 - Approving the waiver of the BSE's delisting rules.
 - Approving the capitalization of intra group loans through the issuance of new shares in SEB and the distribution of such shares to shareholders.
- P0.90 (YTD: -5.26%) PE: N/A PB: 2.3 D/Y: 0.00% Mkt Cap: P264.5mn





Issuance of a Banking Licence

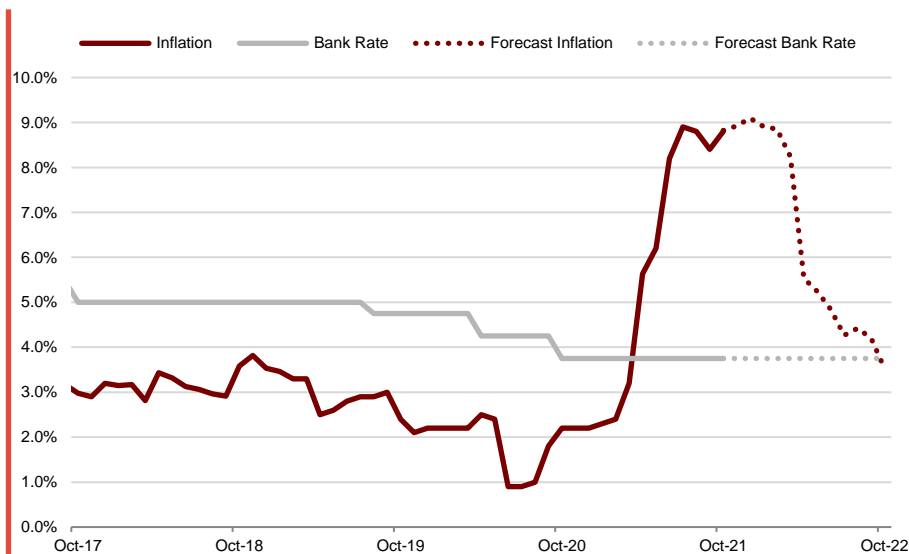
- BoB announced that as a result of meeting regulatory requirements, it has granted Access Bank Botswana a banking licence to transact commercial banking business in Botswana, following its acquisition of the majority of shares in BancABC Botswana.
- BancABC Botswana will officially be known as Access Bank Botswana Limited.



Depletion Of First Dose Vaccines in Greater Gaborone and the Arrival of Pfizer Vaccines

- Depletion Of First Dose Vaccines in Greater Gaborone
 - The Greater Gaborone District Health Management Team (GGDHMT) announced that the first dose vaccination exercise has been halted, following the depletion of the vaccine doses that were allocated to GGDHMT, effective 15 Nov 21.
- Arrival Of Pfizer Vaccines
 - During the week, the Ministry of Health and Wellness announced that it had received 100 260 Pfizer vaccine doses that were donated by the US through the COVAX dose sharing mechanism.

OCT21 INFLATION – FUEL PRICE ADJUSTMENTS DRIVE UP INFLATION



- Oct21 CPI y/y 8.8% v 8.7% (Kgori) v 8.4% (Sep21)
- Inflation accelerated in Oct21 on account of the upward adjustments to retail pump prices for fuel implemented during the month. Transport inflation increased by 3.0% m/m and jumped to 19.3% from 17.5% in Sep21.
- We expect inflation to grind lower but remain above the Bank of Botswana's (BoB) objective range in the coming months and fall within the BoB's objective range in 2Q22.
- The main upside risk to our forecast is Transport inflation as more pump price increments are required to address persistent fuel under-recoveries. The main downside risk is continued lacklustre domestic demand.

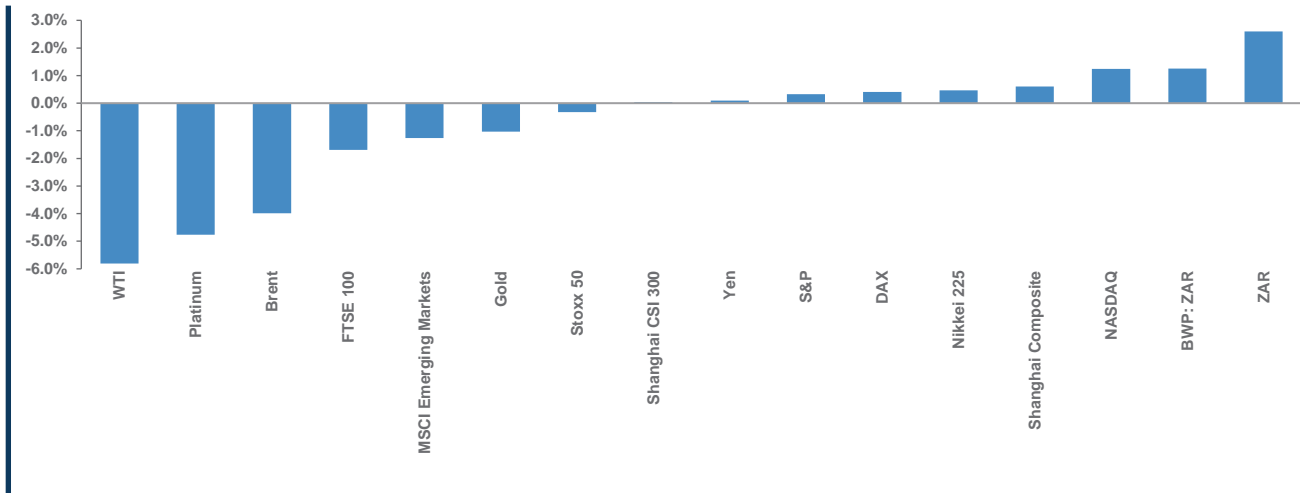
Regional SOUTH AFRICA

- Oct21 CPI y/y 5.0% v 5.0% (e) v 5.0% (Sep21)
- Sep21 Retail Sales m/m 5.1% v 2.6% (e) v 4.9% (Aug21)
- The SARB Monetary Policy Committee met during the week and decided to raise the repo rate from 3.50% to 3.75% in response to mounting worries about rising inflation.
- Eskom implemented loadshedding last week due to the breakdown of the Medupi, Duvha and Kendal power stations.

ZAR PERFORMANCE

- The ZAR weakened against the USD on the back of negative investor sentiment driven by signals from the SARB that interest rate increases will probably be slower than expected.
- 15.73 (WTD: +2.60%) v 15.33 (12 Nov 21)

INTERNATIONAL SNAPSHOT – 19 NOV 21 WEEKLY PERFORMANCE



- Sep21 Final Industrial Production m/m -5.4% v -3.6% (Aug21)
- 3Q21 Preliminary GDP SA q/q -0.8% v -0.2% (e) v 0.4% (2Q21)
- Oct21 National CPI y/y 0.1% v 0.2% (e) 0.2% (Sep21)
- Sep21 Core Machine Orders m/m 0.0% v 1.5% (e) v -2.4% (Aug21)
- Japanese equities closed the week in the green following the Japanese Government's announcement of a ¥55.7tn economic stimulus package slated for 2022.
- Nikkei 225: 29,746 (WTD: +0.46%), Yen: 113.99 (WTD: +0.09%)



- Eurozone 3Q21 Preliminary GDP SA q/q 2.2% v 2.2% (e) v 2.2% (2Q21)
- France Oct21 Final CPI y/y 2.6% v 2.6% (e) v 2.2% (Sep21)
- Germany Oct21 PPI y/y 18.4% v 16.2% (e) v 14.2% (Sep21)
- European equities closed the week mixed as investors wrestled with elevated inflation concerns and the rise in Covid-19 cases on the one hand, and the continued release of strong corporate earnings on the other.
- DAX: 16,160 (WTD: +0.41%), Stoxx50: 4,356 (WTD: -0.32%), FTSE100: 7,224 (WTD: -1.69%)



- Oct21 Industrial Production y/y 3.5% v 3.0% (e) v 3.1% (Sep21)
- Oct21 Retail Sales y/y 4.9% v 3.7% (e) v 4.4% (Sep21)
- Chinese equities closed the week in the green on the back of strong corporate earnings and speculation related to new policies on loans to firms in the property sector.
- SHSZ300: 4,890 (WTD: +0.03%), SHCOMP: 3,560 (WTD: +0.60%)



- 13 Nov 21 Initial Jobless Claims 268k v 260k (e) v 269k (6 Nov 21)
- Oct21 Industrial Production m/m 1.6% v 0.9% (e) v -1.3%(Sep21)
- Oct21 Advance Retail Sales m/m 1.7% v 1.4% (e) v 0.8% (Sep21)
- US equities rose for the week following the release of strong corporate earnings.
- NASDAQ: 16,057 (WTD: +1.24%), S&P: 4,698 (WTD: +0.32%)

COMMODITIES



- Δ US Crude Inventories -2,101k bbl. (12 Nov 21) v 1,074k bbl. (e) v 1,002k bbl. (5 Nov 21)
- Δ US Oil Rigs +7; 563 (19 Nov 21) v 556 (12 Nov 21)
- Δ North American Oil Rigs +6; 730 (19 Nov 21) v 724 (12 Nov 21)
- Oil prices closed the week lower as investors expect demand to drop following the surge in Covid-19 cases in Europe and restrictions imposed to curb its spread.
 - WTI: \$76.10 (WTD: -5.81%)
 - Brent Crude: \$78.89 (WTD: -3.99%)



- Precious metals closed the week lower on the back of a stronger USD.
 - Gold: \$1,846 (WTD: -1.03%)
 - Platinum: \$1,034 (WTD: -4.76%)



KGORI CAPITAL

INVEST WITH PRIDE

General Disclaimer

All information, recommendations or opinions contained in this document are not intended to provide exhaustive treatment of any subject dealt with and must be weighed solely as one factor in any investment or other decision made by or on behalf of any user of the information contained herein. Such user should consult its own investment or financial or other advisors before making any decision. Whilst all care is taken by Kgori Capital in the preparation of the contents hereof, no warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such recommendation or information is given or made by Kgori Capital in any form or manner whatsoever. The information in this document is not intended to and does not constitute financial, tax, legal, investment, consulting or other professional advice, and Kgori Capital does not purport to act in any way as a financial advisor. Kgori Capital shall not be responsible and disclaims all liability for any loss, liability, damage (whether direct or consequential) of any nature whatsoever which may be suffered as a result of or which may be attributable, directly or indirectly, to the use of any information, opinion, recommendation, or service contained in or provided through this document. All portfolio performance data is calculated by Kgori Capital. Performance is analysed and computed utilising true daily weighted methodology. Where this document contains statements or information which relate to projections, forecasts or hypothetical data, users should be advised that these are predictions and that actual performance may differ markedly. Users should also be aware that short term performance can be volatile and past performance is not necessarily a good indication or guideline of future performance. As the performance of financial markets fluctuates and is not guaranteed, an investor may not get back the full amount invested.

1st Floor Exponential,
Plot 54351, CBD, Gaborone

PO Box 1253 ABG,
Sebele, Gaborone

T +267 3915 990
F +267 3915 980

www.kgoricapital.com

Directors: KI Melamu, AM Ndzinge, S Noor, MS Sibanda
Reg No: BW00000988897

Kgori Capital (Pty) Ltd is an authorised financial services provider.

