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Title: Weekly Market Update

Editor: Investment Analyst

Country: Malawi

Date: August 11, 2017

Issued by: NBM Capital Markets Limited

MSE Price Review (MWK) →

Counter	11-Aug-17	4-Aug-17	% Δ Wkly	31-Dec-16	% Δ Ytd
MASI	18101.06	17067.33	6.06	13320.51	35.89
DSI	14238.24	13416.34	6.13	10456.92	36.16
FSI	2325.21	2325.21	0.00	2026.07	14.76
BHL	25.00	25.00	0.00	20.10	24.38
FMB	25.00	18.61	34.34	17.00	47.06
ILV	218.00	218.00	0.00	160.00	36.25
MPICO	9.05	9.05	0.00	7.83	15.58
NBM	270.00	270.00	0.00	237.12	13.87
NBS	6.50	6.50	0.00	6.00	8.33
NICO	26.00	26.00	0.00	17.00	52.94
NITL	60.00	56.11	6.93	34.00	76.47
PCL	570.00	570.00	0.00	540.00	5.56
SBM	624.93	625.00	-0.01	500.00	24.99
SUN	64.00	64.00	0.00	58.50	9.40
TNM	14.03	11.02	27.31	6.05	131.90
OML	1850.00	1850.00	0.00	1612.00	14.76

Investor Indicators →

Counter	Price	% DY	Div(t)	P/E(x)	P/BV
MASI		2.90	11.20	11.95	0.96
DSI		2.67	102.08	10.23	1.91
BHL	25.00	4.00	100.00	0.68	0.68
FMB	25.00	2.69	50.00	1.84	1.84
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	60.00	1.78	100.00	N/A	1.24
PCL	570.00	2.31	1250.00	3.98	0.66
SBM	624.93	4.09	2557.00	7.55	2.34
SUN	64.00	0.63	40.00	12.53	1.27
TNM	14.03	2.99	33.00	17.17	6.76
OML	1,850.00	2.92	5394.00	12.12	0.92

CAPITAL MARKET DEVELOPMENTS

The stock market made strong gains during the week in review courtesy of price gains on FMB, TNM and NITL. Turnover stood at a staggering MK28.5 billion though 99.8 percent was attributed to exchanges on FMB. A total of 1.3 billion shares were sold. Nine counters, namely, FMB, NBM, NBS, NICO, NITL, PCL, SBM, TNM and OML were active and 26 deals were completed.

FMB made the biggest price gain of the week as it moved 34.3 percent upwards to MK25.00 from MK18.61. However, it was TNM with a bigger capitalisation that did more work to push the market up with a 27.3 percent price gain to MK14.03 from MK11.02. This latest price surge has made TNM the third most valuable local company on the bourse with a capitalisation of MK140.9 billion – lagging only ILV (MK155.5 billion) and SBM (MK146.7 billion). NITL (+6.9%) and SBM (-0.01%) completed the list of market movers during the week. The DSI went up to 14238.24 points from 13416.34 points and the MASI

CORPORATE EVENTS

TNM Interim Results

TNM has published the interim results for the period ended 30th June, 2017. Profit after tax increased by 71.7 percent to MK4.8 billion from MK2.8 billion in 1HY2016. Cash from operating activities grew at a slower clip; increasing by 4.7 percent from MK8.0 billion to MK8.3 billion. The company made a huge investment outlay in 4G technology which increased the company's cash expenditure on property, plant and equipment to MK12.2 billion compared to MK3.7 billion in the corresponding period in FY2016. The economics of the business continued to grow at a healthy pace; subscriber base grew by 7 percent and ARPU by 6 percent. The Directors have declared an interim dividend of MK1.5 billion, equivalent to 15 tambala per share.

NBM Interim Results

National Bank of Malawi (NBM) has posted an after tax profit of MK9.5 billion for the six months ended 30th June, 2017; a 16.9 percent increase from MK8.2 billion in the previous corresponding period. The balance sheet grew by 4.2 percent to MK343.2 billion from MK329.5 billion at the beginning of the period. The loan book stood at MK133.3 billion -unchanged from the beginning of the period. The Directors have declared an interim dividend of MK3.3 billion (2016: MK3.0 billion) representing MK7.10 per share.

TB Auction & Money Market Developments →			
Treasury Bill Tenors (days)	91	182	364
Applied for (MK' m)	1,764.70	2,803.77	10,250.01
Allotted (MK' m)	35.91	9.21	2,956.46
% Rejection	97.97%	99.67%	71.16%
Average	16.17	17.15	17.65
Current yield (%)	16.17	17.15	18.11
Previous yield (%)	17.00	17.95	19.00
Δ in Yield (%)	(0.83)	(0.79)	(0.89)
Highest Accepted Yield (%)	16.17	17.15	18.30
Lowest Accepted Yield (%)	16.17	17.15	17.00
Spread	-	0.01	1.30
Auction date	08-Aug-17	08-Aug-17	08-Aug-17
Settlement date	10-Aug-17	10-Aug-17	10-Aug-17
Maturity date	09-Nov-17	08-Feb-18	09-Aug-18
Next auction	15-Aug-17	15-Aug-17	15-Aug-17

MONEY MARKET DEVELOPMENTS

Rejections were high during the TB auction held on 8th August, 2017.

The auction came on the heels of another one with a high rejection rate of 81.2 percent and the resulting liquidity build-up led to a downward pressure of interest rates in the money market. The rejection rates were 98.0 percent, 99.7 percent and 71.2 percent for the 91TB, 182TB and 364TB respectively. Yields dropped across all Treasury Bill tenors falling down by 83 bps, 79 bps and 89 bps on the 91TB, 182TB and 364TB respectively.

Liquidity was high in the banking system; a result of high rejections during the T-Bill auction as excess reserves shot up to MK11.8 billion from MK2.0 billion in the previous week. The overnight interbank lending rate dropped to 16.0 percent from 17.3 percent and daily borrowing on the Lombard facility dropped to around MK500 million from MK3.6 billion in the previous week.

Foreign exchange inflows are slowing down as the tobacco marketing season is drawing to a close and foreign exchange reserves - both private sector reserves and gross official reserves - dropped during the week. The Kwacha appreciated against the GBP, EUR and ZAR but depreciated against the JPY.

FX Movement	11-Aug-17	04-Aug-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	941.26	952.20	(1.15)	890.61	5.69	2.81
MWK/EUR	852.32	860.36	(0.93)	764.02	11.56	2.33
MWK/JPY	6.86	6.79	1.03	6.40	7.22	0.04
MWK/ZAR	53.99	54.33	(0.63)	53.67	0.59	0.39

The Source: NBM (Indicative TT Middle Rate)

Foreign Exchange Reserves	10-Aug-17	04-Aug-17	31-Dec-16	% Δ Wk	% Δ Ytd
Gross Official Reserves (US\$ mn)	692.47	695.79	606.93	(0.48)	14.09
Gross Official Import Cover (months)	3.31	3.33	2.90	(0.60)	14.14
Private Sector Reserves (US\$ mn)	348.98	360.51	336.61	(3.20)	3.67
Private Sector Import Cover (months)	1.67	1.72	1.61	(2.91)	3.73

Source: NBM

Cumulative Tobacco Sales (Week 18)	2016	2017	% Δ over 2016
Volume (Kg million)	124.2	106.5	(14.3)
Value (US\$ million)	195.4	212.4	9
Average Price (US cents/Kg)	157.4	199.5	27

Source: TCC

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