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Title: Weekly Market Update

Editor: Investment Analyst

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MSE Price Review (MWK) →

Counter	12-May-17	5-May-17	% Δ Wkly	31-Dec-16	% Δ Ytd
MASI	15606.11	15266.66	2.22	13320.51	17.16
DSI	12254.44	11985.58	2.24	10456.92	17.19
FSI	2325.21	2308.87	0.71	2026.07	14.76
BHL	20.25	20.25	0.00	20.10	0.75
FMB	16.00	16.00	0.00	17.00	-5.88
ILV	216.05	215.01	0.48	160.00	35.03
MPICO	8.60	8.60	0.00	7.83	9.83
NBM	262.00	262.00	0.00	237.12	10.49
NBS	6.00	6.00	0.00	6.00	0.00
NICO	12.01	11.24	6.85	17.00	-29.35
NITL	34.00	34.00	0.00	34.00	0.00
PCL	570.00	540.00	5.56	540.00	5.56
SBM	560.00	555.00	0.90	500.00	12.00
SUN	64.00	64.00	0.00	58.50	9.40
TNM	8.55	8.51	0.47	6.05	41.32
OML	1850.00	1837.00	0.71	1612.00	14.76

CAPITAL MARKET DEVELOPMENTS

The bullish run continued on the local bourse during the week in review with price gains recorded on 6 out of the 12 counters that traded. Out of the 13 listed companies, only BHL closed the week without recorded a trade. Illovo moved up 0.48% to MK 216.05, NICO 6.85% to MK 12.01, PCL 5.56% to MK 570.00, SBM 0.90% to MK 560.00, TNM 0.47% to MK 8.55 and Old Mutual 0.71% to MK1850.00. The largest volume traded was in TNM followed by MPICO and NICO with volumes of 4.8 million, 2.4million and 2.0 million respectively.

The MASI and DSI edged up 2.2% week on week to close at 15,606.11points and 12254.44points respectively, whilst the FSI put on 0.7% to 2325.21points as the Old Mutual share moved from MK183.70 to MK185.00 points. A total of 11,209,600 shares were transacted during the week at a total value traded of MK333,432,736.39.

CORPORATE EVENTS

NBS Bank has issued a notice announcing the bank's intention to raise approximately MK11.8 billion by way of a fully underwritten renounceable Rights Issue of 2,182,930,017 new ordinary shares at MK5.40 per share on the basis of 3 new ordinary shares for every 1 existing ordinary shares. The price represents a 10% discount on the current price of MK6.00 per share. The Rights Issue is being capital adequacy regulations. A further announcement will be made in due course setting out the important dates and times in respect of the Rights Issue. The bank has also announced a 3-year strategic cooperation with RaboInternational Advisory Services, a subsidiary of Rabobank of The Netherlands. Using technical support from Rabobank, the Bank intends to improve its operations and outreach. According to NBS management, this should enable the bank to increase its product offering, grow its customer base and expand its channel strategy.

NICO Holdings Limited has issued a press release advising shareholders that they are adding the words "Public Limited Liability" or "PLC", at the end of the name of Nico Holdings Limited. This is in compliance with Section 48 of the companies Act 2013. The name of the Company shall henceforth read: "Nico Holdings Public Limited Liability Company" or "NICO Holdings plc".

Investor Indicators →

Counter	Price	% DY	Div(t)	P/E(x)	P/BV
MASI		4.63	1917.27	9.51	1.02
DSI		3.33	117.50	8.33	1.54
BHL	20.25	4.94	100.00	5.94	0.55
FMB	16.00	3.13	50.00	4.88	1.18
ILV	216.05	0.00	0.00	27.84	3.27
MPICO	8.60	0.00	0.00	9.94	0.71
NBM	262.00	6.82	1788.00	7.37	1.80
NBS	6.00	0.00	0.00	N/A	0.64
NICO	12.01	8.90	100.00	2.13	0.36
NITL	34.00	2.94	100.00	N/A	0.70
PCL	570.00	2.31	1250.00	5.30	0.63
SBM	555.00	4.61	25.57	6.70	2.07
SUN	64.00	0.63	40.00	12.53	1.27
TNM	8.55	3.88	33.00	9.60	4.10
OML	1,837.00	4.72	8674.00	9.61	0.99

Treasury Bill Tenors (days)	91	182	364
Applied for (MK' m)	339.72	1 924.54	8 430.91
Allotted (MK' m)	339.72	0.40	3 413.58
% Rejection	0.00%	99.98%	59.51%
Average	21.40	22.08	23.25
Current yield (%)	21.48	22.08	23.30
Previous yield (%)	21.38	22.48	23.30
Δ in Yield (%)	0.10	(0.40)	(0.00)
Highest Accepted Yield (%)	21.50	22.08	23.30
Lowest Accepted Yield (%)	21.29	22.08	23.20
Spread	0.21	-	0.10
Auction date	09-May-17	09-May-17	09-May-17
Settlement date	11-May-17	11-May-17	11-May-17
Maturity date	10-Aug-17	09-Nov-17	10-May-18
Next auction	16-May-17	16-May-17	16-May-17

MONEY MARKET DEVELOPMENTS

The Treasury Bill auction held on 9th May, 2017 attracted MK10.70 billion of which K3.75 billion, representing a rejection rate of 64.9 percent. The 182 TB had the highest rejection with a rejection rate of 99.9 percent followed by the 364TB with a rejection rate of 59.5 percent. The 91 TB had no rejections though it only accounted for 3 percent of the amount bid for.

Liquidity in the banking system remained tight though excess reserves closed the week at minus MK6.76 billion, from MK12 billion in the previous week. The overnight interbank lending rate barely moved from the previous week as it stayed at around 21.5 percent.

The Malawi Kwacha was stable against the USD at MK725.65/US\$. The Kwacha, however, managed to register gains against the GBP, EUR and JPY before depreciating 2.5 percent against the ZAR. Official Gross foreign exchange reserves slightly dropped but private sector reserves increased by 4.0 percent week-over-week. Authorised Dealer Banks (ADB's) increased their short positions in foreign currencies indicating increased faith in the local currency to wax stronger in the coming weeks as tobacco proceeds trickle in.

FX Movement	12-May-17	05-May-17	% Δ Wk	31-Dec-16	% Δ Ytd	Volatility
MWK/USD	725.65	725.65	0.00	725.43	0.03	0.00
MWK/GBP	934.82	937.29	(0.26)	890.61	4.96	2.22
MWK/EUR	788.16	796.72	(1.07)	764.02	3.16	3.26
MWK/JPY	6.57	6.66	(1.35)	6.40	2.72	0.03
MWK/ZAR	54.42	53.12	2.45	53.67	1.40	0.42

The Source: NBM (Indicative TT Middle Rate)

Foreign Exchange Reserves	10-May-17	05-May-17	31-Dec-16	% Δ Wk	% Δ Ytd
Gross Official Reserves (US\$ ml)	571.83	575.18	606.93	(0.58)	(5.78)
Gross Official Import Cover (months)	2.74	2.75	2.90	(0.36)	(5.52)
Private Sector Reserves (US\$ ml)	360.04	346.30	336.61	3.97	6.96
Private Sector Import Cover (months)	1.63	1.66	1.61	(1.81)	1.24

Cumulative Tobacco Sales (Week 4)	2016	2017	% Δ over 2016
Volume (Kg mn)	8.37	13.45	61
Value (US\$ mn)	10.02	23.18	131
Average Price (US cents/Kg)	1.20	1.72	43

Source: TCC

For further advice on investment matters, please contact us on:
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