



KGORI CAPITAL
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KGORI CAPITAL MARKET WATCH

19 June 2023

LOCAL

COMPANY ANNOUNCEMENTS



Publication of Supplementary Prospectus

- Tlou published a supplementary prospectus with regards to their partially underwritten entitlement offer of up to 304,156,361 new offer shares to raise A\$10.65mn.
- P0.50 (YTD: 0.00%) PE: N/A PB: 0.9 D/Y: 0.00% Mkt Cap: P418.2mn



Publication of Annual Report

- G4S announced that its annual report will be published by 20 June 23, due to delays in the finalisation of its audited FY22 results.
- P2.62 (YTD: -1.13%) PE: N/A PB: 1.9 D/Y: 0.00% Mkt Cap: P209.6mn



Cautionary Statement

- Shumba announced that its loss before tax (LBT) for the 12-month period to 30 Jun 22 will be \$0.8mn-\$1.1mn (67%-92%) greater than the \$1.2mn LBT reported for the same period last year.
- The loss is driven by increased expenditures incurred on the development of the Tati Solar project.
- P0.90 (YTD: 0.00%) PE: N/A PB: 1.9 D/Y: 0.00% Mkt Cap: P264.5mn



Notice of Annual General Meeting (AGM)

- Letshego will virtually host its 2022 AGM on 11 Jul 23 at 09:30am. Shareholders will vote on:
 - Approving 31 Dec 22 financial statements together with the Directors and Independent External Auditors' reports thereon.
 - Approving the 5.8t/share interim dividend and the 9.7t/share final dividend declared.
 - Approving the re-elections of R Mwaura, R Hoekman, G van Heerde and C Lesetedi as Independent Non-Executive Directors.
 - Approving the remuneration paid to Directors for year end 31 Dec 22.
 - Approving the remuneration paid to the auditors for year ended 31 Dec 22.
 - Approving the appointment of EY for the ensuing year and their remuneration for the year ending 31 Dec 23.
- P1.04 (YTD: -16.80%) PE: 4.8 PB: 0.4 D/Y: 14.90% Mkt Cap: P2,262.0mn



Notice of Extraordinary General Meeting (EGM)

- LLR will virtually host an EGM on 29 Jun 23 at 12pm. Shareholders will vote on:
 - Approving the appointments of J Buno, K Gaobakwe, B Kgosidintsi and Z Lupondwana as Board Directors.
- P3.10 (YTD: -10.92%) PE: 8.7 PB: 1.0 D/Y: 6.17% Mkt Cap: P868.0mn



Notice of Change of External Auditor

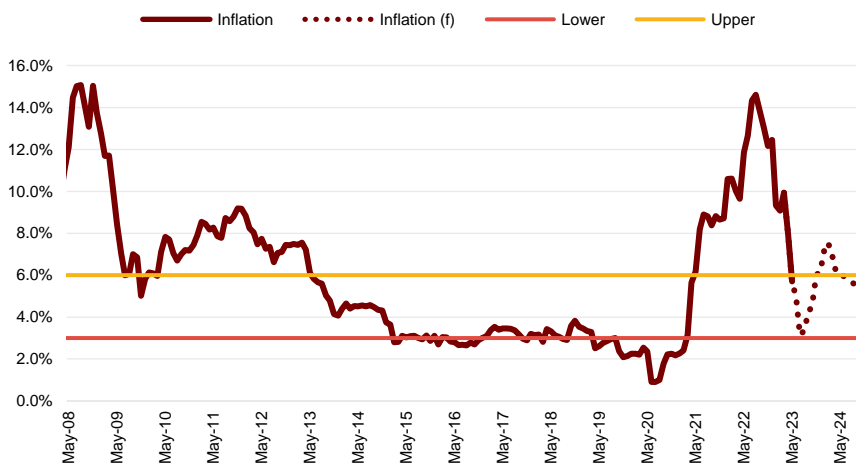
- Capricorn Group announced the appointment of Deloitte & Touche as its new external auditor effective, 30 Jun 25.

Monetary Policy Committee (MPC) Decision, Government Borrowing Strategy (FY23/24) and Financial Stability Report



- Monetary Policy Committee (MPC) Decision
 - The Bank of Botswana MPC decided to maintain the Monetary Policy Rate (MoPR) at 2.65%, at its 15 Jun 23 meeting.
 - The MPC maintained the MoPR with inflation projected to fall within the BoB's 3-6% range in May 23.
 - The decision to keep rates on hold is based on expectations that inflation will remain within the Bank's objective range into the medium term. BoB highlight the dissipating impact of administered prices (base effects) and the lack of demand-driven inflationary pressures due to the economy operating below full capacity as the main drivers of their forecast.
- Government Borrowing Strategy (FY23/24)
 - The domestic gross financing requirement for FY23/23 is projected to be P7.59bn along with the maturity of a bond (BOTSGB0623) in Jun 23.
 - Both will be financed through bond sales worth P5bn and net T-bill issuance worth P879mn.
 - T-bills, short, dated bonds and long dated bonds will be on offer during 14, 8 and 10 auctions respectively during FY23/24.
 - There will be various changes to benchmark bonds during H2 of FY23/24:
 - 5-year benchmark from BOTSGB0527 to BOTSGB0929,
 - New bond issue maturing 2035 to be 10-year benchmark,
 - 20-year benchmark to rotate from the BOTSGB0640 to BOTSGB0943.
- Financial Stability Report
 - Botswana's financial system remains resilient to various shocks coming from credit, liquidity, funding concentration and interest rate risks.
 - The macroeconomic environment remains conducive for financial stability despite reduced fiscal and external buffers.
 - Vulnerabilities to the financial system remain generally contained. Vulnerability indicator:
 - High level: contagion risk,
 - Moderate level: macroeconomic risks,
 - Low level: external sector, credit market, liquidity.

MAY23 INFLATION – INFLATION FALLS WITHIN THE OBJECTIVE RANGE



- May23 Inflation was 5.7% v 5.9% (Kgori) v 7.9% (Apr23)
- The sharp decline in inflation was due to strong base effects.
- The main drivers of inflation were Restaurants & Hotels and Alcohol & Tobacco inflation which rose by 1.0% m/m and 0.8% m/m respectively.
- We do not expect any changes to the MoPR in 2023 as inflation continues to fall and is now within the BoB's objective range.

REGIONAL

SOUTH AFRICA

- Apr23 Retail Sales m/m 0.4% v -0.3% (e) v -0.6% (Mar23)
- Apr23 Mining Prod m/m 1.8% v -1.2% (e) v 6.9% (Mar23)
- May23 Business Confidence 106.9 v 107.1 (Apr23)
- During the week, Eskom declared the reduction of load shedding from stage 4 to stage 3.

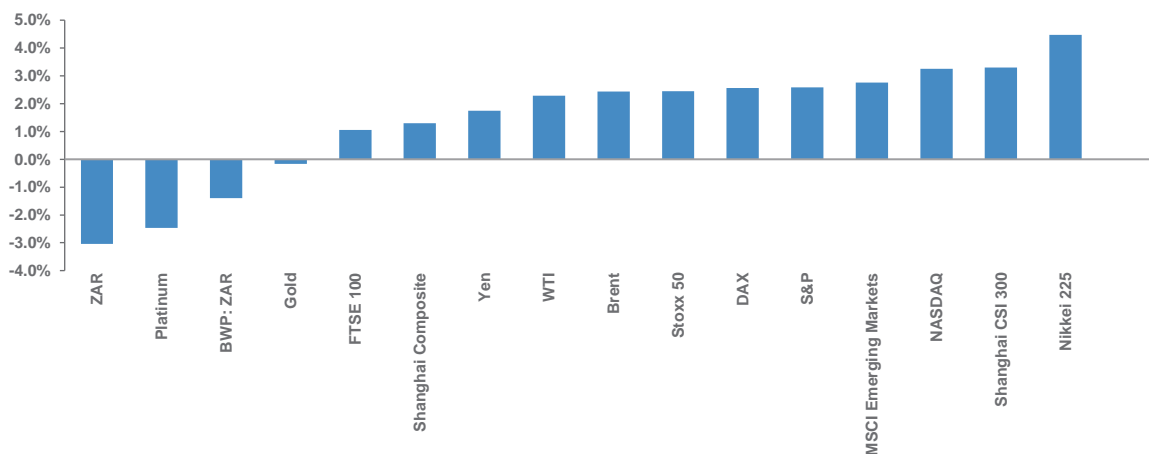
ZAR PERFORMANCE

- The ZAR strengthened against the USD on the back of positive domestic economic data and lower levels of load shedding.
- ZAR 18.19 (WTD: -3.04%) v 18.76 (9 Jun 23)

Rand rally against the US Dollar continues.

INTERNATIONAL

INTERNATIONAL SNAPSHOT – 16 JUN 23 WEEKLY PERFORMANCE





- Apr23 Core Machine Orders m/m 5.5% v 3.0% (e) v -3.9% (Mar23)
- May23 PPI y/y 5.1% v 5.6% (e) v 5.9% (Apr23)
- The Bank of Japan (BoJ) Monetary Policy Committee met during the week and decided the following:
 - Maintained its short-term interest rate at -0.10%.
 - Maintained the 10-Year JGB target yield at 0.00%.
 - Maintained the purchase of exchange-traded funds and Japanese real estate investment trusts with upper limits of ¥12trn and ¥180bn, respectively.
 - Maintained the purchase of commercial paper and corporate bond at pre-pandemic levels i.e., ¥2trn and ¥3trn respectively.
- Japanese equities closed higher during the week following the BoJ's decision to maintain its loose monetary policy stance as well as the Fed's decision to maintain rates.
- Nikkei 225: 33,706 (WTD: +4.47%), Yen: 141.82 (WTD: +1.74%)



- Eurozone May23 Final CPI y/y 6.1% v 6.1% (e) v 7.0% (Apr23)
- France May23 Final CPI y/y 5.1% v 5.1% (e) v 5.9% (Apr23)
- Germany May23 Final CPI y/y 6.1% v 6.1% (e) v 7.2% (Apr23)
- UK Apr23 Industrial Production m/m -0.3% v -0.1% (e) v 0.7% (Mar23)
- The European Central Bank (ECB) Governing Council (GC) met during the week and decided on the following:
 - To increase the main refinancing operations rate, the marginal lending facility rate, and the deposit facility rate by 25bps to 4.00%, 4.25% and 3.50% respectively.
 - Maintain the discontinuation of the reinvestments under the Asset Purchase Programme as of Jul23.
 - To continue reinvesting principal repayments under its pandemic emergency purchase program to at least the end of 2024
- European markets closed in the green for the week following the Fed's decision to pause interest rate hikes.
- DAX: 16,358 (WTD: +2.56%), Stoxx50: 4,395 (WTD: +2.45%), FTSE100: 7,643 (WTD: +1.06%)



- May23 Industrial Production y/y 3.5% v 3.5% (e) v 5.6% (Apr23)
- May23 Retail Sales y/y 12.7% v 13.7% (e) v 18.4% (Apr23)
- The People's Bank of China (PBOC) cut the one-year medium term lending facilities by 10bps to 2.65%.
- Chinese stocks ended the week in the green due to increased expectations of a major stimulus effort by the government as well as the PBOC's decision to cut rates.
- SHSZ300: 3,963 (WTD: +3.30%), SHCOMP: 3,273 (WTD: +1.30%)



- 10 Jun 23 Initial Jobless Claims 262k v 245k (e) v 262k (3 Jun 23)
- May23 CPI y/y 4.0% v 4.1% (e) v 4.9% (Apr23)
- May23 PPI Final Demand y/y 1.1% v 1.5% (e) v 2.3% (Apr23)
- May23 Industrial Production m/m -0.2% v 0.1% (e) v 0.5% (Apr23)
- May23 Retail Sales Advance m/m 0.3% v -0.2% (e) v 0.4% (Apr23)
- The US Federal Reserve Open Market Committee met during the week and decided to:
 - Maintain the Fed fund rate at 5.00%-5.25%.
 - Roll over principal payments from Treasury securities exceeding \$60bn/month, while redeeming Treasury coupon securities and bills within the monthly cap.
 - Reinvest principal payments from agency debt and mortgage-backed securities (MBS) exceeding \$35bn/month into agency MBS.
- US equities ended the week in the green on the back of strong economic data and the Fed's decision to pause rate hikes.
- NASDAQ: 13,690 (WTD: +3.25%), S&P 500: 4,410 (WTD: +2.58%)



- Δ US Crude Inventories 7,919k bbl. (9 Jun 23) v -1,112k bbl. (e) v -452k bbl. (2 Jun 23)
- Δ US Oil Rigs -8; 687 (16 Jun 23) v 695 (9 Jun 23)
- Δ North American Oil Rigs +15; 846 (16 Jun 23) v 831 (9 Jun 23)
- Oil prices rose during the week as Chinese economic data indicates strong demand.
 - WTI: \$71.78 (WTD: +2.29%)
 - Brent Crude: \$76.61 (WTD: +2.43%)



- Precious metals closed in the red during the week following the Fed's decision to pause rate hikes.
 - Gold: \$1,958 (WTD: -0.16%)
 - Platinum: \$987 (WTD: -2.46%)

Precious metals decline following Fed's decision.



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