



Services by NBM Capital Markets Limited include:

1. Fund Management
2. Wealth/Cash Management
3. Corporate Finance
4. Financial Advisory

Title: Weekly Market Update

Editor: Investment Analyst

Country: Malawi

Date: April 13, 2017

Issued by: NBM Capital Markets Limited

MSE Price Review (MWK) →

Counter	13-Apr-17	7-Apr-17	% Δ Wkly	31-Dec-16	% Δ Ytd
MASI	14724.04	14577.62	1.004	13320.51	10.54
DSI	11554.05	11437.62	1.018	10456.92	10.49
FSI	2308.87	2308.87	0.000	2026.07	13.96
BHL	20.25	20.25	0.000	20.10	0.75
FMB	16.00	16.00	0.000	17.00	-5.88
ILV	215.01	215.01	0.000	160.00	34.38
MPICO	8.60	8.60	0.000	7.83	9.83
NBM	240.00	240.00	0.000	237.12	1.21
NBS	6.00	6.00	0.000	6.00	0.00
NICO	10.00	10.00	0.000	17.00	-41.18
NITL	30.00	30.00	0.000	34.00	-11.76
PCL	540.00	540.00	0.000	540.00	0.00
SBM	550.10	550.00	0.018	500.00	10.02
SUN	58.50	58.50	0.000	58.50	0.00
TNM	7.63	7.00	9.000	6.05	26.12
OML	1837.00	1837.00	0.000	1612.00	13.96

CAPITAL MARKET DEVELOPMENTS

Nine (9) counters namely, FMB, ILV, MPICO, NBM, NBS, NITL, PCL, SBM and TNM recorded trading activity during the week ended 13th April, 2017. Total consideration increased by 46.6 percent week-over-week to MK29.9 million from MK20.4 million. Trade volume increased to 1.4 million shares from 0.8 million shares traded in the previous week and number of deals completed stood at seventeen (17), unchanged from the previous week.

The market was bullish courtesy of price gains on TNM (+9%) and SBM (+0.02%). TNM share price increased to MK7.63 from MK7.00 and SBM share price registered a marginal increase to MK550.10 from MK550.00. Resultant of the gains on the two counters, the DSI went up to 11,554.05 points from 11,437.62 points and the MASI increased by 146.41 points to 14724.04 points from 14,577.62 points. The FSI was steady at 2,308.87 points.

Investor Indicators →

Counter	Price	% DY	Div(t)	P/E(x)	P/BV
MASI		4.64	1917.27	9.49	1.02
DSI		3.45	117.50	8.03	1.48
BHL	20.25	4.94	100.00	5.94	0.55
FMB	16.00	3.13	50.00	4.88	1.18
ILV	215.01	0.00	0.00	27.84	3.27
MPICO	8.60	0.00	0.00	25.45	1.14
NBM	240.00	4.25	1007.00	6.75	1.16
NBS	6.00	0.00	0.00	N/A	0.64
NICO	10.00	10.00	100.00	1.89	0.32
NITL	30.00	3.33	100.00	N/A	0.62
PCL	540.00	2.31	1250.00	5.30	0.71
SBM	550.10	4.65	25.57	6.64	2.06
SUN	58.50	0.68	40.00	11.45	1.16
TNM	7.63	4.33	33.00	9.34	3.68
OML	1 837.00	4.72	8674.00	9.61	0.99

ECONOMIC EVENTS

The tobacco marketing season for the year 2017 opened during the week in review. The market opened on a higher note compared to the 2016 season in terms of both price and volume. Burley tobacco, which was the only type of tobacco sold during the week, fetched an average price of US\$1.35 per kilogram compared to the US\$1.01 per kilogram during the first week of the 2016 season. Trade volume was also upbeat as 1.4 million kilograms were sold, a 12 percent improvement from last year. Tobacco on contract farming accounted for 31.6 percent of all sales (2016: 62.4 percent) and the price premium on contract over auction sales stood at 0.9 percent, a drop from 18.8 percent premium during the opening week of the 2016

CORPORATE EVENTS

MPICO released its financial statements for FY2016. The company has posted a profit after tax of MK1.9 billion (FY2015: MK0.8 billion). The performance was attributed to an 89 percent increase in income from MK6.1 billion to MK11.5 billion. The directors of the company have declared no dividend for FY2016 but have maintained that the future of the company looks promising.

TB Auction & Money Market Developments

→

Treasury Bill Tenors (days)	91	182	364
Applied for (MK' m)	135.37	1 047.70	7 712.19
Allotted (MK' m)	120.64	1 047.70	5 638.96
% Rejection	10.88%	0.00%	26.88%
Average	21.25	22.25	23.25
Current yield (%)	21.48	22.45	23.31
Previous yield (%)	21.50	22.47	23.37
Δ in Yield (%)	(0.02)	(0.03)	(0.05)
Highest Accepted Yield (%)	21.50	22.50	23.50
Lowest Accepted Yield (%)	21.00	22.00	23.00
Spread	0.50	0.50	0.50
Auction date	11-Apr-17	11-Apr-17	11-Apr-17
Settlement date	13-Apr-17	13-Apr-17	13-Apr-17
Maturity date	13-Jul-17	12-Oct-17	12-Apr-18
Next auction	18-Apr-17	18-Apr-17	18-Apr-17

MONEY MARKET DEVELOPMENTS

The Reserve Bank of Malawi mopped up MK6.8 billion from the banking system during the T-bill auction held on 11th April, 2017. Subscriptions across all tenors for the auction totalled MK8.9 billion representing 31 percent oversubscription. Yields went down on all tenors by an average of 3 bps.

Excess reserves in the banking system increased to MK14.7 billion from MK67 million in the week ended 7th April, 2017. In consistency with the increase in liquidity, the overnight inter-bank lending rate dropped to 21.3 percent from 21.9 percent week-over-week.

The Malawi kwacha stood firm against the US Dollar at MK725.65 but depreciated against the other hard currencies. The biggest fall during the week in review came against SA Rand which gained 2.4 percent against our local currency. Total foreign exchange reserves increased by 0.8 percent owing to a 0.6 percent increase in gross official reserves and 1.3 percent increase in private sector reserves.

FX Movement	13-Apr-17	07-Apr-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	911.32	904.84	0.72	890.61	2.33	5.48
MWK/EUR	774.27	772.03	0.29	764.02	1.34	2.93
MWK/JPY	6.86	6.76	1.49	6.40	7.28	0.07
MWK/ZAR	54.18	52.90	2.42	53.67	0.95	0.85

The Source: NBM (Indicative TT Middle Rate)

Foreign Exchange Reserves	12-Apr-17	07-Apr-17	31-Dec-16	% Δ Wk	% Δ Ytd
Gross Official Reserves (US\$ ml)	579.84	576.57	606.93	0.57	(4.46)
Gross Official Import Cover (months)	2.77	2.76	2.90	0.36	(4.48)
Private Sector Reserves (US\$ ml)	325.71	321.70	336.61	1.25	(3.24)
Private Sector Import Cover (months)	1.56	1.54	1.61	1.30	(3.11)

Source: RBM

Cumulative Tobacco Sales (Week 1)	2016	2017	% Δ over 2016
Volume (Kg mn)	1.21	1.35	12
Value (US\$ mn)	1.22	1.82	50
Average Price (US cents/Kg)	100.82	134.99	34

Source: TCC

For further advice on investment matters, please contact us on:
01 831 179, 01 831 177

Disclaimer: This report is not an offer or a solicitation to buy or sell the securities mentioned herein, and is provided solely for the information of clients of NBM Capital Markets Limited who are expected to make their own investment decisions without relying solely on this report. Investments fluctuate in price and value and neither the investment nor a return on the investment is guaranteed. NBM Capital Markets Limited shall accept no liability for any direct or consequential loss arising from the use of any information and opinions contained herein.