



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 21, 2017

Issued by: NBM Capital Markets Limited

MSE Price Review (MWK) →

Counter	21-Apr-17	13-Apr-17	% Δ Wkly	31-Dec-16	% Δ Ytd
MASI	15112.97	14724.04	2.64	13320.51	13.46
DSI	11863.36	11554.05	2.68	10456.92	13.45
FSI	2308.87	2308.87	0.00	2026.07	13.96
BHL	20.25	20.25	0.00	20.10	0.75
FMB	16.00	16.00	0.00	17.00	-5.88
ILV	215.01	215.01	0.00	160.00	34.38
MPICO	8.60	8.60	0.00	7.83	9.83
NBM	260.15	240.00	8.40	237.12	9.71
NBS	5.00	6.00	-16.67	6.00	-16.67
NICO	10.00	10.00	0.00	17.00	-41.18
NITL	30.00	30.00	0.00	34.00	-11.76
PCL	540.00	540.00	0.00	540.00	0.00
SBM	550.10	550.10	0.00	500.00	10.02
SUN	61.00	58.50	4.27	58.50	4.27
TNM	8.38	7.63	9.83	6.05	38.51
OML	1837.00	1837.00	0.00	1612.00	13.96

Investor Indicators →

Counter	Price	% DY	Div(t)	P/E(x)	P/BV
MASI		4.63	1917.27	9.51	1.02
DSI		3.36	117.50	8.24	1.52
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	260.15	4.25	1007.00	6.75	1.16
NBS	5.00	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	61.00	0.68	40.00	11.45	1.16
TNM	8.38	4.33	33.00	9.34	3.68
OML	1 837.00	4.72	8674.00	9.61	0.99

CAPITAL MARKET DEVELOPMENTS

The market was bullish during the week in review courtesy of significant price gains on NBM, SUN and TNM. Seven (7) counters, namely, MPICO, NBM, NBS, NICO, SBM, SUN and TNM registered trading activity. A total of 19 deals were completed.

Market turnover surged to MK699.3 million from MK29.9 million in the previous week whereas trade volume increased to 5.3 million shares from 1.4 million shares. NBM anchored activity on the bourse as the counter accounted for 95.8 percent of weekly turnover from the 2.6 million shares that were traded on the counter.

Price gains were recorded on three counters; NBM (+8.4%), SUN (+4.3%) and TNM (+9.8%). The gains were partly offset by a price drop on NBS from MK6.00 to MK5.00 but the gains on the three bullish counters were enough to push the DSI to 11,863.36 points from 11,554.05 points. The MASI crossed the 15,000 threshold to close at 15,112.97 points from 14724.04 points.

ECONOMIC EVENTS

Overhead inflation for the month of March, 2017 decreased by 30bps to 15.8 percent in the previous month. The decrease emanated from a decrease in both the food and non-food components by 50 bps and 10 bps to 17.0 percent and 14.5 percent respectively.

Accumulative tobacco sales at the end of the second week of the 2017 sales season stood at 3.8 million kilograms, 4 percent less than cumulative sales during the same period in 2016. Despite the lower volume, the average price in current season was higher at US\$1.61 per kilogram from US\$1.11 per kilogram in 2016 resulting in higher revenue of US\$6.1 million (2016: US\$4.3 million).

CORPORATE EVENTS

The Board of Directors of NBS Bank have announced the appointment of Mr Kwanele Ngwenya as Chief Executive Officer effective 1st April, 2017. Mr. Ngwenya has succeeded Ms. Bernadette Mandoloma who retired from the Bank after serving as Chief Executive Officer since 2012.

TB Auction & Money Market Developments

→

Treasury Bill Tenors (days)	91	182	364
Applied for (MK' m)	656.82	1 509.38	7 284.25
Allotted (MK' m)	638.63	1 509.38	7 284.25
% Rejection	2.77%	0.00%	0.00%
Average	21.25	21.75	23.38
Current yield (%)	21.32	22.49	23.46
Previous yield (%)	21.48	22.45	23.31
Δ in Yield (%)	(0.17)	0.04	0.15
Highest Accepted Yield (%)	21.50	22.50	23.50
Lowest Accepted Yield (%)	21.00	21.00	23.25
Spread	0.50	1.50	0.25
Auction date	18-Apr-14	18-Apr-17	18-Apr-17
Settlement date	20-Apr-14	20-Apr-17	20-Apr-17
Maturity date	20-Jul-14	19-Oct-17	19-Apr-18
Next auction	25-Apr-14	25-Apr-17	25-Apr-17

MONEY MARKET DEVELOPMENTS

The t-bill auction held on the 18th April, 2017 raised MK9.43 billion from bids totalling MK9.45 billion representing a rejection rate 0.2 percent. All rejected bids came from the 91TB. The investors' preference was on long tenors which is consistent with expectations of lower interest rates in the short term.

Excess reserves in the banking system closed the week at MK6.9 billion, going down from MK14.7 billion in the previous week. The interbank rate inched 20bps downwards week-over-week from 21.3 percent to 21.1 percent.

The Malawi Kwacha gained against the Japanese Yen but depreciated against the other major trading currencies except for the US Dollar against which it was firm at MK725.65 per one dollar. The Malawi Kwacha exhibited high volatility against the GBP during the week in review.

FX Movement	21-Apr-17	13-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	928.37	911.32	1.87	890.61	4.24	8.95
MWK/EUR	777.68	774.27	0.44	764.02	1.79	2.82
MWK/JPY	6.84	6.86	(0.29)	6.40	6.97	0.02
MWK/ZAR	55.25	54.18	1.97	53.67	2.94	0.35

The Source: NBM (Indicative TT Middle Rate)

Inflation (%)	Mar-17	Feb-17	% Δ month	Mar-16	% Δ Yr
Headline	15.8	16.1	(0.30)	22.10	(6.30)
Food	17.0	17.5	(0.50)	14.60	2.40
Non- Food	14.5	14.6	(0.10)	17.80	(3.30)

Source: National Statistics Office

Cumulative Tobacco Sales (Week 2)	2016	2017	% Δ over 2016
Volume (Kg mn)	3.91	3.75	(4)
Value (US\$ mn)	4.35	6.06	39
Average Price (US cents/Kg)	1.11	1.61	45

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.