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#### Title: Weekly Market Update

Editor: Investment Analyst

Country: Malawi

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#### MSE Price Review (MWK) →

Counter	4-Aug-17	28-Jul-17	% Δ Wkly	31-Dec-16	% Δ Ytd
MASI	17067.33	17009.98	0.34	13320.51	28.13
DSI	13416.34	13370.74	0.34	10456.92	28.30
FSI	2325.21	2325.21	0.00	2026.07	14.76
BHL	25.00	25.00	0.00	20.10	24.38
FMB	18.61	18.61	0.00	17.00	9.47
ILV	218.00	216.15	0.86	160.00	36.25
MPICO	9.05	9.05	0.00	7.83	15.58
NBM	270.00	266.00	1.50	237.12	13.87
NBS	6.50	6.05	7.44	6.00	8.33
NICO	26.00	25.05	3.79	17.00	52.94
NITL	56.11	56.11	0.00	34.00	65.03
PCL	570.00	570.00	0.00	540.00	5.56
SBM	625.00	650.00	-3.85	500.00	25.00
SUN	64.00	64.00	0.00	58.50	9.40
TNM	11.02	10.73	2.70	6.05	82.15
OML	1850.00	1850.00	0.00	1612.00	14.76

#### Investor Indicators →

Counter	Price	% DY	Div(t)	P/E(x)	P/BV
MASI		2.91	1224.69	12.12	0.92
DSI		2.83	102.08	9.64	1.80
BHL	25.00	4.00	100.00	7.33	0.68
FMB	18.61	2.69	50.00	5.68	1.37
ILV	218.00	0.00	0.00	21.97	4.25
MPICO	9.05	0.00	0.00	10.46	0.74
NBM	270.00	6.62	1788.00	7.59	1.86
NBS	6.50	0.00	0.00	N/A	2.78
NICO	26.00	1.54	40.00	9.92	0.84
NITL	56.11	1.78	100.00	N/A	1.16
PCL	570.00	2.31	1250.00	3.98	0.66
SBM	625.00	4.09	2557.00	7.55	2.34
SUN	64.00	0.63	40.00	12.53	1.27
TNM	11.02	2.99	33.00	13.48	5.31
OML	1850.00	2.92	5394.00	12.12	0.92

#### CAPITAL MARKET DEVELOPMENTS

After registering big gains in recent weeks, the market only managed to register modest gains in the week ended 4<sup>th</sup> August, 2017 as most of its gains went towards offsetting a 4 percent price drop on SBM.

A total of 8 counters, namely, ILV, MPICO, NBM, NBS, NICO, PCL, SBM and TNM registered trading activity. Turnover dropped from last week's MK1.4 billion to close the week at fairly decent MK439.7 million. Trade volume, however, dropped by a significant magnitude from 218.4 million shares to 9.4 million shares.

SBM (-3.9%) was the only counter to register a price drop during the week but there were price gains on ILV (+0.9%), NBM (+1.5%), NBS (+7.4%), NICO (+3.8%) and TNM (+2.7%). The bulls ultimately carried the week and the DSI and MASI closed 45.60 and 57.35 point higher at 13416.34 and 170067.33 points from 13370.74 points and 17009.98 respectively. The FSI was firm at 2325.21 points.

#### CORPORATE EVENTS

Two MSE-listed companies released AGM notices during the week. NICO Holding Plc sent out an invitation to its shareholders for the Forty Seventh Annual General Meeting which will be held at Mount Soche Hotel, in Blantyre at 1530hrs on 1st September 2017. The second company, Illovo Plc has given notice of its fifty second Annual General Meeting of shareholders of the company will be held at Country Club, Limbe on 23rd August 2017 at 14h30.

#### ECONOMIC EVENTS

Sixteen weeks have since passed from the time the tobacco sales commenced for the 2017 season. Sales volume are lagging the 2016 figures with only 103.5 million kilograms sold compared to 110.2 million kilograms sold within the same period last year. The current season, however, leads in terms of value as USD205.8 million has been realised, 19 percent higher than the USD173.2 million in 2016. The high revenues are due to higher prices with the leaf fetching an average of USD1.99/ kilogram compared to USD1.57/ kilogram in 2016.

## TB Auction &amp; Money Market Developments



Treasury Bill Tenors (days)	91	182	364
Applied for (MK' m)	1 193.62	2 379.28	9 400.75
Allotted (MK' m)	1 193.62	1 240.00	2.00
% Rejection	0.00%	47.88%	99.98%
Average	16.97	18.00	19.00
Current yield (%)	17.00	17.95	19.00
Previous yield (%)	16.94	18.00	18.99
Δ in Yield (%)	0.06	(0.05)	0.02
Highest Accepted Yield (%)	17.00	18.00	19.00
Lowest Accepted Yield (%)	16.94	18.00	19.00
Spread	0.06	-	-
Auction date	01-Aug-17	01-Aug-17	01-Aug-17
Settlement date	03-Aug-17	03-Aug-17	03-Aug-17
Maturity date	02-Nov-17	01-Feb-18	02-Aug-18
Next auction	08-Aug-17	08-Aug-17	08-Aug-17

## MONEY MARKET DEVELOPMENTS

Rejections were high during the Treasury bill auction held on 1<sup>st</sup> August, 2017 as the rejection rate soured to 81.2 percent from nil rejections in the previous auction. The MK1.2 billion bid for on the 91TB was fully allotted but the monetary authorities only allotted MK1.2 billion out of MK2.4 and MK2.0 million out of MK9.4 billion bid for on the 182TB and 364TB respectively. Yields went up by 2bps and 6bps on the 364TB and 91TB but dropped by 5bps on the 182TB.

Excess reserves in the banking system dropped to MK2.0 billion from MK13.9 billion in the previous week. Despite the drop in market liquidity, the overnight interbank lending rate dropped to 17.3 percent from 18.0 percent.

The Malawi Kwacha gained against the ZAR but depreciated against the GBP, EUR and JPY. The local currency was firm against the USD at MK725.65/USD. Total foreign exchange reserves increased by 1.4 percent week-over-week owing to an increase both private sector reserves and gross official reserves.

FX Movement	04-Aug-17	28-Jul-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	952.20	948.29	0.41	890.61	6.92	3.54
MWK/EUR	860.36	846.82	1.60	764.02	12.61	3.95
MWK/JPY	6.79	6.73	0.86	6.40	6.12	0.02
MWK/ZAR	54.33	55.91	(2.83)	53.67	1.22	0.60

The Source: NBM (Indicative TT Middle Rate)

Foreign Exchange Reserves	04-Aug-17	28-Jul-17	31-Dec-16	% Δ Wk	% Δ Ytd
Gross Official Reserves (US\$ mn)	698.13	693.30	606.93	0.70	15.03
Gross Official Import Cover (months)	3.33	3.32	2.90	0.30	14.83
Private Sector Reserves (US\$ mn)	360.29	350.91	336.61	2.67	7.03
Private Sector Import Cover (months)	1.72	1.68	1.61	2.38	6.83

Source: NBM

Cumulative Tobacco Sales (Week 16)	2016	2017	% Δ over 2016
Volume (Kg mn)	110.2	103.4	(6.2)
Value (US\$ mn)	173.2	205.8	19
Average Price (US cents/Kg)	157.2	199.1	27

Source: TCC

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