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**Title: Weekly Market Update****Editor: Investment Analyst****Country: Malawi****Date: February 3, 2017****Issued by: NBM Capital Markets Limited****MSE Price Review (MWK) →**

Counter	3-Feb-17	27-Jan-17	% Δ Wkly	31-Dec-16	% Δ Ytd
MASI	13108.57	13292.26	-1.382	13320.51	(1.59)
DSI	10288.37	10434.45	-1.400	10456.92	(1.61)
FSI	2026.07	2026.07	0.000	2026.07	0.00
BHL	20.25	20.25	0.000	20.10	0.75
FMB	16.00	16.00	0.000	17.00	(5.88)
ILV	150.00	160.00	-6.250	160.00	(6.25)
MPICO	8.50	7.96	6.784	7.83	8.56
NBM	237.15	237.12	0.013	237.12	0.01
NBS	6.00	6.00	0.000	6.00	0.00
NICO	15.00	17.00	-11.765	17.00	(11.76)
NITL	25.00	25.00	0.000	34.00	(26.47)
PCL	540.00	540.00	0.000	540.00	0.00
SBM	500.00	500.00	0.000	500.00	0.00
SUN	58.50	58.50	0.000	58.50	0.00
TNM	6.25	6.25	0.000	6.05	3.31
OML	1612.00	1612.00	0.000	1612.00	0.00

**Investor Indicators →**

Counter	Price	% DY	Div(t)	P/E(x)	P/BV
MASI		5.21	1891.88	8.44	0.87
DSI		2.76	85.35	9.20	1.57
BHL	20.25	4.94	100.00	5.94	0.55
FMB	16.00	4.38	70.00	9.68	1.61
ILV	150.00	0.00	0.00	20.72	2.43
MPICO	8.50	0.00	0.00	25.16	1.13
NBM	237.15	4.25	1007.00	8.28	2.06
NBS	6.00	0.00	0.00	N/A	0.39
NICO	15.00	6.67	100.00	2.84	0.49
NITL	25.00	5.60	140.00	6.16	0.44
PCL	540.00	2.31	1250.00	5.30	0.71
SBM	500.00	2.99	1495.00	8.79	2.49
SUN	58.50	0.48	28.00	14.96	1.28
TNM	6.25	4.84	30.00	11.50	3.98
OML	1,612.00	5.38	8674.00	8.44	0.87

**CAPITAL MARKET DEVELOPMENTS**

The market was bearish during the week under review as 9 counters namely, FMB, ILLOVO, MPICO, NBM, NBS, NICO, NITL, SUN, and TNM registered trading activities. Weekly turnover on the bourse dropped to MK32.3 million from MK76.1 million as a total of 3.1 million shares were transacted compared to 3.3 million in the previous week.

Four counters, namely, ILV, MPICO, NBM and NICO registered price movements on the bourse. The DSI was pushed down by share price losses on ILV from MK160.00 to MK150.00 and NICO from MK17.00 to MK15.00. NBM and MPICO share prices moved up from MK237.12 to MK237.15 and MK7.96 to MK8.50 respectively but the gains were not enough to offset the losses suffered on ILV and NICO making the DSI drop down by 1.4 percent to 10288.37 points from 10434.45 points. Resultant of the drop on the DSI, the MASI retreated to 13108.57 points from 13292.26 points. The FSI was steady at 2026.07 points.

**ECONOMIC EVENTS**

National bank of Malawi (NBM) has release a trading update in respect of the year ended 31<sup>st</sup> December, 2016. The company is advising shareholders that profit for the year ended 31<sup>st</sup> December, 2016 is expected to be at least 25 percent higher than the previous financial year. The bank went further to confirm that the publishing of the trading update has been duly sanctioned by the MSE under unique circumstances and only for the benefit of shareholders of the company. The company posted a profit of MK13.4 billion in FY 2015 and MK8.158 billion during 1H2016; a 0.3 percent increase from MK8.138 million made in the previous corresponding period.

The Illovo sugar company (ILV) has issued a press release to assure the public of its ability to supply local market with sugar until the beginning of the new milling season. With new milling season set to resume in April, 2017, the company has assured its customers that it has adequate stocks to last into the new milling season.

## TB Auction & Money Market Developments

Treasury Bill Tenors (days)	91	182	364
Applied for (MK' m)	690.92	581.99	6,418.01
Allotted (MK' m)	690.92	581.99	6,418.01
% Rejection	0.00%	0.00%	0.00%
Average	23.90	25.25	25.90
Current yield (%)	23.84	25.30	25.99
Previous yield (%)	23.85	25.27	25.99
Δ in Yield (%)	(0.02)	0.03	0.00
Highest Accepted Yield (%)	24.00	25.50	26.00
Lowest Accepted Yield (%)	23.80	25.00	25.80
Spread	0.20	0.50	0.20
Auction date	31-Jan-17	31-Jan-17	31-Jan-17
Settlement date	02-Feb-17	02-Feb-17	02-Feb-17
Maturity date	04-May-17	03-Aug-17	01-Feb-18
Next auction	07-Feb-17	07-Feb-17	07-Feb-17

## MONEY MARKET DEVELOPMENTS

The MK7,691 million that was applied for during the auction held on 31<sup>st</sup> January, 2017 was fully allotted. The 364TB was the investor favourite as the tenor accounted for 83 percent of the amount that was bid for. Yields increased by 3bps on the 182TB but were flat on 364Tb and decreased by 2bps on 91TB.

Reserves in the banking system closed at MK57.7 billion- falling below the required amount by MK2.9 billion. The liquidity squeeze resulted in the increase of the overnight inter-bank lending rate to 22.8 percent from 21.7 percent in the previous week.

Total foreign exchange reserves dropped to US\$920.7 million from US\$944.3 million following 3.9 percent and 0.6 percent drop in gross official reserves and private sector reserves respectively. On the foreign exchange market, the USD traded flat at MK725.43. The Malawi Kwacha appreciated 0.4 percent against the GBP but depreciated against the EUR, JPY and ZAR.

FX Movement	03-Feb-17	27-Jan-17	% Δ Wk	31-Dec-16	% Δ Ytd	Volatility
USD/MWK	725.43	725.43	0.00	725.43	0.00	0.00
GBP/MWK	907.80	911.43	(0.40)	890.61	1.93	5.82
EUR/MWK	780.26	774.17	0.79	764.02	2.13	3.79
JPY/MWK	6.61	6.49	1.73	6.40	3.28	0.02
ZAR/MWK	54.52	54.45	0.14	53.67	1.58	0.22

The Source: NBM (Indicative TT Middle Rate)

Foreign Exchange Reserves	02-Feb-17	27-Jan-17	31-Dec-16	% Δ Wk	% Δ Ytd
Gross Official Reserves (US\$ ml)	604.86	629.37	606.93	(3.89)	(0.34)
Gross Official Import Cover (months)	2.89	3.01	2.90	(3.99)	(0.34)
Private Sector Reserves (US\$ ml)	315.70	317.90	336.61	(0.69)	(6.21)
Private Sector Import Cover (months)	1.51	1.52	1.61	(0.66)	(6.21)

Source: RBM

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